



**AUDITED
STATEMENT
OF ACCOUNTS
2023**

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 2023. The Narrative Statement provides a guide to the most significant matters in the financial statements.

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

There are currently 13 founder member authorities and seventy one associate member authorities of YPO as of 31st December 2023, although the Organisation trades extensively outside the membership area. Management of the Organisation reports periodically to a Management Committee made up of 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

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

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 broadly in accordance with the CIPFA Code of Practice that is subject to an external audit.

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

3. THE STATEMENTS

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

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

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

Narrative Statement by the Managing Director

The Balance Sheet shows the value as at the 31st December 2023 of the assets and liabilities recognised by the Organisation. The net assets of the Organisation (assets less liabilities) are matched by the reserves held by the Organisation.

The Cash Flow Statement shows the changes in cash and cash equivalents of the Organisation during the reporting period. The statement shows how the Organisation generates and uses cash and cash equivalents by classifying cash flows between operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the Organisation are performing. Investing activities represent the extent to which cash inflows have been made for resources which are intended to contribute to the Organisations future operations.

The Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Organisation and the Chief Finance Officer at Wakefield MDC for the Statement of Accounts.

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

4. FINANCIAL SUMMARY

Turnover in the year was £128m (2022: £127.8m), this comprises product sales and framework income.

This result reflects the transitioning of the food business from a product supply model to a framework offering from 1st April 2023, the transition was successful and YPO are now able to meet more of the wider public sector's food provision needs.

Gross profit margins increased in the year, driven by a strong performance across core educational consumable products.

In a challenging Education market, with funding constraints, YPO's market share grew by 2.4% across all BESA members. With growth seen across all Primary, Secondary and Early Years markets.

The Organisation's public sector frameworks continue to perform well with growth seen across Rebate income in the year. This reflects a continued focus to service all Public Sector customers.

Operating Profits of £8m are up £1m on 2022 and in line with the growth targets laid out in the 5 year strategy.

Non-recurring items in the year relate to the Digital Transformation project and the digital enhancements being made to the overall customer experience. This along with high customer service levels and growing fulfilment rates has seen overall customer satisfaction increase and contributes to an improved operating performance.

Following the transition of the Food business, the food warehouse was sold to Wakefield MDC and is to be used to help provide key assisted living services. This aligns to the YPO Social Value strategy in place and the profits from the disposal are recognised in the statement of comprehensive income.

Net assets as at the end of 31 December 2023 were £38.5m (FY22 £38.2m).

Improvements to working capital comes from strategic management of stock levels to support customer fill rates in key product areas and efficient debt control to support the supplier base. Thus culminating in growing cash balances to support the long term financial objectives of the organisation.

Following on from the above, the opinion of the Directors and Committee Members is that the Organisation has sufficient financial resources together with clearly defined performance objectives. This along with the support of our Founding members means that the organisation continues to be recognised as a going concern.

Narrative Statement by the Managing Director

5. RETIREMENT BENEFITS

The value of the Organisation's retirement benefits asset as at 31 December 2023 was £14.8 million (31 December 2022 £11.7 million). The increase in the asset has been mainly attributable to gains in the value of the plan's assets and increases in interest income.

The net asset position on the funded scheme has been assessed and it has been determined that an asset ceiling of nil should be recognised due to no future economic benefits arising from the surplus position. Therefore only the liability of the unfunded scheme of (£0.5m) is recognised on the balance sheet.

The employer's contribution rate was 13.2% in 2023. (see note 7 to Core Financial Statements - Retirement Benefits)

6. MEDIUM TERM FINANCIAL STRATEGY

The 2024 Budget was approved by the Management Committee in November 2023. 2024 is the third year of the Organisation's new 5 year strategy themed "invest for success" post pandemic.

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

A medium term financial strategy has been drawn up in line with the investment approved by our 13 Local Authorities in November 2023, alongside this sits the Profit Share policy which aims to strike the right balance between ensuring the Organisation is financially self sufficient and returning maximum possible profits to our members.

Simon Hill
Managing Director
July 2024

Statement of Responsibilities

THE ORGANISATION'S RESPONSIBILITIES

The Organisation is required to:

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

THE RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER

The Chief Finance Officer is responsible for the preparation of the Organisation's Statement of Accounts broadly 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 2023 and its Income and Expenditure for the year then ended.

Signed

Date.....

Chief Finance Officer

APPROVAL OF THE ACCOUNTS

As the Chair of the body considering the Yorkshire Purchasing Organisation's Statement of Accounts for 2023, I certify that the Accounts have been approved by the Management Committee and are authorised for issue.

Signed.....

Date.....

Chairperson YPO Management Committee

Auditor's Opinion



MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement at 31 December 2023	£000's
	Total Reserves
At 31 December 2021	(8,874)
Total Comprehensive income for the period	47,112
At 31 December 2022	38,238
Total Comprehensive income for the period	311
At 31 December 2023	38,550

INCOME STATEMENT

Income Statement

For the year ended 31 December 2023

		2023 £'000	<i>As restated</i> 2022 £'000
Turnover	Note 1	128,092	127,791
Cost of Sales		(78,343)	(82,691)
Gross Profit		49,749	45,100
Other Operating Income	1	327	314
Operating Expenses			
Distribution costs		(5,743)	(6,295)
Administrative expenses		(36,300)	(32,110)
Operating Profit		8,032	7,009
Non Recurring items		(1,506)	(755)
Interest receivable		116	0
Interest payable		(138)	(37)
Profit for the financial year		6,504	6,217

Statement of Comprehensive Income

For the year ended 31 December 2023

		2023 £'000	2022 £'000
Profit for the financial year	Note	6,504	6,217
Dividend paid		(6,456)	(4,328)
Gains arising on revaluation of tangible fixed assets		170	1,397
Remeasurement of net defined benefit liability	5	93	43,826
Total comprehensive Income		311	47,112

BALANCE SHEET

		31st Dec 2023	<i>As restated</i> 31st Dec 2022
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets			
Property, Plant and Equipment	6	12,529	13,640
Intangible Assets	6a	2,764	1,277
Total Fixed Assets		<u>15,294</u>	<u>14,917</u>
Current Assets			
Inventories	7	15,582	18,392
Trade and Other debtors	8	15,111	19,104
Cash and cash equivalents		1,522	943
Total Current Assets		<u>32,215</u>	<u>38,439</u>
Debtors: Amounts due after more than one year		615	574
Current Liabilities			
Trade and Other creditors	9	(8,851)	(13,476)
Borrowing	10	(250)	(1,650)
Total Current Liabilities		<u>(9,101)</u>	<u>(15,126)</u>
Net Current Assets		<u>23,114</u>	<u>23,313</u>
Long term Liabilities			
Liability relating to Defined Benefit Pension Scheme	5	(473)	(566)
Net Assets		<u><u>38,550</u></u>	<u><u>38,238</u></u>
Financed by:			
Reserves	12	38,550	38,238
Total Reserves		<u><u>38,550</u></u>	<u><u>38,238</u></u>

CASH FLOW STATEMENT

		2023 £'000	<i>As restated</i> 2022 £'000
Profit for the financial year	Note	6,504	6,217
Adjustment to the Profit for non cash movements			
Depreciation and revaluation increase/(decrease)		511	68
(Increase)/Decrease in Inventories	7	2,811	(820)
(Increase)/Decrease in Debtors	8	3,952	(3,317)
Increase/(Decrease) in Creditors	9	(4,625)	5,638
Redemption of loyalty vouchers		(554)	(795)
Net cash flows from operating activities		8,600	6,992
Investing Activities			
Purchase of Fixed Assets	6	(2,227)	(1,619)
Disposal of Fixed Assets	6	1,510	0
Net cash flows from Investing activities		(718)	(1,619)
Financing Activities			
Dividends paid to Members		(5,903)	(3,533)
Receipt of short term borrowing	10	3,350	5,650
Repayment of short term borrowing	10	(4,750)	(7,500)
Net cash flows from financing activities		(7,303)	(5,383)
Net Increase/(Decrease) in Cash and Cash Equivalents		579	(10)
Cash and Cash Equivalents at the beginning of the reporting period		943	953
Cash and Cash Equivalents at the end of the reporting period		1,522	943

Note on operating activities		
The cash flows from operating activities include the following items		
Interest Payable	(138)	(37)
Interest Receivable	116	0
	(22)	(37)

Notes to the Financial Statements

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

1. STATEMENT OF ACCOUNTING POLICIES

GENERAL PRINCIPLES

As a Joint Committee, YPO is no longer required to comply with the Accounts and Audit regulations 2015. However, it has been agreed that YPO will continue to produce a statement of accounts broadly in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS).

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

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

The following policies have been adopted in compiling the accounts:

Fundamental Accounting Concepts:

- The accounts have been prepared on a historical cost basis, except that certain categories of assets are re-valued at regular intervals.
- The revenue and capital accounts are maintained on an accruals basis. This means that expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received. Income is also matched with associated costs and expenses as far as the relationship can be established or justifiably assumed.
- Consistent accounting policies have been applied both within the year and between years. Where accounting policies are changed, the reason and effect have been separately disclosed.
- Income has only been recognised within the accounts where there is a reasonable certainty, and proper allowances have been made for all foreseeable losses and liabilities.
- The accounts have been prepared on a going concern basis. The Managing Director and Chief Financial Officer have prepared forecasts which have been approved by the Managing Committee which support the view that YPO can meet its liabilities as they fall due over the course of the following 12 months.

YPO has continued supplying the public sector across the catalogue and frameworks business with growth seen in 2022 and 2023 to date. In addition, YPO continues to have key support available from our lead authority. Also, the nature of YPO's customers means that outstanding invoices will be paid and cash will continue to flow into the business over the next 12 months.

The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt a going concern basis of accounting in preparing the annual financial statements.

- 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.
- In accordance with the Code, where an accounting treatment is prescribed by law, then it has been applied, even if it contradicts accounting standards or generally accepted accounting concepts.

a. ACCRUALS OF INCOME AND EXPENDITURE

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

b. INCOME RECOGNITION

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

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

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

Notes to the Financial Statements

c. COMPONENTISATION OF FIXED ASSETS

Fixed 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 fixed assets.

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

d. FIXED ASSETS

- i) Expenditure on the acquisition, creation or enhancement of fixed 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 fixed assets that is capitalised is recognised in the Organisation's Asset Register and Balance Sheet and depreciated over the useful life of the asset.
- ii) The different categories of fixed assets are valued differently. fixed assets not classed as land and buildings are valued at purchase price plus any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- iii) fixed Assets classed as land and buildings, which are included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from the fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified the accounting treatment is that the carrying amount of the asset is written down against any revaluation gain in the Revaluation Reserve or where there is no, or insufficient balance in the Revaluation Reserve the asset is written down against the Comprehensive Income and Expenditure Statement.

The latest valuation date of land and buildings was 31st December 2023, and was carried out by G Brewer of NPS Property Consultants Ltd.

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

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

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

- v) Where a revaluation loss on land and buildings is recognised as part of a review or a valuation exercise it is accounted for as a charge against the Comprehensive Income and Expenditure Statement where there is no or insufficient accumulated gains in the Revaluation Reserve which all losses can be written off.
- vi) When a fixed asset is disposed of, or decommissioned, any gain or loss on the disposal is credited or charged to the Comprehensive Income and Expenditure Statement. The gain or loss is calculated by reference to the difference between the sale proceeds less costs of disposal of the asset and the value of the asset in the balance sheet. Any revaluation gains in the Revaluation Reserve, relating to the asset disposed of, are transferred to the Joint Committee Capital Adjustment Account.

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

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

Freehold Buildings	2023
41 Industrial Park	39 years
Motor Vehicles	up to 5 years
Warehouse and Office Equipment	up to 15 years
Computers	up to 5 years

Notes to the Financial Statements

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.

e. INTANGIBLE ASSETS

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

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

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

Internally generated & Software intangible assets - IT & Website Development/Testing & Project management - 5 years

f. 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.

g. EMPLOYEE BENEFITS

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

Benefits payable during employment

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

Termination Benefits

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

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

Post Employment Benefits

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

Notes to the Financial Statements

The Local Government Pension Scheme

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

Liabilities are discounted to their value at current prices, using a discount rate of 4.50% on funded liabilities and 4.50% on unfunded liabilities (based on a single average of spot yields on AA rated corporate bonds).

The Organisation's share of the West Yorkshire Pension Fund assets are included in the Balance Sheet at their fair value:

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

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.

h. TAXATION

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

i. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

Any material exceptional items are separately disclosed in the accounts.

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

j. EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

k. 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.

l. INVENTORIES

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

m. LEASES

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

YPO accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to YPO. Rental payments under finance leases are apportioned between the finance charge and the reduction of the outstanding lease obligation (deferred liability). Non-current Assets held under finance leases are accounted for as part of Property, Plant and Equipment.

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

n. PROVISIONS

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

Notes to the Financial Statements

- 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.

o. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

p. 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.

q. 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.

r. DEBTORS

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

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

The Code of Practice on Local Authority Accounting 2022/23 requires the Organisation to disclose information relating to the impact on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Organisation. There are no new accounting standards due to come into force in the next year.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Application of code provisions

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

Leasing

The Organisation has reviewed all classes of leases held by the Organisation and concluded that all existing leases to the 31st December 2023 constitute operating leases.

Notes to the Financial Statements

Related Party Transactions

The Organisation trades extensively with its owning authorities however, as no one particular authority can exert any controlling influence over the Organisation and all transactions are on an arms length basis they are not classified as related parties in this statement of accounts. For clarity trading with member authorities is included under note 17 of this statement.

Asset ownership

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

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

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

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

Pensions Liability

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

These assumptions interact in complex ways and could produce a range of different results depending on the mix of changes in assumptions. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of around £1.986m.

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 £87K.

Property, Plant & Equipment

Assets are valued by external valuers, their assumptions can lead to estimation uncertainty. Assets are also depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.

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

Foreign currency transactions

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

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

Notes to the Core Financial Statements

5. RETIREMENT BENEFITS

Participation in pension schemes

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

The Organisation participates in the Local Government Pension Scheme (LGPS), administered by the West Yorkshire Pension Fund (WYPF). This is a funded defined benefit scheme, meaning that the Organisation pays contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The employers' rate of contribution for January to December 2023 was 13.2%. Employees contributions in 2023 were between 5.5% and 12.5% depending on salary.

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

Transactions relating to post - employment benefits

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

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Statement of Movement in Reserves Statement during the year.

	Funded	Unfunded	Total	Funded	Unfunded	Total
	2022	2022	2022	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Account						
Cost of Service						
Current Service Cost	7,650	0	7,650	2,869	0	2,869
Past Service Cost	208	0	208	0	0	0
Curtailement (Gain)/Loss	0	0	0	0	0	0
Financing and investment income and Expenditure						
Net interest Expense	852	13	865	(601)	25	(576)
Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services	8,710	13	8,723	2,268	25	2,293
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	3,513	0	3,513	(3,008)	0	(3,008)
Actuarial (Gains) and losses-demographic assumptions	(688)	(4)	(692)	(1,721)	(13)	(1,734)
Actuarial (Gains) and losses-experience	14,442	60	14,502	1,657	(53)	1,604
Actuarial (Gains) and losses-financial assumptions	(79,108)	(139)	(79,247)	(49)	0	(49)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(53,131)	(70)	(53,201)	(853)	(41)	(894)
Movement in Reserves Statement						
Reversal of net charges made to the Comprehensive Income and Expenditure Statement for post employment benefits in accordance with the Code	(8,710)	(13)	(8,723)	(2,268)	(25)	(2,293)
Actual amount charged against the General Fund balance for pensions in the year:						
- employer's contributions to the pension scheme	2,273	51	2,324	2,231	52	2,283
- retirement benefits payable to pensioners	0	0	0	0	0	0
Total Charge against the General fund	(6,437)	38	(6,399)	(37)	27	(10)

Notes to the Core Financial Statements

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

	Males		Females	
	2022	2023	2022	2023
Rating to base table	0	0	0	0
Scaling to base table rates (Current)	108%	90%	98%	90%
Scaling to base table rates (Future)	123%	95%	108%	100%
Cohort improvement factors	CMI 2018	CMI 2022	CMI 2018	CMI 2022
Minimum underpin to improvement factors	1.50%	1.50%	1.50%	1.50%
Future lifetime from age 65 (currently aged 65)	21.5	21.0	24.5	24.1
Future lifetime from age 65 (currently aged 45)	22.8	22.2	25.6	25.1

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		Total	
	2022	2023	2022	2023	2022	2023
	£000s	£000s	£000s	£000s	£000s	£000s
Recognised in the Balance Sheet						
Fair value of assets	117,748	125,121	0	0	117,748	125,121
Present value of the defined benefit obligation	(106,049)	(110,338)	(566)	(473)	(106,615)	(110,811)
Net liability arising from defined benefit obligation	11,699	14,783	(566)	(473)	11,133	14,310

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.

	2022	2023
	£'000	£'000
Balance at 1st January	119,703	117,748
Interest income	2,386	5,508
Remeasurement gains/ (losses) on assets	(3,513)	3,008
Employer contributions	2,273	2,231
Contributions by scheme participants	998	1,080
Benefits paid	(4,099)	(4,454)
Balance at 31st December	117,748	125,121

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

	2022	2023
	£'000	£'000
Balance at 1st January	(164,095)	(106,615)
Current Service Cost	(7,650)	(2,869)
Interest Cost	(3,251)	(4,932)
Contributions by scheme participants	(998)	(1,080)
Remeasurement gains and (losses)		
Actuarial gains and (losses) - demographic assumptions	692	1,734
Actuarial gains and (losses) - financial assumptions	79,247	49
Actuarial gains and (losses) - experience	(14,502)	(1,604)
Benefits paid	4,150	4,506
Past service costs and curtailments	(208)	0
Balance at 31st December	(106,615)	(110,811)

Reconciliation of pension status to balance sheet

	Funded		Unfunded		Total	
	2022	2023	2022	2023	2022	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of assets	117,748	125,121	0	0	117,748	125,121
Present value of defined benefit obligation	(106,049)	(110,338)	(566)	(473)	(106,615)	(110,811)
Status	11,699	14,783	(566)	(473)	11,133	14,310
Unrecognised asset	(11,699)	(14,783)	0	0	(11,699)	(14,783)
Asset / (Liability) recognised on the balance sheet	0	0	(566)	(473)	(566)	(473)

Pension Assets

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

	2022	2023
Equity investments	80.70%	81.20%
Property	3.50%	3.40%
Government Bonds	6.20%	6.30%
Corporate Bonds	4.40%	4.60%
Cash	3.30%	2.80%
Other assets *	1.90%	1.70%
TOTAL	100.0%	100.0%

Notes to the Core Financial Statements

* 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 2022 and the unfunded scheme as at 31st December 2021.

	<u>2022</u>	<u>2023</u>
Mortality assumptions		
Males		
Pensioner member aged 65 at accounting date	21.5 years	21.0 years
Active member aged 45 at accounting date	22.8 years	22.2 years
Females		
Pensioner member aged 65 at accounting date	24.5 years	24.1 years
Active member aged 45 at accounting date	25.6 years	25.1 years
Rate of Inflation (CPI)	2.60%	2.40%
Rate of Increase in Salaries	3.85%	3.65%
Rate of Increase in Deferred Pensions	2.60%	2.40%
Rate of Increase in Pensions	2.60%	2.40%
Rate for discounting scheme liabilities	4.70%	4.50%
Take-up of option to convert annual pension into retirement lump sum		

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

Impact on the Defined benefit Obligation in the Scheme	Increase in Assumption £000	Decrease in Assumption £000
Member Life expectancy (+ or - 1 year) *	2,869	(2,869)
Rate of increase in salaries (+ or - 0.1%)	(221)	221
Rate of increase in pensions (+ or - 0.1%)	(1,876)	1,765
Rate for discounting scheme liabilities (+ or - 0.1%)	1,986	(2,096)

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

Impact on the Organisation's Cash Flows

The contributions expected to be made by the Organisation to the Local Government Pension Scheme in the year to 31st December 2024 are £2.228m. In addition, contributions towards the unfunded obligations will be required. Expected contributions for the discretionary benefits in the year to 31st December 2024 are £0.054m.

The weighted average duration of the defined benefit obligation for scheme members is 18.6 years.

Notes to the Core Financial Statements

6. FIXED ASSETS

2023

Property Plant and Equipment

Cost or valuation

Opening balance 1 January 2023	13,139	899	270	2,467	16,775
Revaluation increase / (decrease) recognised in the Revaluation Reserve	30	0	0	0	30
Revaluation increase / (decrease) recognised in the CIES	0	0	0	0	0
Additions	0	250	0	281	531
Impairment	0	0	0	0	0
Disposals	(1,550)	(182)	(16)	(513)	(2,260)

At 31 December 2023

Depreciation and impairments

Opening balance 1 January 2023	0	651	255	2,230	3,136
Charge for depreciation 2023	184	51	3	63	301
Depreciation reversed in line with revaluation	(140)	0	0	0	(140)
Disposals	(44)	(178)	(16)	(513)	(751)

At 31 December 2023

Net Book Value at 31 December 2023

Net Book Value at 1 January 2023

	Land & Buildings £'000	Furniture & Equipment £'000	Computers £'000	Vehicles £'000	TOTAL £'000
Opening balance 1 January 2023	13,139	899	270	2,467	16,775
Revaluation increase / (decrease) recognised in the Revaluation Reserve	30	0	0	0	30
Revaluation increase / (decrease) recognised in the CIES	0	0	0	0	0
Additions	0	250	0	281	531
Impairment	0	0	0	0	0
Disposals	(1,550)	(182)	(16)	(513)	(2,260)
At 31 December 2023	11,620	968	254	2,235	15,077
Opening balance 1 January 2023	0	651	255	2,230	3,136
Charge for depreciation 2023	184	51	3	63	301
Depreciation reversed in line with revaluation	(140)	0	0	0	(140)
Disposals	(44)	(178)	(16)	(513)	(751)
At 31 December 2023	0	525	242	1,780	2,547
Net Book Value at 31 December 2023	11,620	443	12	455	12,530
Net Book Value at 1 January 2023	13,139	248	15	237	13,639

2022 Comparative

Property Plant and Equipment

Cost or valuation

Opening balance 1 January 2022	11,647	851	1,145	3,679	17,322
Revaluation increase / (decrease) recognised in the Revaluation Reserve	1,209	0	0	0	1,209
Revaluation increase / (decrease) recognised in the I&E	283	0	0	0	283
Additions - Re-stated	0	60	16	266	342
Impairment	0	0	0	0	0
Disposals	0	-12	-891	-1,478	(2,381)

At 31 December 2022

Depreciation and impairments

Opening balance 1 January 2022	0	638	1,105	3,610	5,353
Charge for depreciation 2022	188	25	41	98	352
Acc depreciation write out to gross carrying amount	(188)	0	0	0	(188)
Revaluation	0	-12	-891	-1,478	(2,381)

At 31 December 2022

Net Book Value at 31 December 2022

Net Book Value at 1 January 2022

	Land & Buildings £'000	Furniture & Equipment £'000	Computers £'000	Vehicles £'000	TOTAL £'000
Opening balance 1 January 2022	11,647	851	1,145	3,679	17,322
Revaluation increase / (decrease) recognised in the Revaluation Reserve	1,209	0	0	0	1,209
Revaluation increase / (decrease) recognised in the I&E	283	0	0	0	283
Additions - Re-stated	0	60	16	266	342
Impairment	0	0	0	0	0
Disposals	0	-12	-891	-1,478	(2,381)
At 31 December 2022	13,139	899	270	2,467	16,775
Opening balance 1 January 2022	0	638	1,105	3,610	5,353
Charge for depreciation 2022	188	25	41	98	352
Acc depreciation write out to gross carrying amount	(188)	0	0	0	(188)
Revaluation	0	-12	-891	-1,478	(2,381)
At 31 December 2022	0	651	255	2,230	3,136
Net Book Value at 31 December 2022	13,139	248	15	237	13,639
Net Book Value at 1 January 2022	11,647	213	40	69	11,969

Notes to the Core Financial Statements

6a. INTANGIBLE ASSETS

Since January 2022 the Organisation has invested in a Digital Transformation project, with developments made to the website and customer my account page. The work has been done in collaboration with our Digital partner and all costs paid to this partner have been capitalised as Intangible Assets and amortised over 5 years from the changes were made live.

	<i>As restated</i> 2022	2023
	Intangible Assets £'000	Intangible Assets £'000
Cost or valuation		
Opening balance 1 January	192	1469
Additions	1,277	1,696
Impairment	0	0
Disposals	0	0
At 31 December	1,469	3,165
Amortisation and impairments		
Opening balance 1 January	192	192
Amortisation charge for the year	0	209
Impairment	0	0
Disposals	0	0
At 31 December	192	401
Net Book Value at 31 December	1277	2,764
<i>Net Book Value at 1 January</i>	<i>0</i>	<i>1,277</i>

7. INVENTORIES

	31st Dec 2022 £'000	31st Dec 2023 £'000
Stock held for resale	19,710	16,322
Packaging stock	45	43
Closing impairment allowance	(1,363)	(783)
Total Stock	18,392	15,582

8. TRADE AND OTHER DEBTORS

	31st Dec 2022 £'000	31st Dec 2023 £'000
Debtors: Amounts due within one year		
Trade Debtors	13,475	9,268
Prepayments and Accrued Income	5,629	5,844
Total	19,104	15,111

	31st Dec 2022 £'000	31st Dec 2023 £'000
Debtors: Amounts due after more than one year		
Loans Receivable	500	500
Interest of Loan Receivable	74	115
Total	574	615

Notes to the Core Financial Statements

9. TRADE AND OTHER CREDITORS

Creditors: Amounts due within one year

Trade Creditors
VAT
Accruals and deferred income
Total

31st Dec 2022	31st Dec 2023
£'000	£'000
5,524	4,149
165	(142)
7,788	4,845
13,476	8,851

10. SHORT TERM BORROWING

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

31st Dec 2022	31st Dec 2023
£'000	£'000
3500	1,650
5,650	3,350
(7,500)	(4,750)
1,650	250

11. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Financial Assets	Non-Current		Current		Total	
	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023
	£000's	£000's	£000's	£000's	£000's	£000's
Amortised Cost - Debtors	574	615	13,475	9,268	14,049	9,883
Total Financial Assets	574	615	13,475	9,268	14,049	9,883

An impairment allowance of £391k (2022 £533k) has been included against all current debtors. Impairment calculations are based on the expected credit losses arising from the full instrument over the next 12 months and not on an individual level, this credit risk is reviewed frequently throughout the year and the allowance increased in line with the risk.

Non-current debtors constitute a loan issued in July 2018 to one of our related parties, YPO Procurement Holdings Ltd, for £500K. The purpose of the loan was to allow YPO Procurement Holdings to invest in EdTech Impact Limited for 30% of their Ordinary shares. The risk is that the related party, or the new associate, becomes insolvent and therefore repayment of the loan is unlikely. As at the 31st December 2023 the full capital amount, plus the accrued daily interest of 3% above the Bank of England base rate, is still outstanding.

The risks associated with our loans receivable are managed by the close monitoring of the borrower's financial performance and balance sheet position on a monthly basis. This allows for any potential credit risks to be identified as soon as possible and actions put in place to prevent the risks from materialising, as at the 31st December 2023 no impairment allowance has been made for this.

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

Financial Liabilities	Non-Current		Current		Total	
	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023
	£000's	£000's	£000's	£000's	£000's	£000's
Amortised Cost - Trade Creditors	0	0	5,524	4,149	5,524	4,149
Total Financial Liabilities	0	0	5,524	4,149	5,524	4,149

Notes to the Core Financial Statements

12. 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.

Reserves	31st Dec 2022 £'000	31st Dec 2023 £'000	Net Movement in the Year £'000	Note
General Fund Balance	24,540	25,143	604	I
Capital Receipts Reserve	85	85	0	
Internal Investment Reserve	654	654	0	
Joint Committee Capital Adjustment Account	9,398	9,179	(219)	ii
Earmarked Pension reserve	(566)	(473)	93	iii
Earmarked Accumulated Absences Account	(227)	(272)	(44)	iv
Revaluation reserve	4,354	4,231	(122)	v
Total reserves	38,238	38,549	311	

(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 2022 had a balance of £1m.

	2022 £'000	2023 £'000
General fund balance		
Balance brought Forward 1st January	22,703	24,540
Surplus or (deficit) on operations	(4,510)	38
Total comprehensive income and expenditure	(4,510)	38
Depreciation and impairment	68	511
Reversal of IAS 19 charges to I&E	8,723	2,293
Employer's pension contributions	(2,324)	(2,283)
Movement in employee absence accrual	(121)	44
Total voluntary adjustments	6,347	566
Total transfers to/from cash reserves	0	0
Total transfers to/from earmarked reserves	6,347	566
Balance Carried Forward 31st December	24,540	25,143
Movement in year represented in the Movement in Reserves Statement	1,836	604

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

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

	2022 £000	2023 £000
Joint Committee Capital Adjustment Account		
Balance brought Forward 1st January	9,444	9,398
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	(68)	(511)
Adjusting amounts written out of Revaluation Reserve	22	292
Net Written out amount of the cost of non-current assets consumed in the year	9,398	9,179
Capital financing applied in the year	9,398	9,179
Balance Carried Forward 31st December	9,398	9,179
Movement in year represented in the Movement in Reserves Statement	(46)	(219)

Notes to the Core Financial Statements

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

	2022 £000	2023 £000
Earmarked Pension Reserve		
Balance brought forward 1st January	(44,392)	(566)
Actuarial Gains or (losses) on pension assets and Liabilities	50,225	103
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(8,723)	(2,293)
Employers pensions contributions and direct payments to pensioners payable in year	2,324	2,283
Balance Carried Forward 31st December	(566)	(473)
Movement in year represented in the Movement in Reserves Statement	43,826	93

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

	2022 £000	2023 £000
Earmarked Accumulated Absences Account		
Balance brought forward 1st January	(348)	(227)
Settlement or cancellation of accrual made in preceding year	348	227
Amount to be accrued for current year	(227)	(272)
Amount to be charged to the Comprehensive Income and Expenditure Statement	121	(44)
Balance as at 31st December	(227)	(272)
Movement in year represented in the Movement in Reserves Statement	121	(44)

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

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

	2022 £000	2023 £000
Revaluation Reserve		
Balance brought Forward 1st January	2,979	4,354
Upward revaluation of assets	1,397	170
Difference between fair value depreciation and historical cost depreciation	(22)	(292)
Balance Carried Forward 31st December	4,354	4,231
Movement in year represented in the Movement in Reserves Statement	1,375	(122)

Notes to the Core Financial Statements

13. 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	
	2022	2023
50,000 - 54,999	2	26
55,000 - 59,999	5	6
60,000 - 64,999	2	3
65,000 - 69,999	1	2
70,000 - 74,999	5	3
75,000 - 79,999	2	3
80,000 - 84,999	1	2
TOTAL	18	45

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 2022 are also shown and these officers are excluded from the above table.

2023						
Post	Salary incl. BiK	Expenses	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	143,148		-		19,200	162,348
Executive Director	93,004		-		13,786	106,790
Executive Director	104,998	1,358	-		13,947	120,303
Executive Director	105,007	16	-		13,947	118,970
	446,157	1,374	-	-	60,880	508,411

2022						
Post	Salary incl. BiK	Expenses	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	140,582	202	-		19,160	159,944
Executive Director	102,942	341	-		13,898	117,181
Executive Director	102,822	979	-		13,881	117,683
Executive Director	102,584	64	-		13,847	116,496
	448,930	1,587	-	-	60,787	511,303

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	
	2022 No.	2023 No.	2022 No.	2023 No.	2022 No.	2023 No.	2022 £000's	2023 £000's
£ 0 - 20,000	-	-	3	6	3	6	39	20
20,001 - 40,000	-	-	-	-	-	-	-	-
40,001 - 60,000	-	-	1	-	1	-	48	-
60,001 - 80,000	-	-	-	-	-	-	-	-
80,000 and over	-	-	-	1	-	1	-	91
Total	-	0	4	7	4	7	87	111

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

Notes to the Core Financial Statements

14. LEASES

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:

	2022 £000	2023 £000
Not later than one year	434	438
Later than one year and not later than five years	327	1,645
Later than five years	2,245	1,600
	3,006	3,683

Amounts charged, in respect of these leases, to the Comprehensive Income and Expenditure Statement during 2023 was £444K (2022 £448k) of which £29k was rent for property at Flanshaw Way and £365k being rent for Unit K, Kenmore Road, Wakefield. Prostar. The later than five years' figure is comprised entirely of a long term lease agreement on the leased warehouse property at Unit K, Kenmore Road, Wakefield.

15. RELATED PARTY TRANSACTIONS

The Organisation is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Organisation or to be controlled or influenced by the Organisation.

Transactions with Founder Member Authorities are shown here for clarity. Founder member authorities are not classified as related parties under the Code of Practice or for the purpose of group accounting but have joint control over the Organisation's decision making and business planning. In addition to the founder members the Organisation has 71 associate members who have no influence over Organisational decision making.

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

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

	Transaction value		Debtor balance as at 31 Dec
	2022 £'000	2023 £'000	2023 £'000
Barnsley MBC	2,221	1,539	167
Bolton MBC	2,416	1,921	107
Bradford MDC	5,429	3,590	130
City of York	792	834	95
Doncaster MBC	2,421	1,891	271
Kirklees MC	4,685	2,958	172
Knowsley MBC	1,370	883	31
MB of Calderdale	1,380	1,192	64
North Yorkshire CC	4,780	3,509	72
Rotherham MBC	2,752	1,823	100
St Helens MBC	1,734	1,283	87
Wakefield MdC	2,944	2,857	318
Wigan MBC	2,370	1,844	88
	35,294	26,125	1,702

Notes to the Core Financial Statements

Our founder members also procure goods and services through our frameworks business. The value of these transactions are included below. These spend values form part of an overall framework spend amount from which we receive an agreed rebate percentage from our approved suppliers. This rebate income is disclosed on the Comprehensive Income and Expenditure Account - 2023: £7,468k (2021: £5,998k)

	Transaction value	
	2022 £'000	2023 £'000
Barnsley MBC	24,221	39,211
Bolton MBC	8,957	17,016
Bradford MDC	31,778	38,032
City of York	9,490	13,215
Doncaster MBC	26,819	27,992
Kirklees MC	41,890	47,803
Knowsley MBC	10,717	15,179
MB of Calderdale	8,927	16,454
North Yorkshire CC	24,374	49,482
Rotherham MBC	28,395	35,714
St Helens MBC	12,031	16,144
Wakefield MdC	22,674	32,639
Wigan MBC	22,678	32,417
	272,953	381,299

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

One of the Member Authorities, City of Wakefield MDC, acts as servicing authority for YPO and as such, WMDC officers are the Organisation's statutory officers. YPO has commercial support agreements with Wakefield MDC covering certain accounting, treasury, human resource, legal services and vehicle maintenance arrangements. A summary of the costs incurred via Wakefield MDC are shown below, along with the creditor balance at the year end.

	Purchases (Exc. VAT)		Creditor Balance at 31st Dec	
	2022 £'000	2023 £'000	2022 £'000	2023 £'000
Wakefield MDC	1,458	1,356	73	24

The Organisation has incurred no expenditure with any other founder member during in 2023 or 2022.

In the year Wakefield MDC purchased YPO's food warehouse, located at Flanshaw way, Wakefield for £1.620m.

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

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

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

	Transactions Value (Ex VAT) for the year £'000	Outstanding Balance as at 31st Dec 2023 £'000
YPO Procurement Holdings	0	0
YPO Supplies Ltd	1,690	(595)

Sales Invoices relating to the 2023 services provided were raised to YPO Supplies totalling £1.622m with a further £68K accrued in December 2023.

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

Capital	2023 £
Interest	500,000
	115,021
	615,021

On the 31st December 2023 a review has been carried out on the recoverability of the loan issued. Taking into consideration the financial performance and financial position of YPO Procurement Holdings and its subsidiaries, and the expected growth over the next 6 years, it is expected that the full amount owing will be fully recovered by the end of the loan term.

Notes to the Core Financial Statements

16. AUDIT COSTS

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

Audit Costs	2022 £000	2023 £000
Fees payable to Mazars with regard to external audit services	50	80

17. EVENTS AFTER THE BALANCE SHEET DATE

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

18. PRIOR YEAR ADJUSTMENT

The 2022 figures have been restated due to the capitalisation of Digital Transformation costs that had previously been expensed. The restatement has moved £1,277K of administrative expenses to Intangible Assets.