YORKSHIRE PURCHASING ORGANISATION

AUDITED

STATEMENT

OF ACCOUNTS

2018

41 Industrial Park●Wakefield●WF2 OXE

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 2018. 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 sixty five associate member authorities of YPO as of 31st December 2018, 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

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

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 C.I.P.F.A 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 C.I.P.F.A 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:

Core Statements

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

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

The Balance Sheet shows the value as at the 31st December 2018 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 WMDC 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 2018 budget approved in November 2017 was for a turnover of £112m and a surplus of £8.2m, excluding any income for pensions interest or expenditure financed from earmarked reserves.

Invoiced sales for the year are £112.9m and the reported surplus on trading of £8.571m is over the budget set of £8.2m by £0.371m, this excludes any income for pensions interest or expenditure financed from earmarked reserves.

Turnover targets for the year included growth aspirations in Education, despite difficult markets and decline in spend over the last 2 years, and geographical growth in the newer territories of the south of England and London Boroughs. These targets were met and exceeded with combined growth in Primary and Secondary Education of 4.8% against a background of overall market growth of 3.6% (BESA/C3 Education – Resources in English Maintained Schools research). Declines in turnover were experienced in the Early Years and Local Authority sectors, and overall the Food Category was affected significantly by adverse weather conditions and mainly changes to Multi Academy Trust purchasing decisions, although the increases in Education spend outweighed these.

Income from stock and framework contracts at £4.8m were under the budget of £5.6m, mainly due to our Emergency Services, Stock and Furniture categories under-achieving. The 2018 numbers have also been adversely impacted by an over accrual at the 2017 year end due to Q4 framework activity not materialising as expected across these areas. The year end accrual for 2018 has been prudently set to avoid a re-occurrence of this in 2019.

Operating costs for 2018 were £29.971m, £0.108m over budget and £0.828m under 2017. The main overspends in the year were across Transport and Stocktake Adjustments. Within transport our hired carrier costs were greater than expected due to a combination of increased driver's sickness and higher stores sales volumes both of which resulted in a higher number of consignments being fulfilled by third parties. The increase in stock adjustments is linked to the introduction of our Perpetual Inventory team from January which has brought with it greater volumes of items counted in the year. Partially offsetting these overspends are people savings due to the vacancies that we have held during the year.

In 2018 £0.989m of expenditure was funded through the internal earmarked reserve funds. This was planned expenditure approved at the November 2016 and November 2017 Management Committees.

Trade debtors are at £8.9m, the same as 2017. Despite higher sales in the year the similar amounts in year end debtors highlights the effective credit control processes in place.

The net assets of the organisation as at 31st December 2018 are £14.483m, a slight decrease on the £14.687m in last years accounts. Net current assets have remained stable and are at a similar position to that of last year with slight decreases in cash and debtor balances corresponding to the increase in inventories and reduction in creditors. In the year we introduced our Treasury Management Policy which as at 31st December saw £5m invested with various local authorities in accordance with the agreed policy. The objectives of the Treasury Management policy are to minimise the risk associated with our cash holdings and to maximise the potential returns from our cash position.

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.

Narrative Statement
by the Managing Director

Cash flow movement in the year has reduced the cash at bank balances by £1.2m. This reflects the operating performance of the organisation in the year and reconciles to the in-year profits, dividends paid, capital expenditure and loans issued. It also reflects the movements in stock, debtors and creditors for the year. The loans issued relates to £0.5m paid to YPO Procurement Holdings Limited, the purpose of the loan was to enable YPO Procurement Holdings Limited to invest in EdTech Impact Limited in the year.

£0.5m of Capital Expenditure was incurred in the year for the purchase of new fleet, warehouse equipment and software assets.

An agreed dividend distribution of £7.492m for the trading year 2017 was distributed in September 2018. This distribution, as last year, included all customers.

5. RETIREMENT BENEFITS

The value of the organisation's retirement benefits liability as at 31 December 2018 was £26.5 million (31 December 2017 £25.6 million). This increase is due to the reduction in the funds asset returns over the accounting period outweighing an increase in the discount rate assumptions used.

The employer's contribution rate was 14.4% in 2018. (see note 7 to Core Financial Statements - Retirement Benefits)

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

6. SIGNIFICANT MATTERS

The budget submission for the 2018 financial year was given approval by the Management Committee at the meeting in November 2017. The budget was built on assumptions of sales growth on our core business from 2017 and an increase in our contractural rebate income for the year. As part of our future proofing programme we also incorporated a net savings target of £1.1m into our overheads budget for 2018, this along with the expectated inflation costs for the year resulted in a budgeted operating costs to sales ratio of 25.40% .

A dividend distribution of £7.492m declared in respect of the 2017 trading year, was distributed in September 2018. This included a non cash loyalty bonus of £1.5m payable to individual customers by way of a voucher to be used against future purchases of product.

YPO Procurement Holdings and its subsidiary YPO Supplies Ltd began trading with YPO Joint Committee in 2014. Board members for YPO Procurement Holdings and YPO Supplies are also members of the Joint Committee board and therefore all transactions in 2018 between the above companies are classed as related party transactions.

7. MEDIUM TERM FINANCIAL STRATEGIES

The 2019 Budget was approved by the Management Committee in November 2018 for the second year of our three year strategy. This strategy focuses on relevance and the importance of YPO remaining relevant not only to their owners and various customer groups but also to an ever changing marketplace. This will ensure we remain competitive whilst continuing to deliver value for money to all public sector organisations when procuring goods and services.

A medium term financial strategy has also been drawn up alongside the 2019 budget, this assesses the implications today's actions will have over the next 2-5 years and what impact it will have on future profits and financial position.

Within the medium term financial strategy we have prudently estimated that our sales demand remains at current volumes plus inflation over the planning period. This along with an expected growth within our rebates business and a continued focus on efficiencies within our overheads should see net profits increased by 2023.

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 the Serving Authority, Wakefield MDC. Day to day financial management is the responsibility of the Managing Director YPO.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

THE RESPONSIBILITIES OF THE 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 2018 and its Income and Expenditure for the year then ended.

…………………………………………………………

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 2018, I certify that the Accounts have been approved by the Management Committee and are authorised for issue.

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Cllr LES SHAW
Chairperson YPO Management Committee

Auditors Opinion

INDEPENDENT AUDITOR'S REPORT TO YORKSHIRE PURCHASING ORGANISATION

REPORT ON THE NON-STATUTORY ACCOUNTS

Opinion

We have audited the non-statutory accounts of Yorkshire Purchasing Organisation for the year ended 31 December 2018 which comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Account, Balance Sheet, Cashflow Statement and related notes, including the accounting policies in note 1. The non-statutory accounts have been prepared for the reasons set out in note 1.

In our opinion the non-statutory accounts:

• give a true and fair view of the state of the Organisation's affairs as at 31 December 2018 and of its profit for the year then ended; and

• have been properly prepared on the basis of the financial reporting framework of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and the terms of our engagement letter dated 9 June 2016. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the non-statutory financial statements on the going concern basis as they do not intend to liquidate the Organisation or to cease its operations, and as they have concluded that the organisation's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the non-statutory financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the non-statutory financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the organisation's business model, including the impact of Brexit, and analysed how those risks might affect the organisation's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

Auditors Opinion

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the organisation will continue in operation.

Other information

The Managing Director of Yorkshire Purchasing Organisation is responsible for the other information, which comprises of the Narrative Statement. Our opinion on the non-statutory accounts work does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our non-statutory accounts audit work, the information therein is materially misstated or inconsistent with the non-statutory accounts or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the terms of our engagement we are required to report to you if, in our opinion:
We to report to you if:

• the Annual Governance Statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or

• the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements

Statement of responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the non-statutory accounts, which are intended by them to give a true and fair view; such internal control as they determine is necessary to enable the preparation of non-statutory accounts that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the non-statutory accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the non-statutory accounts.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

Our report has been prepared for the Organisation solely in accordance with the terms of our engagement in connection with the Joint Committee decision to prepare non-statutory accounts. It has been released to the Organisation on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Organisation's own internal purposes) or in part, without our prior written consent.

Auditors Opinion

Our report was designed to meet the agreed requirements of the Organisation determined by the Organisation's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Organisation for any purpose or in any context. Any party other than the Organisation who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

Rashphal Khangura for and on behalf of
KPMG LLP
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

June 2019

MOVEMENT IN RESERVES STATEMENT

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

2017 Re-stated	**£000's**										
	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**	**Note**
Balance as at 31 December 2016	**28,818**	**85**	**1,770**	**10,545**	**(29,895)**	**(111)**	**0**	**30,674**	**(19,461)**	**11,213**	
Movement in Reserves during 2017											
Surplus or (Deficit) on Operations	(3,552)							**(3,552)**	0	**(3,552)**	
Other Comprehensive Income					7,016		0	**0**	**7,016**	**7,016**	
Total Comprehensive Expenditure and Income	**(3,552)**	**0**	**0**	**0**	**7,016**	**0**	**0**	**(3,552)**	**7,016**	**3,464**	
Adjustments between accounting basis and funding basis under regulation				10							
Net Increase / (Decrease) before transfer to Earmarked Reserves	**(3,552)**	**0**	**0**	**10**	**7,016**	**0**	**0**	**(3,552)**	**7,026**	**3,474**	
Transfer (to) / from Earmarked Reserves	2,994		(74)	(228)	(2,692)		0	2,920	(2,920)	0	
Increase / (Decrease) in Movement in Year	**(557)**	**0**	**(74)**	**(218)**	**4,324**	**0**	**0**	**(632)**	**4,106**	**3,474**	
Balance as at 31 December 2017	**28,261**	**85**	**1,696**	**10,327**	**(25,571)**	**(111)**	**0**	**30,042**	**(15,355)**	**14,687**	**13**

2018	**£000's**										
	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**	**Note**
Balance as at 31 December 2017	**28,261**	**85**	**1,696**	**10,327**	**(25,571)**	**(111)**	**0**	**30,042**	**(15,355)**	**14,687**	
Movement in Reserves during 2018											
Surplus or (Deficit) on Operations	(2,189)							**(2,189)**	**0**	**(2,189)**	
Other Comprehensive Income					1,829		156	**0**	**1,985**	**1,985**	
Total Comprehensive Expenditure and Income	**(2,189)**	**0**	**0**	**0**	**1,829**	**0**	**156**	**(2,189)**	**1,985**	**(204)**	
Adjustments between accounting basis and funding basis under regulation								0	0	0	
Net Increase / (Decrease) before transfer to Earmarked Reserves	**(2,189)**	**0**	**0**	**0**	**1,829**	**0**	**156**	**(2,189)**	**1,985**	**(204)**	
Transfer (to) / from Earmarked Reserves	3,528		(1,086)	298	(2,751)	11	0	**2,442**	**(2,442)**	**0**	
Increase / (Decrease) in Movement in Year	**1,339**	**0**	**(1,086)**	**298**	**(922)**	**11**	**156**	**253**	**(457)**	**(204)**	
Balance as at 31 December 2018	**29,600**	**85**	**610**	**10,625**	**(26,493)**	**(100)**	**156**	**30,295**	**(15,812)**	**14,483**	**13**

**2017 has been re-stated to increase Capital Expenditure in the year by £41K. The costs, which were funded through the Internal Investment Reserve, were for the first installment of new warehouse equipment and were expensed against the Profit and Loss account. The re-statement has reduced both the deficit on the provision of service and the transfer between the General fund and CAA. The net result of the adjustment is an increase in the closing balances of the CAA and Total Reserves by £41K.*

Comprehensive Income and Expenditure Account

Re-stated 2017 £'000		2018 £'000	Note
110,965	***Invoiced Turnover***	112,881	1(b),6
(80,316)	***Cost of Sales***	(81,239)	
30,649	***Gross Margin***	31,642	
128	Discounts	137	
5,299	Rebates	4,773	1(b),6
2,216	Other Income	1,990	1(b),6
38,292	***Gross Surplus***	38,542	
	Operating Expenses		
(18,001)	Employees	(17,719)	
(1,224)	Premises	(984)	
(6,809)	Supplies and Services	(7,051)	
(4,608)	Transport	(4,685)	
(127)	S.L.A. Costs	(127)	
(267)	Financial and Miscellaneous	(16)	
(270)	Depreciation and revaluation increase/(decrease)	(191)	1(e),8
(1,909)	Pension service gain(cost) net of charges made to the general fund	(2,138)	1(h),7
(33,214)	***Net Operating Expenditure***	(32,912)	
5,078	***Surplus/(deficit) on trading operations***	**5,630**	
	Other Operating expenditure		
0	Gain/(Loss) on Disposal of Property, Plant and Equipment	0	
0		**0**	
	Financing and investment income and expenditure		
(783)	Pensions Interest Cost and Expected Return on Pension Assets	(613)	1(h),7
17	Interest Receivable	47	
(7,864)	Dividend paid	(7,253)	
(8,629)		**(7,820)**	
(3,552)	***Surplus/(Deficit) on provision of service***	**(2,189)**	
	Other Comprehensive income and expenditure		
7,016	Actuarial gains / (losses) on pension assets / liabilities	**1,829**	
0	Gains / (losses) on revaluations of PPE and depreciation	**156**	
7,016		**1,985**	
3,464	***Total comprehensive Income and Expenditure***	**(204)**	

**2017 has been re-stated to increase Capital Expenditure in the year by £41K. The costs, which were funded through the Internal Investment Reserve, were for the first installment of new warehouse equipment and were expensed against the Profit and Loss account. The re-statement has reduced the operating expenditure in the year by £41K and therefore subsequently increased the surplus/(deficit)s on trading operations and provision of service and the Total comprehensive Income and Expenditure by the same amount.*

BALANCE SHEET

The Balance Sheet shows the value as at 31st December 2018 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 2017 £'000		31st Dec 2018 £'000	Note
	ASSETS AND LIABILITIES		
	Long term Assets		
	Property, Plant and Equipment		
9,000	Land and Buildings	9,228	1(e),8
653	Vehicles, Furniture & Equipment	1,029	1(e),8
0	Intangible Assets	70	1(e),8
9,653	**Total Long Term Assets**	**10,328**	
	Current Assets		
12,749	Inventories	14,456	1(m),9
14,654	Short term debtors	13,137	1(u),10
11,183	Cash and cash equivalents	9,954	
38,587	**Total Current Assets**	**37,547**	
0	**Debtors: Amounts due after more than one year**	**500**	
	Current Liabilities		
(7,982)	Short term creditors	(7,247)	1(v),11
(7,982)	**Total Current Liabilities**	**(7,247)**	
30,605	**Net Current Assets**	**30,300**	
	Long term Liabilities		
0	Liability relating to Finance Leases	(151)	
(25,571)	Liability relating to Defined Benefit Pension Scheme	(26,493)	1(h),7
14,687	**Net Assets**	**14,483**	
	Financed by:		
	Usable Reserves		
28,261	General Fund	29,600	
85	Usable Capital Receipts Reserve	85	1(g),13
1,696	Internal Investment reserve	610	1(g),13
	Unusable Reserves		
10,327	Joint Committee Capital Adjustment Account	10,625	1(g),13
(25,571)	Pension Reserve	(26,493)	1(h),7,13
(111)	Earmarked Accumulated Absences Account	(100)	1(g),13
0	Revaluation Reserve	156	1(g),13
14,687	**Total Reserves**	**14,483**	

**2017 has been re-stated to increase Capital Expenditure in the year by £41K.The re-statement has increased the value of Vehicles, Furniture and Equipment within Fixed Assets by £41K and also increased the closing balance of the Joint Committee Capital Adjustment Account by £41K.*

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.

Re-stated 2017 £'000		**2018 £'000**
(3,552)	**Net surplus/(deficit) on the provision of service**	**(2,189)**
	Adjustment to the net surplus/(deficit) for non cash movements	
270	Depreciation and revaluation increase/(decrease)	177
(537)	(Increase)/Decrease in Inventories	(1,707)
(2,301)	(Increase)/Decrease in Debtors	1,517
2,692	(Increase)/Decrease in Pension Liability	2,751
439	Increase/(Decrease) in Creditors	(790)
(1,212)	Redemption of loyalty vouchers	(1,132)
(650)		817
	Adjustments for items included in the net surplus/(deficit) that are financing/investing activities	
	Proceeds from sale of PPE	
7,864	Dividend payment	7,253
7,864		**7,253**
3,662	**Net cash flows from operating activities**	**5,881**
	Investing Activities	
(41)	Purchase of PPE	(489)
0	Proceeds from Sale of PPE	0
(41)		**(489)**
	Financing Activities	
0	Loans issued	(500)
(6,651)	Dividends paid to Members	(6,122)
(6,651)		**(6,622)**
(3,031)	**Net Increase/(Decrease) in Cash and Cash Equivalents**	**(1,229)**
14,214	Cash and Cash Equivalents at the beginning of the reporting period	11,183
11,183	**Cash and Cash Equivalents at the end of the reporting period**	**9,954**

	Note on operating activities	
	The cash flows from operating activities include the following items	
17	Interest Receivable	47
17		**47**

**2017 has been re-stated to increase Capital Expenditure in the year by £41K, the costs had been expensed against the Profit and Loss Account. The re-statement has reduced the net deficit on the provision of service by £41K and therefore increased the net cash flows from operating activities by £41K. The purchase of PPE within investing activities has also increased by £41K resulting in the net decrease in cash for the year remaining unchanged.*

Notes to the Core Financial Statements

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

1. STATEMENT OF ACCOUNTING POLICIES

GENERAL PRINCIPLES

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 C.I.P.F.A Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and Service Reporting Code of Practice 2017/18, supported by International Financial Reporting Standards (IFRS).

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

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

The following policies have been adopted in compiling the accounts:

Fundamental Accounting Concepts:

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

a. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular debtors and creditors for revenue and capital transactions are accrued, except for certain cases which are not considered material. For items of this nature, a consistent approach is adopted.

b. TURNOVER

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

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 revenue account as a disposal. This balance is then reversed out of the General Fund in the Movement in Reserves Statement and posted to the Joint Committee Capital Adjustment Account.

e. NON CURRENT ASSETS

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

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

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

The latest valuation date of land and buildings was 30th November 2018, and was carried out by J Duck FRICS of NPS Humber Ltd.

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

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

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

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

vi) When 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 of the asset and the value of the asset in the balance sheet plus any material costs of disposal. Any revaluation gains in the Revaluation Reserve, relating to the asset disposed of, are transferred to the Joint Committee Capital Adjustment Account.

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

vii) Depreciation has been provided for using the straight-line method on Buildings (excluding land), Vehicles and Equipment 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:

Freehold Buildings	**2018**
41 Industrial Park	43 years
Flanshaw Way	39 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 FIXED ASSETS

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

Expenditure on intangible assets is subject to the same recognition criteria as tangible fixed assets as stated in note d. Intangible assets will be brought on to the Balance Sheet at cost and amortised on a straight line basis over the period for which benefit is received. It is assumed there will be nil residual value. Annual reviews of the value of intangible fixed assets will be undertaken.

Amortisation has been provided for using the straight line method on Intangible fixed assets and is charged from the time the asset becomes operational. The useful life of the Intangible fixed 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 average salary rate. The accrual is charged to the Comprehensive Income and Expenditure Statement but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Organisation to terminate an officer's employment before the normal retirement date or an 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, statutory provisions require the General Fund balance to be charged with the amount payable by the Organisation to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

The Local Government Pension Scheme

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

Liabilities are discounted to their value at current prices, using a discount rate of 2.9% on funded liabilities and 2.9% on unfunded liabilities (based on a weighted average of "spot yields" on AA rated corporate bonds).

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

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

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

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

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

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

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

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

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

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

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

Discretionary Benefits

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

i. TAXATION

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

j. EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

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

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

k. EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

l. INTEREST RECEIVABLE/PAYABLE

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

p. PROVISIONS

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

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

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

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

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

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

q. FINANCIAL INSTRUMENTS

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

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

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.

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

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

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

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

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

r. ESTIMATION TECHNIQUES

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

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

s. CASH & CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments made with other local authorities which earn a fixed interest rate over a specific term, usually for a period of 6 to 12 months.

t. FOREIGN CURRENCY TRANSLATION

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

u. DEBTORS

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

v. CREDITORS

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

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

The Organisation has not been impacted through any accounting standards adopted since the last accounting period.

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

The Code of Practice on Local Authority Accounting 2017/18 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.

The Organisation does not expect any significant changes however all the standards will be fully assessed and adopted where necessary in the 2019 Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Leasing

The Organisation has reviewed all classes of leases held by the Organisation and concluded that all exisiting leases to the 31st December 2017 constitute operating leases and therefore have no impact on the re-statement to and IFRS basis of accounting. In 2018 a lease agreement for the supply of IT equipment has been classfied 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 this statement.

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.

Invoicing of direct supply goods

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

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

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

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

Pensions Liability

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

These assumptions interact in complex ways and could produce a range of different results depending on the mix of changes in assumptions. For instance , a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of around £2.158m.

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 £171K.

Property, Plant & Equipment

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

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

Foreign currency transactions

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

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

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

During 2019 there have been several items of material income and expenditure that have been reflected in this statement of accounts. The main ones are;

Invoiced turnover in 2018 was £112.9m, £0.9m above the budget for the year and up on last year by £2m.

There has been an adverse impact on rebate income in the year of £0.513m due to an over accrual of expected income in the 2017 year end accounts.

Third party carrier costs were £0.374m over budget due to a combination of Driver's sickness and higher stock sales. Both of which resulted in a greater number of consigments being fulfilled by external parties.

Stock take adjustments were over budget by £0.518m due to the introduction of our Perpetual Inventory team and an increased number of stock counts in the year. This overspend was offset by a general contingency within the budget, this contingency was included to ease the pressures of our future proofing programme which had initially removed £2m from our overheads budget.

An agreed dividend distribution of £7.492m for the trading year 2017 was distributed in September 2018. This distribution included all customers. As at the 31st December 2018 there was a balance of £373K of loyalty vouchers unredeemed.

6. TURNOVER

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

7. RETIREMENT BENEFITS

Participation in pension schemes

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

The organisation participates in the Local Government Pension Scheme (LGPS), administered by the West Yorkshire Pension Fund (WYPF). This is a funded defined benefit final salary 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 2018 was 14.4%. Employees contributions in 2018 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 2017 £'000	Unfunded 2017 £'000	Total 2017 £'000	Funded 2018 £'000	Unfunded 2018 £'000	Total 2018 £'000
Comprehensive Income and Expenditure Account						
Cost of Service						
Current Service Cost	3,662	0	3,662	4,012	0	4,012
Past Service (Gain)/Cost	20	0	20	155	0	155
Curtailment (Gain)/Loss	0	0	0	0	0	0
Financing and investment income and Expenditure						
Net interest Expense	758	25	783	591	22	613
Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services	**4,440**	**25**	4,465	**4,758**	**22**	4,780
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	**(7,387)**	**0**	(7,387)	**6,731**	**0**	6,731
Actuarial (Gains) and losses-demographic assumptions	**(3,311)**	**(22)**	(3,333)	**0**	**0**	0
Actuarial (Gains) and losses-experience	**(2,131)**	**(7)**	(2,138)	**415**	**7**	422
Actuarial (Gains) and losses-financial assumptions	5,827	15	5,842	(8,953)	(29)	(8,982)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(2,562)**	**11**	**(2,551)**	**2,951**	**0**	**2,951**
Movement in Reserves Statement						
Reversal of net charges made to the comprehensive Income and Expenditure account for post employment benefits in accordance with the Code	(4,440)	(25)	(4,465)	(4,758)	(22)	(4,780)
Actual amount charged against the General Fund balance for pensions in the year:						
- employer's contributions to the pension scheme	1,710		1,710	1,967		1,967
-retirement benefits payable to pensioners		63	63		62	62
Total Charge against the General fund	**(2,730)**	**38**	**(2,692)**	**(2,791)**	**40**	**(2,751)**

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

	Males 2017	Males 2018	Females 2017	Females 2018
Rating to base table	0	0	0	0
Scaling to base table rates (Current)	100%	105%	90%	90%
Scaling to base table rates (Future)	115%	115%	90%	90%
Cohort improvement factors	CMI2012	CMI2012	CMI2012	CMI2012
Minimum underpin to improvement factors	1.50%	1.50%	1.50%	1.50%
Future lifetime from age 65 (currently aged 65)	22.1	22.1	25.2	25.3
Future lifetime from age 65 (currently aged 45)	23	23.1	27	27.1

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:

	Funded		Unfunded	
	2017	2018	2017	2018
Recognised in the Balance Sheet	£000s	£000s	£000s	£000s
Fair value of assets	94,471	89,062	0	0
Present value of the defined benefit obligation	(119,120)	(114,695)	(922)	(860)
Net liability arising from defined benefit obligation	**(24,649)**	**(25,633)**	**(922)**	**(860)**

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.

	2017 £'000	2018 £'000
Balance at 1st January	85,381	94,471
Interest income	2,298	2,350
Remeasurement gains/ (losses) on assets	7,387	(6,731)
Employer contributions	1,710	1,967
Contributions by scheme participants	834	810
Benefits paid	(3,139)	(3,805)
Balance at 31st December	**94,471**	**89,062**

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

	Funded Liabilities		Unfunded Liabilities	
	2017	2018	2017	2018
	£'000	£'000	£'000	£'000
Balance at 1st January	(114,302)	(119,120)	(974)	(922)
Current Service Cost	(3,662)	(4,012)		
Interest Cost	(3,056)	(2,941)	(25)	(22)
Contributions by scheme participants	(834)	(810)		
Remeasurement gains and (losses)				
Actuarial gains and (losses) - demographic assumptions	3,311	0	22	0
Actuarial gains and (losses) - financial assumptions	(5,827)	8,953	(15)	29
Actuarial gains and (losses) - experience	2,131	(415)	7	(7)
Benefits paid	3,139	3,805	63	62
Past service costs and curtailments	(20)	(155)		
Balance at 31st December	**(119,120)**	**(114,695)**	**(922)**	**(860)**

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

	Assets held	
	2017	2018
Equity investments	77.30%	74.60%
Property	4.50%	4.20%
Bonds	13.10%	14.30%
Other assets *	5.10%	6.90%
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.

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 2016 and the unfunded scheme as at 31st December 2017.

	Funded element		Unfunded element	
	2017	**2018**	**2017**	**2018**
Mortality assumptions				
Longevity at 65 for future pensioners				
Men	23.0 years	23.1 years		
Women	27.0 years	27.1 years		
Longevity at 65 for current pensioners				
Men	22.1 years	22.1 years	22.1 years	22.1 years
Women	25.2 years	25.3 years	25.2 years	25.3 years
Rate of Inflation (RPI)	3.30%	3.30%	3.30%	3.30%
Rate of Inflation (CPI)	2.20%	2.20%	2.20%	2.20%
Rate of Increase in Salaries	3.45%	3.45%	-	-
Rate of Increase in Deferred Pensions	2.20%	2.20%	-	-
Rate of Increase in Pensions	2.20%	2.20%	2.20%	2.20%
Rate for discounting scheme liabilities	2.50%	2.90%	2.50%	2.90%
Take-up of option to convert annual pension into retirement lump sum	75.00%	75.00%		

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, ie on an actuarial basis using the projected unit credit method.

Impact on the Defined benefit Obligation in the Scheme	**Increase in Assumption £000**	**Decrease in Assumption £000**
Member Life expectancy (+ or - 1 year)	3,365	(3,380)
Rate of increase in salaries (+ or - 0.1%)	549	(543)
Rate of increase in pensions (+ or - 0.1%)	1,645	(1,620)
Rate for discounting scheme liabilities (+ or - 0.1%)	(2,158)	2,199

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 £26,493k 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 2019 are £1.877m. In addition, contributions towards the unfunded obligations will be required. Expected contributions for the discretionary benefits in the year to 31st December 2019 are £0.064m.

The weighted average duration of the defined benefit obligation for scheme members is 19.0 years.

The scheme will need to take account of the national charges to the scheme under the Public Pensions Services act 2013 Under the act, the Local Government pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

Notes to the Core Financial Statements

8. Property Plant and Equipment

As at 31 December 2018, the Organisation held the following assets

Property plant and equipment were predominantly represented by 43 Delivery vehicles (2017 = 43), 67 Container units (2017 = 93) and Land and Buildings comprising of one general supplies warehouse and office complex located at 41 Industrial Park, Wakefield and one located at Flanshaw Way, Wakefield (no change from 2017).

**2017 has been re-stated to increase Capital Expenditure in the year by £41K, the costs had been expensed against the Profit and Loss Account.The re-statement has added £41K to the additions of Furniture & Equipment in 2017 and as a result increased the closing cost and net book value balances for Furniture & Equipment and Total Fixed Assets as at the 31st December 2018 by £41K.*

Property Plant and Equipment	**Land & Buildings £'000**	**Furniture & Equipment £'000**	**Computers £'000**	**Vehicles £'000**	**TOTAL £'000**
Cost or valuation					
Opening balance 1 January 2018 Re-stated	9,000	780	925	3,336	14,040
Acc depreciation write out to gross carrying amount				0	0
Revaluation increase / (decrease) recognised in the Revaluation Reserve	156	0	0	0	156
Revaluation increase / (decrease) recognised in the I&E	72	0	0	0	72
Additions	0	72	220	343	635
Impairment					
Disposals					
At 31 December 2018	**9,228**	**851**	**1,145**	**3,679**	**14,903**
Depreciation and impairments					
Opening balance 1 January 2018	0	478	881	3,028	4,387
Charge for depreciation 2018	162	47	31	181	420
Disposals		0	0	0	0
Impairment		0	0	0	0
Acc depreciation write out to gross carrying amount	(162)			0	(162)
Depreciation written out to I&E		0	0	0	0
At 31 December 2018	**0**	**525**	**912**	**3,209**	**4,646**
Net Book Value at 31 December 2018	**9,228**	**326**	**233**	**470**	**10,257**
Net Book Value at 1 January 2018 Re-stated	***9,000***	***301***	***44***	***308***	***9,653***

2017 Comparative Re-stated

Property Plant and Equipment	**Land & Buildings £'000**	**Furniture & Equipment £'000**	**Computers £'000**	**Vehicles £'000**	**TOTAL £'000**
Cost or valuation					
Opening balance 1 January 2017	9,058	738	925	3,336	14,057
Acc depreciation write out to gross carrying amount				0	0
Revaluation increase / (decrease) recognised in the Revaluation Reserve		0	0	0	0
Revaluation increase / (decrease) recognised in the I&E	-58	0	0	0	(58)
Additions - Re-stated	0	41	0	0	41
Impairment					
Disposals					
At 31 December 2017 Re-stated	**9,000**	**780**	**925**	**3,336**	**14,040**
Depreciation and impairments					
Opening balance 1 January 2017	0	436	864	2,915	4,215
Charge for depreciation 2017	157	42	17	112	329
Disposals		0	0	0	0
Impairment		0	0	0	0
Acc depreciation write out to gross carrying amount				0	0
Revaluation	-157	0	0	0	(157)
At 31 December 2017	**0**	**478**	**881**	**3,028**	**4,387**
Net Book Value at 31 December 2017 Re-stated	**9,000**	**301**	**44**	**308**	**9,653**
Net Book Value at 1 January 2017	***9,058***	***302***	***61***	***421***	***9,842***

Notes to the Core Financial Statements

8a. Intangible Assets

During 2014 the Organisation spent £118K on developing the company's website, on which customers can place orders and make payments. The costs incurred included IT Development and testing time. All costs have been capitalised as Intangible Assets and amortised over 3 years from the time the assets became operational.

During 2018 the company 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.

	2017	2018
	Intangible Assets £'000	**Intangible Assets £'000**
Cost or valuation		
Opening balance 1 January	118	118
Additions		75
Impairment		
Disposals		
At 31 December	**118**	**192**
Amortisation and impairments		
Opening balance 1 January	88	118
Amortisation charge for the year	30	4
Impairment		
Disposals		
At 31 December	**118**	**122**
Net Book Value at 31 December	**0**	**70**
Net Book Value at 1 January	***30***	***0***

9. Inventories

31st Dec 2018	**Warehouse Stock £000's**	**Packing and Materials £000's**	**Total £000's**
Opening inventory balance	12,813	36	12,849
Purchases	62,580	412	62,992
Recognised as an expense in year	(60,683)	(274)	(60,957)
Increase / (Decrease) in Stock in Transit accrual	(181)	-	(181)
Reversals of write offs in previous years	0	-	0
Closing Inventory balance	**14,529**	**174**	**14,703**
Provision for stock write off	(247)	0	(247)
Closing Inventory balance net of provisions made	**14,282**	**174**	**14,456**

31st Dec 2017	**Warehouse Stock £000's**	**Packing and Materials £000's**	**Total £000's**
Opening inventory balance	12,373	63	12,436
Purchases	60,129	276	60,405
Recognised as an expense in year	(59,853)	(303)	(60,156)
Increase / (Decrease) in Stock in Transit accrual	164	-	164
Reversals of write offs in previous years	0	-	0
Closing Inventory balance	**12,813**	**36**	**12,849**
Provision for stock write off	(100)	0	(100)
Closing Inventory balance net of provisions made	**12,713**	**36**	**12,749**

Notes to the Core Financial Statements

10. DEBTORS AND PAYMENTS IN ADVANCE

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

Debtors: Amounts due within one year	**31st Dec 2017 £'000**	**31st Dec 2018 £'000**
Trade Debtors	9,681	8,842
Accumulated Absences	7	4
Less - Provision for Bad Debts	(112)	(128)
	9,576	8,718
Payments in Advance and accrued income	5,078	4,419
Total	14,654	13,137

Debtors are analysed by the following categories

Trade debtors	**31st Dec 2017 £'000**	**31st Dec 2018 £'000**
central government bodies	0	0
other local authorities	5,931	5,491
NHS bodies	19	11
public corporations and trading funds	0	0
bodies external to general government (i.e. all other bodies).	3,730	3,340
	9,681	8,842

Payments in advance and accrued income		
central government bodies	-	-
other local authorities	-	-
NHS bodies	-	-
public corporations and trading funds	-	-
bodies external to general government (i.e. all other bodies).	5,078	4,419
	5,078	4,419

Debtors: Amounts due after more than one year	**31st Dec 2017 £'000**	**31st Dec 2018 £'000**
Loans Receivable	0	500
Total	0	500

11. CREDITORS AND RECEIPTS IN ADVANCE

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

Creditors and Receipts in Advance	**31st Dec 2017 £'000**	**31st Dec 2018 £'000**
Trade Creditors	5,212	5,162
Accruals	2,455	1,644
Finance Leases	0	55
VAT	197	283
Accumulated absences	118	104
Total	7,982	7,247

Creditors are analysed by the following categories

Trade creditors	**31st Dec 2017 £'000**	**31st Dec 2018 £'000**
central government bodies	-	-
other local authorities	38	83
NHS bodies		
public corporations and trading funds		
bodies external to general government (i.e. all other bodies).	5,174	5,079
	5,212	5,162

Accruals / Leases / VAT		
central government bodies	197	283
other local authorities	642	632
NHS bodies		
NHS bodies	-	-
public corporations and trading funds	-	-
bodies external to general government (i.e. all other bodies).	1,931	1,171
	2,770	2,085

Long Term Liabilities	31st Dec 2017 £'000	31st Dec 2018 £'000
Finance Leases	0	151
Liability relating to Defined Benefit Pension Scheme	25,571	26,493
Total	25,571	26,644

12. RISK TO 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.

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 the sum of £5m was invested with various local authorities. All investments are repayable in 2019.

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 yeid last, carefully considering its investment counterparties.

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

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

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

	2017 £'000	2018 £'000
Two to six months	2,843	2,458
Six months to one year	216	456
More than one year	111	239
Total	**3,170**	**3,153**

A general provision of £128k (2017 £112k) has been included against all debtors. Bad debt calculations are based on the debtor type and agreed upon with the Sales Ledger Manager.

Loans receivable 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 2018 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.

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	Re-stated 31st Dec 2017 £'000	31st Dec 2018 £'000	Net Movement in the Year £'000	Note
Usable reserves				
General Fund Balance	28,261	29,600	1,339	i
Capital Receipts Reserve	85	85	0	ii
Internal Investment Reserve	1,696	610	(1,086)	iii
Unusable reserves				
Joint Committee Capital Adjustment Account	10,327	10,625	298	iv
Earmarked Pension reserve	(25,571)	(26,493)	(922)	v
Earmarked Accumulated Absences Account	(111)	(100)	11	vi
Revaluation reserve	0	156	156	vii
Total reserves	**14,687**	**14,483**	**(204)**	

**2017 has been re-stated to increase Capital Expenditure in the year by £41K, the costs had been expensed against the Profit and Loss Account. The re-statement has reduced the deficit on Operations within the General fund by £41K and also reduced the transfer between the General fund and CAA by £41K. The net result is an increase in the closing balances of the CAA and Total Reserves by £41K as the 31st December 2017.*

(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 2018 had a balance of £1m.

General fund balance	Re-stated 2017 £'000	2018 £'000
Balance bought Forward 1st of January	28,818	28,261
Surplus or deficit on operations	(3,552)	(2,189)
Total comprehensive income and expenditure	**(3,552)**	**(2,189)**
Depreciation and impairment	270	191
Revaluation losses (gains)		
Capital expenditure charged to the GF	(41)	(489)
Transfer of cash sale proceeds		
Use of UCRR to fund capital expenditure		
Reversal of IAS 19 charges to I&E	4,465	4,780
Employer's pension contributions	(1,773)	(2,029)
Movement in employee absence accrual	0	(11)
Total voluntary adjustments	**2,920**	**2,442**
Pension Contribution Reserve	-	-
Internal Investment Reserve	74	1,086
Total transfers to/from cash reserves	74	1,086
Total transfers to/from earmarked reserves	**2,995**	**3,528**
Balance Carried Forward 31st December	**28,261**	**29,600**
Movement in year represented in the Movement in Reserves Statement	**(557)**	**1,339**

Notes to the Core Financial Statements

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

Usable Capital Receipts Reserve	2017 £'000	2018 £'000
Balance bought Forward 1st of January	85	85
Amounts Received		
General receipts	-	-
Amounts Applied		
New Capital Investment	-	-
Balance Carried Forward 31st December	**85**	**85**
Movement in year represented in the Movement in Reserves Statement	**-**	**-**

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

Internal Investment Reserve	2017 £'000	2018 £'000
Balance bought Forward 1st of January	1,770	1,696
Transferred to Reserves		
Reserves for specific projects created in year	455	392
Amounts Applied		
Reserve balances utilised in year	(529)	(1,478)
Amounts released back to the General Fund		
Reserve balances no longer required and released back to the General Fund		
Balance Carried Forward 31st December	**1,696**	**610**
Movement in year represented in the Movement in Reserves Statement	**(74)**	**(1,086)**

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

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

Joint Committee Capital Adjustment Account	Re-stated 2017 £000	2018 £000
Balance bought Forward 1st of January	10,545	10,327
Brought Forward adjustment		
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	(270)	(191)
Revaluation (losses) gains on property plant and equipment	10	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-	-
Adjusting amounts written out of Revaluation Reserve	0	0
	10,285	10,136
Net Written out amount of the cost of non-current assets consumed in the year		
Capital financing applied in the year		
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-
Capital expenditure charged against the General Fund	41	489
	10,327	10,625
Balance Carried Forward 31st December	**10,327**	**10,625**
Movement in year represented in the Movement in Reserves Statement	(218)	298

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

Earmarked Pension Reserve	2017 £000	2018 £000
Balance bought forward 1st January	(29,895)	(25,571)
Actuarial Gains or (losses) on pension assets and Liabilities	7,016	1,829
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(4,465)	(4,780)
Employers pensions contributions and direct payments to pensioners payable in year	1,773	2,029
Balance Carried Forward 31st December	**(25,571)**	**(26,493)**
Movement in year represented in the Movement in Reserves Statement	**4,324**	**(922)**

(vi) 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.

Earmarked Accumulated Absences Account	2017 £000	2018 £000
Balance bought forward 1st January	(111)	(111)
Settlement or cancellation of accrual made in preceding year	111	111
Amount to be accrued for current year	(111)	(100)
Amount to be charged to the Comprehensive Income and Expenditure Statement	0	11
Balance as at 31st December	(111)	(100)
Movement in year represented in the Movement in Reserves Statement	0	11

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

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

Revaluation Reserve	2017 £000	2018 £000
Balance bought Forward 1st of January	0	0
Upward revaluation of assets	-	0
Difference between fair value depreciation and historical cost depreciation	0	0
Revaluation written out to the General Fund	0	156
Adjusting amounts written out of the Joint Committee Capital Adjustment Account		
Balance Carried Forward 31st December	**0**	**156**
Movement in year represented in the Movement in Reserves Statement	**0**	**156**

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	
£	2017	2018
50,000 - 54,999	8	6
55,000 - 59,999	4	3
60,000 - 64,999	3	3
65,000 - 69,999	-	2
70,000 - 74,999	1	1
75,000 - 79,999	1	-
TOTAL	**17**	**15**

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 2017 are also shown and these officers are excluded from the above table.

2018						
Post	Salary incl. BiK	Expenses	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	129,790	-	-	-	18,071	147,861
Deputy Managing Director	100,186	-	-	-	13,776	113,962
Executive Director	96,059	-	-	-	13,056	109,115
Executive Director	91,879	-	-	-	13,056	104,935
	417,914	-	-	-	57,959	475,873

2017						
Post	Salary incl. BiK	Expenses	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	128,733	-	-	-	16,994	145,727
Executive Director	95,203	-	-	-	12,278	107,481
Executive Director	94,047	-	-	-	12,278	106,325
Executive Director	90,613	-	-	-	11,875	102,488
	408,595	-	-	-	53,426	462,021

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	
£	2017 No.	2018 No.	2017 No.	2018 No.	2017 No.	2018 No.	2017 £,000's	2018 £,000's
0 - 20,000	-	-	8	3	8	3	55	15
20,001 - 40,000	-	-	3	-	3	-	90	-
40,001 - 60,000	-	-	-	1	-	1	-	41
60,001 - 80,000	-	-	-	-	-	-	-	-
80,000 and over	-	-	1	1	1	1	139	111
Total	-	0	12	5	12	5	284	167

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

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

	2017 £000	2018 £000
Vehicles, Furniture and Equipment	0	206

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

	2017 £000	2018 £000
Finance Lease Liabilities (net present value of minimum lease payments)		
Due within one year	0	55
Due after one year and not later than five years	0	151
Finance costs payable in future years	0	7
Minimum lease payments	**0**	**213**

The minimum lease payments will be payable over the following periods

	Minimum Lease Payments		Finance Lease Liabilities	
	2017 £000	**2018 £000**	**2017 £000**	**2018 £000**
Not later than one year	0	57	0	55
Later than one year and not later than five years	0	156	0	151
Later than five years	0	0	0	0
	0	**213**	**0**	**206**

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:

	2017 £000	2018 £000
Not later than one year	293	264
Later than one year and not later than five years	411	401
Later than five years	2,204	2,117
	2,908	2,782

Amounts charged, In respect of these leases, to the Comprehensive Income and Expenditure Statement during 2018 were £473k (2017 £500k) 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.

16. AMOUNTS REPORTED FOR DECISION MAKING AND PLANNING

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

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

2017 £'000	YPO Profit & Loss	2018 £'000
	Trading	
71,111	Stores	73,480
15,171	Food	14,211
24,684	Directs	25,190
110,965	**Total Invoiced Sales**	**112,881**
(80,316)	Cost of Sales	(81,239)
30,649	**Gross Margin**	**31,642**
128	Discounts	137
5,299	Rebates	4,773
2,216	Other Income	1,990
38,292	**Total Income**	**38,542**
	Operating Costs	
(17,976)	Employment costs	(17,590)
(1,117)	Premises	(956)
(6,453)	Supplies and Services	(6,223)
(4,608)	Transport	(4,681)
(127)	SLA costs	(127)
(267)	Financial & Misc	(16)
(270)	Depreciation	(425)
(30,817)	**Total Operating Costs**	**(30,018)**
17	Interest (payable)/receivable	47
	Profit/(loss) on disposal of assets	
-	Dividend paid	-
-	Pension costs	-
7,492	**Surplus or (deficit)**	**8,571**

2017 £'000	Reconciliation of P&L Account to I&E Account	2018 £'000
7,492	Net Profit in P&L Account	8,571
(11,044)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management	(10,760)
-	Amounts included in the P&L not included in the Comprehensive Income and Expenditure Statement	-
(3,552)	**Surplus/(Deficit) on provision of service**	**(2,189)**

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 2018	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	**112,881**		-	**112,881**
Cost of Sales	(81,239)		-	(81,239)
Gross Margin				
Discounts	137		-	137
Rebates	4,773		-	4,773
Other Income	1,990		-	1,990
Total Income	**38,542**	**0**	-	**38,542**
Operating Costs				
Employment costs	(17,590)		-	(17,590)
Premises	(956)		-	(956)
Supplies and Services	(6,223)		-	(6,223)
Transport	(4,681)		-	(4,681)
SLA costs	(127)		-	(127)
Financial & Misc	(16)		-	(16)
Depreciation	(425)		-	(425)
Total Operating Costs	**(30,018)**	**0**	-	**(30,018)**
Interest (payable)/receivable	47		-	47
Profit/(loss) on disposals			-	0
Revaluation gains / (losses)		233		233
Dividend paid		(7,253)	-	(7,253)
Earmarked reserves funding		(989)	-	(989)
Pension costs		(2,751)	-	(2,751)
Surplus or (deficit) on provision of service	**8,571**	**(10,760)**	-	**(2,189)**

YPO Profit & Loss 2017	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	**110,965**		**-**	**110,965**
Cost of Sales	(80,316)		-	(80,316)
Gross Margin				0
Discounts	128		-	128
Rebates	5,299		-	5,299
Other Income	2,216		-	2,216
Total Income	**38,292**	**0**	-	**38,292**
Operating Costs				
Employment costs	(17,976)		-	(17,976)
Premises	(1,117)		-	(1,117)
Supplies and Services	(6,453)		-	(6,453)
Transport	(4,608)		-	(4,608)
SLA costs	(127)		-	(127)
Financial & Misc	(267)		-	(267)
Depreciation	(270)		-	(270)
Total Operating Costs	**(30,817)**	**0**	-	**(30,817)**
Interest (payable)/receivable	17		**-**	17
Profit/(loss) on disposals			-	0
Revaluation gains / (losses)			-	0
Dividend paid		(7,864)	-	(7,864)
Earmarked reserves funding		(488)	-	(488)
Pension costs		(2,692)	**-**	(2,692)
Surplus or (deficit) on provision of service	**7,492**	**(11,044)**	-	**(3,552)**

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 65 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 with each founder member was:

	2017 Re-Stated £'000	2018 £'000
Barnsley MBC	16,003	15,813
Bolton MBC	10,633	10,637
Bradford MDC	23,831	23,690
City of York	6,896	6,819
Doncaster MBC	13,541	13,502
Kirklees MC	27,420	27,481
Knowsley MBC	9,238	9,259
MB of Calderdale	10,853	10,792
North Yorkshire CC	19,189	18,666
Rotherham MBC	11,787	11,753
St Helens MBC	10,874	10,892
Wakefield MdC	20,071	20,212
Wigan MBC	13,227	13,212
	193,562	**192,728**

2017's related party transactions have been re-stated due to the framework activity spend for each member in 2017 only being confirmed after the final accounts had been prepared. 2018's value of transactions include the final framework spend activity for 2017 as at the time of preparing these accounts the 2018 spend was still being finalised.

The above table incudes trade direct with the Organisation which is included in invoiced turnover and business transacted through framework contracts arranged by the Organisation. which are not accounted for as turnover in the comprehensive income and expenditure account.

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.

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 £	Outstanding Balance as at 31st Dec 2018 £
YPO Procurement Holdings	0	0
YPO Supplies Ltd	2,191,478	439,595

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.

	2018 £
Capital	500,000
Interest	8,096
	508,096

On the 31st December 2018 a review has been carried out on the recoverability of the loan issued. Taking into consideration the financial peroformance and financial position of YPO Procurement Holdings and it's subsidiaries, and the expected growth over the next 5 years, it is expected that the full amount owing will be fully recovered by the end of the loan term.

18. AUDIT COSTS

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

Audit Costs	2017 £000	2018 £000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor	23	23

19. CONTINGENT LIABILITIES

The following Contingent Liabilities have been identified at 31 December 2018

Pension Liabilities
The organisation participates in the Local Government Pension Scheme (LGPS), administered by the West Yorkshire Pension Fund (WYPF).
A recent ruling has been made regarding age discrimination arising from public sector pension scheme transition arrangements. Court of Appeal judgements were made in December 2018 for cases affecting Judges and Firefighter pensions, these rulings have implications for the LGPS since similar reforms were implemented.

The rulings could result in an increase in our pension liabilities, at this time it is challenging to fully assess and quantify any financial impact due to the lengthy resolution process that is expected following Government appeals. However, we have sought the professional advice of our actuary who expect the increase in total liabilities to be between 0.5% and 1.0%. Based on our current gross liabilities this would represent an increase between £0.58m and £1.15m.

The rulings could also impact on the future contributions paid by YPO into the LGPS, these impacts will be factored into all budgetary and cash flow controls that the Organisation has in place when they become clear.

20. EVENTS AFTER THE BALANCE SHEET DATE

The 22nd March 2019 Management Committee Meeting approved the pre audit statement of Accounts and agreed a profit distribution in respect of the 2018 trading year of £7.85m covering members dividend and the YPO loyalty scheme.

This Statement incorporates changes identified during the course of the audit process and no other events have given rise to changes in this statement between the balance sheet date and the authorisation for issue date of the 29th May 2019 when the accounts were authorised for issue by the Audit and Scrutiny Sub Committee.

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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