



The National Assembly for Wales
Cynulliad Cenedlaethol Cymru
Resource Accounts 2002-2003

The National Assembly for Wales Resource Accounts 2002-2003

FOREWORD TO THE ACCOUNTS

Format of the accounts

The financial statements of the National Assembly for Wales (the Assembly) 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, Financial Accountability Division at Cathays Park, Cardiff, CF10 3NQ.

Function and operation

The Assembly 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.

Principal aim and objectives

“Plan for Wales 2001” was the extant Assembly’s overall strategic plan during 2002-03 and was issued in October 2001. This is published on the Assembly’s internet site www.planforwales.wales.gov.uk.

“Plan for Wales 2001” has three guiding principles – Sustainable Development, Social Inclusion and Equal Opportunities.

The Plan outlines objectives focused for the Assembly on the following 9 key areas:

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

Sources of funding

The Assembly’s funding during 2002-03 was 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 National Assembly for Wales for the 2002-03 financial year.

The Assembly had two Executive Agencies during 2002-03 - ‘Cadw: Welsh Historic Monuments’ (Cadw) and the Welsh European Funding Office (WEFO).

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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.

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 2002-03, these entities include Cadw, WEFO and the Health Authorities 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 £ 9,522,951,000 (2001-02 £8,437,656,000). Treasury has given the Assembly dispensation from producing Schedule 1 – Resource Outturn as the Assembly Budget is currently compiled on a basis inconsistent with these accounts.

Movements in fixed assets

Fixed asset additions in the period were £137,121,000. Fixed assets were re-valued in the period, resulting in a net increase in value of £667,260,000 of which £664,747,000 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 2003 the Assembly had investments totalling £1,267,558,000 comprising outstanding advances from the National Loans Fund of £11,998,000, Public Dividend Capital of £1,253,390,000 and other loans of £2,170,000.

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

Review of activities

The activities of the Assembly 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. Performance against these targets is published in The First Minister's Report.

Better Government

The Assembly has developed its own programme called "Delivering Better Government" in response to the Modernising Government initiative in England. "Delivering Better

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Government” emphasises the need for the Assembly 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 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 which are aimed 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 promotion is solely on merit. Staff who have alternative working patterns are assessed on exactly the same basis as those working full-time.

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 members during the financial year 2002-03:

Cabinet Member

Post Held

Rhodri Morgan

First Minister

Michael German

Deputy First Minister & Minister for Rural Development & Wales Abroad (from 13/06/2002)

Jane Davidson

Minister for Education & Lifelong Learning

Andrew Davies

Minister for Economic Development

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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 & Minister for Assembly Business (until 12/06/2002); Minister for Open Government (from 13/06/2002).
Jenny Randerson	Deputy First Minister (until 12/06/2002) and Minister for Culture, Sport & Welsh Language

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

<i>Senior Official</i>	<i>Post Held</i>
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	Health Reorganisation (until 10/01/03) Director – Business and Information Management (from 11/01/03)
Adam Peat	Director – Local Government, Housing & Culture Group
David Pritchard	Director – Economic Development Department
David Richards	Principal Finance Officer

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Helen Thomas	Director – Social Care Group
Barbara Wilson	Director – Research & Development Group
John Clarke	Chief Executive – WEFO
Kathryn Bishop	Non-Executive Member (from January 2003)
Sir Adrian Webb	Non-Executive Member (from January 2003)

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.

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 2003, the Assembly paid 95.0% of all invoices within the terms of its payment policy.

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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

Assembly building

On 1 July 2003 Assembly Members approved the proposal to enter into a fixed price contract of £40,997,000 for the new Assembly Chamber Building with Taylor Woodrow Construction Ltd. Final completion is planned for August 2005.

Welsh European Funding Office

The Welsh European Funding Office ceased to be an agency of the National Assembly on 24 July 2003. From this date WEFO became a part of the Assembly's Economic Development and Transport Department.

Health Authorities

The 5 Health Authorities were abolished on 31 March 2003 and have been replaced by 22 Local Health Boards on 1 April 2003.

**Sir Jon Shortridge
Permanent Secretary
24 November 2003**

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 2003.

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;
- 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

1 As Principal Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of the Assembly's policies, aims and objectives, whilst 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.

2 The system of internal control is designed to manage, rather than to eliminate, the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on a process designed to:

- Identify the principal risks to the achievement of the Assembly's policies, aims and objectives;
- Evaluate the nature and extent of those risks being realised and the impact should they be realised; and
- Manage them efficiently, effectively and economically.

3 This process has been in place for the year ended 31 March 2003 and up to the date of approval of the annual report and accounts. It accords with Treasury guidance.

4 I have a Corporate Governance Committee, which supports me as Accounting Officer by offering objective advice on issues concerning the risk, control and governance of the Assembly. Its role is to consider whether the management and governance arrangements are sufficient to support the Accounting Officer's responsibilities. The Corporate Governance Committee reports to the Executive Board.

5 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 Governance Committee.

6 The review of the effectiveness of the system of internal control includes identification of areas that may need to be strengthened and takes accounts of comments made by the external auditors in their management letter and other reports. My review is also informed by the work of the internal auditors and by the executive managers 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.

7 During 2002-03 a number of risk management activities took place:

- The Executive Board approved and published the Assembly's Risk Management Policy.
- The Executive Board established a Risk Register for 2002-03. Since June 2003 the Executive Board also receives "Risk of the Month" reports which focus on a particular risk area from within the register.

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- A complete risk assessment of the Assembly has been undertaken and each division has developed a Risk Register, setting out the top risks (financial and non-financial) as identified within the division, ranked on likelihood and impact. These help the management of risk at divisional level and create a link from operational level to the Executive Board's strategic level risks.
- Divisional Risk Registers are being integrated into the Assembly's business planning process through links to the Operational Plan and Divisional Plans.
- Risk awareness has been reinforced by a series of presentations to executive managers.

8 Internal control processes will continue to be developed through 2003-04. Planned activity on risk management includes:

- Publication of a risk management framework;
- 'Risk of the Month' reports; and
- Contracting professional advice to review the progress that the Assembly and all its ASPBs have made on the introduction of risk management procedures.

9 My Statement on Internal Control for 2001-02 noted that a number of instances had been identified where the Assembly's procurement procedures had not been followed. In response to this I have made a number of significant improvements to reinforce existing controls and procedures. A series of awareness raising courses was delivered to senior staff during 2002-03 in addition to the suite of procurement training courses that was already available, and the Assembly's induction training programme was enhanced to include additional guidance on procurement for new entrants. Only officials who have undertaken training in Assembly procurement procedures are authorised to let contracts and place purchase orders.

**Sir Jon Shortridge
Permanent Secretary
24 November 2003**

**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 12 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 16 to 19.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 7, 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 8 and 9 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 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 statements, and of whether the accounting policies are appropriate to the National Assembly for Wales' circumstances, consistently applied and adequately disclosed.

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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 2003 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year to 31 March 2003, 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.

John Bourn
Auditor General for Wales
27 November 2003

3 – 4 Park Place,
CARDIFF
CF10 3DP

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**Operating Statement
for the year ended 31 March 2003**

		Year ended 31 March 2003		Year ended 31 March 2002	
		£000	£000	£000	£000
PROGRAMME COSTS	Note				
Expenditure	4		10,039,234		9,072,141
Income					
Non EU Income	6	(490,667)		(601,973)	
EU Income	6	(181,946)		(171,440)	
			(672,613)		(773,413)
Net Programme Costs			9,366,621		8,298,728
Assembly Members' Costs	Note				
Salaries	2	3,946		3,519	
Other Assembly Costs	3	11,676		14,919	
Income	6	(173)		(163)	
			15,449		18,275
ADMINISTRATION COSTS	Note				
Staff Costs	2	95,765		81,569	
Other Administration Costs	3	51,320		39,397	
Gross Administration Costs		147,085		120,966	
Administration Income	6	(6,204)		(313)	
Net Administration Cost			140,881		120,653
NET OPERATING COST			9,522,951		8,437,656

**Statement of Recognised Gains and Losses
for the year ended 31 March 2003**

		Year ended 31 March 2003		Year ended 31 March 2002	
	Note	£000	£000	£000	£000
Net gain on revaluation of tangible fixed assets	17	667,376		172,758	
Retrunked roads	8		-	75,256	
Detrunked roads	8	(21,733)		(183,511)	
Total recognised gains & losses for the financial year			645,643		64,503

The notes on pages 16 to 40 form part of these accounts.

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Balance Sheet as at 31 March 2003

		At 31 March 2003		At 31 March 2002	
		£000	£000	£000	£000
Fixed Assets	Note				
Tangible Assets	8		7,600,684		7,135,642
Investments	9		1,267,558		1,221,684
			8,868,242		8,357,326
Current Assets					
Stocks	11	1,803		1,843	
Debtors	12	275,092		217,546	
Cash at bank and in hand	13	14,970		1,317	
		291,865		220,706	
Bank Overdraft	13	0		(31,769)	
Creditors: amounts falling due					
Within one year	14	(490,671)		(433,500)	
Net Current Liabilities			(198,806)		(244,563)
Total Assets less Current Liabilities			8,669,436		8,112,763
Creditors: amounts falling due	14		(1,632)		(5,050)
After more than one year					
Provisions for Liabilities and Charges	15		(40,361)		(606)
National Loans Fund Loans	9		(11,998)		(12,080)
			8,615,445		8,095,027
Taxpayer's Equity					
General Fund	16		7,396,046		7,535,235
Revaluation Reserve	17		1,219,399		559,792
			8,615,445		8,095,027

**Sir Jon Shortridge
Permanent Secretary
24 November 2003**

The notes on pages 16 to 40 form part of these accounts.

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**Resources by Assembly Objectives
For the year ended 31 March 2003**

Aim: 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 principles:

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;

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.

	2002-03		2001-02	
	Gross	Income	Net	Net
	£000	£000	£000	£000
Objectives:				
Developing the Learning Community	1,140,013	(26,373)	1,113,640	975,143
Improving Health and Care Services	3,855,960	(396,172)	3,459,788	3,029,477
A Modern Economy	413,264	(35,360)	377,904	315,837
Creating Strong Communities	3,488,996	(2,257)	3,486,739	3,287,621
The Place in Which We Live	882,752	(4,032)	878,720	681,930
Supporting Rural Wales	303,450	(203,474)	99,976	74,391
Identity	99,391	(11,312)	88,079	66,058
Modern Government	4,066	(1)	4,065	2,986
Cymru-Ar-Lein – promoting ICT	14,049	(9)	14,040	4,213
Net Operating Costs	10,201,941	(678,990)	9,522,951	8,437,656

The objectives are new for 2002-03. The 2001-02 comparator has been re-allocated in line with the new objectives.

Note 27 explains the methodology used for the allocation of resources to Assembly objectives.

The notes on pages 16 to 40 form part of these accounts.

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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 2002-03 were taken from the Investment Property Databank (IPD) UK Annual Index (2002).

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.

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

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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 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.

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.

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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 2002-03 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 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 European Union (EU) income

Funds received from the EU, whatever the source, are treated as income and shown in the operating statement.

1.14 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,

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under directions from Treasury, operates the finance function of the Commission and consequently includes its expenditure in these accounts.

1.15 Operating leases

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

1.16 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.

1.17 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.

1.18. 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.

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2. Staff Numbers and Costs

The average number of whole-time equivalent persons employed (including senior management) during the period was 3,389 (2001-02 – 3,140).

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

	Assembly Members £000	Assembly Officials £000	Special Advisers £000	Year ended 31 March 2003 Total £000	Year ended 31 March 2002 Total £000
Salaries	2,994	74,462	208	77,664	70,993
Social Security Costs	271	5,000	17	5,288	4,926
Other Pension Costs	681	10,058	26	10,765	9,169
Sub Total	3,946	89,520	251	93,717	85,088
Plus:					
Secondments	-	2,452	-	2,452	
Agency Staff	-	3,542	-	3,542	
Total	3,946	95,514	251	99,711	85,088

Assembly Cabinet

Name	Position	Age	Annual Salary from the Assembly for year to 31 March 2003 £000	Increase in Pension at age 65 funded by the Assembly £000	Total Accrued Pension at age 65 at 31 March 2003 funded by the Assembly £000
Rhodri Morgan	First Minister	63	100 - 105	0 - 2.5	5.0 - 7.5
Jane Davidson	Cabinet Minister	46	70 - 75	0 - 2.5	5.0 - 7.5
Andrew Davies	Cabinet Minister	50	70 - 75	0 - 2.5	5.0 - 7.5
Sue Essex	Cabinet Minister	57	70 - 75	0 - 2.5	5.0 - 7.5
Michael German ¹	Cabinet Minister	57	65 - 70	0 - 2.5	2.5 - 5.0
Edwina Hart	Cabinet Minister	45	70 - 75	0 - 2.5	5.0 - 7.5
Jane Hutt	Cabinet Minister	53	70 - 75	0 - 2.5	5.0 - 7.5
Carwyn Jones	Cabinet Minister	36	70 - 75	0 - 2.5	2.5 - 5.0
Jenny Randerson	Cabinet Minister	54	70 - 75	0 - 2.5	2.5 - 5.0

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Presiding Officers

Name	Position	Age	Annual Salary for year to 31 March 2003 £000	Increase in Pension at Age 65 £000	Total Accrued Pension at Age 65 at 31 March 2003 £000
Lord Dafydd Elis-Thomas	Presiding Officer	56	70 - 75	0 - 2.5	5.0 - 7.5
Dr John Marek	Deputy Presiding Officer	62	55 - 60	0 - 2.5	2.5 - 5.0

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.
1 Cabinet Minister from 13 June 2002

Senior Management

Name	Position	Age	Annual Salary for year to 31 March 2003 £000	Increase in Pension at Age 60 £000	Total Accrued Pension at Age 60 at 31 March 2003 £000
Sir Jon Shortridge	Permanent Secretary	55	140 - 145	5 - 7.5	60 - 65
Huw Brodie	Director - Agriculture Dept	44	70 - 75	0 - 2.5	20 - 25
John Clarke	Chief Executive - WEFO	55	80 - 85	0 - 2.5	0 - 5
George Craig	Senior Director - Social Policy & Local Govt Affairs	56	100 - 105	2.5 - 5.0	45 - 50
Richard Davies	Director - Training & Education Dept	53	85 - 90	2.5 - 5.0	30 - 35
Martin Evans	Director - TP&E Group	55	75 - 80	0 - 2.5	25 - 30
Peter Gregory	Director - Personnel & Accomodation Services	56	85 - 90	0 - 2.5	30 - 35
Ruth Hall	Chief Medical Officer	55	110 - 115	0 - 2.5	5 - 10
Derek Jones	Senior Director - Economic Affairs, TP&E	50	100 - 105	2.5 - 5.0	30 - 35
Ann Lloyd	Director - NHS Wales	54	115 - 120	0 - 2.5	0 - 5
Bryan Mitchell	Director - Business & Information Management	58	80 - 85	2.5 - 5.0	35 - 40
Adam Peat	Director - Local Govt, Housing & Culture Group	54	80 - 85	0 - 2.5	0 - 5
David Pritchard	Director - Economic Development Dept	57	80 - 85	0 - 2.5	30 - 35
David Richards	Principal Finance Officer	48	75 - 80	2.5 - 5	20 - 25
Winston Roddick	Counsel General	62	135 - 140	0 - 2.5	5 - 10
Paul Silk	Clerk to the Assembly	51	100 - 105	2.5 - 5.0	30 - 35
Helen Thomas	Director - Social Care Group	52	70 - 75	0 - 2.5	20 - 25
Barbara Wilson	Director - Research & Development Group	55	70 - 75	0 - 2.5	25 - 30
Kathryn Bishop ~	Non - Executive Director	44	0 - 5	-	-
Sir Adrian Webb ~	Non - Executive Director	59	0 - 5	-	-

The above salaries are at the annual rate for 2002-2003. The accrued pension details include transferred in values to the PCSPS.

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~ Non-executive directors were appointed for 1 January 2003 on an annual fee of £7,500 per annum. No pension contributions are made.

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 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).

For 2002-03, employers' contributions of £9,221,000 were payable to the PCSPS (2001-02 - £8,386,000) 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 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 of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £200, 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.

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.

These rates are will remain in force until the next formal actuarial valuation, due with an effective date not later than 1 April 2005.

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The pension charge for the year was £ 680,892 (2001-02 - £567,480). The market value of the scheme's investments as at 31 March 2003 was £ 2,598,072 (31 March 2002 – £2,096,689). The contributions of the Assembly and Members have been set at 23.5 per cent and 6 per cent of earnings respectively.

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 2003.

None of the above received benefits in kind.

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3. Administration Costs

Other Assembly Costs

	Year ended 31 March 2003		Year ended 31 March 2002	
	£000	£000	£000	£000
Members' expenses & support costs	4,667		7,057	
Assembly accommodation & IT	4,114		4,888	
Other expenses	2,674		2,982	
Rentals under operating leases				
Hire of vehicles and office equipment	107		-	
Non Cash items:				
Depreciation	34		-	
Cost of capital charge	49		(8)	
Loss on disposal of fixed assets	31		-	
Total Other Assembly costs		11,676		14,919

Other Administration Costs

	Year ended 31 March 2003		Year ended 31 March 2002	
	£000	£000	£000	£000
Accommodation	7,835		9,152	
Central administration	6,926		3,386	
Rentals under operating leases				
- accommodation	1,380		704	
- hire of vehicles and office equipment	490		179	
Travel, subsistence and hospitality	3,797		3,657	
IT & Telecommunications	25,413		19,241	
Modern Government	2,150			
		47,991		36,319
Non Cash Items:				
Depreciation	1,102		898	
Cost of capital charge	2,354		2,044	
Impairment of tangible fixed assets	0		47	
Loss on disposal of fixed assets	0		46	
Provision for early retirement and pension Costs	(127)		43	
		3,329		3,078
Total Other Administration Costs		51,320		39,397

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4. Programme Costs

	Year ended 31 March 2003		Year ended 31 March 2002	
	£000	£000	£000	£000
Programme expenditure		9,290,497		8,498,847
Non-cash items:				
Cost of Capital	499,307		483,073	
Depreciation:				
Agriculture & Rural Development	9		69	
Economic Development	217		-	
Transport, Planning & Environment	156,634		90,085	
Culture, Sport & Welsh Language	0		5	
Health & Social Services	0		6	
Write-down of tangible fixed assets:				
Roads	59,080		0	
Other	116		28	
Provisions - Health	40,053		0	
Write back of loan debtor	(6,679)			
Loss / (profit) on disposal of fixed assets	0		28	
		748,737		573,294
Total Programme Costs		<u>10,039,234</u>		<u>9,072,141</u>

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 £ 2,378,435 the cost of placing an audit opinion on this account was £215,000 (2001-02 - £195,000).

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6. Operating income

	Year ended 31 March 2003	Year ended 31 March 2002
	Total £000	Total £000
Programme Income		
Income from National Health Service	60,589	150,543
Income from ASPBs & related bodies	74,788	92,493
External rents	293	386
Forestry Income	21,304	0
European Union income	181,946	171,440
Department of Social Security health Funding	333,173	335,657
Other programme income	520	22,894
	672,613	773,413
Assembly Income (including sales and rentals)	173	163
	672,786	773,576
Administration Income		
External rents	223	131
Fees & charges	42	65
CSIW Income	1,863	0
Notional charge to related bodies	3,426	0
Other income	650	117
	6,204	313
	678,990	773,889

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

To 31 March 2003

	Capital		Loans		Net Total £000
	Additions £000	Disposals £000	Issues £000	Repayments £000	
Central Administration	4,773		75	(70)	4,778
Culture Sport & Welsh Language	15				15
Economic Development	1,088		1,699		2,787
Education & Training				(326)	(326)
Health & Social Services			60,758	(10,848)	49,910
Presiding Office	1,543				1,543
Transport, Planning & Environment	133,463	(1,247)			132,216
Total	140,882	(1,247)	62,532	(11,244)	190,923

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To 31 March 2002

	£000	£000	£000	£000	£000
Central Administration	8,316	(2)		(21)	8,293
Health & Social Services			55,585	(8,904)	46,681
Education & Training				(4)	(4)
Presiding Office	37				37
Transport, Planning & Environment	122,326	(2,310)			120,016
Total	130,679	(2,312)	55,585	(8,929)	175,023

Reconciliation of loans issues and repayments to cash movements

	Note	2002-03		Net
		Issues	Repayments	Movement
		£000	£000	£000
Total issues and repayments	9	69,211	(23,337)	45,874
Write-back of loan debtor		(6,679)	0	(6,679)
Non operating consolidated fund receipts		0	154	154
NLF		0	82	82
Accrued movement in loan capital	10	0	11,857	11,857
Total financial investment and associated receipts		62,532	(11,244)	51,288

Reconciliation of fixed asset additions and disposals

	2002-03		Net
	Additions	Disposals	Movement
	£000	£000	£000
Total additions and disposals	137,121	(75,733)	61,388
Detrunings		21,733	21,733
Impairments		52,722	52,722
Loss on sale		31	31
Accrued movement in fixed asset additions	3,761		3,761
Total cash movements on asset additions and disposals	140,882	(1,247)	139,635

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8. 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 2002	8,362,891	33,831	6,412	94,506	8,497,640
Additions	103,102	1,520	1,667	30,832	137,121
Disposals/ write-offs	(104,286)	(1,158)	(810)	0	(106,254)
Revaluations	267,366	875	1,722	0	269,963
Reclassification	57,822	1,322	0	(59,144)	0
At 31 March 2003	8,686,895	36,390	8,991	66,194	8,798,470
Depreciation					
At 1 April 2002	1,357,307	1,442	3,249	0	1,361,998
Charged in year	156,444	752	800	0	157,996
Disposals	(29,832)	0	(689)	0	(30,521)
Revaluations	(291,770)	53	30	0	(291,687)
Reclassification	0	0	0	0	0
At 31 March 2003	1,192,149	2,247	3,390	0	1,197,786
Net Book Value					
At 31 March 2003	7,494,746	34,143	5,601	66,194	7,600,684
Net Book Value At 31 March 2002	7,005,584	32,389	3,163	94,506	7,135,642

Most of the freehold land and buildings were valued on 31 March 2000 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 £103,102,000 is included in additions. The net value of detrunked roads transferred under 'disposals/write-offs' was £21,733,000. Roads and infrastructure assets includes an amount for the A55 PFI scheme.

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9. Loans and investments

	Public Dividend Capital £000	Other Loans £000	National Loans Fund £000	Total £000
Balance at 1 April 2002	1,206,959	2,645	12,080	1,221,684
Issues	69,137	74	0	69,211
Repayments	(22,706)	(549)	(82)	(23,337)
Balance at 31 March 2003	1,253,390	2,170	11,998	1,267,558

Analysis of Loans & Investments as at 31 March 2003:

	Book Values £000
Public Dividend Capital	
National Health Service	1,240,732
Welsh Development Agency	12,658
	<u>1,253,390</u>

Other Loans	
Education & Local Government	1,720
Staff Loans	174
Housing Loans & Mortgages	276
	<u>2,170</u>

National Loans Fund	
Welsh Development Agency	11,998
	<u>11,998</u>

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 £1,257,269,297 as at 31 March 2003.

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10. Movements in working capital other than cash

	Year ended 31 March 2003 £000	Year ended 31 March 2002 £000
Increase / (decrease) in stock	(40)	88
Increase / (decrease) in debtors	57,546	27,805
(Increase) / decrease in creditors	(53,753)	(71,202)
	<u>3,753</u>	<u>(43,309)</u>
Adjustment for capital creditors movement	(3,761)	7,522
Adjustment for accrual movements in loans	(11,857)	263
Less movement in amounts payable to the Consolidated Fund and other non-operating cost balances	(160)	(30,749)
	<u>(12,025)</u>	<u>(66,273)</u>

11. Stocks

	At 31 March 2003 £000	At 31 March 2002 £000
Road salt	152	206
Telecommunication spares	1,643	1,627
Assembly shop	8	10
	<u>1,803</u>	<u>1,843</u>

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12. Debtors

	At 31 March 2003	At 31 March 2002
	£000	£000
Amounts falling due within one year:		
Trade debtors	49,788	34,452
Amounts owed to the Assembly repayable to the Consolidated Fund	7,060	16,461
Deposits & advances	11,694	2,806
European Union	167,410	123,174
Other debtors	606	1,613
VAT debtor	6,677	4,080
Prepayments and accrued income	31,857	34,960
Total debtors	275,092	217,546

13. Cash at bank and in hand

	At 31 March 2003	At 31 March 2002
	£000	£000
Balance at 1 April 2002	(30,452)	5,213
Net cash inflow/(outflow)	45,422	(35,665)
Balance at 31 March 2003	14,970	(30,452)

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

Balance at OPG	13,565	(31,769)
Commercial banks & cash in hand	1,405	1,317
	14,970	(30,452)

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14. Creditors

Creditors: Amounts falling due within one year

	At 31 March 2003	At 31 March 2002
	£000	£000
Trade creditors	462,785	395,881
Other creditors	8,003	12,185
Accruals & deferred income:		
European Union	6,384	753
Other	1,412	3,033
Amounts payable to the Consolidated Fund via Wales Office	12,087	21,648
	490,671	433,500

Creditors: Amounts falling due after more than one year

	At 31 March 2003	At 31 March 2002
	£000	£000
Payable to the National Museum of Wales in respect of the sale of the Welsh Industrial and Maritime Museum	0	3,662
Retentions on Highways and Transport contracts	1,632	1,275
Trade creditors	0	113
	1,632	5,050

15. Provisions for liabilities and charges

	Early Retirement and Pension Commitments	NHS Provisions	Total
	£000	£000	£000
Balance at 1 April 2002	606	-	606
Amount utilised in year	(171)	-	(171)
(Decrease)/Increase in provision	(127)	40,053	39,926
Balance at 31 March 2003	308	40,053	40,361

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

	At 31 March 2003	At 31 March 2002
	£000	£000
Net operating cost	(9,522,951)	(8,437,656)
Net funding from the Wales Office	8,998,847	7,964,552
Operating income payable to the Consolidated Fund	-	(7,448)
Loan repayments payable to the Consolidated Fund	(154)	(118)
Detrunked roads	(21,733)	(183,511)
Retrunings and other non-cash additions	-	85,541
Revaluation (non-reserve)	(99,509)	-
Impairment on Roads Network	258	-
Transferred from revaluation reserve	7,769	28,357
Staff Loans – net transfers with other Government Departments	-	13
	(637,473)	(550,270)
Notional charges and income:		
Cost of Capital	501,710	485,109
Services provided to Wales Office, Cadw & WEFO	(3,426)	(2,002)
Net decrease in the general fund	(139,189)	(67,163)
Balance at 1 April 2002	7,535,235	7,602,398
Balance at 31 March 2003	7,396,046	7,535,235

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17. Revaluation Reserve

	£000	£000
Balance at 1 April 2002		559,792
In year revaluation	561,650	
Add back non-reserve movements	105,726	
	<u>667,376</u>	
Of which:		
Roads	664,747	
Land & Buildings	822	
IT, Plant & Equipment *	<u>1,807</u>	
		667,376
Transfer to the General Fund in respect of realised element of revaluation reserve		(7,769)
Balance at 31 March 2003		<u><u>1,219,399</u></u>

* Other revaluation amounts shown in note 9 relating to IT, Plant and Equipment of £116,000 have been written off to the Operating Cost 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.

18. Capital Commitments

	At 31 March 2003	At 31 March 2002
	£000	£000
Capital commitments for which no provision has been made in these accounts were as follows:		
Transport & Highways Directorate	48,095	53,628
Management & Central Services	40,997	1,160
	<u>89,092</u>	<u>54,788</u>

19. Commitments under operating leases

	At 31 March 2003		
	Land & Buildings	Other	Total
	£000	£000	£000
At 31 March 2003 the Assembly was committed to making the following payments during the next year in respect of operating leases expiring:			
Within one year	74	174	248
Between two and five years	189	126	315

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After five years	3,770	0	3,770
	4,033	300	4,333

20. Revenue Commitments

	At 31 March 2003	At 31 March 2002
	£000	£000
The Assembly was committed to making the following payments expiring:		
Within one year	6,110	-
Between two and five years	11,814	11,381
After five years	13,867	13,867
	31,791	25,248

Siemens Business Services provide IT hardware, software and support services, known as 'OSIRIS', to the Assembly under a PFI contract. This contract commenced in 1997 and covers a period of 7 years. No capital valuation is possible on the OSIRIS contract.

The replacement for OSIRIS is being negotiated and is due to commence in April 2004. No costs are yet available for the project as negotiations are continuing.

Outside 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 2003 was £42,408,000. 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.

21. Contingent liabilities

	At 31 March 2003	At 31 March 2002
	£000	£000
Potential contractual obligations	15,000	4,000
Redundancy Costs – Higher Education Institutions	2,500	2,910
Potential taxation liabilities	78	75
	17,578	6,985

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).

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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 2002-03 disclose contingent liabilities for the Risk Pool of £157,741,000 (2001-02 £253,847,000).

The Assembly is currently negotiating a new contract for the provision of desktop IT services. There is potentially an amount (unquantifiable) that may need to be paid to the current provider for the continued use of the assets.

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.

22. Analysis of net operating cost

	Year ended 31 March 2003 £000	Year ended 31 March 2002 £000
Assembly	1,782,921	1,540,589
National Health Service	3,406,163	2,982,339
Local Government	3,019,185	2,876,909
Assembly Sponsored Public Bodies	1,238,801	966,885
Cadw	12,327	12,780
WEFO	12,485	13,699
Estyn	8,155	8,440
Forestry Commission	18,653	14,325
Auditor General for Wales	2,378	2,127
Welsh Administration Ombudsman & Health Service Commissioner	551	517
Other Agencies:		
Environment Agency	15,588	13,784
Other	5,744	5,262
	9,522,951	8,437,656

23. Interest

	Year ended 31 March 2003 £000	Year ended 31 March 2002 £000
Interest Payable:		
National Loans Fund	1,742	1,750
Building Acquisition	54	-
Part 1 Claims	71	-
	1,867	1,750

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Interest Receivable:

National Loans Fund Investments	(1,742)	(1,750)
Dividend received on PDC investments	(91,414)	(74,483)
Other loan interest (including Health loans)	(15)	(50)
Early retirement annuity	-	(1)
	(93,171)	(76,284)

24. 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 2003 £000	To 31 March 2002 £000
Health & Social Services	4,179	4,330
Housing	165,944	149,912
Transport, Planning & Environment	50,465	49,513
Agriculture & Rural Development	11	11
Economic Development	5,139	12,543
Education & Training	35,448	36,727
Total Credit Approvals	261,186	253,036

25. Losses and Special Payments

a) Losses

Main Expenditure Group	No of Cases	Amount £000
Agriculture & Rural Development	293	35
Transport, Planning & Environment	49	84
Central Administration	40	20
Economic Development	64	3,675
Health & Social Services	13	7
Presiding Office	2	0
	461	3,821

b) Special Payments

Main Expenditure Group	No of Cases	Amount £000
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Agriculture & Rural Development	95	31
Health and Social Services	12	29
Education and Lifelong Learning	2	6
	109	66

Details on losses that exceed £100,000:

Claims abandoned – ten claims for repayment in respect of Regional Selective Assistance Grants

		£000
From Aluminium, Wire and Conductor PLC	in liquidation	150
From Minds Eye Ltd -	in liquidation	100
From Promar Holdings Ltd -	in liquidation	150
From Rubber Recovery Tech Ltd -	in liquidation	160
From Sintered Metal Products Ltd -	in liquidation	150
From Traxdata Wales Ltd -	in liquidation	545
From Ultra Mobile Ltd -	in liquidation	225
From HH Wardle (Metals) Ltd -	in liquidation	300
From Bosal Ltd -	in administration	226
From Wetherby Ash Ltd -	in administration	110

26. Related Party Transactions

The Assembly receives its funding from the Wales Office.

The Assembly has two separate agencies – Cadw and WEFO. 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).

Arts Council of Wales
Basic Skills Agency
Care Council for Wales
Children’s Commissioner for Wales
Countryside Council for Wales
Dental Practice Board
Department for Environment, Food and Rural Affairs
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

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Forestry Commission
Further and Higher Education Bodies
General Teaching Council for Wales
Higher Education Funding Council for Wales
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 Science and Technology
Planning Inspectorate
Police Authorities in Wales
Public Health Laboratory Service
Rural Payment Agency
Qualifications, Curriculum & Assessment Authority for Wales
Sports Council for Wales
Trunk Road Agencies in Wales
University of Glamorgan
University of the West of England
Valuation Office Agency
Wales Office
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.

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

27. Resources by Assembly Objectives

Programme expenditure and income has been allocated in Schedule 5 based primarily on Main Expenditure Group outturn. 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.

28. 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. Provision has been made separately in the accounts for the effect of the abolition of the health authorities following the recent announcement regarding the write off of remaining outstanding debt. Other loans were discounted over their remaining life using the National Loans Fund rate of 6.3 per cent.

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.

	Book Values £000	Fair Values £000	Basis of Fair Valuation
Financial Assets:			
Public Dividend Capital:			
National Health Service	1,240,732	1,240,732	<i>Note a</i>
Welsh Development Agency	12,658	12,658	<i>Note a</i>
	1,253,390	1,253,390	
Other Loans:			
Education & Local Government	1,720	607	<i>Note b</i>
Staff Loans & Advances of Salaries	174	137	<i>Note b</i>
Housing Loans & Mortgages	276	141	<i>Note b</i>
	2,170	885	
National Loans Fund:			
Welsh Development Agency	11,998	2,994	<i>Note b</i>
	11,998	2,994	

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 current National Loan Fund rate of 6.3%