



# ESPO

## ANNUAL REPORT

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and Statement of Accounts 2009/2010

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[www.espo.org](http://www.espo.org)



*"This year, we have seen another growth spurt in our Stores Sales, despite the increases in inflation.  
- an excellent result!"*

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# Introduction

The combined totals of Stores sales, Direct orders, Period (framework) Contracts and contracts placed on behalf of specific customers, totals nearly **£520 million** for the year 2009/10.

Stores business approached **£36 million**, an increase of **8.31%** and, as in 2008/09, largely consisted of increased sales to non-Member customers.

Growth in Direct orders which are those orders placed by the organisation on behalf of customers resulted in a significant increase of **16.48%** at **£52 million**.

Period Contracts, which are mainly call off framework contracts, decreased slightly by **2.14%** from **£338 million** to **£331 million**, largely due to the current economic climate and the need for local authorities to focus on savings.

Contracts placed by our two Strategic Procurement and Commissioning buying groups exceeded **£100 million**. Whilst this is a decrease on last year of **8.70%**, this is a reflection of the nature of one-off contract placements which can vary significantly year to year.

## Trading Results

The chart below provides a detailed analysis of the trading results compared to the previous year.

### Annual Turnover Statistics 2009/2010

	Stores		Direct Orders		Period Contracts		Strategic Procurement and Commissioning	
	2008/9 £000s	2009/10 £000s	2008/09 £000s	2009/10 £000s	2008/09 £000s	2009/10 £000s	2008/09 £000s	2009/10 £000s
Cambridgeshire	2,507	2,621	2,889	2,301	28,112	22,910	3,710	4,945
Leicester City	2,359	2,451	3,216	3,776	48,534	45,950	5,595	1,180
Leicestershire	2,978	3,084	1,986	2,112	62,928	55,912	69,380	47,999
Lincolnshire	3,128	3,298	1,780	1,345	25,041	22,190	3,715	1,343
Norfolk	3,896	3,946	5,912	6,210	62,179	46,909	7,260	3,393
Peterborough City	853	783	516	368	8,360	8,230	0	0
Warwickshire	2,352	2,350	2,824	1,826	21,638	20,795	2,650	8,316
<b>District Councils</b>								
Cambridgeshire	111	109	991	2878	4,285	5,845	2,443	11,455
Leicestershire	87	83	855	335	8,535	6,987	0	0
Lincolnshire	99	116	904	464	7,329	6,148	0	0
Norfolk	90	77	1,132	48	8,870	8,606	300	5,340
Warwickshire	28	24	96	501	4,790	2,183	480	0
<b>Other Users</b>	14,423	16,708	21,623	29,929	47,519	78,234	14,935	16,346
<b>Total Expenditure</b>	<b>32,911</b>	<b>35,650</b>	<b>44,724</b>	<b>52,093</b>	<b>338,120</b>	<b>330,899</b>	<b>110,468</b>	<b>100,854</b>
<b>% Variance Over Previous Year</b>	<b>8.81</b>	<b>8.31</b>	<b>1.14</b>	<b>16.48</b>	<b>10.51</b>	<b>-2.14</b>	<b>-59.07</b>	<b>-8.70</b>

The following chart details the same statistics but provides a clearer picture of the total trading position under the four main methods of procurement within our Member Authorities:

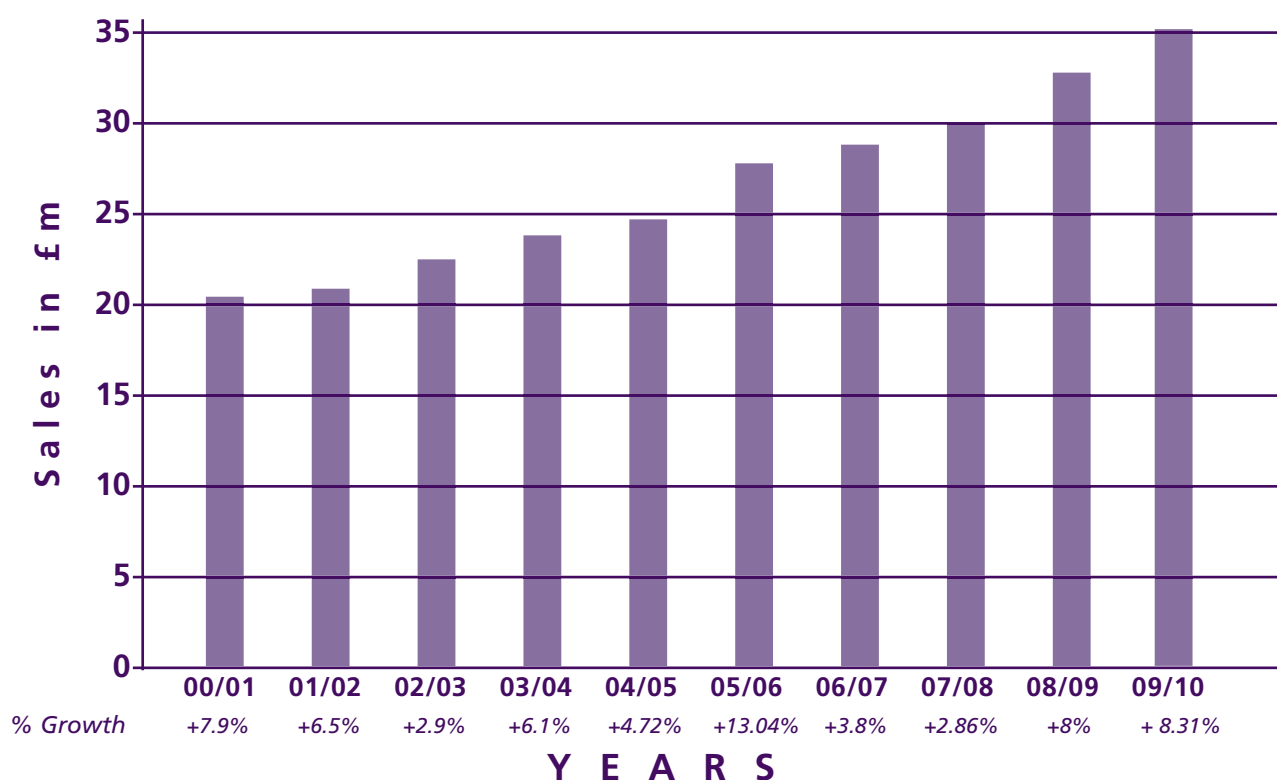
		Turnover		Variance
		2008-09	2009-10	
		£000s	£000s	%
Cambridgeshire	Stores	2,507	2,621	4.55
	Directs	2,889	2,301	-20.35
	Period Contracts	28,112	22,910	-18.50
	Commissioning	3,710	4,945	-33.29
	Total	37,218	32,777	-11.93
Leicester City	Stores	2,359	2,451	3.90
	Directs	3,216	3,776	17.41
	Period Contracts	48,534	45,950	-5.32
	Commissioning	5,595	1,180	-78.91
	Total	59,704	53,357	-10.63
Leicestershire	Stores	2,978	3,084	3.56
	Directs	1,986	2,112	6.34
	Period Contracts	62,928	55,912	-11.15
	Commissioning	69,380	47,999	-30.82
	Total	137,272	109,107	-20.52
Lincolnshire	Stores	3,128	3,298	5.43
	Directs	1,780	2,112	-24.44
	Period Contracts	25,041	55,912	-11.39
	Commissioning	3,715	1,343	-63.85
	Total	33,664	28,176	-16.30
Norfolk	Stores	3,896	3,946	1.28
	Directs	5,912	6,210	5.04
	Period Contracts	62,179	46,909	-24.56
	Commissioning	7,260	3,930	-45.87
	Total	79,247	60,995	-23.03
Peterborough	Stores	853	783	-8.21
	Directs	516	368	28.68
	Period Contracts	8,360	8,230	-1.56
	Commissioning	0	0	0
	Total	9,729	9,381	-3.58
Warwickshire	Stores	2,352	2,350	-0.09
	Directs	2,824	1,826	-35.34
	Period Contracts	21,638	20,795	-3.90
	Commissioning	2,650	8,316	213.81
	Total	29,464	33,287	12.98
	Sub-Total Member Authorities	386,298	386,298	-15.33
Districts & Others	Total	140,339	192,416	-37.51
	<b>Grand Total</b>	<b>526,637</b>	<b>519,496</b>	<b>-1.28</b>

## Stores

The value of Stores sales of **£35.6 million**, an increase of **8.31%**, is an excellent result irrespective of the inflationary increase of 4.6% given the increase of 8.8% last year, but particularly in the light of the 13% increase in 2005/06 following the acquisition of Northamptonshire County Supplies. Additionally we closed the Book Stores operation in 2006 which transferred sales value to period contracts.

The growth in Stores sales over the last 10 years is illustrated in the following chart:

### Growth in Stores Sales since 2000/2001



### Central Stores Prices

The chart below illustrates the price inflation for items held within the Central Stores since 1997/98. The increase of 4.6% for 2009/10 was due, as reported at the time, to oil and paper price increases plus the exchange rate of Sterling against the Euro/Dollar.

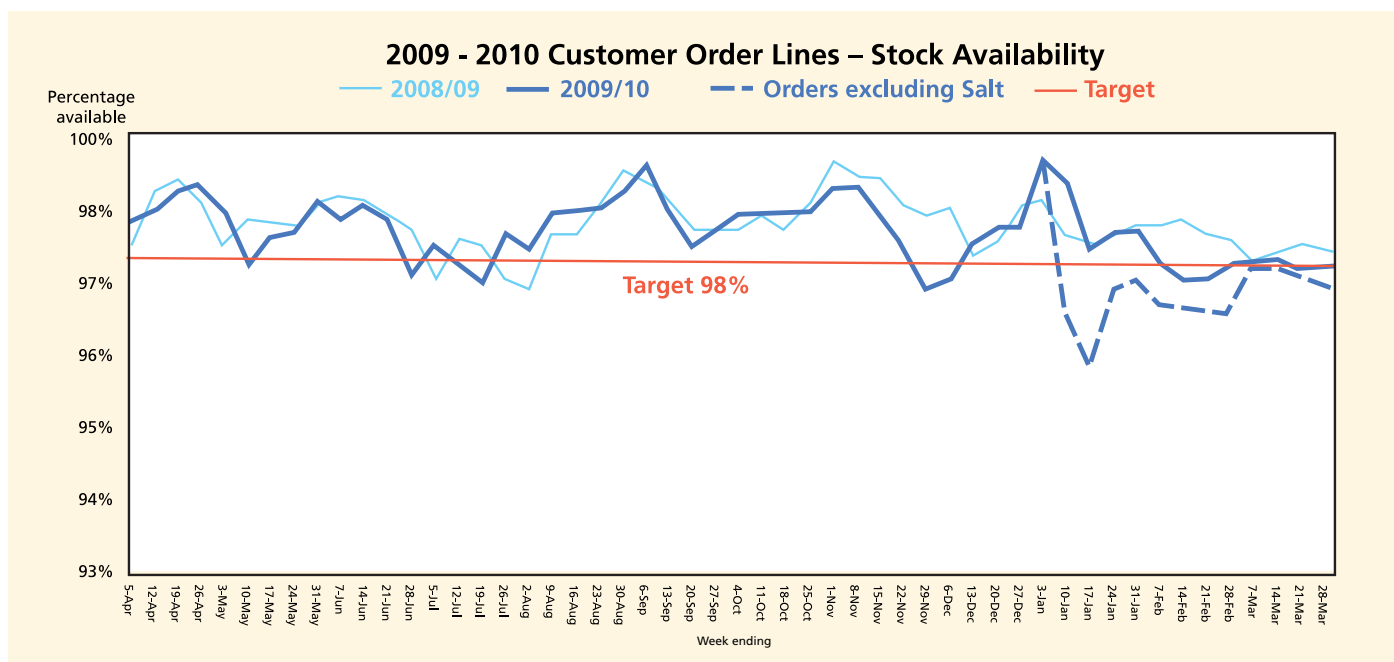
97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
-1.40%	-4.50%	-1.50%	-0.10%	2.15%	-2.02%	-1.23%	-0.35%	-0.18%	0.95%	1.66%	0.75%	4.6%
				0.23%*								

\*excludes paper

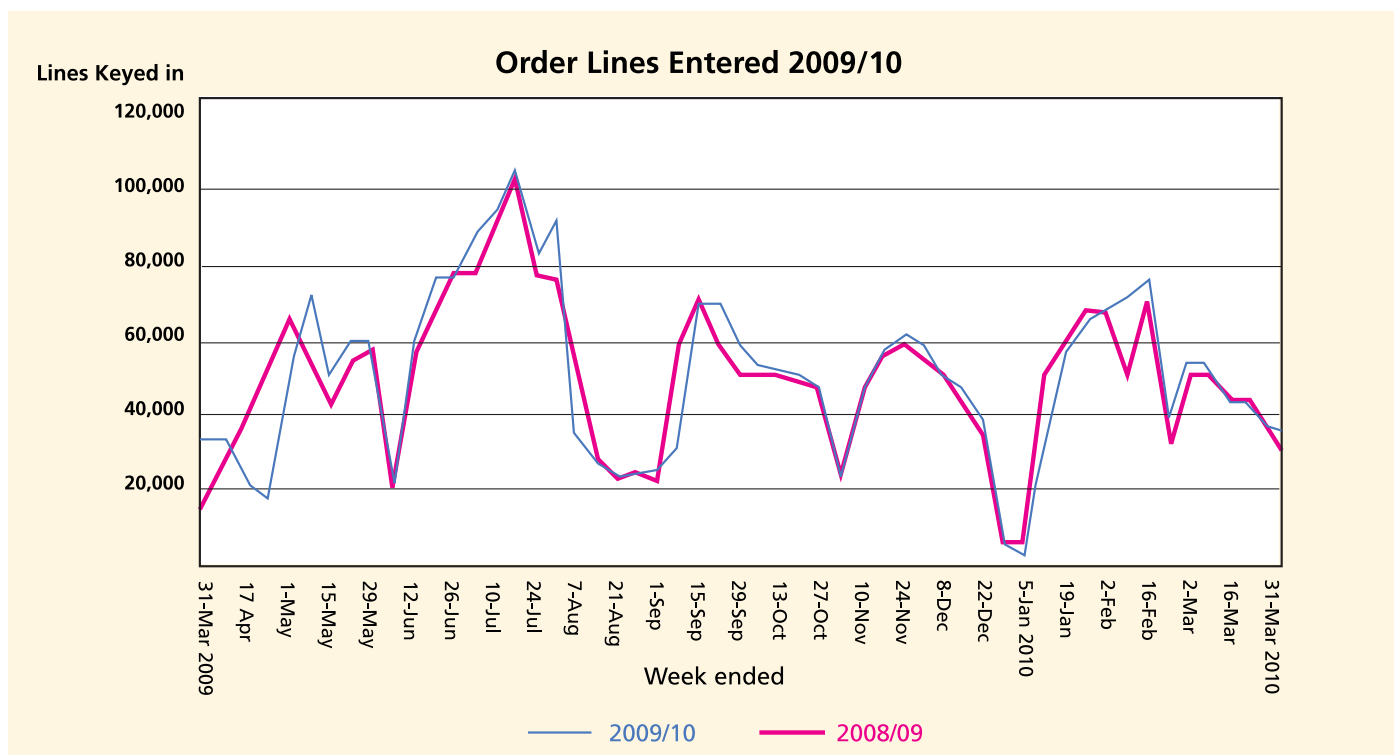
## Service Levels to Customers (Stock Availability)

The chart below illustrates our stock availability throughout 2009/10 compared to 2008/09 and clearly demonstrates that we have consistently exceeded our target of 98%.

The unusual trough in January can be attributed to the non-availability of salt due to a prolonged period of inclement weather. Having supplied 13,865 bags up to the end of December which was a 46% increase on the same period the previous year, the extremely poor weather in January created demand for 27,997 bags (77% increase on last year) only 8,986 of which we were able to deliver. Further supplies to ESPO for the rest of the winter period were severely restricted because central government prioritised supplies for Highways use.



The graph below denotes the Stores order input figure (volume not value) for 2009/10, which reflects the significant peaks and troughs, principally a feature of schools ordering patterns.



## Direct Orders

Sales via Direct orders have increased from £44.724,000 to £52.093,000 with notable increases in Cambridgeshire and Warwickshire district councils. However, the increases have been largely offset by decreases in other Member and non-Member Authorities, which can largely be attributed to the replacement cycle of large vehicles, which is the main reason for the increase the previous year.

Excluding vehicles the value of Direct Orders decreased slightly by £538,000 in 2009/10. With general market conditions being reasonably cautious, the first type of product category to "suffer" is the larger furniture/white goods higher value product(s). Clearly these products may be deemed non-essential and, therefore, are the first to be affected by budget cuts.

## Period Contracts

There are no significant variances in period contracts across the membership apart from Leicestershire County Council where there has been a decrease from £62.9 million in 2008/9 to £55.9 million in 2009/10. This represents a general reduction across all contracts with the only notable exception being on Gas where the reduction is £3 million following price falls.

The other notable decrease is at Norfolk County Council where there has been a decrease from £62.1 million to £46.9 million. £8 million of this reflects expenditure on education taxi services which is subject to review within the Council, £2 million reduction in spend on microcomputers and £3 million across Gas and Electricity contracts.

## Commissioning/Consultancy

Examples of the contracts which comprise the £100.8 million are as follows:

- A 3 year Consultancy Partner appointment for Leicestershire County Council at an estimated value of £12 million.
- A 5 year Community Catering contract for Leicestershire County Council with a total contract value of £6 million.
- A 4 year Gas Heating Servicing contract for Cambridge City Council of £6.2 million.
- A 4 year Supported Living Framework agreement for Derbyshire County Council at a value of £8 million.
- A Community Meals Service contract for Warwickshire County Council with a value of £3.3 million over 3 years.

In total 65 strategic projects were completed in 2009/10 compared with 56 in 2008/09 and there are currently 68 projects representing Work in Progress. This aspect of our business, therefore, is continuing to increase at a significant rate.

## Annual Expenditure per 1000 Head of Population

The chart below shows the annual expenditure per 1000 head of population for our seven Member Authorities for the year:

Member Authority	Population	Central Stores		Direct Orders		Period Contracts		Strategic Procurement & Commissioning	
		2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
		£	£	£	£	£	£	£	£
Cambridgeshire	552,655	4,536	4,743	5,227	4,164	50,867	41,454	6,713	8,948
Leicester City	279,923	8,427	8,756	11,489	13,489	173,383	164,152	19,988	4,215
Leicestershire	609,579	4,885	5,059	3,258	3,465	103,232	91,722	113,816	78,741
Lincolnshire	646,646	4,837	5,100	2,753	2,080	38,724	34,316	5,745	2,077
Norfolk	796,733	4,890	4,953	7,420	7,794	78,042	58,877	9,112	4,933
Peterborough	156,060	5,466	5,017	3,306	2,358	53,569	52,736	0	0
Warwickshire	505,885	4,649	4,645	5,582	3,610	42,773	41,106	5,238	16,439

(Population based on 2001 Census)

## Marketing Activity

Relationships continue to be developed with the Corporate Procurement Units in member authorities with wider use of ESPO by departments and the teams within these departments. Strategic procurement in Peterborough continues to be the exception to this development work.

The role of the Corporate Account Manager is proving to be very successful with a number of non Member Authorities and public sector bodies using a wide range of ESPO national framework contracts.

Following extensive market research carried out over the previous 12 months we have introduced a wider and more comprehensive range of core curriculum products in the 2010-11 catalogues for our school customers. A range of specialist curriculum product focused catalogues have also been produced and sent to all education customers.

### Newsletter

To improve communications with our school customers we have introduced a newsletter called 'Education Update' which is distributed to all schools once a term. This publication features topical points of interest and details of new products and services. Initial feedback is excellent.

### Education Show

A new stand was designed and built for the show this year at the NEC Birmingham featuring our new range of core curriculum products which proved very popular with visitors to the ESPO stand. A key strand of our marketing activity for schools was centred around the new curriculum ranges for 2010/11.

### Exhibitions and Events included

Early Years Conference – Cambridgeshire  
Sustainable Schools Exhibition – Lincolnshire  
Primary Maths Conference – Norfolk  
Bursars Conference – Nottinghamshire  
ExpoEd – Cambridgeshire  
Head Teachers Conference – Leicestershire  
Procurement Day – Warwickshire  
Collaborative Procurement – London  
SOPO Conference – Manchester  
Procurex Exhibition – Birmingham  
BSEC Exhibition – London

### Supplier Engagement

Meet the Buyer events were held in Cambridgeshire, Lincolnshire, Norfolk and Nottinghamshire. In addition we continue to support the RIEP events and regional meetings within our Consortium area.

### Sustainable Procurement Project

Work continues on the revised version of the Sustainable Products catalogue scheduled to be available in the early part of 2011. We are also working with G2L, our Sustainable Procurement partner, to review terms and conditions that we incorporate into a range of contracts for goods and services on contract renewals.



## Summary

Despite reduced sales overall to our Member Authorities 2009/10 has been a very good year due to increased sales to districts and other customers who would not have placed business with us unless we provided an effective and competitive service.

This wider customer base (15,000) will enable the organisation to better withstand the current economic climate. With pressure on the wider public sector to achieve savings with the procurement of goods and services it is possible that business opportunities could increase.



# Staffing

## Analysis of Manpower

	2008/09		2009/10	
<b>Director</b>	1.0		1.0	
Secretaries	2.0	3.0	2.0	3.0
<b>Strategic Division</b>				
Division Head	1.0		1.0	
Buyers	27.0		26.5	
Trainee Buyers	1.0		1.0	
Contracts Admin Officer	1.0		1.0	
Admin & Clerical*	17.8	47.8	18.5	48.0
<b>Commodity Division</b>				
Division Head	1.0		1.0	
Sales/Major Accts Mgr	1.0		1.0	
Buyers	20.0		20.00	
Trainee Buyers	1.0		2.0	
Expediting/Direct Deliveries	7.0		6.0	
Field Sales Executives	7.7		8.7	
Catalogue Production	7.0		8.0	
Administration Assistants	11.0		11.0	
Customer Services*	19.5	75.2	19.5	77.2
<b>Finance Division</b>				
Division Head	1.0	1.0	1.0	1.0
<b>Accounts/Admin</b>				
Accountants	2.0		2.0	
Finance Supervisors	3.0		3.0	
Finance Assistants	19.0	24.0	18.8	23.8
<b>IT Section</b>				
Manager	1.0		1.0	
Deputy Manager	1.0		1.0	
Technical Specialists/Analysts	1.2		1.0	
Helpdesk/Operations Support	2.0	5.2	2.0	5.0
<b>Operations Division</b>				
Division Head	1.0		1.0	
Personnel & Training	2.0		2.0	
Post/Reception	1.7	4.7	1.7	4.7
<b>Warehouse and Distribution</b>				
Warehouse Manager	1.0		1.0	
Supervisory	4.0		4.0	
Section Leaders#	6.0		13.0	
Delivery Drivers ++~	39.0		43.0	
Selectors ++*	79.0		85.1	
Forktruck Drivers/Goods In ++	26.0		11.0	
Goods Out#	13.0		11.0	
Housekeepers/Handyman*	7.6	176.6	8.6	176.7
<b>Warehouse Support</b>				
Supervisory	1.0		1.0	
Projects, Training, Qual Control, Stock Audit	8.0		9.0	
Transport Planning*	5.7	14.7	5.7	13.7
		<b>352.2**</b>		<b>353.1</b>

\* Inc part-time staff expressed as full time equivalents  
 ++ Based on range of May & Nov figures  
 † Exclude short term temporary/agency staff  
 ‡ Figures adjusted for comparison  
 # 6 Asst Section Leaders transferred from Selectors & Goods Out  
 ~ Includes 3 additional delivery drivers based in Wales  
 \*\* Adjusted tp reflect per annum average

# ESPO STATEMENT OF ACCOUNTS 2009/10

## Explanatory Foreword

The published accounts of the Eastern Shires Purchasing Organisation (ESPO) are presented in this booklet.

### About ESPO

ESPO is a Joint Committee set up under Section 102 of the 1972 Local Government Act. The member authorities at 31 March 2010 were Cambridgeshire, Leicestershire, Lincolnshire, Norfolk and Warwickshire County Councils together with Leicester and Peterborough City Councils.

ESPO's main objective is the provision of a professional, comprehensive, value for money purchase, contracting and supplies service for member authorities and other public bodies mainly within the Midlands and East of England regions under the provisions of the Local Authorities (Goods and Services) Act 1970.

In financial terms ESPO has a statutory obligation to recover its operating costs but to keep these at a minimum commensurate with the level of service required and the long-term development of the organisation. Any surpluses which do accrue are distributed to member authorities after a transfer to reserves held as a working balance in line with a formula agreed by ESPO's Management Committee.

### Performance in 2009/2010

I am pleased to report the difficult trading circumstances that I predicted last year have not significantly affected ESPO results for this year. We have managed to retain the growth in the use of our products or services that we achieved over the last 2 years. Our extensive and varied customer base has enabled ESPO to weather the effects of the economic recession and of tighter financial restrictions on local authorities. We have achieved this by developing our presence with authorities adjoining our core member region.

The use of our products and services by our Member Authorities and by other customers, as measured by the value of their combined procurement activities, amounted to £519 million in 2009/10. A more detailed commercial assessment of these activities during this financial year is contained within the ESPO Annual Report for 2009/10 which is presented annually to the ESPO Management Committee.

The statutory accounts reflect the results of authorities' procurement activities through the value of invoiced sales which this year were reduced by 1.5% to achieve a total of £89.1 million. The reduction in turnover solely reflects lower energy prices which had previously increased by 36% in 2008/09. Turnover on core sales of Stores products remains strong and has recorded an increase in the year of 8.3%. This growth in Stores sales also resulted in increased income of £0.4 million. Income from Central Purchasing activities has remained static.

ESPO continues to develop a collaborative approach to contracting under the name of "Pro5" together with four other similar local authority purchasing consortia. The increased combined spending power of this group has resulted in price and service benefits to our Member Authorities and to other customers.

Following my decision last year to abandon a project to replace our main business system, in July 2010 we completed the initial phase of a major upgrade to our existing main business system. This project is currently on target and within budget.

Our work on major BSF projects was set back this year with the financial failure of a major customer and by our termination of a design and marketing agreement. These added an extra £0.5 million to our expenditure this year including a charge of £0.25 million to provide for a potential bad debt. The design and marketing contract termination is also the subject of an ongoing dispute.

The net surplus on the Income and Expenditure Account for 2009/10, after providing for Member Authorities' dividend of £0.8 million was £1.42million (the result for 2008/9 was a net deficit of £1.95 million). A revaluation of the Grove Park premises at the end of the year has resulting in an increased valuation of £0.6 million which has partially reversed the reduction reported last year of £2.6 million.



## Future Prospects

It is currently too early to evaluate the effect on ESPO of spending restrictions on local authorities that are being introduced by the new coalition government during 2010-11. In order to mitigate possible adverse effects of local authority spending restrictions on our sales volumes, we will continue to promote our catalogue products and contract services to non-Member Authorities within the Midlands and other selected regions. To assist with further growth in general catalogue sales I have strengthened our range of products offered in the 2010/11 catalogue by adding over one thousand new items and I am continuing to expand our cost-efficient E-procurement facilities.

I will further strengthen our range of contracts tendered in collaboration with members of Pro5 and with central government agencies to provide improved value for money for customers during this difficult period.

## ESPO's Accounts

The following accounting statements represent the Eastern Shires Purchasing Organisation's accounts for the 2009/10 financial year.

### Income and Expenditure Account:

This statement is fundamental to the understanding of the Consortium's activities, in that it summarises trading income and expenditure for the twelve months ending 31st March 2010 of all functions for which ESPO is responsible.

The Consortium recovers operating costs by the addition of an oncost within the prices charged to customers and by retrospective rebates from suppliers. For management reporting and dividend allocation purposes, this account is further analysed between "Stores" and "Central Purchasing". The former relates to general consumable products which are supplied from stocks held by ESPO at its warehouse. Central Purchasing covers all other trading activities, such as procuring more specialised products, providing procurement consultancy services and arranging framework contracts under which ESPO customers order directly from suppliers.

### Balance Sheet:

The Balance Sheet sets out ESPO's financial position as at 31st March 2010. It incorporates all the Consortium funds.

### Statement of Movement on the General Fund Balance:

This statement reconciles the net surplus or deficit on the Income and Expenditure Account to the movement in the General Fund balance.

### Statement of Total Recognised Gains and Losses:

This statement recognises the Consortium's gains and loss arising from asset and liability valuation rather than from organisation's operating performance, which is summarised in the Income and Expenditure Account. The resulting combined gains and losses reflect the total movement in the Consortium's net worth for the year.

### Cash Flow Statement:

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

## Authorisation of Accounts:

The Statement of Accounts presents a true and fair view of the financial position of the authority at 31st March 2010 and its income and expenditure for the year ended 31st March 2010.

### Date of Authorisation:

The accounts were authorised for issue 17th June 2010 by K G May. This was the last date when events after the balance sheet date have been considered.



*K G May*  
Director of ESPO 24th September 2010



*B Roberts*  
Consortium Treasurer 24th September 2010

# Statement of Accounting Policies

## 1 General Principles

The Statement of Accounts summarises ESPO's transactions for the 2009/10 financial year and its position at the year end of 31st March 2010. It has been prepared in accordance the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (the SORP) and the guidance notes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the application of accounting standards (SSAPs and FRSs). These accounts are maintained on an historical cost basis, modified by the revaluation of certain categories of tangible fixed assets. Where full compliance has not been achieved, this is referred to in the notes to the accounts

The purpose of this statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the organisation's accounts.

## 2 Accruals of Income and Expenditure

The organisation's trading activity is accounted for in the year that it takes place and not when cash payments are made or received. In particular:

- Fees and charges due from customers are accounted for as income at the date ESPO provides the relevant goods and services. This excludes turnover rebates and energy billing which are maintained on a receipts basis.
- Supplies are recorded as expenditure when they are consumed. Supplies received pending consumption are carried as stocks on the balance sheet.
- Interest payable on borrowings and receivable on investments is accounted for in the year to which it relates based on the effective interest rate for the relevant financial instrument.
- Where income or expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. The balance of debtors is written down for doubtful debts and a charge made to revenue for the income that might not be collected.
- Income and expenditure are posted to the relevant service revenue account unless they represent capital receipts or capital expenditure.

## 3 Reserves

ESPO sets aside specific amounts as reserves for future policy purposes or to cover contingencies. The reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. Expenditure financed from reserves is charged to the appropriate service revenue account in that year and then appropriated back into the General Fund Balance statement

### (i) Revenue

An explanation of the purposes of various revenue reserves held by ESPO and details of the movements in each of these reserves are contained in the Notes to the Statement of Accounts (See Notes no's 19 & 20).

### (ii) Non-Cash Backed Reserves

In accordance with standard accounting practice for local authorities, two capital reserves have been established as part of the system for capital accounting that do not represent usable resources to the organisation – these reserves are explained in the relevant policies below.

## 4 Fixed Assets

### (i) Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by ESPO is capitalised on an accruals basis when the benefits to the organisation exceed one financial year.

### (ii) Tangible Fixed Assets

Tangible fixed assets are assets which have a physical presence and are held for use in the provision of services or for administrative purposes on a continuing basis. Expenditure on their acquisition and/or improvement is capitalised on an accruals basis provided that the asset yields a benefit to ESPO for a period of more than one year. However, some relatively minor items may be financed from revenue. The asset values include buildings, commercial vehicles and equipment for which ESPO has beneficial ownership.

### (iii) Asset Valuation

Fixed assets are valued on the basis required by the SORP and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS).

The basis of valuation is as follows:

- Intangible assets are carried at current value, which in all material respects is approximated by depreciated historical cost for all assets with an original licence cost in excess of £5,000.
- Land and Buildings are included in the balance sheet at Fair Value. Various Chartered Surveyors in the Property Services Division of Leicestershire County Council's Resources Department carry out the valuation. The current asset values used in the accounts are based on a certificate issued by the Council's Head of Property Services Division as at 31st March 2010. Any additions since that date are included in the accounts at their cost of acquisition.
- Vehicles, plant, furniture and equipment are carried at current value, which in all material respects is approximated by depreciated historical cost for all assets with an original cost in excess of £5,000.
- Assets included in the Balance Sheet at current value are revalued where there has been a material change in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to revenue.
- The revaluation reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.
- Surplus assets are valued at the lower of net current replacement cost or net realisable value. Any revaluation gains in the Revaluation Reserve when an asset is disposed of are transferred to the Capital Adjustment Account.
- Receipts from disposal of fixed assets are credited to the Income and Expenditure Account as part of the gain or loss on disposal, netted off against the carrying value of the asset at the time of disposal. Revaluation of fixed assets at the point of disposal is not permitted.

### (iv) Impairment

Where impairment is identified as a result of a valuation exercise or from a review of assets that are not being depreciated, this is accounted for by a loss in the service revenue account where attributable to consumption of economic benefits, otherwise the loss is written off against any revaluation gain attributable to the relevant asset in the Revaluation Reserve, with any excess charges to the revenue account.

Where an impairment loss is charged to the Income & Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

### (v) Depreciation

Charges for depreciation are made to all activities in the income and expenditure account, which utilise assets in the delivery of ESPO services. This is calculated using the straight-line method applied to the various asset classes as follows:

- Intangibles – Estimated useful life, usually 5 years.
- Buildings are depreciated over their remaining useful economic lives as assessed by the property valuer, normally 50 years or the remaining useful life of the asset (which is reviewed at the same time as the revaluation is completed). No allowance is made for a residual value.
- Vehicles, plant and equipment – estimated useful life, varying between three to eight years.
- Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation and the depreciation that would have been chargeable on their historical costs being transferred annually from the Revaluation Reserve to the Capital Adjustment Account.

In accordance with the introduction of FRS15, depreciation has been applied to all assets except for Land.



## 5 Pension Assets and Liabilities

In accordance with Financial Reporting Standard No 17 – Retirement Benefits (FRS 17) ESPO is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. This information is included within the Leicestershire County Council Statement of Accounts for 2009/10 as staff are employees of Leicestershire County Council and no separate apportionment is made of pension scheme assets and liabilities in respect of ESPO staff.

## 6 VAT and Climate Change Levy (CCL)

Income and expenditure excludes any amounts related to VAT as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

Income excludes any amounts related to CCL, which as a Deemed Utility ESPO collects from its customers on behalf of HM Revenue and Customs, as all CCL collected is payable to them.

## 7 Leases

ESPO accounts for leases as finance leases when substantially all the risks and rewards relating to the leased asset transfer to ESPO. Currently all leases are classified as operating leases.

Rentals payable under operating leases are charged to the relevant revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable. ESPO has no finance leases.

## 8 Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For all of the borrowings that the organisation has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

## 9 Financial Assets

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. For all of the loans that the organisation has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

No assets were identified as available for sales assets at the date of the balance sheet or in the prior accounting year.

## 10 Stocks

Stocks are valued in the Balance Sheet at average cost price, with allowances for obsolescent or slow moving stocks where material. This is in accordance with Statement of Standard Accounting Practice (SSAP) 9, "Stocks and Long Term Contracts", which requires stock to be valued at the lower of cost or net realisable value.

## Statement of Responsibilities for the Statement of Accounts

### The Eastern Shires Purchasing Organisation Consortium's Responsibilities

The Consortium is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs; for the Consortium that officer is the Director of Corporate Resources of Leicestershire County Council who is the Consortium Treasurer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

These accounts were approved at a meeting of the Consortium Management Committee on 25 June 2010.



*Councillor J. Thomas*  
*Chairman, ESPO Management Committee*

24th September 2010

### The Consortium Treasurer's Responsibilities

The Consortium Treasurer is responsible for the preparation of the Consortium's Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice in Local Authority Accounting in the United Kingdom.

In preparing this Statement of Accounts for the year ended 31st March 2010, the Consortium Treasurer has:

- Ensured that suitable accounting policies have been selected and applied consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority SORP.

The Consortium Treasurer has also ensured that:

- Proper accounting records have been maintained and kept up to date;
- Reasonable steps were taken for the prevention and detection of fraud and other irregularities.

## Annual Governance Statement

### Scope of responsibility

Eastern Shires Purchasing Organisation (ESPO) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. ESPO also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, ESPO is responsible for putting in place proper arrangements for the governance of its affairs and for facilitating the effective exercise of its functions which includes arrangements for the management of risk.

ESPO Management Committee approved and adopted a Consortium Agreement in April 1999 and a Consortium Code of Practice in April 2000. These contain the organisation's code of corporate governance and are consistent with the principles of the CIPFA/ SOLACE Framework Delivering Good Governance in Local Government. A copy of the Consortium Agreement and Code of Practice can be obtained from the Director at ESPO's offices in Enderby.

This statement explains how ESPO has complied with the code and also meets the requirements of regulation 4 (2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

### The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of ESPO's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The governance framework has been in place at ESPO for the year ended 31 March 2010 and up to the date of approval of the annual report and statement of accounts.

The key elements of the systems and processes that comprise the organisation's governance arrangements are:

### Governance framework

- ESPO is a local authority joint committee established by five county councils and two unitary authorities to operate as a consortium for the purchase of goods and services for their mutual benefit. The organisation has adopted a Consortium Agreement and Code of Practice which set out how the Consortium operates, its purpose and objectives, how decisions are made and the procedures that are followed to ensure these are efficient, and accountable to Member Authorities.
- Policy and decision making is facilitated through the establishment of a Management Committee consisting of up to three elected councillors from each of the seven Member Authorities. Meetings are open to the public except where personal or confidential matters are being disclosed. The position of Committee Chairman is elected annually from committee members and rotates to a councillor from each member authority in rotation. The role of Consortium Secretary is undertaken by the Chief Executive of Leicestershire County Council, the organisation's servicing authority.
- The responsibility for the training, development and remuneration of elected councillors to the ESPO Management Committee rests with the individual authority that each councillor represents. ESPO makes no payments to members of the Management Committee. In order to assist committee members to understand ESPO, its policies, objectives and the services provided to Member Authorities, the organisation offers induction training for new members.
- The Management Committee has approved a scheme of delegated authority to the Director of ESPO for the operational management of the organisation. The Director is supported by a Deputy Director and by



three Assistant Directors who represent the organisation's main functional divisions of Procurement, Operations and Finance and who together constitute the organisation's Senior Management Team (SMT). The SMT are responsible for the routine operational management of the organisation, for implementing the plans policies and projects approved by the Management Committee and for compliance with relevant legislation.

- Through reviews by external auditors, external agencies and internal auditors from Leicestershire County Council, ESPO constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the provisions of its services having regard to a combination of competitive pricing, operational efficiency and service effectiveness as required to meet the needs of Member Authorities and other customers within the consortium area.
- The quality of its services is measured through annual independent customer satisfaction surveys, annual price benchmarking against competitor organisations, service user advisory panels, and performance KPIs. Use of the Consortium's services is voluntary, it receives no grants or funding and it competes with commercial providers therefore the ultimate measure of customers' satisfaction is reflected in the use of its services as measured by turnover values.
- Services are delivered by trained, experienced and, when required, qualified people. Training for relevant professional qualifications is encouraged and financial assistance is provided. All new employees receive induction training which is tailored to the needs of their post. All posts have a detailed job description and personal specification. For legal purposes all ESPO staff are employed by Leicestershire County Council on a rechargeable basis. Where practical ESPO adopts the employment policies, code of conduct and conditions of service of Leicestershire County Council. These may be adapted to reflect local conditions of service necessitated by the commercial nature of the organisation.
- The Monitoring Officer is the County Solicitor of our servicing authority, Leicestershire County Council. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. The Chief Financial Officer is the Director of Corporate Resources of Leicestershire County Council who is ultimately responsible for ensuring that the administration of the organisation's financial management arrangements conforms with the governance requirements of the CIPFA Statement on The Role of the Chief Financial Officer in Local Government (2010). The operational management of the organisation's finances is the responsibility of the ESPO Assistant Director (Finance) who is functionally accountable to the Chief Financial Officer.
- Leicestershire County Council acts as the servicing authority to ESPO and in this role provides appropriate support services under terms agreed in a Memorandum of Understanding including internal auditing which operates to standards set out in the 'Code of Practice for Internal Audit in Local Government'.
- The Consortium maintains an objective and professional relationship with external auditors and statutory inspectors and conducts the financial management of the Consortium in accordance with the financial regulations of Leicestershire County Council.
- The Consortium has an effective performance management framework which is driven by the 5 Year Business Plan that focuses attention on corporate priorities. This is determined in conjunction with the Senior Officer Group (SOG) from member authorities and approved by the Management Committee. The relevance of the business plan in meeting the changing needs of Member Authorities is reviewed annually by ESPO Senior Management and the SOG together with a review of progress towards agreed objectives. The updated business plan and progress report are subject to approval by the Management Committee.
- Performance is clearly set out and measured in the annual cycle of service reviews and reports, in the financial planning and budgeting cycle and in annual customer surveys. The Management Committee and Sub-Committee monitor and scrutinise progress against targets and performance in key service areas, and consider and approve corrective action where necessary.

## Review of effectiveness

ESPO has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the organisation who have responsibility for the development and maintenance of the governance environment, the Head of Leicestershire County Council Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes:

- The Member Authorities have appointed a joint committee for the purpose of managing ESPO, known as "The Management Committee" which consists of up to three elected councillors from each Member Authority who meet three times each year. This committee's responsibilities include overview, scrutiny and audit whilst a sub committee is responsible for approving staff bonus targets. The Management Committee is responsible for determining the consortium corporate governance arrangements and follows the framework and guidance issued by CIPFA.
- The Director's Annual Report and periodic Progress and Financial Reports to the Management Committee assess performance against the organisation's business plan, performance targets and agreed objectives. Financial budgets and performance targets are prepared annually by ESPO senior management for Committee approval. Major risks to the organisation are assessed by senior management and appropriate action is taken where risks exceed the approved risk threshold. ESPO management reports progress on managing business risks to Committee annually. Requests for committee approval of key development projects include a comprehensive risk assessment within the business case.
- The quality and effectiveness of ESPO systems of internal control is monitored by Leicestershire County Council (LCC) Internal Audit. A four year audit plan is agreed with the Director of ESPO from which the annual workload is identified. The audit reporting process requires a report of each audit to be submitted to the relevant Divisional Manager and Director. Recommendations for improvements are included in an action plan and require agreement or rejection by managers. The process includes reviews of recommendations to ensure that they are implemented. All audit recommendations identified as "High" priority are reported to the Management Committee.
- The work of LCC Internal Audit Section is subject to review by the ESPO's external auditors to the extent necessary to place reliance on the work carried out by the section.
- A Senior Officer Group consisting of senior managers from each Member Authority meets regularly with ESPO senior management to review matters of common interest in order to ensure that the plans, policies and objectives of ESPO and those of its Member Authorities are compatible.
- Partnership Improvement Agreement (PIA) meetings are held regularly between senior managers of ESPO and individual Member Authorities for an operational review of service performance in meeting the needs of each individual authority.
- ESPO Senior Management Team (SMT) meets weekly to review progress against targets on key business performance indicators, to review periodic financial statements and to consider progress on key development projects. When operationally required, the SMT may determine, agree and instigate immediate corrective actions to promote success or correct underperformance.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Director and Senior Management Team and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## Significant governance issues

### **Issue 1**

The recommendations from CIPFA/ SOLACE on Corporate Governance assumes responsibilities relating to elected members that can only apply to Member Authorities, such as determining standards of conduct, members' training, succession planning and the role of "Leader".

### **Action**

An addition will be inserted to the Consortium Code of Practice in 2009/10 to recognise the role and responsibilities of Member Authorities for elected committee members' standards of conduct, training, succession planning etc.

### **Issue 2**

Internal Audit "High" recommendations for a review of ESPO Business Plan regarding closer integration or separation of component elements and for updating the plan in line with members' strategic objectives.

### **Action**

An update reflecting members' strategic objectives will be presented to committee at the first meeting in 2011. Following consultation with SOG, it was agreed the format of the plan elements will remain unchanged..

We propose over the coming year to take steps to address the above matters where appropriate to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:



**K. G. May**  
*Director of ESPO*

24th September 2010



**Councillor J. Thomas**  
*Chairman, ESPO Management Committee*

24th September 2010

# Independent auditors' report to the members of ESPO

## Opinion on the financial statements

We have audited the financial statements of Eastern Shires Purchasing Organisation for the year ended 31 March 2010 under the Audit Commission Act 1998. The financial statements comprise the Organisation's Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

## Respective responsibilities of the Responsible Financial Officer and auditor

The Treasurer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts. Our responsibility is to audit the Organisation's financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report, including the opinion, has been prepared for and only for Eastern Shires Purchasing Organisation's members as a body in accordance with the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies, published by the Audit Commission in April 2008. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 of the financial position of the Organisation and its income and expenditure for the year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Organisation's corporate governance procedures or its risk and control procedures.


We read the other information published with the Organisation's financial statements, and consider whether it is consistent with the audited Organisation's financial statements. This other information comprises only the Explanatory Foreword and the content of the Annual Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Organisation's financial statements. Our responsibilities do not extend to any other information with the financial statements. Our responsibilities do not extend to any other information.

## Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Organisation in the preparation of the Organisation's financial statements and related notes, and of whether the accounting policies are appropriate to the Organisation's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Organisation's financial statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Organisation's financial statements and related notes.

## Opinion

In our opinion the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of the financial position of the Organisation as at 31 March 2010 and of the Organisation's income and expenditure and cash flows for the year then ended.



*Alison Breadon (Engagement Lead) For and on behalf of PricewaterhouseCoopers LLP*  
 Appointed auditors  
 Donington Court, Pegasus Business Park  
 Castle Donington East Midlands DE74 2UZ

24th September 2010



## Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

### Organisation's Responsibilities

The Organisation is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

### Auditor's Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Organisation for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria for other local government bodies specified by the Audit Commission and published in January 2009. We report if significant matters have come to our attention which prevent us from concluding that the Organisation has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Organisation's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively

### Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for other local government bodies specified by the Audit Commission and published in January 2009, and the supporting guidance, we are satisfied that, in all significant respects, the Eastern Shires Purchasing Organisation made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010.

### Certificate

We certify that we have completed the audit of the financial statements in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



*Alison Breadon (Engagement Lead) For and on behalf of PricewaterhouseCoopers LLP*  
*Appointed auditors*  
*Donington Court Pegasus Business Park*  
*Castle Donington East Midlands DE74 2UZ*

24 September 2010

# Eastern Shires Purchasing Organisation

## Income and Expenditure Account for Year Ended 31st March 2010

2008-09 £'000		2009-10 £'000		
PRIOR YEAR NET £'000		INCOME GROSS £'000	EXPENDITURE GROSS £'000	NET £'000
<b>SERVICE INCOME:</b>				
(8,873)	Central Stores	(35,650)	26,373	(9,277)
(7,751)	Central Purchasing	(53,494)	45,746	(7,748)
<b>(16,624)</b>	<b>TOTAL</b>	<b>(89,144)</b>	<b>72,119</b>	<b>(17,025)</b>
<b>SERVICE EXPENDITURE:</b>				
9,148	Employees			9,671
155	Other Employee Expenses			173
575	Premises			604
1,411	Transport			1,386
1,500	Equipment			1,215
309	Office Expenses			326
1,224	Other Expenses			1,580
76	Support Service Charges			89
<b>14,398</b>	<b>TOTAL</b>			<b>15,044</b>
<b>(2,226)</b>	<b>NET COST OF SERVICES</b>			<b>(1,981)</b>
<b>CORPORATE INCOME AND EXPENDITURE:</b>				
10	(Gain)/Loss on disposal of fixed assets			(15)
2,631	Impairment/(revaluation)of Fixed Assets			(680)
(84)	Interest and Investment Income			(2)
498	Interest Payable and Similar Charges			475
1,123	Dividends to Member Authorities			790
<b>(1,952)</b>	<b>(SURPLUS) FOR YEAR</b>			<b>1,413</b>

## Eastern Shires Purchasing Organisation

### Statement of Movement on the General Fund Balance for Year Ended 31st March 2010

2008-09 £'000		Notes	2009-10 £'000
1,952	(Surplus)/Deficit for the year on the Income & Expenditure Account		1,413
(2,233)	Net amount required by Statute and non-statutory proper practice to be debited or credited to the General Fund Balance for the year.	[8]	(1,216)
<b>(281)</b>	<b>Increase in the General Fund Balance for the year</b>		<b>(197)</b>
(1,415)	General Fund Balance brought forward		(1,696)
<b>(1,696)</b>	<b>General Fund Balance carried forward</b>		<b>(1,893)</b>

## Statement of recognised Gains and Losses for Year Ended 31st March 2010

2008-09 £'000		Notes	2009-10 £'000
1,952	(Surplus)/Deficit for the year on the Income & Expenditure Account		(1,413)
0	Surplus arising on revaluation of fixed assets		(2)
<b>1,952</b>	<b>Total recognised (Gains)/Losses for the year</b>		<b>(1,415)</b>
(5,428)	Opening Net Worth value at 1st April 2009		(3,476)
<b>(3,476)</b>	<b>Closing Net Worth value at 31st March 2010</b>		<b>(4,891)</b>

# Eastern Shires Purchasing Organisation

## Balance Sheet as at 31st March 2010

2008-09		Notes	2009-10	
£'000	£'000		£'000	£'000
<b>FIXED ASSETS:</b>				
28		[9,10]	82	
		[9,10]		
9,500			10,100	
1,035	10,563		1,241	11,423
<b>CURRENT ASSETS:</b>				
4,122			4,488	
9,361		[5,15]	7,721	
1			315	
6,677		[17]	1,487	
	20,161			14,011
<b>CURRENT LIABILITIES:</b>				
(691)		[13,14]	(684)	
(13,985)		[5,16]	(8,457)	
(1,814)		[16]	(1,402)	
(258)			0	
	(16,748)			(10,548)
3,413	NET CURRENT ASSETS			3,468
<b>LONG TERM LIABILITIES</b>				
(10,500)	Long Term Creditor	[12,13,14]		(10,000)
<b>3,476</b>	<b>NET ASSETS</b>		<b>4,891</b>	
<b>FINANCED BY:</b>				
0	NON-CASH BACKED RESERVES	[18]		
(147)	Revaluation Reserve		2	
	Capital Adjustment Account		1,211	
				1,213
(147)	<b>RESERVES</b>	[19,20]		
1,696	General Fund		1,893	
314	Earmarked Reserves		269	
1,457	Vehicle Equipment Renewals Reserve		1,324	
156	Stores Maintenance Reserve		192	
				3,678
3,623				
<b>3,476</b>	<b>TOTAL NET WORTH</b>		<b>4,891</b>	

**Note:** Minor changes have been made to prior year Borrowings repayable within 12 months and Creditors to reflect accrued loan interest. This has also given rise to similar minor prior year changes to the Cash Flow Statement and to Note 22 showing revenue activities cash flow.



# Eastern Shires Purchasing Organisation

## Cash Flow Statement

	Notes	2008-09 £'000	2009-10 £'000
<b>REVENUE ACTIVITIES:</b>			
<b>Cash Outflows</b>			
Cash Paid to & on behalf of Employees		9,263	9,836
Cash Paid for Goods & Services		69,337	78,136
Other Operating Cash Payments		4,629	4,863
<b>Cash Inflows -</b>			
Cash Received for Goods & Services		(87,781)	(90,951)
<b>REVENUE ACTIVITIES CASH FLOW</b>	<b>[22]</b>	<b>(4,552)</b>	<b>1,884</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:</b>			
<b>Cash Outflows -</b>			
Dividends paid		798	1,123
Interest paid		498	475
<b>Cash Inflows -</b>			
Interest Received		(84)	(2)
		<b>1,212</b>	<b>1,596</b>
<b>CAPITAL ACTIVITIES:</b>			
<b>Cash Outflows -</b>			
Purchase of Fixed Assets		288	646
<b>Cash Inflows -</b>			
Sale of Fixed Assets		(38)	(15)
		<b>250</b>	<b>631</b>
<b>NET CASH INFLOW / OUTFLOW BEFORE FINANCING:</b>		<b>(3,090)</b>	<b>4,111</b>
<b>MANAGEMENT OF LIQUID RESOURCES:</b>			
Net Increase /(Decrease) in Short Term Investments		3,078	(5,190)
<b>FINANCING:</b>			
<b>Cash Outflows -</b>			
Repayment of amounts borrowed	[23]	510	507
		<b>510</b>	<b>507</b>
<b>(INCREASE)/DECREASE IN CASH:</b>	<b>[24]</b>	<b>498</b>	<b>(572)</b>

## 1 LEASING

The Income and Expenditure Account includes lease rentals paid to lessors during the year in respect of operating leases for vehicles was £51,295 and other equipment was £15,518 totalling £66,813 (2008/09 – vehicles was £61,514 and other equipment was £27,489).

**As at 31st March 2010, ESPO has a commitment to meet the following rentals in 2010-11:**

Operating Leases which expire:	31 March 2009 £'000		31 March 2010 £'000	
	Vehicles	Equipment	Vehicles	Equipment
Within 1 year	21	19	38	12
2 to 5 years	13	21	34	27
Over 5 years	-	-	-	-
<b>Total</b>	<b>34</b>	<b>40</b>	<b>72</b>	<b>39</b>

## 2 PENSIONS

The staff of ESPO are employed by Leicestershire County Council, on a rechargeable basis, although ESPO determines the staffing levels. Employees are eligible for membership of the Local Government Pension Scheme administered by Leicestershire County Council. The pension costs that are charged to ESPO's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme. In addition ESPO has made arrangements for the payment of added-years pensions to certain retired employees outside the provisions of the scheme, on an unfunded basis.

In 2009/10 ESPO paid an employer's contribution of £1,035,880, (2008/09 - £911,897), into the Pension Fund, representing an average 16.5% of total pensionable pay. The rate of contribution was based upon the actuarial review as at March 2007 and resulted in a requirement for the common contribution rate of employer's contributions to increase from 250% in 2008-09 to 270% of employees' contributions in 2009/10.

In addition, ESPO is responsible for all pension payments relating to added-years benefits it has awarded, together with the related increases. In 2009/10 these amounted to £10,066, (2008/09 - £9,587), representing 0.1% of pensionable pay.

### 3 OFFICERS' REMUNERATION

- a) Apart from the senior officers who are listed in note 3b) below, there were no officers in either 2008/09 or 2009/10 whose emoluments met or exceeded £50,000. Therefore this table has been omitted.
- b) The following table sets out the remuneration disclosures for senior officers whose salary is less than £150,000 but equal or more than £50,000 per year:

Postholder Information (Post Title)	Salary (incl. fees & allowances)	Bonuses	Benefits in Kind (eg Car Allowances)	Total Remuneration excl. pension contributions	Pension	Total Remuneration incl. pension contributions
2009/10	£	£	£	£	£	£
Director	127,805	7,586	5,085	140,476	28,112	168,588
Deputy Director	97,704	4,262	2,814	104,780	19,822	124,602
Assistant Director (Commodity)	65,790	3,737	2,907	72,434	13,498	85,932
Assistant Director (Finance)	65,813	3,737	1,656	71,206	13,498	84,704
Assistant Director (Operations)	62,907	3,737	2,047	68,691	13,447	82,138
	<b>420,019</b>	<b>23,059</b>	<b>14,509</b>	<b>457,587</b>	<b>88,377</b>	<b>545,964</b>
<b>2008/09 Comparatives</b>						
Director	126,754	8,305	5,361	140,420	25,928	166,348
Assistant Director (Strategic Procurement)	74,169	4,872	2,926	81,967	14,227	96,194
Assistant Director (Commodity)	62,546	4,092	2,907	69,545	11,948	81,493
Assistant Director (Finance)	62,611	4,092	1,621	68,324	11,948	80,272
Assistant Director (Operations)	62,283	4,092	1,727	68,102	12,402	80,504
	<b>388,363</b>	<b>25,453</b>	<b>14,542</b>	<b>428,358</b>	<b>76,450</b>	<b>504,808</b>

### 4 TRANSACTIONS WITH RELATED PARTIES

Transactions between ESPO and other local authorities, including consortium member authorities, account for approximately 80% of invoiced turnover. These are made under the Local Authority (Goods and Services) Act 1970 and are included in the Income and Expenditure Account.

During the year, none of the ESPO elected members or key management staff or parties related to them has undertaken any material transaction with ESPO.

In addition to its membership, Leicestershire County Council also acts as the "servicing authority" providing legal, financial, personnel and committee services to ESPO, the cost of which is recharged and which is shown as Support Service Charges in the Income and Expenditure Account.

## 5 BALANCES WITH RELATED PARTIES

ESPO provides goods and services to all Member Authorities and as a consequence amounts due from Member Authorities including LEA schools for such transactions amounted to £3.497 million as at 31st March 2010 and are included in 'Sundry Debtors' as detailed in note 15 to the Statement of Accounts. The amounts owing from each Member Authority are as follows:

£'000	Analysis of Sundry Debtor balances at 31st March 2010	£'000
	Member Authorities:	
744	Cambridgeshire County Council	380
627	Leicester City Council	404
1,173	Leicestershire County Council	691
1,013	Lincolnshire County Council	636
1,028	Norfolk County Council	843
242	Peterborough City Council	168
471	Warwickshire County Council	375
3,590	Other customers	3,716
<b>8,888</b>		<b>7,213</b>

Amount due to Member Authorities for services provided to ESPO amounted to £0.18 million as at 31st March 2010 (£0.09m at 31st March 2009) and are included within the value of 'Supplier Account Balances' as detailed in note 16 to the Statement of Accounts.

£'000	Analysis of Supplier Account Balances at 31st March 2010	£'000
	Member Authorities:	
89	Norfolk County Council	89
1	Warwickshire County Council	9
0	Leicestershire County Council	87
11,066	Other Suppliers	4,905
<b>11,156</b>		<b>5,090</b>

## 6 DIVISIONAL TRADING INFORMATION

As explained in the Explanatory Forward, ESPO comprises of two operating divisions, namely 'Stores' and 'Central Purchasing'. The service income for each division is shown in the Income and Expenditure Account. For internal reporting purposes, the annual net surplus is further analysed between each trading activity and the resulting divisional net surpluses are separately apportioned between the amounts retained in the General Fund and the total dividends payable to member authorities. The amount of dividend payable to each Member Authority is apportioned in proportion to their use of the "Stores" and "Central Purchasing" divisions.

## 7 DISCLOSURE OF AUDIT COSTS

Eastern Shires Purchasing Organisation incurred the following audit fees:

	2008/09 £'000	2009/10 £'000
Fees payable to external auditors with regard to external audit services and statutory inspection carried out by the appointed auditor under the Audit Commission's Code of Audit Practice in accordance with section 5 of the Audit Commission Act 1998.	22.6	25.0
Consultancy fees were also paid to PriceWaterhouseCoopers (ESPO external auditors) with regard to IFRS Impact Assessment work.	-	12.2



## 8 EXPLANATION OF MOVEMENT ON THE GENERAL FUND BALANCE

The following table is a breakdown of the amount in the statement that is required by statutory and non-statutory practice to be debited and credited to the General Fund:

2008-09		Amounts included in the Income and Expenditure Accounts required to be excluded when determining the movement on the General Fund balance for the year:	2009-10	
£'000	£'000		£'000	£'000
(21)		Amortisation of intangible assets	(19)	
(3,036)		Depreciation and impairment of Fixed Assets	(449)	
0		Revaluation gain on Fixed Assets previously subject to impairment losses.	680	
(10)		Net gain (loss) on sales of Fixed Assets	15	
	<b>(3,067)</b>			<b>227</b>
		Amounts excluded from the Income and Expenditure Accounts required to be included when determining the movement on the General Fund balance for the year:		
500		Min. Rev. Provision. for capital financing loans	500	
0		Capital expenditure charged in the year to the General Fund	80	
(39)		Sales of Plant and Equipment	(15)	
	<b>461</b>			<b>565</b>
		Transfers to or (from) the General Fund Balance required to be included in determining the General Fund balance for the year:		
2		Net transfer to or (from) Earmarked Reserve	(9)	
371		Net transfer to or (from) Repairs & Renewals Reserve and Maintenance Reserve.	433	
	<b>373</b>			<b>424</b>
		<b>Net additional amount required to be (credited)/debited to the General Fund Balance for the year</b>		<b>1,216</b>
	<b>(2,233)</b>			

## 9 MOVEMENT OF FIXED ASSETS DURING THE YEAR

Operational assets:	Intangibles £'000	Land & Buildings £'000	Vehicles & Equipment £'000
<b>Historical Cost or Valuation:</b>			
Opening value as at 1st April 2009	175	9,500	2,485
Additions	73	0	573
Disposals	0	0	(223)
Reclassifications	0	0	0
Revaluations	0	600	0
<b>Closing Value as at 31st March 2010</b>	<b>248</b>	<b>10,100</b>	<b>2,835</b>
<b>Cumulative Depreciation</b>			
Opening value as at 1st April 2009	(147)	(0)	(1,450)
Charge for 2009/10	(19)	(82)	(367)
Disposals	0	0	223
Reclassifications	0	0	0
Revaluations	0	82	0
<b>Closing Value as at 31st March 2010</b>	<b>(166)</b>	<b>0</b>	<b>(1,594)</b>
<b>Opening Balance Sheet amount at 1st April 2009</b>	<b>28</b>	<b>9,500</b>	<b>1,035</b>
<b>Closing Balance Sheet amount at 31st March 2010</b>	<b>82</b>	<b>10,100</b>	<b>1,241</b>
<b>Nature of Asset Holdings</b>			
<i>Notes: All operational assets are owned by ESPO and none are subject to finance leases ESPO has no non-operational fixed assets.</i>			

## 10 FINANCING OF CAPITAL EXPENDITURE ON FIXED ASSETS DURING THE YEAR

	Intangibles £'000	Buildings £'000	Vehicles & Equipment £'000
Financed from Revenue	37	-	43
Financed from Earmarked Reserves	36	-	-
Financed from Vehicle & Equipment Reserves	-	-	530
Financed from Stores Maintenance Reserves	-	-	-
	<b>73</b>	<b>-</b>	<b>573</b>

## 11 CAPITAL EXPENDITURE COMMITMENTS

	31st March, 2009 £'000	31st March, 2010 £'000
Contracts entered into during the year, where payments remain to be made.		
At 31st March 2010 ESPO was committed to purchase seven commercial vehicles in 2010-11, (2008-09 thirteen commercial vehicles and one forklift truck, to be purchased in 2009-10).	457	243

## 12 FINANCIAL INSTRUMENTS

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	31st March 2009 £'000	31st March 2010 £'000	31st March 2009 £'000	31st March 2010 £'000
Financial Liabilities at amortised cost	10,500	10,000	16,030	9,809
<b>Total Borrowings</b>	<b>10,500</b>	<b>10,000</b>	<b>16,030</b>	<b>9,809</b>
Loans and Receivables	0	0	16,039	9,357
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>16,039</b>	<b>9,357</b>

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are made up as follows:

	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and Receivables £'000
Interest expense payable on long term loan	475	-
Bank interest payable short-term borrowings	-	-
Bank and short term investment interest receivable	-	(2)
<b>Net (gain)/loss for the year</b>	<b>475</b>	<b>(2)</b>

## 13. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The organisation's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amount due to ESPO.
- Liquidity risk – the possibility that ESPO might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial losses might arise from changes in such measures as interest rates

The organisation only generates income through its commercial activities therefore risk management focuses on the unpredictability of customer demand and on maintaining its reputation for service quality and value for money. The effective risk management of financial instruments is vital to ensure the necessary funding and resources are available to support these activities. Risk management is carried out by the Senior Management Team under policies approved by the ESPO Management Committee and in compliance with the financial regulations and policies of Leicestershire County Council, the organisation's servicing authority.

### Credit Risk

Credit risks arise from deposits with banks and from credit exposures to the organisation's customers. Deposits are made with banks that are approved by the servicing authority and that meet Leicestershire County Council rating requirements.

Customers are assessed, taking into account their legal status, past experience and other factors with individual credit limits being set for catalogue customers in accordance with internal ratings. Due to the nature of the transactions, limits are not enforced on energy billing and on turnover rebates due from contracted suppliers.

The following analysis summarises the organisation's potential maximum exposure to credit risk, based on default and uncollectability over the past 6 years, adjusted to reflect current market conditions.

	Amount at 31st March 2010 £000's	Historical experience of default %	Historical experience adjusted for market conditions at 31st March 2010 %	Estimated maximum exposure to default and uncollectability 31st March 2010 £000s	Estimatedst maximum exposure at 31st March 2010 £000s
Bank Deposits	315	0	0	0	0
Investments (see Note 16)	1,487	0	0	0	0
Customers	7,213	0.29	0.40	28.7	36.4
				<b>28.7</b>	<b>36.4</b>

Where applicable, no credit limits were exceeded during the reporting period and ESPO does not expect any losses from non-performance in relation to bank deposits. ESPO normally allows credit terms of between 14 and 45 days for customers. A total of £1.33m of the balance of £7.21m was overdue at 31st March 2010 and can be analysed as follows:

Overdue Debtors £000s	31st March 2009 £000s	31st March 2010 £000s
Less than one month overdue	963	834
Between one and three months	360	201
More than three months overdue	215	292
	<b>1,538</b>	<b>1,327</b>

### Liquidity Risk

In order to support seasonal trade variations ESPO has an informal treasury arrangement with Leicestershire County Council (its servicing authority) that provides ready access to liquid funds for short-term borrowing at market interest rates.

ESPO moved to new premises at Grove Park, Enderby, Leicestershire in February 2006. This property is owned by Leicestershire County Council on behalf of the consortium as a consequence of ESPO's status which does not permit the legal ownership of assets.

Leicestershire County Council financed the purchase with long term borrowing from the Public Works Loan Board which ESPO, as the beneficial owner of the property, has committed to recompense to the council in instalments that equal their repayments to the PWLB for the duration of the loan. The loan is subject to interest rates charged between 4.4% to 4.65% pa.

### Maturity analysis of financial liabilities:

	Total Long-Term Outstanding at 31 March 2009 £'000	Total Long-Term Outstanding at 31 March 2010 £'000
<b>Lender</b>		
Leicestershire County Council	10,500	10,000
<b>Analysis of Maturity of this loan:</b>		
Between one and two years	500	500
Between two and five years	1,500	1,500
Between five and ten years	2,500	2,500
In ten years or more	6,500	5,500



## Market Risks:

### INTEREST RATE RISK

ESPO is exposed to interest rate risk in terms of its exposure to rate movements on its investments and short-term borrowings. The impact on the Income and Expenditure Account of rate changes on interest receivable and interest payable on such transactions is nominal in relation to ESPO turnover. The effect of a 1% increase in rates would be an increase in income on investments of £21,000 and an increase in expenditure on borrowings of £1,000.

The effect of interest rate exposure is recognised within the annual budget and regularly monitored by management.

### PRICE RISK

The organisation does not invest in equity shares and therefore has no exposure to gains or losses arising from movements in share prices.

### FOREIGN EXCHANGE RISK

The organisation has no assets or liabilities denominated in foreign currencies as imports and exports are priced in sterling. Movements in exchange rates may impact on the sterling prices quoted by overseas suppliers although the extent of this influence is not calculable

## 14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- No early repayment or impairment is recognised.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31st March 2010	
	Carry Amount £'000	Fair Value £'000
Financial Liabilities	10,684	10,654

The fair value is less than the carrying amount because the organisation's borrowings include a number of fixed rate loans where the interest payable is lower than the rates available for similar loans at the balance sheet date.

### Loans and Receivables:

The fair value of trade and other receivables is taken to be the invoiced or billed amount which is the same as the carrying amount on the Balance Sheet

## 15 DEBTORS

The following represents an analysis of the amounts due to ESPO.

	31st March 2009	31st March 2010
	£'000	£'000
<b>Current Debtors</b>		
Reserved Debtors	659	636
Sundry Debtors (Customers' Accounts Balances)	8,888	7,213
Less Provision for Bad Debts	(186)	(294)
	<u>9,361</u>	<u>7,721</u>
<b>Analysis of Bad Debts Provision</b>		
Opening Balance as at 1st April 2009	(150)	(186)
I & E Charge for the Year	(55)	(153)
Less Bad Debts Written Off	19	45
<b>Closing Balance as at 31st March 2010</b>	<u>(186)</u>	<u>(294)</u>

The provision for bad debts is based on a review of customer accounts to judge the probability of collection where over six months overdue and where customers are in administration or liquidation

## 16 CREDITORS AND OTHER CURRENT LIABILITIES

	31st March 2009	31st March 2010
	£'000	£'000
<b>Current Creditors</b>		
Supplier Account Balances	(11,156)	(5,090)
Payroll Deductions	(272)	(282)
Reserved Creditors	(2,557)	(3,085)
	<u>(13,985)</u>	<u>(8,457)</u>
<b>Other current Liabilities</b>		
Taxes and Duties	(446)	(452)
Members' Dividends	(1,123)	(790)
Suspense and Recharges	(245)	(160)
	<u>(1,814)</u>	<u>(1,402)</u>

## 17 SHORT TERM INVESTMENTS

Represents the investment of the surplus bank balance in short-term deposits undertaken by Leicestershire County Council as servicing authority on behalf of the consortium.

## 18 MOVEMENT IN NON CASH BACKED RESERVES

	2008/09	2009/10
	£'000	£'000
<b>Revaluation Reserve:</b>		
Opening Balance as at 1st April	0	0
Revaluation adjustment	-	2
Disposals	-	
<b>Closing Balance as at 31st March</b>	<u>0</u>	<u>2</u>
<b>Capital Adjustment Account:</b>		
Opening Balance as at 1st April	2,171	(147)
Revaluations	(2,631)	680
Capital Financing – Revenue		79
- Reserves	288	567
Capital Charges Reversal	(475)	(468)
Loan Repayment	500	500
<b>Closing Balance as at 31st March</b>	<u>(147)</u>	<u>1,211</u>

## 19 MOVEMENT IN RESERVES:

2008/09 Total  £'000	2009/10					
	General Operating Fund £'000	Earmarked  £'000	Vehicles & Equipment  £'000	Building Maintenance  £'000	Total  £'000	
58	Bank Interest Credited	-	1	2	1	4
338	Transfer to: Reserves from Revenue			395	35	430
(23)	Revenue		(10)			(10)
(288)	Capital Financing		(36)	(530)		(566)
281	Add retained Net Surplus	197				197
366	Total Movements in Reserves:	197	(45)	(133)	36	55
3,257	Balance brought forward at 1st April	1,696	314	1,457	156	3,623
3,623	Balance carried forward at 31st March	1,893	269	1,324	192	3,678

## 20 RESERVES

ESPO reserves have been established to meet operating deficits and to finance major one-off expenditure and replacement of assets.

### (i) GENERAL FUND

The reserve provides working capital to finance ESPO's trading activities. Standard practice is that, on acceptance of the annual accounts by member authorities, the annual surplus is allocated to this account after making deductions of any amounts transferred to Earmarked, Vehicle/Equipment and Stores Maintenance Reserves and of amounts payable to Member Authorities as annual dividend. Member Authorities' dividend is normally calculated as 80% of the annual surplus after transfers to other reserves. The retained balance is not available for distribution to Member Authorities and is held to offset any unbudgeted deficits. The maximum value determined by Members was set at 2.5% of turnover.

### (ii) EARMARKED

Amounts authorised by Member Authorities to be allocated from annual surpluses to provide for the funding of major capital expenditure and development projects.

### (iii) VEHICLE/EQUIPMENT

This reserve provides funding for the replacement purchases of vehicles and other capital equipment and equalises the effect of annual spending variations on annual surpluses by means of an annual charge to revenue calculated on the expected asset life and replacement cost.

### (iv) STORES MAINTENANCE

This reserve provides funding for major building repairs, for which ESPO as beneficial owner is responsible and equalises the effect of annual spending variations on annual surpluses by means of an annual charge to revenue.

## 21 CONTINGENT LIABILITIES AND ASSETS

A claim has been received in respect of the termination of a design and marketing agreement. The validity of the claim is disputed and no Provision has been created in the accounts. The details of the claim have not been disclosed as this may prejudice the legal position.

## 22 RECONCILIATION OF (SURPLUS)/DEFICIT IN THE INCOME AND EXPENDITURE ACCOUNT TO REVENUE ACTIVITIES CASH FLOW

	2008/09		2009/10	
	£'000	£'000	£'000	£'000
<b>(Surplus)/Deficit for the Year</b>	<u>1,952</u>		<u>(1,413)</u>	
		1952		(1,413)
<b>Non-cash Transactions -</b>				
(Impairment)/Revaluation	(2,631)		680	
Depreciation	<u>(427)</u>		<u>(468)</u>	
		(3,058)		212
<b>Cash Transactions -</b>				
I & E Interest	(414)		(473)	
Gain/(loss) on Sales of Fixed Asset	<u>(10)</u>		<u>15</u>	
		(424)		(458)
<b>Items on Accruals Basis -</b>				
Increase/(Decrease) in Stocks	(44)		366	
Increase/(Decrease) in Debtors	2,735		(1,806)	
Decrease/(Increase) in Creditors	(6,154)		5,528	
Decrease/ (Increase) in Tax Creditor	25		159	
Decrease/ (Increase) in Other Liabilities	<u>416</u>		<u>(704)</u>	
		(3,022)		3,543
<b>Net Cash Flow from Revenue Activities</b>		<u><b>(4,552)</b></u>		<u><b>1,884</b></u>

## 25 MOVEMENT IN FINANCING ITEMS

	Balance 1st April, 2009 £'000	Balance 31st March, 2010 £'000	Cash Movement In the Year £'000
<b>Analysis in Borrowings:</b>			
Leicestershire County Council:			
Long Term	(10,500)	(10,000)	500
Short Term	<u>(691)</u>	<u>(684)</u>	<u>7</u>
	<b>(11,191)</b>	<b>(10,684)</b>	<b>507</b>

## 26 MOVEMENT IN CASH

	Balance 31st March, 2009 £'000	Balance 31st March, 2010 £'000	Cash Movement In the Year £'000
Cash in Hand and at Bank	1	315	(314)
Cash Overdrawn	<u>(258)</u>	<u>0</u>	<u>(258)</u>
<b>Net Decrease/(Increase) in Cash</b>	<b>(257)</b>	<b>315</b>	<b>(572)</b>


“2009/10 has been a very good year due to increased sales to districts and other customers who would not have placed business with us unless we provided an effective and competitive service.

This wider customer base will enable the organisation to better withstand the current economic climate.

With pressure on the wider public sector to achieve savings with the procurement of goods and services

**– it is possible  
that business  
opportunities  
could increase.”**





*We welcome the opportunity  
to serve a growing customer base  
with the same commitment  
that our member customers  
have enjoyed for years...*

**...Even better value through  
collaborative procurement**

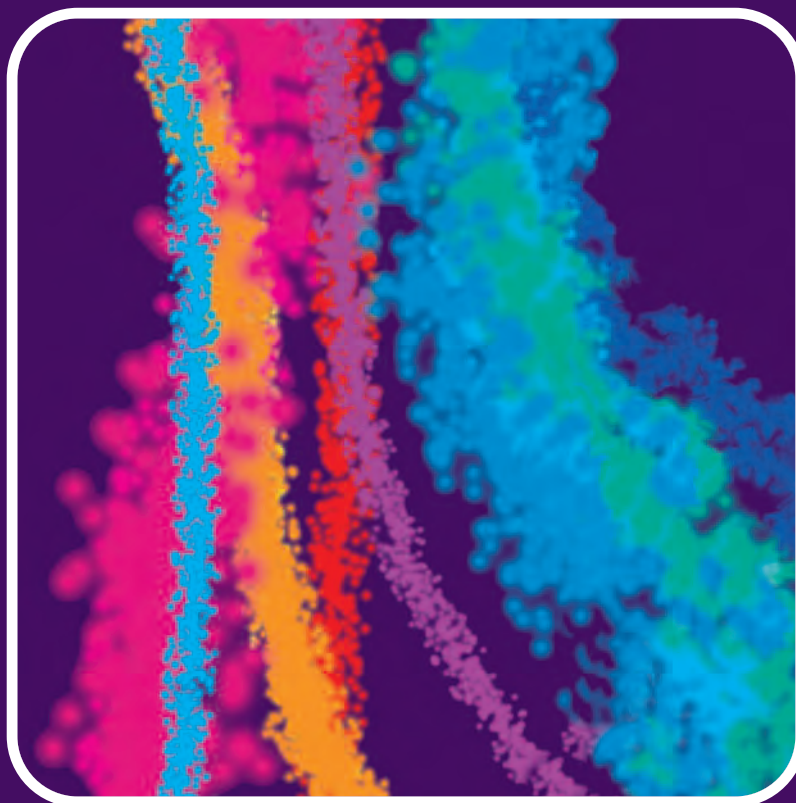
**...Regular FREE delivery**

**...Cost efficient  
E-procurement facilities**

**...EU compliant contracts  
(Nationwide in many instances)**

**WELCOME TO**  
**ESSP**





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**EASTERN SHIRES PURCHASING ORGANISATION**  
Barnsdale Way • Grove Park • Enderby • Leicester LE19 1ES  
[www.espocatalogue.org](http://www.espocatalogue.org)