AUDITED STATEMENT OF ACCOUNTS 2013

41 Industrial Park●Wakefield●WF2 OXE

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Foreword and Financial Summary by the Managing Director

1. INTRODUCTION

This document is the Statement of Accounts for the Yorkshire Purchasing Organisation. The Statement of Accounts shows the Organisation's financial performance for the year ended 31st December 2013. The foreword and financial summary provides a guide to the most significant matters in the financial statements.

The Yorkshire Purchasing Organisation (YPO) was established in 1974 to fulfil the supplies requirements of a number of local authorities. The enabling act for the organisation is the Local Authorities (Goods and Services) Act 1970 and its objectives are for the supply of goods and procurement of services to the public sector.

There are currently 13 founder member authorities and thirty associate member authorities of YPO, although the Organisation trades extensively outside the membership area. Management of the organisation reports periodically to a Management Committee of two elected members from each founder member authority.

The membership consists of:

Founder Member Authorities

Barnsley MBC	North Yorkshire CC
Bolton MBC	Rotherham MBC
City of Bradford MC	St Helens MBC
MB of Calderdale	City of Wakefield MDC
Doncaster MBC	Wigan MBC
Kirklees MC	City of York Council
Knowsley MBC	

Associate Member Authorities	first year of membership
Bury MBC	2011
Leeds City Council	2011
Durham CC	2011
Sheffield City Council	2011
Cumbria CC	2011
North Lincolnshire Council	2011
North East Lincolnshire Council	2011
South Yorkshire Police Authority	2012
West Yorkshire Police Authority	2012
South Yorkshire Fire and Civil Defence Autho	2012
West Yorkshire Fire and Civil Defence Author	2012
Stockport MBC	2012
Cheshire East Council	2012
Rochdale MBC	2012
Trafford Council	2012
Warrington Borough Council	2012
East Riding of Yorkshire Council	2012
Hull City Council	2012
Blackpool Borough Council	2013
Manchester City Council	2013
Staffordshire CC	2013
Malvern Hills DC	2013
Wyre Forest DC	2013
Wiltshire Fire and Rescue Service	2013
Lancashire Fire & Rescue Service	2013
London Borough of Hillingdon	2013
Northumberland County Council	2013

West Midlands Fire & Rescue Authority	2013
Birmingham City Council	2014
Kettering Borough Council	2014

Certain services, including legal, treasury and internal audit, are provided by City of Wakefield MDC in accordance with arrangements agreed by the Management Committee.

Associate membership allows for attendance at the public section of all committee meetings but does not carry voting rights.

2. ACCOUNTABILITY AND FINANCIAL REPORTING

Local Authorities are governed by a rigorous structure of controls to provide stakeholders with the confidence that public money has been properly accounted for. As part of this process of accountability, the Organisation is required to produce a set of accounts in order to inform stakeholders that it has properly accounted for all public money it has received and spent and that its financial standing is on a secure footing.

3. THE STATEMENTS

The financial activity of the Organisation in relation to the service it provides is shown through a number of key financial statements and notes:

Core Statements

The Movement In Reserves Statement shows the movement in year on the different reserves held by the Organisation.

The Comprehensive Income and Expenditure Account summarises the income and expenditure of the Organisation during the year.

The Balance Sheet shows the value as at the 31st of December 2013 of the assets and liabilities recognised by the Organisation. The net assets of the Organisation (assets less liabilities) are matched by the reserves held by the Organisation.

The Cash Flow Statement shows the changes in cash and cash equivalents of the Organisation during the reporting period. The statement shows how the Organisation generates and uses cash and cash equivalents by classifying cash flows between operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the Organisation are performing. Investing activities represent the extent to which cash inflows have been made for resources which are intended to contribute to the Organisations future operations.

The Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the organisation and the Director of Finance, Property and Resources for the Statement of Accounts.

4. FINANCIAL SUMMARY

The 2013 budget approved in November 2012 was for a turnover of £115.1m and a surplus of £8.8m, excluding any income for pensions interest or expenditure financed from earmarked reserves.

Sales for the year are £121.8m and the reported surplus on trading of £10.9m compares favourably with the target of £8.8m excluding any income for pensions interest or expenditure financed from earmarked reserves.

Foreword and Financial Summary by the Managing Director

Invoiced turnover in 2013 was £121.8m, £6.7m in excess of the budget of £115.1m. This was a reduction of £6.6m (or 5.2%) compared with 2012 due to the ending of the DfE Phonics programme. Income from stock and framework contracts at £4.7m were below the budget of £5.0m largely due to the timing of take up on framework contracts. Sales in the year include £6.3m in respect of supporting the DfE in delivering the Phonics initiative into primary schools. This initiative was extended from the original date of March 2013 to October 2013.

Trade debtors at £13.2m are £1.9m lower than in 2012 due to increased debt collection and the Phonics matched funding ending October 2013. Debt owed by customers is £2.2m lower than the 2012 position which is a major acheivement.

The continued conversion to academy status within the core customer base has led the Organisation to revise its debtor policy reflecting the increased risk of bad debt due to the conversion of customers to Academy status. Bad debt provision currently stands at £0.22m.

During the year capital expenditure of £306k was recognised for a new Air Conditioning system.

Operating costs for 2013 include £319k of hardware and software work completed in year supporting the development of a comprehensive ICT strategy for the Organisation.

An agreed dividend distribution of £8.2m for the trading year 2012 was distributed in September 2013. This distribution, as last year, included all customers.

No acquisitions or discontinuation of operations were made during 2013.

5. RETIREMENT BENEFITS

The value of the organisation's retirement benefits liability as at 31st December 2013 was £17.9m (2012 £23.4 m) this decrease in liability is attributable to the change in assumptions as detailed in note 7. The change in assumptions has led to an actuarial gain on assets and a lower increase in liabilities than experienced in 2012. The employer's contribution rate was 12.9% to April 2013 and then 12.3% for the remainder of the year (see note 7 to Core Financial Statements - Retirement Benefits).

International Accounting Standard (IAS) 19 - Employee Benefits which covers pension accounting was revised in 2011 and will apply to the Organisation's statements from 2014 onwards.

The actuaries (Aon Hewitt) issued the results of the March 2013 triennial valuation for the pension scheme in January 2014 which sets out the employers contribution from April 2014 to April 2017 at the following contribution rates 2014/15 - 12.3%, 2015/16 - 12.1% and 2016/17 - 11.9%.

6. SIGNIFICANT MATTERS

The budget submission for the 2013 financial year was given approval by the Management Committee at the meeting in November 2012. The budget was built on assumptions of growth in new markets and control of costs to bring the operating cost to sales ratio down.

Efficiency gains in the stores operations have led to an increased level of throughput without significantly increasing costs and delivering an improved delivery service to customers.

A dividend distribution of £8.2m declared in respect of the 2012 trading year, was distributed in September 2013 which reflected the increased performance as a result of the Phonics trading activity. This included a non cash loyalty bonus of £2.1m payable to individual customers by way of a voucher to be used against future purchases of product. The balance of £6.8m in the cash flow statement represents the cash distribution and a distribution of unused vouchers issued in 2012.

Foreword and Financial Summary by the Managing Director

At the end of 2013 the roles of Corporate Director and the Head of IT were removed from the organisation as part of operational efficiencies. The associated exit costs have been included in the accounts and disclosed where appropriate. The duties and responsibilities have been allocated to other members of the Senior Leadership Team.

7. MEDIUM TERM FINANCIAL STRATEGIES

The 2014 budget was approved by the Committee in November 2013 as year three of a three year strategy which was presented in full to the March 2012 committee. The three year strategy focuses on growth within a declining market by developing new markets and new offerings. The financial plan will support these developments while maintaining existing business by making cost efficient investments within the infrastructure and controlling inflationary factors where possible. Operating costs as a percentage of income are to be actively managed and reduced in a controlled manner. This will ensure reductions in expenditure are sustainable for the future and allow the necessary investment.

Simon Hill
Managing Director
11th April 2014

Statement of Responsibilities

THE ORGANISATION'S RESPONSIBILITIES

The Organisation is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Organisation that officer is the Director of Finance, Property and Resources of the Serving Authority Wakefield MDC. Day to day financial management is the responsibility of the Managing Director YPO.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

THE RESPONSIBILITIES OF THE DIRECTOR OF FINANCE, PROPERTY AND RESOURCES

The Director of Finance, Property and Resources is responsible for the preparation of the Organisation's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the code).

In preparing this statement of accounts, the Director of Finance, Property and Resources has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Local Authority Code

The Director of Finance, Property and Resources has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

THE DIRECTOR OF FINANCE'S CERTIFICATE

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Yorkshire Purchasing Organisation at 31st December 2013 and its Income and Expenditure for the year then ended.

……………………………………………………………

JUDITH BADGER CPFA
Director of Finance, Property and Resources, City of Wakefield MDC, 11th April 2014

APPROVAL OF THE ACCOUNTS

As the Chair of the body considering the Yorkshire Purchasing Organisation's Statement of Accounts for 2013, I certify that the Accounts have been approved by the Management Committee and are authorised for issue.

……………………………………………………………

LES SHAW
Chairman YPO Audit Sub-Committee, 11th April 2014

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement in year on the different reserves held by the Organisation. The surplus (deficit) on Operations line shows the true economic cost of operational activity in the year more details of which, are shown in the Comprehensive Income and Expenditure Statement. The Net increase/(decrease) before transfer to Earmarked Reserves line shows the General Fund Balance prior to any discretionary transfers to or from earmarked reserves applied by the Organisation.

2012	**£'000s**									
	General Fund Balance	**Capital Receipt Reserve**	**Internal Investment Reserve**	**Joint Committee Capital Adjustment Account**	**Earmarked Pension Reserve**	**Earmarked Accumulated absences account**	**Total Usable reserves**	**Unusable reserves**	**Total Reserves**	**Note**
Balance as at 31 December 2011	**20,049**	**78**	**2,077**	**12,830**	**(15,842)**	**(45)**	**19,147**	**951**	**20,098**	
Movement in Reserves during 2012										
Surplus or (Deficit) on Operations	3,803						**3,803**	-	**3,803**	
Other Comprehensive Income	-				(7,427)	-	**(7,427)**	**(628)**	**(8,055)**	
Total Comprehensive Expenditure and Income	**3,803**	**-**	**-**	**-**	**(7,427)**	**-**	**(3,624)**	**(628)**	**(4,252)**	
Net Increase / (Decrease) before transfer to Earmarked Reserves	**3,803**	**-**	**-**	**-**	**(7,427)**	**-**	**(3,624)**	**(628)**	**(4,252)**	
Transfer (to) / from Earmarked Reserves	(41)	7	1,011	(601)	(131)	6	251	(251)	-	
Increase/(Decrease) in Movement in Year	3,762	**7**	**1,011**	**(601)**	**(7,558)**	**6**	**(3,373)**	**(879)**	**(4,252)**	
Balance as at 31 December 2012	**23,811**	**85**	**3,088**	**12,229**	**(23,400)**	**(39)**	**15,774**	**72**	**15,846**	**13**

2013	**£'000s**									
	General Fund Balance	**Capital Receipt Reserve**	**Internal Investment Reserve**	**Joint Committee Capital Adjustment Account**	**Earmarked Pension Reserve**	**Earmarked Accumulated absences account**	**Total Usable reserves**	**Unusable reserves**	**Total Reserves**	**Note**
Balance as at 31 December 2012	**23,811**	**85**	**3,088**	**12,229**	**(23,400)**	**(39)**	**15,774**	**72**	**15,846**	
Brought forward adjustment *				285			**285**		**285**	
Movement in Reserves during 2013										
Surplus or (Deficit) on Operations	418						**418**	-	**418**	
Other Comprehensive Income					6,316	-	**6,316**	**169**	**6,485**	
Total Comprehensive Expenditure and Income	**418**				**6,316**	**0**	**6,734**	**169**	**6,903**	
Net Increase / (Decrease) before transfer to Earmarked Reserves	**418**			**0**	**6,316**	**0**	**6,734**	**169**	**6,903**	
Transfer (to) / from Earmarked Reserves	1,099		343	(661)	(777)	(3)	1	(1)	-	
Increase / (Decrease) in Movement in Year	**1,517**		**343**	**(661)**	**5,539**	**(3)**	**6,735**	**168**	**6,903**	
Balance as at 31 December 2013	**25,328**	**85**	**3,431**	**11,853**	**(17,861)**	**(42)**	**22,794**	**240**	**23,034**	**13**

* The brought forward adjustment relates to Air Conditioning expensed in 2012 which has been capitalised.

Comprehensive Income and Expenditure Account

2012		2013	
£'000		**£'000**	**Note**
128,447	***Invoiced Turnover***	121,855	1(b),6
(98,274)	***Cost of Sales***	(91,787)	
30,173	***Gross Margin***	30,068	
225	Discounts	227	
4,546	Rebates	4,747	1(b),6
1,778	Other Income	2,061	1(b),6
36,722	***Gross Surplus***	37,103	
	Operating Expenses		
(12,803)	Employees	(13,443)	1(c.)
(1,234)	Premises	(1,597)	
(4,575)	Supplies and Services	(5,854)	
(5,834)	Transport	(5,885)	1 (c.)
(113)	S.L.A. Costs	(154)	
(343)	Financial and Miscellaneous	(122)	
(863)	Depreciation and revaluation increase/(decrease)	(683)	1(e),8
(455)	Pension service gain(cost) net of charges made to the general fund	(919)	1(h),7
(26,220)	***Net Operating Expenditure***	(28,657)	
10,502	***Surplus/(deficit) on trading operations***	**8,446**	
	Other Operating expenditure		
7	Gain/(Loss) on Disposal of Property, Plant and Equipment	0	
7		**0**	
	Financing and investment income and expenditure		
324	Pensions Interest Cost and Expected Return on Pension Assets	142	1(h),7
38	Interest Receivable	40	
(7,068)	Dividend paid	(8,210)	
(6,706)		**(8,028)**	
3,803	***Surplus/(Deficit) on provision of service***	**418**	
	Other Comprehensive income and expenditure		
(7,427)	Actuarial gains / (losses) on pension assets / liabilities	**6,316**	
(628)	Gains / (losses) on revaluations of PPE and depreciation	**169**	
(8,055)		**6,485**	
(4,252)	***Total comprehensive Income and Expenditure***	**6,903**	

BALANCE SHEET

The Balance Sheet shows the value as at 31st December 2013 of the assets and liabilities recognised by the Organisation. The net assets of the Organisation (assets less liabilities) are matched by the reserves held by the Organisation.

31st Dec 2012 £'000		31st Dec 2013 £'000	Note
	ASSETS AND LIABILITIES		
	Long term Assets		
	Property, Plant and Euipment		
10,325	Land and Buildings	10,325	1(e),8
1,300	Vehicles, Furniture & Equipment	1,092	1(e),8
11,625	**Total Long Term Assets**	**11,417**	
	Current Assets		
10,095	Inventories	9,813	1(m),9
15,116	Short term debtors	13,200	1(u),10
10,269	Cash and cash equivalents	14,618	
35,480	**Total Current Assets**	**37,631**	
	Current Liabilities		
(7,859)	Short term creditors	(8,153)	1(v),11
(7,859)	**Total Current Liabilities**	**(8,153)**	
27,621	**Net Current Assets**	**29,478**	
	Long term Liabilities		
(23,400)	Liability relating to Defined Benefit Pension Scheme	(17,861)	1(h),7,11
15,846	**Net Assets**	**23,034**	
	Financed by:		
	Usable Reserves		
23,811	General Fund	25,328	
85	Usable Capital Receipts Reserve	85	1(g),13
3,088	Internal Investment reserve	3,431	1(g),13
12,229	Joint Committee Capital Adjustment Account	11,853	1(g),13
(23,400)	Pension Reserve	(17,861)	1(h),7,13
(39)	Earmarked Accumulated Absences Account	(42)	1(g),13
	Unusable Reserves		
72	Revaluation Reserve	240	1(g),13
15,846	**Total Reserves**	**23,034**	

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash, and cash equivalents, of the Organisation during the reporting period. The statement shows how the Organisation generates and uses cash, and cash equivalents, by classifying cash flows between operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the Organisation are performing. Investing activities represent the extent to which cash inflows have been made for resources which are intended to contribute to the Organisation's future operations.

2012 £'000		2013 £'000	Notes
3,803	**Net surplus/(deficit) on the provision of service**	**418**	
	Adjustment to the net surplus/(deficit) for non cash movements		
863	Depreciation and revaluation increase/(decrease)	683	1(e),8
588	(Increase)/Decrease in Inventories	282	
(1,231)	(Increase)/Decrease in Debtors	1,916	
131	(Increase)/Decrease in Pension Liability	777	
(151)	Increase/(Decrease) in Creditors	287	
(1,119)	Redemption of loyalty vouchers	(1,362)	
(919)		2,583	
	Adjustments for items included in the net surplus/(deficit) that are financing/investing activities		
(7)	Proceeds from sale of PPE	0	
6,851	Dividend payment	8,210	
6,844		**8,210**	
9,728	**Net cash flows from operating activities**	**11,211**	
	Investing Activities		
(11)	Purchase of PPE	(21)	
7	Proceeds from Sale of PPE	0	
(4)		**(21)**	
	Financing Activities		
(5,732)	Dividends paid to Members	(6,841)	
(5,732)		**(6,841)**	
3,992	**Net Increase/(Decrease) in Cash and Cash Equivalents**	**4,349**	
6,277	Cash and Cash Equivalents at the beginning of the reporting period	10,269	
10,269	**Cash and Cash Equivalents at the end of the reporting period**	**14,618**	

Notes to the Core Financial Statements

The following notes provide more detailed information in order to assist understanding of the main financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Organisation is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and Service Reporting Code of Practice 2012/13, supported by International Financial Reporting Standards (IFRS).

The Organisation recognises that the Comprehensive Income and Expenditure Statement does not fully comply with the Code of Practice by not including a service analysis. This is due to the Organisation being a single service business operation with no reliance on external funding, or having any direct impact on the finances of any member authority. Additionally the Organisation's status as a joint committee prevent it from taking advantages of certain statutory overrides contained within the code.

In this respect, certain aspects of the code are redundant. In each of these cases the Organisation has adopted policies which it believes present fairly the financial position of the Organisation.

The following policies have been adopted in compiling the accounts:

Fundamental Accounting Concepts:

- The accounts have been prepared on a historical cost basis, except that certain categories of assets are re-valued at regular intervals.
- The revenue and capital accounts are maintained on an accruals basis. This means that expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received. Income is also matched with associated costs and expenses as far as the relationship can be established or justifiably assumed.
- Consistent accounting policies have been applied both within the year and between years. Where accounting policies are changed, the reason and effect have been separately disclosed.
- Income has only been recognised within the accounts where there is a reasonable certainty, and proper allowances have been made for all foreseeable losses and liabilities.
- The accounts have been prepared on a going concern basis.
- The accounting statements have been prepared so as to reflect the reality or substance of the transactions and activities underlying them, rather than their formal legal character.
- As allowed under the Code the concept of materiality has been utilised in the process of preparing the accounts, such that insignificant items and fluctuations under an acceptable level of tolerance are permitted provided that in aggregate they would not affect the interpretation of the accounts by an informed reader.
- Where estimating techniques are required to enable the accounting practices adopted to be applied, the techniques which have been used are, in YPO's view, appropriate and consistently applied. Where the effect of a change to an estimation technique is material, a description of the change and, where practical, the effect on the results for the current period are separately disclosed, note 4 to the core financial statements provides further details.
- In accordance with the Code, where an accounting treatment is prescribed by law, then it has been applied, even if it contradicts accounting standards or generally accepted accounting concepts.

a. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular debtors and creditors for revenue and capital transactions are accrued, except for certain cases which are not considered material, such as direct supply deliveries in transit which have been invoiced by the supplier but not yet processed by the Organiation. For items of this nature, a consistent approach is adopted.

b. TURNOVER

Turnover is the value of invoiced sales during the year, adjusted for the value of deliveries prepared to 31 December for which invoices were not raised until January. Rebates refer to the value of commission earned on contractual activity in the year. Other income includes marketing support for catalogue production and promotion.

The Organisation recognises that due to the method employed to charge customers for direct supply deliveries, that goods delivered and in transit which have been invoiced by the supplier but not yet processed by the Organisation are accounted for in the period in which the transaction is processed rather than delivered. This figure is not material for this statement of accounts and is reviewed annually.

c. OVERHEADS

The Organisation is a single service entity and as such all overhead costs are included in the revenue account inclusive of accruals prepayments for the period to which they relate.

Transport costs include £1.4m relating to salaries paid to drivers which are not shown within Employees costs.

d. COMPONENTISATION OF NON CURRENT ASSETS

Non Current assets valued through the Organisation's 5 year programme of valuations are assessed for any significant components, where the value of the asset is greater than £1 million on revaluation. A significant component is an item with a value greater than 10% of the total asset value, and which has a different useful life to the rest of the asset. An exception to this is any specialist asset which the valuation officer may deem has a specialist component which should be recognised separately, where its useful life is significantly different from the remaining total asset.

Capital expenditure is monitored throughout the year and included in the budget and business planning process to identify replacement or changes of a significant component on non current assets.

The carrying value of any component being replaced will be charged to the revenue account as a disposal. This balance is then reversed out of the General Fund in the Movement in Reserves Statement and posted to the Joint Committee Capital Adjustment Account.

e. NON CURRENT ASSETS

i) Expenditure on the acquisition, creation or enhancement of non current assets , with a value in excess of £5,000, is capitalised on an accruals basis, provided they have an estimated life in excess of one year. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits is charged as an expense when it is incurred. All expenditure on non current assets that is capitalised is recognised in the Organisation's Asset Register and Balance Sheet and depreciated over the useful life of the asset.

ii) Non current assets are valued at purchase price plus any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

iii) Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from the fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified the accounting treatment is that the carrying amount of the asset is written down against any revaluation gain in the Revaluation Reserve or where there is no, or insufficient balance in the Revaluation Reserve the asset is written down against the Comprehensive Income and Expenditure Account

The latest valuation date of land and buildings was 31st December 2013, and was carried out by J Duck BSc(Hons) MRICS of NPS Humber Limited.

iv) Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where an impairment of a non current asset has been recognised it is accounted for as a charge in the Comprehensive Income and Expenditure Statement where there is no or insufficient accumulated gains in the Revaluation Reserve against which all losses can be written off.

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

v) Where a revaluation loss on a non current asset is recognised as part of a review or a valuation exercise it is accounted for as a charge against the Comprehensive Income and Expenditure Account where there is no or insufficient accumulated gains in the Revaluation Reserve which all losses can be written off.

vi) When an asset is disposed of, or decommissioned, any gain or loss on the disposal is credited or charged to the Comprehensive Income and Expenditure Statement. The gain or loss is calculated by reference to the difference between the sale proceeds of the asset and the value of the asset in the balance sheet plus any material costs of disposal. Any revaluation gains in the Revaluation Reserve, relating to the asset disposed of, are transferred to the Joint Committee Capital Adjustment Account.

Receipts from disposals are credited to the Usable Capital Receipts Reserve and can be used for new capital investment. Receipts are appropriated to the Usable Capital Receipts Reserve from the Movement in Reserves Statement.

vii) Depreciation has been provided for using the straight-line method on Buildings (excluding land), Vehicles and Equipment. The useful lives of the various assets held on the Asset Register are as follows:

	2013
41 Industrial Park	49 years
Flanshaw Way	44 years
Motor Vehicles	5 years
Warehouse and Office Equipment	5 years
Air-conditioning	15 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated with an amount equal to the difference between the current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Joint Committee Capital Adjustment Account.

f. INTANGIBLE FIXED ASSETS

Intangible fixed assets are assets that do not have any physical substance but which the Organisation controls access to the future economic benefits derived from them, either through custody or legal protection.

Expenditure on intangible assets is subject to the same recognition criteria as tangible fixed assets as stated in note d. Intangible assets will be brought on to the Balance Sheet at cost and amortised on a straight line basis over the period for which benefit is received. It is assumed there will be nil residual value. Annual reviews of the value of intangible fixed assets will be undertaken. The Balance Sheet as at 31 December 2013 does not include any intangible fixed assets.

g. RESERVES

The Organisation sets aside specific amounts as reserves for future purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure financed from a reserve is incurred, it is charged to the Consolidated Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement.

The Organisation differentiates between usable and unusable reserves on the basis contained within the Code however certain statutory overrides required by statute to Local Authorities and contained within the Code guidance are not available to a joint committee. Where this is the case the Organisation has voluntarily adopted the principles of the Code.

h. EMPLOYEE BENEFITS

The Organisation accounts for employee benefits in accordance with the requirements of IAS 19.

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non monetary benefits (e.g. cars) for current employees and are recognised as an expense in the year in which employees render service. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial Year. The accrual is made at average salary rate. The accrual is charged to the Comprehensive Income and Expenditure Statement but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Organisation to terminate an officer's employment before the normal retirement date or an officers decision to accept voluntary redundancy and are charged on an accrual basis to the relevant line in the Comprehensive Income and Expenditure Statement.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Organisation to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Organisation are members of the Local Government Pensions Scheme known as the West Yorkshire Pension Fund and administered by Bradford Council. The scheme is a defined benefit scheme providing employees with a retirement lump sum and pension.

The Local Government Pension Scheme

The liabilities of the West Yorkshire Pension Fund attributable to the Organisation are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.4% on funded liabilities and 4.3% on unfunded liabilities (based on a weighted average of "spot yields" on AA rated corporate bonds).

The assets of West Yorkshire Pension Fund attributable to the Organisation are included in the Balance Sheet at their fair value:

. quoted securities - current bid price
. unquoted securities - professional estimate
. unitised securities - current bid price
. property - market value

the change in the net pensions liability is analysed into seven components:

Current service cost - the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement.

Past service cost - the increase / decrease in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Comprehensive Income and Expenditure Statement.

Interest Cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid debited to the Comprehensive Income and Expenditure Statement

Expected return on Assets - the annual investment return on the fund assets attributable to the Organisation, based on the average of the expected long term return credited to the Comprehensive Income and Expenditure Statement.

Gains or losses on settlements and curtailments - the result of actions to relieve the Organisation of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Comprehensive Income and Expenditure Statement.

Actuarial Gains and Losses - Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve.

Contributions paid to the West Yorkshire Pension Fund - cash paid as employers contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Organisation to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Organisation has limited powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Scheme.

Notes to the Core Financial Statements

i. TAXATION

Local authorities are exempt from Income, Corporation and Capital Gains Taxes. Income and expenditure normally excludes amounts relating to Value Added Tax (VAT), as VAT collected is payable to HM Revenue and Customs and VAT paid is normally recoverable from them. Exceptionally, if VAT is irrecoverable it is charged to revenue expenditure or capital expenditure as appropriate.

j. EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

Any material exceptional or extraordinary items are separately disclosed in the accounts.

Material prior period adjustments arising from changes in accounting policies or from the correction of fundamental errors have been accounted for by restating the comparative figures in the financial statements and notes, together with the cumulative effect on reserves. The effect of material prior period adjustments is disclosed separately as a note to the Core Financial Statements.

k. EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are reflected in the accounts up to the date when the Statement of Accounts was authorised for issue and are accounted for in accordance with IAS10.

Where an event arises which provides additional evidence relating to conditions existing at the Balance Sheet date, or which indicates that application of the going concern concept to the Organisation is not appropriate (an adjusting event), then adjustments have been made to the accounts, where the amounts are material .

Any material event, which concerns conditions that did not exist at the Balance Sheet date (a non-adjusting event), has been disclosed as a note to the Core Financial Statements. The note states the nature of the event and, where possible, an estimate of its financial effect.

l. INTEREST RECEIVABLE/PAYABLE

Bank interest is recognised in the Financial Statements during the period in which it became due for payment to or by the Organisation.

m. INVENTORIES

Inventories are valued at average cost, and shown in the accounts at the lower of cost or net realisable value.

n. LEASES

The Organisation accounts for leases in accordance with the requirements of IAS17.

YPO accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to YPO. Rental payments under finance leases are apportioned between the finance charge and the reduction of the outstanding lease obligation (deferred liability). Fixed Assets held under finance leases are accounted for as part of Property, Plant and Equipment. No assets were held on finance leases as at 31st December 2013.

Rentals payable under operating leases are charged to revenue on a straight line basis over the term of the lease even if this does not match the pattern of payments (e.g. quarterly billing straddling an accounting period).

o. CONTINGENT LIABILITIES

Contingent liabilities are not accrued in the accounting statements. Material contingent liabilities are identified in a note to the core financial statements if there is a possible obligation, which may require a payment or transfer of economic benefits.

p. PROVISIONS

Provisions are recognised in the accounts in accordance with IAS 37, where:

i) The Organisation has a present obligation (legal or constructive) as a result of a past event,

ii) It is probable that a transfer of economic benefits will be required to settle the obligation, but the timing of the transfer is uncertain; and

iii) A reliable estimate can be made of the amount of the obligation.

Contributions to provisions are charged to the appropriate revenue account and any subsequent expenditure arising, to which the provision relates, is charged to the provision. The level of each provision is reviewed at the year end and, if appropriate, adjusted by reversing the contribution to the provision and crediting the relevant revenue account.

Provisions are classified as long term (in excess of twelve months) and short term (less than twelve months).

q. FINANCIAL INSTRUMENTS

The Organisation's financial instruments are represented by bank balances, inventories, trade creditors and trade debtors.

Bank balances are represented by cash balances held in UK bank accounts and are shown on the face of the Balance Sheet. Interest earned on balances are credited to the Comprehensive Income and Expenditure Statement.

Inventories are valued at average cost, and shown in the Balance Sheet at the lower of cost or net realisable value. Adequate measures are taken by the Organisation to minimise losses to inventory items through delivery processing, damage, obsolescence and security issues.

Trade debtors are stated in the Balance Sheet at historical cost. Irrecoverable debt is written off in the Comprehensive Income and Expenditure Statement. The Organisation is restricted to dealing with customers in the Public Sector and therefore its exposure to bad debt is minimised.

Trade Creditors are carried at historical cost and represent amounts owing to third party suppliers. Creditor accounts are settled on a cash basis when:-

. satisfactory provision of the goods or service has been performed
. there is reasonable evidence that the goods or service is imminent or substantially complete
. an agreed contractual obligation exists to remit payment.

The Organisation has developed a global sourcing programme leading to increased trade with non euro zone suppliers. Every reasonable action to minimise the risk associated with sourcing product from non UK based suppliers has been taken.

r. ESTIMATION TECHNIQUES

This statement of accounts includes estimated figures for income due from suppliers in respect of marketing contributions and rebates earned on contractual business. The estimations are based on a prudent approach utilising prevailing market conditions, historical knowledge and contracted agreements.

Additionally estimates are included on valuations of certain elements of property, plant and equipment, stock and the pension fund. These estimates are provided by third parties holding relevant professional qualifications and are disclosed in the relevant notes to these accounts.

s. CASH & CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are deposits that are readily convertible to known amounts of cash with insignificant risk of change in value.

t. FOREIGN CURRENCY TRANSLATION

Where business transactions are processed in a currency other than Sterling the Sterling value at the point of the currency translation has been used. Where the amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate as at the 31 December. Resulting gains or losses are recognised in the Comprehensive Income and Expenditure Statement.

u. DEBTORS

Debtors are represented by balances due to the Organisation on trading activities net of a provision for bad or doubtful debt. They are stated at historical cost

v. CREDITORS

Creditors are represented by balances owed by the Organisation on trading activities they are stated at historical cost. Creditor amounts due in foreign currencies at the end of the accounting period are re-stated on the prevalent conversion rate as at 31st of December.

w. IMPACT OF ACCOUNTING STANDARDS ADOPTED SINCE THE LAST ACCOUNTING PERIOD

During 2013 no accounting standards came into force which have affected this statement of accounts.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting 2012/13 requires the Organisation to disclose information relating to the impact on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Organisation. The following new standards are due to come into force in the next accounting period:-

IAS1 Presentation of Financial Statements
IFRS 7 Financial Instruments Disclosures

The Organisation does not expect any significant changes in regards to the above standards however they will be fully assessed and adopted where necessary in the 2014 Statement of Accounts.

The revised IAS 19 Defined Benefits Plan: Employee Contributions will however have a material impact on the reported pensions figures. The change will effect the expected return on assets and will result in a change to the charge to the profit and loss going forward. There is no effect on the Balance Sheet anticipated, however 2013 figures will be restated as appropriate in the 2014 Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying these accounting policies the Organisation has made certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are :

Leasing

The Organisation has reviewed all classes of leases held by the Organisation and concluded that all of these leases constitute operating leases and therefore have no impact on the re-statement to and IFRS basis of accounting.

Related Party Transactions
The Organisation trades extensively with its owning authorities however, as no one particular authority can exert any controlling influence over the Organisation and all transactions are on an arms length basis they are not classified as related parties in this statement of accounts. For clarity trading with member authorities is included under note 16 of this statement.

Asset ownership
Under s102 of the Local Government Act 1972, a Joint Committee does not have the corporate status to acquire assets. However, given that YPO both enjoys the economic benefits from and assumes liabilities for its land and building assets, the "substance over form" policy justifies the inclusion of the assets in the Organisation's accounts.

IT Hardware purchases
The Organisation considers IT hardware purchases to have a useful economic life of less than one year.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on either assumptions made by the Organisation about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Items included in this Statement of Accounts for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, expected returns on pension assets and the discount rates used bring future assumptions to present values. A firm of consulting actuaries is engaged to provide the Organisation with expert advice about the assumptions to be applied.

These assumptions interact in complex ways and could produce a range of different results depending on the mix of changes in assumptions. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of around £2.41m.

Framework Contract Income

This statement of accounts includes an estimate of income due to the Organisation from suppliers operating on the Organisation's framework contracts as at 31st of December. This estimate is on the basis described in note 1 (point r).

Whilst every effort is made by the Organisation to accurately forecast balances due to the Organisation as at the year end, there is a risk that returns on these contracts may either exceed or be less than the estimate made at the date of the closure of the accounts. The impact on the statements in the following year will be dependent on the mix of positive and negative variances against estimates. If the estimate of income due was to be different by 5% this would represent a movement of around £60K.

PROPERTY, PLANT AND EQUIPMENT

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.

The Organisation takes independent advice on the valuation of buildings and believes the depreciation policies adopted accurately reflect the current market value of assets held, however there is a risk that any sale value will be very much dependent on the economic climate at the point of sale. At the year end the Organisation was not intending disposing of any major assets.

Foreign currency transactions

Transactions in foreign currencies are recorded in the statement of accounts in sterling using the spot exchange rate on recognition of the liability.

Goods in transit from an overseas source are included in this statement of accounts valued at the spot rate as at the 31st of December and any exchange rate difference arising on the actual payment will be accounted for in the income and expenditure account the difference relates to the movement in spot rates between the two events and is assumed to be negligible due to the relative stability in exchange rates between the US dollar and sterling.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

During 2013 there have been several items of material income and expenditure that have been reflected in this statement of accounts, the main ones are;

Invoiced turnover in 2013 was £121.8m (5.8%) higher than planned for 2013 supported by the continuation of the DfE Phonics initiative.

An agreed dividend distribution of £8.2m for the trading year 2012 was distributed in September 2013. This distribution included all customers.

6. TURNOVER

Turnover is the VAT exclusive value of invoiced sales for goods supplied from stock and by 'direct supply' arrangements. See also Statement of Accounting Policies note 1(b). Commission income from framework contracts arranged by the Organisation for customers is shown as Rebates. Supplier contributions for marketing support, canteen sales and other non-trading income are shown in Other Income.

7. RETIREMENT BENEFITS

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, YPO offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Organisation has a commitment to disclose the payments as at the time that officers and employees earn their future entitlement.

The Organisation participates in the West Yorkshire Pension Fund (WYPF) which is a funded defined salary scheme, into which staff and the Organisation, pay contributions at a level predetermined by the actuary. The employers contribution rate set by the actuary (12.3% from April 2013, 12.9% January to March) is intended to balance the pensions liabilities with the investment asset over a period. The actuarial valuation of the funded scheme (triennial) in March 2010 set the employers rate from April 2013 as 12.3% and 12.3% from April 2013 with an estimated recovery period of 22 years. The latest actuartial valuation as at March 2013 has set the contribution rate for the three years commencing April 2014. Employer contributions in the year totalled £1.252m (2012: £1.203m).

The latest actuarial valuation of the unfunded scheme was as at December 2012. Liabilities have been estimated on an actuarial basis using the projected unit credit method. The principal assumptions used are set out in this note.

In addition, the Organisation is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2013 this amounted to £0.128m (2012: £0.177m).

The Organisation is required to recognise the cost of retirement benefits when employees earn them, rather than when they are actually paid to pensioners. However the charge made against the general fund balance is limited to the employer's contributions payable to the Pensions Fund in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Statement of Movement in Reserves Statement during the year.

The actual return on assets to the period ended 31st December 2013 was £8.634m and comprised an expected return on assets of £3.706m and an actuarial gain of £4.928m.

The Employers regular contributions to the pension fund for the accounting period to 31st December 2013 are estimated to be £1.252m funded and £0.128m unfunded.

Post retirement mortality assumptions as at 31st December applicable to funded and unfunded pensions

	Males		Females	
	2012	2013	2012	2013
Rating to above base table	0	0	0	0
Scaling to above base table rates	105%	105%	105%	105%
Cohort improvement factors	CMI 2009	CMI 2009	CMI 2009	CMI 2009
Minimum underpin to improvement factors	1.25%	1.25%	1.25%	1.25%
Future lifetime from age 65 (currently aged 65)	22.0	22.1	24.1	24.3
Future lifetime from age 65 (currently aged 45)	23.8	23.9	26.1	26.2

	Funded	Unfunded	Funded	Unfunded	Total	Total
	2012 £'000	2012 £'000	2013 £'000	2013 £'000	2012 £'000	2013 £'000
Comprehensive Income and Expenditure Account						
Cost of Service						
Current Service Cost	1,807	-	2,243	-	1,807	2,243
Past Service (Gain)/Cost	28	-	56	-	28	56
Curtailment (Gain)/Loss	-	-	-	-	-	-
Financing and investment income and Expenditure						
Expected return on Assets	(3,608)	-	(3,706)	-	(3,608)	(3,706)
Interest on pension Liabilities	3,245	39	3,526	38	3,284	3,564
Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services	**1,472**	**39**	**2,119**	**38**	**1,511**	**2,157**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement						
Actuarial (gains) / Loss	7,321	106	(6,326)	10	7,427	(6,316)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**8,793**	**145**	**(4,207)**	**48**	**8,938**	**(4,159)**
Movement in Reserves Statement						
Reversal of net charges made to the comprehensive Income and Expenditure account for post employment benefits in accordance with the Code	(1,472)	(39)	(2,119)	(38)	(1,511)	(2,157)
Actual amount charged against the General Fund balance for pensions in the year:						
- employer's contributions to the pension scheme	1,203		1,252		1,203	1,252
-retirement benefits payable to pensioners		177		128	177	128
Total Charge against the General fund	**(269)**	**138**	**(867)**	**90**	**(131)**	**(777)**

Assets and Liabilities in relation to Post-employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Funded Liabilities		Unfunded Liabilities	
	2012 £'000	2013 £'000	2012 £'000	2013 £'000
Balance at 1st January	(68,874)	(79,696)	(888)	(966)
Current Service Cost	(1,807)	(2,243)	-	-
Interest Cost	(3,245)	(3,526)	(39)	(38)
Contributions by scheme participants	(588)	(647)	-	-
Actuarial gains and losses	(7,220)	1,407	(106)	(10)
Benefits paid	2,066	2,078	67	63
Past service costs and curtailments	(28)	(56)	-	-
Balance at 31st December	**(79,696)**	**(82,683)**	**(966)**	**(951)**

The unfunded liabilities do not have assets in the scheme to support them. Below is a breakdown of scheme assets in relation to the funded liabilities.

Reconciliation of Fair Value of the Scheme Assets

	2012 £'000	2013 £'000
Balance at 1st January	53,920	57,262
Expected return on assets	3,608	3,706
Actuarial gains and losses	(73)	4,928
Employer contributions	1,285	1,308
Contributions by scheme participants	588	647
Benefits paid	(2,066)	(2,078)
Balance at 31st December	**57,262**	**65,773**

The Organisation's pension fund actuary employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on each asset is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 December 2013.

Scheme History

	2009 £'000	2010 £'000	2011 £'000	2012 £'000	2013 £'000
Fair value of assets	47,296	53,596	53,920	57,262	65,773
Present value of liabilities	(72,371)	(71,713)	(69,762)	(80,662)	(83,634)
Total	**(25,075)**	**(18,117)**	**(15,842)**	**(23,400)**	**(17,861)**

The liabilities show the underlying commitment that the Organisation has in the long run to pay post employment / retirement benefits. The total liability of £17.861m has a substantial impact on the net worth of the organisation as recorded in the balance sheet, resulting in the overall balance being increasing by £5.539m. Arrangements for funding the deficit mean that the financial position of the organisation remains healthy.

- The deficit on the scheme will be made good by contributions over the remaining working life of employees(i.e. before payments fall due), as assessed by the scheme actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The contributions expected to be made by the Organisation to the Local Government Pension Scheme in the year to 31st December 2014 are £1.40m. In addition, contributions towards the unfunded obligations will be required. Expected contributions for the discretionary benefits in the year to 31st December 2014 are £0.65m.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels. The scheme has been assessed by Hewitt Associates Limited, an independent firm of actuaries. Estimates for the fund have been based on the latest full valuation of the funded scheme as at the 31st March 2010 and the unfunded scheme as at 31st December 2012.

The principal assumptions used by the actuary have been:

Financial Assumptions used in estimating assets and liabilities:	Funded element		Unfunded element	
	2012	**2013**	**2012**	**2013**
Long-term expected rate of return on assets in the scheme				
Equity investments	7.70%	7.60%		
Property	7.20%	7.10%		
Bonds	2.83%	3.77%		
Other assets	5.00%	4.36%		
Mortality assumptions				
Longevity at 65 for future pensioners				
Men	23.8 years	23.9 years		
Women	26.1 years	26.2 years		
Longevity at 65 for current pensioners				
Men	22 years	22.1 years	22 years	22.1 years
Women	24.1 years	24.3 years	24.1 years	24.3 years
Duration of Liabilities (in years)	17.5	17.5	12	12
Rate of Inflation (RPI)	3.20%	3.60%	3.00%	3.60%
Rate of Inflation (CPI)	2.50%	2.60%	2.30%	2.60%
Rate of Increase in Salaries	4.70%	4.10%	-	-
Rate of Increase in Deferred Pensions	2.50%	2.60%	-	-
Rate of Increase in Pensions	2.50%	2.60%	2.30%	2.60%
Rate for discounting scheme liabilities	4.40%	4.40%	4.10%	4.30%
Take-up of option to convert annual pension into retirement lump sum	50-75%	50-75%		

The discretionary benefits arrangements have no assets to cover liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	Assets held	
	2012	**2013**
	%	%
Equity investments	70.20%	74.40%
Property	3.50%	3.00%
Bonds	18.20%	16.40%
Other assets	8.10%	6.20%
TOTAL	**100.0%**	**100.0%**

History of experience gains and loses

The actuarial gains identified as movements on the pensions reserve in 2013 can be analysed into the following categories, measured as a percentage of the assets or liabilities as at the 31st December 2013.

	2009	**2010**	**2011**	**2012**	**2013**
	%	%	%	%	%
Differences between the expected and actual return on assets	9.3	6.6	(6.0)	(0.1)	7.5
Experience gains and losses on liabilities	9.9	1.3	4.7	(0.8)	0.1

8. Property Plant and Equipment

As at 31 December 2013, the Organisation held the following assets

Property plant and equipment were predominantly represented by 47 Delivery vehicles (2012 = 47), 98 Container units (2012 = 98) and Land and Buildings comprising of one general supplies warehouse and office complex located at 41 Industrial Park, Wakefield and one located at Flanshaw Way, Wakefield (no change from 2012).

Property Plant and Equipment	Land & Buildings £'000	Furniture & Equipment £'000	Vehicles £'000	TOTAL £'000
Cost or valuation				
Opening balance 1 January 2013	10,325	1,160	3,037	14,522
Acc depreciation write out to gross carrying amount				
Revaluation increase / (decrease) recognised in the Revaluation Reserve				
Revaluation increase / (decrease) recognised in the I&E				
Additions		306		306
Impairment				
Disposals				
At 31 December 2013	**10,325**	**1,466**	**3,037**	**14,828**
Depreciation and impairments				
Opening balance 1 January 2013	0	913	1,984	2,897
Brought Forward adjustment				
Charge for depreciation 2013	169	102	412	683
Disposals				
Revaluation	(169)			(169)
At 31 December 2013	**(0)**	**1,015**	**2,396**	**3,411**
Net Book Value at 31 December 2013	**10,325**	**451**	**641**	**11,417**
Net Book Value at 1 January 2013	**10,325**	**248**	**1,053**	**11,626**

2012 Comparative

Property Plant and Equipment	Land & Buildings £'000	Furniture & Equipment £'000	Vehicles £'000	TOTAL £'000
Cost or valuation				
Opening balance 1 January 2012	11,315	1,149	3,037	15,501
Acc depreciation write out to gross carrying amount	(265)	-	-	(265)
Revaluation increase / (decrease) recognised in the Revaluation Reserve	(628)	-	-	(628)
Revaluation increase / (decrease) recognised in the I&E	(97)	-	-	(97)
Additions	-	11		11
Impairment	-	-	-	-
Disposals	-	-		
At 31 December 2012	**10,325**	**1,160**	**3,037**	**14,522**
Depreciation and impairments				
Opening balance 1 January 2012	-	822	1,573	2,395
Charge for depreciation 2012	265	90	411	766
Disposals	-	-		-
Impairment	-	-	-	-
Revaluation	(265)	-	-	(265)
At 31 December 2012	**0**	**913**	**1,984**	**2,897**
Net Book Value at 31 December 2012	**10,325**	**247**	**1,053**	**11,625**
Net Book Value at 1 January 2012	***11,315***	***327***	***1,463***	***13,105***

9. Inventories

31st Dec 2013	Warehouse Stock £'000	Packing and Materials £'000	Total £'000
Opening inventory balance	10,024	71	10,095
Purchases	61,624	370	61,994
Recognised as an expense in year	(61,629)	(396)	(62,025)
Stock write downs in the year	-	-	-
Reversals of write offs in previous years	-	-	-
Provision for stock write off	(251)	-	(251)
Closing Inventory balance	**9,768**	**45**	**9,813**

31st Dec 2012	Warehouse Stock £'000	Packing and Materials £'000	Total £'000
Opening inventory balance	10,640	43	10,683
Purchases	61,862	400	62,262
Recognised as an expense in year	(62,428)	(372)	(62,800)
Stock write downs in the year	-	-	-
Reversals of write offs in previous years	-	-	-
Provision for stock write off	(50)	-	(50)
Closing Inventory balance	**10,024**	**71**	**10,095**

10. DEBTORS AND PAYMENTS IN ADVANCE

Debtors represent monies owed to the Organisation at the Balance Sheet date, which are yet to be received as cash. The Organisation also makes provision for outstanding monies that it is anticipated will not be recovered.

	31st Dec 2012 £’000	31st Dec 2013 £’000
Trade Debtors	12,099	9,841
Accumulated Absences	4	4
Less - Provision for Bad Debts	(232)	(220)
	11,871	9,625
Payments in Advance and accrued income	3,245	3,575
Total	15,116	13,200

Debtors are analysed by the following categories

Trade debtors	31st Dec 2012 £’000	31st Dec 2013 £’000
central government bodies	1,504	2,082
other local authorities	9,893	6,831
NHS bodies	29	33
public corporations and trading funds	-	-
bodies external to general government (i.e. all other bodies).	673	895
	12,099	9,841

Payments in advance and accrued income		
central government bodies	-	-
other local authorities	-	-
NHS bodies	-	-
public corporations and trading funds	-	-
bodies external to general government (i.e. all other bodies).	3,245	3,575
	3,245	3,575

11. CREDITORS AND RECEIPTS IN ADVANCE

Creditors represent monies owed by the Organisation at the Balance Sheet date, which have not yet been paid.

Creditors and Receipts in Advance	31st Dec 2012 £'000	31st Dec 2013 £'000
Trade Creditors	4,459	4,461
Accruals	2,505	2,837
VAT	852	808
Accumulated absences	43	47
Total	7,859	8,153

Creditors are analysed by the following categories

Trade creditors	31st Dec 2012 £'000	31st Dec 2013 £'000
central government bodies	-	
other local authorities	42	80
NHS bodies	-	
public corporations and trading funds	-	
bodies external to general government (i.e. all other bodies).	4,417	4,381
	4,459	4,461
Accruals/VAT		
central government bodies	852	808
other local authorities	1,044	1,397
NHS bodies	-	
public corporations and trading funds	-	
bodies external to general government (i.e. all other bodies).	1,461	1,440
	3,357	3,645

Long Term Liabilities	31st Dec 2012 £'000	31st Dec 2013 £'000
Liability relating to Defined Benefit Pension Scheme	23,400	17,861
Total	23,400	17,861

12. RISK TO FINANCIAL INSTRUMENTS

The organisation's financial instruments are represented by bank balances, trade creditors and trade debtors, certain risks are associated with these classes of cash and cash equivalents as follows.

Bank balances are held in UK bank accounts and earn interest based on overnight investment rates. Risks to cash arise in the form of banking failures either within the UK or on overnight investments.

Creditors are suppliers of goods and services to the organisation. Risk is minimised from a robust set of procedures to ensure that all goods and services supplied to the organisation are properly ordered and received prior to the payment of any sums due.

Debtors are comprised of customers and some trade suppliers owing funds to the organisation. The inherent risk is one of failure to settle outstanding debts due to bankruptcy or other financial problems. Most customers are within the public sector which mitigates this risk to a large extent.

At the end of the financial year the Organisation was at increased risk over debtors due to changes in the economic climate chiefly bought about by the impact of the governments comprehensive review on the organisations customer base and the change in education from state to academy status schools. Debtors past due are as follows :-

	2012 £'000	2013 £'000
Two to six months	2,326	2,639
Six months to one year	532	610
More than one year	618	249
Total	**3,476**	**3,498**

A general provision of £220k (2012 £232k) has been included against debtors.

13. MOVEMENTS IN RESERVES

The General Fund Reserve represents the cumulative retained surplus built up over the life of the business. The General Fund Reserve is used to finance growth in working capital and supports the medium term plans of the business.
The table below shows the balances held in other reserves at the start and end of the year and the net movement in the year. The balances represent undistributed reserves payable to the member authorities.

Reserve	**31st Dec 2012 £'000**	**B/fwd adjust. £'000**	**31st Dec 2013 £'000**	**Net Movement in the Year £'000**	**Note**
Usable reserves					
General Fund Balance	23,811		25,328	1,517	i
Capital Receipts Reserve	85		85	0	ii
Internal Investment Reserve	3,088		3,431	343	iii
Joint Committee Capital Adjustment Account	12,229	285	11,853	(376)	iv
Earmarked Pension reserve	(23,400)		(17,861)	5,539	v
Earmarked Accumulated Absences Account	(39)		(42)	(3)	vi
Unusable reserves					
Revaluation reserve	72		240	168	vii
Total reserves	**15,846**	**285**	**23,034**	**7,188**	

(i) The General Fund Balance represents the accumulated operating surplus of the Organisation and are maintained at a prudent level. to protect the Organisation against unforeseen events and the realisation of contingent liabilities.

General fund balance	2012 £'000	2013 £'000
Balance bought Forward 1st of January	20,049	23,811
Surplus or deficit on operations	3,803	418
Total comprehensive income and expenditure	**3,803**	**418**
Depreciation and impairment	766	683
Revaluation losses (gains)	97	
Capital expenditure charged to the GF	(11)	(21)
Transfer of cash sale proceeds	(7)	
Use of UCRR to fund capital expenditure	-	
Reversal of IAS 19 charges to I&E	1,511	2,157
Employer's pension contributions	(1,380)	(1,380)
Movement in employee absence accrual	(6)	3
Total voluntary adjustments	**970**	**1,442**
Pension Contribution Reserve	-	-
Internal Investment Reserve	(1,011)	(343)
Total transfers to/from cash reserves	(1,011)	(343)
Total transfers to/from earmarked reserves	**(41)**	**1,099**
Balance Carried Forward 31st December	**23,811**	**25,328**
Movement in year represented in the Movement in Reserves Statement	**3,762**	**1,517**

(ii) The Usable Capital Receipts reserve records the receipts from sales of fixed assets less amounts used to finance capital expenditure.

Usable Capital Receipts Reserve	2012 £'000	2013 £'000
Balance bought Forward 1st of January	78	85
Amounts Received		
General receipts	7	0
Amounts Applied		
New Capital Investment	-	-
Balance Carried Forward 31st December	**85**	**85**
Movement in year represented in the Movement in Reserves Statement	**7**	**0**

(iii) The Internal Investment Reserve holds funds earmarked to support specific initiatives or activities.

Internal Investment Reserve	2012 £'000	2013 £'000
Balance bought Forward 1st of January	2,077	3,088
Transferred to Reserves		
Reserves for specific projects created in year	1,743	2,092
Amounts Applied		
Reserve balances utilised in year	(530)	(1,527)
Amounts released back to the General Fund		
Reserve balances no longer required and released back to the General Fund	(202)	(222)
Balance Carried Forward 31st December	**3,088**	**3,431**
Movement in year represented in the Movement in Reserves Statement	**1,011**	**343**

(iv) The Joint Committee Capital Adjustment Account is an earmarked reserve representing the accumulation of the write down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal, offset by the resources that have been set aside to finance capital expenditure.

The Joint Committee Capital Adjustment Account accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure and to repay debt.

Joint Committee Capital Adjustment Account	**2012 £'000**	**2013 £'000**
Balance bought Forward 1st of January	12,830	12,229
Brought Forward adjustment		285
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(766)	(682)
Revaluation (losses) gains on property plant and equipment	(97)	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-	-
Adjusting amounts written out of Revaluation Reserve	251	
	12,218	11,832
Net Written out amount of the cost of non-current assets consumed in the year		
Capital financing applied in the year		
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-
Capital expenditure charged against the General Fund	11	21
	12,229	11,853
Balance Carried Forward 31st December	**12,229**	**11,853**
Movement in year represented in the Movement in Reserves Statement	(601)	(376)

(v) The Earmarked Pension Reserve is an earmarked reserve representing the difference between the actuarially calculated value of the pension fund assets and the present value of scheme liabilities.

Earmarked Pension Reserve	**2012 £'000**	**2013 £'000**
Balance bought forward 1st January	(15,842)	(23,400)
Actuarial Gains or (losses) on pension assets and Liabilities	(7,427)	6,316
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,511)	(2,157)
Employers pensions contributions and direct payments to pensioners payable in year	1,380	1,380
Movement on Assets and Liabilities in year	**(23,400)**	**(17,861)**
Movement in year represented in the Movement in Reserves Statement	**(7,558)**	**5,539**

(vi) The Earmarked Accumulate Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year. Proper accounting arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Earmarked Accumulated Absences Account	2012 £'000	2013 £'000
Balance bought forward 1st January	(45)	(39)
Settlement or cancellation of accrual made in preceding year	45	39
Amount to be accrued for current year	(39)	(42)
Amount to be charged to the Comprehensive Income and Expenditure Statement	6	(3)
Balance as at 31st December	(39)	(42)
Movement in year represented in the Movement in Reserves Statement	6	(3)

(vii) The Revaluation reserve represents unrealised gains on the revaluation of property plant and equipment. The balance is reduced when assets with accumulated gains are:

a) revalued downwards or impaired and the gains are removed
b) used in provision of services and the gains are consumed through depreciation, or
c) disposed of and the gains realised

Revaluation Reserve	2012 £'000	2013 £'000
Balance bought Forward 1st of January	951	72
Upward revaluation of assets	-	169
Difference between fair value depreciation and historical cost depreciation	(21)	(1)
Revaluation written out to the General Fund	(628)	
Adjusting amounts written out of the Joint Committee Capital Adjustment Account	(230)	
Balance Carried Forward 31st December	**72**	**240**
Movement in year represented in the Movement in Reserves Statement	**(879)**	**168**

14. EMPLOYEE EMOLUMENTS

The table below indicates the numbers of employees whose remuneration was greater than £50,000. Remuneration is defined as amounts paid to or receivable by an employee, including payments in kind, expenses allowances that would be chargeable to UK Income Tax . Termination payments are also included, which can lead to year on year comparisons being distorted.

REMUNERATION BAND £	No of Employees 2012	2013
50,000 - 54,999	4	4
55,000 - 59,999	1	1
60,000 - 64,999	2	1
65,000 - 69,999	1	2
70,000 - 74,999	1	2
TOTAL	**9**	**10**

The table below sets out the remuneration disclosure for Senior Officers (Board of Directors) whose salary is £50,000 per year or more by job title. Comparative figures for 2012 are also shown and these officers are excluded from the above table.

2013						
Post	**Salary incl. BiK**	**Expenses**	**Pay in Lieu of Notice**	**Redundancy Pay**	**Pension Contributions**	**Total Remuneration**
Managing Director	126,509	-	-	-	15,051	141,560
Corporate Director	87,562	-	26,147	41,161	10,349	165,219
Commercial Director	91,631	-	-	-	10,661	102,292
Supply Chain Director	88,684	-	-	-	10,661	99,345
	394,386	0	26,147	41,161	46,722	508,416

2012						
Post	Salary incl. BiK	Expenses	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	125,609	-	-	-	15,690	141,299
Corporate Director	89,781	-	-	-	11,114	100,895
Commercial Director	89,944	-	-	-	14,514	104,458
Supply Chain Director	89,813	-	-	-	11,114	100,927
	395,147	0	0	0	52,432	447,579

At the end of 2013 the roles of Corporate Director and Head of IT were removed, all associted costs have been included in the 2013 accounts.

The number of exit packages with the total cost per band of compulsory and other redundancies are set out below.

EXIT PACKAGE	No. of compulsory redundancies		No. of other departures		Total no. of exit packages		Total cost of exit packages	
£	2012 No.	2013 No.	2012 No.	2013 No.	2012 No.	2013 No.	2012 £,000	2013 £,000
0 - 20,000	2	1	1	0	3	1	43	5
20,001 - 40,000	1	0	2	0	3	0	82	0
40,001 - 60,000	0	0	0	0	0	0	0	0
60,001 - 80,000	0	1	0	0	0	1	0	67
Total	3	2	3	0	6	2	125	72

Exit packages include redundancy costs, the cost of additional payments to the pension scheme and other departure costs.

15. OPERATING LEASES

An operating lease means that the risks and rewards of ownership remain with the lessor.

The Organisation has entered into operating leases with various lives. The future minimum lease payments due under non-cancellable leases in future years are:

	2012 £'000	2013 £'000
Not later than one year	264	226
Later than one year and not later than five years	247	137
Later than five years	861	850
	1,372	1,213

Amounts charged, In respect of these leases, to the Comprehensive Income and Expenditure Statement during 2013 were £342k (2012 £362k) of which £11k was contingent rent of Flanshaw Way. The later than five years figure is comprised entirely of a long term lease agreement on the land element of a warehouse property held at Flanshaw Way in Wakefield.

16. AMOUNTS REPORTED FOR DECISION MAKING AND PLANNING

The analysis of Income and Expenditure on the face of the Comprehensive Income and Expenditure Statement is that specified by the Code. This is different to the basis on which the Organisation carries out its budgeting decision making and planning process.

Notes to the Core Financial Statements

The following shows how the Organisations financial reporting output can be reconciled to the Comprehensive Income and Expenditure Statement.

2012 £'000	YPO Profit & Loss 2013	2013 £'000
	Trading	
71,578	Stores	70,953
15,982	Food	15,566
40,887	Directs	35,296
128,447	**Total Invoiced Sales**	**121,815**
(98,274)	Cost of Sales	(91,787)
30,173	**Gross Margin**	**30,028**
225	Discounts	227
4,546	Rebates	4,747
1,775	Other Income	2,061
36,719	**Total Income**	**37,063**
	Operating Costs	
(12,776)	Employment costs	(13,330)
(917)	Premises	(1,000)
(4,441)	Supplies and Services	(5,060)
(5,788)	Transport	(5,885)
(113)	SLA costs	(154)
(343)	Financial & Misc	(122)
(862)	Depreciation	(671)
(25,240)	**Total Operating Costs**	**(26,222)**
38	Interest (payable)/receivable	40
7	Profit/(loss) on disposal of assets	
-	Dividend paid	-
-	Pension costs	-
11,524	**Surplus or (deficit)**	**10,881**

2012 £'000	Reconciliation of P&L Account to I&E Account	2013 £'000
11,524	Net Profit in P&L Account	10,881
(7,721)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management	(10,464)
-	Amounts included in the P&L not included in the Comprehensive Income and Expenditure Statement	-
3,803	**Surplus on provision of service**	**418**

Reconciliation of Profit and Loss Account to Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the profit and loss account relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

YPO Profit & Loss 2013	P&L Acct £'000	Amts not rptd for mgt dec making £'000	Alloc'n of reporting expenses £'000	I&E Statement £'000
Total Invoiced Sales	**121,815**	40	-	**121,855**
Cost of Sales	(91,787)		-	(91,787)
Gross Margin				
Discounts	227		-	227
Rebates	4,747		-	4,747
Other Income	2,061		-	2,061
Total Income	**37,063**	**40**	-	**37,103**
Operating Costs				
Employment costs	(13,330)	(113)	-	(13,443)
Premises	(1,000)	(597)	-	(1,597)
Supplies and Services	(5,060)	(794)	-	(5,854)
Transport	(5,885)	(0)	-	(5,885)
SLA costs	(154)	0	-	(154)
Financial & Misc	(122)	0	-	(122)
Depreciation	(671)	(12)	-	(683)
Total Operating Costs	**(26,222)**	**(1,516)**	-	**(27,738)**
Interest (payable)/receivable	40		-	40
Profit/(loss) on disposals	0		-	0
Dividend paid	0	(8,210)	-	(8,210)
Pension costs	0	(777)	-	(777)
Surplus or (deficit) on provision of service	**10,881**	**(10,463)**	-	**418**

YPO Profit & Loss 2012	P&L Acct £'000	Amts not rptd for mgt dec making £'000	Alloc'n of reporting expenses £'000	I&E Statement £'000
Total Invoiced Sales	**128,447**	**-**	**-**	**128,447**
Cost of Sales	(98,274)	-	-	(98,274)
Gross Margin				
Discounts	225	-	-	225
Rebates	4,546	-	-	4,546
Other Income	1,775	3	-	1,778
Total Income	**36,719**	**3**	-	**36,722**
Operating Costs				
Employment costs	(12,776)	(27)	-	(12,803)
Premises	(917)	(317)	-	(1,234)
Supplies and Services	(4,441)	(134)	-	(4,575)
Transport	(5,788)	(46)	-	(5,834)
SLA costs	(113)	-	-	(113)
Financial & Misc	(343)	-	-	(343)
Depreciation	(862)	(1)	-	(863)
Total Operating Costs	**(25,240)**	**(525)**	-	**(25,765)**
Interest (payable)/receivable	38	**-**	**-**	38
Profit/(loss) on disposal of assets	7	-	-	7
Dividend paid	0	(7,068)	-	(7,068)
Pension costs	**0**	(131)	**-**	(131)
Surplus or (deficit) on provision of service	**11,524**	**(7,721)**	-	**3,803**

17. RELATED PARTY TRANSACTIONS

The Organisation is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Organisation or to be controlled or influenced by the Organisation. During 2012 and 2013 the Organisation had no related party transactions.

Transactions with Founder Member Authorities are shown here for clarity. Founder member authorities are not classified as related parties under the Code of Practice or for the purpose of group accounting but have joint control over the Organisation's decision making and business planning. In addition to the founder members the Organisation has 30 associate members who have no influence over Organisational decision making.

Business transactions with the 13 founder member's accounts for a significant proportion of the Organisation's turnover. Membership entitles these authorities to a share of any annual profits and equal powers over key business decisions.

The value of business transacted with each founder member was:

	2012 £'000	2013 £'000
Barnsley	14,372	16,016
Bolton	13,454	14,217
Bradford	25,443	25,994
Calderdale	9,829	13,622
Doncaster	19,169	17,967
Kirklees	22,161	28,093
Knowsley	6,051	6,902
North Yorkshire	17,436	18,312
Rotherham	13,996	14,032
St Helens	8,785	9,728
Wakefield	21,663	23,697
Wigan	12,780	12,201
York	6,210	6,687
	191,349	**207,468**

The YPO Management Committee is made up of elected representatives from each Member Authority. No personal interest in material transactions have been disclosed by any of the elected representatives or senior officers of the Organisation.

One of the Member Authorities, City of Wakefield MDC, acts as servicing authority for YPO and as such, WMDC officers are the Organisation's statutory officers. YPO has commercial support agreements with Wakefield MDC covering certain accounting, treasury, human resource, legal services and vehicle maintenance arrangements.

18. AUDIT COSTS

The following fees were paid to the external auditors for services carried out:

Audit Costs	2012 £'000	2013 £'000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor	28	27

19. EVENTS AFTER THE BALANCE SHEET DATE

The March 2014 Management Committee Meeting agreed a profit distribution in respect of the 2013 trading year of £8.8 million covering members dividend and the YPO loyalty scheme.

Glossary of Terms

This glossary is provided to assist the reader. It gives explanations of common terms used in relation to local authority finance (which are not explained elsewhere in the Statement), many of which are used within this document.

Accounting Period
The period covered by the accounts, normally a period of twelve months commencing on 1 January. The end of the accounting period is the balance sheet date, 31 December.

Actuarial Gains and Losses
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or the actuarial assumptions have changed.

Accumulated Absences
Accumulated absences are sums owing to or from employees at the end of the accounting period not yet claimed back or paid over for hours owed to / from under the flexible working scheme and holiday days over or under used at the period end.

Annual Governance Statement
A statutory document which provides an overview of the governance arrangements within the Organisation, aids the effective exercise of Organisation functions, and includes arrangements for the management of risk.

Asset
An item having value in monetary terms. Assets are defined as current or long term. A current asset will be consumed or cease to have material value within the next financial year. A long term asset provides benefits to the Organisation and its services for more than one year.

Audit of Accounts
An independent examination conducted on a test basis, of the Organisation's financial statements.

Budget
A statement of spending plans and anticipated income for a financial year.

Cash equivalents
Are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalent vouchers
These are vouchers issued to customers as loyalty bonus which are redeemable against future purchases.

Current Assets
Is an amount which will become receivable or could be called in within the next accounting period.

Defined Benefit Plans
Are post employment benefit plans other than a defined contribution plan. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the plan. The plan may be funded or unfunded.

Depreciation
The measure of the wearing out, consumption, or other reduction in the useful economic life of a long term asset, whether arising from use, passing of time or obsolescence through technological or other changes.

Direct Supply
Direct supply refers to the trading method employed by the Organisation where goods ordered by the customer are delivered direct from the supplier rather than the Organisation.

Glossary of Terms

Exceptional Items
Where items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Organisation's financial performance.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a long term asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments including any initial payments amount to substantially all of the fair value of the leased asset.

Financial Instrument
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term "financial instrument" covers both financial assets and financial liabilities and includes trade receivables, trade payables and derivatives.

Financial Procedure Rules
Written rules of the Organisation relating to all matters with financial implications. All Organisation officers must comply with these rules.

Impairment
A reduction in the value of a long term asset below its carrying amount on the balance sheet.

International Accounting Standards (IAS)
Standards developed by the International Accounting Standards Board (IASB) that are required to be followed.

International Financial Reporting Standards (IFRS)
The Standards (including International Accounting Standards (IAS)) developed by the International Accounting Standards Board (IASB))and supported by interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) on which the accounts of this Organisation are based.

Inventories
Inventories include stocks held for resale and all other assets held for use within the Organisation.

Liability
A liability is where the Organisation owes payment to an individual or organisation. A current liability is an amount which will become payable or could be called in within the next accounting period. A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period.

Net Book Value
The amount at which long term assets are included in the Balance Sheet i.e. their historical value or current value less the cumulative amounts provided for depreciation.

Net Expenditure
Gross expenditure less specific income.

Outturn
Actual income receivable and expenditure due in a financial year.

Payments in Advance
These are payments made in advance of goods or services being provided to the Organisation.

Glossary of Terms

Prior year adjustments
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Remuneration
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserve
A reserve is an amount set aside in one financial year and carried forward to meet liabilities in a subsequent financial year, both general and specific liabilities.

Turnover
Turnover is the value of invoices issued to customers for the supply of goods and services.

Useful life
The period over which the Organisation will derive benefits from the use of a long term asset.

Index of notes