
The National Assembly for Wales
Cynulliad Cenedlaethol Cymru
Consolidated Annual Report and Accounts 2005-2006

**The National Assembly for Wales
Consolidated Resource Accounts 2005-2006**

THE PERMANENT SECRETARY'S REPORT

Format of the accounts

These financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury, under Section 97 of the Government of Wales Act 1998. They are a consolidation of the accounts of the National Assembly for Wales (the Assembly), its executive agency, Health Commission Wales – Specialist Services (HCW) and the Local Health Boards operating in Wales.

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, the Assembly Parliamentary Service, Health Commission Wales and the Local Health Boards. All activities are continuing.

Principal aim and objectives

“Wales: A Better Country” is the Assembly Government’s strategic agenda and 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 2005-06 was primarily provided by Parliament through the Department for Constitutional Affairs, and by the European Union.

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Accounting boundary

These accounts present the assets, liabilities and the results of the Assembly for the year ending 31 March 2006. During 2005/2006, the Assembly's core activities included:

- Cadw (previously an Executive Agency of the Assembly). Cadw was merged, for accounting purposes, on 1 April 2005 under a 'machinery of government' change. The accounts have been amended in accordance with Financial Reporting Standard Number 6;
- Children and Family Courts Advisory and Support Services (CAFCASS); and
- the expenditure of the Royal Commission for Ancient and Historic Monuments (Wales). The Assembly is responsible for operating the finance function of the Royal Commission.

The effect of the changes set out in the first two bullet points (Cadw and CAFCASS) are disclosed at Note 36 to these accounts.

These accounts also report the assets, liabilities and the results of the Assembly's consolidated position. They reflect the Assembly's core activities and those of its executive agency (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. They record a consolidated net operating cost of £11,069,828,000 (2004-05 £10,240,405,000). The consolidated net assets have increased by £556,783,000 mainly due to increases in the value of the roads network and other fixed assets. HM Treasury has given the Assembly dispensation from producing a Statement of Parliamentary Supply, reconciling budget to accounts and then to cash requirement. That statement 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 (including donated assets) in the period were £62,376,000. Fixed assets were re-valued in the period, resulting in a net increase in value of £605,974,000 of which £576,680,000 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 had responsibility for managing the National Loans Fund loans to the Welsh Development Agency.

At 31 March 2006 the Assembly and its related bodies had investments totalling £1,343,965,000 comprising outstanding advances from the National Loans Fund of £11,875,000, Public Dividend Capital of £1,330,451,000 and other loans of £1,639,000.

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

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Review of activities

The activities of the Welsh Assembly Government are reported in the Management Commentary, published with these accounts.

No charitable donations were made in 2005-06.

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 2005-06:

Cabinet Member

Post Held

The Rt. Hon. Rhodri Morgan

First Minister

Jane Hutt

Minister for Business

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

Edwina Hart MBE

Minister for Social Justice and Regeneration

Carwyn Jones

Minister for Environment, Planning & Countryside

Alun Pugh

Minister for Culture, Welsh Language and Sport

Senior Officials

The Management 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 Assembly's staff; the stewardship of Assembly assets; the use of public money; the development and delivery of the Assembly Government's policies and the service provided by the Assembly civil service to Ministers, Members and the citizens of Wales.

The composition of the Management Board during the year was as follows:

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Board Members

Post Held

Sir Jon Shortridge KCB	Permanent Secretary
Derek Jones	Senior Director, Policy
Ann Lloyd	Director of Health and Social Care
Richard Davies	Director of Education & Training (until March 2006) Director of Public Service and Performance (from March 2006)
Steve Marshall	Director of Education, Lifelong Learning and Skills (from January 2006)
David Pritchard CBE	Director of Economic Development and Transport (retired March 2006)
John Bader	Director of Social Justice and Regeneration (retired in July 2005)
Emyr Roberts	Director of Social Justice and Regeneration (from September 2005)
Gareth Jones	Director of Environment, Planning and Countryside
Hugh Rawlings	Director of Local Government and Culture
Bryan Mitchell	Business and Information Management Director (retired August 2005)
Michael Harrington	Corporate Information and Services Director (from September 2005)
David Richards	Finance Director
Bernard Galton	Human Resources Director
Jeffrey Godfrey	Legal Services Director (from July 2005)
Huw Brodie	Strategy and Communications Director
Martin Evans	Director, Change Programme
Barbara Wilson	Director – Public Service Development (resigned April 2005)
Paul Silk	Clerk to the Assembly (member of the Board until February 2006)
Kathryn Bishop	Non-Executive Director
Sir Adrian Webb	Non-Executive Director

Membership of each of the management boards within HCW and the Local Health Boards are detailed in their individual accounts for 2005-06.

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Senior official appointments

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

Management Board Directors are appointed at the discretion of and by the Permanent Secretary. Civil Service Commissioners chair all openly recruited interview panels for Management Board Directors.

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

Appointments relating to Senior Officials within HCW and the Local Health Boards are detailed in their individual accounts for 2005-06.

Remuneration of Assembly Members and the Management 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 Management 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 and the Cabinet Office. Further details on remuneration are set out in the Remuneration Report published within these accounts.

Pensions and early departure costs

Details of the Assembly pensions and early departure costs policies are included in 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 2006, the Assembly paid 97.25% of all invoices within the terms of its payment policy. No interest payments were made on late invoices. The relevant percentage of invoices paid within the terms of their payment policies by HCW and the Local Health Boards are disclosed in their respective accounts.

Auditors

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

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The Assembly also makes payments to the Wales Audit Office for the external audit of grant funding and the certification of claims submitted for support under European Structural Fund Programmes. These charges are included in Note 4 - Programme Costs.

Events since the end of the financial period

Under the Government of Wales Act 2006 the legal separation of the executive and legislative arms of the National Assembly for Wales will occur following the 2007 Assembly elections.

The Welsh Development Agency, Wales Tourist Board, ELWa – the National Council for Education and Training in Wales and the Qualification, Curriculum and Assessment Authority for Wales were merged with the National Assembly for Wales on 1 April 2006. Since 1 April 2006 the functions of Health Professions Wales have been delivered through existing health organisations.

In a written statement to Plenary on 4 July 2006, Alun Pugh, Minister for Culture, Welsh Language and Sport confirmed the details for the process of merging the Welsh Language Board with Government and setting up the office of the Dyfarnydd (adjudicator) on a statutory basis. The Welsh Assembly Government intends to merge the Board and establish the statutory office of Dyfarnydd through a single set of legislative changes using the provisions of the Government of Wales Bill to bring this about.

The Welsh Assembly Government is continuing to work with the Sports Council for Wales to bring together the policy, strategy and planning functions and to redefine the relationship between the Assembly Government and the Council. The public review of the Arts Council of Wales will be completed in late Autumn.

From 1 April 2006 the Assembly Government has responsibility under the Railways Act 2005 for all Arriva Trains Wales services in Wales or between Wales and England. The Assembly Government also gains powers to fund rail improvements, potentially including support for improvements to other rail passenger franchises. The Railways Act 2005 enables the Assembly to become a co-signatory to the Wales and Borders franchise and provide financial assistance to the franchisee (the current subsidy of some £140 million per annum has transferred from the Department for Transport), specify services and set the fares.

Audit Information

So far as the Accounting Officer is aware, there is no relevant audit information of which the Assembly's auditors are unaware, and the Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Sir Jon Shortridge
Permanent Secretary and Accounting Officer
29 September 2006

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THE PERMANENT SECRETARY'S MANAGEMENT COMMENTARY

The organisation and people

The Members of the National Assembly for Wales delegate nearly all their executive powers, including the implementation of policies and legislation, to the First Minister. The First Minister in turn delegates responsibility for delivering the executive functions to Welsh Assembly Government Ministers, who together form the Cabinet. Some powers are also delegated to officials so they can manage the staff and administrative resources of the organisation.

This commentary relates to the activities undertaken to develop and enhance our corporate capacity and capability to support the delivery of the Welsh Assembly Government's policies. The delivery of Government policy is covered separately in the First Minister's Annual Report. This is published annually and the report for 2006 sets out the Government's achievements for the year and the commitments for the remainder of the Assembly term.

At the close of 2005-06, 44.3 per cent of employees were male and 55.7 per cent female, while 3 per cent were from a Black and Minority Ethnic background. These members of staff were based in 61 locations around Wales although most worked in Cardiff. This position will change radically during 2006-07 as a result of the merger with the Assembly Sponsored Public Bodies (ASPBs), and the further development of our Location Strategy.

Investor in People Accreditation

The National Assembly for Wales has been IiP accredited since 1999 and undergoes a voluntary annual assessment as part of its commitment to the Standard. The next review, against the new and more rigorous standard, will take place in November, and arrangements are in hand to ensure we successfully meet its requirements. As part of these preparations we have:

- nominated a Board Director as our IiP Champion, and appointed a dedicated Project Manager; and
- formalised a more robust IiP Network across the newly merged organisation.

An action plan of the issues arising from our last review is also being taken forward as part of a wider communication strategy. The two key areas we are addressing are:

- evaluation of training to ensure it maximises individual development, whilst helping us to better meet organisational objectives; and
- ensuring all staff are actively involved in business planning, and understand how their objectives are linked to wider business outcomes.

Annual staff survey

The Management Board conduct an annual Staff Survey to gather staff opinion on how to improve the services it provides. The responses from the Survey contribute to corporate and local action planning within the organisation, and provide a platform for the development of strategy to address any perceived shortcomings in the way in which we deal with our customers.

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Vision and Values

During 2005-06 we developed a new set of Visions and Values for the staff of the Assembly Government. These were informed by extensive consultation with existing staff as well those in the merging ASPBs. They will help to shape the new merged organisation and ensure that we are able to work most effectively for the people of Wales. The Vision and Values are:

Working together for Wales

Delivering results	Valuing people	Achieving excellence
<p>To customers and citizens</p> <ul style="list-style-type: none"> • Putting the interests of the people of Wales first • Building sustainability: economic, social and environmental • Keeping promises and reaching targets • Delivering value for money • Agile: reacting quickly to changing needs • Providing equal access to quality services • Being open & accountable <p>To ourselves</p> <ul style="list-style-type: none"> • Putting the customer first • Setting stretching and realistic targets • Results led rather than process driven • Organised, empowered & resourced to deliver • Collaborative working • Taking pride in what we do 	<p>Valuing customers and citizens</p> <ul style="list-style-type: none"> • Respecting & valuing people equally • Always acting with integrity • Communicating & listening well • Working equally through Welsh and English • Offering an honest and open approach <p>Valuing each other</p> <ul style="list-style-type: none"> • Working with others in a professional way • Making the most of our diversity • Positive, confident & visible • Encouraging leadership at all levels • Being open, objective & fair in our dealings 	<p>For customers and citizens</p> <ul style="list-style-type: none"> • Providing high quality services • Offering innovative and original solutions • Setting world class standards • Recognising & showcasing successes <p>For ourselves</p> <ul style="list-style-type: none"> • Passionate about our work • Challenging ourselves to improve: Nid da lle gellir gwel • Excellence through working & learning from others • Benchmarking ourselves against the best • Recognising, rewarding & sharing our successes

Leadership and Direction

As Permanent Secretary and Principal Accounting Officer, I am supported by a Management Board which consists of Departmental Directors and two Non Executive Directors appointed from outside the Assembly via open competition. Membership is outlined in the Permanent Secretary’s Report to the Accounts. Together we ensure that the Assembly Government’s civil service is organised, resourced and motivated to deliver its objectives effectively. I, however, retain overall responsibility as the Permanent Secretary and Principal Accounting Officer.

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The Board meets once a month to consider strategic management and corporate issues. Every third Board meeting is devoted to corporate leadership and collective development issues. A number of sub-committees reported to the Board during 2005-06:

- Policy Committee
- Corporate Governance Committee
- Human Resources Committee
- Investment Board
- Change Board
- Remuneration Committee

Further information on the role and membership of these committees is available on the Assembly Government web-site. The Board's business is regularly communicated to staff using the electronic news page, and staff are also encouraged to attend meetings as observers. The agenda, minutes and papers of regular meetings are published in line with the Assembly Government's Publication Scheme.

A Shadow Management Board comprising staff from each of the Assembly Government's main departments was established in January 2006 with the aim of bringing fresh and more diverse perspectives to the deliberations of the Management Board and to contribute to the strategic management and development of the organisation.

Working toward Merger

A significant amount of work was required to prepare the Assembly Government and 5 of its statutory sponsored bodies - the Welsh Development Agency, the Wales Tourist Board, The National Council for Education and Training in Wales (ELWa), the Qualifications, Curriculum and Assessment Authority for Wales and Health Professions Wales - for merger on 1 April 2006. The Welsh operational arm of the Learning and Skills Development Agency (Dysg) was also merged on 1 April 2006. The Wales Youth Agency was merged with the Assembly Government on 1 January 2006.

During 2005-06 we published a consultation paper which outlined the structures and proposals for how the new organisation would operate. Statutory Orders abolishing four of the Assembly Sponsored Public Bodies and transferring their functions (together with all property, rights and liabilities) to the Assembly were approved by the Assembly in Plenary on 22 November. A further abolition order in respect of Health Professions Wales (HPW) was approved by the Assembly in Plenary on 29 March. HPW did not have discrete functions. It exercised functions on behalf of the Assembly. The Abolition Order restored direct responsibility for the exercise of a number of those functions to the Assembly; others have become the responsibility of the National Health Service in Wales. On 22 March the Assembly in Plenary approved motions delegating the transferring functions to the Assembly Government from 1 April. In order to identify and resolve issues on an operational level, a number of working groups, with representatives from the Assembly Government and the merging organisations, were established to consider specific areas, such as human resources, communications, ICT, finance, procurement and branding.

It is intended that the merger will result in savings of at least £10 million per year from 2009. These savings will be re-invested in improving public services. Some initial benefits will

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be delivered from 1 April 2006, including those arising from the abolition of ASPB Boards; sharing and improving efficiency of our collective corporate services; consolidating our IT networks and introducing a single internet site.

Security and contingency planning

Recent world events have highlighted the importance of robust and thorough contingency planning. It is essential that the Assembly is able to respond to emergencies quickly and effectively. We also need to be capable of continuing core business while managing unforeseen events.

We have established a Contingency Planning and Response Group. Membership includes key Directors together with Communications and Civil Contingencies staff. The membership of the Group will be flexible and geared to responding to the particular situation. Continuity planning for normal business is embedded in departmental activities.

Similarly, we have recognised the key role of ICT in maintaining external business and have made arrangements to ensure e-mail communication with critical users can continue in the event of an emergency. On a day to day basis, we remain vigilant about our own IT security.

Location Strategy

The Location Strategy Programme will support the Welsh Assembly Government to transform from a centrally focused organisation into an all-Wales organisation, so that service delivery is improved and more accessible in order to meet the requirements of the people of Wales. The programme will oversee the construction of three new offices situated in Merthyr Tydfil, Llandudno Junction and Aberystwyth, as well as relocating posts into those offices. The buildings will deliver against the Assembly Government's sustainable development duty by achieving Building Research Establishment's Environmental Appraisal Method (BREEAM) very good to excellent ratings, establishing green transport plans for each site and ensuring that the future operation of the offices are environmentally friendly.

Benefits of the programme will include seeing a significant redistribution of wealth from Cardiff to the Valleys, Mid and North Wales areas, resulting in demonstrable economic improvement to the new local office communities; increased awareness and engagement, both direct and indirect, of local communities in the Assembly Government and its democratic process; and provide a modern effective working environment for staff through the commissioning of new and innovative ICT infrastructure, equipment and software to support staff in delivering the services.

We saw further progress with our Location Strategy during the year. Cadw successfully moved from the Cathays Park offices in Cardiff to Nantgarw, and construction work began on the new building in Merthyr Tydfil. Preparatory work also began for new offices in Llandudno Junction and Aberystwyth. These are significant new developments that will disperse Assembly Government staff across Wales and make us both visible and approachable. It will also mean a growing amount of our services are delivered locally.

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Relations with our stakeholders

We conducted a survey to assess how well we work with our stakeholders. The results of that independent survey have now been published on the Assembly Government website. Seven in ten respondents were satisfied with how we work with them – only one in ten was dissatisfied. The results also show that we are improving in the way in which we work with stakeholders and that we listen to the views of others. Whilst this is encouraging, the survey also pointed out areas where we can improve, such as more joined up working between Departments. We are striving to do these things better.

Corporate responsibility

We have been working to reduce our impact on the environment in the way we carry out our work. The Green Dragon Environmental Standard has been used to design an effective Environmental Management System (EMS) appropriate to the nature and scale of our activities and operations. The EMS enables us to address and measure the environmental impacts of our day-to-day activities, and has assisted us to produce an Environmental Policy Statement and Action Plan.

We have introduced measures to ensure that we have become more environmentally friendly and we now measure and monitor our impact on the environment, set and review targets annually and put in place actions to achieve year on year improvements in our environmental performance.

We were successful in attaining Green Dragon Level 5 for our 2 major sites in Cardiff Bay and Cathays Park, and are currently looking at ways to extend the EMS with the aim of completing the rollout and attaining Level 5 of the Green Dragon Standard across the core administrative estate by July 2009.

We also use procurement practice as a driver for sustainability by building environmental considerations into the tenders and specifications we issue. In 2005-2006 we became the first public sector organisation in the UK to let its car hire contract based on the use of low emission vehicles. Only cars that meet the 150 g/km or less levels of carbon dioxide emission are available through the contract.

Procurement policy

Our procurement policy rests on ensuring that our activities:

- are ethical, accountable and compliant with procedural, legal and international obligations;
- achieve continuing improvement in value for money based on the whole life cost and quality of goods and services that we buy; and
- help to improve the competitiveness of our suppliers

The Welsh Assembly Government is taking a lead on developing best practice in procurement for the public sector in Wales through the activities of Value Wales Procurement Team. During the year Value Wales reported £19 million in savings across the Welsh public sector as a result of procurement best practice that it had helped to develop.

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Our initiatives include supporting and encouraging the Buy4Wales website. This has been established by the Assembly Government's Value Wales Division to ensure that Welsh businesses have the opportunity to bid for Welsh Public sector tenders above a certain threshold - currently £25,000. During 2005-06 tenders worth £1.2 billion across the Welsh public sector were advertised in this way. Also, some 16,000 companies, many of them small and medium Welsh enterprises, registered their interest in selling to the Welsh public sector through the Sell2Wales website. We use both these web sites in our own procurement activities.

Equality and diversity

The Assembly Government is committed to promoting equality of opportunity in employment and the provision of services and facilities to all groups, regardless of gender, race, colour, disability, sexual orientation, age religion, marital status or caring responsibilities. We expect our employees to have full regard to equal opportunity policies in their dealings with members of the public and their relations with colleagues. Our Dignity at Work policy, which tackles workplace bullying and harassment, was updated during 2005-06 to take account of ACAS best practice.

Our equal opportunities policies cover career progression and recruitment. We have adopted the 'Positive about Disability' scheme and the Social Model of Disability in our approach to recruitment. We monitor our workforce continually to identify and address under-representation of all groups. In 2005-06 we sought to encourage under-represented groups to work for the Assembly Government by finding work placements for a number of minority ethnic and disabled students through our Summer Placement Scheme.

During the year we received a third Gold Award for our work on gender benchmarking and a Silver Award for our race benchmarking. We also scored above average in the first comprehensive disability benchmarking exercise conducted by the Employers Forum on Disability.

The Welsh language is recognised as one of our key organisational values. We operate a comprehensive Welsh Language scheme which sets out how we treat both languages equally. In 2005-06 we improved our bilingual provision on the Assembly Government website.

Openness and accessibility

2005-06 was the first full year in which we operated under the Freedom of Information Act 2000 (FOI) and the Environmental Information Regulations 2004 (EIR). This legislation gave members of the public a right of access to recorded information held by the Welsh Assembly Government.

During the year we operated our Code of Practice on Public Access to Information. This sets out the eight principles which guide our consideration of requests for information. It also sets out certain circumstances where information can be protected.

Our commitment to open government is demonstrated clearly in our policy which goes further than the law requires. It establishes a substantial harm test which means that we will only make use of the public-interest tested exemptions listed in the legislation if the release of information

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is likely to result in substantial harm. Even then, an exemption will only be applied if the harm outweighs the public interest in disclosure.

Training was provided for almost 2,000 staff in the period leading up to and following the introduction of the new laws. Between 1 January 2005 and the end of March 2006, the Welsh Assembly Government received almost 1,100 requests for information under the legislation. They covered a very wide range of the Assembly Government's responsibilities and many were large and complex. The law allows us to charge for replying to requests. To date, we have not imposed a charge for responding to any request for information under FoI or EIR.

Risks and uncertainties

The Management Board regularly reviews the Assembly Government's risk register to ensure that action is being taken to manage issues that may obstruct the delivery of our programmes. The Corporate Governance Committee has a structured agenda throughout the year to look at risk and to consider the plans and findings of our Internal Audit Service. The major Departments established their own Corporate Governance Committees during the year.

During 2005-06 the principal focus of our risk management was on the ASPB merger process. All merging Departments (Department for Enterprise, Innovations and Networks, Department for Education, Lifelong Learning and Skills, and the central service Departments such as Finance, HR and Computer and Information Systems Department) established separate projects to plan for the merger. The objective of these projects was to ensure that the roles and responsibilities in the new organisation were clearly defined well in advance of 1 April 2006 and that staff understood their functions and had the necessary training, IT and resources to operate successfully from day one.

We conducted a survey on risk management across the Assembly Government during 2005-06 to establish how well the culture of risk management is being embedded in our routine management business. The findings were encouraging. We have made some improvements since last year and we shall be reviewing our risk management systems in 2006-07.

The future

Looking ahead to 2006-07 we will be targeting a number of key areas for further development:

- Making the merger a success – by integrating former ASPB staff and systems with our own and using the best in the new organisation
- Driving our Location Strategy forward
- Concentrating on delivering the efficiency savings for administration budgets in line with Making the Connections
- Better working with stakeholders

**Sir Jon Shortridge
Permanent Secretary and Accounting Officer
29 September 2006**

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REMUNERATION REPORT 2005-06

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials of the department.

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Remuneration

	2005-06	
Ministers	Salary £'000	Benefits in kind (to nearest £100)
Lord Dafydd Elis-Thomas <i>Presiding Officer</i>	84,085	0
Dr John Marek <i>Deputy Presiding Officer</i>	69,670	0
Rhodri Morgan <i>First Minister</i>	120,135	0
Jane Davidson <i>Assembly Secretary</i>	84,085	0
Andrew Davies <i>Assembly Secretary</i>	84,085	0
Sue Essex <i>Assembly Secretary</i>	84,085	0
Dr Brian Gibbons <i>Assembly Secretary</i>	84,085	0
Edwina Hart <i>Assembly Secretary</i>	84,085	0
Jane Hutt <i>Assembly Secretary</i>	84,085	0
Carwyn Jones <i>Assembly Secretary</i>	84,085	0
Alun Pugh <i>Assembly Secretary</i>	84,085	0

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	2005-06	
Officials	Salary £'000	Benefits in kind (to nearest £100)
Sir Jon Shortridge <i>Permanent Secretary</i>	175-180	0
Derek Jones <i>Senior Director</i>	120-125	0
Huw Brodie <i>Director</i>	85-90	0
Martin Evans <i>Director</i>	95-100	0
Ann Lloyd <i>Senior Director</i>	155-160	0
David Pritchard <i>Director (until 31/03/06)</i>	105-110	0
Bryan Mitchell ¹ <i>Director (until 31/08/05)</i>	45-50 (100-105 full year equivalent)	0
Barbara Wilson <i>Director (until 06/04/05)</i>	0-5 (80-85 full year equivalent)	0
Richard Davies <i>Director</i>	105-110	0
David Richards <i>Director</i>	90-95	0
Bernard Galton <i>Director</i>	105-110	0
John Bader ² <i>Director (until 25/07/05)</i>	40-45 (95-100 full year equivalent)	0
Hugh Rawlings <i>Director</i>	80-85	0
Gareth Jones	90-95	0

¹ Bryan Mitchell retired on 31/08/05 and was re-employed on a casual basis on 05/09/05

² John Bader retired on 25/07/05 and was re-employed on a casual basis on 01/09/05

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	2005-06	
Officials	Salary £'000	Benefits in kind (to nearest £100)
<i>Director</i>		
Paul Silk <i>Senior Director (until 01/03/06)</i>	105-110 (115-120 full year equivalent)	0
Jeff Godfrey <i>Director (from 11/07/05)</i>	60-65 (90-95 full year equivalent)	0
Michael Harrington <i>Director (from 01/09/05)</i>	45-50 (85-90 full year equivalent)	0
Steve Marshall <i>Senior Director (from 16/01/06)</i>	25-30 (150-155 full year equivalent)	0
Emyr Roberts <i>Director (from 05/09/05)</i>	45-50 (85-90 full year equivalent)	0
Sir Adrian Webb <i>Non-Executive Director</i>	5-10	0
Kathryn Bishop <i>Non-Executive Director</i>	5-10	0

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Department and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

**The National Assembly for Wales
Consolidated Resource Accounts 2005-2006**

Pension Benefits

Ministers	Accrued pension at age 60 as at 31/3/06 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/06	CETV at 31/3/05	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Lord Dafydd Elis-Thomas <i>Presiding Officer</i>	20-25	0-2.5	406	292	29
Dr John Marek <i>Deputy Presiding Officer</i>	5-10	0-2.5	176	116	30
Rhodri Morgan <i>First Minister</i>	10-15	2.5-5.0	309	207	48
Jane Davidson <i>Assembly Secretary</i>	10-15	0-2.5	143	94	17
Andrew Davies <i>Assembly Secretary</i>	10-15	0-2.5	176	117	21
Sue Essex <i>Assembly Secretary</i>	10-15	0-2.5	224	149	29
Dr Brian Gibbons <i>Assembly Secretary</i>	25-30	0-2.5	412	304	23
Edwina Hart <i>Assembly Secretary</i>	15-20	0-2.5	184	128	16
Jane Hutt <i>Assembly Secretary</i>	15-20	0-2.5	286	202	24
Carwyn Jones <i>Assembly Secretary</i>	10-15	0-2.5	98	62	8
Alun Pugh <i>Assembly Secretary</i>	5-10	0-2.5	110	67	18

**The National Assembly for Wales
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Officials	Accrued pension at age 60 as at 31/3/06 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/06	CETV at 31/3/05	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Sir Jon Shortridge <i>Permanent Secretary</i>	75-80 plus lump sum of 225-230	2.5-5 plus lump sum of 7.5-10	1789	1421	76
Derek Jones <i>Senior Director</i>	40-45 plus lump sum of 125-130	2.5-5 plus lump sum of 7.5-10	854	632	61
Huw Brodie <i>Director</i>	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 2.5-5	447	322	24
Martin Evans <i>Director</i>	40-45 plus lump sum of 125-130	2.5-5 plus lump sum of 10-12.5	1006	769	68
Ann Lloyd <i>Senior Director</i>	5-10 plus lump sum of 25-30	0-2.5 plus lump sum of 5-7.5	205	136	38
David Pritchard <i>Director</i> <i>(until 31/03/06)</i>	45-50 plus lump sum of 145-150	2.5-5 plus lump sum of 7.5-10	1199	1009	50
Bryan Mitchell <i>Director</i> <i>(until 31/08/05)</i>	45-50 plus lump sum of 135-140	0-2.5 plus lump sum of 2.5-5	1086	974	26
Barbara Wilson <i>Director</i> <i>(until 06/04/05)</i>	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 0-2.5	762	678	1
Richard Davies <i>Director</i>	40-45 plus lump sum of 130-135	0-2.5 plus lump sum of 5-7.5	986	761	41
David Richards <i>Director</i>	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	616	475	20

**The National Assembly for Wales
Consolidated Resource Accounts 2005-2006**

Officials	Accrued pension at age 60 as at 31/3/06 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/06	CETV at 31/3/05	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Bernard Galton <i>Director</i>	35-40 plus lump sum of 115-120	0-2.5 plus lump sum of 5-7.5	664	491	28
John Bader <i>Director</i> <i>(until 25/07/05)</i>	45-50 plus lump sum of 135-140	0-2.5 plus lump sum of 0-2.5	1091	980	-5 ³
Hugh Rawlings <i>Director</i>	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 5-7.5	698	529	34
Gareth Jones <i>Director</i>	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	524	381	27
Paul Silk <i>Senior Director</i> <i>(until 01/03/06)</i>	60-65 ⁴	2.5-5	1075	814	50
Jeff Godfrey <i>Director</i> <i>(from 11/07/05)</i>	20-25 plus lump sum of 65-70	2.5-5 plus lump sum of 10-12.5	359	221	67
Michael Harrington <i>Director</i> <i>(from 01/09/05)</i>	0-5	0-2.5	65	38	16
Steve Marshall <i>Senior Director</i> <i>(from 16/01/06)</i>	0-5	0-2.5	6	0	5
Emyr Roberts <i>Director</i> <i>(from 05/09/05)</i>	20-25 plus lump sum of 70-75	2.5-5 plus lump sum of 7.5-10	414	286	39

³ John Bader retired and started to draw his pension in-year hence the decrease in CETV.

⁴ Paul Silk, Michael Harrington and Steve Marshall are members of the 'premium' scheme thus no figure is shown for lump sum.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

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 members' 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 2003-04 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 CS Vote has received a transfer payment commensurate with 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.

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Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the Scheme Actuary. The CETV figure for 31 March 2005 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2006.

Real increase in CETV

This 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.

**Sir Jon Shortridge
Permanent Secretary and Accounting Officer
29 September 2006**

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 2006.
- 2 The consolidated resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Assembly and the other entities within the group, their net operating cost, recognised gains and losses and cash flows for the financial 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 Financial Reporting Manual (FRM) 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 FRM 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 1998 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. The work of the Local Health Boards in Wales is governed by separate authority, and the Chief Executives of each of the Local Health Boards are appointed as Accountable Officers by the Director of the NHS in Wales.
- 6 The PAO has designated the Chief Executive of HCW as Accounting Officer for the executive agency.
- 7 These appointments do not detract from the Permanent Secretary's overall responsibility as PAO for the Assembly accounts.

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- 8 The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, for safeguarding the Assembly's assets, and for taking reasonable steps to prevent and detect fraud and other irregularities, are set out in the Assembly Accounting Officers' Memorandum, issued by the Treasury.
- 9 The relationship between the PAO of the Assembly, the other Accounting Officers and Sub-Accounting Officers, as described in paragraph 5 above, and their respective responsibilities, are set out in written agreements between the officials concerned.

STATEMENT OF INTERNAL CONTROL 2005-06

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/and 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 system.

As allowed for in s63 of the Government of Wales Act 1998, I have designated heads of department with responsibility for programme expenditure as Sub Accounting Officers (SAO). These responsibilities are set out in a formal memorandum and strengthen corporate governance arrangements further by placing personal responsibility with the designated SAOs for the propriety and regularity of the public finances for which they are answerable. The SAOs also have responsibility to see that appropriate advice is provided to their Assembly Ministers on all matters of financial propriety and regularity and more broadly as to all considerations of prudent and economical administration, efficiency and effectiveness.

Sub Accounting Officers have established their own corporate governance committees to support them by monitoring and reviewing the risk, control and governance processes that have been established in the department and the associated assurance processes.

I, however, retain overall responsibility for ensuring that appropriate internal controls are in place.

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.

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The system of internal control has been in place in the Assembly for the year ended 31 March 2006 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. We continue to engage with HM Treasury's Risk Support Team and the dissemination of good practice via the Risk Improvement Manager Network. My Risk Improvement Manager 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. To further build the capacity a programme of risk management training for senior managers is currently being rolled out. Individual training has also occurred throughout the year, as business areas have consulted the Assembly's Risk Improvement Manager for advice on specific issues. The Risk Improvement Manager hosts a risk management site on the Assembly's intranet, which acts as the focal point for written advice, guidance, tools and good practice on risk management.

I have in place a risk management policy. It outlines the process of risk management 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.

Our approach to risk management is set out in our framework document, Risk Essentials, which sets out in detail the processes by which risks are identified and managed within the Assembly. Under this framework, departments are required to capture information on known risks on departmental risk registers (which include details of the risks, countermeasures and residual risk) and escalate concerns up the management chain as appropriate.

4. The Risk and Control Environment

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;
- Management Board risk register – which sets out the corporate risks facing the Assembly;
- regular review of both – members of the Management Board consider “risk of the month” and departmental “Top Ten” risk reports, and
- regular review and update of departmental risk registers by the departments themselves

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

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- 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 project management experiences and good practice to be exchanged;
- training for project/programme managers and other staff who have an involvement in the management of risk;
- 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
- oversight of the Assembly's compliance with statutory functions to the Corporate Governance Committee on a quarterly basis.

To review the control environment I require each head of department within the Assembly to complete an internal control questionnaire to provide assurance that key internal controls are in place in every department.

5. Review of Effectiveness

The Assembly has an Internal Audit Service, which submits regular reports to the Corporate Governance Committee, including the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement. The Corporate Governance Committee reports to the Management 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;
- Assembly officials 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.

Similar information for HCW and the Local Health Boards is disclosed in their respective accounts.

**Sir Jon Shortridge
Permanent Secretary and Accounting Officer
29 September 2006**

**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 consolidated financial statements of the National Assembly for Wales for the year ended 31 March 2006 under Section 97 of the Government of Wales Act 1998. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Gains and Losses, the Statement of Operating Costs by Assembly Aims and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and Auditor

The Accounting Officer is responsible for preparing the Annual Report and the financial statements in accordance with the Government of Wales Act 1998 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Assembly's Accounting Officers' Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland) which I have chosen to adopt as the basis of my approach to the audit of financial statements.

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government of Wales Act 1998 and HM Treasury directions made thereunder. I also report 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 to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the National Assembly for Wales has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 25 to 27 reflects the National Assembly for Wales' compliance with HM Treasury's guidance on the Statement on Internal Control and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the National Assembly for Wales' corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Permanent Secretary's Report, the Permanent Secretary's Management Commentary and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

**The National Assembly for Wales
Consolidated Resource Accounts 2005-2006**

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer 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.

I planned and performed my audit so as 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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error 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 also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government of Wales Act 1998 and directions made thereunder by HM Treasury, of the state of affairs of the National Assembly for Wales and related bodies as at 31 March 2006 and the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government of Wales Act 1998; 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 transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

Jeremy Colman
Auditor General for Wales
5 October 2006

Wales Audit Office
2-4 Park Grove
Cardiff
CF10 3PA

**The National Assembly for Wales
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**Operating Cost Statement
For the year ended 31 March 2006**

	Note	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
		Assembly	Consolidated	Assembly	Consolidated
		£000	£000	£000	£000
PROGRAMME COSTS					
Expenditure	4	12,140,679	12,207,065	11,240,174	11,327,711
Income					
Non EU Income	6	(855,743)	(918,108)	(892,300)	(971,167)
EU Income	6	(462,617)	(462,617)	(321,852)	(321,852)
		(1,318,360)	(1,380,725)	(1,214,152)	(1,293,019)
Net Programme Costs		10,822,319	10,826,340	10,026,022	10,034,692
ADMINISTRATION COSTS					
Staff Costs	2a	154,699	156,367	129,929	131,379
Assembly Parliamentary Services (APS) Staff Costs	2a	4,277	4,277	4,196	4,196
Other Administration Costs	3b	72,466	72,312	61,396	61,286
APS Other Administration Costs	3a	16,578	16,578	11,861	11,861
Gross Administration Costs		248,020	249,534	207,382	208,722
Administration Income	6	(6,228)	(5,924)	(3,280)	(2,875)
APS Income	6	(122)	(122)	(134)	(134)
Net Administration Cost		241,670	243,488	203,968	205,713
NET OPERATING COST		11,063,989	11,069,828	10,229,990	10,240,405

All activities are continuing.

**Statement of Recognised Gains and Losses
for the year ended 31 March 2006**

	Note	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
		Assembly	Consolidated	Assembly	Consolidated
		£000	£000	£000	£000
Net Gain on revaluation of tangible assets	20	600,832	604,309	1,209,896	1,215,853
Donated Assets	19	10	307	-	784
EU Deferred Grant	18	1,247	1,247	932	932
Merger of CAF/CASS Cymru	36	317	317	-	-
Assets transferred to NHS Bodies		-	(4,184)	-	(7,862)
Actuarial gain on Assembly Members Pension Scheme	2b	804	804	422	422
		603,210	602,800	1,211,250	1,210,129
Prior Year Adjustments					
Merger of Cadw	36	6,659	6,659	-	-
Assembly Members' Pension Scheme deficit	37	(571)	(571)	-	-
Re-organisation of consolidated accounting boundary		-	-	-	(13,655)
Gains and losses recognised since the last annual report		609,298	608,888	1,211,250	1,196,474

The Notes on pages 34 to 69 form part of these accounts.

**The National Assembly for Wales
Consolidated Resource Accounts 2005-2006**

Balance Sheet as at 31 March 2006

	Note	As at 31 March 2006		RESTATED As at 31 March 2005	
		Assembly	Consolidated	Assembly	Consolidated
		£000	£000	£000	£000
Fixed Assets					
Intangible Assets	8	-	39	-	69
Tangible Assets	9	10,250,607	10,424,734	9,661,313	9,835,511
Investments	10	1,347,680	1,343,965	1,318,378	1,311,888
Pension Scheme Surplus	2	33	33	-	-
		11,598,320	11,768,771	10,979,691	11,147,468
Current Assets					
Stocks	12	8,604	9,315	3,926	4,307
Debtors	13	256,208	339,485	345,750	421,693
Cash at bank and in hand	14	5,094	18,072	11,341	26,264
		269,906	366,872	361,017	452,264
Creditors: amounts falling due					
Within 1 year	15	(406,371)	(663,725)	(424,862)	(680,894)
Net Current Liabilities		(136,465)	(296,853)	(63,845)	(228,630)
Total Assets less Current Liabilities		11,461,855	11,471,918	10,915,846	10,918,838
Creditors: amounts falling due					
After more than one year	15	(483)	(1,263)	(9,395)	(9,788)
Provisions for Liabilities and Charges	16	(10,058)	(91,867)	(14,778)	(86,434)
Pension Scheme Deficit	2	-	-	(571)	(571)
National Loans Fund Loans	10	(11,875)	(11,875)	(11,915)	(11,915)
		11,439,439	11,366,913	10,879,187	10,810,130
Taxpayers' Equity					
General Fund	17	7,674,128	7,484,488	7,715,546	7,532,913
EU Deferred Grant Reserve	18	8,808	8,808	7,980	7,980
Donated Assets	19	10	4,919	-	4,848
Revaluation Reserve	20	3,756,493	3,868,698	3,155,661	3,264,389
		11,439,439	11,366,913	10,879,187	10,810,130

Sir Jon Shortridge
Permanent Secretary and Accounting Officer
29 September 2006

The Notes on pages 34 to 69 form part of these accounts.

**The National Assembly for Wales
Consolidated Resource Accounts 2005-2006**

**Cash Flow Statement
for the year ended 31 March 2006**

	Note	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
		Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Net cash outflow from operating activities		(10,592,573)	(10,594,098)	(9,785,241)	(9,774,904)
Capital expenditure and financial investment and associated receipts	7	(75,505)	(76,402)	(111,085)	(110,924)
Non operating receipts surrenderable to Consolidated Fund		726,496	726,496	655,733	655,733
Payments to the Consolidated Fund via Wales Office		(696,401)	(696,401)	(642,933)	(642,933)
EU Grant Deferral	18	1,247	1,247	932	932
Donations	19	-	477	-	485
Financing from Consolidated Fund via Wales Office		10,630,489	10,630,489	9,873,565	9,873,565
(Decrease)/Increase in cash in the year		(6,247)	(8,192)	(9,029)	1,954

Notes to the Cash Flow Statement are at Note 21.

The Notes on pages 34 to 69 form part of these accounts.

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**Consolidated Statement of Operating Costs by Assembly Aims and Objectives
For the year ended 31 March 2006**

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

- the Assembly Government's 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 it has 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 it wants to deliver jointly with its partners in local government, business, the trade unions and the voluntary sector.

	Year ended 31 March 2006			RESTATED Year ended 31 March 2005		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
Objectives:						
▪ promoting a diverse, competitive, high-added value economy, with high quality skills and education, that minimises demands on the environment	1,358,782	(253,234)	1,105,548	1,262,126	(238,664)	1,023,462
▪ 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	4,054,671	(2,131)	4,052,540	3,765,778	(2,315)	3,763,463
▪ 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	505,376	(218,149)	287,227	347,401	(103,065)	244,336
▪ strengthening Wales' cultural identity and helping to create a bilingual country	116,830	(3,624)	113,206	111,978	(2,188)	109,790
▪ ensuring all our children and future generations enjoy better prospects in life, and are not landed with a legacy of problems bequeathed by us	1,367,306	(14,389)	1,352,917	1,207,052	(12,146)	1,194,906
▪ supporting people to live healthy and independent lives	5,053,634	(895,244)	4,158,390	4,842,098	(937,650)	3,904,448
	12,456,599	(1,386,771)	11,069,828	11,536,433	(1,296,028)	10,240,405

Note 31 explains the methodology used for the allocation of resources to Welsh Assembly Government objectives.

The Notes on pages 34 to 69 form part of these accounts.

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Notes to the Assembly Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2005–06 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under UK GAAP, the *FReM* also requires the Assembly to prepare an additional primary statement. The *Statement of Operating Cost by Departmental Aim and Objectives* and supporting note analyse the Assembly's income and expenditure by the objectives agreed with Ministers.

Where the *FReM* permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Assembly for the purpose of giving a true and fair view has been selected. The Assembly's accounting policies 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 *Financial Reporting Manual*.

1.2 Basis of Consolidation

These accounts comprise a consolidation of the core department, its executive agency, HCW and the 22 Local Health Boards. HCW and LHBs produce and publish their own annual reports and accounts. Neither the Design Commission for Wales (an Assembly owned company limited by guarantee), nor Newport Unlimited (a company limited by guarantee in which the Assembly has a one-third share) are consolidated within these financial statements on grounds of materiality.

1.3 Tangible fixed assets

The Assembly and its related bodies capitalise freehold property. The Assembly capitalise leasehold property where the original lease was for greater than 100 years and land & buildings surplus to requirements. Leased property, where the original lease was for less than 100 years, is treated as a revenue cost. Freehold land and buildings and leasehold land and buildings, where the original lease was for greater than 100 years, have been restated at current cost using professional valuations every five years and appropriate indices in intervening years, with the exception of surplus land, which is included at its market value where held for immediate disposal or at settlement valuation where recovered from LG or Hynix. The indices used for 2005-06 were taken from the Investment Property Databank (IPD) UK Annual Index (2006).

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.

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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.

Assets from the Cadw merger have been included in the fixed asset note, restating the opening balances and these have then been adjusted through the General Fund to bring them into line with the Assembly's accounting policies. Assets from the CAF/CASS merger have been included as additions and the values have been adjusted through the General Fund to bring them into line with the Assembly's accounting policies.

The Assembly holds a number of non-operational heritage assets where the cultural, educational and historical value is unlikely to be fully reflected in a financial value derived from a market mechanism or price. These assets are of a specialist nature and reliable valuations either cannot be obtained or could only be obtained at a prohibitive cost. The Assembly therefore does not capitalise these assets in the accounts. Further information on the non-operational heritage assets owned by the Assembly can be found at note 39 to the consolidated financial statements.

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

1.4 Intangible Fixed Assets

Local Health Boards capitalise computer software licences as intangible fixed assets, where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic life.

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

1.5 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
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.

1.6 Donated Assets

Donated tangible fixed assets are capitalised at their valuation on receipt. The value of donated tangible assets and the donated element of part-donated assets are reflected in a donated asset reserve. This reserve is credited with the value of the original donation and any subsequent revaluation and indexation; an amount equal to the depreciation charge (for assets used in the course of the business) is released from this reserve to the Operating Cost statement.

1.7 Research and Development

Research and development expenditure is charged to the Operating Cost Statement in the year in which it is incurred, except insofar as it relates to a clearly defined project and benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Operating Cost Statement on a systematic basis over the period expected to benefit from the project.

1.8 Works to Properties in Care

Expenditure on the fabric of properties in the care but not ownership of the Assembly is charged to the Operating Cost Statement as it is incurred. Subsequent expenditure on the fabric of ancillary structures at properties in care is treated in the same manner.

1.9 Investments

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

1.10 Stocks

Stock is valued at the lower of replacement cost and net realisable value, with the exception of oak wood, which is valued at current replacement cost. The Assembly does not consider there to be a material difference between the replacement cost and historic cost of stocks. Stocks with a finite useful life are written-off at the end of this period.

1.11 Income

Operating income relates directly to the operating activities of the Assembly and the related bodies. 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. Additionally income comprises the amounts, excluding VAT, receivable from admissions to monuments and sale of publications and souvenirs.

1.12 Administration & Programme expenditure

The operating statement is analysed between administration and programme costs. Administration costs reflect the cost of running the Assembly and HCW, together with associated operating income. Programme costs reflect all expenditure by the Local Health

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Boards and non-administration costs, (including payments of grants and other disbursements) by the Assembly and HCW.

1.13 Cost of Capital charge

A charge, reflecting the cost of capital utilised by the Assembly and its related bodies, 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 2005-06 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, donated assets and heritage assets.

1.14 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.

1.15 Pensions

Present and past employees of the Assembly and HCW are covered by the provisions of the Civil Service Pension Scheme which are described in Note 2a. 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. Further information is provided at Note 2b to these accounts.

Employees of Local Health Boards participate in the NHS pension scheme. The NHS pension scheme is a multi employer, unfunded, defined benefit scheme. As its share of underlying scheme assets and liabilities cannot be identified, it is accounted for as a defined contribution scheme, with the costs equal to contributions payable to the scheme for the accounting period. The provisions of this Scheme are laid down in the NHS Pension Scheme Regulations 1995 (SI 1995 No. 300). Employer contributions are set at a rate specified by the Assembly as advised by the Government Actuary. The contribution rate for 2005-06 was 14% (2004-05: 14%). These costs are included in Note 4 – Programme costs.

1.16 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

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when the early retirement programme has been announced and is binding. The Assembly may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. Similar arrangements are in place for LHB employees who retire early.

1.17 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.

1.18 Operating leases

Expenditure on non-capitalised operating leases, including land and buildings, is charged to the operating statement in the period to which it relates.

1.19 Grants payable and recoverable

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

In accordance with the Financial Reporting 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 the majority 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.

The Single Payment Scheme (Common Agriculture Policy payments to farmers) expenditure has been accounted for in the year in which payments were made. Creditors have been included based on an estimate of payments still to be made at 31 March 2006, with an equal amount of debtor reflecting the value to be reimbursed by the European Community.

1.20 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.

1.21 Provision for Doubtful Debts

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

1.22 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.

Other transactions in foreign currencies are translated into sterling at the rate of exchange ruling at that date. Exchange differences are taken into account in the Operating Cost Statement.

1.23 Losses and Special Payments (NHS)

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

1.24 Provisions

The LHBs provide for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the treasury's discount rate of 2.2% in real terms.

1.25 Deferred Income

Deferred Income is recognised where income has been received with an obligation to use the monies for a specific purpose, but these monies have not yet been spent.

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2a. 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 7,746 (2004-05 – 7,482).

The breakdown of this figure is as follows:

	Assembly Members	Special Advisers	Officials	Temporary Staff	Total
Total	60	7	7,212	467	7,746
Of which:					
Assembly	60	7	4,161	381	4,609
LHBs			3,023	77	3,100
HCW			28	9	37
 Objectives:			Total	Officials	Agency Staff
▪ promoting a diverse, competitive, high-added value economy, with high quality skills and education, that minimises demands on the environment			805	753	52
▪ 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			561	524	37
▪ 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			1,101	1,014	87
▪ strengthening Wales' cultural identity and helping to create a bilingual country			505	465	40
▪ ensuring all our children and future generations enjoy better prospects in life, and are not landed with a legacy of problems bequeathed by us			322	294	28
▪ supporting people to live healthy and independent lives			4,385	4,162	223
Subtotal			7,679	7,212	467
▪ Assembly Members			60		
▪ Special Advisors			7		
Total			7,746		

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The aggregate payroll costs of Assembly Members, Assembly staff and HCW staff were as follows (the cost of LHB staff is included within Note 4 – Programme Costs):

	Assembly Members £000	Assembly Officials £000	Special Advisers £000	Other Staff £000	Year ended 31 March 2006 Total £000	Year ended 31 March 2005 Total £000
Salaries	3,193	112,268	296	13,879	129,636	113,018
Social Security Costs	322	9,481	19	117	9,939	8,994
Other Pension Costs	762	21,318	35	227	22,342	14,460
Sub Total	4,277	143,067	350	14,223	161,917	136,472
Less:						
Recoveries in Respect of Outward Secondments	-	(1,067)	-	(206)	(1,273)	(897)
Total	4,277	142,000	350	14,017	160,644	135,575
Of which:						
Assembly	4,277	142,000	350	12,349	158,976	134,125

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 not advised of 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 2005-06, employers' contributions of £21,005,626 were payable to the PCSPS (2004-05: £13,417,843) at one of four rates in the range 16.2 to 24.6 per cent (2004-05: 12 to 18.5 per cent) of pensionable pay, based on salary bands. Rates for 2006-07 will be in the range 17.1 to 25.5 per cent. Employer contributions are to be reviewed every four years following a full scheme valuation by the Scheme 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 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £93,783 (2004-05: £84,276) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable earnings. Employers also match employee contributions up to 3 per cent of earnings (which are included in the above figures). In addition, employer contributions of £6,357 (2004-05: £21,056), 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 £7,324 (2004-05: nil). Contributions prepaid at the date were nil (2004-05: nil). Seventeen individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £26,426.

Similar information for HCW and LHBs is disclosed in their respective accounts.

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2b. 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.

A full actuarial valuation was carried out at 31 March 2005 and updated to 31 March 2006 by a qualified independent actuary.

The major assumptions of the actuary were:

	At 31 March 2006	At 31 March 2005	At 31 March 2004
Rate of increase in Salaries	4.0%	4.0%	4.0%
Rate of increase in pensions in payment	2.5%	2.5%	2.5%
Discount rate	5.4%	6.1%	6.1%
Inflation assumption	2.5%	2.5%	2.5%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 March 2006	Value at 31 March 2006	Long-term rate of return expected at 31 March 2005	Value at 31 March 2005	Long-term rate of return expected at 31 March 2004	Value at 31 March 2004
		£000		£000		£000
Equities	6.2%	8,073	6.6%	4,880	6.7%	3,838
Bonds	4.2%	445	4.6%	363	4.7%	310
Cash	4.8%	<u>467</u>	5.1%	<u>723</u>	4.8%	<u>165</u>
Total market value of assets		8,985		5,966		4,313
Present value of scheme liabilities		<u>(8,952)</u>		<u>(6,537)</u>		<u>(5,117)</u>
Surplus/deficit in the scheme		33		(571)		(804)

Analysis of the amount charged to operating profit

	2005-06 £000	2004-05 £000
Current service cost	941	806
Past service cost	-	-
Total operating charge	941	806

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Analysis of the amount credited to other finance income

	2005-06	2004-05
	£000	£000
Expected return on pension scheme assets	407	313
Interest on pension scheme Liabilities	(427)	(433)
Net return	(20)	(120)

Analysis of amount recognised in the statement of recognised gains and losses

	2005-06	2004-05
	£000	£000
Actual return less expected return on pension scheme assets	1,657	422
Experience gains and losses arising on the scheme liabilities	-	-
Changes in assumptions underlying the present value of the scheme liabilities	(853)	-
Actuarial gain recognised in SRGL	804	422

Movement in surplus during the year

	2005-06	2004-05
	£000	£000
Deficit in scheme at beginning of the year	(571)	(804)
Movement in year:		
Current service cost	(941)	(806)
Contributions	761	737
Past service costs	-	-
Other finance income	(20)	(120)
Actuarial gain	804	422
Surplus/(deficit) at the end of the year	33	(571)

History of experience gains and losses

	2005-06	2004-05
Difference between the expected and actual return on scheme assets		
▪ Amount (£000)	1,657	422
▪ Percentage of scheme assets	18%	7%
Experience gains and losses on scheme liabilities		
▪ Amount (£000)	-	-
▪ Percentage of the present value of scheme liabilities	-	-
Total amount recognised in statement of recognised gains and losses		
▪ Amount (£000)	804	422
▪ Percentage of the present value of scheme liabilities	9%	6%

Further information on the Assembly Members' Pension Scheme can be found in the annual report and accounts for the scheme for the year ending 31 March 2006.

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3a. Administration Costs

Other Assembly Costs

	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Members' expenses & support costs	5,911	5,911	5,089	5,089
Assembly accommodation & IT	7,170	7,170	4,615	4,615
Other expenses	3,026	3,026	1,724	1,724
Rentals under operating leases				
Hire of vehicles and office equipment	112	112	89	89
Non Cash items:				
Depreciation	90	90	91	91
Cost of capital charge	69	69	64	64
Pension Finance Cost (Net)	200	200	189	189
Total Other Assembly costs	16,578	16,578	11,861	11,861

3b. Other Administration Costs

	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Accommodation	8,102	8,102	7,795	7,795
Central administration	26,210	26,264	15,209	15,274
Rentals under operating leases				
- accommodation	2,531	2,531	2,185	2,185
- hire of vehicles and office equipment	632	632	485	485
Travel, subsistence and hospitality	5,657	5,729	5,213	5,316
IT & Telecommunications	15,278	15,398	16,488	16,488
Audit Fees	0	45	0	0
Other Expenses	6,077	6,115	4,751	4,804
Election Expenses	-	-	29	29
	64,487	64,816	52,155	52,376
Non Cash Items:				
Depreciation	3,703	3,703	3,784	3,784
Cost of capital charge	3,471	2,988	2,479	2,148
Impairment of tangible fixed assets	380	380	2,937	2,937
Loss on disposal of fixed assets	2	2	2	2
Provision for early retirement and pension costs	423	423	39	39
	7,979	7,496	9,241	8,910
Total Other Administration Costs	72,466	72,312	61,396	61,286

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4. Programme Costs

	Year ended		RESTATED	
	31 March 2006		Year ended	
	Assembly	Consolidated	Assembly	Consolidated
	£000	£000	£000	£000
<u>Programme expenditure:</u>				
Health and Social Services	4,842,685	4,881,561	4,647,773	4,706,229
Local Government	3,567,586	3,567,586	3,335,498	3,335,498
Social Justice and Regeneration	406,490	406,490	362,753	362,753
Environment, Planning and Countryside	495,311	495,311	341,142	341,142
Economic Development and Transport *	936,237	936,237	888,761	888,761
Education and Lifelong Learning	1,340,200	1,340,200	1,185,467	1,185,467
Culture, Sport and Welsh Language	107,670	107,670	103,838	103,838
Single Public Audit Body	-	-	691	691
Welsh Administration Ombudsman	1,413	1,413	953	953
Auditor General for Wales Funding	4,657	4,657	2,776	2,776
Audit Fee	260	1,907	-	1,680
Exchange Rate Loss	-	-	6,589	6,589
	11,702,509	11,743,032	10,876,241	10,936,377
<u>Non-Cash Costs:</u>				
Cost of Capital	387,883	385,296	356,314	354,258
Depreciation	52,303	57,743	801	6,193
Released from Donated Asset Reserve	-	(236)	-	-
Impairment of tangible fixed assets	58	108	31,767	31,767
Profit on Disposal of Assets	(165)	(1,628)	(544)	(557)
Increase/(Decrease) in Provisions	(1,490)	23,169	(17,559)	6,519
Release of EU Grant	(419)	(419)	(394)	(394)
Transfer from Other Government Departments	-	-	(6,452)	(6,452)
	438,170	464,033	363,933	391,334
	12,140,679	12,207,065	11,240,174	11,327,711

* Includes £104,813,000 (2004-05: £104,116,000) classed as depreciation

This note reflects the programme costs of the Assembly and HCW and all costs of the Local Health Boards.

5. Amount payable to the Auditor General for Wales

	Year ended		RESTATED	
	31 March 2006		Year ended	
	Assembly	Consolidated	Assembly	Consolidated
	£000	£000	£000	£000
Total payable	4,917	6,609	2,776	4,456
Of which:				
The cost of placing an audit opinion	260	1,952	273	2,008

The amounts payable to the Auditor General for Wales (AGW) for the net cost of his office are disclosed at Note 4. For 2004-05, this included the costs of placing an opinion on the accounts of the Assembly and its executive agencies (£328,000). For and from 2005-06, the cost of placing an audit opinion on the accounts of the Assembly and related bodies is not included in the net cost of the AGW's office. The cost of placing an opinion on the accounts of the Assembly and local health boards is disclosed at Note 4 (£1,907,000). The corresponding cost for HCW (£45,000) is disclosed as an administration cost at Note 3.

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6. Operating income

	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Programme Income				
Non-EU Income:				
Income from Health and Social Services	88,063	88,063	68,883	68,883
External rents	303	303	281	281
Regional Selective Assistance	6,077	6,077	17,662	17,662
Income from Monument Activities	3,542	3,542	3,988	3,988
Science Research Investment Fund	13,679	13,679	11,551	11,551
Other programme income	1,600	1,600	1,707	1,707
Other Health income	-	62,365	-	78,867
Inland Revenue health funding contributions	742,479	742,479	788,228	788,228
	855,743	918,108	892,300	971,167
EU Income:				
Common Agricultural Policy	216,498	216,498	101,799	101,799
Objective 1 and European Social Fund	246,119	246,119	220,053	220,053
	462,617	462,617	321,852	321,852
	1,318,360	1,380,725	1,214,152	1,293,019
Assembly Income (including sales and rentals)	122	122	134	134
	1,318,482	1,380,847	1,214,286	1,293,153
Administration Income				
External rents	21	21	27	27
Fees & charges	3,765	3,765	325	325
Care Standards Inspectorate for Wales Income	1,818	1,818	2,230	2,230
Notional charge to HCW	304	-	405	-
Other income	320	320	293	293
	6,228	5,924	3,280	2,875
	1,324,710	1,386,771	1,217,566	1,296,028

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

	To 31 March 2006				Net Total £000
	Capital		Loans		
	Additions £000	Disposals £000	Issues £000	Repayments £000	
Central Administration	27,435	(8)	7	(31)	27,403
Economic Development & Transport	27,023	(11,322)	863	-	16,564
Health & Social Services	2,548	(4,426)	45,790	(12,787)	31,125
Assembly Parliamentary Services	24	-	-	-	24
Culture, Sport & Welsh Language	23	-	-	-	23
Social Justice & Regeneration	1,263	-	-	-	1,263
Total	58,316	(15,756)	46,660	(12,818)	76,402

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	To 31 March 2005				Net Total £000
	Capital		Loans		
	Additions £000	Disposals £000	Issues £000	Repayments £000	
Central Administration	38,110	(2)	3	(40)	38,071
Economic Development & Transport	33,191	(1,658)	399	-	31,932
Health & Social Services	4,589	(4,750)	48,282	(8,173)	39,948
Assembly Parliamentary Services	368	(12)	-	-	356
Culture, Sport & Welsh Language	165	-	-	-	165
Social Justice & Regeneration	452	-	-	-	452
Total	76,875	(6,422)	48,684	(8,213)	110,924

Reconciliation of loans issues and repayments to cash movements

	Note	2005-06		
		Issues £000	Repayments £000	Net Movement £000
Total issues and repayments	10	46,660	(14,583)	32,077
NLF		-	40	40
Surrendered to Consolidated Fund Extra Receipts		-	110	110
Accrued movement in loan capital	11	-	1,615	1,615
Total financial investment and associated receipts		46,660	(12,818)	33,842

Reconciliation of fixed asset additions and disposals

	2005-06		
	Additions £000	Disposals £000	Net Movement £000
Total additions and disposals	62,366	(16,836)	45,530
Transferred-in from other Public Sector Bodies	(596)	-	(596)
LG land swap deal	(3,250)	3,250	-
Gain on disposal	-	(1,626)	(1,626)
Accrued movement in fixed asset additions	(204)	(544)	(748)
Total cash movements on asset additions and disposals	58,316	(15,756)	42,560

8. Intangible fixed assets

	Year ended 31 March 2006		Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Gross replacement cost				
At 1 April	-	341	-	317
Additions	-	-	-	24
At 31 March	-	341	-	341
Amortisation				
At 1 April 2005	-	272	-	232
Additions	-	-	-	-
Provided in the year	-	30	-	40
At 31 March	-	302	-	272
Net Book Value at 31 March	-	39	-	69
Net Book Value at 1 April	-	69	-	85

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9. Tangible fixed assets

	Roads & Infrastructure	Land & Buildings	IT, Plant & Equipment	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2005 RESTATED	10,657,801	269,037	37,014	202,592	11,166,444
Additions	-	6,874	4,780	50,512	62,166
Donated assets	-	176	34	-	210
Disposals	-	(16,857)	(1,543)	-	(18,400)
Accounting policy - Cadw	-	(86)	(1,995)	-	(2,081)
Accounting policy - CAFCASS	-	-	(247)	-	(247)
Impairments	(321)	(42)	-	(380)	(743)
Revaluations	698,819	17,331	490	13,015	729,655
Reclassification	-	53,176	4,349	(57,525)	-
Transfers	-	49	(22)	(27)	-
At 31 March 2006	11,356,299	329,658	42,860	208,187	11,937,004
Depreciation					
At 1 April 2005 RESTATED	1,275,050	17,772	17,837	20,274	1,330,933
Charged in year	156,118	5,451	4,750	-	166,319
Disposals	-	(31)	(1,533)	-	(1,564)
Accounting policy - Cadw	-	(7)	(1,958)	-	(1,965)
Accounting policy - CAFCASS	-	21	10	-	31
Impairments	(273)	18	-	-	(255)
Revaluations	17,326	(1,150)	147	2,448	18,771
Transfers	-	(11)	11	-	-
At 31 March 2006	1,448,221	22,063	19,264	22,722	1,512,270
Net Book Value					
At 31 March 2006	9,908,078	307,595	23,596	185,465	10,424,734
Net Book Value					
At 31 March 2005 RESTATED	9,382,751	251,265	19,177	182,318	9,835,511

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. Long leaseholds (over 100 years) are capitalised on the same basis as above. Specialised properties are valued on a depreciated replacement cost basis, 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 2006 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.

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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 £104,813,000 (2004-05: £104,116,000) is included as depreciation charged in year. The net value of detrunked roads transferred under 'disposals/write-offs' was £nil (2004-05: £nil). Payments on Account include an amount for the A55 PFI scheme. Surplus land and buildings total £29.1 million. This is in respect of recovered Hynix and LG land and property and land and dwellings surplus to road construction requirements.

10. Loans and Investments

	Public Dividend Capital	Other Loans	National Loans Fund	Total
	£000	£000	£000	£000
Balance at 1 April 2005	1,298,201	1,772	11,915	1,311,888
Issues	46,653	7	-	46,660
Repayments	(14,403)	(140)	(40)	(14,583)
Balance at 31 March 2006	1,330,451	1,639	11,875	1,343,965

Analysis of Loans & Investments as at 31 March 2006:

	Book Values £000
Public Dividend Capital:	
Health and Social Services	1,316,267
Welsh Development Agency	14,184
	1,330,451
Other Loans:	
Education & Local Government	1,420
Staff Loans	81
Housing Loans & Mortgages	138
	1,639
National Loans Fund:	
Welsh Development Agency	11,875
	11,875

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 loans and investments was £1,343,244,000 (2004-05: £1,311,045,000 Restated) as at 31 March 2006. Consistent with the Financial Reporting Manual, the value of the National Loans Fund has been reported at historic cost and not assigned a fair value.

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11. Movements in working capital other than cash

	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Increase in stock	4,678	5,008	1,484	1,773
(Decrease) in debtors	(89,542)	(82,208)	(64,348)	(31,194)
(Increase)/Decrease in creditors	27,403	25,694	(20,261)	(48,452)
	(57,461)	(51,506)	(83,125)	(77,873)
Adjustment for capital creditors movement	116	1,025	(1,594)	(3,460)
Adjustment for accrual movement in loans	(1,615)	(1,615)	-	-
Less movement in amounts payable to the Consolidated Fund and other non-operating cost balances	30,095	30,095	12,800	6,661
	(28,865)	(22,001)	(71,919)	(74,672)

12. Stocks

	As at 31 March 2006		RESTATED As at 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Raw materials and consumables	-	711	-	381
Road salt	135	135	175	175
Cadw Raw materials and consumables	144	144	131	131
Cadw Goods for Resale	634	634	677	677
Telecommunication spares	2,959	2,959	2,182	2,182
Assembly shop	20	20	19	19
Anti-viral drugs	3,782	3,782	-	-
Fire Service Devolution	930	930	742	742
	8,604	9,315	3,926	4,307

13. Debtors

	As at 31 March 2006		RESTATED As at 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Amounts falling due within one year:				
Trade debtors	105,793	110,391	92,496	92,417
Amounts owed to the Assembly repayable to the Consolidated Fund	-	-	3	3
Deposits & advances	20	20	88	88
European Union	139,661	139,661	242,637	242,637
Other debtors	553	569	1,096	12,838
Capital debtors	-	1,081	-	1,027

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	As at		RESTATED	
	31 March 2006		As at	
	Assembly	Consolidated	Assembly	Consolidated
	£000	£000	£000	£000
Primary Care Trusts	-	425	-	7
NHS Trusts	-	6,519	-	6,199
Welsh Risk Pool	-	32,561	-	28,304
Other tax	6,897	6,897	6,312	6,323
Provisions for irrecoverable debt	-	(605)	-	(580)
Prepayments and accrued income	3,284	12,010	3,118	9,543
	256,208	309,529	345,750	398,806
Amounts falling due after more than one year:				
Primary Care Trust	-	-	-	2
Capital debtors	-	-	-	875
Welsh Risk Pool	-	29,927	-	21,908
Other debtors	-	29	-	102
	-	29,956	-	22,887
Total Debtors	256,208	339,485	345,750	421,693

Intra-Government Balances

	As at		As at	
	31 March 2006		31 March 2005	
	Assembly	Consolidated	Assembly	Consolidated *
	£000	£000	£000	£000
Amounts falling due within one year:				
Balances with other central government bodies	20,668	13,291	32,303	
Balances with local authorities	4,445	7,351	27,682	
Balances with NHS Trusts	17,055	24,004	-	
Balances with public corporations and trading funds	-	-	-	
Subtotal: intra-government balances	42,168	44,646	59,985	
Balances with bodies external to government	214,040	264,883	285,765	
	256,208	309,529	345,750	
Amounts falling due after more than one year:				
Balances with other central government bodies	-	-	-	
Balances with local authorities	-	-	-	
Balances with NHS Trusts	-	1	-	
Balances with public corporations and trading funds	-	-	-	
Subtotal: intra-government balances	-	1	-	
Balances with bodies external to government	-	29,955	-	
	-	29,956	-	
Total debtors	256,208	339,485	345,750	

* Consolidated intra-government balances for the prior year were not disclosed in the underlying financial statements for related bodies.

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14. Cash at bank and in hand

	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
	Assembly	Consolidated	Assembly	Consolidated
	£000	£000	£000	£000
Balance at 1 April	11,341	26,264	20,370	24,310
Net cash inflow/(outflow)	(6,247)	(8,192)	(9,029)	1,954
Balance at 31 March	5,094	18,072	11,341	26,264

The Office of HM Paymaster General (OPG) provides a current account banking service.

The following balances were held at 31 March:

Balance at OPG	1,404	8,502	6,088	21,009
Commercial banks & cash in hand	3,690	9,570	5,253	5,255
	5,094	18,072	11,341	26,264

15. Creditors

Creditors: Amounts falling due within one year

	As at 31 March 2006		RESTATED As at 31 March 2005	
	Assembly	Consolidated	Assembly	Consolidated
	£000	£000	£000	£000
Trade creditors	308,430	427,574	401,787	395,613
Other creditors	22,987	26,775	5,450	137,125
Tax and social security	285	954	-	1,598
Accruals & deferred income:				
European Union	28,488	28,488	-	-
Other	1,064	86,110	2,602	90,860
Amounts payable to the Consolidated Fund via Wales Office	45,117	45,117	15,023	15,023
NHS Trusts	-	45,754	-	38,226
Primary Care Trusts	-	843	-	599
Capital Creditors	-	530	-	442
General Practice Fund Holders (GPFH)	-	438	-	601
Staff Pensions	-	1,142	-	807
	406,371	663,725	424,862	680,894

Creditors: Amounts falling due after more than one year

Retentions on Highways and Transport contracts	483	483	7,265	7,265
Trade creditors	-	166	-	166
NHS Trusts	-	337	-	-
Staff Pensions	-	277	-	227
Retention on New Assembly Building	-	-	2,130	2,130
	483	1,263	9,395	9,788
Total creditors	406,854	664,988	434,257	690,682

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Intra-Government Balances

	As at 31 March 2006		As at 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated * £000
Amounts falling due within one year:				
Balances with other central government bodies	36,674	30,557	64,555	
Balances with local authorities	50,667	59,629	59,004	
Balances with NHS Trusts	354	46,962	623	
Balances with public corporations and trading funds	-	-	-	
Subtotal: intra-government balances	87,695	137,148	124,182	
Balances with bodies external to government	318,676	526,577	300,680	
	406,371	663,725	424,862	
Amounts falling due after more than one year:				
Balances with other central government bodies	-	166	-	
Balances with local authorities	-	-	-	
Balances with NHS Trusts	-	337	-	
Balances with public corporations and trading funds	-	-	-	
Subtotal: intra-government balances	-	503	-	
Balances with bodies external to government	483	760	9,395	
	483	1,263	9,395	
Total creditors	406,854	664,988	434,257	

* Consolidated intra-government balances for the prior year were not produced for underlying accounts.

16. Provisions for liabilities and charges

	Year ended 31 March 2006						
	Assembly			Consolidated			
	Early Retirement and Pension Commitments £000	NHS Provisions £000	Total £000	Early Retirement and Pension Commitments £000	NHS Provisions £000	Other £000	Total £000
Balance at 1 April 2005	313	14,465	14,778	10,455	67,253	8,726	86,434
Amount utilised in year	(338)	(3,315)	(3,653)	(1,227)	(13,254)	(3,678)	(18,159)
(Decrease) / Increase in provision	423	(1,490)	(1,067)	2,806	19,179	2,144	24,129
Transfer of provision to creditors	-	-	-	(250)	(181)	(106)	(537)
Balance at 31 March 2006	398	9,660	10,058	11,784	72,997	7,086	91,867

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Early Retirement

The Assembly meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Assembly provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2 per cent in real terms.

LHB additional pension liabilities arising from early retirements are not funded by the scheme, except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Operating Cost Statement at the time the LHB commits itself to the retirement, regardless of the method of payment.

NHS Provisions

Continuing Care.

In February 2003, the Health Services Ombudsman concluded that efforts should be made to remedy any financial injustice to patients where the criteria for access to continuing NHS funded care, or the way they were applied, were not clearly appropriate or fair. The costs prior to 1st April 2003 (i.e. former Health Authority liabilities) are the responsibility of the Assembly. All costs and provisions post 1st April 2003 are the responsibility of the 22 Local Health Boards.

Hepatitis C

The Skipton Fund is a body set up to manage the UK wide ex-gratia payments to individuals infected with hepatitis C from NHS blood products. Jane Hutt AM made the announcement on 23 August 2003 and the fund was opened on 5 July 2004. Lump sums of £20k will be paid out in general cases and a figure of £25k is paid for those with an advanced illness.

Incorrect methodology used to recover drugs prescription payments

The methodology adopted by a former Health Authority during 1999-00 to recover advance payments for the prescription of certain drugs was incorrectly applied. The provision represents the potential over recovery of payments for relevant pharmacists affected by the incorrect methodology.

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

The General Fund represents the total assets less liabilities of the Assembly, to the extent that the total is not represented by other reserves and financing items.

	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Net operating cost	(11,063,989)	(11,069,828)	(10,229,990)	(10,240,405)
Net funding from Consolidated Fund	10,630,489	10,630,489	9,873,565	9,873,565
Loan repayments payable to the Consolidated Fund	(110)	(110)	(134)	(134)
Fire Service Devolution	-	-	3,329	3,329
Transfer of surplus land from LG and Hynix Cadw & CAFCASS	-	-	37,000	37,000
Actuarial Gain on Pension Scheme	804	804	422	422
Transferred from Revaluation Reserve	67	1,665	(6)	6,723
Surrender of income from sale of fixed assets	-	-	-	3,137
Transfer of working capital to Trusts	-	-	-	(7,862)
	(432,537)	(436,778)	(315,814)	(324,225)
Notional charges and income:				
Cost of Capital	391,423	388,353	358,857	356,470
Services provided to HCW	(304)	-	(405)	-
Net (decrease)/increase in the general fund	(41,418)	(48,425)	42,638	32,245
Balance at 1 April	7,715,546	7,532,913	7,672,908	7,500,668
Balance at 31 March	7,674,128	7,484,488	7,715,546	7,532,913

18. European Deferred Grant Reserve

	Year ended 31 March 2006		Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Balance at 1 April	7,980	7,980	7,442	7,442
In-year Addition	1,247	1,247	932	932
Released to Operating Cost Statement	(419)	(419)	(394)	(394)
Balance at 31 March	8,808	8,808	7,980	7,980

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19. Donated Asset Reserve

	Year ended 31 March 2006		Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Balance at 1 April	-	4,848	-	4,249
In-year Addition	10	210	-	485
Revaluation and Indexation	-	97	-	299
Depreciation	-	(236)	-	(185)
Balance at 31 March	10	4,919	-	4,848

LHB additions of £485,000 in 2004-05 included £277,000 of creditors paid in 2005-06.

20. Revaluation Reserve

	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Balance at 1 April	3,155,661	3,264,389	1,945,765	2,048,536
In year revaluation	705,712	710,787	1,314,006	1,326,692
Add back non-reserve movements:				
Cash backed depreciation	(104,813)	(104,813)	(104,116)	(104,116)
	3,756,560	3,870,363	3,155,655	3,271,112
Of which:				
Roads	576,680	576,680	1,200,111	1,200,111
Land & Buildings	13,375	18,384	316	12,958
IT, Plant & Equipment	277	343	(1,498)	(1,454)
Payments on Account A55 DBFO	10,567	10,567	10,961	10,961
	600,899	605,974	1,209,890	1,222,576
Transfer to the General Fund in respect of realised element of revaluation reserve	(67)	(1,665)	6	(6,723)
Balance at 31 March	3,756,493	3,868,698	3,155,661	3,264,389

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

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21. Notes to Cash Flow Statement

	Note	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
		Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Reconciliation of operating cost to operating cash flows					
Net operating cost		11,063,989	11,069,828	10,229,990	10,240,405
Provisions utilised	16	3,653	18,159	283	9,759
Non-cash transactions: Administrative costs	3	(8,338)	(7,855)	(9,585)	(9,254)
Programme costs	4	(438,170)	(464,033)	(363,933)	(391,334)
Notional recharges to HCW		304	-	405	-
Movements in working capital other than cash	11	(28,865)	(22,001)	(71,919)	(74,672)
Net cash outflow from operating activities		10,592,573	10,594,098	9,785,241	9,774,904
Analysis of capital expenditure and financial investment					
Issue of loans	7	46,660	46,660	48,684	48,684
Repayment of loans	7	(15,593)	(12,818)	(8,213)	(8,213)
Payments to acquire intangible and fixed assets	7	55,768	58,316	72,286	76,875
Receipts from disposal of fixed assets	7	(11,330)	(15,756)	(1,672)	(6,422)
Net cash outflow from investing activities		75,505	76,402	111,085	110,924
Analysis of financing					
From Consolidated Fund via Wales Office	17	10,630,489	10,630,489	9,873,565	9,873,565
EU Deferred Grant	18	1,247	1,247	932	932
Donation	19	-	477	-	485
(Increase)/Decrease in cash	14	6,247	8,192	9,029	(1,954)
Net cash requirement		10,637,983	10,640,405	9,883,526	9,873,028

22. Capital Commitments

	Year ended 31 March 2006		Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Capital commitments for which no provision has been made in these accounts were as follows:				
Roads Construction	220,809	220,809	41,807	41,807
New Assembly Building	-	-	4,700	4,700
Management & Central Services	6,717	6,717	7,775	7,775
Fire Service Equipment	1,333	1,333	-	-
Local Health Boards	-	256	-	90
	228,859	229,115	54,282	54,372

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23. Commitments under operating leases

At 31 March 2006 the Assembly and its related bodies were committed to making the following payments during the next year in respect of operating leases expiring:

	As at 31 March 2006		As at 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Land and Buildings:				
Within one year	362	843	285	924
Between two and five years	766	1,889	293	1,009
After five years	4,230	5,567	4,419	4,883
	5,358	8,299	4,997	6,816
Other:				
Within one year	123	210	123	159
Between two and five years	292	525	224	421
After five years	-	216	1	194
	415	951	348	774
	5,773	9,250	5,345	7,590

24a. Other Financial Commitments

The Assembly and its related bodies were committed to making the following annual payments against contracts expiring:

	As at 31 March 2006		As at 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Within one year	-	1,430	-	1,464
Between two and five years	-	-	-	-
After five years	12,323	12,323	7,841	7,841
	12,323	13,753	7,841	9,305

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

24b. PFI Revenue Commitments

The Assembly was committed to making the following annual payments against contracts expiring:

	As at 31 March 2006		As at 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Within one year	-	-	-	-
Between two and five years	-	-	-	-
After five years	14,980	14,980	13,867	13,867
	14,980	14,980	13,867	13,867

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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 of the A55 using reversionary interest calculations at 31 March 2006 was £105,240,000 (2004-05 £94,674,000). 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.

25. Contingent Liabilities

	Year ended 31 March 2006		RESTATED Year ended 31 March 2005	
	Assembly £000	Consolidated £000	Assembly £000	Consolidated £000
Legal Claims – Alleged medical or employer negligence	-	(86,198)	-	(89,354)
Potential contractual obligations	(22,840)	(22,840)	(30,624)	(30,624)
Redundancy costs – Higher Education Institutions	(2,500)	(2,500)	(1,500)	(1,500)
Potential taxation liabilities	(58)	(58)	(542)	(542)
Compensation Claims	(40)	(40)	-	-
Other	-	(3,663)	(14)	(1,126)
	(25,438)	(115,299)	(32,680)	(123,146)

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 in Wales for 2005-06 disclose contingent liabilities for the Risk Pool of £271,395,000 (2004-05 £236,996,000) [Restated].

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.

In special circumstances the National Assembly acts as guarantor and provides letters of comfort for its sponsored bodies. The probability of these guarantees being acted on is counted as too remote to be included as a contingent liability. The value of these guarantees at 31 March 2006 was £27.8 million.

HCW has £2.1 million of contingent liabilities reflecting the difference between the value of work invoiced by English and Welsh Trusts compared to the liability that HCW will accept. The difference has largely arisen as a consequence of the divergent contracting regimes in England and Wales. HCW has specifically requested English Trusts to work within the resources allocated through the service

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agreement process and not to over-perform. This direction has not been adhered to by a number of English Trusts. HCW will not be paying for over-performance that it did not specifically request.

Negligence claims are disputed and until they are resolved, the LHBs liability, if any, cannot be determined. In accordance with the requirements of FRS 12, no provision has been made in the 2005-06 accounts for these items.

26. Analysis of net operating cost

	Year ended		RESTATED	
	31 March 2006		Year ended	
	Assembly	Consolidated	Assembly	Consolidated
	£000	£000	£000	£000
Assembly	1,862,494	1,862,494	1,654,705	1,654,760
Health and Social Services	3,574,570	3,568,571	3,362,754	3,376,443
Health Commission Wales	481,697	493,535	448,287	444,958
Local Government	3,567,584	3,567,584	3,335,095	3,335,095
Assembly Sponsored Public Bodies	1,477,823	1,477,823	1,361,196	1,361,196
Estyn	13,419	13,419	11,476	11,476
Forestry Commission	26,857	26,857	22,047	22,047
Auditor General for Wales	4,917	4,917	2,776	2,776
Welsh Administration Ombudsman & Health Service Commissioner	1,413	1,413	953	953
Other Agencies:				
Environment Agency	46,271	46,271	24,281	24,281
Other	6,944	6,944	6,420	6,420
	11,063,989	11,069,828	10,229,990	10,240,405

27. Interest

	Year ended		Year ended	
	31 March 2006		31 March 2005	
	Assembly	Consolidated	Assembly	Consolidated
	£000	£000	£000	£000
Interest Payable:				
National Loans Fund	1,728	1,728	1,697	1,697
Health Service	-	182	-	154
Building Acquisition	-	-	4	4
Part 1 Claims	-	-	15	15
	1,728	1,910	1,716	1,870
Interest Receivable:				
National Loans Fund Investments	(1,728)	(1,728)	(1,697)	(1,697)
Dividend received on PDC investments	(61,584)	(61,584)	(57,942)	(57,942)
Other loan interest (including Health loans)	(50)	(232)	(70)	(224)
	(63,362)	(63,544)	(59,709)	(59,863)

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28. Unhypotheated Supported Borrowing

Under the Local Government Act 2003, the Assembly no longer issues credit approvals to local authorities, who are now responsible for managing their own borrowing requirements for capital expenditure purposes. The Assembly now provides Unhypotheated Supported Borrowing to local authorities for the purposes of capital expenditure, this funding is paid as part of the annual local authority revenue settlement, and takes into account both capital and interest repayments.

Unhypotheated Supported Borrowing issued during the year was as follows:

	Year ended 31 March 2006 £000	Year ended 31 March 2005 £000
Health & Social Services	5,388	5,388
Social Justice and Regeneration	77,949	79,225
Environment, Planning & Countryside	16,609	16,609
Economic Development and Transport	16,478	16,477
Education & Lifelong Learning	45,699	45,699
Local Government	-	-
Total Unhypotheated Supported Borrowing	162,123	163,398

29. Losses and Special Payments

a) Losses (Excluding Local Health Boards)

	Year ended 31 March 2006			
	Assembly No of Cases	£000	Consolidated No of Cases	£000
Cash Losses	434	149	434	149
Claims Abandoned	136	3,787	136	3,787
Fruitless Payments	9	10	9	10
Store Losses	3	-	3	-
	582	3,946	582	3,946

	Year ended 31 March 2005			
	Assembly No of Cases	£000	Consolidated No of Cases	£000
Cash Losses	428	68	428	68
Claims Abandoned	59	4,425	59	4,425
Fruitless Payments	3	6	3	6
Store Losses	4	3	4	3
	494	4,502	494	4,502

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b) Special Payments (Excluding Local Health Boards)

	Year ended 31 March 2006			
	Assembly		Consolidated	
	No of Cases	£000	No of Cases	£000
Special Payments	43	70	43	70
	43	70	43	70

	Year ended 31 March 2005			
	Assembly		Consolidated	
	No of Cases	£000	No of Cases	£000
Special Payments	167	266	167	266
	167	266	167	266

Details on losses that exceed £250,000:

		£'000
TIB PLC	Company in Liquidation	794
Papermarc Merton Ltd	Company in Receivership	850

c) Local Health Boards: Losses and Special Payments

	Year ended 31 March 2006		Year ended 31 March 2005	
	No of Cases	£000	No of Cases	£000
Medical Negligence	55	9,184	38	7,154
Personal Injury	18	314	3	16
Fraud	27	5	53	5
Other	622	1,744	596	1,563
	722	11,247	690	8,738

30. Related Party Transactions

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

The Assembly has one separate agency – the Health Commission Wales Specialist Services. The Assembly also funds its Assembly Sponsored Public Bodies. These bodies are regarded as related parties with which the Assembly has had various material transactions during the period.

ACCAC: Qualifications, Curriculum and Assessment Authority for Wales
Arts Council of Wales
Care Council for Wales

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Countryside Council for Wales
Health Professions Wales
Higher Education Funding Council for Wales
Local Government Boundary Commission for Wales
National Council for Education & Training for Wales
National Library of Wales
National Museums & Galleries of Wales
Sports Council for Wales
Wales Centre for Health
Wales Tourist Board
Welsh Development Agency
Welsh Language Board

In addition, the Assembly has had a number of material transactions with other government departments and central government bodies.

Basic Skills Agency
Cabinet Office
Children's Commissioner for Wales
Dental Practice Board
Department for Constitutional Affairs
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
Foreign and Commonwealth Office
Forestry Commission
Further and Higher Education Bodies
General Social Care Council
General Teaching Council for Wales
Health Protection Agency
HM Treasury
Local Authorities in 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
Treasury Solicitors Department
Trunk Road Agencies in Wales
Valuation Office Agency
The National Fallen Stock Company

During the year the Assembly had three subsidiary companies:

- The National Assembly for Wales Broadcasting Company Ltd, a company limited by guarantee. The Assembly and the broadcasting partners – the BBC, S4C and HTV had a broadcasting arrangement partnership. The company ceased operations in September 2005.

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- 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.

Details of positions held by ministers are disclosed on the National Assembly for Wales' website. No direct material transactions were conducted with these bodies.

31. Resources by Welsh Assembly Government Objectives

Programme expenditure and income has been allocated in the 'Statement of Operating Costs by Assembly Aims and Objectives' based primarily on Main Expenditure Group outturn. Most of the Assembly's expenditure relates to programme expenditure and has thus been allocated to its appropriate objective. Net administration costs and non-directly attributable capital charges have been allocated to objectives in the same proportions as programme expenditure by objective, as follows:

	2005-06	2004-05
	£000	£000
▪ promoting a diverse, competitive, high-added value economy, with high quality skills and education, that minimises demands on the environment	26,241	21,950
▪ 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	78,304	65,491
▪ 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	9,760	6,042
▪ strengthening Wales' cultural identity and helping to create a bilingual country	2,188	1,871
▪ ensuring all our children and future generations enjoy better prospects in life, and are not landed with a legacy of problems bequeathed by us	26,405	20,992
▪ supporting people to live healthy and independent lives	96,284	82,664
TOTAL	239,182	199,010

32. 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 (4.45% and 4.55%).

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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 other than EU.

	Book Values £000	Fair Values £000	Basis of Fair Valuation
Financial Assets:			
Public Dividend Capital:			
Health and Social Services	1,316,267	1,316,267	<i>Note a</i>
Welsh Development Agency	14,184	14,184	<i>Note a</i>
	1,330,451	1,330,451	
Other Loans:			
Education & Local Government	1,420	759	<i>Note b</i>
Staff Loans & Advances of Salaries	81	63	<i>Note b</i>
Housing Loans & Mortgages	138	96	<i>Note b</i>
	1,639	918	
National Loans Fund:			
Welsh Development Agency	11,875	11,875	<i>Note c</i>
	11,875	11,875	

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 (4.45% and 4.55%).*
- c In accordance with the FReM, NLF loans are reported at historic cost.*

33. 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, which holds 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. The Welsh element of the bank balance has not been included because 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.

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Income and Expenditure

		Year Ended 31 March 2006		Year Ended 31 March 2005	
		€000	€000	€000	€000
Income	EU Funding		8,140		7,545
	Bank Interest		18		2
			8,158		7,547
Grant Expenditure	Ireland	(6,686)		(4,044)	
	Wales	(6,988)		(5,383)	
		(13,674)		(9,427)	
Other Expenditure	Bank Charges	(4)		(3)	
	Exchange Loss	(57)		-	
Total Expenditure			(13,735)		(9,430)
Net (Expenditure) / Income			(5,577)		(1,883)

Balance Sheet as at 31 March 2006

		Year Ended 31 March 2006		Year Ended 31 March 2005	
		£000	€000	£000	€000
Debtors		26	37	13	20
Bank		161	233	7	10
Creditors		(4,623)	(6,685)	(596)	(868)
Net Assets		(4,436)	(6,415)	(576)	(838)
General Fund		(4,436)	(6,415)	(576)	(838)

34. Costs of Merger

In 2004 the First Minister announced the decision 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 2005-06 preliminary work was undertaken to ensure the necessary arrangements were in place to affect a smooth transfer of operations from this date.

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.

Wherever possible the costs of mergers are being met through existing budgets – both staff and non staff – of the Welsh Assembly Government. Where this is the case, expenditure incurred in support of mergers

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is not identified separately by departments. However, the Welsh Assembly Government has established an Investment Fund Mergers budget to support additional costs that cannot be met from existing budgets.

The following costs were incurred in 2005-06 in relation to the Investment Fund:

	<u>£000</u>
Consultancy Fees	342
Additional Permanent Staff Costs	171
Information Technology	2,747
Human Resources	340
Accommodation	71
Training	312
TOTAL	<u><u>3,983</u></u>

35. 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 expertise between various agencies.

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

The Financial Reporting Manual requires disclosure of this information. For this scheme, responsibility for monitoring compliance with governing regulations falls to the European Commission.

Income and Expenditure

		Year Ended 31 March 2006		Year Ended 31 March 2005	
		€000	€000	€000	€000
Income:	EU		(372)		(195)
Expenditure:	Grant Payments	137		132	
	Administration	85		<u>63</u>	
			222		195
(Surplus)/Deficit			<u><u>(150)</u></u>		<u><u>-</u></u>

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Balance Sheet

	Year Ended 31 March 2006	Year Ended 31 March 2005
	€000	€000
Debtors	-	-
Bank	306	77
Creditors	(156)	(77)
Net Assets	<u>150</u>	<u>-</u>
General Fund	<u>150</u>	<u>-</u>

36. Mergers of Cadw, the Children and Family Court Advisory and Support Service (CAFCASS) Cymru and the Wales Youth Agency.

Cadw, formerly an executive agency of the National Assembly, was merged into the National Assembly on 28 June 2005. In accordance with HM Treasury instructions the merger became effective from 1 April 2005. The merger was completed in accordance with the merger accounting principles set out in the Financial Reporting Standard number 6.

The prior year figures disclosed in the Net Operating Cost Statement, Balance Sheet, Cash Flow and supporting notes have been restated to take account of the merger. The net effect upon the financial statements, as reported in the Statement of Recognised Gains and Losses, is a £6,659,000 increase in the General Fund.

CAFCASS Cymru was merged into the National Assembly on 1 April 2005, with a net transfer of fixed assets amounting to £317,000. Prior year figures have not been restated.

The merger of the Wales Youth Agency had no impact on these financial statements.

37. Assembly Members Pension Scheme.

The completion of the first full actuarial valuation on the scheme has allowed the Assembly to account for its share of the scheme's assets and liabilities in accordance with Financial Reporting Standard number 17. The valuation was carried out at 31 March 2005.

The prior year figures disclosed in the Net Operating Cost Statement, Balance Sheet and supporting notes have been restated to take account of the merger. The net effect upon the financial statements, as reported in the Statement of Recognised Gains and Losses, is a £571,000 decrease to the General Fund.

38. Costs of separating the National Assembly for Wales

The Government of Wales Act 2006 will replace the current structure of the Assembly with a legally separate governmental body (the Welsh Assembly Government) and legislature (the National Assembly for Wales). Additional costs incurred in implementing the separation in 2005-06 were £117,000.

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39. Heritage Assets

In accordance with the Assembly's accounting policy a number of non operational heritage assets have not been valued for inclusion in the Balance Sheet. These assets are managed by two departments in the Assembly: Cadw; and the Royal Commission for Ancient and Historic Monuments in Wales (RCAHMW).

Cadw is the National Assembly's historic environment service and discharges the Assembly's statutory responsibilities relating to the historic environment. Its mission is to protect, conserve and to promote an appreciation of the built heritage of Wales. It defines built heritage as the physical remains of people's activities within the Welsh landscape" and these remains include a large variety of sites, monuments, architectural ruins and historic buildings.

There are currently 129 monuments in the guardianship of the National Assembly for Wales, only 10 of which are roofed buildings. These monuments include:-

Castles and Medieval Houses;

Religious sites;

Roman sites;

Post medieval sites and Industrial sites; and

Prehistoric sites.

Of these the Castles and Town Walls built by King Edward I in Gwynedd and the Blaenavon Industrial Landscape are listed as World Heritage Sites.

A full list and information on all the sites in the guardianship of the Assembly can be found on the Cadw website: www.cadw.wales.gov.uk

The RCAHMW has a national role to provide for the survey and recording of ancient and historical monuments and constructions connected with, or illustrative of, the contemporary culture, civilisation and conditions of the life of the people in Wales from the earliest times (including the ancient and historical monuments and constructions in, on or under, the sea bed within the United Kingdom territorial sea adjacent to Wales) by compiling, maintaining and curating the National Monuments Record of Wales (NMRW).

The NMRW comprises information gathered from RCAHM survey programmes and from donations of material from other organisations and private individuals. Currently the heritage assets comprise of over 1.25 million photographs, over 70,000 plans and drawings and 50,000 historic maps in addition to thousands of surveys and reports.

Further details can be found in Coflein, an online interactive mapping and database for the NMRW which can be found at www.rcahms.org.uk
