



Achieving  
major savings  
in public sector  
procurement

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buying  
solutions



**Buying Solutions**  
**Annual Report & Accounts**  
**2009/10**

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The annual report and accounts of Buying Solutions for the year 1 April 2009 - 31 March 2010, together with the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament thereon prepared pursuant to Section 4 (6) of the Government Trading Funds Act 1973 (as amended by the Government Trading Act 1990).

Presented to Parliament pursuant to Section 4 (6A) (b) of the Government Trading Funds Act 1973 (as amended by the Government Trading Act 1990).

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## **WELCOME TO BUYING SOLUTIONS ANNUAL REPORT AND ACCOUNTS 2009/10**

BUYING SOLUTIONS IS THE NATIONAL  
PROCUREMENT PARTNER FOR UK  
PUBLIC SERVICES, ENABLING CUSTOMERS  
TO IMPROVE VALUE FOR MONEY  
AND EFFICIENCY.

**As an executive agency of the Office of Government  
Commerce (OGC) in the Treasury we deliver procurement  
solutions for nationally sourced goods and services.**

Over the past year we have delivered savings for our  
customers of £900 million, against a target of £850 million.

## performance against targets

### Savings

#### How performance was measured

Our estimate of gains includes cashable savings, where reliable price comparisons can be made, and process cost savings. Process savings are estimated on a full cost basis, using Buying Solutions' calculations of its own costs of letting and managing framework agreements and contracts as an estimate of the savings made by our customers in using our services.

<b>09/10</b>		
target	<b>£850m</b>	
achievement	<b>£900m</b>	in both cash and efficiencies.

<b>08/09</b>		
target	<b>£725m</b>	
achievement	<b>£732m</b>	

<b>07/08</b>		
target	<b>£650m</b>	
achievement	<b>£672m</b>	

### Customer Satisfaction

#### How performance was measured

We measured performance through four customer satisfaction surveys. Data was gathered from customers by a third party organisation using a telephone questionnaire.

<b>09/10</b>		the proportion of our customers who when surveyed said they were satisfied or more than satisfied with our performance.
target	<b>90%</b>	
achievement	<b>95%</b>	

<b>08/09</b>		
target	<b>90%</b>	
achievement	<b>94%</b>	

<b>07/08</b>		
target	<b>90%</b>	
achievement	<b>93%</b>	

### Return on Capital Employed

#### How performance was measured

ROCE is measured as Buying Solutions' operating surplus/(deficit), as a percentage of the average of opening and closing net assets.

<b>09/10</b>		effectively the shareholder dividend that we pay to the Treasury.
target	<b>6.5%</b>	
achievement	<b>-5.4%</b>	

<b>08/09</b>		
target	<b>6.5%</b>	
achievement	<b>13.7%</b>	

<b>07/08</b>		
target	<b>6.5%</b>	
achievement	<b>16.3%</b>	

### Internal Efficiency

#### How performance was measured

The cost per £ saving is Buying Solutions' estimated cash releasing value-for-money gains for the public sector, divided by the operating costs expenditure (excluding exceptional items) for the year. In 2008/09 cash releasing, vfm gains were £552 million and operating cost expenditure was £27 million (restated), representing a cost per £ saving of £0.0496. In 2009/10, cash releasing, vfm gains were £721 million and operating expenditure was £29 million, representing a cost per £ saving of £0.0406.

\*Up to and including 2007/08 this ratio was calculated based on total vfm gains.

<b>09/10</b>		the amount by which we have reduced the cost of delivering every pound of savings for customers.
target	<b>5%</b>	
achievement	<b>18%</b>	

<b>08/09</b>		
target	<b>5%</b>	
achievement	<b>17%</b>	

<b>07/08</b>		
target	<b>5%</b>	
achievement	<b>17%</b>	

## developing our people and our organisation

We recognise that our staff are our key asset. To enable them to realise their potential, we strive to provide a progressive, and flexible environment.

**Throughout the second half of the year, a major ongoing focus has been to successfully integrate 56 staff from NHS PASA following the merger, to maximise the benefits of our respective skills and experiences.**

In September 2009, Buying Solutions launched a new Way of Working (WoW) programme to develop simpler, effective and customer-focused processes across the business, further enabling staff to realise their potential within a dynamic organisation.

The WoW programme engaged staff in critical business decisions to enhance core processes, and develop a leading-edge people strategy.

One of the key outputs of the programme is a new end-to-end procurement process and a Supplier Relationship Management system. Procedures are in place to facilitate continuous improvement and development of business processes.

Buying Solutions built on previous investment to support the development of a 'talent pipeline' and an integrated approach to its performance management.

This provides the organisation with a clear line of sight of internal talent to support business objectives and priorities.

Other development initiatives included a series of leadership events for the senior management team, aligned to our strong organisational values - and a People Management Journey for all new managers aimed at developing existing management capability.

Over the last quarter of the year, a major restructuring exercise has been undertaken to ensure the organisation is in the strongest position to help the Government meet the economic challenges ahead. The new structure will enable Buying Solutions to strengthen relationships with customers and key stakeholders, to maximise the benefits of collaboration and aggregation across government and the wider public sector.

### Staff survey

For the fourth successive year, Buying Solutions undertook its annual Staff Survey using the Best Companies (Sunday Times Top 100 Companies to Work For) methodology.

The organisation continues to follow this approach because of the richness of data it provides and the ability to benchmark Buying Solutions against leading organisations from both the private and public sector. The survey has led to improvements in areas such as internal communications and leadership training.

### Health, safety and welfare

The health, safety and welfare of staff continue to be key priorities for Buying Solutions. There were no reported cases against RIDDOR (the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995). The number of working days lost due to sickness absence was 1,850, with the average number of days per employee 5.1. This is lower than the Civil Service norm.

### Recruitment

Buying Solutions is an equal opportunities employer and our recruitment processes meet the rules and regulations laid down and subsequently audited by the Civil Service Commissioners.

The recruitments were broken down as follows:

Grade	Gender	
Band 1	female 2	male 4
Band 2	female 18	male 8
Band 3	female 8	male 9
Band 4	female 10	male 11
Band 5	female 5	male 8
Band 6	female 3	male 3
Band 7	female 1	male 1
SCS		male 1



**Accounts for the year  
ended 31 March 2010**

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# management commentary

## 1 Statutory Background

The accounts have been prepared in accordance with the direction given by the Treasury in pursuance of Section 4(6A) (b) of the Government Trading Funds Act 1973 updated 13 January 2004.

The financial objectives of Buying Solutions are detailed in a Treasury Minute laid before the House of Commons and reproduced on page 47 of this report.

## 2 History

Buying Solutions was originally established as a Trading Fund, known as The Buying Agency (TBA) on 1 April 1991 under the Government Trading Funds Act 1973. TBA was launched as an Agency on 31 October 1991.

Following the Gershon review of Central Government Procurement in 1999 a new organisation, the Office of Government Commerce (OGC), was set up within HM Treasury. TBA was transferred to OGC as an Executive Agency on 1 April 2000 and the Managed Services Division of Central Computer and Telecommunications Agency (CCTA) merged on 1 April 2001 to form a new Executive Agency of OGC. The Agency changed its name to OGcbuying.solutions on 3 April 2001. On 6 April 2009 the Agency underwent a further change of name to Buying Solutions in order to differentiate itself from OGC and clarify the respective roles of each body.<sup>1</sup> On the 1 October NHS PASA activities were transferred to Buying Solutions.

## 3 Financial and Accounting Arrangements

The Buying Agency Trading Fund Order 1991 imposes a limit of £10 million on the sums that may be issued to the fund by way of a loan; within its total borrowing power Buying Solutions may also negotiate loans of up to 12 months duration.

Our Trading Fund status affords Buying Solutions financial stability and a degree of flexibility, so that we can invest and take considered risks as appropriate in order to maximise the savings for the nation that we are able to deliver.

Buying Solutions is able to generate its own cash via supplier commission and managed services fees and, as such, does not receive funding from the public purse. Any surplus cash is, in the short-term, invested in a high interest account or on deposit with the National Loan Fund and, longer term, invested to generate further savings for the nation. A certain level of liquidity also needs to be maintained to fund the working capital requirements of the Managed Telecommunication Service (Mts). A “dividend” equal to 6.5% of capital employed is paid annually to OGC.

Our main tangible asset is Whitehall Systems which is detailed in the Notes to the Accounts.

Buying Solutions has amended its accounting policies this year only, to reflect the requirements of international financial reporting standards.

## 4 Principal Activities

Buying Solutions provides a professional procurement service to the public sector to enable organisations to deliver improved value for money in their commercial activities. It does this by providing a range of services designed to achieve measurable cost savings and guaranteed quality and service levels through simple, quick and effective procurement routes.

With effect from 21 January 2009 the definition of Buying Solutions’ ‘Funded operations’ (as defined within the Buying Agency Trading Fund Order 1991) was amended to fully reflect and clarify the UK public sector base, taking full account of government structural changes since 1991.<sup>2</sup> The implication of this change was to clarify which organisations are able to use Buying Solutions’ services.

Buying Solutions’ operations break down into three major areas of activity, namely framework agreements, managed services and memoranda of understanding (MoUs).

Framework agreements are a set of pre-tendered contracts with a range of suppliers from which public sector customers can purchase goods and services with ease. A small commission (averaging 0.5%) is collected from the suppliers for each sale they make under our frameworks. Pre-tendered framework agreements cover over 500,000 individual products and services.

Managed services are ongoing, often more sophisticated, services provided by Buying Solutions on behalf of its public sector customers. In many cases, Buying Solutions acts as the “intelligent customer” to a range of strategic partners. The economic model here varies by business area ranging from commission to traditional purchase and sale at a small margin designed to cover the cost of managing the service.

Buying Solutions manages several MoUs which provide public sector organisations with economies of scale and value for money across government.

In addition, Buying Solutions is establishing a range of outsourced procurement solutions, for example Home Office, temporary staff and Ministry of Justice category management training

The operations are wholly UK-based and are carried out at two main locations, Liverpool and Norwich. At present, our products and services are grouped as follows:

<sup>1</sup> The Buying Agency Trading Fund (Amendment) order 2010 (S1 2010/647)

<sup>2</sup> OGcbuying.solutions Trading Fund (Extension and Amendment) order 2010(S1 2010/81)

### IT (IT Hardware, IT Software)

Hardware, software, associated products, infrastructure, maintenance and management.

### Telecoms & Telecare

Telecoms products and services include : Mobile Solutions and Specialist Solutions; Mts, a Managed Telecommunication Service; GSi, the Government Secure Intranet and Telecare services . (Telecare is the use of electronic devices to monitor and improve the health, safety and quality of life of often very vulnerable members of society).

### Energy

Energy procurement services cover gas, electricity, liquid fuels, and management and conservation services. Our flexible procurement model has delivered prices that are consistently below market average in this complex, fast moving marketplace.

### Property & Office Solutions

This broad range of services covers: estate & property management services, catering equipment, office supplies, print & recycled paper, furniture & furnishing, health & hygiene, hardware & buildings and postal & courier services.

### Professional Services

Professional Services embraces the areas of: consultancy; learning & development including eLearning; legal services; and resourcing. Resourcing includes: interim managers, specialist contractors, recruitment services, clerical and administrative resource and non-medical and non-clinical resource.

### Travel & Fleet

This area includes: business travel and related services, including hotel accommodation, air and rail travel, vehicle hire, conference services and fleet management services.

### eCommerce

Offers a set of web-based tools for buying on the Internet, encompassing eSourcing, Spend Analysis; eAuctions ; the Government Procurement Card (GPC); a selection of fuel procurement cards including MonitorCard and the Government Merchant Acquiring framework agreement.

## 5 Key Strengths and Resources

Our key strengths and resources are as follows:

- A highly-skilled workforce maintained by rigorous recruitment and performance management processes, appropriate reward and recognition and a commitment to training and professional development
- A category management approach to all procurement activity
- Technical knowledge – we act as the “intelligent” customer on behalf of the public sector

- Great deals for the public sector, as evidenced by stringent independent benchmarking
- A clear vision (“Savings for the Nation”) and strong supporting organisational values
- Increasing strength and reputation of the organisation
- Supplier management expertise
- Flexible response to customer demand
- Robust internal control and governance
- We operate at no cost to the taxpayer

## 6 Principal Risks and Opportunities

The Directors’ comprehensive and robust approach to Risk and Opportunity Management is laid out in the Statement on Internal Control. The key risks and opportunities currently being managed are:

- Strategy failure – The business fails to deliver its key strategic objectives in relation to branding, collaboration, market share, Corporate Responsibility and best value
- Governance failure – Business procedures and/or risk, planning and governance and assurance processes are insufficiently developed to support business delivery to ensure that legal, regulatory and contractual requirements through the operation of the procurement processes are met
- Operational failure – The business fails to meet agreed annual targets and objectives and/or deliver key business projects
- Opportunity Management failure - The business fails to anticipate, identify or respond to market opportunities and/or proactively develop new business opportunities
- Relationship Management failure - The business fails to understand or respond to the needs of its customers and/or fails to engage with and manage its trading and operational suppliers
- Financial failure – Buying Solutions is unable to demonstrate effective stewardship over its income, spend and budgets and/or comply with Managing Public Money requirements
- Public Sector Network Services (PSNS) – Buying Solutions is unable to deliver within the PSNS Programme. PSNS is a collaborative procurement to provide innovative and flexible communications services for the wider public sector, including establishing common standards to achieve the first stages of a public sector network
- HR failure - The business fails to attract, retain, deploy and provide for the succession of a capable, motivated, adaptable workforce to deliver its key business objectives
- Management Information failure - The business fails to understand and meet internal and external management information requirements
- Information Systems and IT Security failure - The business fails to continue to manage rigorously its security and information risks including the risk that the existing infrastructure no longer adequately supports the business

## 7 Principal Objectives

Buying Solutions' objectives are:

- 1 To provide efficient and effective procurement and contract services, complying with relevant public procurement regulations, which offer better value for money than customers could achieve otherwise.
- 2 To bring about a progressive improvement in the cost effectiveness and quality of service its customers receive from Buying Solutions suppliers and from Buying Solutions itself.
- 3 To maximise the savings potential of taxpayers' money by continuing to offer its arrangements and services across the whole of the public sector.
- 4 To support and influence the Government's procurement agenda.
- 5 To promote and facilitate quick and easy access to a range of sustainable and "environmentally friendly" products and services wherever possible in its business activities.
- 6 To be a good employer, managing Buying Solutions' business efficiently and effectively, seeking continuous improvement, in line with our corporate values.
- 7 To be a key delivering agent of Government policy.

## 8 Performance Against Targets

Performance against targets is shown on page 6. Directors use a Balanced Scorecard approach and a detailed operational review to measure progress against these targets during the year.

## 9 Financial Performance

The financial objective equivalent is to make a return on capital employed of 6.5% averaged over a five year period commencing 1 April 2009 to 31 March 2014. Financial year 2009/2010 was budgeted to return a deficit incorporating the cost of NHS PASA and investment in systems and processes, leaving the remaining four years to make up the average 6.5% return. Buying Solutions strategic plan aims to deliver this.

The operating deficit for the year amounted to £3,588,000 (£244,000 for 2009).<sup>1</sup>

Interest receivable was £34,000 (£508,000 for 2009).

Deficit on ordinary activities for the period was £3,555,000 (surplus of £264,000 for 2009).<sup>1</sup>

In 2008/09, a legal challenge was brought by a potential supplier who sought to challenge the procedures and processes used to evaluate tender submissions in relation to a procurement. The assessment by legal council at the time was that Buying Solutions were not liable and the case proceeded to court in July 2009. During the trial, a key witness admitted to a course of conduct that fundamentally damaged Buying Solutions' case and liability was conceded. Having taken further legal advice and agreeing a Value For Money case with HM Treasury, it was

decided to seek a settlement of the matter and an out of court settlement of £4.5 million was reached, which is included in the operating deficit (note 3.ii). Corrective action has since been taken and there are no other similar cases.

The financial results also include the impact of the merger with NHS PASA for both 2009/10 and 2008/09 for comparative purposes. The frameworks inherited by PASA are grant funded until March 2011, at which point they will become revenue generating in line with Buying Solutions' operating model.

Buying Solutions Board set performance criteria at the start of the year against which a bonus would be payable. The criteria were met and following an assessment of affordability a staff bonus is payable (see note 4.2 in the Notes to the Accounts).

A dividend of £2,106,000 (£2,082,000 for 2009) for the year to 31 March 2010 is payable to the Office of Government Commerce. The dividend is based on an annual average of 6.5% return on capital employed (ROCE).

The retained deficit of £5,661,000 has been taken to the General Reserve (£1,818,000 for 2009).

Cash and cash equivalents as at 31 March 2010 were £13,972,000 (31 March 2009 £11,410,000). The real cash holding has reduced in consequence of the out of court settlement of £4,502,000. The balance has been inflated by £4,677,000 grant received from the Department of Health in relation to the transfer of PASA activities and deferred to 2010/11.

For more details see notes to the accounts on pages 27 to 46.

## 10 Customer Spend

	31 March 2010 £million	31 March 2009 £million
framework agreements	6,421	5,020
managed services	91	109
memoranda of understanding	516	219
	<u>7,028</u>	<u>5,348</u>

The above table shows the total value of public sector transactions with Buying Solutions suppliers, through framework agreements and enabling contracts. The 2009/10 value is £1,680m above the 2008/09 level.

## 11 Contractual Arrangements

Buying Solutions has framework agreements with 1,100 suppliers.

It also has managed services contract agreements with the following strategic partners:

<sup>1</sup> Prior to restatement of 2009 comparative figure to incorporate the transfer of NHS PASA to Buying Solutions, operating surplus was £4,253,000 and surplus on ordinary activities was £4,761,000

**For Network Services:**

Energy Communications Limited (part of Cable and Wireless group),  
Global Crossing (UK) Telecommunications Limited

**For Energy:**

Corona Energy Retail 4 Limited, EDF Energy Customers Limited,  
British Gas Business

**For eCommerce:**

BravoSolution Limited, European Dynamics, EU Supply, (Procserve  
Holdings Limited) - novated to OGC on 31 March 2010

**12 Payment of Creditors**

Buying Solutions is committed to complying with the Late Payment of  
Commercial Debts (Interest) Act 1998, Confederation of British  
Industries (CBI) Prompt Payers Code and British Standards (BS) 7890.

During the year 1 April 2009 - 31 March 2010, Buying Solutions paid  
96% of payments due (97% in the year ended 31 March 2009) within  
the credit period allowed.

**13 Register of Interests**

Buying Solutions maintains a Register of Interests and any  
relevant interests are also declared by Directors at the start of  
meetings as appropriate.

**14 Significant Changes in Fixed Assets**

There have been no significant changes in fixed assets during  
the year.

Movements in fixed assets are disclosed in Note 9 in the Notes  
to the Accounts.

**15 Research and Development**

Buying Solutions does not currently undertake pure research.

Buying Solutions carries out a programme of development relevant to  
the present and future requirement of its activities and the needs of  
its customers.

Research and development in respect of the of GSi framework  
contract is carried out using the Technology Investment Fund. See  
note 1.12 of the notes to the accounts for detail.

**16 Personal Data Related Incidents**

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2009/10				
Statement on information risk	A dedicated Information Assurance function provides stewardship over data and systems security. Internal Audit has provided substantial assurance regarding the compliance of Buying Solutions with Cabinet Office standards as defined in the Security Policy Framework. These include the identification of a Board member as the Senior Information Risk Owner and identification of all information assets and, for each of them, an information asset owner.			
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
No incidents have been reported to the Information Commissioner by or on behalf of Buying Solutions, involving Protected Personal Data during the year.				

**Table 2: Summary of other Protected Personal Data related incidents in 2009/10**

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office, but recorded centrally within the Agency are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.		
Category	Nature of incident	Total
i	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	1
ii	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0
iii	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
iv	Unauthorised disclosure	0
v	Other	0

**17 Sustainability**

We were successful in achieving Phase 3 of BS8555:2003 for our  
Corporate Environmental Management System and remain committed  
to identifying new ways in which we can reduce our use of resources  
in the office.

Working closely with our private sector landlord we have increased  
and improved the recycling facilities available in our Liverpool office  
and have started recording the amounts of waste types produced.

**18 Events after the reporting period**

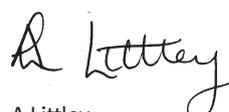
Following an announcement on 15 June, responsibility for Buying  
Solutions and OGC have transferred from HM Treasury to the Cabinet  
Office. Buying Solutions continues to be an Executive Agency of OGC.

**19 Disclosure of Audit Information to the Auditors**

So far as I am aware, there is no relevant audit information of which  
the auditors are unaware and I have taken all reasonable steps to  
make myself aware of any relevant audit information and to establish  
that the Agency's auditors are aware of that information. The Report  
and Accounts were authorised by the Accounting Officer to be issued  
on 28 June 2010.

**20 Auditors**

The Comptroller and Auditor General is the auditor of  
Buying Solutions' accounts. The charge for the year is £76,000.  
All of this cost is related to audit services.



A Littley  
Accounting Officer  
28 June 2010

# remuneration report

## 1 Introduction

This report sets out the policy and disclosures on directors' remuneration as required by the Companies Act section 234B and schedule 7A and as interpreted in the Government Financial Reporting Manual (the FReM – paras 5.2.15-20). The Companies Act requirements include some disclosures that are not likely to be relevant in Buying Solutions (such as those on shareholdings, share options, long-term incentive schemes and excess pension benefits paid). However the report has been prepared to be compliant so far as is practicable and appropriate.

## 2 Senior Salaries Review Body

The Executive Directors, apart from the Interim Director of Marketing and Business Development, Phil Hawkey (until 04.09.09), are all Senior Civil Servants and the precise funding available to departments each year is decided by the Government in response to recommendations of the independent Senior Salaries Review Body (SSRB), taking account of the Government's overall approach to public sector pay. SSRB recommendations cover the level of uplift to the SCS pay bands and progression target rates in the light of economic evidence and movements in the private and wider public sector markets for senior executives. SSRB also gives a view on performance awards for base salary and the minimum bonus payment. In reaching its recommendations, the Review Body is to have regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff

- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- The funds available to departments as set out in the Government's departmental expenditure limits
- The Government's inflation target

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com)

## 3 Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the directors covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The Chief Executive was employed on a Fixed Term Appointment basis until 30.09.09 and now holds an open ended appointment until normal retiring age of 60.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

#### 4 Senior Management Salary and Pension Entitlements

The following table provides details of the remuneration and pension interests of both the Executive and Non-Executive Directors employed by Buying Solutions. This table has been audited.

	Salary/bonus Year ended 31 March 10		Salary/bonus Year ended 31 March 2009		Real increase in pension at 60 and related lump sum at 60 (2008/09 comparative in brackets)		Total accrued pension at 60		CETV nearest £1000 (note 2)		Real increase in CETV	
	£000 Salary	Bonus	£000 Salary	Bonus	£000	£000	£000	£000	£000	£000	£000	£000
<b>A Littley</b> Chief Executive	145-150	10-15	135-140	25-30	0-2.5	(0-2.5)	7	(5)	101	(65)	28	(21)
<b>T Harris</b> Director of Marketing & Business Development (from 05.10.09) <b>Full Year Equivalent</b>	55-60				0-2.5		1		17		15	
<b>D Murray</b> Director of Corporate Services	100-105	5-10	90-95	10-15	2.5-5	(2.5-5)	28	(24)	326	(258)	48	(30)
<b>M Chown</b> Director of Business Services Procurement (from 01.04.09)	115-120						3		23		18	
<b>L Meeks</b> Director of ICT Procurement <b>Full Year Equivalent</b>	110-115		0-5 110-115		2.5-5	(0-2.5)	3		37	(1)	32	(1)
<b>JC Thwaite OBE</b> Non-Executive Director (until 30.04.09) <b>Full Year Equivalent</b>	0-5		15-20									
<b>R Clegg</b> Non-Executive Director (contracted to 31.12.11)	15-20		0-5 10-15									
<b>M Bryant</b> Non-Executive Director (contracted from 20.04.09 to 31.03.12) <b>Full Year Equivalent</b>	10-15											
<b>J Watkinson</b> Non-Executive Director (contracted from 20.04.09 to 31.03.12) <b>Full Year Equivalent</b>	10-15											
<b>K Girling</b> Non-Executive Director (until 30.04.09) <b>Full Year Equivalent</b>	0-5											

Non Executive Board Members were not entitled to bonus payments and do not receive any pension entitlements.

**Note 1** During the year a consultancy company was employed to deliver the role of Director of Marketing and Business Development (fee payments totalled £137k in the year, full year equivalent £340k).

**Note 2** The CETV figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2009. For a description of CETV please refer to Note 1.7 in the Notes to the Accounts.

**Note 3** No benefits in kind were provided during this year.



A Littley  
Accounting Officer  
28 June 2010

## statement of Buying Solutions' and Chief Executive's responsibilities

Under Section 4(6A) (b) of the Government Trading Funds Act 1973, the Treasury has directed Buying Solutions to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Buying Solutions and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

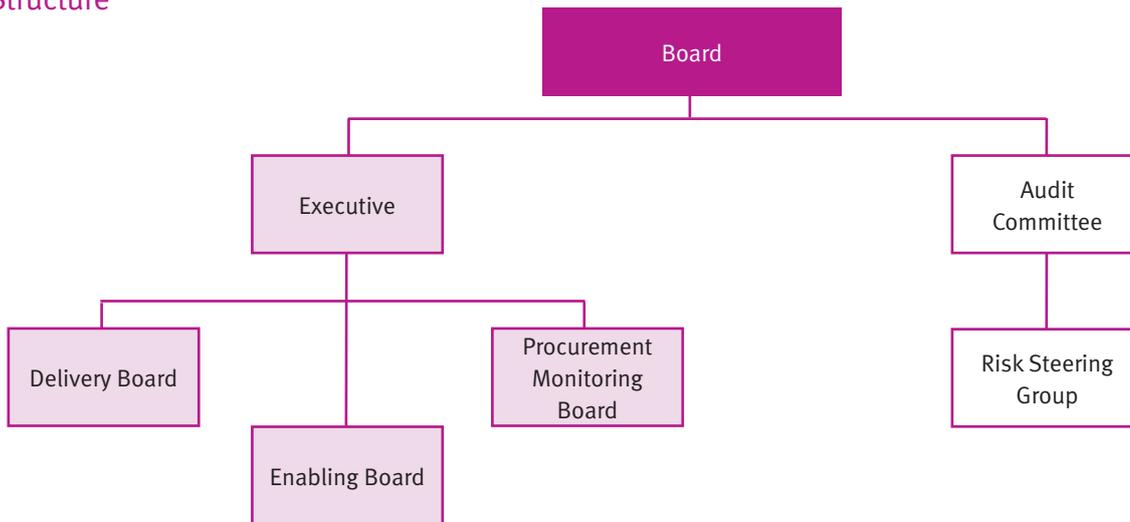
In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on a going concern basis

The Treasury has appointed the Chief Executive of Buying Solutions as Accounting Officer of Buying Solutions. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Buying Solutions' assets, are set out in Managing Public Money published by the Treasury.

# corporate governance

## Structure



Senior Management Team (SMT)

### Board of Buying Solutions

The Board is charged with providing advice to the Chief Executive on matters of strategic importance to the organisation. Other terms of reference of the Board include the following:

- Defines the Agency’s strategic aims, objectives and target setting
- Reviews and agrees the Annual Business Plan prior to submission to OGC and Treasury
- Allocates and manages financial and human resources to deliver the business plan
- Monitors the operational performance of the business and any actions needed to keep performance on plan
- Reviews the Annual Report and Accounts prior to sign-off by the Chief Executive
- Sets the Agency’s vision, standards and values; and provides a scheme of delegated authority
- Maintains a transparent system of prudent and effective controls (including internal controls)

In addition, the Board:

- Reviews the following items on a regular basis through the year: the risk register; the results of staff surveys; the results of customer satisfaction surveys; annual reviews of health and safety and the major projects
- Considers major business cases (>£ 500K total expenditure) prior to sign-off by the Chief Executive
- Oversees the process of change, in line with the Government’s procurement agendas, encouraging innovation and enterprise to enhance the Agency’s capacity and capability to deliver

The Board membership consists of the Chief Executive (Chair), four Executive Directors and three Non-Executive Directors.

During 2009/10, the following Directors were members of the Board of Buying Solutions:

		No. of meetings attended
Mrs A Littley	Chief Executive	7/7
Mr DJ Murray	Director of Corporate Services	7/7
Mr P Hawkey	Director of Marketing & Business Development	2/2
Mr T Harris	Director of Marketing & Business Development	4/4
Mr M Chown	Director of Business Services Procurement	7/7
Ms L Meeks	Director of ICT Procurement	6/7
Mr JC Thwaite OBE	Non-Executive Director	1/1
Mr KR Girling	Non-Executive Director	1/1
Mr R Clegg	Non-Executive Director	7/7
Mr M Bryant	Non-Executive Director	6/6
Mr J Watkinson	Non-Executive Director	6/6

## corporate governance continued

### Executive Directors

The Executive Directors meet weekly and concentrate on business performance, and monitoring of Board and Audit Committee management actions. Executive Directors also use this forum to update each other on key activities as well as making quick, informed decisions as required.

### The Audit Committee

The Audit Committee's role is to advise the Accounting Officer on the adequacy of the internal control arrangements including risk, governance and in particular, the findings and recommendations emerging from the work of internal and, external audit to provide the associated assurance. During 2009/10, Audit Committee membership consisted of three Non-Executive Directors. In addition, the Chief Executive, Director of Corporate Services, representatives from OGC and the Internal and External Audit organisations were invited to attend. The Audit Committee has met four times during the period.

For the period April 2009 to March 2010, the following Non Executive Directors attended the Audit Committee:

	<b>No. of meetings attended</b>
Mr R Clegg	4/4
Mr M Bryant	4/4
Mr J Watkinson	4/4

### The Corporate Governance Structure

A revised Corporate Governance operational structure of senior managers has been implemented to provide increased focus and rigour to our business management. The Boards highlighted within the shaded blocks are responsible for managing our processes. The Boards not shaded are responsible for assurance. A summary of the function of each Board reporting to the main Board and Executive are detailed below:

- **Risk Steering Group** - assists the Accounting Officer in discharging the accountability for risk management by reviewing Buying Solutions risk management systems, practices and procedures and providing recommendations for improvement
- **Procurement Monitoring Board** - ensures our procurements are compliant, efficient and effective
- **Delivery Board** - drives delivery of the business plan
- **Enabling Board** - provides assurance on our operating model to enable delivery of the business plan and initiate and implement innovation for next generation requirements

## statement on internal control 2009/2010

### Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Buying Solutions policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

A close working relationship with OGC is maintained through my membership of the OGC Board, meetings with OGC's Chief Executive and through OGC representation at Buying Solutions Audit Committee. The Buying Solutions Framework document establishes both my direct accountability to Ministers for effective operation and performance as well as the limits of delegation that the Departmental Accounting Officer affords me as Trading Fund Accounting Officer. This includes quarterly review meetings with the Economic Secretary to the Treasury (EST).

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk<sup>1</sup> of failure to achieve policies, aims and objectives; it 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 Buying Solutions 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 system of internal control has been in place in Buying Solutions for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts and accords with HM Treasury guidance.

### Capacity to handle risk

Buying Solutions has a Risk and Opportunity Management Policy endorsed by the Board and Audit Committee. The Board of Directors are responsible for risk management across Buying Solutions and have determined the "appetite for risk", determining what types of risk are acceptable and which are not; and setting tolerances for senior managers against which to escalate risk. The risk appetite for Buying Solutions is "Cautious" within the levels of appetite defined by HM Treasury as Averse, Minimalist, Cautious, Open or Hungry.

Within Buying Solutions system of risk management, specific responsibility for corporate risks is assigned to Board members and responsibility for operational risks lies with the Directorates. All risk registers and control responses follow defined corporate templates and guidelines and are monitored by a Risk Steering Group which sits within the Corporate Governance structure (Fig1). This ensures central control together with local ownership in managing and controlling all elements of risk to which Buying Solutions may be exposed.

Support to Buying Solutions staff is provided through a dedicated risk management resource and independent consultancy from the Internal Audit function. The Risk and Opportunity Management Policy provides guidance on the application of risk management principles, process and use of agreed corporate templates. In 2009, we made good progress in embedding Risk Management into our Executive processes and Buying Solutions is planning to appoint Risk Champions in each of its directorates to focus training and ensure consistency of understanding and application of risk management across the organisation.

Buying Solutions faced significant challenges in 2009/10. In addition to the drive to meet stretching financial targets we successfully integrated the procurement of core commodities from the NHS Purchasing and Supply Agency (NHS PASA) into the business. This was achieved through a rigorous due diligence and risk management process during the first quarter of the financial year, with 56 PASA staff transferring to Buying Solutions at the beginning of October 2009.

Buying Solutions recognised the risks associated with business growth and change. An important step in the anticipation of such risks and their mitigation was the recruitment of three new Non Executive Directors to the Board. These Non Executive Directors also comprise the Buying Solutions Audit Committee.

Following the loss of a court case in 2009, Buying Solutions recognised the need to be better prepared for legal challenges to our procurements. Our legal team has undertaken a full review of our procurement processes and been augmented to provide appropriate support to our category teams.

<sup>1</sup> The details of Principle Risks and Opportunities are outlined on page 11.

## statement on internal control continued

### The risk and control framework

Our framework for maintaining a sound risk and control system, for reviewing its effectiveness and for ensuring necessary actions are taken to remedy any failings or weaknesses identified are reviewed and monitored by a dedicated Governance Directorate within Corporate Services. The key features of our framework are as follows:

- A Board, including three independent Non-Executive Directors, which meets seven times per year. Corporate risks are owned and managed by named Executive members of the Board and meetings consider significant corporate risk and control issues
- An Audit Committee comprising three independent Non Executive Directors meets quarterly to monitor the effectiveness of internal control, governance and risk management and advises the Board in such matters. The Chair of the Audit Committee produces a formal annual report to the Board
- A Risk and Opportunity Management Policy and specialist risk management function supports Directors and senior managers to identify, evaluate, review and report upon risks within their respective business areas and agree actions to mitigate those risks to an acceptable level. Risk registers are maintained and reviewed quarterly
- The Risk Steering Group (RSG) meets quarterly prior to and reporting to the Audit Committee. The RSG is attended by the Executive Directors, the Non Executive Director, Chair of the Audit Committee, the Head of Legal and is chaired by the Governance and Assurance Director
- During 2009/10 the Internal Audit function was established in house. The Audit and Assurance Unit (AAU) reports directly to the Accounting Officer and Chair of the Audit Committee, meeting all the requirements of Government Internal Audit Standards regarding its independence
- The Head of Internal Audit (HIA) has overall responsibility to provide assurance on the adequacy of the Buying Solutions' risk management and control framework. As Accounting Officer, I meet with the HIA monthly and receive regular reports from Internal Audit which include levels of assurance in the quality of control and governance and recommendations for improvement
- A dedicated Information Assurance function provides stewardship over data and systems security. Internal Audit has provided substantial assurance regarding the compliance of Buying Solutions with Cabinet Office standards as defined in the Security Policy Framework. These include the identification of a Board member as the Senior Information Risk Owner and identification of all information assets and, for each of them, an information asset owner
- The Buying Solutions Business Planning process includes the consideration of key risks likely to arise in that period. Similarly, all projects plans are subject to risk analysis and the maintenance of project risk registers. Additionally, projects can be subject to internal Gateway reviews

- Buying Solutions has begun developing an Assurance framework which will detail its key processes, controls and sources of assurance. The framework will allow the organisation to identify any gaps in its controls or insufficiently mitigated risks

### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of internal auditors and the executive managers within Buying Solutions who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The effectiveness of the system of internal control was maintained and reviewed through:

- A Board which meets regularly to consider the plans, progress and strategic direction of Buying Solutions. This includes review of significant risks and the controls in place to manage them
- An Audit Committee that meets quarterly, at which all assurance activities are reviewed. These assurance activities include internal and external audit, risk management, information assurance, Business Continuity Planning and supplier audit
- Independent Internal Audit reviews of Buying Solutions risk management, control and governance systems completed to GIAS standards. The 2009/10 internal Audit programme was approved by the Audit Committee and findings reported at quarterly Audit Committee meetings
- The maintenance and review of detailed risk registers

Based on the completion of the Internal Audit Programme agreed by the Audit Committee for the year ending 31 March 2010, the Head of Internal Audit has been able to provide an annual report on the adequacy of internal control within the Agency. The overall opinion for 2009/10 was:

On the whole, it is evident that a more control conscious culture continues to develop and as such the organisation's systems of risk management, control and governance have seen some improvement during what has been a challenging year. It is in this context, therefore, and as a result of the work we have undertaken during the year, that in my opinion Buying Solutions had adequate systems of internal control, risk management and governance in operation during the year. That said, there is scope for improvement and we have made a significant number of recommendations during the year. These have invariably been accepted by senior management and the rate of implementation has seen some improvement.

### Significant internal control problems

Buying Solutions was engaged in a court trial during the year as a result of a challenge by a potential supplier. The supplier, who submitted a bid as part of a tender process, disputed the procedures and processes used in evaluation.

The issues raised before, during and after this trial highlighted control weaknesses in the procurement of this contract which have since been addressed. The principle areas of weakness noted were:

- IT tools and controls supporting the procurement, notably that the system that documented the evaluation of the tender could be altered after a decision was reached and published
- Consistency of communication with suppliers and use of standard documentation
- The interpretation of Government Procurement Policy and specifically the Buying Solutions' approach to implementing the Government's timber procurement policy
- The capability and training of Buying Solutions' employees with regard to the Public Procurement framework and process
- The legal support for the process and specifically whether anything in the conduct of the litigation could be improved
- The handling of Freedom of Information and specifically how the FOI request was managed in this procurement
- Risk management and the visibility of potential legal challenges

Buying Solutions immediately established a Lessons Learnt enquiry which carried out an in depth analysis of the systems, processes and controls. The Lessons Learnt report identified 66 management actions which were allocated to Executive or Senior Management Team Directors. Successful completion of 57 actions has been independently verified by Internal Audit. A delivery plan to address the nine remaining actions is in place and will be implemented within the first six months of 2010/11. None of the outstanding actions present a significant risk to the Agency. Throughout the process of reporting and action delivery and tracking the Audit Committee, Board and Risk Steering Group have been actively providing rigorous oversight.

All tender procedures are supported by systems and processes to make evaluation of tenders objective, transparent and impartial. The risks associated with this are recognised and subject to regular review and assessment.

### Significant future control developments

The advances and improvements made to the Buying Solutions' system of risk management and during 2009/10 will be further developed during 2010/11, in particular:

- Risk Management to be an integral part of the Corporate Governance Boards
- Risk Steering Group to refocus on process
- Strengthening of our procurement process and the implementation of a Procurement Capability team within our structure
- An Organisational Design and Development Programme which will ensure alignment of our structures and operations with our three year strategy
- Development of our Assurance Framework documenting the assurances within the new processes defined by the Ways of Working programme and reviewing other key business critical processes
- Embedding risk within the organisation and simplify risk processes including a move to one Buying Solutions' Risk Register
- Evolutionary development of the Project Portfolio Office with particular emphasis on utilising existing expertise to create a project centre of excellence and to continue to build internal capability



A Littley  
Accounting Officer  
28 June 2010

## the certificate and report of the comptroller and auditor general to the houses of parliament

I certify that I have audited the financial statements of Buying Solutions for the year ended 31 March 2010 under the Government Trading Funds Act 1973. These comprise the Comprehensive Statement of Income and Statement of Changes in Taxpayers' Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of Buying Solutions, the Chief Executive and auditor**

Buying Solutions and the Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Buying Solutions' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Buying Solutions; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

#### Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

#### Opinion on Financial Statements

In my opinion:

- The financial statements give a true and fair view of the state of Buying Solutions' affairs as at 31 March 2010 and of its operating deficit, changes in taxpayers' equity and cash flows for the year then ended; and
- The financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder

#### Opinion on other matters

In my opinion:

- The part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- The information given in the Management Commentary included within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

#### Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- The Statement on Internal Control does not reflect compliance with HM Treasury's guidance

#### Report

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1 W 9SP  
8 July 2010

## comprehensive statement of income Year Ended 31 March 2010

	Note	31 March 2010		Restated 31 March 2009	
		£000	£000	£000	£000
Revenue	2		104,430		91,789
Cost of sales			(67,923)		(58,675)
<b>Gross Profit</b>			<b>36,507</b>		<b>33,114</b>
Staff costs	4	(22,978)		(19,485)	
Depreciation of property, plant and equipment	9	(808)		(835)	
Amortisation of intangible assets	10	(14)		(10)	
Other operating charges	6	(18,527)		(13,028)	
<b>Total operating costs</b>			<b>(42,327)</b>		<b>(33,358)</b>
			(5,820)		(244)
<b>Other operating income</b>	5		<b>2,232</b>		-
<b>Operating deficit</b>			<b>(3,588)</b>		<b>(244)</b>
Interest receivable	7		34		508
Interest payable	8		(1)		-
<b>(Deficit)/surplus for the financial year</b>			<b>(3,555)</b>		<b>264</b>
Dividend to be payable to OGC			(2,106)		(2,082)
<b>Retained (deficit) for the financial year</b>	20		<b>(5,661)</b>		<b>(1,818)</b>
Transfer from revaluation reserve	20		143		166
Retained surplus brought forward	20		29,064		26,598
Adjustments to reserves (PASA)	20		2,367		4,118
<b>Retained Surplus carried forward</b>	20		<b>25,913</b>		<b>29,064</b>

Income and surplus are derived entirely from continuing operations. There were no material disposals or acquisitions.

The 2008/09 figures have been restated to include expenditure of £4.5 million relating to the transfer of NHS PASA to Buying Solutions. The impact of this transfer on the 2008/09 and 2009/10 statements has been disclosed in note 30. These figures have also been restated to reflect the requirements of international financial reporting standards (see note 29).

The notes to the accounts on pages 27 to 46 form an integral part of these accounts.

## statement of changes in tax payers equity for the Year Ended 31 March 2010

	31 March 2010		Restated 31 March 2009	
		£000		£000
Opening tax payers equity		31,550		29,250
Revaluation reserve transfer		-		-
Reserve adjustment		2,367		4,118
Retained deficit		(5,661)		(1,818)
<b>Tax payers equity at end of period</b>		<b>28,256</b>		<b>31,550</b>

## statement of financial position sheet as at 31 March 2010

	Note	31 March 2010		Restated 31 March 2009		Restated 1 April 2008	
		£000	£000	£000	£000	£000	£000
<b>Non-current assets</b>							
Property, plant and equipment	9		10,432		11,171		11,813
Intangible assets	10		11		25		-
			10,443		11,196		11,813
<b>Current assets</b>							
Inventories	11	146		161		210	
Trade and other receivables	12	19,118		21,951		12,485	
Cash and cash equivalents	13	13,972		11,410		12,498	
		33,236		33,522		25,193	
<b>Current liabilities</b>							
Trade and other payables	14	(14,573)		(12,298)		(6,876)	
Employee benefit payable	15	(529)		(424)		(286)	
		(15,102)		(12,722)		(7,162)	
<b>Net current assets</b>			18,134		20,800		18,031
<b>Non-current assets plus net current assets</b>			28,577		31,996		29,844
Provisions	17		(321)		(446)		(594)
<b>Total assets less liabilities</b>			28,256		31,550		29,250
<b>Capital and reserves</b>							
Public dividend capital	18		350		350		350
Revaluation reserve	19		1,993		2,136		2,302
General reserve	20		25,913		29,064		26,598
<b>Total capital and reserves</b>			28,256		31,550		29,250

The 2008/09 figures have been restated to include the transfer of NHS PASA. The impact of this transfer on the 2008/09 and 2009/10 statements has been disclosed in note 30. These figures have also been restated to reflect the requirements of international financial reporting standards (see note 29).

The Notes to the Accounts on pages 27 to 46 form an integral part of these accounts.



A Littley  
Accounting Officer  
28 June 2010

## cash flow statement for the year ended 31 March 2010

	31 March 2010	Restated 31 March 2009
	£000	£000
<b>Net cash inflow from operating activities</b>	<b>4,684</b>	<b>527</b>
<b>Cash flows from investing activities</b>		
Interest received	34	525
Interest paid	(1)	-
Purchases to acquire intangibles	-	(35)
Purchases of property plant and equipment	(73)	(196)
<b>Net Cash inflow from investing activities</b>	<b><u>(40)</u></b>	<b><u>294</u></b>
<b>Net Cash inflow before financing</b>	<b>4,644</b>	<b>821</b>
<b>Cash flows financing activities</b>		
Dividend paid	(2,082)	(1,909)
<b>Net Cash outflow from financing activities</b>	<b><u>(2,082)</u></b>	<b><u>(1,909)</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b><u>2,562</u></b>	<b><u>(1,088)</u></b>

See Note 21 in the Notes to the Accounts. The Notes to the Accounts on pages 27 to 46 form an integral part of these accounts.

## notes to the accounts

### 1 Accounting Policies

The accounts have been prepared in accordance with the Government Financial Reporting Manual (FRm) issued by HM Treasury (the “Accounts Direction.”) The accounting policies contained in the FRm apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRm permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by Buying Solutions are described below.

#### 1.1 Accounting Convention

The accounts have been prepared under the historical cost convention modified to account for the revaluation of Whitehall District Heating and Whitehall Standby Distribution Systems (the Whitehall Systems) included within property, plant and equipment.

The accounts have not been modified to include other non-current assets valued at current cost as required in the FRm. Any difference is not material.

#### 1.2 First time adoption of International Financial Reporting Standards

This is the first year in which the Agency has prepared its financial statements under IFRS as modified by the Accounts Direction and the comparatives have been adjusted for the impact of IFRS.

The effective date of transition is 1 April 2008. The reconciliation to IFRS as modified by the Accounts Direction from the previously published UK GAAP financial statements are summarised in Note 29.

#### 1.3 Turnover

Turnover consists of the value of goods and services net of Value Added Tax, trade discounts and rebates, from the ordinary activities of the business. Framework income is based on sales reported by suppliers.

#### 1.4 Property, plant and equipment

Property, plant and equipment assets are capitalised at their cost of acquisition and installation. The prescribed capitalisation level is £5,000. Where an asset costs less than this but forms an integral part of a package whose total value is greater than the capitalisation level, then it is treated as a capital asset.

#### Whitehall Systems

These assets are independently revalued at net current replacement cost on a regular basis. The estimated useful economic life and residual value of the asset is also independently re-assessed on a regular basis and assessed by the Board in-between these independent assessments.

Other property, plant and equipment assets that have short lives and/or low values are valued at depreciated historic cost as a proxy for fair value.

#### Depreciation

Depreciation is provided on property, plant and equipment on a straight-line basis at annual rates based on the estimated lives of the assets as follows:

- Computer equipment – three to six years
- Fixtures & fittings – five to ten years
- Plant & equipment – five to sixteen years

Whitehall Systems depreciation has been calculated on the basis of there being no significant residual value at the end of the assets’ estimated useful economic life.

#### 1.5 Intangible assets

Acquired computer software licences and costs that are directly associated with the development of identifiable and unique software products controlled by the Agency are capitalised where future economic benefits are exceeding beyond one year. Economic benefits are assessed with reference to revenue generation and/or clear cost savings.

Such assets are amortised over their estimated useful economic lives (not exceeding three years). The prescribed capitalisation level is £5,000.

#### 1.6 Inventories

Inventories comprise oil stocks held in respect of Whitehall Systems. These are valued at weighted average cost.

## notes to the accounts continued

### 1.7 Pension Benefits

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional benefits accrued to the member as a result of their purchasing additional pension benefits at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

### **1.8 Early Retirement**

Buying Solutions is required to meet the additional cost of liabilities beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of payments to employees who have or are due to retire early. Full provision is made in the Accounts for this cost (see Note 17 in the Notes to the Accounts).

### **1.9 Leases**

All costs of operating leases are charged to the Income and Expenditure Account as incurred. There were no finance leases.

### **1.10 Financial Instruments Cash and cash equivalents**

Cash and cash equivalents comprise bank deposits together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. During the period, funds surplus to immediate requirements have been deposited with the National Loans Fund. Trade and other receivables are recognised at fair value and subsequently at amortised cost.

### **1.11 Dividend on Return on Capital Employed**

A dividend equal to an annual average of 6.5% (2008/09 6.5%) return on capital employed is payable to the Office of Government Commerce (OGC).

### **1.12 Technology Investment Fund (TIF)**

Under the provisions of the GSi Framework Contract, a fund, held by the contractor, was established in August 2004. The fund is not currently accounted for in the accounts of Buying Solutions as the ownership of the fund has yet to be established with certainty through negotiation and/or legal proceedings. The fund balance as at 31 March 2010 was approximately £2.5 million (2009: £4 million). Amounts recoverable and payable under the contract are recognised in the accounts. Buying Solutions and the contractor have agreed a programme of expenditure for amounts paid from the TIF.

## notes to the accounts continued

### 2 Segmental Analysis

	Business Procurement 31 March 2010	Restated Business Procurement 31 March 2009	ICT Procurement 31 March 2010	Restated ICT Procurement 31 March 2009	TOTAL 31 March 2010	Restated TOTAL 31 March 2009
	£000	£000	£000	£000	£000	£000
<b>Comprehensive statement of income</b>						
Revenue from external sales	23,171	22,702	81,259	69,087	104,430	91,789
Gross surplus	17,833	16,367	18,674	16,747	36,507	33,114
Operating costs less other operating income	(24,121)	(20,592)	(15,974)	(12,766)	(40,095)	(33,358)
<b>Operating (deficit)/surplus</b>	<b>(6,288)</b>	<b>(4,225)</b>	<b>2,700</b>	<b>3,981</b>	<b>(3,588)</b>	<b>(244)</b>
<b>Statement of financial position</b>						
Non current assets	10,381	11,119	62	77	10,443	11,196
Current assets	12,486	11,998	20,750	21,401	33,236	33,399
<b>Total assets</b>	<b>22,867</b>	<b>23,117</b>	<b>20,812</b>	<b>21,478</b>	<b>43,679</b>	<b>44,595</b>

There were no discontinued operations.

The 2009/10 FRM has been amended to require all reporting entities other than departments to apply IFRS 8 in full as revised in April 2009. The effective date of the revision to IFRS 8 is the 1 January 2010 and therefore this constitutes early adoption.

### 3 Exceptional items

Total operating costs includes the following exceptional items:

#### (i) Public sector network services (PSNS)

PSNS is a cross government collaboration to develop a Public Service Network compliant successor to the current government secure Intranet and Managed Telecoms Services. This is a one off development on behalf on the Cabinet Office not within the normal activities of Buying Solutions.

Expenditure of £1,969,339 relating to the PSNS (formerly Ocean) Programme as detailed below.

	31 March 2010	Restated 31 March 2009
Staff costs	1,668	1,155
Other operating charges	301	338
<b>TOTAL</b>	<b>1,969</b>	<b>1,493</b>

#### (ii) Special payment

During the year an ex-gratia payment of £4,501,540 was paid to a supplier in respect of an out of court settlement. The Treasury was informed and approved the value for money case. This is included in other operating charges.

## 4 Staff numbers and costs

### 4.1 Total staff numbers

Details of the average number of Full Time Equivalent employees during the period were as follows:

	31 March 2010	Restated 31 March 2009
Board	5	5
Operational	247	231
Administration	84	74
Agency and contract staff	47	47
<b>TOTAL</b>	<b><u>383</u></b>	<b><u>357</u></b>

### 4.2 Total staff costs

Superannuation costs relate to staff participation in the PCSPS defined benefit scheme. Details of the underlying liabilities applicable to the Agency employees are not separately identifiable. Due to the successful achievement of targets, a staff bonus is payable.

	31 March 2010	Restated 31 March 2009
	£000	£000
Wages and salaries	13,210	10,757
Bonus	594	449
Social Security	1,114	900
Superannuation	2,445	2,097
Voluntary early retirement	-	-
Agency and contract staff costs	5,615	5,282
<b>TOTAL</b>	<b><u>22,978</u></b>	<b><u>19,485</u></b>

## notes to the accounts continued

### 4.3 Senior manager salary and pension entitlements

For details of Executive Directors' salary, fee and pension entitlements see Remuneration Report on pages 14 to 15.

### 4.4 Superannuation

Most Buying Solutions staff are civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 (and subsequent amendments) apply and are covered by the provisions of the Principal Civil Service Pension Scheme which is non contributory. (Note 1.7 of the Notes to the Accounts includes details of the scheme).

For the 12 month period ended 31 March 2010, contributions of £2,445,000 (2009: £2,097,000) were paid to Civil Superannuation Vote at rates determined from time to time by the Government Actuary and advised by the Treasury. Rates for the 12 month period to 31 March 2010 were between 17.1% and 25.5% depending upon the pay band of each employee.

## 5 Other Operating Income

	31 March 2010	Restated 31 March 2009
	£000	£000
<b>Income</b>		
Grant from Department of Health	6,909	-
Released during year	<u>(2,232)</u>	-
<b>Deferred to 2010/11</b>	<u>4,677</u>	-

During the year a grant was received from the Department of Health in relation to the transfer of PASA activities.

## 6 Other Operating Charges

	31 March 2010	Restated 31 March 2009
	£000	£000
<b>Charges Include:-</b>		
Auditor's remuneration	76	75
Charges for plant and machinery operating leases	29	25
Charges for other operating leases	391	319
Travel and subsistence	1,816	1,916
Loss on sale of non current assets	4	3
Accommodation and Utilities	1,352	1,379
Marketing	2,454	2,330
Training	837	603
Other operating and external charges	11,568	6,378
<b>TOTAL</b>	<u>18,527</u>	<u>13,028</u>

## notes to the accounts continued

### 7 Interest Receivable

	31 March 2010 £000	Restated 31 March 2009 £000
Bank and short term investment interest	34	508
<b>TOTAL</b>	<b>34</b>	<b>508</b>

### 8 Interest Payable

	31 March 2010 £000	Restated 31 March 2009 £000
Interest payable on late payment to HMRC	1	-
<b>TOTAL</b>	<b>1</b>	<b>-</b>

### 9 Property, plant and equipment

	31 March 2010 Computer Equipment £000	31 March 2010 Plant & Equipment £000	31 March 2010 Fixtures & Fittings £000	31 March 2010 TOTAL £000	Restated 31 March 2009 TOTAL £000	Restated 1 April 2008 TOTAL £000
<b>Cost</b>						
At beginning of period	318	12,517	144	12,979	13,340	13,647
Additions in period	73	-	-	73	196	-
Disposals	(75)	(53)	(144)	(272)	(557)	(10)
Revaluation	-	-	-	-	-	(297)
<b>At end of period</b>	<b>316</b>	<b>12,464</b>	<b>-</b>	<b>12,780</b>	<b>12,979</b>	<b>13,340</b>
<b>Depreciation</b>						
At beginning of period	149	1,516	143	1,808	1,527	2,703
Amount provided in period	74	733	1	808	835	849
Revaluation	-	-	-	-	-	(2,015)
Disposals during period	(75)	(49)	(144)	(268)	(554)	(10)
<b>At end of period</b>	<b>148</b>	<b>2,200</b>	<b>-</b>	<b>2,348</b>	<b>1,808</b>	<b>1,527</b>
<b>Net book value at 1/4/09</b>	<b>169</b>	<b>11,001</b>	<b>1</b>	<b>11,171</b>	<b>11,813</b>	<b>10,944</b>
<b>Net book value at 31/3/10</b>	<b>168</b>	<b>10,264</b>	<b>-</b>	<b>10,432</b>	<b>11,171</b>	<b>11,813</b>

The useful economic life of the Whitehall Systems asset (within plant and equipment) was independently reassessed by Cambridge Project Ltd (Industry Experts) as at 1 April 2007 based on net current replacement cost, which has been adjusted based on the age of the assets to provide a depreciated replacement cost. No revaluation by indexation occurs when the impact is immaterial.

The useful economic life of the asset was independently reassessed during 2007/08. As a result the life was extended by five years to 2024 and depreciation reduced by £182k.

**10 Intangible assets**

	31 March 2010 Software licenses £000	Restated 31 March 2009 Software licenses £000	Restated 1 April 2008 Software licenses £000
<b>Cost</b>			
At beginning of period	35	-	-
Additions in period	-	35	-
<b>At end of period</b>	<u>35</u>	<u>35</u>	-
<b>Amortisation</b>			
At beginning of period	10	-	-
Amount provided in period	14	10	-
<b>At end of period</b>	<u>24</u>	<u>10</u>	-
Net book value at 01/04/2009	<u>25</u>	-	-
Net book value at 31/03/2010	<u>11</u>	<u>25</u>	-

**11 Inventories**

	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
Fuel inventory	146	161	210
<b>TOTAL</b>	<u>146</u>	<u>161</u>	<u>210</u>

## notes to the accounts continued

<b>12 Trade and other receivables</b>	<b>31 March 2010</b>	<b>Restated</b>	<b>Restated</b>
	<b>£000</b>	<b>31 March 2009</b>	<b>1 April 2008</b>
		<b>£000</b>	<b>£000</b>
<b>Current receivables</b>			
Trade receivables provision	8,815	9,999	5,331
Less: bad and doubtful receivables provision	(23)	(14)	(6)
Net trade receivables	8,792	9,985	5,325
Other receivables	97	45	62
Prepayments and accrued income	10,229	11,921	7,098
<b>Total current receivables</b>	<b>19,118</b>	<b>21,951</b>	<b>12,485</b>

<b>Aged debt analysis</b>	<b>31 March 2010</b>	<b>Restated</b>	<b>Restated</b>
	<b>£000</b>	<b>31 March 2009</b>	<b>1 April 2008</b>
		<b>£000</b>	<b>£000</b>
Within credit terms	5,248	8,518	3,625
Past due date but not impaired:			
0-1 month	2,723	1,168	780
1-2 months	422	286	865
More than 2 months	399	13	55
<b>Total receivables</b>	<b>8,792</b>	<b>9,985</b>	<b>5,325</b>

<b>Bad and doubtful receivables provision analysis</b>	<b>31 March 2010</b>	<b>Restated</b>	<b>Restated</b>
	<b>£000</b>	<b>31 March 2009</b>	<b>1 April 2008</b>
		<b>£000</b>	<b>£000</b>
Provision at the beginning of the year	14	6	250
Decrease in the provision for the year	(14)	(6)	(250)
Increase in the provision for the year	23	14	6
<b>Provision at the end of the year</b>	<b>23</b>	<b>14</b>	<b>6</b>

The bad and doubtful receivables provision is based on a review of receivables, balances as at the year end, particularly those outside the allowed credit period.

### 13 Cash and cash equivalents

	<b>31 March 2010</b>	<b>Restated</b>	<b>Restated</b>
	<b>£000</b>	<b>31 March 2009</b>	<b>1 April 2008</b>
		<b>£000</b>	<b>£000</b>
National Loan Funds	12,500	10,000	11,000
Commercial banks and cash in hand	1,472	1,410	1,498
<b>TOTAL</b>	<b>13,972</b>	<b>11,410</b>	<b>12,498</b>

### 14 Trade and other payables

	<b>31 March 2010</b>	<b>Restated</b>	<b>Restated</b>
	<b>£000</b>	<b>31 March 2009</b>	<b>1 April 2008</b>
		<b>£000</b>	<b>£000</b>
<b>Current payables</b>			
Taxation and Social Security costs	1,065	1,122	945
Trade payables	3,782	5,393	2,631
Other payables	699	495	266
Accruals and deferred income	9,027	5,288	3,034
<b>TOTAL</b>	<b>14,573</b>	<b>12,298</b>	<b>6,876</b>

### 15 Employment benefit payable

	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
Balance at beginning of period	424	286	-
Increase/(decrease) in the period	<u>105</u>	<u>138</u>	<u>286</u>
<b>Balance at end of the period</b>	<b><u>529</u></b>	<b><u>424</u></b>	<b><u>286</u></b>

Employments benefits represents accrued untaken leave and time off in lieu benefits.

### 16 Lease Obligations

	Other £000	31 March 2010 Land & Buildings £000	Other £000	31 March 2009 Land & Buildings £000
<b>Operating lease rentals due within:</b>				
One year	26	1,011	-	1,197
Two to five years	53	2,980	3	731
Over five	-	<u>2,236</u>	-	-
<b>TOTAL</b>	<b><u>79</u></b>	<b><u>6,227</u></b>	<b><u>3</u></b>	<b><u>1,928</u></b>

### 17 Provision for Liabilities and Charges

The Voluntary Early Retirement provision for liabilities and charges is in respect of liabilities for future payments to employees who have or are due to retire early. The Agency bears pension costs from the date of early retirement until age 60, when the liability is assumed by the Principal Civil Service Pension Scheme (see Note 1.7 in the Notes to the Accounts).

	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
Balance at beginning of period	446	594	685
Utilised in the period	(125)	(149)	(176)
Increase in the period	-	<u>1</u>	<u>85</u>
<b>Balance at end of period</b>	<b><u>321</u></b>	<b><u>446</u></b>	<b><u>594</u></b>

### 18 Public Dividend Capital

	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
Issued Pursuant to Government Trading Funds Act 1973	100	100	100
Issued upon acquisition of Fuel Branch 1 July 1995	<u>250</u>	<u>250</u>	<u>250</u>
<b>Balance at end of period</b>	<b><u>350</u></b>	<b><u>350</u></b>	<b><u>350</u></b>

## notes to the accounts continued

### 19 Revaluation Reserve

	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
Revaluation Reserve at 1st April	2,136	2,302	584
Revaluation of plant and equipment		-	1,718
Transfer to General Reserve	(143)	(166)	-
<b>Revaluation Reserve at 31st March</b>	<b><u>1,993</u></b>	<b><u>2,136</u></b>	<b><u>2,302</u></b>

### 20 General Reserve

	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
Balance at beginning of period	29,064	26,598	23,398
Retained (deficit)/surplus for the period	(5,661)	(1,818)	3,200
Transfer from Revaluation Reserve	143	166	-
Transfer from NHS PASA	2,367	4,118	-
<b>Balance at end of period</b>	<b><u>25,913</u></b>	<b><u>29,064</u></b>	<b><u>26,598</u></b>

### 21 Notes to the Cash Flow Statement

#### Note (i): Reconciliation of operating surplus to net cash inflow from operating activities

	31 March 2010 £000	Restated 31 March 2009 £000
Operating (deficit)/surplus	(3,588)	(244)
Decrease in provision	(125)	(148)
Depreciation charges	808	835
Amortisation of intangible assets	14	10
Loss on sale of property, plant and equipment	4	3
Decrease in inventories	15	48
Increase/(decrease) receivables	2,833	(9,483)
Decrease/(increase) in payables	2,356	5,388
Non cash adjustment (PASA)	2,367	4,118
<b>Net cash inflow from operating activities</b>	<b><u>4,684</u></b>	<b><u>527</u></b>

#### Note (ii): Analysis of changes in net funds

	31 March 2010 £000	Restated 31 March 2009 £000
Net funds at 1 April	11,410	12,498
Net funds change	2,562	(1,088)
<b>Net funds at 31 March</b>	<b><u>13,972</u></b>	<b><u>11,410</u></b>

## 22 Capital Commitments

Capital commitments contracted for at 31 March 2010 were £nil (2009: £nil).

## 23 Financial Objective

The financial target was set at an annual average of 6.5% per annum over a five year period (April 2009 to March 2014). Buying Solutions operating deficit of £1.6 m (excluding pre transfer PASA net expenditure of £2.4m) represents ROCE of (5.4%). Buying Solutions has a five year financial plan that aims to deliver this target.

## 24 Related Party Transactions

In accordance IAS24 Related Party Disclosures, as interpreted by the FReM, the following information is provided on related party transactions.

Buying Solutions is a Trading Fund of the Office of Government Commerce (within HM Treasury) established on 1 April 2001.

The Office of Government Commerce is regarded as a related party. During the year ending 31 March 2010, Buying Solutions has had various material transactions with this body. In addition, Buying Solutions had various material transactions with most government departments and other central government bodies, devolved administrations, the NHS and many local authorities.

The main entities within Government with which Buying Solutions has had dealings are:-

Cabinet Office, Department for Education and Skills, HM Revenue and Customs, Home Office, HM Treasury, Learning Skills Council, Training and Development Agency, UK Border Agency.

Two Board members have related party members that have had financial transactions, being salary and related payments with Buying Solutions during the period, totalling £40,144. No other board member, key management staff or other related parties have undertaken any material transactions with Buying Solutions.

## 25 Financial Instruments

Buying Solutions has powers to borrow funds.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

Buying Solutions policies for managing its financial risks are set to achieve compliance with the regulatory framework.

- **Liquidity Risk** The Agency faces some liquidity risk as revenue resource and capital expenditure requirements are financed solely by its trading activities.

Liquidity risk is managed as part of the overall organisational risk management strategy. The objective of liquidity risk management is to ensure that the organisation can continue to trade and invest according to the corporate strategy.

Liquidity risk management activities include:

- Short and long-term cashflow monitoring
- Analysis of key performance indicator ratios including liquidity and working capital ratios
- Monitoring and managing outstanding receivables

Information on all of these measures are included in the monthly operational review document used by the Board and Senior Management Team.

- **Interest Rate Risk** The Agency places funds on short-term deposit with the National Loans Fund at fixed rates of interest. Sums held in the Postmaster General's Office account are deposited overnight at a fixed rates basis.
- **Foreign Currency Risk** The Agency has no foreign currency income. Foreign currency expenditure has not exceeded £5,000 in the financial year. The Agency is not exposed to currency risk. Transactions have not been hedged.
- **Credit Risk** The Agency has little risk in cash and cash equivalents because these are deposited with The Office of HM Paymaster General and the National Loans Fund, both of which are government bodies. The Agency has no significant concentration of credit risk from its customers as exposure is spread over a large number of entities, many of which are UK public sector.

In accordance with IFRS 7, the carrying values of short term assets and liabilities (at amortised cost) are not considered different to fair value.

## Financial Assets

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Weighted average interest rate %	Weighted average period for which fixed Years	Non-interest bearing weighted average term until maturity
<b>31 March 2010</b>							
Trade and other receivables	8,792	-	-	8,792	-	-	-
Cash and cash receivables	13,972	-	13,972	-	0.25	0.71	-
<b>Gross financial assets</b>	<b>22,764</b>	<b>-</b>	<b>13,972</b>	<b>8,792</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 March 2009</b>							
Trade and other receivables	9,985	-	-	9,985	-	-	-
Cash and cash receivables	11,410	-	11,410	-	3.77	0.88	-
<b>Gross financial assets</b>	<b>21,395</b>	<b>-</b>	<b>11,410</b>	<b>9,985</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Financial Liabilities

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Weighted average interest rate %	Weighted average period for which fixed Years	Non-interest bearing weighted average term until maturity
<b>31 March 2010</b>							
Trade and other payables	3,782	-	-	3,782	0.00	0.00	-
<b>Gross financial liabilities</b>	<b>3,782</b>	<b>-</b>	<b>-</b>	<b>3,782</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Restated</b>							
<b>31 March 2009</b>							
Trade and other payables	5,393	-	-	5,393	0.00	0.00	-
<b>Gross financial assets</b>	<b>5,393</b>	<b>-</b>	<b>-</b>	<b>5,393</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 26 Intra-Government Balances

Details of receivable and payable balances with entities falling within the Whole of Government Accounts (WGA) boundary were as follows:

	Total £000	Central Government Bodies £000	Local Authorities £000
<b>31 March 2010</b>			
Receivables	4,031	4,007	24
Payables	(273)	(104)	(169)
<b>31 March 2009</b>			
Receivables	5,082	4,808	274
Payables	(10)	(10)	-

There were no balances with NHS Trusts or public corporations and other trading funds.

## 27 Contingent Liabilities

There are no contingent liabilities as at 31 March 2010.

## 28 Events after the reporting period

Following an announcement on 15 June, responsibility for Buying Solutions and OGC have transferred from HM Treasury to the Cabinet Office. Buying Solutions continues to be an Executive Agency of OGC. The report and accounts were authorised to be issued on 8 July 2010.

## 29 Explanation of the transition to IFRS

2010 is the first year that Buying Solutions is presenting its financial statements under IFRS as modified by the Accounts Direction. The last consolidated financial statements presented under UK GAAP were for the year ended 31 March 2009. As IFRS requires comparative figures for the year ended 31 March 2008, the date of the transition was 1 April 2008.

The only changes to the cashflow statements are presentational. Reconciliations of the 2009 income statement and balance sheet from UK GAAP as previously reported to IFRS as modified by the Accounts Direction are set out on pages 42 to 44.

The principal adjustments are explained below.

- Under IFRS employee benefits are recognised in the income statement when they are earned as opposed to when they are paid as per UKGAAP.
- Under IFRS Intangible assets delivering future economic benefits are to be capitalised and amortised over the remaining useful economic life.

## a.) Reconciliation of the statement of income for the year ended 31 March 2009 from UK GAAP as modified to IFRS

	UK GAAP as previously reported, presented in an IFRS format	(ai) Opening balance sheet adjustment	(aii) IAS 19 employee benefits payable accrual	(b) IAS 38 software licences	IFRS for year ended 31 March 2009
£000	£000	£000	£000	£000	£000
Revenue	91,789	-	-	-	91,789
Cost of sales	(58,675)	-	-	-	(58,675)
<b>Gross profit</b>	<b>33,114</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>33,114</b>
Staff costs	(16,855)	-	(138)	-	(16,993)
Depreciation of property, plant and equipment	(835)	-	-	-	(835)
Amortisation of intangible assets	-	-	-	(10)	(10)
Other operating expenditure	(11,042)	-	-	19	(11,023)
<b>Total operating expenditure</b>	<b>(28,732)</b>	<b>-</b>	<b>(138)</b>	<b>9</b>	<b>(28,861)</b>
<b>Operating surplus</b>	<b>4,382</b>	<b>-</b>	<b>(138)</b>	<b>9</b>	<b>4,253</b>
Interest receivable	508	-	-	-	508
<b>Surplus for the financial year</b>	<b>4,890</b>	<b>-</b>	<b>(138)</b>	<b>9</b>	<b>4,761</b>
Dividend payable to OGC	(2,082)	-	-	-	(2,082)
<b>Retain surplus for the financial year</b>	<b>2,808</b>	<b>-</b>	<b>(138)</b>	<b>9</b>	<b>2,679</b>
Transfer from revaluation reserve	166	-	-	-	166
Retain surplus brought forward	26,884	(286)	-	-	26,598
<b>Retained surplus carried forward</b>	<b>29,858</b>	<b>(286)</b>	<b>(138)</b>	<b>9</b>	<b>29,443</b>

b.) Reconciliation of the statement of financial position as at 31 March 2008 from UK GAAP as modified to IFRS

£000	UK GAAP as previously reported, presented in an IFRS format £000	(a) IAS 19 employee benefits payable accrual £000	IFRS for year ended 31 March 2008 £000
<b>Non-current assets</b>			
Property, plant and equipment	11,813	-	11,813
Intangible assets	-	-	-
<b>Total non-current assets</b>	<b>11,813</b>	<b>-</b>	<b>11,813</b>
<b>Current assets</b>			
Inventories	210	-	210
Trade receivables	5,325	-	5,325
Other receivables	62	-	62
Prepayments and accrued income	7,098	-	7,098
Cash and cash equivalents	<u>12,498</u>	-	<u>12,498</u>
<b>Total current assets</b>	<b><u>25,193</u></b>	<b><u>-</u></b>	<b><u>25,193</u></b>
<b>Current liabilities</b>			
Trade payables	(2,631)	-	(2,631)
Taxation and Social security	(945)	-	(945)
Other payables	(266)	-	(266)
Accruals and deferred income	(3,034)	-	(3,034)
Employee benefit payable	-	(286)	(286)
ROCE	-	-	-
<b>Total current liabilities</b>	<b>(6,876)</b>	<b>(286)</b>	<b>(7,162)</b>
<b>Net current assets</b>	<b><u>18,317</u></b>	<b><u>(286)</u></b>	<b><u>18,031</u></b>
Long term payables	-	-	-
Provision for liabilities and charges	(594)	-	(594)
<b>Total assets less liabilities</b>	<b><u>29,536</u></b>	<b><u>(286)</u></b>	<b><u>29,250</u></b>
<b>Taxpayers equity</b>			
Public dividend capital	(350)	-	(350)
General reserve	(26,884)	286	(26,598)
Revaluation reserve	<u>(2,302)</u>	-	<u>(2,302)</u>
<b>Total taxpayers equity</b>	<b><u>(29,536)</u></b>	<b><u>286</u></b>	<b><u>(29,250)</u></b>

## c.) Reconciliation of the statement of financial position as at 31 March 2009 from UK GAAP as modified to IFRS

	UK GAAP as previously reported, presented in an IFRS format £000	(ai) Opening balance sheet adjustment £000	(aii) IAS 19 employee benefits payable accrual £000	(b) IAS 38 software licences £000	IFRS for year ended 31 March 2009 £000
<b>Non-current assets</b>					
Property, plant and equipment	11,171	-	-	-	11,171
Intangible assets	-	-	-	25	25
<b>Total non-current assets</b>	<b>11,171</b>			<b>25</b>	<b>11,196</b>
<b>Current assets</b>					
Inventories	161	-	-	-	161
Trade receivables	9,985	-	-	-	9,985
Other receivables	45	-	-	-	45
Prepayments and accrued income	11,814	-	-	(16)	11,798
Cash and cash equivalents	11,410	-	-	-	11,410
<b>Total current assets</b>	<b>33,415</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>33,399</b>
<b>Current liabilities</b>					
Trade payables	(5,377)	-	-	-	(5,377)
Taxation and social security	(1,068)	-	-	-	(1,068)
Other payables	(457)	-	-	-	(457)
Accruals and deferred income	(4,894)	-	-	-	(4,894)
Employee benefit payable	-	(286)	(138)	-	(424)
ROCE	-	-	-	-	-
<b>Total current liabilities</b>	<b>(11,796)</b>	<b>(286)</b>	<b>(138)</b>		<b>(12,220)</b>
<b>Net current assets</b>	<b>21,619</b>	<b>(286)</b>	<b>(138)</b>	<b>(16)</b>	<b>21,179</b>
Long term payables					
Provision for liabilities and charges	(446)	-	-	-	(446)
<b>Total assets less liabilities</b>	<b>32,344</b>	<b>(286)</b>	<b>(138)</b>	<b>9</b>	<b>31,929</b>
<b>Taxpayers' equity</b>					
Public dividend capital	(350)	-	-	-	(350)
General reserve	(29,858)	286	138	(9)	(29,443)
Revaluation reserve	(2,136)	-	-	-	(2,136)
<b>Total taxpayers equity</b>	<b>(32,344)</b>	<b>286</b>	<b>138</b>	<b>(9)</b>	<b>(31,929)</b>

### 30 Reconciliation incorporating NHS PASA transfer

On the 1 October NHS PASA activities were transferred to Buying Solutions. The Treasury's Trading funds Accounts Guidance requires that a transfer of functions between government bodies should be accounted for as a merger, in accordance with International Financial Reporting Standard 3. Merger accounting aggregates the accounts of the combining entities and presents them as though the combining entities had always been part of the same reporting entity, including restating comparative figures.

#### a) Comprehensive statement of income for the year ended 31 March 2009

	31 March 2009		PASA 31 March 2009		Restated 31 March 2009	
	£000	£000	£000	£000	£000	£000
Revenue		91,789				91,789
Cost of sales		(58,675)		-		(58,675)
<b>Gross profit</b>		<b>33,114</b>		-		<b>33,114</b>
Staff costs	(16,993)		(2,492)		(19,485)	
Depreciation of property, plant and equipment	(835)		-		(835)	
Amortisation of intangible assets	(10)		-		(10)	
Other operating charges	(11,023)		(2,005)		(13,028)	
<b>Total operating costs</b>		<b>(28,861)</b>		<b>(4,497)</b>		<b>(33,358)</b>
		4,253		(4,497)		(244)
<b>Other operating income</b>		<b>-</b>		<b>-</b>		<b>-</b>
<b>Operating surplus/(deficit)</b>		<b>4,253</b>		<b>(4,497)</b>		<b>(244)</b>
Interest receivable		508		-		508
Interest payable		-		-		-
<b>Surplus/(deficit) for the financial year</b>		<b>4,761</b>		<b>(4,497)</b>		<b>264</b>
Dividend to be payable to OGC		(2,082)		-		(2,082)
<b>Retained surplus (deficit) for the financial year</b>		<b>2,679</b>		<b>(4,497)</b>		<b>(1,818)</b>
Transfer from revaluation reserve		166		-		166
Retained surplus brought forward		26,598		-		26,598
Adjustments to reserves PASA transfer		-		4,118		4,118
<b>Retained surplus carried forward</b>		<b>29,443</b>		<b>(379)</b>		<b>29,064</b>

## b) Statement of financial position for the year ended 31 March 2009

	31 March 2009		PASA 31 March 2009		Restated 31 March 2009	
	£000	£000	£000	£000	£000	£000
<b>Non-current assets</b>						
Property, plant and equipment		11,171		-		11,171
Intangible assets		<u>25</u>		<u>-</u>		<u>25</u>
		11,196		-		11,196
<b>Current assets</b>						
Inventories		161		-		161
Trade and other receivables		21,828		123		21,951
Cash and cash equivalents		<u>11,410</u>		<u>-</u>		<u>11,410</u>
		33,399		123		33,522
<b>Current liabilities</b>						
Trade and other payables		(11,796)		(502)		(12,298)
Employee benefit payable		<u>(424)</u>		<u>-</u>		<u>(424)</u>
		(12,220)		(502)		(12,722)
<b>Net current assets</b>		<u>21,179</u>		<u>(379)</u>		<u>20,800</u>
		32,375		(379)		31,996
<b>Non-current liabilities</b>						
Provisions		(446)		<u>-</u>		<u>(446)</u>
<b>Net assets</b>		<u>31,929</u>		<u>(379)</u>		<u>31,550</u>
<b>Capital and reserves</b>						
Public dividend capital		350		-		350
Revaluation reserve		2,136		-		2,136
General reserve		<u>29,443</u>		<u>(379)</u>		<u>29,064</u>
<b>Total capital and reserves</b>		<u>31,929</u>		<u>(379)</u>		<u>31,550</u>

## Treasury Minute Dated 5 May 2009

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a Trading Fund established under the Act shall be under the control and management of the responsible Minister and in discharge of his function in relation to that fund it shall be his duty:
  - a. To manage the funded operations so that the revenue of the fund:
    - i. consists principally of receipts in respect of goods and services provided in the course of the funded operations, and
    - ii. is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account.
  - b. To achieve such further financial objectives as the Treasury may from time to time, by Minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. OGBuying.solutions Trading Fund was established as the Buying Agency Trading Fund with effect from 1 April 1991. The name of The Buying Agency was amended to OGBuying.solutions with effect from 3 April 2001 in pursuance of OGBuying.solutions Trading Fund Order 1991 (S.I. 2001. No 922). SI 2009/647 then changed OGBuying.solutions to Buying Solutions from 6 April 2009.
3. The Chancellor of the Exchequer, being the responsible Minister, has determined that a further financial objective desirable of achievement by Buying Solutions Trading Fund for the 5 year period from 1 April 2009 to 31 March 2014 shall be to achieve a minimum return, averaged over the period as a whole, equivalent to 6.5 percent a year in the form of an operating surplus, i.e. before interest (both receivable and payable) and dividends payable expressed as a percentage of average capital employed. Capital employed shall equate to the capital and reserves, i.e. the Public Dividend Capital, long term loan capital (if any) and the general reserve.
4. This minute supersedes that dated 13 January 2004.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1) (b) of the government Trading Funds Act 1973.

## five year summary

1 April 2005 to 31 March 2010

	Year 2009/10 £000	Restated Year 2008/09 £000	Year 2007/08 £000	Year 2006/07 £000	Year 2005/06 £000
<b>Statement of Financial position</b>					
Non current assets	10,443	11,196	11,813	10,944	11,733
Total current assets less liabilities	18,134	20,800	18,031	15,610	14,597
Provision for liabilities and changes	(321)	(446)	(594)	(685)	(1,467)
<b>Assets employed</b>	<b><u>28,256</u></b>	<b><u>31,550</u></b>	<b><u>29,250</u></b>	<b><u>25,869</u></b>	<b><u>24,863</u></b>
<b>Financed by</b>					
Public dividend capital	350	350	350	350	350
Long term loan	-	-	-	1,537	4,716
Long term creditors	-	-	-	-	-
Revaluation reserve	1,993	2,136	2,302	584	333
General reserve	25,913	29,064	26,598	23,398	19,464
	<b><u>28,256</u></b>	<b><u>31,550</u></b>	<b><u>29,250</u></b>	<b><u>25,869</u></b>	<b><u>24,863</u></b>
<b>Income statement</b>					
<b>Revenue</b>	<b><u>104,430</u></b>	<b><u>91,789</u></b>	<b><u>75,479</u></b>	<b><u>70,530</u></b>	<b><u>70,341</u></b>
Operating (deficit)/surplus	(3,588)	(244)	4,516	4,957	4,131
Interest receivable	34	508	774	662	374
<b>(Deficit)/surplus on ordinary activities</b>	<b>(3,554)</b>	<b>264</b>	<b>5,290</b>	<b>5,619</b>	<b>4,505</b>
Interest payable on long-term loan	(1)	-	(135)	(344)	(492)
<b>(Deficit)/surplus for the year</b>	<b>(3,555)</b>	<b>264</b>	<b>5,155</b>	<b>5,275</b>	<b>4,013</b>
Dividend payable to OGC	(2,106)	(2,082)	(1,669)	(1,341)	(1,130)
<b>Retained (deficit)/surplus</b>	<b><u>(5,661)</u></b>	<b><u>(1,818)</u></b>	<b><u>3,486</u></b>	<b><u>3,934</u></b>	<b><u>2,883</u></b>

Figures for years prior to 2008/09 have not been restated to include the transfer of NHS PASA to Buying Solutions.

# BUYING SOLUTIONS ANNUAL REPORT AND ACCOUNTS 2009/10



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