



The National Assembly for Wales
Cynulliad Cenedlaethol Cymru
Consolidated Resource Accounts 2001-2002

The National Assembly for Wales Consolidated Resource Accounts 2001-2002

FOREWORD TO THE ACCOUNTS

Format of the accounts

These financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury, under Section 97 of the Government of Wales Act. They are a consolidation of the accounts of the National Assembly for Wales (the Assembly), its two executive agencies and the health authorities operating in Wales.

A copy of the Accounts Direction is available from The National Assembly for Wales, Financial Accountability Division at Cathays Park, Cardiff, CF10 3NQ. A separate set of financial statements covering the core activities of the Assembly has also been prepared.

Function and operation

The Assembly has the power to develop and implement policies in a range of areas including: agriculture, economic development, education, environment, health, transport, housing, local government, social services, culture, sport and the Welsh language.

Principal aim and objectives

“Plan for Wales 2001” is the Assembly’s overall strategic plan and was issued in October 2001. This is published on the Assembly’s internet site www.planforwales.wales.gov.uk and replaces **betterwales.com** which was the Assembly’s original plans for managing government business in Wales.

For the purposes of analysing the Assembly’s objectives for Schedule 5, for the 2001-02 resource accounts the **betterwales.com** objectives have been used as these were in place up to October 2001. Schedule 5 summarises the aims and objectives of the Assembly at page 16 of these accounts.

In order to fulfil the Assembly’s aim **betterwales.com** identifies five key areas in order to increase economic prosperity and improve the quality of life for all the people of Wales, to promote social inclusion, to extend democratic accountability and to deliver better services throughout Wales. The objectives are:

- **Better Opportunities for Learning** – includes plans for early years development, schools, lifelong learning and active citizenship.
- **Better, Stronger Economy** – improved economic development, jobs, agriculture and the rural economy, international profile and influence, development that respects the environment.
- **Better Health and Well Being** – improving health and reducing health inequalities, clinical effectiveness, the NHS in Wales, social services and community care.
- **Better quality of life** – the environment, transport, housing, communities, culture, heritage and sport.

The National Assembly for Wales Consolidated Resource Accounts 2001-2002

- **Better Government-** value for money, partnerships with local government and others, streamlining our work and developing as an organisation.

“Plan for Wales 2001” has the same three guiding principles as those included in Betterwales.com – Sustainable Development, Social Inclusion and Equal Opportunities.

The Plan outlines 9 objectives for the Assembly, which are:

- Developing the Learning Country
- Improving Health and Care Services
- Modern Economy
- Creating Strong Communities
- The Place in Which We Live
- Rural Wales
- Identity
- Modern Government
- Cymru Arlein – Promoting ICT

Sources of Funding

The Assembly’s funding is primarily provided by Parliament through the Wales Office and from the European Union.

Accounting boundary

These accounts reflect the assets, liabilities and the results of the Assembly, its two executive agencies, Cadw: Welsh Historic Monuments (Cadw) and Welsh European Funding Office (WEFO), and the Health Authorities in Wales, which includes the five Welsh health authorities and the Dental Practice Board (DPB) in Wales.

The Assembly is also responsible for operating the finance function of the Royal Commission for Ancient and Historic Monuments (Wales) and consequently has included its expenditure in these accounts.

Results for the year

The results for the year are reported in detail in the attached accounts. They record a consolidated net operating cost of £ 8,482,487,000. The consolidated net assets have increased by £43,141,000 mainly due to increases in the value of the roads network and other fixed assets.

The National Assembly for Wales Consolidated Resource Accounts 2001-2002

Movements in fixed assets

Tangible fixed asset additions in the period were £139,976,000. Fixed assets were re-valued in the period, resulting in a net increase in value of £182,096,000, of which £172,420,000 related to roads and infrastructure assets.

Lending and Investing Activities

As part of its normal course of business the Assembly issues loans or Public Dividend Capital to other public sector bodies in Wales. The majority of these funds are issued to National Health Service Trusts in Wales. Other loans exist with Local Authorities, Education Authorities and Housing Associations. Additionally, the Assembly has responsibility for managing issues from the National Loans Fund to the Welsh Development Agency.

At 31 March 2002 the Assembly had outstanding investments totalling £1,221,684,000, comprising outstanding advances from the National Loans Fund of £12,080,000, Public Dividend Capital of £1,206,959,000 and other loans of £2,645,000.

The Assembly's loan funds are lent at a variety of interest rates, mostly determined by Treasury.

Review of activities

The activities of the Assembly are reported each year in an annual report – The First Minister's Report. This document is laid before the Assembly and is published on the Assembly web site.

Operational targets

A number of operational targets are agreed by the Assembly. Performance against these targets is published in The First Minister's Report.

The performance of the executive agencies, Cadw and WEFO are published in their respective annual report and accounts. The consolidated accounts of the health authorities in Wales, produced by the Assembly, are also published separately.

Better Government

The Assembly has developed its own programme called "Delivering Better Government" in response to the Modernising Government initiative in England. "Delivering Better Government" emphasises the need for the Assembly, and indeed the public sector as a whole, to develop as an organisation if it is to meet the challenge of delivering the programme set out in "Plan for Wales 2001". This applies to both the goals themselves and to the new ways of working which underpin them.

The National Assembly for Wales Consolidated Resource Accounts 2001-2002

The vision in “Delivering Better Government” is of an Assembly which:

- Sets the highest standards in public administration and public service
- Is a quality employer, which engages and empowers its staff at all levels, and
- Is a learning organisation in which standards of performance are continuously improved and benchmarked against other organisations.

The improvement process in place at the Assembly is made up of 2 key elements – using the European Foundation for Quality Management’s (EFQM) Excellence Model at a divisional level to stimulate the improvement process and a number of cross-cutting “Delivering Better Government” projects with office-wide implications.

Equal opportunities

The Assembly is an Equal Opportunities employer. Policies are in place to guard against discrimination and to ensure that there are no unfair or illegal discriminatory barriers to access to employment or careers advancement in the Assembly.

The Assembly has an Equal Opportunities Committee supported by an Equal Opportunities Unit, which is responsible for developing and promulgating Equal Opportunities policies.

The Assembly Equal Opportunities policy states that all staff should be treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability or religion. Employment and advancement is solely on merit. Staff who have alternative working patterns are assessed on exactly the same basis as those working full-time.

The Assembly and its agencies follow the Civil Service Code of Practice on the employment of disabled people. It aims to ensure that there is no discrimination on the grounds of disability, and that access to employment and career advancement is based solely on ability, qualifications and suitability for the work.

Senior official appointments

The permanent head of the Assembly, Sir Jon Shortridge, was appointed by the Prime Minister, on the recommendation of the Head of the Home Civil Service to be the Assembly’s Permanent Secretary.

Some of the other members of the Executive Board are appointed following approval by the Prime Minister on the recommendation of the Head of the Home Civil Service.

All these appointments are for an indefinite term under the terms of the Senior Civil Service contract. The rules for appointment are set out in chapters 5 and 11 of the Civil Service Management Code.

Appointments relating to Senior Officials within the executive agencies and the Health Authorities are detailed in their individual accounts for 2001-02.

The National Assembly for Wales Consolidated Resource Accounts 2001-2002

Remuneration of Assembly Members and the Executive Board

Assembly Members' remuneration is determined by the Assembly under the provisions of Section 16 of the Government of Wales Act.

The Permanent Secretary's remuneration is set individually by the Head of the Civil Service on the recommendation of the Permanent Secretaries' Remuneration Committee.

For other members of the Executive Board, remuneration is determined by the Senior Staff Remuneration Committee chaired by the Permanent Secretary in accordance with guidelines prescribed by the Senior Salaries Review Body. Further details on remuneration are set out in note 2 to these accounts.

Pensions and early departure costs

Details of the Assembly pensions and early departure costs policies are included in the notes 1 and 2 to these accounts.

Cabinet and Senior Officers

There were 9 Assembly Cabinet posts during the period:

Cabinet Member	Post Held
Rhodri Morgan	First Minister & (from 05/07/2001 to 26/02/2002) Minister for Economic Development
Michael German	Deputy First Minister (stepped down temporarily on 05/07/2001)
Jane Davidson	Minister for Education & Lifelong Learning
Andrew Davies	Minister for Assembly Business (to 26/02/2002), Minister for Economic Development (from 26/02/2002)
Sue Essex	Minister for Environment
Edwina Hart	Minister for Finance, Local Government & Communities
Jane Hutt	Minister for Health & Social Services
Carwyn Jones	Minister for Rural Affairs & (in addition from 26/02/2002) Minister for Assembly Business
Jenny Randerson	Minister for Culture, Sport & Welsh Language & (in addition from 05/07/2001) Deputy First Minister

The National Assembly for Wales Consolidated Resource Accounts 2001-2002

The composition of the Assembly Executive Board during the year was as follows:

Senior Official	Post Held
Sir Jon Shortridge	Permanent Secretary
George Craig	Senior Director – Social Policy and Local Government Affairs
Derek Jones	Senior Director – Economic Affairs, Transport, Planning & Environment
Ann Lloyd	Director – NHS Wales
Paul Silk	Clerk to the Assembly
Winston Roddick QC	Counsel General
Huw Brodie	Director – Agriculture Department
Richard Davies	Director – Training & Education Department
Martin Evans	Director – Transport, Planning & Environment Group
Peter Gregory	Director – Personnel, Management and Business Services Group
Ruth Hall	Chief Medical Officer
Bryan Mitchell	Cabinet Executive (to 21/01/2002), Health Reorganisation (from 22/01/2002)
Adam Peat	Director – Local Government, Housing & Culture Group
David Pritchard	Director – Economic Development Department
David Richards	Principal Finance Officer
Helen Thomas	Director – Social Care Group
Barbara Wilson	Director – Research & Development Group
John Clarke	Chief Executive - WEFO

Membership of each of the management boards within the executive agencies and the Health Authorities are detailed in their individual accounts for 2001-02.

Payment policy

Under the Late Payment of Commercial Debts (Interest) Act 1998, public sector bodies are required to pay suppliers' invoices not in dispute within 30 days of receipt of goods or services or valid invoice, whichever is the later.

The National Assembly for Wales Consolidated Resource Accounts 2001-2002

The Assembly and its related bodies aim to pay 100% of invoices including disputed invoices once the dispute has been settled, in line with these terms. The relevant percentage of invoices paid within the terms is disclosed in the individual accounts of the Assembly, its executive agencies and the health authorities.

Auditors

These accounts are audited by the Auditor General for Wales in accordance with the Government of Wales Act 1998.

Events since the end of the financial period

There have been no events since the balance sheet date that affect the understanding of these financial statements.

Future Developments

In February 2001 the Assembly Minister for Health and Social Services announced in “Improving Health in Wales – A plan for the NHS and its partners” the intention of the National Assembly for Wales to abolish the existing health authorities by 31 March 2003.

On 1 April 2003 the five existing health authorities will be abolished and the 22 Local Health Groups will be reconstituted as statutory Local Health Boards. These Boards will commission health care in close co-operation with local government. Powys Local Health Board – a new pathfinder organisation, will also have responsibility for providing secondary healthcare in the local communities.

As part of the UK Government’s commitment to more transparent fiscal reporting, the Assembly is in the process of preparing dry run Central Government Accounts as a necessary first step towards audited and published Whole of Government Accounts which will include all public sector entities.

The Treasury hope to publish the first Central Government Account in 2003-04. In parallel with this the Assembly will publish a Whole of Government of Wales Account, which in addition to the entities included in the accounts will also include Assembly Sponsored Public Bodies. Other public sector bodies funded by the Assembly, including NHS Trusts and Local Authorities will be consolidated at a later date.

**Sir Jon Shortridge
Permanent Secretary
20 December 2002**

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

STATEMENT OF ASSEMBLY ACCOUNTING OFFICERS' RESPONSIBILITIES

1 Under Section 97 of the Government of Wales Act 1998, the National Assembly for Wales (the Assembly) is required to prepare accounts for each financial year, in accordance with directions given to it by the Treasury. The Treasury direction requires the detailing of the resources acquired, held, or disposed of during the period.

2 The consolidated resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Assembly, and the other entities within the group, their net operating cost, recognised gains and losses and cash flows for the financial year.

3 Under Section 98 of the Government of Wales Act, the Treasury has designated the Permanent Secretary as Principal Accounting Officer of the Assembly with overall responsibility for preparing the accounts and transmitting them to the Auditor General for Wales.

4 In preparing the accounts the Principal Accounting Officer is required to comply with the Resource Accounting Manual prepared by the Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Resource Accounting Manual have been followed and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis.

5 Under Section 98 of the Government of Wales Act the Treasury may designate other members of the Assembly's staff as additional Accounting Officers. The Treasury has appointed the Clerk to the Assembly to be an additional Accounting Officer responsible for the finances of the Presiding Office. This appointment does not detract from the Permanent Secretary's overall responsibility as Principal Accounting Officer for the Assembly's accounts.

6 The Principal Accounting Officer has appointed the Chief Executives of Cadw and WEFO as accounting officers for the executive agencies.

7 The Principal Accounting Officer has also appointed the Director of the NHS in Wales as Accounting Officer for the National Health Service in Wales. The work of the health authorities in Wales is governed by separate authority, and the chief executives of each of the health authorities are appointed as Accountable Officers by the Director of the NHS in Wales.

8 The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, for safeguarding the Assembly's assets, and for taking reasonable steps to prevent and detect fraud and other irregularities, are set out in the Assembly Accounting Officers' Memorandum, issued by the Treasury.

The National Assembly for Wales
Consolidated Resource Accounts 2001-2002

9 The relationship between the Principal Accounting Officer of the Assembly and the other Accounting Officers, together with their respective responsibilities, are set out in a written agreement between officials.

10 Each of the executive agencies and the health authorities publish separate Statements of Accounting Officers' Responsibilities and these are included in the individual accounts of these organisations.

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

STATEMENT ON INTERNAL CONTROL

1 This statement is given in respect of the consolidated resource accounts for the National Assembly for Wales, which incorporates the transactions and the net assets of its core activities, its agencies and other bodies falling within the boundary for resource accounting purposes. As Principal Accounting Officer for the Assembly, I acknowledge my overall responsibility for ensuring that the Assembly, its agencies and the other bodies, maintain sound systems of internal control which support the achievement of the Assembly's policies, aims and objectives, and for safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my appointment letter. The Chief Executives of the agencies and other bodies falling within the boundary are responsible for the maintenance and operation of the systems in that body and have signed a statement relating to that system which is reproduced in the accounts for their respective bodies. In addition, within the Assembly, I have delegated some of these responsibilities to the other Accounting Officers, as explained in the Statement of Assembly Accounting Officers' Responsibilities, the relationship between us being set out in a written statement. Also I have signed a statement on internal control for the Assembly, which is published with the separate accounts covering the Assembly's core activities.

2 The systems of internal control are designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; they can therefore only provide reasonable and not absolute assurance of effectiveness.

3 The systems of internal control are based on a continuing process designed to identify the principal risks to the achievement of the Assembly's, its agencies' and other bodies' policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. All bodies shall have the procedures in place to implement HM Treasury guidance on risk management by March 2003. This will provide the time needed fully to embed the processes which need to be established, and to improve their robustness.

4 Each organisation has Internal Audit arrangements, which operate to standards defined in the Government Internal Audit Manual. They submit regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the systems of internal control, together with recommendations for improvement to their Audit / Corporate Governance Committees who in turn report to their management boards.

5 My review of the effectiveness of the systems of internal control is informed by the work of the internal auditors and the executive managers within the organisations, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors of each organisation in their management letters and other reports.

**Sir Jon Shortridge
Permanent Secretary
20 December 2002**

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

**THE CERTIFICATE AND REPORT OF THE AUDITOR GENERAL FOR WALES TO
THE MEMBERS OF THE NATIONAL ASSEMBLY FOR WALES**

I certify that I have audited the financial statements on pages 13 to 40 under Section 97 of the Government of Wales Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 17 to 21.

Respective responsibilities of the Accounting Officer and Auditor

As described on pages 8 and 9, the Accounting Officer is responsible for the preparation of the financial statements, in accordance with the Government of Wales Act 1998 and Treasury directions made thereafter, and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government of Wales Act 1998 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the National Assembly for Wales has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

I read the other information contained within the Accounts, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 10 reflects the National Assembly for Wales' compliance with Treasury's guidance "Corporate Governance: Statement on Internal Control". I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the National Assembly for Wales in the preparation of the financial statements, and of whether the accounting policies are appropriate to the National Assembly for Wales' circumstances, consistently applied and adequately disclosed.

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

I planned and performed my audit to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the National Assembly for Wales and its group entities at 31 March 2002 and of the net operating cost, total recognised gains and losses and cash flows of the group for the year to 31 March 2002, and have been properly prepared in accordance with the Government of Wales Act 1998 and directions made thereunder by the Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial statements conform to the authorities which govern them.

**John Bourn
Auditor General for Wales
13 January 2003**

**National Audit Office,
3 – 4, Park Place,
CARDIFF CF10 3DP**

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

**Consolidated Operating Statement
for the year ended 31 March 2002**

	Note	Year ended 31 March 2002		Year ended 31 March 2001	
		£000	£000	£000	£000
Programme Costs					
Expenditure	4		9,308,223		8,119,938
Income					
Non European Union Income	6	(658,354)		(533,652)	
European Union Income	6	(368,781)		(219,779)	
			(1,027,135)		(753,431)
Net Programme Costs			8,281,088		7,366,507
Administration Costs	Note				
Staff Costs	2	133,086		112,614	
Other Administration Costs	3	68,789		73,035	
Gross Administration Costs		201,875		185,649	
Administration Income	6	(476)		(602)	
Net Administration Costs			201,399		185,047
Net Operating Cost			8,482,487		7,551,554

**Statement of Recognised Gains and Losses
for the year ended 31 March 2002**

	Note	Year ended	Year ended
		31 March 2002	31 March 2001
		£000	£000
Net gain on revaluation of tangible fixed assets	18	182,317	197,731
Retrunked Roads	9	75,256	-
Detrunked Roads	9	(183,511)	-
Non cash acquisition of tangible fixed assets	17	1,175	-
Non cash acquisition of intangible fixed assets	17	-	10
Total recognised gains and losses for the financial year		75,237	197,741

The notes on pages 17 to 40 form part of these accounts.

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

Consolidated Balance Sheet as at 31 March 2002

	Note	At 31 March 2002		At 31 March 2001	
		£000	£000	£000	£000
Fixed Assets					
Intangible Assets	8		37		42
Tangible Assets	9		7,235,092		7,130,312
Investments	10		1,221,684		1,175,002
			8,456,813		8,305,356
Current Assets					
Stocks	12	2,460		2,285	
Debtors	13	305,586		285,600	
Cash at bank and in hand	14	9,014		156,744	
		317,060		444,629	
Creditors: amounts falling due					
Within one year	15	(537,777)		(561,161)	
Net Current Liabilities			(220,717)		(116,532)
Total Assets less Current Liabilities			8,236,096		8,188,824
Creditors: amounts falling due					
after more than one year	15		(6,286)		(6,960)
Provisions for Liabilities and Charges	16		(56,452)		(51,499)
National Loans Fund Loans	10		(12,080)		(12,228)
			8,161,278		8,118,137
Taxpayer's Equity					
General Fund	17		7,562,644		7,672,554
Revaluation Reserve	18		598,634		445,583
			8,161,278		8,118,137

**Sir Jon Shortridge
Permanent Secretary
20 December 2002**

The notes on pages 17 to 40 form part of these accounts.

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

**Consolidated Cash Flow Statement
for the year ended 31 March 2002**

		Year ended 31 March 2002	Year ended 31 March 2001
	Note	£000	£000
Net cash outflow from operating activities		(7,918,941)	(6,975,629)
Capital expenditure and financial investment	7	(165,589)	(81,269)
Non operating receipts surrenderable to consolidated fund		673,287	643,839
Payments to the Consolidated Fund via Wales Office		(701,215)	(1,078,769)
Financing arrangements from Finance Leases		176	-
Financing from Consolidated Fund via Wales Office	17	7,964,552	7,117,727
Decrease in cash in the year		<u>(147,730)</u>	<u>(374,101)</u>

Reconciliation of operating cost to operating cash flows

Net operating cost		8,482,487	7,551,554
Provisions utilised	16	31,678	12,145
Non-cash transactions : Administrative costs	3	(1,991)	(10,132)
Programme costs	4	(614,808)	(554,147)
Notional recharges to Wales Office	17	328	324
Notional charges for pension costs	17	(8)	(7)
Movements in working capital other than cash	11	21,255	(24,108)
Net cash outflow from operating activities		<u>7,918,941</u>	<u>6,975,629</u>

Analysis of capital expenditure and financial investment

Issues of loans	7	55,585	16,591
Repayment of loans	7	(8,929)	(24,313)
Payments to acquire fixed assets	7	131,469	99,469
Receipts from disposal of fixed assets	7	(12,536)	(10,478)
Net cash outflow from investing activities		<u>165,589</u>	<u>81,269</u>

Analysis of financing

From Consolidated Fund via Wales Office	17	7,964,552	7,117,727
Decrease in cash	14	147,730	374,101
Net cash requirement		<u>8,112,282</u>	<u>7,491,828</u>

The notes on pages 17 to 40 form part of these accounts.

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

**Consolidated Resources by Assembly Objectives
For the year ended 31 March 2002**

Aim: The aim of the Assembly is encapsulated within Betterwales.com and has an emphasis on delivering change and practical results. The “Plan for Wales 2001” was published in October 2001 and sets out the strategic plan for the Assembly and the vision for the long term. The Plan offers the people of Wales two things:

- A clearer sense of direction for a **modern Wales** – its economy, its environment, its society; and
- An absolute commitment to improving **public services** – our schools and hospitals.

At its heart are three guiding principals:

Sustainable development – Acting now for the future: the creation of wealth whilst also promoting enduring, balanced and beneficial change in our communities and environment;

Social inclusion – Attacking poverty: the development of an inclusive society where everyone has the chance to fulfil their potential; and

Equal Opportunities – Achieving equality in all we do: the promotion of a culture in which diversity is valued and equality of opportunity is a reality.

	2001-02		2000-01
	Gross	Income	Net
	£000	£000	Net
			£000
Objectives:			
• Better Opportunities for Learning	930,071	(18,213)	911,858
• Better, Stronger Economy	1,013,697	(433,177)	580,520
• Better Health & Well-being	3,685,380	(547,977)	3,137,403
• Better Quality of Life	3,836,496	(28,038)	3,808,458
• Better Government	44,454	(206)	44,248
Net Operating Costs	9,510,098	(1,027,611)	8,482,487
			7,551,554

Note 29 explains the methodology used for the allocation of resources to Assembly objectives.

The notes on pages 17 to 40 form part of these accounts.

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

Notes to the Assembly Consolidated Resource Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the *Resource Accounting Manual* issued by HM Treasury. The particular accounting policies adopted by the Assembly are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the Assembly by reference to their current costs. The accounts comply with the Code of Practice contained in the *Resource Accounting Manual*.

1.2 Basis of Consolidation

These accounts comprise a consolidation of the core department, its two executive agencies, Cadw and WEFO, and the five health authorities and the Dental Practice Board in Wales. Each of these bodies produces and publishes their own annual report and accounts.

1.3 Tangible fixed assets

Freehold land and buildings have been restated at depreciated current replacement cost using professional valuations every five years and appropriate indices in intervening years, with the exception of surplus land held for immediate disposal which is included at its market value.

The Assembly has developed a computer model to estimate the value of the roads network. The roads network consists of the major trunk roads and associated structures in Wales. The model observes the principles of the 'Appraisal and Valuation Manual' of the Royal Institute of Chartered Surveyors. In determining the gross valuation the Assembly has capitalised the annual cost of maintaining the network.

Plant, equipment, fixtures and fittings, and vehicles have been restated at their net current replacement cost using appropriate indices.

The minimum level for capitalisation of individual assets is £5,000, except for Cadw where the policy for capitalisation of individual assets is £1,000.

Heritage properties in the care of the National Assembly for Wales are of inestimable value and are not included in the balance sheet. The cost of heritage properties, archaeological artefacts and works of art acquired by Cadw are charged to the Operating Statement in the year of purchase.

The National Assembly for Wales Consolidated Resource Accounts 2001-2002

1.4 Depreciation

The depreciation charge for the roads network consists of three elements:

- the annual maintenance charge;
- an estimate of the permanent deterioration in the condition of the network in the year (which has been calculated by the computer model, based on latest actual data on the condition of the network referred to in the fixed assets note above); and
- calculated depreciation of the structures.

Freehold land is not depreciated.

Depreciation is provided at rates calculated to write-off the value of other tangible fixed assets by equal instalments over their estimated useful lives. Lives are in the following ranges:

Freehold buildings	up to 60 years
Plant, equipment & computers	3 to 20 years
Furniture & fittings	5 to 10 years
Motor vehicles	5 to 10 years

Assets under construction are not depreciated.

Impairments of tangible fixed assets are charged to the operating statement in the period in which they have occurred.

1.5 Investments

Loans and Public Dividend Capital (PDC) issued by the Assembly are shown at historical cost.

1.6 Stocks

Stock is valued at the lower of replacement cost (or historic cost where there is a material difference) and net realisable value. The Assembly does not consider there to be a material difference between the replacement cost and historic cost of stocks.

1.7 Operating income

Operating income relates directly to the operating activities of the Assembly and its related bodies. It includes both retainable income and income surrenderable to the Consolidated Fund, which HM Treasury has agreed should be treated as operating income.

1.8 Administration & Programme expenditure

The operating cost statement is analysed between administration and programme costs. Administration costs reflect the cost of running the Assembly and its related bodies, together with associated operating income. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Assembly and its related bodies.

The National Assembly for Wales Consolidated Resource Accounts 2001-2002

1.9 Cost of Capital charge

A charge, reflecting the cost of capital utilised, is included in operating costs. The charge for each item in the balance sheet is calculated on the basis of the average net book value of that item over the year. The charge is calculated at the government's standard rate of 6 per cent in real terms on all assets less liabilities, except for cash balances held by the Office of the Paymaster General, amounts repayable to the Consolidated Fund included in debtors and amounts owing to the Consolidated Fund included in creditors.

1.10 Value Added Tax (VAT)

Most expenditure is accounted for VAT inclusive. In general the Assembly cannot recover VAT and therefore expenditure is inclusive of VAT. Expenditure on contracted-out services and the business activities of Cadw, where VAT is recoverable, are accounted for net of VAT.

1.11 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. Government bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

The Members of the Assembly are covered by a separate contributory pension scheme, with defined benefits. The Assembly contributes amounts to this scheme, in accordance with the recommendations of the scheme's actuary. A separate set of accounts is prepared for the scheme which are published by the Assembly.

Employees of health authorities participate in either the NHS pension scheme or private pension schemes. The NHS pension scheme is a statutory, defined contribution scheme, the provisions of which are laid down in the NHS Pension Scheme Regulations 1995 (SI 1995 No.300). Employer contributions are set at a rate specified by the Assembly as advised by the Government Actuary. The contribution rate for 2001-02 was 5% of pensionable pay.

1.12 Early departure costs

The Assembly is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Assembly provides in full for this cost when the early retirement programme has been announced and is binding. The Assembly may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. Similar arrangements are in place for health authority employees who retire early.

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

1.13 European Union (EU) income

Funds received from the EU, depending upon their nature, are treated either as income and shown in the operating statement or recorded as income at the point the related grant is approved for payment.

1.14 The Royal Commission for Ancient and Historical Monuments (Wales)

The Royal Commission is an executive Assembly sponsored public body empowered by Royal Warrant to maintain a national monument record of ancient and historical sites in Wales. The Assembly, under directions from Treasury, operates the finance function of the Commission and consequently includes its expenditure in these accounts.

1.15 Operating leases

Expenditure under operating leases, including land and buildings, is charged to the operating statement in the period in which it occurs.

1.16 Grants payable

Grants payable are charged to the operating statement in the period in which the activity which creates an entitlement is carried out.

In accordance with the Resource Accounting Manual, matters such as the period covered by the claims, the timing of the submission of the claims and the timing of the payments were taken into consideration when establishing the entitlement to grant and the basis for the creditor and debtor calculations.

Certain grant claim expenditure may be subject to scrutiny by local authority auditors. Audit of some of these claims had not been completed by the time these accounts were produced. Any adjustments arising from the audit will therefore be made in future accounting periods. These are not likely to be material.

1.17 Private Finance Initiative / Public Private Partnership transactions

Where the substance of the transaction is that the risks and rewards of ownership remain with the Assembly, the assets and liabilities remain on the Assembly's balance sheet. Where the risks and rewards are transferred to the private sector the transaction is accounted for in the operating statement through service charges.

The National Assembly for Wales

Consolidated Resource Accounts 2001-2002

1.18 Financial Instruments

In these accounts the Assembly has adopted Financial Reporting Standard (FRS) 13 – Derivatives and Other Financial Instruments: Disclosures. The Assembly issues financial instruments, in particular loans, to other public sector bodies in Wales such as NHS bodies. This lending occurs as part of its normal course of activities and the Assembly does not undertake any trading activity in these financial instruments. The Assembly has taken advantage of the exemption available for short term debtors and creditors. For issues of public dividend capital, fair value was calculated as the net assets of the recipient body (stated after deducting any provisions for liabilities and charges) less the amount of any loan included in the balance sheet. Other loans were discounted over their remaining life using the Treasury discounted rate of 6 per cent. The Assembly is not exposed to any significant liquidity or interest rate risk.

1.19 Losses and special payments (NHS)

The cost of clinical negligence cases and other losses and special payments are brought to account when there is reasonable expectation of settlement. Disputed cases are recorded as contingent liabilities.

1.20 Research and Development

Health authority research and development expenditure is charged to the Operating Statement as it is incurred.

2. Staff numbers and costs

The average number of whole-time equivalent persons employed by the Assembly and the entities within the group (including senior management) during the period was 5,536 (2000-01 – 4,782).

The individual details of staff numbers, costs and senior management remuneration are shown in the separate accounts of each of the bodies included within the Assembly group.

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2002 £000	Year ended 31 March 2001 £000
Wages and Salaries	112,335	95,520
Social Security Costs	8,253	7,180
Other Pension Costs	12,498	9,914
Total Costs	<u>133,086</u>	<u>112,614</u>

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

The remuneration of Ministers was as follows:

Name	Position	Age	Salary for year to 31 March 2002	Increase in Pension at age 60	Total Accrued Pension at age 60 at 31 March 2002
			£000	£000	£000
Rhodri Morgan*	First Minister	62	95 - 100	0 - 2.5	2.5 - 5
Jane Davidson	Cabinet Minister	45	70 - 75	0 - 2.5	2.5 - 5
Andrew Davies	Cabinet Minister	49	70 - 75	0 - 2.5	2.5 - 5
Sue Essex	Cabinet Minister	56	70 - 75	0 - 2.5	2.5 - 5
Edwina Hart	Cabinet Minister	44	70 - 75	0 - 2.5	2.5 - 5
Jane Hutt	Cabinet Minister	52	70 - 75	0 - 2.5	7.5 - 10
Carwyn Jones	Cabinet Minister	35	70 - 75	0 - 2.5	2.5 - 5
Jenny Randerson	Cabinet Minister	53	70 - 75	0 - 2.5	2.5 - 5
Michael German ¹	Cabinet Minister	56	45 - 50	0 - 2.5	2.5 - 5

The above salaries are the actual amounts received and include remuneration as Assembly Members plus remuneration as office holders. The accrued pension details include transferred in values to the PCSPS.

*Rhodri Morgan did not claim his full salary entitlement.

¹ Cabinet Minister until 06 June 2001

Presiding Officer

Name	Position	Age	Salary	Increase in Pension at Age 60	Total Accrued Pension at age 60 at 31 March 2002
			£000	£000	£000
Lord Dafydd Elis-Thomas	Presiding Officer	55	70 - 75	0 - 2.5	12.5 - 15

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

Senior Management of National Assembly for Wales' Executive Board

Name	Position	Age	Annual Salary for year to 31 March 2002 £000	Increase in Pension at age 60 £000	Total Accrued Pension at age 60 at 31 March 2002 £000
Sir Jon Shortridge	Permanent Secretary	54	130 – 135	5 – 7.5	50 – 55
Huw Brodie	Director - Agriculture	43	65 – 70	0 – 2.5	15 – 20
John Clarke 1	Chief Executive - WEFO	54	75 – 80	0 – 2.5	0 – 5
George Craig	Senior Director – Social Policy & Local Govt Affairs	55	95 – 100	2.5 - 5	40 – 45
Richard Davies	Director - Training & Education	52	80 – 85	0 – 2.5	25 – 30
Martin Evans	Director - Transport, Planning & Environment	54	70 – 75	0 – 2.5	25 – 30
Peter Gregory	Director - Personnel Man & Business Svs	55	80 – 85	0 – 2.5	30 – 35
Ruth Hall	Chief Medical Officer	54	100 – 105	0 – 2.5	5 – 10
Derek Jones	Senior Director – Economic Affairs, Transport, Planning & Environment	49	95 – 100	2.5 - 5	25 – 30
Ann Lloyd	Director - NHS Wales	53	110 – 115	0 – 2.5	0 – 5
Bryan Mitchell 2	Director - NHS Reorganisation	57	70 – 75	0 – 2.5	30 – 35
Adam Peat 3	Director - Local Govt, Housing & Culture	53	75 – 80	0 - 0	0 – 0
David Pritchard	Director - Economic Development	56	75 – 80	0 – 2.5	30 – 35
David Richards	Principal Finance Officer	47	65 – 70	2.5 – 5	20 – 25
Winston Roddick	Counsel General	61	125 – 130	0 – 2.5	5 – 10
Paul Silk	Clerk to the Assembly	50	95 – 100	7.5 - 10	5 – 10
Helen Thomas	Director - Social Care Group	51	65 – 70	0 – 2.5	15 – 20
Barbara Wilson	Director - Research & Development	54	65 – 70	0 – 2.5	20 – 25

The above salaries are at the annual rate for 2001-2002. The accrued pension details include transferred in values to the PCSPS.

- 1 John Clarke is a member of the National Assembly's Executive Board. As Chief Executive of the Welsh European Funding Office his salary and associated costs are met by that body.
- 2 Took up post as Director – NHS Reorganisation on 21 January 2002
- 3 Not a member of PSCPS

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

3. Administration costs

	Year ended 31 March 2002		Year ended 31 March 2001	
	£000	£000	£000	£000
Members' expenses & support costs		7,057		5,478
Assembly accommodation & IT		4,936		4,214
Assembly other expenses		2,982		3,400
Accommodation		17,821		19,317
Central administration		4,454		4,847
Rental under operating leases				
- accommodation		704		1,112
- hire of vehicles and office equipment		381		383
Travel, subsistence and hospitality		4,022		2,933
IT & Telecommunications		19,826		16,867
Other		4,615		4,352
		66,798		62,903
Non Cash Items:				
Write back of assets under construction		-		6,761
Depreciation		1,655		1,250
Cost of capital charge		62		2,046
Loss on sale of fixed assets		46		-
Impairment of tangible fixed assets		192		62
Provisions		36		13
		1,991		10,132
Total administration costs		68,789		73,035

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

4. Programme costs

	Year ended 31 March 2002		Year ended 31 March 2001	
	£000	£000	£000	£000
Programme expenditure		8,693,415		7,565,791
Non-cash items:				
Cost of Capital	483,365		478,308	
Depreciation: Agriculture & Rural Development	69		96	
Housing	-		4	
Transport, Planning & Environment	90,085		62,203	
Education & Training	-		5	
Culture, Sport & Welsh Language	5		-	
Health & Social Services	4,339		4,790	
Cadw	228		221	
Provisions	36,595		8,330	
Impairment of tangible fixed assets	28		103	
Loss on sale of fixed assets	94		87	
		614,808		554,147
Total programme costs		9,308,223		8,119,938

5. Audit Fees

Total audit fees for placing an opinion on this account and the underlying accounts amounted to £951,000 (2000-01 £984,000).

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

6. Operating income

	Year ended 31 March 2002		Year ended 31 March 2001	
	Retainable by Assembly £000	Not Retainable by Assembly £000	Total £000	Total £000
Programme income				
Department of Social Security health funding	335,657	-	335,657	300,019
European Union and other income	361,334	7,447	368,781	219,779
Income from National Health Service	150,543	-	150,543	157,367
Other health income	56,382	-	56,382	54,989
Income from sponsored & related bodies	89,362	-	89,362	12,893
Income from monument activities	3,110	-	3,110	3,016
External rents	386	-	386	254
Other income	4,677	18,237	22,914	5,114
Total programme income	1,001,451	25,684	1,027,135	753,431
Administration income				
External rents	131	-	131	315
Fees & charges	65	-	65	74
Other income	117	-	117	206
Assembly income	163	-	163	7
Total administration income	476	-	476	602
Total operating income	1,001,927	25,684	1,027,611	754,033

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

7. Analysis of capital expenditure, financial investment and associated receipts

	To 31 March 2002				
	Capital		Loans		Net
	Additions	Disposals	Issues	Repayments	Total
	£000	£000	£000	£000	£000
Central Administration	8,316	(2)	-	(21)	8,293
Health & Social Services	357	(10,224)	55,585	(8,904)	36,814
Education & Training	-	-	-	(4)	(4)
Assembly	37	-	-	-	37
Transport, Planning & Environment	122,326	(2,310)	-	-	120,016
Cadw	433	-	-	-	433
Total	131,469	(12,536)	55,585	(8,929)	165,589

	To 31 March 2001				
	Capital		Loans		Net
	Additions	Disposals	Issues	Repayments	Total
	£000	£000	£000	£000	£000
Central Administration	728	-	44	(26)	746
Health & Social Services	184	(9,614)	16,547	(24,280)	(17,163)
Education & Training	-	-	-	(7)	(7)
Assembly	140	-	-	-	140
Transport, Planning & Environment	98,108	(819)	-	-	97,289
Cadw	309	(45)	-	-	264
Total	99,469	(10,478)	16,591	(24,313)	81,269

Reconciliation of loans issues and repayments to cash movements

	Note	2001-02		Net Movement £000
		Issues	Repayments	
		£000	£000	
Total issues and repayments in loans note	10	56,098	(9,416)	46,682
Transfers from other government departments	17	(13)	-	(13)
Repayments surrendered to Consolidated Fund and National Loans Fund		-	290	290
Capitalised interest charges		-	(40)	(40)
Accrued movements in loan capital	11	(500)	237	(263)
Total financial investment and associated receipts		55,585	(8,929)	46,656

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

8. Intangible fixed assets

	Software Licences £000
Gross Replacement Cost	
At 1 April 2001	302
Additions	14
Revaluation	7
At 31 March 2002	<u>323</u>
Amortisation	
At 1 April 2001	260
Provided in the year	20
Revaluation	6
At 31 March 2002	<u>286</u>
Net Book Value	
At 31 March 2002	<u>37</u>
At 1 April 2001	<u>42</u>

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

9. Tangible fixed assets

	Roads & Infrastructure	Freehold Land & Buildings	IT, Plant & Equipment	Assets under Construction	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2001	8,113,094	152,228	15,156	86,161	8,366,639
Additions	101,578	299	2,441	35,658	139,976
Retrunkings	99,253	-	-	-	99,253
Assets brought into service	26,215	1,078	-	(27,293)	-
Disposals or impairment	(216,955)	(3,470)	(1,814)	-	(222,239)
Transfers	-	(8,843)	-	-	(8,843)
Revaluations	239,706	9,323	(99)	-	248,930
At 31 March 2002	8,362,891	150,615	15,684	94,526	8,623,716
Depreciation					
At 1 April 2001	1,209,600	15,841	10,886	-	1,236,327
Charged in year	89,868	5,221	1,272	-	96,361
Retrunkings	23,997	-	-	-	23,997
Disposals or impairment	(33,444)	(6)	(1,445)	-	(34,895)
Revaluations	67,286	(506)	54	-	66,834
At 31 March 2002	1,357,307	20,550	10,767	-	1,388,624
Net Book Value					
At 31 March 2002	7,005,584	130,065	4,917	94,526	7,235,092
At 1 April 2001	6,903,494	136,387	4,270	86,161	7,130,312

Land, buildings, installations and fittings are stated at their depreciated replacement cost. Valuations are carried out by the District Valuer of the Inland Revenue or GVA Grimley, Chartered Surveyors, on the basis of open market value for existing use in accordance with the 'Appraisal and Valuation Manual', produced jointly by the Royal Institute of Chartered Surveyors, the Incorporated Society of Valuers and Auctioneers and the Institute of Revenues Rating and Valuation.

For land and buildings, valuations are carried out at five yearly intervals. In the intervening financial years they are valued using latest available indices at March in each financial year. IT, plant and equipment are valued on the basis of the monthly indices, provided by the Office for National Statistics, for each asset class.

The cost of maintaining the roads network of £62,420,000 is included in additions. The net value of detrunked roads was £183,511,000.

Roads and infrastructure assets includes an amount for the A55 PFI scheme. The accounting policy for this is under review.

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

10. Loans and investments

	Public Dividend Capital £000	Other Loans £000	National Loans Fund £000	Total £000
At 1 April 2001	1,160,015	2,759	12,228	1,175,002
Issues	56,085	13	-	56,098
Repayments	(9,141)	(127)	(148)	(9,416)
At 31 March 2002	<u>1,206,959</u>	<u>2,645</u>	<u>12,080</u>	<u>1,221,684</u>

Analysis of Loans & Investments as at 31 March 2002:

	Book Values £000
Public Dividend Capital	
Health Trusts	1,196,000
Welsh Development Agency	<u>10,959</u>
	<u>1,206,959</u>
Other Loans	
Education & Local Government	2,146
Staff Loans	169
Housing Loans & Mortgages	<u>330</u>
	<u>2,645</u>
National Loans Fund	
Welsh Development Agency	<u>12,080</u>

The fair value of the above investments was £1,210,886,945 as at 31 March 2002 in line with the stated accounting policy.

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

11. Movements in working capital other than cash

	Year ended 31 March 2002	Year ended 31 March 2001
	£	£
Increase / (Decrease) in stock	175	(535)
Increase / (Decrease) in debtors	19,986	(9,144)
Decrease in creditors	24,058	418,987
	44,219	409,308
Changes in treatment for funding arrangements of Estyn	-	870
Adjustment for capital creditors movement	7,521	(1,942)
Adjustment for accrual movement in loans	263	-
Less movement in amounts payable to the Consolidated Fund and other non-operating cost balances	(30,748)	(432,344)
	21,255	(24,108)

12. Stocks

	At 31 March 2002	At 31 March 2001
	£000	£000
Raw materials and consumables	253	229
Telecommunication spares	1,627	1,577
Goods for resale	580	479
	2,460	2,285

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

13. Debtors

	At 31 March 2002 £000	At 31 March 2001 £000
Amounts falling due within one year:		
Trade debtors	50,323	25,710
Amounts owed to the Assembly repayable to the Consolidated Fund	16,461	17,942
Deposits & advances	2,806	1,707
European Union	133,905	121,973
Other debtors	11,269	9,170
Capital debtors	796	97
NHS Trusts	12,866	4,200
Welsh Risk Pool	43,209	69,330
Other tax	4,080	8,851
Prepayments and accrued income	4,436	5,166
	<u>280,151</u>	<u>264,146</u>
Amounts falling due after more than one year:		
European Union	-	2,071
NHS Trusts	-	6,679
Welsh Risk Pool	25,426	12,691
Other debtors	9	13
	<u>25,435</u>	<u>21,454</u>
Total Debtors	<u>305,586</u>	<u>285,600</u>

14. Cash at bank and in hand

	At 31 March 2002 £000	At 31 March 2001 £000
At 1 April 2001	156,744	530,845
Net cash outflow	(147,730)	(374,101)
At 31 March 2002	<u>9,014</u>	<u>156,744</u>
The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March:		
Balance at OPG	6,136	155,292
Commercial banks & cash in hand	2,878	1,452
	<u>9,014</u>	<u>156,744</u>

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

15. Creditors

	At 31 March 2002 £000	At 31 March 2001 £000
Amounts falling due within one year:		
Trade creditors	417,950	300,167
Other creditors	53,852	45,198
Amounts payable to Consolidated Fund via Wales Office	21,648	42,386
Accruals & deferred income:		
European Union	1,543	127,181
Others	3,151	2,718
NHS Trusts	33,986	35,103
Capital creditors	204	517
General Practice Fund Holders (GPFH)	3,819	6,080
Tax & social security	1,213	1,087
Other staff pensions	411	724
	<u>537,777</u>	<u>561,161</u>
Amounts falling due after more than one year:		
Payable to National Museum of Wales in respect of the sale of the Welsh Industrial & Maritime Museum	3,662	4,000
Retentions on Highways and Transport contracts	1,275	763
Trade creditors	627	2,085
Other staff creditors	722	112
	<u>6,286</u>	<u>6,960</u>
Total Creditors	<u>544,063</u>	<u>568,121</u>

16. Provisions for liabilities and charges

	£000
At 1 April 2001	51,499
Amount utilised in year	(31,678)
Increase in provisions in year	36,631
At 31 March 2002	<u>56,452</u>

A detailed analysis of these provisions is given in the underlying accounts of the Assembly and the other bodies.

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

17. Reconciliation of net operating cost to changes in general fund

	At 31 March 2002 £000	At 31 March 2001 £000
Net operating cost for the period	(8,482,487)	(7,551,554)
Net funding from the Wales Office	7,964,552	7,117,727
Operating income payable to the Consolidated Fund	(7,448)	(2,582)
Loan repayments payable to the Consolidated Fund	(118)	(120)
Detrunked roads	(183,511)	(79,117)
Retrunings and other non-cash additions	85,541	-
Reconfiguration of Health Trusts	-	7,923
Changes in treatment for funding arrangements for Estyn	-	(870)
Transferred from revaluation reserve	29,266	10,654
Non cash acquisition of tangible fixed assets	1,175	-
Non cash acquisition of intangible fixed assets	-	10
Staff Loans – net transfers with other Government Departments	13	(8)
	(593,017)	(497,937)
Notional charges and income:		
Cost of Capital	483,427	480,354
Services provided to Wales Office	(328)	(324)
Notional recharges for pension costs	8	7
Net decrease in the consolidated general fund	(109,910)	(17,900)
At 1 April 2001	7,672,554	7,690,454
At 31 March 2002	7,562,644	7,672,554

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

18. Revaluation Reserve

		£000
At 1 April 2001		445,583
In Period Revaluation*		
Roads	172,420	
Land & Buildings	9,898	
Surplus Land	(1)	
Surplus on revaluation	<u> </u>	182,317
Transfer to the General Fund in respect of realised element of revaluation reserve		(29,266)
At 31 March 2002		<u>598,634</u>

Other revaluation amounts totalling £220,000 have been written off to the Operating Statement in the year.

The revaluation reserve reflects the balance of adjustments made to take account of price changes and revaluation of tangible fixed assets.

19. Capital Commitments

	At 31 March 2002 £000	At 31 March 2001 £000
Capital commitments for which no provision has been made in these accounts were as follows:		
Transport & Highways Directorate	53,628	24,651
Management & Central Services	1,160	6,546
Cadw	368	-
Health Authorities	56	-
	<u>55,212</u>	<u>31,197</u>

20. Commitments under operating leases

	At 31 March 2002		
	Land & Buildings £000	Other £000	Total £000
At 31 March 2002 the Assembly, its agencies and the health authorities in Wales were committed to making the following payments during the next year in respect of operating leases expiring:			
Within one year	204	14	218
Between two and five years	360	416	776
After five years	3,743	44	3,787
	<u>4,307</u>	<u>474</u>	<u>4,781</u>

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

21. Revenue Commitments

Private Finance Initiative (PFI) Commitments

	At 31 March 2002 £000	At 31 March 2001 £000
The Assembly, its agencies and the health authorities in Wales were committed to making the following average annual payments in respect of PFI schemes expiring:		
Between two and five years	11,381	10,248
After five years	13,867	13,866
	<u>25,248</u>	<u>24,114</u>

Siemens Business Services provide IT hardware, software and support services, known as 'OSIRIS', to the Assembly under a PFI contract. Outside contractors were commissioned by the Assembly under the PFI scheme to build a carriageway across Anglesey.

There were no further significant revenue commitments at the balance sheet date.

22. Contingent liabilities

	At 31 March 2002 £000	At 31 March 2001 £000
Legal claims – alleged medical or employer negligence	84,234	68,834
Potential contractual obligations	4,000	4,050
Redundancy costs – Higher Education Institutions	2,910	2,800
Compensation claims	260	316
Potential taxation liabilities	-	25
	<u>91,404</u>	<u>76,025</u>

The National Assembly for Wales has inherited a number of unquantifiable contingent liabilities resulting from the wind up of the former Cardiff Bay Development Corporation (CBDC). Obligation for the payment of such liabilities was passed to the National Assembly by way of a local Statutory Instrument, The Cardiff Bay Development Corporation (Transfer of Property, Rights and Liabilities) Order 2000, made under S165 of the 1980 Local Government Planning and Land Act (as amended).

The Assembly is an underwriter of last resort of the cases handled by the Welsh Risk Pool, which is managed by Conwy and Denbighshire NHS Trust. The summarised accounts of the NHS Trusts in Wales for 2001-02 disclose contingent liabilities for the Risk Pool of £169,613,000 (2000-2001 £149,814,000).

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

23. Analysis of net operating cost

	Year ended 31 March 2002 £000	Year ended 31 March 2001 £000
Assembly	1,478,319	1,394,613
National Health Service	3,089,283	2,688,209
Local Government	2,876,909	2,691,765
Assembly Sponsored Public Bodies	966,885	735,071
Cadw	13,805	11,904
WEFO	12,831	3,441
Estyn	8,440	7,250
Forestry Commission	14,325	-
Auditor General for Wales	2,127	1,967
Welsh Administration Ombudsman & Health Service Commissioner	517	486
Environment Agency	13,784	12,049
Other agencies	5,262	4,799
	<u><u>8,482,487</u></u>	<u><u>7,551,554</u></u>

24. Interest

	Year ended 31 March 2002 £000	Year ended 31 March 2001 £000
Interest Payable:		
National Loans Fund	<u>1,750</u>	<u>1,773</u>
Interest Receivable:		
National Loans Fund Investments	(1,750)	(1,773)
Dividend received on PDC investments	(74,483)	(73,841)
Other loan interest (including Health loans)	(50)	(56)
Early retirement annuity	(1)	(1)
	<u><u>(76,284)</u></u>	<u><u>(75,671)</u></u>

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

25. Credit approvals

The Assembly issues credit approvals annually to local authorities for the purpose of capital expenditure, as defined in the Local Government and Housing Act 1989. This allows an authority to borrow and enter into credit arrangements up to the limit of the credit approval. The repayment of borrowing and credit arrangements is taken into account in the annual local authority revenue settlement.

Credit approvals issued during the year were:

	To 31 March 2002 £000	To 31 March 2001 £000
Health & Social Services	4,330	4,897
Housing	149,912	120,254
Transport, Planning & Environment	49,513	52,913
Agriculture & Rural Development	11	11
Economic Development	12,543	15,971
Education & Training	36,727	33,753
Total Credit Approvals	253,036	227,799

26. Additional Accountability

a) Losses (Excluding Health Authorities)

	<i>Number of Cases</i>	Amount £000
Assembly:		
Agriculture & Rural Development	191	74
Transport, Planning & Environment	77	48
Central Administration	2	1
Economic Development	41	1,923
Health & Social Services	56	207
Cadw	1	-
	368	2,253

b) Special Payments (Excluding Health Authorities)

	<i>Number of Cases</i>	Amount £000
Assembly:		
Agriculture & Rural Development	377	108
Central Administration	3	4
	380	112

**The National Assembly for Wales
Consolidated Resource Accounts 2001-2002**

c) Health Authorities: Losses and Special Payments

	Number of Cases	Amount £000
Clinical Negligence	<i>163</i>	18,699
Other	<i>66</i>	477
	<u><i>229</i></u>	<u>19,176</u>

A detailed analysis of these losses and special payments are given in the underlying accounts of the Health Authorities.

27. Related Party Transactions

The Assembly receives its funding from the Wales Office.

The Assembly group has also had a number of transactions with Government Departments and other central Government bodies including Assembly Sponsored Public Bodies (ASPBs).

Ancient Monuments Board for Wales
Arts Council of Wales
Care Council For Wales
Children's Commissioner for Wales
Countryside Council for Wales
Department of Trade and Industry
Environment Agency
Farming and Rural Conservation Agency
Forestry Commission
Further Education Funding Council for Wales
General Teaching Council
Government Property Lawyers
Higher Education Funding Council for Wales
Historic Buildings Council for Wales
Local Authorities in Wales
Local Government Boundary Commission for Wales
Meteorological Office
Ministry of Agriculture, Fisheries and Food
National Council for Education & Training in Wales
National Library of Wales
National Museums & Galleries of Wales
NHS Health Trusts in Wales
Police Authorities in Wales
Qualifications, Curriculum & Assessment Authority for Wales
Royal Commission on Ancient and Historic Monuments in Wales
Sports Council for Wales
Treasury Solicitor
Trunk Road Agencies in Wales
Valuation Office Agency
Wales European Centre

The National Assembly for Wales Consolidated Resource Accounts 2001-2002

Wales Tourist Board
Welsh Development Agency
Welsh Language Board
Welsh National Board for Nursing, Midwifery and Health Visiting

The Assembly has a subsidiary company, the National Assembly for Wales Broadcasting Company Ltd, which is a company limited by guarantee. The Assembly and the broadcasting partners – the BBC, S4C and HTV have a broadcasting arrangement partnership.

None of the Assembly's Members, key managerial staff or other related parties has undertaken any material transactions with the Assembly during the period.

All five health authorities undertook related party transactions. The details of these can be found in the underlying accounts.

28. Post Balance Sheet Events

There have been no events since the end of the financial year that would affect the understanding of the consolidated resource accounts.

29. Schedule 5 – Resources by Assembly Objectives

Programme net expenditure has been allocated in Schedule 5 based on returns from divisions that split net expenditure in proportions between each of the objectives. As most of the Assembly's expenditure relates to programme, administration costs have been allocated to objectives in the same proportions as overall programme expenditure.

At present Revenue Support Grant paid to local authorities has all been allocated to "Better Quality of Life". This basis of allocation will be reviewed for 2002-03.

The Assembly's capital employed has not been analysed by objectives as this analysis is not considered to be necessary or informative.

30. Prescription income

In his report "Maximising Income from Prescription Charges", published in November 2000, the Auditor General for Wales estimated that up to £15 million a year may be lost as a result of exemption from prescription charges being claimed by individuals who do not meet the relevant criteria. This figure was derived from analysis of prescriptions priced for September 1999.

The five Health Authorities did not have systems and procedures in place to identify and record monies due to the NHS Wales but not collected by independent pharmacists. The Health Authorities have developed an action plan in conjunction with the Assembly NHS Directorate and Health Solutions Wales to address the problem during 2002-03. It was not possible to quantify the shortfall in income due in 2001-02.
