



**AUDITED
STATEMENT
OF ACCOUNTS
2021**

Narrative Statement 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 2021. The Narrative Statement 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 of Parliament 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 seventy one associate member authorities of YPO as of 31st December 2021, 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 Metropolitan Borough Council	2011
Cumbria City Council	2011
Durham City Council	2011
Leeds City Council	2011
North East Lincolnshire Council	2011
North Lincolnshire Council	2011
Sheffield City Council	2011
Cheshire East Council	2012
East Riding of Yorkshire Council	2012
Hull City Council	2012
Rochdale Metropolitan Borough Council	2012
South Yorkshire Fire and Civil Defence Authority	2012
South Yorkshire Police Authority	2012
Stockport Metropolitan Borough Council	2012
Trafford Council	2012
Warrington Borough Council	2012
West Yorkshire Fire and Civil Defence Authority	2012
West Yorkshire Police Authority	2012
Blackpool Borough Council	2013
Lancashire Fire & Rescue Service	2013
London Borough of Hillingdon	2013
Malvern Hills District Council	2013
Manchester City Council	2013
Northumberland County Council	2013
Staffordshire City Council	2013
West Midlands Fire & Rescue Authority	2013
Wiltshire Fire and Rescue Service	2013
Wyre Forest District Council	2013
Birmingham City Council	2014
Kettering Borough Council	2014
London Borough of Harrow	2014
Tameside Council	2015
Lancaster City Council	2015
Walsall Council	2015
Cheshire Fire and Rescue Service	2016
Coventry City Council	2016
Craven District Council	2016

Narrative Statement by the Managing Director

Fylde Council	2016
Greater Manchester Fire and Rescue	2016
Greater Manchester Police	2016
Halton Borough Council	2016
Lancashire Police	2016
London Borough of Brent	2016
London Borough of Hackney	2016
London Borough of Waltham Forest	2016
Liverpool City Council	2016
Merseyside Fire and Rescue Service	2016
Merseytravel	2016
Oldham Council	2016
Salford City Council	2016
Sefton Borough Council	2016
Solihull Metropolitan Borough Council	2016
Wyre Council	2016
Allerdale Borough Council	2017
Devon County Council	2017
London Borough of Camden	2017
London Borough of Haringey	2017
London Borough of Westminster	2017
Pendle Borough Council	2017
Buckinghamshire County Council	2018
Harrogate Borough Council	2018
Humberside Police Service	2018
North Yorkshire Police Service	2018
Police and Crime Commissioner for Merseyside	2018
Telford and Wrekin Council	2018
Cheshire West and Chester Council	2019
Lancashire County Council	2019
London Borough of Islington	2019
Oxfordshire County Council	2019
Police and Crime Commissioner for Cleveland	2019
Thames Valley Police	2019

Certain services, including legal, treasury and internal audit, are provided by the 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

There is no longer a statutory requirement for YPO, as a Joint Committee, to have an external audit. However, in March 2016 the Management Committee and Section 151 Officer of the lead authority agreed that YPO should continue to prepare, each year, a statement of accounts in accordance with the CIPFA Code of Practice that is subject to an external audit.

As a result this will be a non-statutory audit meaning that compliance with the Accounts and Audit Regulations 2015 is not mandatory.

We have continued to categorise our Reserves as "Usable" and "Unusable" in line with the CIPFA Code of Practice. This is purely for presentational needs and we acknowledge that any powers attributed to this classification no longer applies to the Organisation.

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:

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

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

Narrative Statement by the Managing Director

The Balance Sheet shows the value as at the 31st December 2021 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 Chief Finance Officer at Wakefield MDC for the Statement of Accounts.

The Annual Governance Statement sets out the framework designed to ensure that the Organisation operates a sound system of internal control which facilitates the effective exercise of its operations, and which includes arrangements for the management of risk. Whilst it is not a requirement to be part of this Statement of Accounts it is attached as appendix A to this statement to aid the user to better understand the governance arrangements in force within the Organisation.

4. FINANCIAL SUMMARY

The 2021 budget approved in November 2020 was for a turnover of £110m and a surplus of £7.0m, excluding any income for pensions interest or expenditure financed from earmarked reserves.

The full year performance of the Organisation in 2021 continued to be affected the impacts of the final lockdown measures which remained in place until March 2021. Schools remaining largely closed until 8th March 2021 and as a result we saw relatively low levels of sales activity from our largest customer base until the start of March. Whilst sales recovered initially, across the remainder of the year, trading failed to fully return to the previous pre covid levels and work continues into 2022 to recover lost revenue as part of the medium term financial plan.

Invoiced sales for the year are £99.8m and the reported profit in the management accounts was £3.7m, under the budgeted profit of £7.0m by £3.3m. This profit includes impairment losses and interest received in the year, but excludes the pensions service gains or costs and any income for pensions interest reported in the Comprehensive Income and Expenditure Statement which presents a deficit on provision of service of (£5.9m).

Income from stock and framework contracts at £5.9m were under the budget of £6.4m, performance being adversely affected by national lockdown earlier in the year which presented challenges in delivering the targeted growth for Rebate income. Activity related rebates for ICT and Energy, alongside Food and Stock volume related rebates were most heavily impacted.

Operating costs for 2021 were £34.8m. This is made up of the operating expenditure and interest payable as per the CIES but excludes any pension service costs. This is £1.2m over budget and £0.8m above 2020. The key areas of overspends in the year were across supplies and services and stocktake adjustments in particular, alongside an increase in premises costs which were attributable to additional warehouse facilities acquired on a 3 year lease at Unit K, Kenmore Road, Wakefield. Overspends on stock adjustments continue to relate to the remedial work which is ongoing following the NAV implementation at the end of 2019.

Property, Plant and Equipment is reported at £11.972m, indicating an increase in net asset value £1.674m since 2020. This increase, however, is primarily attributable to the annual revaluation of the premises at Unit 41, with the value of commercial warehousing premises in general, increasing as an asset class across the UK and especially so in Wakefield. A key driver of this is the increased demand and the subsequently increased rents for similar premises and locations in the post covid landscape. No new capital expenditure was incurred in the year.

Trade debtors are at £15.9m, £4.4m lower than 2020, following an increased focus in the year to collect aged debt that materialised following the impact of our system change and Covid-19.

The net liabilities of the Organisation as at 31st December 2021 are £8.874m, and showed a substantial improvement on the £20.453m liability in last years accounts. Net current assets remain relatively unchanged at £23.0m, however, a favourable movement in the pension liability of £10.133m due to improvements in the value of the pension assets, has helped reduce the organisation's overall net liability position. It is important to note these movements are estimates of the long term liabilities and the short term financial health of the Organisation is reflected in its strong working capital position of £23m.

On the Balance Sheet is also an amount of £0.5m shown as Debtors: Amounts due after more than one year, this represents a loan issued to one of our related parties, YPO Procurement Holdings. A loan agreement has been drawn up and the full amount plus the accrued daily interest is repayable in full by the end of 2030.

Cash flow movement in the year has decreased the cash at bank balances by £0.244m. This reflects the operating performance of the Organisation in the year and includes the cash impact relating to the movement we have seen across stock, debtors and creditors.

5. RETIREMENT BENEFITS

Narrative Statement by the Managing Director

The value of the Organisation's retirement benefits liability as at 31 December 2021 was £44.4 million (31 December 2020 £54.5 million). The reduction since last year is due to a favourable increase in the current value of the pension fund assets.

The employer's contribution rate was 14.1% in 2021. (see note 7 to Core Financial Statements - Retirement Benefits)

6. MEDIUM TERM FINANCIAL STRATEGY

The 2022 Budget was approved by the Management Committee in November 2021. 2022 is the first year of the Organisation's new 5 year strategy themed "invest for success" post pandemic.

The 5 year strategy focuses on customer excellence, improved service proposition through digitalisation and a real focus on social value within the business and throughout the supply chain.

A medium term financial strategy has been drawn up in line with the investment approved by our 13 Local Authorities in November 2021, with the aim of returning maximum, sustainable dividends to our members in future years to come.

Simon Hill
Managing Director

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 Chief Finance Officer of Wakefield MDC. Day to day financial management is the responsibility of the Managing Director of 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 CHIEF FINANCE OFFICER

The Chief Finance Officer 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 Chief Finance Officer 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 Chief Finance Officer has also:

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

CHIEF FINANCE OFFICER

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 2021 and its Income and Expenditure for the year then ended.


Signed 
Neil Warren (Jul 29, 2022 13:19 GMT+1)

Date 29/07/22

NEIL WARREN
Chief Finance Officer

APPROVAL OF THE ACCOUNTS

As the Chair of the body considering the Yorkshire Purchasing Organisation's Statement of Accounts for 2021, I certify that the Accounts have been approved by the Management Committee and are authorised for issue.

Signed 
Les Shaw (2022 13:35 GMT+1)

Date 29/07/22

Cllr LES SHAW
Chairperson YPO Management Committee

Auditor's Opinion

Independent auditor's report to the members of Yorkshire Purchasing Organisation

Report on the financial statements

Opinion

We have audited the non-statutory financial statements of Yorkshire Purchasing Organisation ('the Organisation') for the year ended 31 December 2021, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. The non-statutory accounts have been prepared for the reasons set out in Note 1 to the financial statements.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Organisation as at 31st December 2021 and of the Organisation's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law and the terms of our engagement letter dated 24 January 2022. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Organisation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the Narrative Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis, unless the Organisation is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Organisation to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Organisation we identified that the principal risks of non-compliance with laws and regulations related to the Local Authorities (Goods & Services) Act 1970 and we considered the extent to which non-compliance might have a material effect on the financial statements.

Auditor's Opinion

We evaluated the Chief Finance Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Organisation which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing; reviewing management judgements and assumptions in significant accounting estimates, and reviewing any significant one-off or unusual transactions.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the members of Yorkshire Purchasing Organisation, as a body, in accordance with the terms of our engagement letter in connection with the Organisation's decision to prepare non-statutory accounts. Our audit work has been undertaken so that we might state to the members of the Organisation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Organisation, as a body, for our audit work, for this report, or for the opinions we have formed.


Mazars LLP (Aug 5, 2022 12:25 GMT+1)

Mazars LLP
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Aug 5, 2022

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 Account.

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.

2020	£000's										Note
	Usable Reserves			Unusable Reserves							
	General Fund Balance	Capital Receipt Reserve	Internal Investment Reserve	Joint Committee Capital Adjustment Account	Earmarked Pension Reserve	Earmarked Accumulated absences account	Revaluation Reserve	Total Usable reserves	Total Unusable reserves	Total Reserves	
Balance as at 31 December 2019	29,447	85	654	10,134	(42,099)	(185)	279	30,186	(31,871)	(1,685)	
Movement in Reserves during 2020											
Surplus or (Deficit) on Operations	(11,882)	0	0	0	0	0	0	(11,882)	0	(11,882)	
Other Comprehensive Income	0	0	0	0	(7,695)	0	810	0	(6,885)	(6,885)	
Total Comprehensive Expenditure and Income	(11,882)	0	0	0	(7,695)	0	810	(11,882)	(6,885)	(18,768)	
Adjustments between accounting basis and funding basis under regulation	0	0	0	0	0	0	0	0	0	0	
Net Increase / (Decrease) before transfer to Earmarked Reserves	(11,882)	0	0	0	(7,695)	0	810	(11,882)	(6,885)	(18,768)	
Transfer (to) / from Earmarked Reserves	5,370	0	0	(451)	(4,731)	(188)	(1)	5,370	(5,371)	(0)	
Increase / (Decrease) in Movement in Year	(6,512)	0	0	(451)	(12,426)	(188)	808	(6,512)	(12,256)	(18,768)	
Balance as at 31 December 2020	22,935	85	654	9,683	(54,525)	(372)	1,087	23,674	(44,127)	(20,453)	

2021	£000's										Note
	Usable Reserves			Unusable Reserves							
	General Fund Balance	Capital Receipt Reserve	Internal Investment Reserve	Joint Committee Capital Adjustment Account	Earmarked Pension Reserve	Earmarked Accumulated absences account	Revaluation Reserve	Total Usable reserves	Total Unusable reserves	Total Reserves	
Balance as at 31 December 2020	22,935	85	654	9,683	(54,525)	(372)	1,087	23,674	(44,127)	(20,453)	
Movement in Reserves during 2021											
Surplus or (Deficit) on Operations	(5,914)	0	0	0	0	0	0	(5,914)	0	(5,914)	
Other Comprehensive Income	0	0	0	0	15,580	0	1,913	0	17,493	17,493	
Total Comprehensive Expenditure and Income	(5,914)	0	0	0	15,580	0	1,913	(5,914)	17,493	11,579	
Adjustments between accounting basis and funding basis under regulation	0	0	0	0	0	0	0	0	0	0	
Net Increase / (Decrease) before transfer to Earmarked Reserves	(5,914)	0	0	0	15,580	0	1,913	(5,914)	17,493	11,579	
Transfer (to) / from Earmarked Reserves	5,683	0	0	(239)	(5,447)	24	(21)	5,683	(5,683)	0	
Increase / (Decrease) in Movement in Year	(232)	0	0	(239)	10,133	24	1,892	(232)	11,811	11,579	
Balance as at 31 December 2021	22,703	85	654	9,444	(44,392)	(348)	2,979	23,442	(32,317)	(8,874)	

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the financial performance of the Organisation for the year ending 31 December 2021. It shows all income and expenditure from its operating activities and any financing and investment income and expenditure impacting on the Surplus / (Deficit) on provision of service. It also shows any other comprehensive income and expenditure not recognised in the surplus / (deficit) on provision of service.

2020 £'000		2021 £'000	Note
99,620	<i>Invoiced Turnover</i>	99,789	1
(70,250)	<i>Cost of Sales</i>	(69,276)	
29,370	<i>Gross Margin</i>	30,512	
5,046	Rebates	5,939	1
1,799	Other Income	2,047	
36,215	<i>Gross Surplus</i>	38,498	
	<i>Operating Expenses</i>		
(19,290)	Employees	(20,095)	
(1,047)	Premises	(1,299)	
(16,892)	Supplies and Services	(8,094)	
(4,531)	Transport	(5,210)	
(127)	S.L.A. Costs	(103)	
(225)	Financial and Miscellaneous	297	
(452)	Depreciation and revaluation increase/(decrease)	(260)	7
(3,910)	Pension service gain(cost) net of charges made to the general fund	(4,697)	6
(46,473)	<i>Net Operating Expenditure</i>	(39,462)	
(10,258)	<i>Surplus/(deficit) on trading operations</i>	(964)	
	<i>Financing and investment income and expenditure</i>		
(486)	Impairment Losses - Increase in allowance in the year	0	
(821)	Pensions Interest Cost and Expected Return on Pension Assets	(750)	6
0	Interest Payable	(19)	
13	Interest Receivable	0	
(331)	Dividend paid	(4,181)	
(1,625)		(4,951)	
(11,882)	<i>Surplus/(Deficit) on provision of service</i>	(5,914)	
	<i>Other Comprehensive income and expenditure</i>		
(7,695)	Actuarial gains / (losses) on pension assets / liabilities	15,580	
810	Gains / (losses) on revaluations of PP&E	1,913	
(6,885)		17,493	
(18,768)	<i>Total comprehensive Income and Expenditure</i>	11,579	

BALANCE SHEET

The Balance Sheet shows the value as at 31st December 2021 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.

Re-stated 31st Dec 2020 £'000		31st Dec 2021 £'000	Note
Long term Assets			
10,298	Property, Plant and Equipment	11,972	7
21	Intangible Assets	0	7
500	Debtors: Amounts due after more than one year	500	
10,819	Total Long Term Assets	12,472	
Current Assets			
17,414	Inventories	17,573	8
20,289	Short term debtors	15,861	9
1,198	Cash and cash equivalents	953	
38,900	Total Current Assets	34,387	
Current Liabilities			
(12,106)	Short term creditors	(7,841)	10
(3,500)	Short term borrowing	(3,500)	11
(15,606)	Total Current Liabilities	(11,341)	
23,295	Net Current Assets	23,046	
Long term Liabilities			
(41)	Liability relating to Finance Leases	0	
(54,525)	Liability relating to Defined Benefit Pension Scheme	(44,392)	6
(20,453)	Net Assets / (Net Liabilities)	(8,874)	
Financed by:			
Usable Reserves			
22,935	General Fund	22,703	
85	Usable Capital Receipts Reserve	85	13
654	Internal Investment reserve	654	13
Unusable Reserves			
9,683	Joint Committee Capital Adjustment Account	9,444	13
(54,525)	Pension Reserve	(44,392)	13
(372)	Earmarked Accumulated Absences Account	(348)	13
1,087	Revaluation Reserve	2,979	13
(20,453)	Total Reserves	(8,874)	

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.

2020 Re-stated		2021
£'000		£'000
(11,882)	Net surplus/(deficit) on the provision of service	(5,914)
	Adjustment to the net surplus/(deficit) for non cash movements	
452	Depreciation and revaluation increase/(decrease)	260
(3,724)	(Increase)/Decrease in Inventories	(159)
(5,322)	(Increase)/Decrease in Debtors	4,428
4,731	Increase/(Decrease) in Pension Liability	5,447
2,474	Increase/(Decrease) in Creditors	(4,305)
(331)	Redemption of loyalty vouchers	(1,473)
(1,720)		4,197
	Adjustments for items included in the net surplus/(deficit) that are financing/investing activities	
331	Dividend payment	4,181
331		4,181
(13,272)	Net cash flows from operating activities	2,463
	Financing Activities	
0	Dividends paid to Members	(2,708)
6,500	Receipt of short term borrowing	3,500
(3,000)	Repayment of short term borrowing	(3,500)
3,500	Net cash flows from financing activities	(2,708)
(9,772)	Net Increase/(Decrease) in Cash and Cash Equivalents	(244)
10,970	Cash and Cash Equivalents at the beginning of the reporting period	1,198
1,198	Cash and Cash Equivalents at the end of the reporting period	953

Note on operating activities		
	The cash flows from operating activities include the following items	
0	Interest Payable	(19)
13	Interest Receivable	0
13		(19)

Notes to the 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

As a Joint Committee, YPO is no longer required to comply with the Accounts and Audit regulations 2015. However, it has been agreed that YPO will continue to produce a statement of accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, 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 prevents it from taking advantages of certain statutory overrides contained within the code.

The Organisation has complied with the Code of Practice in all other respects and has concluded that the financial statements present a true and fair view of the authority's financial position, financial performance and cash flows.

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 impact of the Covid-19 pandemic in 2021 has been considered when reaching this assessment. However, during this time we haven't identified any material uncertainties and the period considered is not less than 12 months from the date of preparing these accounts. The factors we have considered in reaching this judgement include the fact that YPO has remained operational and continued supplying the public sector during this period, in addition is the continued support we have received from our lead authority, the nature of our customers means that outstanding invoices will be paid and cash will continue to flow into the business and extensive financial modelling has taken place to assess the impact of this outbreak and prepare us for any scenario.
- 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 YPOs 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 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. For items of this nature, a consistent approach is adopted.

b. INCOME RECOGNITION

Income is recognised as the value of invoiced sales during the year, adjusted for the value of deliveries prepared to 31st December for which invoices were not raised until January. Income is recognised in line with IFRS 15 and only when the performance obligations have been met.

Income from our stock and food business, where orders are fulfilled by the Organisation, is recognised once delivery to the customer has been confirmed. Income from our direct supply business, where orders are fulfilled by a third party supplier, is recognised when confirmation of delivery has been provided by the third party supplier.

Rebate income, earned through spend across our framework contracts, is recognised when the supplier of the framework service or goods confirms that the service / goods has been provided to the customer.

Notes to the Financial Statements

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.

d. COMPONENTISATION OF NON CURRENT ASSETS

Non Current assets valued through the Organisation's five year programme of valuations are assessed for any significant components, where the value of the asset is greater than £1 million on revaluation. If an individual component's value is deemed by the business to be significant in relation to the total value of the asset then that component will be depreciated separately.

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 Comprehensive Income and Expenditure Statement 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) The different categories of non current assets are valued differently. Non current assets not classed as land and buildings 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) Non-current Assets classed as land and buildings, which are included in the Balance Sheet at current 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 Statement.

The latest valuation date of land and buildings was 10th December 2021, and was carried out by J Duck FRICS of NPS Humber Ltd.

- iv) Land and buildings 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 land and buildings 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 land and buildings is recognised as part of a review or a valuation exercise it is accounted for as a charge against the Comprehensive Income and Expenditure Statement where there is no or insufficient accumulated gains in the Revaluation Reserve which all losses can be written off.
- vi) When a non-current 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 less costs of disposal of the asset and the value of the asset in the balance sheet. 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 and is charged from the time the asset becomes operational. The useful lives of the various assets held on the Asset Register are as follows:

Notes to the Financial Statements

Freehold Buildings	2021
41 Industrial Park	41 years
Flanshaw Way	37 years
Motor Vehicles	up to 5 years
Warehouse and Office Equipment	up to 15 years
Computers	up to 5 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 ASSETS

Intangible 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 non-current 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.

Amortisation has been provided for using the straight line method on Intangible assets and is charged from the time the asset becomes operational. The useful life of the Intangible assets held on the Register are as follows:

Internally generated & Software intangible assets - IT & Website Development/Testing & Project management - 3 years

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 allowable by statute to Local Authorities and contained within the Code 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 the current 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 officer's 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, organisational accounting procedures result in a charge to the General Fund balance for 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 made 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 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.

Notes to the Financial Statements

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 2.0% on funded liabilities and 2.0% on unfunded liabilities (based on a weighted average of spot yield on AA rated corporate bonds).

The Organisation's share of the West Yorkshire Pension Fund assets 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.

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.

i. TAXATION

YPO, as a Joint Committee owned by local authorities, is 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 AND PRIOR YEAR ADJUSTMENTS

Any material exceptional items are separately disclosed in the accounts.

Any material prior period adjustments arising from changes in accounting policies or from the correction of fundamental errors will be accounted for by restating the comparative figures in the financial statements and notes, together with the cumulative effect on reserves. The effect of any material prior period adjustments will be 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 will be 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), will be disclosed as a note to the Core Financial Statements. The note will state the nature of the event and, where possible, an estimate of its financial effect.

Notes to the Financial Statements

I. INTEREST RECEIVABLE/PAYABLE

All 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). Non-current Assets held under finance leases are accounted for as part of Property, Plant and Equipment.

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 & ASSETS

Contingent liabilities & assets are not accrued in the accounting statements. Material contingent liabilities & assets 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.

q. FINANCIAL INSTRUMENTS

The Organisation's financial instruments are represented by bank balances, investments, loans receivable, 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.

Investments made with other Organisations earn a fixed interest agreed at the time of investment and are for a fixed term. Interest earned on investments are credited to the Comprehensive Income and Expenditure Statement.

Loans receivable constitute loans issued by the Organisation, all loans accrue interest on a daily basis and are for a fixed term.

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.

r. 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.

Notes to the Financial Statements

s. 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.

t. DEBTORS

Debtors are represented by balances due to the Organisation on trading activities net of an impairment allowance for expected credit losses. They are stated at historical cost.

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

The Code of Practice on Local Authority Accounting 2020/21 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. There are no new accounting standards due to come into force in the next year.

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 :

Application of code provisions

Judgements have been made with regards to applying the code provisions for Local Authorities to YPO, a Joint Committee. We recognise that certain provisions of the code do not apply to the Organisation, including certain disclosures concerning the General fund and usable / unusable reserves. However, we have continued to do so for presentational and decision making purposes and acknowledge that any powers attributed to this classification no longer applies to the Organisation.

Leasing

The Organisation has reviewed all classes of leases held by the Organisation and concluded that all existing leases to the 31st December 2021 constitute operating leases. This is with the exception of a lease agreement for the supply of IT equipment which has been classified as a Finance lease due to all the risks and rewards relating to the leased equipped transferring to YPO, details of this lease are included within note 15 of the Statement of Accounts.

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 17 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.

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 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 £3.432m.

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 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 10% this would represent a movement of around £508K.

Notes to the Financial Statements

Property, Plant & Equipment

Assets are valued by external valuers, their assumptions can lead to estimation uncertainty. Assets are also 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 December and any exchange rate difference arising on the actual payment will be accounted for in the Comprehensive Income & Expenditure Statement. The difference relates to the movement in spot rates between the two events.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

During 2021 the following items of material income and expenditure that have been reflected in this statement of accounts. The main ones are:

- £1.4m of stock losses have been recognised in the year, this is significantly higher than the budget and higher than previous pre-covid years (2019 and before). and reflects the additional synchronisation work that has been ongoing throughout the year following the NAV system implementation issues from December 2019.

Notes to the Core Financial Statements

6. 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 liabilities as at the time that officers and employees earn their future entitlement.

The Organisation participates in the Local Government Pension Scheme (LGPS), administered by the West Yorkshire Pension Fund (WYPF). This is a funded defined benefit scheme, meaning that the Organisation pays contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The employers' rate of contribution for January to December 2021 was 14.1%. Employees contributions in 2021 were between 5.5% and 12.5% depending on salary.

In addition the Organisation has awarded discretionary post-retirement benefits upon early retirement - this is an unfunded element of the defined benefit final salary scheme, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions relating to post - employment benefits

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.

	Funded	Unfunded	Total	Funded	Unfunded	Total
	2020	2020	2020	2021	2021	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Account						
Cost of Service						
Current Service Cost	5,912	0	5,912	6,642	0	6,642
Past Service Cost	47	0	47	75	0	75
Curtailement (Gain)/Loss	0	0	0	0	0	0
Financing and investment income and Expenditure						
Net interest Expense	804	17	821	740	10	750
Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services	6,763	17	6,780	7,457	10	7,467
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability						
Return on plan assets (gains)/losses	(438)	0	(438)	(13,845)	0	(13,845)
Actuarial (Gains) and losses-demographic assumptions	(5,729)	(64)	(5,793)	0	0	0
Actuarial (Gains) and losses-experience	(4,283)	(71)	(4,354)	(1,362)	(11)	(1,373)
Actuarial (Gains) and losses-financial assumptions	18,250	30	18,280	(361)	(1)	(362)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	14,563	(88)	14,475	(8,111)	(2)	(8,113)
Movement in Reserves Statement						
Reversal of net charges made to the Comprehensive Income and Expenditure Statement for post employment benefits in accordance with the Code	(6,763)	(17)	(6,780)	(7,457)	(10)	(7,467)
Actual amount charged against the General Fund balance for pensions in the year:						
- employer's contributions to the pension scheme	1,993	56	2,049	1,964	56	2,020
- retirement benefits payable to pensioners	0	0	0	0	0	0
Total Charge against the General fund	(4,770)	39	(4,731)	(5,493)	46	(5,447)

Notes to the Core Financial Statements

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

	<u>Males</u>		<u>Females</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Rating to base table	0	0	0	0
Scaling to base table rates (Current)	105%	105%	95%	95%
Scaling to base table rates (Future)	120%	120%	105%	105%
Cohort improvement factors	CMI 2018	CMI 2018	CMI 2018	CMI 2018
Minimum underpin to improvement factors	1.50%	1.50%	1.50%	1.50%
Future lifetime from age 65 (currently aged 65)	21.8	21.8	24.6	24.6
Future lifetime from age 65 (currently aged 45)	22.5	22.5	25.7	25.7

Pension assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Organisations obligation in respect of its defined benefit schemes is as follows:

	<u>Funded</u>		<u>Unfunded</u>		<u>Total</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Recognised in the Balance Sheet	£000s	£000s	£000s	£000s	£000s	£000s
Fair value of assets	105,236	119,703	0	0	105,236	119,703
Present value of the defined benefit obligation	(159,016)	(163,408)	(745)	(687)	(159,761)	(164,095)
Net liability arising from defined benefit obligation	(53,780)	(43,705)	(745)	(687)	(54,525)	(44,392)

Reconciliation of Fair Value of the Scheme Assets

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.

	<u>2020</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>
Balance at 1st January	102,988	105,236
Interest income	2,058	1,468
Remeasurement gains/ (losses) on assets	438	13,845
Employer contributions	1,993	1,964
Contributions by scheme participants	878	896
Benefits paid	(3,119)	(3,706)
Balance at 31st December	105,236	119,703

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

	<u>2020</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>
Balance at 1st January	(145,087)	(159,761)
Current Service Cost	(5,912)	(6,642)
Interest Cost	(2,879)	(2,218)
Contributions by scheme participants	(878)	(896)
Remeasurement gains and (losses)	0	0
Actuarial gains and (losses) - demographic assumptions	5,793	0
Actuarial gains and (losses) - financial assumptions	(18,280)	362
Actuarial gains and (losses) - experience	4,354	1,373
Benefits paid	3,175	3,762
Past service costs and curtailments	(47)	(75)
Balance at 31st December	(159,761)	(164,095)

Pension Assets

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

	<u>Assets held</u>	
	<u>2020</u>	<u>2021</u>
Equity investments	79.00%	80.60%
Property	4.00%	3.80%
Government Bonds	9.20%	7.80%
Corporate Bonds	4.80%	3.80%
Cash	1.30%	2.40%
Other assets *	1.70%	1.60%
TOTAL	100.0%	100.0%

* Other holdings may include hedge funds, currency, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities.

Notes to the Core Financial Statements

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 2019 and the unfunded scheme as at 31st December 2021.

	<u>2020</u>	<u>2021</u>
Mortality assumptions		
Males		
Pensioner member aged 65 at accounting date	21.8 years	21.9 years
Active member aged 45 at accounting date	22.5 years	22.6 years
Females		
Pensioner member aged 65 at accounting date	24.6 years	24.7 years
Active member aged 45 at accounting date	25.7 years	25.8 years
Rate of Inflation (CPI)	2.10%	2.70%
Rate of Increase in Salaries	3.35%	3.95%
Rate of Increase in Deferred Pensions	2.10%	2.70%
Rate of Increase in Pensions	2.10%	2.70%
Rate for discounting scheme liabilities	1.40%	2.00%
Take-up of option to convert annual pension into retirement lump sum		

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

Impact on the Defined benefit Obligation in the Scheme

Member Life expectancy (+ or - 1 year) *
 Rate of increase in salaries (+ or - 0.1%)
 Rate of increase in pensions (+ or - 0.1%)
 Rate for discounting scheme liabilities (+ or - 0.1%)

	Increase in Assumption £000	Decrease in Assumption £000
Member Life expectancy (+ or - 1 year) *	6,046	(6,046)
Rate of increase in salaries (+ or - 0.1%)	(490)	490
Rate of increase in pensions (+ or - 0.1%)	(3,105)	2,941
Rate for discounting scheme liabilities (+ or - 0.1%)	3,432	(3,595)

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them

Impact on the Organisation's Cash Flows

The liabilities show the underlying commitment that the Organisation has in the long run to pay post employment / retirement benefits. The total liability of £43,705k has a substantial impact on the net worth of the Organisation as recorded in the balance sheet. 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 2022 are £1.926m. In addition, contributions towards the unfunded obligations will be required. Expected contributions for the discretionary benefits in the year to 31st December 2022 are £0.056m.

The weighted average duration of the defined benefit obligation for scheme members is 21.7 years.

Notes to the Core Financial Statements

7. Property Plant and Equipment

2021

Property Plant and Equipment

Cost or valuation

Opening balance 1 January 2021
 Revaluation increase / (decrease) recognised in the Revaluation Reserve
 Revaluation increase / (decrease) recognised in the CIES

At 31 December 2021

Depreciation and impairments

Opening balance 1 January 2021
 Charge for depreciation 2021
 Depreciation reversed in line with revaluation

At 31 December 2021

Net Book Value at 31 December 2021

Net Book Value at 1 January 2021

Land & Buildings £'000	Furniture & Equipment £'000	Computers £'000	Vehicles £'000	TOTAL £'000
9,820	851	1,145	3,679	15,495
1,754	0	0	0	1,754
73	0	0	0	73
11,647	851	1,145	3,679	17,322
0	609	1,050	3,541	5,200
184	29	55	69	337
(184)	0	0	0	(184)
0	638	1,105	3,610	5,353
11,647	213	40	69	11,969
9,820	242	95	138	10,295

2020 Comparative

Property Plant and Equipment

Cost or valuation

Opening balance 1 January 2020
 Revaluation increase / (decrease) recognised in the Revaluation Reserve
 Revaluation increase / (decrease) recognised in the I&E

At 31 December 2020

Depreciation and impairments

Opening balance 1 January 2020
 Charge for depreciation 2020
 Acc depreciation write out to gross carrying amount

At 31 December 2020

Net Book Value at 31 December 2020

Net Book Value at 1 January 2020

Land & Buildings £'000	Furniture & Equipment £'000	Computers £'000	Vehicles £'000	TOTAL £'000
9,187	851	1,145	3,679	14,862
670	0	0	0	670
(37)	0	0	0	(37)
9,820	851	1,145	3,679	15,495
0	575	984	3,390	4,949
165	34	66	151	416
(165)	0	0	0	(165)
0	609	1,050	3,541	5,200
9,820	242	95	138	10,295
9,187	276	161	289	9,913

Notes to the Core Financial Statements

7a. Intangible Assets

During 2018 the Organisation invested in the development of an Apprenticeship Levy framework portal which would allow our customers to sign up to a range of apprenticeship courses available through the levy scheme. All spend through the portal would generate a rebate income to YPO. All fees paid to external developers have been capitalised as Intangible Assets and amortised over 3 years from the time the portal became operational.

	2020	2021
	Intangible Assets £'000	Intangible Assets £'000
Cost or valuation		
Opening balance 1 January	192	192
Additions	0	0
Impairment	0	0
Disposals	0	0
At 31 December	192	192
Amortisation and impairments		
Opening balance 1 January	147	172
Amortisation charge for the year	25	20
Impairment	0	0
Disposals	0	0
At 31 December	172	192
Net Book Value at 31 December	20	0
Net Book Value at 1 January	45	20

8. Inventories

31st Dec 2021	Warehouse Stock £000's	Packing and Materials £000's	Total £000's
Opening inventory balance	24,288	206	24,494
Purchases	51,265	322	51,587
Recognised as an expense in year	(55,518)	(312)	(55,830)
Closing Inventory balance	20,035	216	20,251
Impairment loss allowance for inventory write off	(2,678)		(2,678)
Closing Inventory balance net of impairment loss	17,357	216	17,573
31st Dec 2020			
Opening inventory balance	13,664	226	13,890
Purchases	65,945	237	66,182
Recognised as an expense in year	(55,321)	(257)	(55,578)
Closing Inventory balance	24,288	206	24,494
Impairment loss allowance for inventory write off	(7,080)	0	(7,080)
Closing Inventory balance net of impairment loss	17,208	206	17,414

Notes to the Core Financial Statements

9. DEBTORS AND PAYMENTS IN ADVANCE

Debtors: Amounts due within one year

Trade Debtors

other local authorities
NHS bodies
bodies external to general government (i.e. all other bodies).

Accumulated Absences
Less - Impairment Allowance

Payments in Advance and accrued income

bodies external to general government (i.e. all other bodies).

Total

Debtors: Amounts due after more than one year

Loans Receivable

Total

31st Dec 2020	31st Dec 2021
£'000	£'000
11,951	8,432
8	8
2,455	2,677
2	1
(614)	(614)
13,801	10,504
6,488	5,357
20,289	15,861

31st Dec 2020	31st Dec 2021
£'000	£'000
500	500
500	500

10. 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

Trade Creditors

other local authorities
bodies external to general government (i.e. all other bodies).

Accruals
Finance Leases
VAT
Accumulated absences

Total

Restated 31st Dec 2020	31st Dec 2021
£'000	£'000
18	13
3,779	3,562
3,816	3,324
55	41
4,065	554
372	348
12,106	7,841

The 2020 numbers have been restated due to a loan of £3.5m from Wakefield Council has been reclassified as short term borrowing from short term creditors. There is no impact on the financial position of the Organisation as a result of this reclassification.

Notes to the Core Financial Statements

11. SHORT TERM BORROWING

Opening Balance 1st January	
Short term loans from Wakefield Council	
Repayments in year	
Closing Balance 31st December	

31st Dec 2020	31st Dec 2021
£'000	£'000
0	3,500
6,500	3,500
(3,000)	(3,500)
3,500	3,500

12. FINANCIAL INSTRUMENTS

The Organisation's financial instruments are represented by bank balances, investments made in line with the Organisations Treasury Management Policy, trade creditors, trade debtors and loans receivable. Certain risks are associated with these classes of cash and cash equivalents as follows.

All of the Organisation's financial assets are carried on the balance sheet at amortised cost less impairment. As all financial assets are simple in nature the disclosures included in these accounts are representative of that.

Bank balances are held in UK bank accounts and earn interest based on aggregated overnight investments rates determined by our banking providers. Risks to cash arise in the form of banking failures within the UK.

Investments represent cash deposits made with other local authorities which earn a fixed interest rate agreed at the time of investment and are for a fixed term. Risks arise in the form of banking failures within the UK. As at the 31st December no amounts were invested.

The risks associated with Investments are managed through the adoption of a Treasury Management Policy. YPO adopts the key recommendations of CIPFA's Code of Practice entitled "Treasury Management in the Public Services" within its policy statement. The Organisation's high level policy for investments is to invest its monies prudently, considering security first, liquidity second and yield last, carefully considering its investment counterparties.

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.

Financial Assets	Non-Current		Current		Total	
	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021
	£000's	£000's	£000's	£000's	£000's	£000's
Amortised Cost - Debtors	500	500	13,799	10,500	14,299	11,000
Total Financial Assets	500	500	13,799	10,500	14,299	11,000

An impairment allowance of £614k (2020 £614k) has been included against all current debtors. Impairment calculations are based on the expected credit losses arising from the full instrument over the next 12 months and not on an individual level, this credit risk is reviewed frequently throughout the year and the allowance increased in line with the risk.

Non-current debtors constitute a loan issued in July 2018 to one of our related parties, YPO Procurement Holdings Ltd, for £500K. The purpose of the loan was to allow YPO Procurement Holdings to invest in EdTech Impact Limited for 30% of their Ordinary shares. The risk is that the related party, or the new associate, becomes insolvent and therefore repayment of the loan is unlikely. As at the 31st December 2020 the full capital amount, plus the accrued daily interest of 3% above the Bank of England base rate, is still outstanding.

The risks associated with our loans receivable are managed by the close monitoring of the borrower's financial performance and balance sheet position on a monthly basis. This allows for any potential credit risks to be identified as soon as possible and actions put in place to prevent the risks from materialising, as at the 31st December 2021 no impairment allowance has been made for this.

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.

Financial Liabilities	Non-Current		Current		Total	
	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021
	Amortised Cost - Trade Creditors	0	0	3,798	3,575	3,798
Total Financial Liabilities	0	0	3,798	3,575	3,798	3,575

Notes to the Core Financial Statements

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 2020 £'000	31st Dec 2021 £'000	Net Movement in the Year £'000	Note
<u>Usable reserves</u>				
General Fund Balance	22,935	22,703	(232)	I
<u>Unusable reserves</u>				
Joint Committee Capital Adjustment Account	9,683	9,445	(239)	ii
Earmarked Pension reserve	(54,525)	(44,392)	10,133	iii
Earmarked Accumulated Absences Account	(372)	(348)	24	iv
Revaluation reserve	1,087	2,979	1,892	v
Total reserves	(21,192)	(9,613)	11,579	

(I) To protect the Organisation against unforeseen events and the realisation of contingent liabilities. Included within the overall General Fund balance is the Financial Stability Fund which as at 31st December 2020 had a balance of £1m.

	2020 £'000	2021 £'000
General fund balance		
Balance brought Forward 1st January	29,447	22,935
Surplus or (deficit) on operations	(11,882)	(5,914)
Total comprehensive income and expenditure	(11,882)	(5,914)
Depreciation and impairment	452	260
Reversal of IAS 19 charges to I&E	6,780	7,467
Employer's pension contributions	(2,049)	(2,020)
Movement in employee absence accrual	188	(24)
Total voluntary adjustments	5,370	5,683
Total transfers to/from cash reserves	0	0
Total transfers to/from earmarked reserves	5,370	5,683
Balance Carried Forward 31st December	22,935	22,703
Movement in year represented in the Movement in Reserves Statement	(6,512)	(232)

(ii) 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.

	2020 £000	2021 £000
Joint Committee Capital Adjustment Account		
Balance brought Forward 1st January	10,134	9,683
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	(452)	(260)
Adjusting amounts written out of Revaluation Reserve	1	21
Net Written out amount of the cost of non-current assets consumed in the year	9,683	9,445
Capital financing applied in the year		
	9,683	9,445
Balance Carried Forward 31st December	9,683	9,445
Movement in year represented in the Movement in Reserves Statement	(450)	(239)

Notes to the Core Financial Statements

(iii) 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.

	2020 £000	2021 £000
Earmarked Pension Reserve		
Balance brought forward 1st January	(42,099)	(54,525)
Actuarial Gains or (losses) on pension assets and Liabilities	(7,695)	15,580
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(6,780)	(7,467)
Employers pensions contributions and direct payments to pensioners payable in year	2,049	2,020
Balance Carried Forward 31st December	(54,525)	(44,392)
Movement in year represented in the Movement in Reserves Statement	(12,426)	10,133

(iv) The Earmarked Accumulated 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.

	2020 £000	2021 £000
Earmarked Accumulated Absences Account		
Balance brought forward 1st January	(185)	(372)
Settlement or cancellation of accrual made in preceding year	185	372
Amount to be accrued for current year	(372)	(348)
Amount to be charged to the Comprehensive Income and Expenditure Statement	(188)	24
Balance as at 31st December	(372)	(348)
Movement in year represented in the Movement in Reserves Statement	(188)	24

(v) 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

	2020 £000	2021 £000
Revaluation Reserve		
Balance brought Forward 1st January	279	1,087
Upward revaluation of assets	810	1,913
Difference between fair value depreciation and historical cost depreciation	(1)	(21)
Balance Carried Forward 31st December	1,087	2,979
Movement in year represented in the Movement in Reserves Statement	808	1,892

Notes to the Core Financial Statements

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	
	2020	2021
50,000 - 54,999	4	11
55,000 - 59,999	3	-
60,000 - 64,999	2	4
65,000 - 69,999	4	4
70,000 - 74,999	2	2
75,000 - 79,999	1	1
80,000 - 84,999	1	-
TOTAL	17	22

The table below sets out the remuneration disclosure (Board of Directors) whose salary is £50,000 per year or more by job title. Comparative figures for 2020 are also shown and these officers are excluded from the above table.

2021						
Post	Salary incl. BiK	Expenses	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	135,668	151	-	-	18,493	154,312
Executive Director	98,964	153	-	-	13,608	112,724
Executive Director	65,995	294	-	-	9,040	75,329
Executive Director	49,496	-	-	-	6,780	56,276
	350,123	598	-	-	47,920	398,641

2020						
Post	Salary incl. BiK	Expenses	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	134,784	168	-	-	19,246	154,198
Deputy Managing Director	110,475	-	-	118,679	15,371	244,524
Executive Director	99,939	369	-	-	13,659	113,967
Executive Director	97,558	22	-	-	13,905	111,485
	442,755	559	-	118,679	62,182	624,174

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 Redundancies		Total no. of Exit Packages		Total cost of Exit Packages	
	2020 No.	2021 No.	2020 No.	2021 No.	2020 No.	2021 No.	2020 £000's	2021 £000's
0 - 20,000	1	-	3	5	4	5	8	38
20,001 - 40,000	-	-	1	1	1	1	23	22
40,001 - 60,000	-	-	-	-	-	-	-	-
60,001 - 80,000	-	-	-	1	-	1	-	71
80,000 and over	-	-	1	2	1	2	119	290
Total	1	0	5	9	6	9	150	421

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

Notes to the Core Financial Statements

15. LEASES

Finance Leases

The Organisation has entered into a Finance Lease for the supply of IT server and switches equipment.

The assets acquired under these finance leases are carried as Vehicles, Furniture and Equipment in the Balance Sheet at the following amounts

	2020 £000	2021 £000
Vehicles, Furniture and Equipment	96	41

The Finance lease liabilities are included in the current and long term liabilities in the Balance Sheet at the following amounts

	2020 £000	2021 £000
Finance Lease Liabilities (net present value of minimum lease payments)		
Due within one year	55	41
Due after one year and not later than five years	41	0
Minimum lease payments	96	41

The minimum lease payments will be payable over the following periods

	Minimum Lease Payments		Finance Lease Liabilities	
	2020 £000	2021 £000	2020 £000	2021 £000
Not later than one year	26	41	55	41
Later than one year and not later than five years	70	0	41	0
Later than five years	0	0	0	0
	96	41	96	41

Operating Leases

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

	2020 £000	2021 £000
Not later than one year	158	451
Later than one year and not later than five years	191	690
Later than five years	2,320	2,274
	2,669	3,416

Amounts charged, in respect of these leases, to the Comprehensive Income and Expenditure Statement during 2021 were £309K (2020 £377k) of which £29k was 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 and a new short term lease of a warehouse at Unit K, Kenmore Road, Wakefield.

16. EXPENDITURE AND FUNDING ANALYSIS

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.

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

Notes to the Core Financial Statements

2020 £'000	YPO Profit & Loss	2021 £'000
	Trading	
70,460	Stores	70,068
9,391	Food	9,804
19,770	Directs	19,917
99,621	Total Invoiced Sales	99,789
(70,250)	Cost of Sales	(69,276)
29,371	Gross Margin	30,512
5,046	Rebates	5,939
1,799	Other Income	2,047
36,216	Total Income	38,498
	Operating Costs	
(19,290)	Employment costs	(20,095)
(1,047)	Premises	(1,299)
(16,892)	Supplies and Services	(8,094)
(4,531)	Transport	(5,210)
(127)	SLA costs	(103)
(225)	Financial & Misc.	297
(452)	Depreciation	(260)
(42,564)	Total Operating Costs	(34,765)
13	Interest (payable)/receivable	0
-	Profit/(loss) on disposal of assets	-
-	Dividend paid	-
-	Pension costs	-
(6,335)	Surplus or (deficit)	3,734

2020 £'000	Reconciliation of P&L Account to I&E Account	2021 £'000
(6,335)	Net Profit in P&L Account	3,734
(5,548)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management	(9,628)
-	Amounts included in the P&L not included in the Comprehensive Income and Expenditure Statement	-
(11,883)	Surplus/(Deficit) on provision of service	(5,894)

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 2021	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	99,789	0	0	99,789
Cost of Sales	(69,276)	0	0	(69,276)
Gross Margin				
Discounts	0	0	0	0
Rebates	5,939	0	0	5,939
Other Income	2,047	0	0	2,047
Total Income	38,498	0	0	38,498
Operating Costs				
Employment costs	(20,095)	0	0	(20,095)
Premises	(1,299)	0	0	(1,299)
Supplies and Services	(8,094)	0	0	(8,094)
Transport	(5,210)	0	0	(5,210)
SLA costs	(103)	0	0	(103)
Financial & Misc.	297	0	0	297
Depreciation	(260)	0	0	(260)
Total Operating Costs	(34,765)	0	0	(34,765)
Interest (payable)/receivable	0	0	0	0
Exceptional Items	0	0	0	0
Revaluation gains / (losses)	0	0	0	0
Impairment allowances	0	0	0	0
Dividend paid	0	(4,181)	0	(4,181)
Earmarked reserves funding	0	0	0	0
Pension costs	0	(5,447)	0	(5,447)
Surplus or (deficit) on provision of service	3,734	(9,628)	0	(5,894)

Notes to the Core Financial Statements

YPO Profit & Loss 2020	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	99,621	0	0	99,621
Cost of Sales	(70,250)	0	0	(70,250)
Gross Margin				0
Discounts	0	0	0	0
Rebates	5,046	0	0	5,046
Other Income	1,799	0	0	1,799
Total Income	36,216	0	0	36,216
Operating Costs				
Employment costs	(19,290)	0	0	(19,290)
Premises	(1,047)	0	0	(1,047)
Supplies and Services	(16,892)	0	0	(16,892)
Transport	(4,531)	0	0	(4,531)
SLA costs	(127)	0	0	(127)
Financial & Misc.	(225)	0	0	(225)
Depreciation	(452)	0	0	(452)
Total Operating Costs	(42,564)	0	0	(42,564)
Interest (payable)/receivable	13	0	0	13
Profit/(loss) on disposals	0	0	0	0
Revaluation gains / (losses)	0	0	0	0
Impairment allowances	0	(486)	0	(486)
Dividend paid	0	(331)	0	(331)
Earmarked reserves funding	0	0	0	0
Pension costs	0	(4,731)	0	(4,731)
Surplus or (deficit) on provision of service	(6,335)	(5,062)	0	(11,883)

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.

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 71 associate members who have no influence over Organisational decision making.

Business transactions with the 13 founder members 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 directly with each founder member through our catalogue business during the year and the debtor balance at the year end is detailed below. The value of these transactions form part of our Invoiced Turnover figure in the Comprehensive Income and Expenditure Account.

	Transaction value		Debtor balance as at 31 Dec
	2020 £'000	2021 £'000	2021 £'000
Barnsley MBC	1,482	1,775	276
Bolton MBC	1,730	1,959	58
Bradford MDC	3,967	4,244	141
City of York	680	812	20
Doncaster MBC	2,115	2,332	95
Kirklees MC	5,392	3,455	77
Knowsley MBC	926	1,058	69
MB of Calderdale	1,051	1,171	43
North Yorkshire CC	3,998	3,277	121
Rotherham MBC	1,932	2,126	94
St Helens MBC	1,257	1,379	34
Wakefield MdC	3,211	2,657	151
Wigan MBC	1,693	1,923	184
	29,434	28,167	1,362

Notes to the Core Financial Statements

Our founder members also procure goods and services through our frameworks business. The value of these transactions are included below. These spend values form part of an overall framework spend amount from which we receive an agreed rebate percentage from our approved suppliers. This rebate income is disclosed on the Comprehensive Income and Expenditure Account - 2021: £5,939k (2020: £5,046k)

	Transaction value	
	2020 £'000	2021 £'000
Barnsley MBC	11,855	24,647
Bolton MBC	5,529	8,198
Bradford MDC	39,748	15,465
City of York	9,090	5,422
Doncaster MBC	11,028	14,236
Kirklees MC	21,350	22,761
Knowsley MBC	4,235	4,601
MB of Calderdale	6,515	5,997
North Yorkshire CC	11,355	10,704
Rotherham MBC	11,875	14,024
St Helens MBC	7,207	5,020
Wakefield MdC	20,167	20,896
Wigan MBC	10,301	12,950
	170,255	164,921

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. A summary of the costs incurred via Wakefield MDC are shown below, along with the creditor balance at the year end.

	Purchases (Exc. VAT)		Creditor Balance at 31st Dec	
	2020 £'000	2021 £'000	2020 £'000	2021 £'000
Wakefield MDC	1,034	956	46	(175)

The Organisation has incurred no expenditure with any other founder member during in 2021 or 2020.

In 2014 YPO Procurement Holdings and its subsidiary YPO Supplies Ltd began trading with YPO Joint Committee. Board members for YPO Procurement Holdings and YPO Supplies are also members of the Joint Committee board and therefore all transactions between the above companies are classed as related party transactions in accordance with the Code of practice for Local Authority Accounting.

The transactions involve a payment from YPO Supplies Ltd to YPO Joint Committee for picking items in the warehouse and the cost of telephone call handing. Those charges are at a standard cost. The cost of goods sold is paid by the Limited Company to the Joint Committee at an agreed transfer price. This includes an element of sales, procurement and marketing costs incurred by the Joint Committee. Other charges include a fee for governance and accounting services. The rationale is to recover the costs of operating on behalf of the new company.

Below is a summary of the amount of transactions that have occurred between the related parties and the amount of Balances outstanding. All transactions are sales from YPO Joint Committee.

	Transactions Value (Ex VAT) for the year £'000	Outstanding Balance as at 31st Dec 2021 £'000
YPO Procurement Holdings	0	0
YPO Supplies Ltd	1,259	109

Sales Invoices relating to the 2021 services provided were raised to YPO Supplies totalling £1.184m with a further £75K accrued in December 2021. accrued for at 31st December 2020.

In July 2018 YPO issued a loan to YPO Procurement Holdings for the sum of £500K. Interest will accrue on the loan at a daily rate of 3% above the Bank of England Base Rate and all capital and interest amounts are repayable by 2030. As at the 31st December the loan amounts still outstanding are.

Capital	2020 £ 500,000
Interest	58,528
	558,528

On the 31st December 2021 a review has been carried out on the recoverability of the loan issued. Taking into consideration the financial performance and financial position of YPO Procurement Holdings and its subsidiaries, and the expected growth over the next 9 years, it is expected that the full amount owing will be fully recovered by the end of the loan term.

Notes to the Core Financial Statements

18. AUDIT COSTS

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

Audit Costs	2020 £000	2021 £000
Fees payable to Mazars with regard to external audit services	30	30

19. EVENTS AFTER THE BALANCE SHEET DATE

No significant events were reported after the balance sheet date and up to the authorised for issue date.

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 non-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.

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.

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.

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YPO Audited Statement of Accounts

Final Audit Report

2022-07-29

Created:	2022-07-27
By:	Ellie Gerrard (ellie.gerrard@ypo.co.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAAv4nfgkBY-ZzhXLCqnqsJazqRHSUSj_gX

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-  Document created by Ellie Gerrard (ellie.gerrard@ypo.co.uk)
2022-07-27 - 3:53:20 PM GMT
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2022-07-27 - 3:54:33 PM GMT
-  Email viewed by nwarren@wakefield.gov.uk
2022-07-29 - 12:18:30 PM GMT
-  Signer nwarren@wakefield.gov.uk entered name at signing as Neil Warren
2022-07-29 - 12:19:58 PM GMT
-  Document e-signed by Neil Warren (nwarren@wakefield.gov.uk)
Signature Date: 2022-07-29 - 12:19:59 PM GMT - Time Source: server
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2022-07-29 - 12:20:01 PM GMT
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2022-07-29 - 12:33:06 PM GMT
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2022-07-29 - 12:35:34 PM GMT
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