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The National Assembly for Wales  
Cynulliad Cenedlaethol Cymru  
Resource Accounts 2004-2005

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# **The National Assembly for Wales Resource Accounts 2004-2005**

## **FOREWORD TO THE ACCOUNTS**

### **Format of the accounts**

These accounts have been prepared in accordance with the Accounts Direction issued by HM Treasury, under Section 97 of the Government of Wales Act. A copy of the Accounts Direction is available from The National Assembly for Wales, Finance Department at Cathays Park, Cardiff, CF10 3NQ.

### **Function and operation**

The National Assembly for Wales was established in 1999 under the Government of Wales Act 1998. 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. The accounts cover the activities of the Welsh Assembly Government and the Assembly Parliamentary Services. All activities are continuing.

### **Principal aim and objectives**

“Wales: A Better Country” is the strategic agenda of the Welsh Assembly Government. It was issued in September 2003 and is published on the Assembly’s Internet site.

“Wales: A Better Country” sets out the Welsh Assembly Government’s vision for a sustainable future for Wales, where action for social, economic and environmental improvement work together to create positive change. In particular:

- promoting a diverse, competitive, high-added value economy, with high quality skills and education, that minimises demands on the environment;
- action on social justice that tackles poverty and poor health, and provides people and their communities with the means to help themselves and break out of the poverty trap;
- action in our built and natural environment that enhances pride in the community, supports bio-diversity, promotes local employment and helps to minimise waste generation, energy and transport demands;
- strengthening Wales’ cultural identity and helping to create a bilingual country;
- ensuring all our children and future generations enjoy better prospects in life, and are not landed with a legacy of problems bequeathed by us;
- supporting people to live healthy and independent lives; and
- promoting openness, partnership and participation.

### **Sources of funding**

The Assembly’s funding during 2004-05 was primarily provided by Parliament through the Department for Constitutional Affairs, and from the European Union.

## **The National Assembly for Wales Resource Accounts 2004-2005**

### **Accounting boundary**

These accounts reflect the assets, liabilities and the results of the National Assembly for Wales for the 2004-05 financial year.

The Assembly had two Executive Agencies during 2004-05 - 'Cadw: Welsh Historic Monuments' (Cadw) and Health Commission Wales - Specialist Services (HCW). The Assembly is also responsible for operating the finance function of the Royal Commission for Ancient and Historic Monuments (Wales) and has included its expenditure in these accounts. The provision of emergency Fire and Rescue Services was devolved from the Office of the Deputy Prime Minister to the Assembly with effect from 1 April 2004; these accounts include as additions the assets transferred.

Consolidated resource accounts, reflecting the position for all entities within the accounting boundary as defined in the Resource Accounting Manual (RAM), are produced separately. For 2004-05, these entities include Cadw, HCW and the Local Health Boards in Wales.

### **Results for the year**

The results for the period are reported in detail in the attached accounts and record a net operating cost of £10,227,250,000 (2003-04 £9,820,303,000). Treasury has given the Assembly dispensation from producing Schedule 1 – Resource Outturn, reconciling budget to accounts and then to cash requirement. Schedule 1 is structured around Whitehall Departments which report direct to Parliament, whereas the Assembly's budget is based on the Welsh Block which follows different principles.

### **Movements in fixed assets**

Fixed asset additions in the period were £110,858,000. Fixed assets were re-valued in the period, resulting in a net increase in value of £1,209,430,000 of which £1,211,072,000 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 the National Health Service in Wales. Other loans exist with Local Authorities, Education Authorities and Housing Associations. Additionally, the Assembly has responsibility for managing the National Loans Fund loans to the Welsh Development Agency.

At 31 March 2005 the Assembly had investments totalling £1,318,378,000 comprising outstanding advances from the National Loans Fund of £11,915,000, Public Dividend Capital of £1,298,201,000 and other loans of £8,262,000.

## **The National Assembly for Wales Resource Accounts 2004-2005**

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

### **Review of activities**

The activities of the Welsh Assembly Government are reported each year in an annual report – The First Minister's Report. These documents are laid before the Assembly and are published on the Assembly web site.

### **Operational targets**

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

### **Corporate Health**

The Assembly is committed to providing an environment that conforms to a high level of health and safety for its staff. Policies are in place to identify and control risks to assist staff to work safely.

A Corporate Health Strategy Board has been established to ensure that the Assembly remains in compliance with health & safety obligations and to oversee the 3-year Corporate Health & Safety Plan. The Joint Health and Safety Committee provides a forum for working with the Trade Union Side on health and safety matters.

In March 2005 the Assembly was awarded the Gold Standard for workplace health.

### **Environmental Performance**

The Executive Board takes its environmental responsibilities extremely seriously and is putting in place a range of awareness-raising measures and guidance for staff and managers across the organisation.

We are proud to have been awarded Green Dragon Level 3 status during 2004. Our target is to achieve Green Dragon Level 4 accreditation by the summer of 2005 and Level 5 by the end of 2005-06.

### **Equality of Opportunity**

The Assembly is an Equality of Opportunity employer. Policies are in place to guard against discrimination which are aimed at ensuring that there are no unfair or illegal discriminatory barriers to access to employment or careers advancement in the Assembly.

The Assembly's Race Equality Scheme contains specific actions under the employment duty and specific actions for the organisation as a whole in the Race Equality Action Plans with the aim of eliminating discrimination on the grounds of race.

## **The National Assembly for Wales Resource Accounts 2004-2005**

The Assembly has a mainstreaming agenda that aims to ensure that equality and diversity best practice and compliance with relevant legislation is embedded within the organisation. To this end a mainstreaming task and finish group has been constructed to oversee this.

The Assembly has an Equality of Opportunity Committee whose purpose is to ensure that the Assembly has effective arrangements in place for developing and promulgating Equality of Opportunity policies.

### **Post Holders and Senior Officers**

#### ***Presiding Officer and Deputy***

Lord Dafydd Elis-Thomas	Presiding Officer
Dr John Marek	Deputy Presiding Officer

There were 9 Assembly Cabinet posts during the financial year 2004-05:

#### ***Cabinet Member***

#### ***Post Held***

The Rt. Hon. Rhodri Morgan	First Minister
Karen Sinclair	Minister for Business (left Office on 10 <sup>th</sup> January 2005)
Jane Hutt	Minister for Business (took up Office 10 <sup>th</sup> January 2005, prior to that - Minister for Health & Social Services)
Jane Davidson	Minister for Education & Lifelong Learning
Andrew Davies	Minister for Economic Development and Transport
Sue Essex	Minister for Finance, Local Government and Public Services
Dr Brian Gibbons	Minister for Health & Social Services (took up Office 10 <sup>th</sup> January 2005)
Edwina Hart MBE	Minister for Social Justice and Regeneration
Carwyn Jones	Minister for Environment, Planning & Countryside
Alan Pugh	Minister for Culture, Welsh Language and Sport

#### **Senior Officials**

The Executive Board of the National Assembly for Wales supports the Permanent Secretary in ensuring that the Assembly's civil service is organised, resourced and motivated to deliver its objectives effectively. In particular, the Board assists the Permanent Secretary in his responsibilities for the management, development and organisation of the civil service staff; the stewardship of its assets; its use of public money; and the service provided to Assembly Ministers, Assembly Members and the public.

## **The National Assembly for Wales Resource Accounts 2004-2005**

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

<i><b>Board Members</b></i>	<i><b>Post Held</b></i>
Sir Jon Shortridge	Permanent Secretary
Derek Jones	Senior Director
Paul Silk	Clerk to the Assembly
Ann Lloyd	Director – Health and Social Care
Huw Brodie	Director – Strategy and Communications
Richard Davies	Director – Education & Training Department
Martin Evans	Director – Special Projects to November 2004 Director – Change Programme since December 2004
Ruth Hall	Chief Medical Officer
Bryan Mitchell	Director – Business and Information Management
David Pritchard	Director – Economic Development and Transport
David Richards	Finance Director
Helen Thomas	Director – Regulation and Inspection (on secondment from August 2004)
Barbara Wilson	Director – Public Service Development
John Bader	Director – Social Justice and Regeneration
Bernard Galton	Director – Human Resources
Jeffrey Godfrey	Acting Director – Legal Services
Gareth Jones	Director – Environment, Planning and Countryside
Hugh Rawlings	Director – Local Government, Public Service and Culture
Kathryn Bishop	Non Executive Director
Sir Adrian Webb	Non Executive Director

### **Senior official appointments**

The Permanent Secretary was appointed by the Prime Minister on the recommendation of the Head of the Home Civil Service.

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.

## **The National Assembly for Wales Resource Accounts 2004-2005**

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.

### **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.

### **Better Payment Practice Code**

Under the Late Payment of Commercial Debts (Interest) Act 1998, the Assembly is 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 Assembly aims to pay 100% of invoices including disputed invoices once the dispute has been settled, in line with these terms. During the year ending 31 March 2005, the Assembly paid 94.5% of all invoices within the terms of its payment policy. No interest payments were made on late invoices.

### **Auditors**

The accounts of the Assembly 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**

The Children and Family Courts Advisory Service in Wales was merged into the National Assembly for Wales on 1 April 2005.

Cadw, responsible for Welsh historic monuments, ceased to be an executive agency of the National Assembly for Wales on 28 June 2005.

The UK Government's White Paper, "Better Governance for Wales", proposes the legal separation of the executive and legislative arms of the National Assembly for Wales. On the

**The National Assembly for Wales  
Resource Accounts 2004-2005**

expectation that the necessary legislation is enacted in 2006, the separation will occur following the 2007 Assembly elections.

As noted in last year's accounts, on 14 July 2004 the First Minister announced that the Welsh Development Agency, Wales Tourist Board and ELWa – the National Council for Education and Training in Wales will be merged with the National Assembly for Wales on 1 April 2006.

Further to that announcement, on 20 November 2004 The First Minister outlined the next phase of the reform of the Assembly Sponsored Public Bodies. The Qualification, Curriculum and Assessment Authority for Wales and the Welsh Language Board will be merged with the Welsh Assembly Government. The Governmental functions of the Countryside Council for Wales, the Sports Council for Wales and the Arts Council for Wales will be merged with the Welsh Assembly Government. The functions of Health Professions Wales will be delivered through existing health organisations.

**Sir Jon Shortridge  
Permanent Secretary  
23 September 2005**



**STATEMENT OF ASSEMBLY ACCOUNTING OFFICERS' RESPONSIBILITIES**

- 1 Under Section 97 of the Government of Wales Act 1998, 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. These accounts cover the financial year to 31 March 2005.
- 2 The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Assembly, its net operating cost, recognised gains and losses and cash flows for the financial period.
- 3 Under Section 98 of the Government of Wales Act, the Treasury has designated the Permanent Secretary as Principal Accounting Officer (PAO) of the Assembly. The PAO is responsible for the overall organisation, management and staffing of the Assembly. This includes responsibility for Assembly-wide systems in finance and other matters, where these are appropriate, and for the management of the Assembly's net cash requirement. He is also responsible for preparing and signing the Assembly's resource accounts.
- 4 In preparing the accounts the PAO is required to comply with the Resource Accounting Manual (RAM) 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 RAM have been followed and disclose and explain any material departures in the accounts; and
  - 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 appointed the Clerk to the Assembly as additional Accounting Officer responsible for the finances relating to the Presiding Office. The PAO has designated the Director of the NHS as Accounting Officer of the National Health Service in Wales. These appointments do not detract from the Permanent Secretary's overall responsibility as PAO for the Assembly's accounts.
- 6 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.
- 7 The relationship between the PAO of the Assembly and the other Accounting Officers, as described in paragraph 5 above, together with their respective responsibilities, are set out in a written agreement between the officials concerned.

## **STATEMENT ON INTERNAL CONTROL 2004-05**

### **1. Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control which supports 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. 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.

Accountability arrangements in place include:

- Formal systems of Delegations from Ministers to officials and between officials;
- Appointment of Non-Executive Directors to the Assembly's Executive Board;
- Corporate Governance Committee, chaired by a Non-Executive Director;
- Work of Internal & External Audit;
- Regular meetings with/reports from other Accounting Officers;
- Assurance gained from internal control questionnaires completed by Heads of Department;
- Training for Accounting Officers and for all staff exercising financial responsibilities; and
- Formal budgeting system in place and reporting against that.

### **2. The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level – it cannot provide absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Assembly policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Assembly for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### **3. Capacity to Handle Risk**

As Accounting Officer, I have taken personal responsibility for improving the Assembly's capacity to handle risk. I have appointed a Risk Improvement Manager who is leading a programme of reviewing and improving risk management practice and supports senior management in ensuring that there is a clear and balanced account of risk judgements and management actions.

The Assembly is working with UK central government departments to implement the recommendations of the Cabinet Office's Strategy Unit report *Risk: Improving Government's Capability to Handle Risk and Uncertainty*.

## **The National Assembly for Wales Resource Accounts 2004-2005**

The National Assembly for Wales has in place a risk management policy. It outlines the process of risk management within the Assembly that aims to:

- a) ensure that the Assembly's objectives are not adversely affected by significant risks that have not been anticipated;
- b) ensure achievement of outputs and outcomes and provide reliable contingency arrangements to deal with the unexpected which might put service delivery at risk;
- c) promote a more innovative, less risk averse culture in which the taking of appropriate risks in pursuit of opportunities to benefit the Assembly is encouraged;
- d) provide a sound basis for integrating risk management into our day to day decision making; and
- e) promote excellent corporate governance and management practices.

### **4. The Risk and Control Environment**

In the Assembly the main processes that we have in place for identifying, evaluating, and managing risk are:

- Departmental Risk Registers – giving identification of key risks across all areas of the Assembly. Each Department has developed, monitors and takes ownership of its own risk register, underpinned by lower level risk registers;
- Executive Board Risk Register – reviewed quarterly;
- Regular review of both – Executive Board considers a “risk of the month” and Departmental “Top Ten” risk reports, and there is regular review and update of Departmental Risk Registers by the Departments themselves.

Our management of risk is embedded in policymaking, planning and delivery by

- Awareness raising through delivery of a training module to key staff;
- Development of a policy making training course;
- Establishment of a community of practice for experiences to be exchanged;
- Training for project managers/other key staff;
- Raising awareness of risk management with Ministers; and
- Linking risk to the Assembly's Operational Plan.

Our risk environment involves managing risks that impact on the public, and these are managed by:

- Health and safety risk assessments at Divisional and Departmental levels; and
- Consideration of the Assembly's compliance with statutory functions by the Corporate Governance Committee on a quarterly basis.

### **5. Review of Effectiveness**

The Assembly has an Internal Audit Unit, which operates 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 system of internal control together with recommendations for improvement, to the Corporate

**The National Assembly for Wales  
Resource Accounts 2004-2005**

Governance Committee. The Corporate Governance Committee, of which I am a member and is chaired by a non-executive director, reports to the Executive Board.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the executive managers within departments who have responsibility for the development and maintenance of the internal control framework and who are required to provide certificates of assurance relating to their system of internal control; and
- comments made by the external auditors in their management letter and other reports.

The Corporate Governance Committee has advised me on the implications of the result of my review of the effectiveness of the system of internal control, and a plan to ensure continuous improvement of the system is in place.

**Sir Jon Shortridge  
Permanent Secretary  
23 September 2005**

**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 14 to 48 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 18 to 21.

**Respective responsibilities of the Accounting Officer and Auditor**

As described on page 8, 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 in 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 pages 9 to 11 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. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the National Assembly for Wales' corporate governance procedures or its risk and control procedures

**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 including 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

**The National Assembly for Wales  
Resource Accounts 2004-2005**

statements, and of whether the accounting policies are appropriate to the National Assembly for Wales' circumstances, consistently applied and adequately disclosed. 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 at 31 March 2005 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year ended 31 March 2005, 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.

I have no observations to make on these financial statements.

**Jeremy Colman  
Auditor General for Wales  
30 September 2005**

**Wales Audit Office  
2 – 4 Park Grove  
CARDIFF  
CF10 3PA**

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**Operating Statement  
For the year ended 31 March 2005**

		Year ended 31 March 2005		Year ended 31 March 2004	
		£000	£000	£000	£000
<b>PROGRAMME COSTS</b>	Note				
Expenditure	4		<b>11,241,804</b>		10,884,150
Income					
Non EU Income	6	<b>(887,261)</b>		(837,761)	
EU Income	6	<b>(322,885)</b>		(417,698)	
			<b>(1,210,146)</b>		(1,255,459)
<b>Net Programme Costs</b>			<b>10,031,658</b>		9,628,691
<b>Assembly Members' Costs</b>	Note				
Salaries	2	<b>4,196</b>		4,362	
Other Assembly Costs	3a	<b>11,672</b>		12,899	
Income	6	<b>(134)</b>		(138)	
			<b>15,734</b>		17,123
<b>ADMINISTRATION COSTS</b>	Note				
Staff Costs	2	<b>124,713</b>		114,538	
Other Administration Costs	3b	<b>60,623</b>		64,824	
<b>Gross Administration Costs</b>		<b>185,336</b>		179,362	
Administration Income	6	<b>(5,478)</b>		(4,873)	
<b>Net Administration Cost</b>			<b>179,858</b>		174,489
<b>NET OPERATING COST</b>			<b>10,227,250</b>		9,820,303

**Statement of Recognised Gains and Losses  
for the year ended 31 March 2005**

	Note	Year ended 31 March 2005	Year ended 31 March 2004
		£000	£000
Net gain on revaluation of tangible fixed assets	17	<b>1,209,430</b>	729,458
Detrunked roads	8	<b>0</b>	(23,833)
Merger of Wales European Funding Office		<b>0</b>	(187)
<b>Total recognised gains &amp; losses for the financial year</b>		<b>1,209,430</b>	705,438

All activities are continuing.

*The notes on pages 18 to 48 form part of these accounts.*

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**Balance Sheet as at 31 March 2005**

		At 31 March 2005		RESTATED At 31 March 2004	
		£000	£000	£000	£000
<b>Fixed Assets</b>	Note				
Tangible Assets	8		<b>9,655,214</b>		8,375,199
Investments	9		<b>1,318,378</b>		1,271,591
			<u><b>10,973,592</b></u>		<u>9,646,790</u>
<b>Current Assets</b>					
Stocks	11	<b>3,118</b>		1,679	
Debtors	12	<b>345,693</b>		410,191	
Cash at bank and in hand	13	<b>11,106</b>		20,168	
			<u><b>359,917</b></u>	<u>432,038</u>	
<b>Creditors: amounts falling due</b>					
Within one year	14	<b>(424,328)</b>		(411,567)	
<b>Net Current Liabilities</b>			<u><b>(64,411)</b></u>	<u></u>	20,471
<b>Total Assets less Current Liabilities</b>			<u><b>10,909,181</b></u>	<u></u>	<u>9,667,261</u>
<b>Creditors: amounts falling due</b>	14		<b>(9,395)</b>		(2,149)
After more than one year					
<b>Provisions for Liabilities and Charges</b>	15		<b>(14,772)</b>		(32,563)
<b>National Loans Fund Loans</b>	9		<b>(11,915)</b>		(11,955)
			<u><b>10,873,099</b></u>	<u></u>	<u>9,620,594</u>
<b>Taxpayer's Equity</b>					
General Fund	16a		<b>7,710,474</b>		7,667,937
EU Deferred Grant Reserve	16b		<b>7,980</b>		7,442
Revaluation Reserve	17		<b>3,154,645</b>		1,945,215
			<u><b>10,873,099</b></u>	<u></u>	<u>9,620,594</u>

**Sir Jon Shortridge  
Accounting Officer  
23 September 2005**

*The notes on pages 18 to 48 form part of these accounts.*





**The National Assembly for Wales  
Resource Accounts 2004-2005**

**Resources by Welsh Assembly Government Objectives  
For the year ended 31 March 2005**

*Aim: Wales: A Better Country sets out:*

- our guiding vision of a fairer, more prosperous, healthier and better educated country rooted in our commitment to social justice and to putting health and wealth creation that is sustainable at the heart of policy-making;
- the radical agenda we have for public services in Wales, with our programme for delivering the manifesto commitments;
- the priority issues which are broader than any one section of government and where smarter working and working together can make a bigger and longer-lasting impact; and
- the way we want to deliver jointly with our partners in local government, business, the trade unions and the voluntary sector.

	<b>2004-05</b>	<b>2003-04</b>
	<b>Gross</b>	<b>Net</b>
	<b>Income</b>	<b>Net</b>
	<b>£000</b>	<b>£000</b>
Objectives:		
▪ promoting a diverse, competitive, high-added value economy, with high quality skills and education, that minimises demands on the environment	1,262,105	(238,664)
▪ action on social justice that tackles poverty and poor health, and provides people and their communities with the means to help themselves and break out of the poverty trap	3,765,715	(2,314)
▪ action in our built and natural environment that enhances pride in the community, supports bio-diversity, promotes local employment and helps to minimise waste generation, energy and transport demands	347,395	(103,065)
▪ strengthening Wales' cultural identity and helping to create a bilingual country	107,617	(52)
▪ ensuring all our children and future generations enjoy better prospects in life, and are not landed with a legacy of problems bequeathed by us	1,207,032	(12,146)
▪ supporting people to live healthy and independent lives	4,753,144	(859,517)
	<b>11,443,008</b>	<b>(1,215,758)</b>
	<b>10,227,250</b>	<b>9,820,303</b>

Note 28 explains the methodology used for the allocation of resources to Welsh Assembly Government objectives.

*The notes on pages 18 to 48 form part of these accounts.*

## **Notes to the Assembly 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 Accounting**

These accounts reflect the assets and liabilities and the results for the year of the “core” Assembly. A further set of accounts is prepared which consolidates the assets and liabilities and the results of all the entities within the Assembly’s resource accounting boundary.

#### **1.3 Tangible fixed assets**

The property that the Assembly owns is capitalised and appears on the balance sheet; leased property is treated as a revenue cost. Freehold land and buildings have been restated at current 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 indices used for 2004-05 were taken from the Investment Property Databank (IPD) UK Annual Index (2004). Leasehold land and property with over 100 years remaining on the lease is capitalised.

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 the appropriate indices from the ‘Producer Price Indices – MM22’, produced by the Office for National Statistics.

The Assembly capitalises its in-house developed software. Website development costs are not capitalised as the website is not capable of directly generating income.

The finance charges in respect of the MERLIN IT assets are capitalised.

The minimum level for capitalisation of individual assets is £5,000.

## **The National Assembly for Wales Resource Accounts 2004-2005**

### **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.

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:

Leasehold land & buildings	Remaining life (Pierhead 147 years)
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

Freehold Land and 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 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 Income**

Operating income relates directly to the operating activities of the Assembly. Income from the European Union in respect of the European programmes, funds and initiatives is brought to account in line with grants payable in respect of these amounts.

### **1.8 Administration & Programme expenditure**

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

## **The National Assembly for Wales Resource Accounts 2004-2005**

### **1.9 Cost of Capital charge**

A charge, reflecting the cost of capital utilised by the Assembly, 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 for 2004-05 of 3.5 per cent in real terms on all assets less liabilities, except for cash balances held by the Office of the Paymaster General, amounts repayable from the Consolidated Fund included in debtors and amounts owing to the Consolidated Fund included in creditors.

### **1.10 Value Added Tax (VAT)**

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

### **1.11 Pensions**

Present and past employees are covered by the provisions of the Civil Service Pension Scheme which are described in Note 2. The defined benefit elements of the scheme are unfunded and non-contributory except in respect of dependants' benefits. The Assembly recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payments to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Assembly recognises the contributions payable for the year.

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.

### **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.

### **1.13 The Royal Commission for Ancient and Historical Monuments (Wales)**

The Royal Commission is an executive non-departmental public body empowered by Royal Warrant to maintain a national 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.

## **The National Assembly for Wales Resource Accounts 2004-2005**

### **1.14 Operating leases**

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

### **1.15 Grants payable**

The National Assembly for Wales provides grants to sponsored bodies and external organisations. Grant schemes administered by the Assembly were assessed individually and creditor and debtor balances compiled for material schemes.

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.

### **1.16 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.

### **1.17 Notional Charges**

The Assembly provides support functions for some of its sponsored bodies, under service level agreements. A notional charge has been included in all relevant accounts for these services.

### **1.18 Provision for Doubtful Debts**

The Assembly provides for doubtful debts after 6 months unless there is reasonable proof that the debt will be paid.

### **1.19 Exchange Rate Gains and Losses**

The Wales European Funding Office requests programme funding from the European Commission at the euro equivalent level to the sterling required and pays out funds in sterling. The exchange gain or loss on these transactions is calculated and accounted for only at the end of the Programme.

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**2. Staff Numbers and Costs**

The average number of whole-time equivalent persons employed (including senior management, cabinet ministers, assembly members and special advisers) during the period was 4,292 (2003-04 – 4,108).

The breakdown of this figure is as follows:

Assembly Members	Special Advisers	Senior Management	Officials	Staff on Inward Secondment	Agency Staff	Total
60	6	19	3,682	140	385	<b>4,292</b>

The aggregate payroll costs of Assembly Members and staff were as follows:

	Assembly Members £000	Assembly Officials £000	Special Advisers £000	Other £000	Year ended 31 March 2005 Total £000	Restated * Year ended 31 March 2004 Total £000
Salaries	3,150	95,545	266	8,460	<b>107,421</b>	98,857
Social Security Costs	309	7,644	20	617	<b>8,590</b>	7,782
Other Pension Costs	737	13,029	29	0	<b>13,795</b>	12,646
<b>Sub Total</b>	<b>4,196</b>	<b>116,218</b>	<b>315</b>	<b>9,077</b>	<b>129,806</b>	119,285
Less:						
Recoveries in Respect of Outward Secondments	0	(897)	0	0	<b>(897)</b>	(385)
<b>Total</b>	<b>4,196</b>	<b>115,321</b>	<b>315</b>	<b>9,077</b>	<b>128,909</b>	118,900

\* Format restatement in line with HM Treasury requirement.

**Presiding Officers**

Name	Position	Annual Salary for year to 31 March 2005 £	Increase in Pension at Age 65 £000	Total Accrued Pension at Age 65 at 31 March 2005 £000	CETV at 31 March 2004 Nearest £000	CETV at 31 March 2005 Nearest £000	Real Increase in CETV* Nearest £000
Lord Dafydd Elis-Thomas	Presiding Officer	81,797	0-2.5	20-25	246	292	20
Dr John Marek	Deputy Presiding Officer	67,675	0-2.5	5-10	79	116	24

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**Assembly Cabinet**

Name	Position	Annual Salary for year to 31 March 2005 £	Increase in Pension at Age 65  £000	Total Accrued Pension at Age 65 at 31 March 2005  £000	CETV at 31 March 2004  Nearest £000	CETV at 31 March 2005  Nearest £000	Real Increase in CETV*  Nearest £000
Rt. Hon. Rhodri Morgan	First Minister	116,863	0-2.5	10-15	159	207	33
Jane Davidson	Cabinet Minister	81,797	0-2.5	5-10	69	94	12
Andrew Davies	Cabinet Minister	81,797	0-2.5	10-15	87	117	16
Sue Essex	Cabinet Minister	81,797	0-2.5	10-15	110	149	23
Dr Brian Gibbons (1)	Cabinet Minister	52,535	0-2.5	20-25	289	304	1
Edwina Hart	Cabinet Minister	81,797	5-10	10-15	73	128	45
Jane Hutt	Cabinet Minister	81,797	0-2.5	15-20	164	202	19
Carwyn Jones	Cabinet Minister	81,797	0-2.5	5-10	46	62	7
Alun Pugh	Cabinet Minister	81,797	0-2.5	5-10	47	67	12
Karen Sinclair (2)	Cabinet Minister	73,364	0-2.5	5-10	53	74	12

(1) Took up Office on 10<sup>th</sup> January 2005

(2) Left Office 10<sup>th</sup> January 2005

**\*after adjustment for contributions, inflation and changes in market investment factors**

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 and the purchase of added years to the National Assembly for Wales Members' Pension Scheme.

**Senior Management**

Name	Position	Annual Salary Band for year to 31 March 2005 £000	Increase in Pension at Age 60  £000	Total Accrued Pension at Age 60 at 31 March 2005  £000	CETV at 31 March 2004  Nearest £000	CETV at 31 March 2005  Nearest £000	Real Increase in CETV*  Nearest £000
Sir Jon Shortridge	Permanent Secretary	165-170	2.5-5.0 plus 7.5-10 lump sum	65-70 plus 205-210 lump sum	1,158	1,260	44
John Bader	Director – Social Justice & Regeneration	85-90	2.5-5.0 plus 12.5-15 lump sum	40-45 plus 130-135 lump sum	697	808	79
Huw Brodie	Director – Strategy and Communication	80-85	0-2.5 plus 2.5-5 lump sum	20-25 plus 70-75 lump sum	304	339	13
Kate Cassidy	Deputising as Head of Local Government, Public Service & Culture Appointed 12 <sup>th</sup> October 2004	65-70	0-2.5 plus 5-7.5 lump sum	10-15 plus 40-45 lump sum	186	231	31
Richard Davies	Director -Training & Education Dept	100-105	0-2.5 plus 2.5-5.5 lump sum	40-45 plus 120-125 lump sum	649	714	27



**The National Assembly for Wales  
Resource Accounts 2004-2005**

<b>Name</b>	<b>Position</b>	<b>Annual Salary Band for year to 31 March 2005 £000</b>	<b>Increase in Pension at Age 60 £000</b>	<b>Total Accrued Pension at Age 60 at 31 March 2005 £000</b>	<b>CETV at 31 March 2004 Nearest £000</b>	<b>CETV at 31 March 2005 Nearest £000</b>	<b>Real Increase in CETV* Nearest £000</b>
Martin Evans	Director - Change Programme	85-90	0-2.5 plus 5.0-7.5 lump sum	35-40 plus 110-115 lump sum	622	682	21
Bernard Galton	Director - Human Resources	95-100	7.5-10 plus 27.5-30 lump sum	35-40 plus 105-110 lump sum	366	530	142
Jeffrey Godfrey	Acting Director – Legal Services Appointed 28 <sup>th</sup> September 2004	70-75	2.5-5.0 plus 7.5-10 lump sum	15-20 plus 50-55 lump sum	179	227	35
Ruth Hall	Chief Medical Officer	120-125	0-2.5 plus 2.5-5 lump sum	10-15 plus 30-35 lump sum	166	200	24
Derek Jones	Senior Director	110-115	0-2.5 plus 2.5-5 lump sum	35-40 plus 110-115 lump sum	569	628	23
Gareth Jones	Director- Environment, Planning and Countryside	85-90	2.5-5 plus 7.5-10 lump sum	25-30 plus 80-85 lump sum	337	399	37
Ann Lloyd	Director – Health and Social Care	135-140	0-2.5 plus 2.5-5 lump sum	5-10 plus 20-25 lump sum	91	125	27
Bryan Mitchell	Director - Business & Information Management	95-100	0-2.5 plus 5-7.5 lump sum	40-45 plus 130-135 lump sum	767	820	17
David Pritchard	Director-Economic Development and Transport	95-100	2.5-5.0 plus 12.5-15.0 lump sum	45-50 plus 135-140 lump sum	736	848	78
Hugh Rawlings	Director-LG, PS & Culture	75-80	2.5-5.0 plus 10-12.5 lump sum	25-30 plus 85-90 lump sum	424	507	60
David Richards	Director - Finance	80-85	0-2.5 plus 5-7.5 lump sum	25-30 plus 80-85 lump sum	378	431	26
Paul Silk	Clerk to the Assembly	110-115	0-2.5	55-60	673	750	29
Helen Thomas	Director-Social Policy Appointment Ended 19 September 2004	75-80	0-2.5 plus 2.5-5 lump sum	20-25 plus 70-75 lump sum	378	413	17
Barbara Wilson	Director-Public Service Development	75-80	0-2.5 plus 2.5-5 lump sum	30-35 plus 95-100 lump sum	528	575	21
Kathryn Bishop ~	Non - Executive Director	5-10	-	-	-	-	-
Sir Adrian Webb ~	Non - Executive Director	5-10	-	-	-	-	-

**\*after adjustment for contributions, inflation and changes in market investment factors**

The above salaries are at the annual rate for 2004-2005 and include performance bonuses payable, reserves rights to London Weighting or London allowances, recruitment and retention allowances, and private office allowances. The accrued pension details include transferred in values to the PCSPS.

~ Non-executive directors were appointed for an annual fee of £7,500 per annum. No pension contributions are made.

## **The National Assembly for Wales Resource Accounts 2004-2005**

Columns 6 & 7 of the above tables show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 8 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Notes**

Salaries include gross salaries, performance bonuses payable, reserved rights to London Weighting or London allowances, recruitment and retention allowances, and private office allowances.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but The National Assembly for Wales is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2004-05, employers' contributions of £12,906,000 were payable to the PCSPS (2003-04 - £11,112,802) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will remain the same next year, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £84,276.68 (2003-04- £44,733) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent

## **The National Assembly for Wales Resource Accounts 2004-2005**

of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £21,056.11 (2003-04 - £1,479), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at the date they were nil.

### **Assembly Members Pension Scheme**

The Assembly operates a pension scheme for Assembly Members providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Assembly and are managed by an appointed Investment Manager.

The Actuary for the Assembly Members Pension Scheme is required to undertake a valuation every three years. The first such valuation was undertaken during 2002-03 (as at 31 March 2002).

The result of this valuation was:

- An increase in employer's contribution from the initial rate of 18.5% to 23%, and;
- Scheme administration expenditure is to be borne by the scheme itself. In the interim, from 6 May 1999 to 31 March 2002, the National Assembly for Wales reimbursed all such expenditure.

The next formal actuarial valuation, due with an effective date of 1 April 2005 is currently being undertaken by the scheme actuary. The lack of actuarial valuation information for the 2004-05 account meant that compliance with FRS 17 was not possible. It is the intention to become compliant by 2005-06 following the actuarial valuation.

With effect from 1 April 2004, members could opt to pay an increased contribution of 10% of pensionable salary instead of the 6% applicable previously. For members who so opted, benefits accrued at a rate of one-fortieth of final pensionable pay per year of service from 1 April 2004, compared with the rate of one-fiftieth previously applicable. The National Assembly for Wales contributing 24% and 23% of earnings respectively.

The pension charge for the year was £736,677 (2003-04 - £695,048). The market value of the scheme's investments as at 31 March 2005 was £5,674,012 (31 March 2004 - £4,240,897).

Further information on the Assembly Members' Pension Scheme can be found in the annual report and accounts for the scheme for year ending 31 March 2005.

None of the above received benefits in kind.

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**3a. Administration Costs**

**Other Assembly Costs**

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Members' expenses & support costs	5,089	5,162
Assembly accommodation & IT	4,615	5,371
Other expenses	1,724	2,148
Rentals under operating leases		
Hire of vehicles and office equipment	89	84
Non Cash items:		
Depreciation	91	76
Cost of capital charge	64	58
<b>Total Other Assembly costs</b>	<b>11,672</b>	<b>12,899</b>

**3b. Other Administration Costs**

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Accommodation	7,659	6,057
Central administration	15,209	12,352
Rentals under operating leases		
- accommodation	2,185	1,649
- hire of vehicles and office equipment	485	493
Travel, subsistence and hospitality	5,025	4,632
IT & Telecommunications	16,488	24,445
Other Expenses	4,539	3,854
Election Expenses	29	5,776
	<b>51,619</b>	<b>59,258</b>
Non Cash Items:		
Depreciation	3,552	2,841
Cost of capital charge	2,479	1,781
Impairment of tangible fixed assets	2,937	481
Gain on disposal of fixed assets	(3)	9
Provision for early retirement and pension costs	39	454
	<b>9,004</b>	<b>5,566</b>
<b>Total Other Administration Costs</b>	<b>60,623</b>	<b>64,824</b>

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**4. Programme Costs**

	Year ended 31 March 2005		Year ended 31 March 2004
	£000	£000	£000
Programme expenditure:			
Health and Social Services	4,647,773		4,217,007
Local Government	3,335,498		3,243,132
Social Justice and Regeneration	362,753		616,592
Environment, Planning and Countryside	341,142		456,424
Economic Development and Transport *	888,761		773,926
Education and Lifelong Learning #	1,185,467		1,147,682
Culture, Sport and Welsh Language	105,695		105,879
Single Public Audit Body	691		0
Welsh Administration Ombudsman	953		735
Auditor General for Wales	2,776		2,612
Exchange Rate Loss	6,589		0
	<b>10,878,098</b>		<b>10,563,989</b>
Non-Cash Costs:			
Cost of Capital	356,087		310,140
Depreciation	801		621
Write-back/Write-down of Fixed Assets	31,767		0
Gain on Disposal of Assets	(544)		(24)
Decrease in Provisions	(17,559)		9,424
Release of EU Grant	(394)		0
Transfer from Other Government Depts.	(6,452)		0
	<b>363,706</b>		<b>320,161</b>
	<b>11,241,804</b>		<b>10,884,150</b>

\* Includes £104,116,000 (2003-04 - £96,854,000) classed as depreciation

# Includes Estyn funding

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**5. Amount payable to the Auditor General for Wales**

Included within programme expenditure in note 4 is an amount payable to the Auditor General for Wales represents the total cost of his office, less fees recoverable by him from the audit of accounts of bodies other than the Assembly. Of the total payable of £2,776,000 the cost of placing an audit opinion on this account was £235,000 (2003-04 - £226,000).

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**The National Assembly for Wales  
Resource Accounts 2004-2005**

**6. Operating income**

	<b>Year ended 31 March 2005 Total</b>		<b>Year ended 31 March 2004 Total</b>	
	<b>£000</b>	<b>£000</b>		<b>£000</b>
<b>Programme Income</b>				
Non-EU Income:				
Income from Health and Social Services		<b>68,883</b>		143,883
External rents		<b>281</b>		469
Regional Selective Assistance		<b>17,662</b>		15,780
Science Research Investment Fund		<b>11,551</b>		9,291
Other programme income		<b>656</b>		2,855
Inland Revenue health funding contributions		<b>788,228</b>		665,483
		<b>887,261</b>		837,761
EU Income:				
Common Agricultural Policy	<b>102,832</b>		192,970	
Objective 1 and European Social Fund	<b>220,053</b>		224,728	
		<b>322,885</b>		417,698
		<b>1,210,146</b>		1,255,459
<b>Assembly Income</b> (including sales and rentals)		<b>134</b>		138
		<b>1,210,280</b>		1,255,597
<b>Administration Income</b>				
External rents		<b>27</b>		76
Fees & charges		<b>325</b>		81
Care Standards Inspectorate of Wales Income		<b>2,230</b>		1,979
Notional charge to related bodies		<b>2,603</b>		2,267
Other income		<b>293</b>		470
		<b>5,478</b>		4,873
		<b>1,215,758</b>		1,260,470

**The National Assembly for Wales  
Resource Accounts 2004-2005**

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

	<b>To 31 March 2005</b>				
	Capital		Loans		Net
	Additions	Disposals	Issues	Repayments	Total
	£000	£000	£000	£000	£000
Central Administration	38,110	(2)	3	(40)	38,071
Economic Development & Transport	33,191	(1,658)	399	0	31,932
Health & Social Services	0	0	48,282	(8,173)	40,109
Presiding Office	368	(12)	0	0	356
Culture, Sport & Welsh Language	40	0	0	0	40
Social Justice & Regeneration	452	0	0	0	452
<b>Total</b>	<b>72,161</b>	<b>(1,672)</b>	<b>48,684</b>	<b>(8,213)</b>	<b>110,960</b>

	<b>To 31 March 2004</b>				
	Capital		Loans		Net
	Additions	Disposals	Issues	Repayments	Total
	£000	£000	£000	£000	£000
Central Administration	15,286	(1)	21	(53)	15,253
Economic Development & Transport	27,987	(2,237)	0	(100)	25,650
Health & Social Services	8	0	52,823	(5,613)	47,218
Presiding Office	45	0	0	0	45
Social Housing & Regeneration	0	0	0	(95)	(95)
<b>Total</b>	<b>43,326</b>	<b>(2,238)</b>	<b>52,844</b>	<b>(5,861)</b>	<b>88,071</b>

**Reconciliation of loans issues and repayments to cash movements**

	Note	<b>2004-05</b>		
		Issues	Repayments	Net
		£000	£000	Movement
		£000	£000	£000
Total issues and repayments	9	55,174	(8,387)	46,787
Notional Issue and repayments		(6,490)	0	(6,490)
NLF		0	40	40
Surrendered to Consolidated Fund Extra Receipts		0	134	134
Accrued movement in loan capital	10	0	0	0
<b>Total financial investment and associated receipts</b>		<b>48,684</b>	<b>(8,213)</b>	<b>40,471</b>

**Reconciliation of fixed asset additions and disposals**

	<b>2004-05</b>		
	Additions	Disposals	Net Movement
	£000	£000	£000
Total additions and disposals	110,858	(32,892)	77,966
Detrunings	0	0	0
Transferred In & Donated Assets	(40,291)	0	(40,291)
Impairments	0	31,767	31,767
Gain on sale	0	(547)	(547)
Accrued movement in fixed asset additions	1,594	0	1,594
<b>Total cash movements on asset additions and disposals</b>	<b>72,161</b>	<b>(1,672)</b>	<b>70,489</b>

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**8. Tangible fixed assets**

	Roads & Infrastructure	Land & Buildings	IT, Plant & Equipment	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
At 1 April 2004	<b>9,320,582</b>	<b>38,884</b>	<b>18,895</b>	<b>194,787</b>	<b>9,573,148</b>
Additions	0	37,500	8,861	64,497	110,858
Disposals/Write-offs	(34,693)	(1,114)	(53)	0	(35,860)
Impairments	0	0	(2,937)	0	(2,937)
Revaluations	1,307,295	(4,137)	(2,360)	13,309	1,314,107
Reclassification	64,617	5,507	0	(70,124)	0
<b>At 31 March 2005</b>	<b>10,657,801</b>	<b>76,640</b>	<b>22,406</b>	<b>202,469</b>	<b>10,959,316</b>
<b>Depreciation</b>					
At 1 April 2004	<b>1,170,792</b>	<b>3,141</b>	<b>6,090</b>	<b>17,926</b>	<b>1,197,949</b>
Charged in year	104,116	857	3,587	0	108,560
Disposals	(2,926)	0	(42)	0	(2,968)
Revaluations	3,068	(3,946)	(909)	2,348	561
Reclassification	0	0	0	0	0
<b>At 31 March 2005</b>	<b>1,275,050</b>	<b>52</b>	<b>8,726</b>	<b>20,274</b>	<b>1,304,102</b>
<b>Net Book Value</b>					
<b>At 31 March 2005</b>	<b>9,382,751</b>	<b>76,588</b>	<b>13,680</b>	<b>182,195</b>	<b>9,655,214</b>
Net Book Value At 31 March 2004	<b>8,149,790</b>	<b>35,743</b>	<b>12,805</b>	<b>176,861</b>	<b>8,375,199</b>

Most of the freehold land and buildings were valued on 31 March 2005 by 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.

On 31 March 2001 two additional properties Pwllpeirian Farm and a landholding on Snowdon, were valued by the Valuation Office Agency. These were valued on the basis of open market value for existing use in accordance with the Statement of Asset Valuation Practice and Guidance Notes issued by the Royal Institute of Chartered Surveyors.

In intervening financial years, between formal 5 yearly valuations, freehold land and buildings 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 £104,116,000 (2003-04 - £96,854,000) is included as depreciation charged in year. The net value of detrunked roads transferred under 'disposals/write-offs' was nil (2003-04 - £23,833,000).

Payments on Account includes an amount for the A55 PFI scheme.

Surplus land and buildings total £38.6 million. This is in respect of recovered Hynix and LG land and property and land and dwellings surplus to road construction requirements.



**The National Assembly for Wales  
Resource Accounts 2004-2005**

**9. Loans and Investments**

	<b>Public Dividend Capital £000</b>	<b>Other Loans £000</b>	<b>National Loans Fund £000</b>	<b>Total £000</b>
Balance at 1 April 2004	1,257,693	1,943	11,955	1,271,591
Issues	48,681	6,493	0	55,174
Repayments	(8,173)	(174)	(40)	(8,387)
<b>Balance at 31 March 2005</b>	<b><u>1,298,201</u></b>	<b><u>8,262</u></b>	<b><u>11,915</u></b>	<b><u>1,318,378</u></b>

*Analysis of Loans & Investments as at 31 March 2005:*

	<b>Book Values £000</b>
<b>Public Dividend Capital:</b>	
Health and Social Services	1,284,880
Welsh Development Agency	<u>13,321</u>
	<b><u>1,298,201</u></b>
<b>Other Loans:</b>	
Local Health Boards	6,490
Education & Local Government	1,520
Staff Loans	105
Housing Loans & Mortgages	<u>147</u>
	<b><u>8,262</u></b>
<b>National Loans Fund:</b>	
Welsh Development Agency	<u>11,915</u>
	<b><u>11,915</u></b>

The Assembly has an equal liability to the National Loans Fund for the amounts which it has borrowed in order to make advances to the Welsh Development Agency.

The fair value of the above investments was £1,309,749,497 (2003-04 £1,262,880,000) as at 31 March 2005.

**The National Assembly for Wales  
Resource Accounts 2004-2005**

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**10. Movements in working capital other than cash**

	<b>Year ended 31 March 2005 £000</b>	Year ended 31 March 2004 £000
Increase/(Decrease) in stock	1,439	(124)
Increase/(Decrease) in debtors	(64,498)	138,693
(Increase)/Decrease in creditors	(20,007)	(75,872)
	<u>(83,066)</u>	62,697
Adjustment for capital creditors movement	(1,594)	3,272
Adjustment for accrual movements in loans	0	(11,857)
Less movement in amounts payable to the Consolidated Fund and other non-operating cost balances	12,800	2,807
	<u>(71,860)</u>	<u>56,919</u>

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**11. Stocks**

	<b>At 31 March 2005 £000</b>	At 31 March 2004 £000
Road salt	175	108
Telecommunication spares	2,182	1,557
Assembly shop	19	14
Fire Service Devolution	742	0
	<u>3,118</u>	<u>1,679</u>

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**The National Assembly for Wales  
Resource Accounts 2004-2005**

**12. Debtors**

	<b>At 31 March 2005</b>	RESTATED At 31 March 2004
	<b>£000</b>	£000
<b>Amounts falling due within one year:</b>		
Trade debtors	92,405	50,095
Amounts owed to the Assembly repayable to the Consolidated Fund	3	758
Deposits & advances	88	609
European Union	242,637	319,813
Other debtors	1,210	3,354
VAT debtor	6,312	7,540
Prepayments and accrued income	3,038	28,022
<b>Total debtors</b>	<b>345,693</b>	<b>410,191</b>

**13. Cash at bank and in hand**

	<b>At 31 March 2005</b>	At 31 March 2004
	<b>£000</b>	£000
Balance at 1 April 2004	20,168	45,694
Net cash inflow/(outflow)	(9,062)	(25,526)
<b>Balance at 31 March 2005</b>	<b>11,106</b>	<b>20,168</b>

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March:

Balance at OPG	5,921	12,408
Commercial banks & cash in hand	5,185	7,760
	<b>11,106</b>	<b>20,168</b>

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**14. Creditors**

**Creditors: Amounts falling due within one year**

	<b>At 31 March 2005</b>	RESTATED At 31 March 2004
	<b>£000</b>	£000
Trade creditors	<b>401,442</b>	395,933
Other creditors	<b>5,400</b>	8,404
Accruals & deferred income:		
European Union	<b>0</b>	239
Other	<b>2,463</b>	2,046
Amounts payable to the Consolidated Fund via Wales Office	<b>15,023</b>	4,945
	<b>424,328</b>	411,567

**Creditors: Amounts falling due after more  
than one year**

	<b>At 31 March 2005</b>	At 31 March 2004
	<b>£000</b>	£000
Retentions on Highways and Transport contracts	<b>7,265</b>	2,149
Retention on New Building	<b>2,130</b>	0
	<b>9,395</b>	2,149

**15. Provisions for liabilities and charges**

	Early Retirement and Pension Commitments	NHS Provisions	Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>
RESTATED Balance at 1 April 2004	539	32,024	32,563
Amount utilised in year	(271)	0	(271)
(Decrease)/Increase in provision	39	(17,559)	(17,520)
<b>Balance at 31 March 2005</b>	<b>307</b>	<b>14,465</b>	<b>14,772</b>

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**16a. Reconciliation of net operating cost to changes in general fund**

	<b>At 31 March 2005</b>	RESTATED
	<b>£000</b>	At 31 March 2004
		<b>£000</b>
<b>Net operating cost</b>	<b>(10,227,250)</b>	(9,820,303)
Net funding from the Wales Office	<b>9,873,565</b>	9,606,147
Loan repayments payable to the Consolidated Fund	<b>(134)</b>	(195)
Fire Service Devolution	<b>3,329</b>	0
Transfer of surplus land from LG and Hynix	<b>37,000</b>	0
Notional loan issues and repayments	<b>0</b>	(899)
Detrunked roads	<b>0</b>	(23,833)
Notional Addition on Roads Network	<b>0</b>	28,534
Transferred from revaluation reserve	<b>0</b>	3,642
NHS Restatement (Note 34)	<b>0</b>	199,229
	<b>(313,490)</b>	(7,678)
Notional charges and income:		
Cost of Capital	<b>358,630</b>	311,979
Services provided to Wales Office, Cadw & HCW	<b>(2,603)</b>	(2,267)
<b>Net increase/(decrease) in the general fund</b>	<b>42,537</b>	302,034
Restated Balance at 1 April 2004	<b>7,667,937</b>	7,365,903
<b>Balance at 31 March 2005</b>	<b>7,710,474</b>	7,667,937

**16b. European Deferred Grant Reserve**

	<b>At 31 March 2005</b>
	<b>£000</b>
Balance at 1 April 2004	<b>7,442</b>
In-year Addition	<b>932</b>
Released to Operating Cost Statement	<b>(394)</b>
<b>Balance at 31 March 2005</b>	<b>7,980</b>

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**17. Revaluation Reserve**

	<b>At 31 March 2005</b>	
	<b>£000</b>	<b>£000</b>
Balance at 1 April 2004		1,945,215
In year revaluation	1,313,546	
Add back non-reserve movements	<u>(104,116)</u>	
		1,209,430
Of which:		
Roads	1,200,111	
Land & Buildings	(191)	
IT, Plant & Equipment	(1,451)	
Payments on Account A55 DBFO	<u>10,961</u>	
	1,209,430	
Transfer to the General Fund in respect of realised element of revaluation reserve		0
<b>Balance at 31 March 2005</b>		<u><u><b>3,154,645</b></u></u>

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

**18. Capital Commitments**

	<b>At 31 March 2005</b>	At 31 March 2004
	<b>£000</b>	£000
Capital commitments for which no provision has been made in these accounts were as follows:		
Roads Construction	<b>41,807</b>	29,646
New Assembly Building	<b>4,700</b>	31,337
IT Equipment	<b>7,739</b>	0
	<u><b>54,246</b></u>	<u>60,983</u>

**19. Commitments under operating leases**

	<b>At 31 March 2005</b>		<b>Total</b>
	Land & Buildings £000	Other £000	
At 31 March 2005 the Assembly was committed to making the following payments during the next year in respect of operating leases expiring:			
Within one year	285	87	<b>372</b>
Between two and five years	293	159	<b>452</b>
After five years	4,419	0	<b>4,419</b>
	<b>4,997</b>	<b>246</b>	<b>5,243</b>

**20. Revenue Commitments**

	<b>At 31 March 2005</b>	At 31 March 2004
	<b>£000</b>	£000
The Assembly was committed to making the following payments against contracts expiring:		
Within one year	<b>0</b>	1,300
Between two and five years	<b>0</b>	0
After five years	<b>21,708</b>	20,727
	<b>21,708</b>	22,027

Siemens Business Services provide IT hardware, software and support services, known as 'MERLIN', to the Assembly. This contract commenced in 1 May 2004 and covers a period of 10 years.

Contractors were commissioned by the Assembly under the PFI scheme to build and maintain a carriageway across Anglesey, the contract commenced in December 1998 and is for a period of 30 years, after which time the ownership of the A55 will revert to the Assembly. The net capital valuation on the A55 using reversionary interest calculations at 31 March 2004 was £94,674,000 (2003-04 £83,712,000). This value will increase each year as the date for the Assembly taking ownership of this asset draws nearer.

The Assembly has no further significant revenue commitments at the balance sheet date.

**The National Assembly for Wales  
Resource Accounts 2004-2005**

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**21. Contingent Asset & Liabilities**

	<b>At 31 March 2005</b>	At 31 March 2004
	<b>£000</b>	£000
Potential contractual rights	<b>0</b>	20,000
Potential contractual obligations	<b>(33,624)</b>	(14,800)
Redundancy Costs – Higher Education Institutions	<b>(1,500)</b>	(2,500)
Potential taxation liabilities	<b>(542)</b>	(64)
	<b>(35,666)</b>	2,636

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 2004-05 disclose contingent liabilities for the Risk Pool of £147,650,000 (2003-04 £172,122,000).

The Wales European Funding Office has submitted final claims in respect of Structural Fund Programmes for 1994-99. There is a possibility that the EC will not refund the full claim and that the Assembly would bear the cost. At this time both the probability of that happening and the amounts involved are unquantifiable.

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**22. Harbour Authority Agreement**

On 26 May 2005 the Minister for Economic Development and Transport issued the following Cabinet Written Statement.

“On 9 December last I made a statement advising that some questions had been raised about some aspects of the agreement made between the former Cardiff Bay Development Corporation (“the CBDC”) and Cardiff Council in March 2000. That agreement concerned the management and operation of the Barrage, the outer harbour and the inland lake in Cardiff Bay. I stated that it was necessary to seek the assistance of the Court to clarify the matter and it was decided, with the agreement of the Council and the Welsh Development Agency (“WDA”), to make an application to the High Court. The necessary claim was submitted the same day. An amended claim was submitted on 30 March.

The Court hearing took place on 25 and 26 April and the judgement was the existing agreement is entirely valid.



**The National Assembly for Wales  
Resource Accounts 2004-2005**

The Assembly Government and the Council will now press ahead with the review of the arrangements as the agreement envisaged would happen after the first 5 years.”

**23. Analysis of net operating cost**

	<b>Year ended 31 March 2005 £000</b>	Year ended 31 March 2004 £000
Assembly	1,640,206	1,751,603
Health and Social Services	3,362,754	3,091,016
Health Commission Wales	448,287	368,816
Local Government	3,335,095	3,242,749
Assembly Sponsored Public Bodies	1,361,196	1,295,137
Cadw	11,759	11,472
Estyn	11,476	9,051
Forestry Commission	22,047	22,449
Auditor General for Wales	2,776	2,612
Welsh Administration Ombudsman & Health Service Commissioner	953	735
Other Agencies:		
Environment Agency	24,281	18,763
Other	6,420	5,900
	<b>10,227,250</b>	<b>9,820,303</b>

**24. Interest**

	<b>Year ended 31 March 2005 £000</b>	Year ended 31 March 2004 £000
<b>Interest Payable:</b>		
National Loans Fund	1,697	1,736
Building Acquisition	4	42
Part 1 Claims	15	20
	<b>1,716</b>	<b>1,798</b>
<b>Interest Receivable:</b>		
National Loans Fund Investments	(1,697)	(1,736)
Dividend received on PDC investments	(57,942)	(65,617)
Other loan interest (including Health loans)	(70)	(243)
	<b>(59,709)</b>	<b>(67,596)</b>

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**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:

	<b>To 31 March 2005</b>	To 31 March 2004
	<b>£000</b>	£000
Health & Social Services	<b>5,388</b>	4,180
Social Justice and Regeneration	<b>79,225</b>	159,500
Environment, Planning & Countryside	<b>16,609</b>	17,883
Economic Development and Transport	<b>16,477</b>	38,639
Education & Lifelong Learning	<b>45,699</b>	35,452
Local Government	<b>0</b>	5,325
<b>Total Credit Approvals</b>	<b>163,398</b>	260,979

**26. Losses and Special Payments**

**a) Losses**

<b>Main Expenditure Group</b>	<b>No of Cases</b>	<b>Amount £000</b>
Environment, Planning & Countryside	404	55
Central Administration	26	12
Economic Development & Transport	58	4,428
Health & Social Services	4	5
Presiding Office	2	2
	<b>494</b>	<b>4,502</b>

**b) Special Payments**

<b>Main Expenditure Group</b>	<b>No of Cases</b>	<b>Amount £000</b>
Environment, Planning & Countryside	164	132
Economic Development & Transport	3	134
	<b>167</b>	<b>266</b>

**The National Assembly for Wales  
Resource Accounts 2004-2005**

Details on losses that exceed £100,000:

	£'000
Company in Liquidation	115
Company in Liquidation	123
Compulsory purchase of property	133
Company in Liquidation	140
Company in Liquidation	146
Settlement reached with company to pay part of debt	150
Company in Liquidation	166
Company in Liquidation	175
Company in Liquidation	175
Company in Liquidation	190
Company in Liquidation	200
Company in Liquidation	200
Company in Liquidation	200
Company in Liquidation	200
Company in Liquidation	200
Company in Liquidation	200
Company in Liquidation	216
Company in Liquidation	240
Company in Liquidation	250
Company in Liquidation	683

**27. Related Party Transactions**

The Assembly receives its funding from the Department for Constitutional Affairs, which is a related party.

The Assembly has two separate agencies – Cadw and the Health Commission Wales Specialist Services. It also funds the NHS Bodies in Wales. These bodies are regarded as related parties with which the Assembly has had various material transactions during the period.

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

ACCAC: Qualifications, Curriculum and Assessment Authority for Wales  
Arts Council of Wales  
Basic Skills Agency  
Cabinet Office  
Care Council for Wales  
Children’s Commissioner for Wales  
Countryside Council for Wales  
Dental Practice Board  
Department for Constitutional Affairs  
Department for Environment, Food and Rural Affairs

## **The National Assembly for Wales Resource Accounts 2004-2005**

Department for Health  
Department for Transport  
Department for Work and Pensions  
Department of Trade and Industry  
Environment Agency Wales  
Estyn: Her Majesty's Inspectorate of Education & Training in Wales  
Food Standards Agency  
Foreign and Commonwealth Office  
Forestry Commission  
Further and Higher Education Bodies  
General Social Care Council  
General Teaching Council for Wales  
Health Protection Agency  
Higher Education Funding Council for Wales  
HM Treasury  
Local Authorities in Wales  
Local Government Boundary Commission for Wales  
National Council for Education & Training for Wales  
National Library of Wales  
National Museums & Galleries of Wales  
NHS Bodies in Wales  
Office of Government Commerce  
Office of Science and Technology  
Planning Inspectorate  
Police Authorities in Wales  
Public Health Laboratory Service  
Rural Payment Agency  
Sports Council for Wales  
Treasury Solicitors Department  
Trunk Road Agencies in Wales  
University of Glamorgan  
Valuation Office Agency  
Wales Tourist Board  
Welsh Development Agency  
Welsh Language Board

The Assembly has three subsidiary companies:

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.

Newport Unlimited, which is a company limited by guarantee. The Assembly and partners – The Welsh Development Agency and Newport County Council are in equal partnership.

The Design Commission for Wales, which is an Assembly-owned, not-for-profit company limited by guarantee. It is a registered company, with a board of Directors having been given the powers of management to run the company, with the Assembly retaining overall control of its affairs.

**The National Assembly for Wales  
Resource Accounts 2004-2005**

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

**28. Resources by Welsh Assembly Government Objectives**

Programme expenditure and income has been allocated in Schedule 5 based primarily on Main Expenditure Group outturn. The cost of the objective on Openness, Partnership and Participation has been apportioned across the other objectives as being integral to their delivery. As most of the Assembly's expenditure relates to programme, net administration costs have been allocated to objectives in the same proportions as overall programme expenditure.

**29. 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 National Loans Fund rate applicable to the terms of the repayment (4.8% and 4.85%)

The Assembly has no borrowings and relies primarily on funding received from Parliament via the Wales Office for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

	<b>Book Values</b> £000	<b>Fair Values</b> £000	<b>Basis of Fair</b> <b>Valuation</b>
<b>Financial Assets:</b>			
<b>Public Dividend Capital:</b>			
Health and Social Services	1,284,880	1,284,880	<i>Note a</i>
Welsh Development Agency	13,321	13,321	<i>Note a</i>
	<b>1,298,201</b>	<b>1,298,201</b>	
<b>Other Loans:</b>			
Local Health Boards	6,490	6,193	<i>Note b</i>
Education & Local Government	1,520	745	<i>Note b</i>
Staff Loans & Advances of Salaries	105	88	<i>Note b</i>
Housing Loans & Mortgages	147	96	<i>Note b</i>
	<b>8,262</b>	<b>7,122</b>	

**The National Assembly for Wales  
Resource Accounts 2004-2005**

**National Loans Fund:**

Welsh Development Agency	11,915	4,426	<i>Note b</i>
	<u>11,915</u>	<u>4,426</u>	

**Notes:**

- a The net assets of the recipient bodies exceed the values of the investment loans and therefore the fair value of the loans is equal to the book values.*
- b The discount rate used is the National Loan Fund rate applicable to the terms of the repayment (4.8% and 4.85%).*

**30. Interreg III**

Interreg III is a community initiative, which promotes inter-regional co-operation in the EU. The Ireland/Wales Interreg IIIA programme is monitored by a committee made up of partnership interests in Ireland and Wales. The scheme is administered by the Assembly, who hold a separate Euro bank account for this purpose.

The grant payments and income for the Welsh element of the scheme are included in the main account, but the Welsh element of the bank balance has not been included as an auditable split between Irish and Welsh balances is not possible. Balances have been converted into sterling at the relevant balance sheet date exchange rate.

**Income and Expenditure**

		<b>Year Ended 31 March 2005</b>		<b>Year Ended 31 March 2004</b>
		€000	€000	€000
Income	EU Funding		7,545	3,853
	Bank Interest		2	12
			<u>7,547</u>	<u>3,865</u>
Grant Expenditure	Ireland	(4,044)		(2,143)
	Wales	(5,383)		(2,629)
		<u>(9,427)</u>		
Other Expenditure	Bank Charges	(3)		(30)
Total Expenditure			<u>(9,430)</u>	<u>(4,802)</u>
Net (Expenditure) / Income			<u>(1,883)</u>	<u>(937)</u>

**The National Assembly for Wales  
Resource Accounts 2004-2005**

Balance Sheet as at 31 March 2005

	<b>At 31 March 2005</b>		<b>At 31 March 2004</b>	
	£000	€000	£000	€000
Debtors	13	20	13	19
Bank	7	10	1,013	1,516
Creditors	(596)	(868)	(327)	(490)
Net Assets	<u>(576)</u>	<u>(838)</u>	<u>699</u>	<u>1,045</u>
General Fund	<u>(576)</u>	<u>(838)</u>	<u>699</u>	<u>1,045</u>

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**31. Costs of Merger**

The First Minister has announced decisions to merge the Welsh Development Agency, Wales Tourist Board, ACCAC (the Welsh Curriculum body) and the National Council for Education and Training in Wales into the National Assembly for Wales on 1 April 2006. During 2004-05 preliminary work has been underway to ensure the necessary arrangements are in place to effect a smooth transfer of operations from this date. This work will continue throughout 2005-06, whilst maintaining business as usual to our customers.

At the time of signing these accounts, a number of uncertainties exist, particularly surrounding staffing arrangements and accommodation issues. Consequently, at this point, the National Assembly for Wales is unable to establish a complete reliable estimate of future Merger related costs. No material Merger-related expenditure has occurred in 2004-05.

The Welsh Assembly Government gave an initial assessment of the costs and benefits of the first phase of mergers in the consultation document issued on 19 January 2005. This suggested that mergers could produce ongoing savings of some £10 million per annum from 2009, and that an additional budgetary requirement of some £10 to 12 million would be needed over the next five to six years. These provisional estimates excluded any staff related investment that might be necessary.

The Welsh Assembly Government agreed, during a debate on 13 June 2005 to announce further information on merger costs in December 2005.

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**The National Assembly for Wales  
Resource Accounts 2004-2005**

**32. New Dimension Equipment**

With effect from 1 April 2004, the Office of the Deputy Prime Minister transferred national emergency fire equipment and stocks to the National Assembly for Wales. These items have been included as additions under Plant and Machinery, Assets under Construction and Stock.

**33. European Network on Young People and Tobacco – ENYPAT**

Adolescent Smoking Cessation Programme

The Welsh Assembly Government co-ordinates a Europe-wide adolescent smoking cessation programme on behalf of the European Commission and the European Network on Young People and Tobacco (ENYPAT).

ENYPAT is a network for specialists working in the area of tobacco control amongst young people, funded by the ‘Europe Against Cancer Programme’ of the European Commission. Its aims and objectives are to contribute to the reduction of smoking amongst young people through European-wide collaboration and the exchange of information and know how between various agencies.

The programme is administered by the Assembly, who hold a separate Euro bank account for the purpose. Grant funding and expenditure on projects undertaken in Wales is included within the main account.

Income and Expenditure

	€000	<b>At 31st March 2005</b>
		€000
Income: EU		<b>(195)</b>
Expenditure: Grant Payments	<b>132</b>	
Administration	<b>63</b>	
	<hr/>	<b>195</b>
Surplus/Deficit		<hr/> <hr/> <b>0</b>

Balance Sheet

	<b>At 31st March 2005</b>
	€000
Cash at Bank:	77
Debtors:	0
Creditors:	(77)
Net Assets	<hr/> <hr/> <b>0</b>



**The National Assembly for Wales  
Resource Accounts 2004-2005**

**34. Prior Period Adjustment**

	<b>Balances as at 31 March 2004</b>	<b>Revised Balances as at 1 April 2004</b>	<b>Prior Period Adjustment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Debtors	427,684	410,191	17,493
Creditors: amounts falling due within one year	(610,836)	(411,567)	(199,269)
Provisions	(50,016)	(32,563)	(17,453)
General Fund	(233,168)	(33,939)	(199,229)

Since their inception on the 1<sup>st</sup> April 2003, Local Health Boards have been within the Assembly's resource accounting boundary and their annual accounts should be compliant with HM Treasury's Resource Accounting Manual.

Under resource accounting, Assembly funding is no longer treated as "income" but as "funding", and, no debtors or creditors relating to Assembly funding should exist at the year end. In 2003-04 this aspect of resource accounting was not applied to Local Health Board accounts for funding transactions made in 2003-04 or in relation to the balances they inherited from the former Health Authorities. Hence the accounts in 2003-04 incorrectly included such balances.

A Prior Period Adjustment was therefore required in 2004-05 to write out these balances and reflect the full introduction of resource accounting. The resulting net movement in debtor/creditor balances has been taken to the General Fund in the prior period.

In addition an amount of £6.09 million debtor was also included in the accounts of Health Commission Wales' in relation to Assembly funding.

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