

Ulster Supported Employment Limited
Annual report
for the year ended 31 March 2010

Ulster Supported Employment Limited
(A company limited by guarantee and not having a share capital)

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Directors and advisers

Directors

Mr P Bogues (Chairman)
Ms C Gibson
Mr B McMurray
Ms B Maitland
Mr J Smith
Mr A Thomson (Resigned 8th June 2009)

Chief Executive

S Humphries

Secretary

D Macedo

Registered office

182/188 Cambrai Street
Belfast
BT13 3JH

Bankers

Northern Bank Limited
235 Shankill Road
Belfast
BT13 1FE

Solicitors

Johns Elliot & Co
40 Linnenhall Street
BELFAST
BT2 8BA

Statutory auditors

Comptroller & Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU



Directors' report
Year ended 31 March 2010
Prepared by David Macedo, Board Secretary

Background Information

Ulster Supported Employment Limited (USEL) is an executive Non-Departmental Public Body (NDPB) and operates under the direction of the Department for Employment and Learning (DEL) and in particular on a day-to-day basis the Disability Advisory Service (DAS). The company is a private, not for profit Company, limited by guarantee and does not have a share capital.

The Company is a registered charity under Section 505 of the Income and Corporation Taxes Act 1988 with effect from 20 March 1996.

The Company was established in 1962 to fulfil an act of parliament to provide supported paid employment for disabled people and in 1980 USEL expanded through the acquisition of the Workshops for the Blind (The Belfast Association for the Employment of the Industrious Blind) to become the largest employer of disabled people within Northern Ireland. At the time of the merger the Workshops for the Blind had been providing employment only for people with vision impairment as it had always done since it was established in 1871.

By special resolution the Company changed its original incorporation name of Ulster Sheltered Employment Limited to Ulster Supported Employment Limited on 25 September 1998.

There have been no changes in the company's activities during the year and none are anticipated in the foreseeable future.

These accounts have been prepared in accordance with the accounting and disclosure requirements of the Companies Act 2006 and in a form directed by the Department for Employment and Learning with the approval of the Department of Finance and Personnel. A copy of the Accounts Direction can be found at Appendix 1.

Business review

A full review of Ulster Supported Employment Limited's activities is given on pages 16-28.

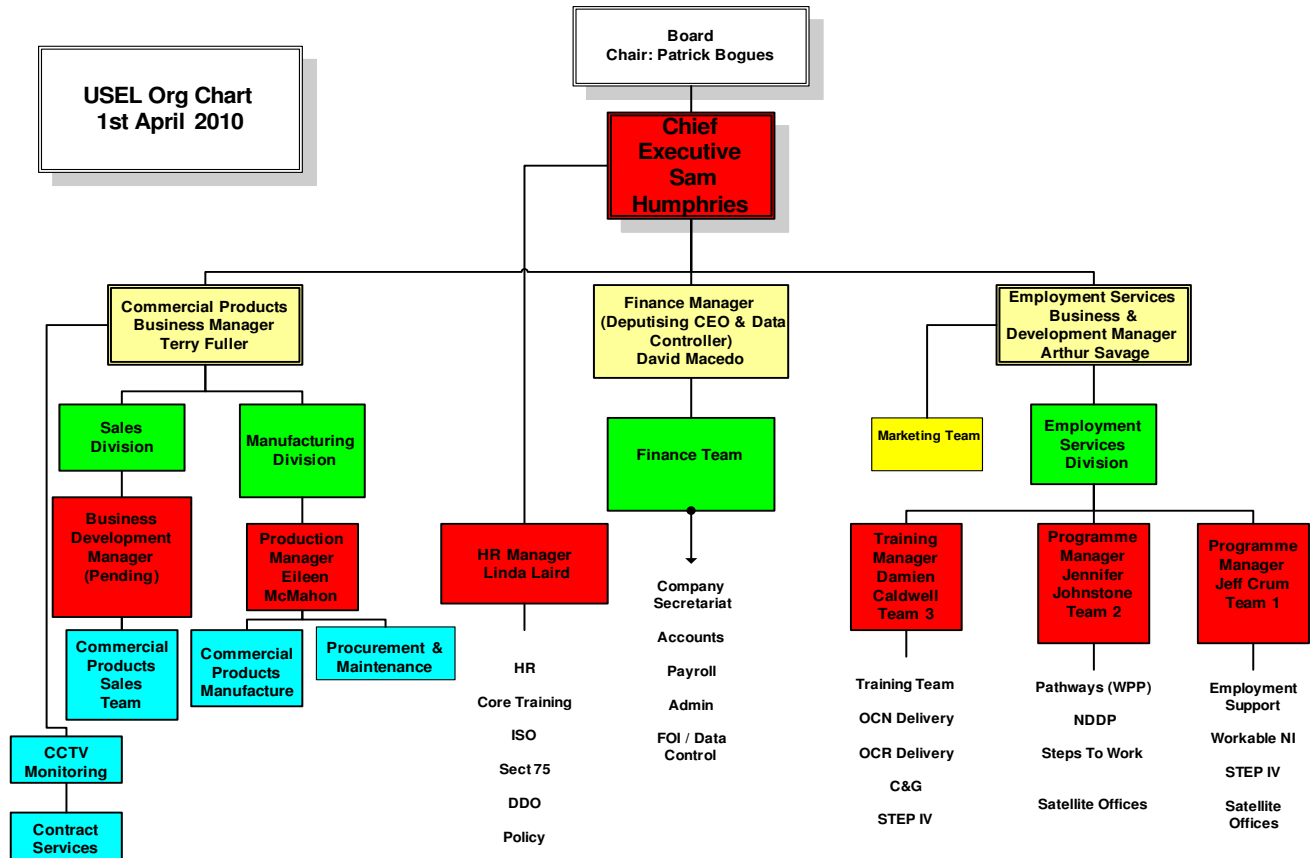
On the issue of risk, the directors receive regular updates on the risk register at the board twice per annum. This is further augmented by the detailed reporting of the executive on the business in the monthly Board Report. The directors regard the principle risks for the business can be defined in terms of the wider economy within which USEL operates, revenues and people. The directors are satisfied there are robust plans and activities to manage these risks. In terms of corporate governance the directors recognise the need to manage the various elements within that and are satisfied the accounting officer discloses accurate and timely information to them and would commend the executive for the early adoption of key governance requirements.

Results for the year

The results for the financial year are set out in the Net Expenditure Account on page 30. The deficit for the year was £343,228 (2009: £650,495). Although the Statement of Financial Position shows the Company to have a net liability position, the Directors do not consider there is a risk of the Company not being a going concern. The net liability is due solely to the pension liability for which a 12-year recovery plan has been agreed with Trustees and the Pension Scheme Actuary. Accordingly, contributions to the Pension Scheme should increase substantially following due consultation. On this basis, the Directors consider the Company's financial position at the Statement of Financial Position date to be satisfactory.

Company Structure Overview

The management structure of the Company is set out below:



Employee Policy

USEL is committed to providing equality of opportunity. It is our policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. Everyone has a right to equality of opportunity and to a good and harmonious working environment and atmosphere in which all staff are encouraged to apply their diverse talents and in which no worker feels under threat or intimidated. This right is protected in many instances by legislation.

Sickness Absence

The sickness absence rate for the year was 9.75% (2008 - 2009: 3.8%). The increase this year was due to several long term sicknesses, as USEL employs individuals with disabilities and health conditions such long term situations are not uncommon.

Employee involvement

USEL has operated a cascade process for employee involvement in this past year. This means that the chief executive briefs the entire organisation on an 12 - 14 weekly cycle. Employees are presented with information on all aspects of the business and given the opportunity to ask questions from the chief executive. Each employee within the organisation has function team meetings on a regular basis, this provides a forum for the employees to be kept abreast of developments and feed back their perspective on changes.

All the function team meetings and works committee meeting have standing agenda points to review Health and Safety, and ISO. The designated competent person is the Commercial Products Business Manager who works with external supports to ensure the system of Health and Safety across the

organisation is in place. Where appropriate, when changes are required the managers can co-opt the services of the training department to ensure employees are given adequate training, or where appropriate an external trainer is brought in to ensure compliance.

The Environment

USEL continues to review its environmental footprint and develop policy and practices that contribute to a heightened sense of environmental responsibility. Energy conservation is promoted throughout the organisation and posters promoting energy conservation are prominently displayed on notice boards and other locations within the building. Timing switches are also installed where practicable with regard to heating, lighting and air conditioning appliances. The company has committed to adopt the Green Dragon environmental standard in order to assist develop the environmental impact policies and protocols.

Reallocation of resources to utilise the satellite offices ensures excess journeys and travel is minimised thereby reducing the carbon foot print of the company.

Accounting policies

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards issued by the UK accountancy bodies in a form directed by the Department for Employment and Learning with the consent of the Department of Finance and Personnel (see Appendix 1).

Payments to suppliers

Ulster Supported Employment Limited is committed to the prompt payment of bills for goods and services received in accordance with the Better Practice Prompt Payers Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of goods or services, or presentation of a valid invoice or similar demand, whichever is later.

The percentage of bills paid within this standard is not known, although as it only disputed invoices which are withheld pending resolution the vast majority would be expected to meet this standard.

The trade payable days at 31 March 2010 is 36 days (2008: 35 days) calculated as the proportion of year-end payables to the aggregate invoiced amounts during the year.

Pension fund

The Company operates a pension scheme that is based on an individual's final salary. The assets of the Pension Fund, established for the benefit of the Company's employees, are held in a Trust separately from the assets of the company.

Mr Patrick Bogues independently chairs the Board of Trustees. The Trust Board also has two members nominated by the Directors and two members nominated by the members of the Pension Scheme.

Legal and General Investment Management manage the funds on behalf of the Trustees. Mercer Limited has been appointed by the Trustees to act as their Administrators and Advisors on the operation of the Scheme. A review and amendment to the pension benefits package was necessitated by the April 2009 Actuarial review.

Policy towards disabled employees

Information regarding employees is provided on pages 15 to 27.

Post Statement of Financial Position events

No significant events have occurred since the date of the Statement of Financial Position which affects the Company or which materially affects the financial statements of the Company.

Non Current Assets

Changes in the Non Current Assets of the Company during the year are disclosed in note 9.

Charitable donations

The Company made no charitable donations during the year.

Personal Data Related Incidents

There are no personal data related incidents to report.

Directors

Patrick Bogues – Chairman (Re-appointed January 2006 / Chairman September 2006)

Patrick Bogues was appointed a Director of USEL in January 2003, with re-appointment in January 2006, he became the chairman of the Board of Directors in September 2007. Patrick is the owner of four retail jewellers shops based in Omagh, Armagh and Enniskillen. He is actively involved in the retail jewellery industry as a Fellow of the Gemmological Association and a fellow of the National association of Goldsmiths. Patrick is a past Chairman of the Community Activity Partnership, a charity aimed at helping people with a learning disability to access work. He is a past President of Omagh Chamber of Commerce and Industry. These interests do not conflict with those of the Company.

Brian McMurray – Finance Director / Chair Audit Committee (Appointed January 2006, re-appointed 1st January 2009)

Brian McMurray has worked in a number of senior roles with some of the leading companies in Northern Ireland, Rank-Hovis-McDougall, Courtauld Textiles and Moygashel Linens before moving to Abbicoil Springs where he was Managing Director/Owner for three years. Other Public Appointments held are Chairman of Roe Valley Enterprises and Non Executive Director of Action Mental Health. Brian is also a Business Mentor with Invest Northern Ireland. These interests do not conflict with those of the Company

Clare Gibson – Director (Appointed January 2006, re-appointed 1st January 2009)

Clare Gibson was the Owner/Director of Abbey Training Services from 1991 to 2001, and prior to this worked as a Senior Lecturer/Staff Development Officer with Ballymena College. Clare held a number of part-time and temporary teaching positions since 1966. Between 2000 and 2003 she was a Civic Forum Representative with the NI Assembly. These interests do not conflict with those of the Company

Brenda Maitland – Director (Appointed March 2006, re-appointed 16th March 2009)

Brenda Maitland holds a B.Eng Electrical and Electronic Engineering (Hons) and is a member of the Chartered Institute of Personnel and Development. Brenda worked for BT for over 26 years in various roles. She is the NI Lay representative on the Nursing and Midwifery Council (UK regulatory body for nurses and midwives) and is a member of the management Council of War on Want NI. She is also a board member of Health and Safety Executive and Labour Relations agency and is a school governor. These interests do not conflict with those of the Company

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James Smyth – Director (Appointed March 2006, re-appointed 16th March 2009)

James Smyth is a Registered General Nurse, Registered Psychiatric Nurse and holds approved and professional social work qualifications. He was employed by Down and Lisburn Health & Social Services Trust since 1980 in the position of Senior Social Worker/Team Leader retiring in September 2005. Currently James operates a successful property management company. These interests do not conflict with those of the Company

Alan Thomson – Director (Appointed January 2007 resigned 8th June 2009)

Alan Thomson is a qualified social worker and has been a Director of the Orchardville Society since 1990, having strategic and operational responsibility for the society's activities. He previously held Department of Education public appointment positions as Board of Governor and acting Chair until 2005. Mr Thompson previously worked as manager responsible for the National Society for the Prevention of Cruelty to Children's Child Protection Services in Belfast. These interests do not conflict with those of the Company

Statement of directors' responsibilities

Company law and Article 8(6) of the Financial Provisions (Northern Ireland) Order 1993 require the Chief Executive and directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs and of the surplus or deficit of the Company for that period. In preparing those financial statements, the Chief Executive and directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Chief Executive and directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, in appointing the Chief Executive of the Ulster Supported Employment Limited as Accounting Officer for the company, the Department for Employment and Learning has placed on the Chief Executive responsibilities including the regularity and propriety of the public finances and for the keeping of proper records, and which are set out in the "Accounting Officers" memorandum issued by the Department of Finance and Personnel.

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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Auditors

Under the Companies (Public Sector Audit) Order (Northern Ireland) 2008 USEL became subject to a public sector audit by the Comptroller and Auditor General (C&AG). The Northern Ireland Audit Office (NIAO) have contracted the work to PriceWaterhouseCoopers LLP (PWC).

By order of the Board

D Macedo

Secretary

25th August 2010

Statement on the system of internal control for Ulster Supported Employment Limited

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Ulster Supported Employment Limited policies, aims and objectives, whilst safeguarding the public funds and company assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland. In this context the organisations' Financial Memorandum and Management Statement sets out the accountability arrangements for USEL.

Purpose

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk, as this would lead to failure to achieve policies, aims and objectives. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental 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 Ulster Supported Employment Limited for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

Capacity to Handle Risk

The Company's objectives are determined by the Department for Employment and Learning and consist principally in the provision of paid employment and training for disabled people in Northern Ireland. USEL operates on strict commercial business lines with each manager held fully responsible for achieving his/her budget and targets. The key performance indicator system was again utilised throughout the business with key budgetary control reports being submitted to me on a weekly and monthly basis. The Whole Management Team operates to a Leadership standard that ensures compliance to corporate governance policies, and sound business practices through professional, ethical conduct.

During the year the members of the Line Management team participated in the Chief Executive Forum run Accountability for Senior Managers training to increase their knowledge of the issue around operating under the Arms Length Body principles.

The Department for Employment and Learning's Director responsible for USEL together with the Head of the Branch meet with the Board on an Annual basis. The Head of Branch and appropriate assistant hold formal meetings with the Chief Executive and the Financial Manager on a monthly basis. The executive team communicate with the branch on a regular basis from operational matters to corporate matters, this is usually by e-mail or telephone contact. Other adhoc meetings are arranged as and when required.

The Risk and Control Framework

The Company's key risks have been identified by the Senior Management Team and recorded on a Risk Register where the ownership of the risks is allocated. This document is reviewed by management on an ongoing basis and by the Board of Directors on a biannual basis.

As Chief Executive I chair the Senior Management Team meeting, which has developed the Risk Management Policy. This team has identified risks posed to the achievement of the Company's strategic objectives and risks so identified are classified in a Risk Register. The Company's assessment of the risk, its controlled and ownership over them are also recorded. The key risk to the organization is going out of business due to a reduction or elimination of funding or loss of 'market' in the trading division of the Company. The Risk register is kept under constant review by the management team and the Board and our Internal Auditors continue to monitor its appropriateness.

On the issue of Information Assurance I can confirm that USEL continues to enforce the policies set out to protect data. These include:

- * Upgrading servers and Firewalls to meet latest security protocols.
- * Issuing Encrypted USB devices to relevant staff
- * Publishing a Data protection policy procedure for all staff

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 the internal auditors and the executive managers within the department 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. The Board and the Audit Committee address weaknesses and ensure continuous improvement of the system is in place and advised me on the implications of the result of review of the effectiveness of the system of internal control.

An Audit Committee is in operation consisting of five Directors. It meets with the Company's internal and external auditors as required within the meeting timetable, normally the audit committee meets three times a year to discuss audit planning and to review and discuss the reports of the internal and external auditors. The Audit Committee is chaired by a non-executive board member, and reports to the Board of Directors. The audit committee and board members attend suitable courses which add to their knowledge portfolio and ensure their challenge function is maintained

The Company operates a system of internal controls commensurate with its size. The management and the Audit Committee review the effectiveness of the system of internal control regularly. Working to a schedule agreed with the Audit Committee the Internal Auditors test the system using an audit needs assessment approach, which includes risk management. Their findings are reported to the management team and to the Audit Committee who in turn report to the Board of Directors.

Significant Internal Control Issues

During the past year the Internal Auditors found no significant adverse control issues. In fact they found that all the systems tested provided satisfactory and that they accomplish their system objectives.

S A Humphries
Chief Executive
25th August 2010



Foreword by Patrick Bogues, Board Chairman

The Annual Report and Accounts for USEL (Ulster Supported Employment Ltd) covers the period 1 April 2009 to 31 March 2010. The report outlines the organisation's activities during another highly unpredictable year.

The proactive and dynamic activities of the executive and management team have ensured that USEL has applied the most appropriate course of action to the developing market situation. This year we have met and overcome numerous challenges, we have been agile in our approach and this has led to a superb result for the financial year posting a substantial surplus.

The Board was kept extremely well informed by way of the board report which is highly detailed, this year the board focused monthly on key topics which were pertinent to the business at the time. This approach allowed the executive and the board to narrow in on "hot topics".



This year the board and management team have dealt with significant issues such as remuneration and pensions deficits. The collaborative approach to the overall benefit of the employees and clients remained paramount through all of this and has ensured a collaborative solution has been reached.

It is still refreshing to note that even in difficult times and volatile markets the company has stayed true to the strategic delivery keys and mechanisms. These have focused the mind of the management and board in the delivery of the services and commercial products.

We exist to provide meaningful paid job opportunities for people with disabilities. In pursuit of that mission our core business activities remained unchanged for the year.

The organisation continued to employ around 80 people in the factory environment, producing a range of quality products from mattresses to industrial sewing products and CCTV monitoring services. The board has been resolute that even in the downturn the strategic objective is to secure employment for the long term. With that in mind I want to thank the factory employees for their flexible approach to the working week patterns.

This year our employment services division faced more uncertainty in the wider market. Internally there were a few management changes which have been managed to allow a seamless change to occur. The teams have this year reached more clients than ever in USEL's history supporting over 1470 people externally in mainstream employment opportunities. The team has also celebrated the 500th client into work in the New Deal for Disabled Programme, an excellent achievement and one which I want on behalf of the board to congratulate the team for.

Our European BSP funded project has completed the second year of the three year cycle and I am delighted that we have surpassed our client numbers and our accreditation numbers for the year. No mean feat in this market place.

The culmination of these activities means the company is posting a £283,832 surplus before depreciation, FreM adjustments and FRS 17 pension costs. I am delighted that in the midst of such uncertainty the executive and management have achieved such a result. We are now two years into our three year plan, and the company is well on course to delivering the core objectives from that plan. We will spend the coming year ensuring the final year of plan is executed as before, but we will also spend a significant amount of time and energy strategically reviewing our organisation in preparation for the next three year plan.

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You may note the organisational structure change which came into effect in the latter part of the 2009-2010 year. This change has realised our vision for engaging more with our clients by the separation of HR and Training to form a new training element. This element is tasked with supporting the current programme accreditation delivery and expanding the training experience into new fresh and revenue bearing markets. The change also provides the capacity for our HR function to focus on ensuring with the CEO that our policies and procedures are all current and operationally commensurate with the organisation.

I would like to thank the Board members for their commitment to the work of USEL in the past year. This year we have said goodbye to one of our directors who felt he was unable, due to work commitments, to devote the time needed to USEL, a decision which I respect fully and acknowledge the valuable contribution of Mr Thomson in his tenure on the board.

As previously indicated this has been a challenging year for the business, but the leadership and challenge function of the board has been unrivalled. This challenge function has been balanced with full support for the executive and management team, I was delighted that the board have again had the opportunity to meet with the Senior Management Team throughout the year to better understand the issues they face.

We have noted the increase in the governance requirements on the Board I referenced last year have settled to a consistent level at this time. I am grateful to the department for their support of the executive in matters of corporate governance.

In conclusion, I would thank the Chief Executive, Management and employees of USEL for their tenacity and drive to deal with a diverse set of circumstances. The board and I recognise the pressures faced by our unique business, and would reiterate our full support for the team as they face another challenging year.

Patrick Bogues
Chairman
25th August 2010



**Audit Committee Report by Brian McMurray
Chair of Audit Committee**

Chairman's Forward:

Following the changes I noted last year in the function and operational procedures for the audit committee I am delighted to report that the committee has risen to the changes admirably and I believe the organisation stands stronger in governance terms as a result. I again would like to thank the members of the audit committee for their involvement and contribution. I would also thank the company's Finance Manager who provides secretariat support for

the committee.

Audit Committee Membership:

The USEL audit committee comprises all USEL board members with the exception of the full Board chair. The board members are all independently appointed which ensures a high degree of segregation between the organisation and the committee governance and challenge function. With the resignation of Mr Thomson the number of non executive directors on the committee was reduced to 4, the committee remained quorate through out the year. The four members are supported by the Chief Executive and the company's Finance Manager who attend each meeting. We also have representation from our sponsoring branch the Disablement Advisory Service, the NIAO and our internal auditors ASM Horwath.

Terms of Reference:

The terms of reference were revised in June 2009 and they essentially are:

- To agree the Internal and external audit plans for the year.
- To receive the internal and external audit reports.
- To monitor management response to the internal and external audits as required.
- To ensure the appropriate risk management frameworks are in place.

Committee Meetings:

The audit committee generally meets on the same day and just prior to the main board meeting. The committee met on four occasions in the year to carry out the functions as described under the Terms of reference. I am happy to report we had 88% attendance at these meetings of the members of the committee with 100% attendance of the Chief Executive and Finance Manager.

Internal Audit report:

Following a competitive tender process a new Internal Audit Service provider was appointed. ASM Horwath was successful in securing the provision of the internal audit service and I would welcome them on board. The internal audit programme for this year included:

- Supported Employment Payroll
- Employment Programmes delivery
- High Level financial review

I am happy to report that the overall audit opinion was Satisfactory Assurance in all areas covered.

External Audit engagement:

The committee received the audit report from NIAO and PWC the designated auditors, at the meeting held on 24th June 2009. The report provided an unqualified opinion on the accounts for the year to 31st March 2009.

Under the Companies (Public Sector Audit) Order (Northern Ireland) 2008 USEL became subject to a public sector audit by the Comptroller and Auditor General (C&AG).

The 2009 accounts were further subject to a review under IFRS standard. As such a set of shadow accounts were presented and tested successfully in preparation for the formal presentation of the 2009 -2010 accounts in compliance with the IFRS, International Accounting Standards.

Risk Management & Fraud awareness:

The executive is tasked with reporting any frauds or suspected frauds to the Board and audit committee and I am happy to report that no such reports were forthcoming during the 2009 – 2010 financial year. The audit committee is provided with a risk register bi-annually via the board document pack, this is discussed and amended as required.

On matters of good governance advice and notifications, the Chief Executive brings to the attention of the committee relevant Dear Accounting Officer letters as issued by government and the impact on the organisation is discussed with any required actions agreed at Board level.

Audit Committee development:

In June 2009 the members of the USEL audit committee were furnished with revised letters of appointment ensuring compliance to the published standards for audit committees.

I would like to conclude by once again acknowledging the input from the Chief Executive and Finance Manager, Mr David Macedo for maintaining a high standard of information flow to the committee. And the proactive approach shown in ensuring the organisation maintains the high standard of governance.

Brain McMurray
Audit Committee Chair
25th August 2010



Management Commentary by the Chief Executive

This report deals with our activities from 1st April 2009 to 31st March 2010.

“Endurance is not just the ability to bear a hard thing, but to turn it into glory.” This quotation by William Barclay the Scottish theologian and University professor sums up the past year. We started the year under no illusion that the period would be challenging, and we were not disappointed. However, recognising the need to adopt an endurance stance I believe underpinned the amazing final result.

At the very start of our financial year a number of significant economically driven factors impacted us straight away with one of our key accounts facing administration and withdrawing from a long standing rental agreement. The team reacted with stoicism and faced the challenge, ultimately yielding a better result than we had even budgeted.

The commercial products division has felt the brunt of the economic downturn with the bedding market being most severely hit. As always the team have approached the problem head on and have introduced a number of new products into the market place with some measure of success.

One of the key underpinnings to this financial year has been the wider economic climate. Sadly, as a result of the times, there are more people in need of the support services we provide. With the changes in the Incapacity Benefits system and the ramping up of the Employment and Support allowance processes we found more clients within our catchment. Within this client group we found more commitment to stay the course and therefore we have had more commitment from our client group in the difficult employment market.

The reality of the times is that there may be a reduction in employment opportunities but there are still opportunities. The Employment Services team have demonstrated this repeatedly over the year very successfully and are to be commended for their tenacity. As a result of this the organisation has supported just under 1500 people this year, the largest client interaction year yet.

Within the Employment Services group the company has this year experienced almost no skill attrition with employees leaving for other employment opportunities. This has been a critical success factor for this business element.

I am also delighted to report that within this year we have delivered and received 107 British Safety Council Level 1 Health and Safety awards. This led us to apply for and be awarded a British Safety International Safety award for 2009. A clear demonstration of our corporate commitment to the duty of care of our employees.

This year our line management team received targeted development training, firstly with the public sector training in respect to accountability within a Non Departmental Public Body, this now means our entire management team and directors have received full training in the core aspects of operating within the public sector. Secondly our line managers embarked on a Department for Employment and Learning funded First Line Managers Toolkit programme. This programme was taken on by us in order to develop our key managers skills as we steer through the current economic challenges.

Primary Objective

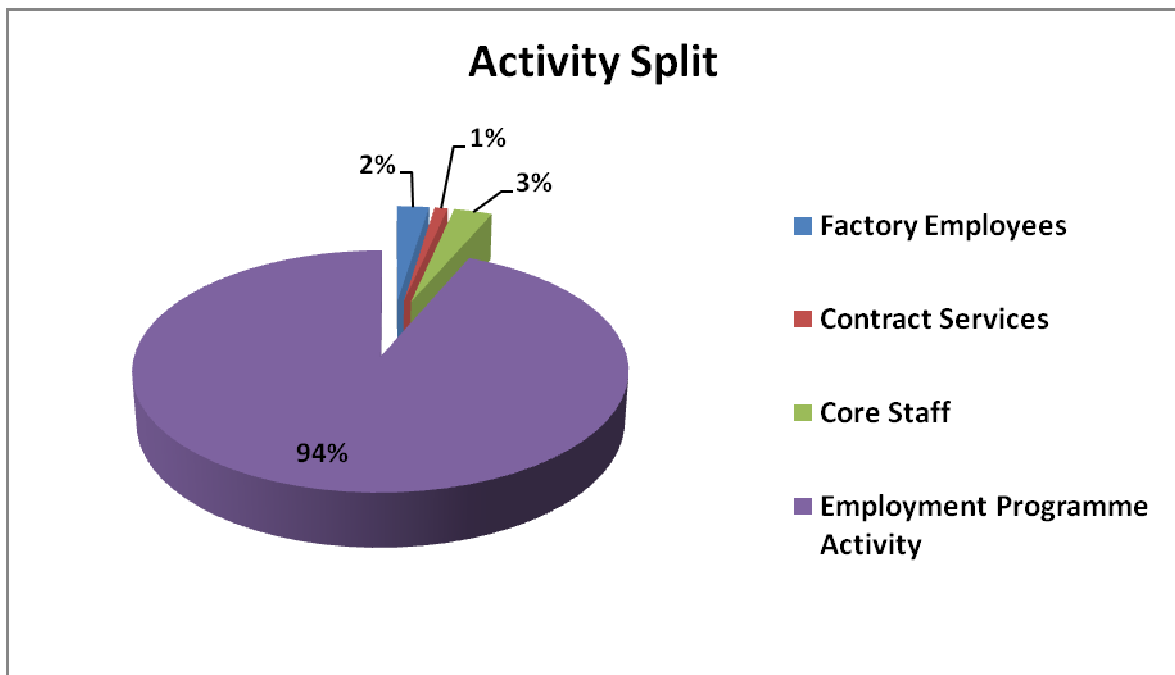
This is stated simply as supporting, providing and promoting employment opportunities for those people in our society, across Northern Ireland, who live with disability or a health condition. These disability and health issues can be significant barriers to people achieving the employment aspirations of their choosing. So it is our job to provide the appropriate level of support, mentoring, guidance or enablement to assist those people who want to find, gain and retain a job of their choosing.

Delivery of the Objective

The key activities of the company are enshrined in our Ethos statement, **Supporting, Providing, Promoting Employment**. In pursuit of the ethos we deliver four main activities:

- 1: Direct Employment in our factory (Providing Employment)**
- 2: Employment Programmes Delivery (Supporting Employment)**
- 3: Contract Services (Providing Employment)**
- 4: Development and Training (Promoting Employment)**

The chart shows the split in terms of people between the various activities of our business, it clearly shows that our largest and increasing people impact activity is focused on mainstream employment activities.



The chart reinforces the reality that USEL continues to focus the majority of our client activities externally. In the financial year we have been successful in promoting 101 new employment opportunities with clients entering full or part time employment opportunities.

1: Direct employment in our factory

In spite of the economic market pressure we have some significant silver linings to report for the factory activity this financial year. In response to sales price pressures we have maintained our overall bedding margins. This has largely been as a result of the work of our procurement department which has yielded some £35,000 savings in raw materials procurement this financial year. This has been achieved by sourcing directly from the manufacturer in the case of springs, as opposed to through a distribution chain. The sales team have also contributed significantly to this margin retention by remaining resolute to market pressures.

The level of throughput in the factory has reduced in the past year as a result of falling orders, and as a result the factory employees have been on a short time working pattern dropping from 35 hours to 30 hours per working week. This has been a key support from the employees which aligns with the board position of securing jobs in the long term. I can only thank the workforce for the flexibility they have shown, and their commitment to the organisation.

We have worked on improving efficiency also this year and the employees in our bedding department have increased efficiency by some 12% over the year. This has supported the sales price and margin pressure by reducing costs for the production of the products. This is an exceptional result when it is born in mind that the unique make up of our workforce, 80% of whom have a disability or health condition. Traditionally our workforce performs best when under consistent work load with consistent batch runs. In these circumstances the factory has had to become more agile and change product lines more often as the batch runs through the factory are of lower volumes.

With the addition of the new management information system we were able to take advantage of more sophisticated Bill of Materials planning facilities. This has led to almost zero stock outs this year. Even with the bulk procurement from manufacturers and the slower market we have still managed to achieve stock turns of 3.75 average across the year with a lower average stock value for the year some £8,000 less than the pervious year.

The Industrial sewing department has had a sound year. The product mix has changed little and we are not experiencing any significant end of year orders as we have had in previous years. This has lead to a more static order book. We plan in the coming year to re-task our sales team to develop the order book consistency as this area is a better margin delivery area than bedding. The Industrial sewing department achieved 95% of the budget this year which was an excellent result.

Factored goods have achieved 93% of budget for the year, which is a great result when you consider that one of the first items to suffer in recession is the higher ticket items. We have replaced the existing range with an updated range of products and have adopted a new specialist medical range of pillows, duvets and mattresses specifically designed to combat MRSA and other hospital acquired infections.

Our strategic direction for the factory remains clear, we are the employer of choice for our employees and we are resolute in securing the employment opportunities for the long term. Employees here are all employed under standard terms and conditions of employment and they recognise USEL as their employer. Each employee continues to have access to a personal development process, using mentoring and acquiring accreditations increases their self confidence and personal belief that they can make a valuable contribution to any employer.

As part of the development of our workforce 107 accreditations were awarded in the British Safety council level one certification in Health and Safety. All of the factory and contract services employees took part in this process and all were successful.

This year, 3 factory employees progressed into external employment opportunities.

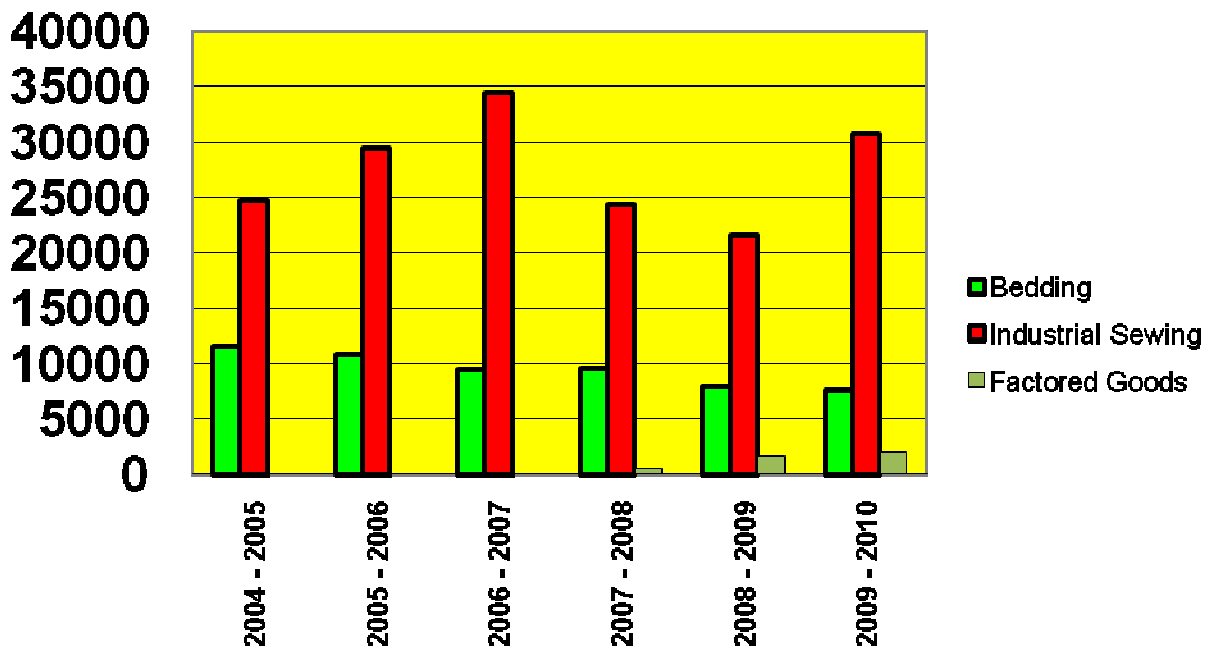
We continue to offer work experience placements for school leavers if requested, we have hosted a number of factory visits to school leavers.

Mr Terry Fuller our former Operations Manager has this year absorbed the sales function within the business following the management reorganisation. Terry has over 26 years experience with USEL in the sales and production of the products and is very ably supported by Eileen McMahon as production manager.

Factory results

The following tables show the past 6 years development of our factory in terms of sales units output. The chart tells an interesting story, with Bedding showing the signs of the retail slow down. Industrial sewing shows an increase in volume going through however the average unit price for these has reduced but margin generation remains strong. Factored goods have seen a sizable increase in volumes moving through the company and we will continue to develop this market arena in the coming years. It is my hope we can add to this portfolio of products and processes in the coming year.

Factory Production/ Sales Output



2 Employment Programmes Delivery

This has been a growth year for the employment services division with more clients than ever passing through the various programmes. We have chosen not to open new offices at this time due to the economic climate, but rather use the facilities available through the Social, Voluntary and Community networks across Northern Ireland to deliver our training and engagement services, where the geographic location is not within our existing satellite office network.

The division underwent several management changes during the year with the retirement of Gwen Mills who has occupied the post of Employment Services development manager successfully for 9 years. Gwen brought much to USEL and her legacy lives on in the work we do. I would like to thank Gwen for her contribution to USEL, she has added a significant value to the organisation and therefore to the client group with whom we engage.

Arthur Savage who has been with USEL for over 9 years in the role of Sales and Market Manager has taken on the mantle of the Employment Services Division. Arthur is a highly capable manager with a much wider experience than sales and marketing. He has absorbed the role quickly and thoroughly and I am confident we shall see more good things from the division in the coming years.

Jenny Johnstone joined the company as manager of Team 2, delivering New Deal for Disabled people, Steps to Work and Pathways (Work Preparation) programmes.

This is the second full year operating all the programmes concurrently with no tender breaks. This has meant that the division has been able to maximise the delivery model developed last year to the fullest potential. With the reorganisation of the management team we have grown the remit of the training delivery team, this team now fully supports the delivery of the accredited outcomes for clients on programmes as well as seeking to deliver a revenue bearing business stream to USEL.

We have now been operating the marketing team concept for two consecutive years. This team has spearheaded the placement search for programmes and the corporate message promotion. In the past year this team has contributed to generating business for the organisation in excess of £100,000. This team has delivered more column inches in press coverage than before, and has developed key information packs for clients and prospective employers which have assisted in the

Supporting, Providing, Promoting Employment

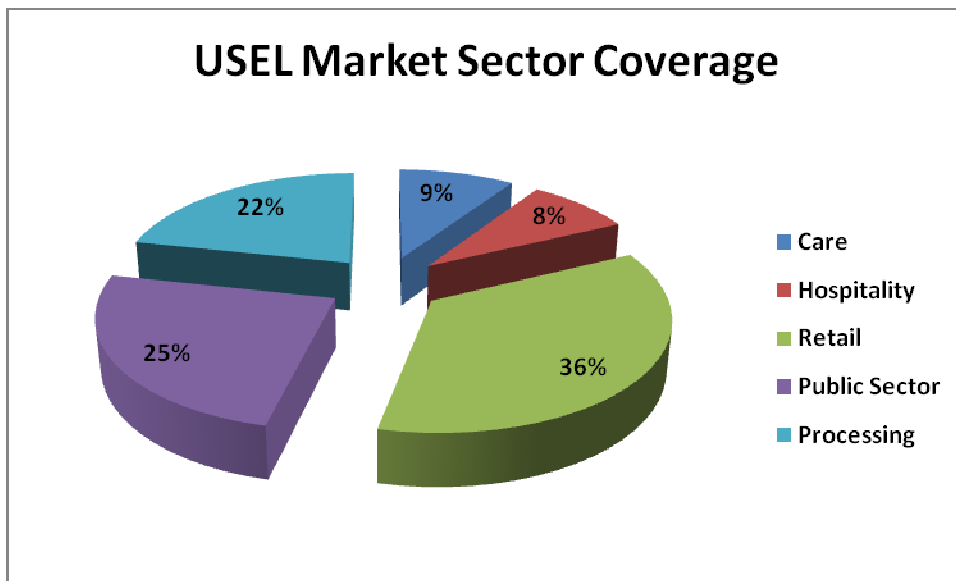
Ulster Supported Employment Limited (A company limited by guarantee and not having a share capital)

"cold calling" work which we are required to do. The team have ensured a return on investment for advertising of 145% which is an excellent result in marketing terms.

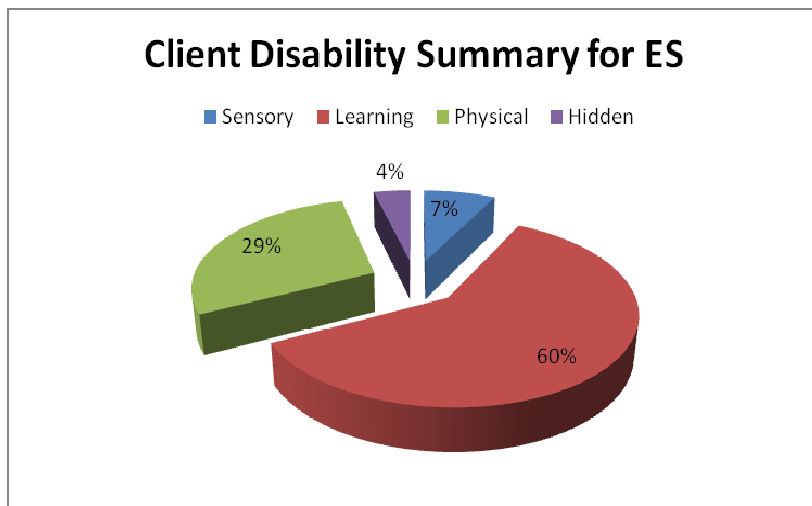
The six key delivery areas of the Employment Services Division are:

- A: Employment Support Scheme**
- B: Workable NI**
- C: New Deal for Disabled People**
- D: Pathways to work (Work Preparation)**
- E: STEP IV**
- F: Steps to Work**

As an indicator of just where the clients, employees and job seekers are targeting the following graph shows the broad market sectors USEL programmes operate across.



A: Employment Support Scheme



The programme is now in its 28th year of operation by USEL, we remain the largest provider of this programme in Northern Ireland with 553 clients remaining active on the programme at the year end. The table shows the client disability split which reflects no change in the past year even though 18 clients have left the programme throughout the year. This programme was designed to provide long term supports which included a wage offset provision for employers.

The programme has been closed to new applicants for over 3 years. USEL continues to work with the

department and numerous employers across the province to ensure the current clients are supported in the way they need.

Supporting, Providing, Promoting Employment

One of the objectives and targets of the programme is to develop clients to the point where they can enter fully unsupported employment, or Open Employment. This past year our officers have teamed up with representatives of the Disablement Advisory Service to ensure the maximum opportunity is presented to clients who may wish to seek to progress.

This year 7 of our clients who left the programme did just that, moving into unsupported employment. Unsupported that is by a USEL support worker, but supported by their individual employer.

Paschal Retires after 20 years Service

Paschal Grenham, USEL employee on the Employment Support Programme has retired after 20 years of service at Strabane District Council.

At his retirement lunch Council chairman Mr. Kieran Maguire presented Paschal with a Tyrone Crystal clock and a council tie and thanked him for his service over the past 20 years. During his time at the Council Paschal had become a valued and integral part of the grounds maintenance team.

The chairman also made a presentation to Bob Kane, Paschal's Employment Services Officer at USEL in recognition of his support for Paschal and the other Employment Support employees at the council.



B: Workable NI

The programme has been in operation for three years. In the past year there have been several changes to the operational processes which we have absorbed well. Clients are measured against a distance travelled toolkit, there is a separate quality standard for the delivery of the service which, as expected USEL, has fared well under. However we are not satisfied with the status quo so we continue to strive for a higher level of quality in our delivery, to ensure our clients receive the best possible outcome. In December 2009 a significant number of clients left the programme for personal reasons, but we finished the year with 77 clients active on the programme.

The delivery of OCN accredited courses has been incepted well in the delivery mechanisms, and the officers, supported by the training team are to be congratulated on this achievement.

C: New Deal for Disabled People

This was a milestone year for USEL in the delivery of the programme, we achieved our 500th client into work. USEL is now in the 9th year of operation of this programme, unlike ES and Workable this scheme is designed for clients to search and experience employment opportunities with a view to brokering a longer term employment solution. The past year saw this programme deliver 126% of the financial return expected, this is an exceptional result for the programme and one which is unprecedented in USEL's history of delivery. Numerous factors assisted in this delivery between the team cohesion, management, the alignment to other programme feeder streams and client catchment.

At the end of the year 35% of those registered entered employment and of those 48% were sustained in employment. These are highly respectable outcomes in the economic climate.

We are delighted to announce that we have recently placed our 500th client into employment through the New Deal for Disabled People Programme (NDDP), an employment programme designed specifically to help people with health conditions and disabilities move into and retain paid employment.

We deliver the programme by working with both employers and people with disabilities, to match the jobs available locally with the skills needed to fill them, and to develop those skills for people who do not already have them.



The 500th client, Joanne Quinn, who had been unemployed for several years was assigned to Teresea McFadden, USEL's employment services officer. Teresea helped Joanne find employment with Greenlight Gateway, an organisation which offers workshops for young people with disabilities in the Moyle area.

Joanne commented "Without the help and support I received on this programme through USEL it would have been a struggle for me on my own to try and re-enter employment. My confidence has increased so much through the programme and I am really enjoying my new job".

D: Pathways to Work (Work Preparation)

This concludes the second full delivery year of this programme for USEL across the 22 Jobs and Benefits offices. The programme delivered 121% of the budget in terms of financial return. The officers have worked hard on delivering close working processes with the Jobs and Benefits Office staff. Clients referred out to USEL are dealt with more efficiently and with the job searches the marketing team performs, opportunities are usually identified in short time frames, leading to placements happening early in the interaction. We have noted more registrants completing the full course of the programme than in previous years. 126 Placements were sourced by the marketing and officers team in the year.

Joseph from Bangor registered with USEL in 2009. He had been unemployed for five years due to an ongoing health condition and was seeking assistance to help him return to the workplace. Joseph had a passion for music however due to his condition he had been unable to gain employment in this environment.

Through the efforts of the marketing team Joseph gained an opportunity in Oh Yeah music, in Belfast. Supported by his employment support officer Joseph quickly came under the attention of the manager for his enthusiasm and knowledge of music. He was assigned additional responsibilities which he took on with the same enthusiasm. Stuart, Josephs manager at Oh Yeah music commented, "Joseph has proved himself to be an asset to the organisation, he has met and exceeded all of our expectations, showing focus and dedication despite his health condition".



Upon completion of the programme Joseph was offered a full time position with Oh Yeah music

E: STEP IV (Skills Training for Employment)

This is the end of the second year of the European funded enrichment programme under the BSF funding stream. This programme has a number of highly challenging outcomes defined by our tender response. It aligns with our strategic key to impact more people across Northern Ireland.

The programme aims to deliver 40 traineeships per annum, 5 USEL internal traineeships and 220 OCN accredited outcomes per annum these are primarily directed towards the external client group we have through the other programmes, but USEL internal employees can also access the OCN accredited training as required.

In the second year of the three year cycle we have delivered 59 Traineeships, 7 Internal traineeships and 236 OCN accredited outcomes.



Matthew O Neill was recently offered employment under the EU funded STEP programme at Greenlight Gateway, He had been employed as a volunteer for several months and was offered a paid role as Support Worker.

Matthew will work with young adults with disabilities and will mentor and supervise them in the Industrial Unit - Aluminium and Tin recycling

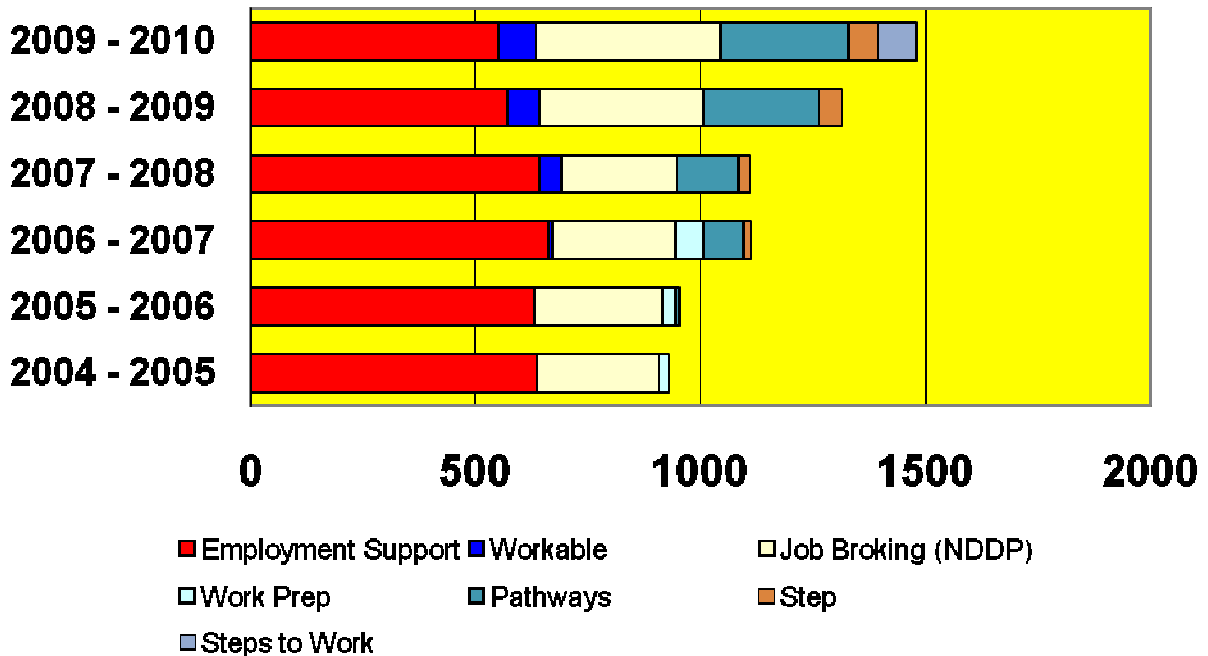
(can compression) and recycling of clothing, fabric and textiles.

F: Steps to Work

The programme continues to deliver a better outcome financially and in client terms than we originally believed it would. Financially it delivered 125% of budget. In terms of clients three times the number of clients were given pre-employment support, received in work supports and in total participated across the programme delivery. 63 accredited outcomes were achieved in the programme cohort for the year.

Overall Programme metrics:

Employment Services Support Client Numbers



USEL has supported 1479 people externally during 2009 - 2010

Customer Satisfaction Survey

As a company we annually engage with clients and employers to ensure we are listening to and responding to the needs of the clients. This year we carried out a survey across the Employment Support Scheme and Workable NI Programmes.

The survey was directed at employees and employers alike. The surveys focused on the delivery of the programme supports by the officers teams and were detailed in their approach. I have combined responses across the main programmes and summarised the results below.

Clients:

Satisfaction with USEL officers: 93%
Satisfaction at the level of interaction with the officer: 87%
Satisfaction with the contact availability of the officer: 94%
Satisfaction with Employment: 100%
Satisfaction with Training opportunities provided by employer: 65%

Employers:

Satisfaction with USEL supports: 100%
Satisfaction with the Employees contribution to the employment: 97%
Satisfaction with the USEL administration behind the programme: 85%

3: Contract Services

This element of our business has continued to deliver a strong performance. USEL is an award winning contract provider of CCTV monitoring services. All the USEL operators are fully licensed to SIA (Security Industries Association) standards. We know we are potentially facing major changes in this area in the coming year with a major contract indicating they are planning on rationalising the services from one single UK mainland based centre.

Our internal contract services have had a long running relationship with Belfast Port authority for the delivery of smaller contract deliveries which are normally the provision of a specific labour resource. This continues to work well with all parties.

The facility at Cambrai street has a number of rental partners housed within the perimeter of the facility. With the loss of one of our key rental partners there was a gap in our rental income against budget. Additional space taken on by Bryson for the electrical recycling, and several other renters has seen the gap closed.

4: Changes to the HR & Development and Training

Under the reorganisation of the management team, the Training and HR functions have been separated. HR retains the responsibility for HR, Policy, ISO, Sect 75 and DDO compliance, along side the training of the core workforce for USEL. The actual delivery of the training can be met from the HR manager, the training manager or officers or an external provider, dependant on need and expertise required.

In 2009 – 2010 the training function over-watched the delivery of 12,217 training hours which has resulted in 167 accreditations being delivered to core USEL employees. This is an exceptional year for the training department, and demonstrates in a highly tangible way the commitment of the organisation to the development of skills for our employees.

The training department now has a new line manager, whose job it is to deliver a revenue bearing business function for USEL. As part of this delivery the Training manager will support the delivery of the accredited training to the clients under the programmes. They will also develop USEL's delivery and inception of the Microsoft IT Academy for employees, clients and employers alike.

Part of the development strategy for this business element will be to ensure we have the most appropriate qualification status for our client group, which maximises the collateral of their accreditations thereby giving added weight to their employment prospects and development within an employment opportunity.

General Company information

Having read some specific information regarding the activities of USEL I think it prudent to provide the reader with a high level overview of some more general information.

1: Funding

This financial year we received 7.9% (£620,500) of our income by way of grant from our sponsoring department. The performance of the company proved better than expected which meant that USEL did not apply for any additional funding within the financial year by way of pressure funding.

2: Partnering

This year we have increased our partnership working with various entities for the delivery of the programmes. To that end we have now relationships with, numerous organisations such as: Triangle, Bryson, RNID, RNIB, AMH, Stepping Stones, Fit NI, North City Trading, Ginger Bread, Waide training, to name a few.

We are also maintaining our relationships with the Workability Europe, Workability International, The Disability liaison group and the Northern Ireland Union of Supported Employment.

The Social Economy Network is one of the key partner development courses for the company. As a result the Stormont Enterprise Trade and Investment committee visited USEL to find out for themselves what a vibrant and successful social economy looked like.

USEL has also had the opportunity to be a part of the group within the SEN which lobbies for the inclusions of social clauses in tendered contracts. Arthur has been afforded opportunities to provide evidence to the departmental committees alongside the SEN on this matter.



In a wider business development USEL has registered to be a supplier to the London 2012 Olympics, and is actively seeking suitable manufacturing partners for the production of mattresses and other goods which the games will require.

3: ISO 9001 (2008 series)

USEL holds the quality of products and service delivery close to the core of the business, we have had two external audits again this year and I am delighted that we received zero non conformances. We have also upgraded to the 2008 series level of accreditation.

4: DDO (Disability Discrimination Order)

As a public entity USEL strives to achieve the highest standard of compliance in all matters. Recognising that everything we are as an entity is captured in the 2 main duties of the DDO we continue to develop our responses to the requirement.

5: Section 75 Duties

As a Non-departmental Public Body USEL has a requirement to comply with the Northern Ireland Act Section 75 Statutory Duties and produce an Equality Scheme outlining the processes the Company will follow to ensure its obligations are met. USEL maintains a firm commitment to meeting its Section 75 obligations. Linda Laird, our HR Manager has responsibility for the compliance and adherence with the full support of the board and Senior management team.

6: USEL pension provision:

The 2009 actuarial valuation showed that the fall in investments which followed the financial collapse in the banking sector deeply impacted the existing recovery plan for the deficit. As a result the company undertook a review of the benefits design and has entered a consultation with employees to enact the changes which will allow the pension provision to remain in place, all be it with some reductions in benefits.

Upon completion of this a revised contribution for employer and employee alike will be enacted. The board remains committed to the provision of the pension for our employees, primarily due to a highly attuned duty of care to those we support through employment who live with disabilities and health conditions.

7: Auditor’s Remuneration

The Auditor’s Remuneration is stated in Note 3 to the Financial Statements.

8: Remuneration Report

Remuneration Policy

The remuneration of the Directors is decided by the Department for Employment and Learning. The remuneration of the Chief Executive is decided by the Chairman of the Board of Directors. All other remunerations are decided by the Chief Executive. The overall annual pay remit is approved by the Department for Employment and Learning and the Department of Finance and Personnel. Details of remunerations are set out below.

	2010		2009	
	Salary including performance pay £	Benefits in kind £	Salary including performance pay £	Benefits in kind £
P Bagues	4,764		3,856	-
B Mc Murray	1,964		1,782	-
MC Gibson	1,455		1,518	-
B Maitland	1,292		976	-
J Smyth	1,509		1,372	-
A Thomson	NIL		660	-
S Humphries	69,582	609	66,034	609

“Salary” includes gross salary, bonus and other benefits in kind subject to UK taxation.

The company operates a uniform pension scheme providing benefits on a “final salary” basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for each year of service. The contributions to the scheme are determined by a qualified actuary based on triennial valuations using the Entry Age Normal Method and at present members pay contributions of 7% of pensionable earnings and the company pays 19%. Pensions increase annually in line with the Retail Prices Index up to a maximum of 5%. On death, pensions are payable to a surviving spouse at a rate of half the member’s pension. On death in service, the scheme pays a lump sum benefit of three times pensionable pay and a spouse’s pension equal to one half the member’s prospective pension.

	Real increase in pension at age 65 £	Total accrued pension at 65 at 31 March 2010 £	Cash equivalen t transfer value at 31 March 2009 £	Cash equivalen t transfer value at 31 March 2010 £	Real increase in CETV during the year £
P Bogues	-	-	-	-	-
B Mc Murray	-	-	-	-	-
MC Gibson	-	-	-	-	-
B Maitland	-	-	-	-	-
J Smyth	-	-	-	-	-
A Thomson	-	-	-	-	-
S Humphries	1,392	4,735	32,615	50,057	12,637

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. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee and uses common market valuation factors for the start and end of the period.

9: Reflection on 2009 – 2010

This was a year of mixed blessings. I am delighted in the financial result which the company has posted, this provides a significant opportunity for the company to drive into 2010 – 2011 which will doubtless be every bit as challenging as the previous year. The tenacity and resolve of the Board, management team and employees underpinned the year, of that there is no doubt. The flexibility of the core workforce has been incredible, and most welcome, and for that I express my gratitude.

Many lessons have been learned in respect to the programme delivery in such difficult economic times, lessons which we will take forward into the next round of contract tendering.

10: The Future

Our goal as a Non Departmental Public body is to achieve delivery of the balanced budget we have presented to our sponsoring department, subject to circumstances outside the control of USEL.

We will follow the corporate governance requirements of an organisation with our NDPB status. Managing Public Money Northern Ireland has been circulated to the board and the whole management team to ensure it is widely known and followed.

We, with the support of our sponsoring branch and the Central Procurement Directorate, were recognised as having our own centre of procurement status for the procurement of the goods and

services which are unique in public sector terms. The new procurement manual was launched in December 2009 and we will be reviewing the effectiveness in the coming year to learn lessons and adapt it to a more meaningful process delivery tool for our dynamic business.

Our corporate vision is defined, our mission well established in our minds. We are entering the third year of our three year corporate plan and we intend to follow the plan as far as we can in the circumstances. During the coming year we will undertake a significant review of our forward vision to ensure we generate a sound and achievable three year plan for inception in 2011.

Our core strategy as a business is to become more sustainable, to that end we have defined two key strategies for the new management separation. The factory is to drive to break even and the Employment Services is to drive to retain profitability. These are challenging goals and ever more so difficult in the present climate, but with the right attitude, not impossible.

The impact of a new government and the necessity to do more with less is at the forefront of our minds at this time, however USEL provides an exceptionally important service to the wider community of Northern Ireland for people who need additional supports in such a climate, this message will be at the forefront of our drive into the new year.

Sam Humphries
Chief Executive
25th August 2010

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO
NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of Ulster Supported Employment Limited for the year ended 31 March 2010 under the Companies (Public Sector Audit) Order (Northern Ireland) 2008. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Taxpayers' Equity 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 the directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors 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 the Ulster Supported Employment Limited's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Ulster Supported Employment Limited; 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 the Assembly 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 the Assembly 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 the Ulster Supported Employment Limited's affairs as at 31 March 2010 and of its net expenditure, changes in taxpayer's equity and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards; and
- the financial statements have been prepared in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 2008 and Department of Employment and Learning 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 Department of Employment and Learning directions issued under Companies (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Directors' Report, Forward by Board Chairman, Audit Committee Commentary, Management Commentary and the unaudited part of the remuneration 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
- 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 Department of Employment and Learning's guidance.

Report

I have no observations to make on these financial statements.

*KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU*

6 September 2010

Ulster Supported Employment Limited

(A company limited by guarantee and not having a share capital)

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Net Expenditure Account for the year ended 31 March 2010

	Notes	2010 £	2009 £
Expenditure			
Staff costs	2	7,514,832	7,235,119
Depreciation		93,560	83,679
Other expenditure	3	944,428	970,614
		8,552,820	8,289,412
Income			
Income from activities	4	8,391,201	7,698,923
Other income		937	5,357
		8,392,138	7,704,280
Net Expenditure		(160,682)	(585,132)
Cost of capital	5	(29,752)	20,412
Interest receivable / (payable)	6	454	1,637
Other finance costs	7	(183,000)	(67,000)
Net Expenditure after Cost of Capital Charge, Interest and Other Finance Costs	8	(372,980)	(630,083)
Reversing credit in respect of notional costs	5	29,752	(20,412)
Net Expenditure attributable to DEL revenue account	15	(343,228)	(650,495)

There is no significant difference between the operating cost for the year and the net operating costs for the year attributable to DEL Revenue account stated above, and their historical cost equivalents.

The notes on pages 35 to 48 form part of these financial statements.

Ulster Supported Employment Limited

(A company limited by guarantee and not having a share capital)

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Statement of Financial Position at 31 March 2010

	Notes	2010 £	2009 £	2008 £
Non-Current Assets:				
Property, plant and equipment	9 (a)	1,618,337	2,031,478	1,829,504
Intangible assets	9 (b)	31,420	45,799	23,547
		1,649,757	2,077,277	1,853,051
Current assets				
Inventories	10	147,773	137,467	177,101
Trade and other receivables	11	1,771,204	1,282,054	1,466,384
Cash and cash equivalents	12	129,299	531	529
		2,048,276	1,420,052	1,644,014
Total assets		3,698,033	3,497,329	3,497,065
Current liabilities				
Trade and other payables	13	(1,544,149)	(1,193,340)	(1,431,448)
Non-current assets plus net current assets		2,153,884	2,303,989	2,065,617
Non-current liabilities				
Pension liabilities	20	(3,480,000)	(2,678,000)	(2,858,000)
Assets less liabilities		(1,326,116)	(374,011)	(792,383)
Reserves				
Department for Employment and Learning	15	(1,432,695)	(820,967)	(993,148)
Revaluation reserve	16	106,579	446,956	200,765
		(1,326,116)	(374,011)	(792,383)

For the year ending 31 March 2010 the company was entitled to exemption from audit under section 482 of the Companies Act 2006 relating to companies subject to public sector audit.

Directors' responsibilities: the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The company meets the Department of Finance and Personnel's definition of a non profit making company and is subject to a public sector audit under the Companies (Public Sector Audit) (Northern Ireland) Order 2003.

Approved by the Board of Directors on 25 August 2010

P Bagues
Chairman

The notes on pages 35 to 48 form part of these financial statements.

Supporting, Providing, Promoting Employment

**Statement of Cash Flows
for the year ended 31 March 2010**

	Notes	2010 £	2009 £
Cash flows from operating activities			
Net Expenditure		(160,682)	(585,132)
Adjustments for non cash transactions			
Depreciation and amortisation	9	93,560	83,679
Difference between pension charge and cash contributions		(270,000)	(79,000)
(Increase)/decrease in Inventories	10	(10,306)	39,634
(Increase)/decrease in trade and other receivables	11	(489,150)	184,330
Increase in Trade and other payables	13	556,233	29,326
Net cash outflow from operating activities		(280,345)	(327,163)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(6,417)	(62,593)
Proceeds of disposal of property, plant and equipment		-	879
Net cash outflows from investing activities		(6,417)	(61,714)
Cash flows from financing activities			
Grant from parent department	15	620,500	654,676
Interest paid	6	(131)	(1,796)
Interest received	6	585	3,433
Net financing		620,954	656,313
Net increase in cash and cash equivalents in the period		334,192	267,436
Cash and cash equivalents at the beginning of the period		(204,893)	(472,329)
Cash and cash equivalents at the end of the period	12	129,299	(204,893)

The notes on pages 35 to 48 form part of these financial statements.

**Statement of Taxpayers' Equity
 for the year ended 31 March 2010**

	Dept for Employment and Learning				Total Reserves
	Loan Account	General Fund	General Reserve	Revaluation Reserve	
	£	£	£	£	£
Balance at 1 April 2009	2,338,442	(3,169,409)	10,000	446,956	(374,011)
FRS 17 pension deficit		(889,000)			(889,000)
Grant from parent department		620,500			620,500
Retained deficit		(343,228)			(343,228)
Net loss on revaluation of property, plant and equipment				(340,377)	(340,377)
Balance at 31 March 2010	2,338,442	(3,781,137)	10,000	106,579	(1,326,116)

**Statement of Taxpayers' Equity
 for the year ended 31 March 2009**

	Dept for Employment and Learning				Total Reserves
	Loan Account	General Fund	General Reserve	Revaluation Reserve	
	£	£	£	£	£
Balance at 1 April 2008	2,338,442	(3,341,590)	10,000	200,765	(792,383)
FRS 17 pension deficit		168,000			168,000
Grant from parent department		654,676			654,676
Retained deficit		(650,495)			(650,495)
Net loss on revaluation of property, plant and equipment				246,191	246,191
Balance at 31 March 2009	2,338,442	(3,169,409)	10,000	446,956	(374,011)

Notes to the financial statements for the year ended 31 March 2010

1 Statement of accounting policies

The financial statements are prepared on a going concern basis in accordance with the accounting and disclosure requirements of the Companies Act 2006 and applicable accounting standards issued by the International Accounting Standards Board in a form directed by the Department for Employment and Learning with the consent of the Department of Finance and Personnel. Without limiting the information given, the accounts also comply with the accounting and disclosure requirements contained in the Northern Ireland Financial Reporting Manual (FReM) and accounting and disclosure requirements issued by the Department of Finance and Personnel. The particular accounting policies adopted are described below.

The effect of compliance with FReM in respect of the accounting for grant in aid is set out in note 15

Accounting convention

The financial statements are prepared on the accruals basis under the historical cost convention as modified by the revaluation of certain Non Current Assets and in accordance with approved accounting standards. Despite the deficit in the Statement of Financial Position arising from the impact of FRS 17 – Retirement Benefits, these accounts have been prepared on the going concern basis because the pension deficit does not require immediate funding in full. Contributions to the pension scheme continue to be made on the basis of recommendations made by the scheme actuary.

Property, plant and equipment and depreciation

Long leasehold buildings are stated at open market value and other Non-current assets are stated at net current replacement cost.

Tangible Non-current assets are depreciated on a straight-line basis at rates designed to write off the cost of these assets over their expected useful lives. The annual rates are based on the following useful lives:-

Long leasehold buildings - 50 years
Plant and office equipment, except information technology - 10 years
Information technology – 5 years
Motor vehicles - 4 years

During the year, the company revised the estimated useful life of information technology from 10 years to 5 years; the effect of this change was to increase the depreciation charge by £5,746.

Intangible assets and amortisation

Intangible Assets comprise software licenses which are stated at net current replacement cost. Intangible Assets are amortised on a straight-line basis over 5 years, this being their expected useful lives.

Inventories

Inventories are stated at current replacement cost or, if lower, at net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and, if appropriate, direct overheads.

Turnover

Turnover represents the invoice value of goods and services supplied to customers, excluding VAT.

VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM

Revenue and Customs and all VAT paid is recoverable from them.

Leases

The Company does not have any finance leases, only operating leases. Rentals payable are charged to the Net expenditure account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

Pension costs

The company operates a defined benefit scheme for its employees. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services.

The increase in the present value of the liabilities of the company's defined benefit pension scheme arising from employee service in the period is charged to the Net expenditure account. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs/income. Actuarial gains and losses are recognised in the Statement of Taxpayer's Equity.

Cost of capital

The financial statements include provision under interest payable and other charges for a notional interest cost of capital employed by the Company during the year, at 3.5% of the average capital employed. The credit entry corresponding to the notional cost of capital is shown as a reversing entry below the result for the year.

Taxation

The Company has been granted exemption from Corporation Tax on the basis it is a not for profit organisation

2 Staff numbers and related costs

	2010	2009
	£	£
Staff costs comprise:		
Wages and salaries	6,949,483	6,495,465
Redundancy payments	1,776	-
Social security costs	251,860	242,672
Other pension costs	311,713	496,982
	<u>7,514,832</u>	<u>7,235,119</u>

All employees had a permanent contract of employment. The average number of people in employment during the year (including executive directors) was as follows:

	2010	2009
	Number	Number
Average number of persons employed:		
Management and administration	34	34
Production distribution and sales	69	67
Employment support	560	591
	<u>663</u>	<u>692</u>

3 Other expenditure

	2010	2009
	£	£
Materials	317,270	350,800
Payments to hosts and sub-contractors	128,117	147,117
Light, heat and power	50,025	47,988
Rent and rates	30,787	21,159
Repairs	25,840	24,221
Tools	1,219	270
Telephone	18,664	18,705
Canteen	3,616	5,139
General expenses	37,959	32,222
Insurance	59,926	59,360
Advertising	21,925	16,617
Audit - internal audit	5,000	3,000
- external audit	7,197	12,352
Bad debts written off	3,685	5,467
Computer	39,798	22,008
Discount allowed	1,022	1,585
Motor expenses	61,418	57,960
Postage	12,000	8,764
Packing	180	555
Printing and stationery	25,799	19,984
Travel	10,546	8,596
Training	24,940	12,232
Legal and professional fees	15,954	8,882
Bank charges	2,527	2,797
Security costs	-	29,307
Consultancy fees	4,000	1,025
Provision for doubtful debts	-	28,100
Tutors	8,702	3,523
Loss on sale of Non-current assets	-	879
Provision for slow moving inventory	26,312	20,000
	944,428	970,614

4 Income from activities

	2010	2009
	£	£
Trading income	664,819	733,526
Contract services	437,365	427,469
Employment support	1,616,022	1,334,992
Contract income	5,672,995	5,202,936
	8,391,201	7,698,923

All sales are within the United Kingdom and Republic of Ireland.

Supporting, Providing, Promoting Employment

5 Notional cost of capital

The notional cost of capital is calculated as £29,752 payable (2009: £20,412 receivable).

The credit entry corresponding to the notional cost of capital is shown as a reversing entry below the result for the year.

6 Interest receivable / (payable)

	2010	2009
	£	£
Interest receivable	585	3,433
Interest payable	(131)	(1,796)
	454	1,637

7 Other finance costs

	2010	2009
	£	£
Expected return on pension scheme assets	380,000	489,000
Interest on pension scheme liabilities	(563,000)	(556,000)
Net cost / (return)	(183,000)	(67,000)

8 Deficit for the year

This is stated after charging/(crediting):

	2010	2009
	£	£
Auditors' remuneration - Internal audit	5,000	3,000
- External audit	7,197	12,352
Depreciation and amortisation	93,560	83,679
Loss on sale of Non-current assets	-	879
Interest receivable	(585)	(3,433)
Interest payable	131	1796

9 (a) Property, plant and equipment

	Long leasehold buildings	Plant and office equipment	Motor vehicles	Total
	£	£	£	£
Valuation				
At 1 April 2009	2,201,674	575,417	43,739	2,820,830
Additions	-	6,417	-	6,417
Revaluations	(387,183)	(13,573)	-	(400,756)
At 31 March 2010	1,814,491	568,261	43,739	2,426,491
Depreciation				
At 1 April 2009	301,674	443,939	43,739	789,352
Charged in the year	48,269	30,912	-	79,181
Revaluations	(53,050)	(7,329)	-	(60,379)
At 31 March 2010	296,893	467,522	43,739	808,154
Net book value				
At 31 March 2010	1,517,598	100,739	-	1,618,337
At 31 March 2009	1,900,000	131,478	-	2,031,478

The company's long leasehold buildings were revalued at 19 February 2009 on the basis of open market value for existing use by Whelan (Property Consultants) Limited, independent Chartered Surveyors. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom. At 31 March 2010, Long leasehold buildings were revalued using indices obtained from Land and Property Services in Northern Ireland for buildings of a similar nature; Plant and office equipment were revalued using indices published by the Office of National Statistics.

All the Non-current assets are owned by the Company. There are no leased assets.

(a) Property Plant and Equipment (continued)

	Long leasehold buildings £	Plant and office equipment £	Motor vehicles £	Total £
Valuation				
At 1 April 2008	1,930,138	566,122	43,739	2,539,999
Additions	25,345	12,523	-	37,868
Disposals	-	(3,228)	-	(3,228)
Revaluations	246,191	-	-	246,191
At 31 March 2009	2,201,674	575,417	43,739	2,820,830
Depreciation				
At 1 April 2008	258,318	415,781	36,396	710,495
Charged in the year	43,356	30,507	7,343	81,206
Disposals	-	(2,349)	-	(2,349)
At 31 March 2009	301,674	443,939	43,739	789,352
Net book value				
At 31 March 2009	1,900,000	131,478	-	2,031,478
At 31 March 2008	1,671,820	150,341	7,343	1,829,504

9 (b) Intangible assets

	Software Licenses £
Valuation	
At 1 April 2009 and 31 March 2010	61,694
Amortisation	
At 1 April 2009	15,895
Charged in the year	14,379
At 31 March 2010	30,274
Net book value	
At 31 March 2010	31,420
At 31 March 2009	45,799

Intangible assets (continued)

	Software Licenses £
Valuation	
At 1 April 2008	36,969
Additions	24,725
At 31 March 2009	61,694
Amortisation	
At 1 April 2008	13,422
Charged in the year	2,473
At 31 March 2009	15,895
Net book value	
At 31 March 2009	45,799
At 31 March 2008	23,547

10 Inventories

	2010 £	2009 £	2008 £
Raw materials	78,313	102,267	125,025
Work in progress	1,321	672	4,985
Finished goods	68,139	34,528	47,091
	147,773	137,467	177,101

11 Trade and other receivables

	2010 £	2009 £	2008 £
Receivables - trade	704,359	396,016	483,538
- employment support	521,474	313,706	322,112
Retention monies outstanding from DEL	445,890	469,350	581,332
Other receivables	80,652	88,467	62,582
Prepayments and accrued income	18,829	14,515	16,820
	1,771,204	1,282,054	1,466,384

12 Cash and cash equivalents

	2010 £	2009 £	2008 £
Cash and cash equivalents	129,299	531	529
Bank overdraft	-	(205,424)	(472,858)
	129,299	(204,893)	(472,329)

Cash and cash equivalents are all held as either cash in hand or as deposits with commercial banks.

Ulster Supported Employment Limited

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13 Trade and other payables

	2010	2009	2008
	£	£	£
Bank overdraft	-	205,424	472,858
Trade payables	216,486	31,228	17,918
Value Added Tax	148,578	151,121	163,519
Other taxation and social security	78,933	82,217	83,876
Other payables	13,084	44,196	874
Accruals and deferred income	1,087,068	679,154	692,403
	1,544,149	1,193,340	1,431,448

14 Members' liability

Each member of the Company is liable to contribute, in the case of a winding up, a sum not exceeding £1. The number of members at the Statement of Financial Position date was 6.

15 Department for Employment and Learning

	2010	2009	2008
	£	£	£
Loan Account			
Balance at beginning of year	2,338,442	2,338,442	2,281,837
Advances in the year	-	-	56,605
Balance at end of year	2,338,442	2,338,442	2,338,442
General Fund			
Balance at beginning of year as previously stated	(3,169,409)	(3,341,590)	(3,028,819)
Prior year adjustment			721,410
FRS 17 pension surplus / (deficit)	(889,000)	168,000	(1,023,000)
Department for Employment and Learning – Revenue Grant in aid	620,500	654,676	556,916
Deficit for the year	(343,228)	(650,495)	(568,097)
Balance at end of year	(3,781,137)	(3,169,409)	(3,341,590)
General Reserve			
Balance at beginning of year and at end of year	10,000	10,000	10,000
Funded by Department for Employment and Learning	(1,432,695)	(820,967)	(993,148)

The loan is advanced by the Department for Employment and Learning and is secured by a charge on the Company's undertakings and all its property both present and future under a debenture dated 22 March 1963. The general fund includes USEL's accumulated net deficit which is supplemented by the DEL.

The asset reserve represents funding set aside by the Board to address the requirement to maintain the property of the company but for which no obligation exists at the 31 March 2010.

Impact of the new FreM requirement

The adoption of the presentation requirements of the Government Financial Reporting Manual (FRoM) has led to grant-in-aid funding (revenue or capital) being treated as a contribution from the Department for Employment and Learning which gives rise to a financial interest in the residual interest of the body, and hence should be accounted for as financing i.e. being credited in the General Fund reserve rather than on the face of the Net expenditure account.

16 Revaluation reserve

	2010	2009	2008
	£	£	£
Balance at 1 April 2009	446,956	200,765	200,765
Revaluation of buildings, plant and equipment	(340,377)	246,191	-
Balance at 31 March 2010	106,579	446,956	200,765

17 Capital commitments

At 31 March 2010 authorised future capital expenditure amounted to £Nil (2009: £Nil). The company has no capital commitments at 31 March 2010 (2009: £Nil).

18 Commitments under leases

At 31 March 2010 the company had annual commitments under non-cancellable operating leases expiring as follows. Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	Plant and office equipment 2010	Plant and office equipment 2009	Property 2010	Property 2009
	£	£	£	£
Not later than one year	-	-	20,800	20,800
Later than one year and not later than five years	-	-	28,100	48,900
Later than five years	-	-	-	-
	-	-	48,900	69,700

The Company does not have any finance leases.

19 Financial performance targets

The Department for Employment and Learning does not consider it appropriate to set financial targets for Ulster Supported Employment Limited.

20 Commitment to pension fund

The company operates a defined benefit pension scheme in the UK for its employees. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the Net expenditure account so as to spread the cost of the pension over employees' working lives with the company. The contributions to the main scheme are determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method. The latest full actuarial valuation was carried out as at 5 April 2006 and updated to 31 March 2010 by a qualified independent actuary.

Change in benefit obligation

	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000
Benefit obligation at beginning of year	8,203	9,391	8,257
Current service cost	362	489	477
Interest costs	563	559	460
Plan participants' contributions	233	216	215
Actuarial losses / (gains)	2707	(2,243)	147
Benefits paid	(188)	(209)	(165)
Benefit obligation at end of year	11,880	8,203	9,391

Analysis of defined benefit obligation

Plans that are wholly or partly funded	11,880	8,203	9,391
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Change in plan assets

	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'00
Fair value of plan assets at beginning of year	5,525	6,533	6,328
Expected return on plan assets	380	492	486
Actuarial (gains) / losses	1,818	(2,075)	(876)
Employer contribution	632	568	545
Member contributions	233	216	215
Benefits paid	(188)	(209)	(165)
Fair value of plan assets at end of year	8,400	5,525	6,533

Funded status

	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000
Unrecognised past service cost / (benefit)	(3,480)	(2,678)	(2,858)
Net amount recognised	(3,480)	(2,678)	(2,858)

Components of pension cost

	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'00
Current service cost	362	489	477
Interest cost	563	559	460
Expected return on plan assets	(380)	(492)	(486)
Total pension cost recognised in the Net expenditure account	545	556	451
Actuarial losses / (gains) immediately recognised	889	(168)	1,023
Total pension cost recognised in the Statement of Taxpayers' Equity	889	(168)	1,023
Cumulative amount of actuarial losses / (gains) immediately recognised	510	(379)	(211)

Plan assets

The weighted-average asset allocation at the year-end were as follows:

Asset category	31 March 2010
Equities	69%
Bonds	30%
Real estate	0%
Cash	1%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

Actual return on plan assets

**31 March 2010
£'000
2,198**

Weighted average assumptions used to determine benefit obligations at:

	31 March 2010 %	31 March 2009 %	31 March 2008 £'00
Rate of increase in salaries	4.80	4.50	4.50
Rate of increase of pensions in payment	3.70	3.50	3.50
Rate of increase of pensions in deferment	3.80	3.50	3.50
Discount rate	5.70	6.70	5.80
Inflation assumption	3.80	3.50	3.50

**Weighted average assumptions used to determine net pension cost for the year ended:
31 March 2010**

Discount rate	6.70%
Expected long-term return on plan assets	6.48%
Rate of compensation increase	4.50%
Rate of increase of pensions in payment	3.50%
Inflation	3.50%

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	31 March 2010	
	Male	Female
Member age 65 (current life expectancy)	19.0	21.5
Member age 45 (life expectancy at age 65)	20.1	22.5

Five year history

	Financial year ending in				
	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Benefit obligation at end of year	11,880	8,203	9,391	8,257	7,779
Fair Value of plan assets at end of year	8,400	5,525	6,533	6,328	5,346
Surplus / (deficit)	(3,490)	(2,678)	(2,858)	(1,929)	(2,433)
Difference between actual and expected return on assets:					
Amount (£'000)	1,818	(2,075)	(876)	216	792
Percentage of scheme assets	22%	-38%	-13%	3%	15%
Experience gains and (losses) on scheme liabilities:					
Amount (£'000)	459	(18)	17	21	(4)
Percentage of scheme assets	4%	0%	0%	0%	0%

The agreed contribution rate for the current year is 19%.

21 Related party transactions

Ulster Supported Employment Limited is a Non-Departmental Public Body (NDPB) sponsored by the Department for Employment and Learning. The Department for Employment and Learning is regarded as a related party. During the year, Ulster Supported Employment Limited has had various transactions with the Department and with other entities for which the Department for Employment and Learning is regarded as the parent Department.

None of the board members, members of the key management staff or other related parties have undertaken any material transactions with Ulster Supported Employment Limited during the year.

Ulster Supported Employment Limited

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The following balances included in Ulster Supported Employment Limited's accounts relate to transactions with the Department for Employment and Learning.

		Balance due from DEL (ES)	Balance due from/(to) DEL	Retentio n monies due	Loan	Grants Received
Department for Employment and Learning						
31 March 2010	£	521,474	88,829	445,890	(2,338,442)	620,500
31 March 2009	£	313,706	118,447	469,350	(2,338,442)	654,676

22 Emoluments of directors and senior management

	Salary including performance pay	Benefits in kind	Total accrued pension at 65 at 31 March 2009	Total accrued pension at 65 at 31 March 2010	Cash equivalent transfer value at 31 March 2009	Cash equivalent transfer value at 31 March 2010	Real increase in CETV during the year
	£	£	£	£	£	£	£
P Bogue	4,764	-	-	-	-	-	-
B Mc Murray	1,964	-	-	-	-	-	-
MC Gibson	1,455	-	-	-	-	-	-
B Maitland	1,292	-	-	-	-	-	-
J Smyth	1,509	-	-	-	-	-	-
A Thomson	Nil	-	-	-	-	-	-
S Humphries	69,582	609	3,343	4,735	32,615	50,057	12,637

"Salary" includes gross salary and other benefits in kind subject to UK taxation.

Only Mr S Humphries accrues a pension; this is under a defined benefit pension scheme.

The company operates a uniform pension scheme providing benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for each year of service. The contributions to the scheme are determined by a qualified actuary based on triennial valuations using the Entry Age Normal Method and at present members pay contributions of 7% of pensionable earnings and the company pays 19%. Pensions increase annually in line with the Retail Prices Index up to a maximum of 5%. On death, pensions are payable to a surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of three times pensionable pay and a spouse's pension equal to one half the member's prospective pension.

23 Taxation

The Company is registered as a charity for tax purposes and, as such, is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried on in furtherance of its primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Ulster Supported Employment Limited (A company limited by guarantee and not having a share capital)

24 Segmental Reporting

Department	Factory Operation £	Employment Services £	Other £	Total £
Expenditure	1,964,885	6,300,629		8,265,514
Income	1,637,184	6,912,162		8,549,346
Net Income / (Expenditure) per Management Accounts	(327,701)	611,533		283,832
Depreciation			(93,560)	(93,560)
Grant in Aid financing reported through Reserves per FReM	(620,500)			(620,500)
Net actuarial adjustments per IFRS19			87,000	87,000
Net Operating Cost per Operating Cost Statement	(948,201)	611,533	(6,560)	(343,228)

The Chief Operating Decision Maker is the Chief Executive, reporting to the non-executive Board of Directors. The Chief Executive receives on a monthly basis Key Performance Indicators which include the monthly management accounts. These monthly management accounts exclude depreciation, FReM adjustments in respect of grant in aid and year end pension adjustments under FRS 17. These items are excluded in order to properly compare the results with the Budget as agreed by DEL which also excludes those items i.e. it is a cash items Budget.

The **Factory Operation** manufacturers bedding products, industrial sewing products as contracts out some employees to carry out close circuit television monitoring on behalf of third parties.

Employment Services operate employment programmes on behalf of DEL; these programmes are awarded through commercial tenders.

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Appendix 1

**Accounts Direction given by the Department for Employment and Learning
with the Approval of DFP**

Ulster Supported Employment Limited shall prepare accounts for the financial year ended 31 March 2006 and subsequent financial years comprising:

- (a) a foreword;
- (b) a Net expenditure account;
- (c) a Statement of Financial Position;
- (d) a Statement of Cash flows; and
- (e) a Statement of Taxpayers' Equity

including such notes as may be necessary for the purposes referred to in the following paragraphs.

The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year.

Subject to this requirement, the accounts shall be prepared in accordance with:

- (a) generally accepted accounting practice in the United Kingdom (UK GAAP);
- (b) the disclosure and accounting requirements contained in "The Fees and Charges Guide" (in particular those relating to the need for appropriate segmental information for services or forms of service provided) and in other guidance which DFP may issue from time to time in respect of accounts which are required to give a true and fair view;
- (c) the accounting and disclosure requirements given in "Governmental Accounting Northern Ireland" and in "Executive NDPBs: Annual Reports and Accounts Guidance", as amended or augmented from time to time.

insofar as these are appropriate to Ulster Supported Employment Limited and are in force for the financial year for which the statement of accounts is to be prepared.

Clarification of the application of the accounting and disclosure requirements of the Companies Act 2006 and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.

The income and expenditure account and Statement of Financial Position shall be prepared under the historical cost convention modified by the inclusion of:

- (a) Non-current assets at their value to the business by reference to current costs, and
- (b) Inventories at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

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Appendix 1

Schedule 1

Application of the Accounting and Disclosure Requirements of the Companies Act 2006 and Accounting Standards

Companies Act 2006.

- 1 The disclosure exemptions permitted by the Companies Act 2006 shall not apply to Ulster Supported Employment Limited unless specifically approved by DFP.
- 2 The Companies Act 2006 requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to Ulster Supported Employment Limited shall be contained in the foreword.
- 3 When preparing its income and expenditure account, Ulster Supported Employment Limited shall have regard to the profit and loss account format prescribed in the Companies Act 2006.
- 4 When preparing its Statement of Financial Position, Ulster Supported Employment Limited shall have regard to Statement of Financial Position format prescribed in the Companies Act 2006. The Statement of Financial Position totals shall be struck at "Total assets less current liabilities".
- 5 Ulster Supported Employment Limited is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies Act 2006.
- 6 The foreword and Statement of Financial Position shall be signed by the accounting officer and dated.

Accounting Standards

- 7 Ulster Supported Employment Limited is not required to include a note showing historical cost profits and losses as described in FRS 3.

Schedule 2

Additional disclosure requirements

- 1 The foreword shall, inter alia:
 - (a) state that the accounts have been prepared in a form directed by the Department for Employment and Learning with the consent of DFP; and
 - (b) include a brief history of Ulster Supported Employment Limited and its statutory background.
- 2 The notes to the accounts shall include details of the key corporate financial targets set by the Department together with the performance achieved.

Ulster Supported Employment Limited
(A company limited by guarantee and not having a share capital)

Appendix 2

**Profit and loss account
for the year ended 31 March 2010**

	2010	2009
	£	£
Turnover (including grant income)	9,011,702	8,302,910
Operating expenses	(8,735,825)	(8,284,733)
Operating profit	275,877	18,177
Interest receivable and similar income	1,395	6,994
Profit on ordinary activities before taxation	277,272	25,171
Taxation	-	-
Profit on ordinary activities after taxation and retained loss for the year	277,272	25,171

The profit and loss account has been prepared on the basis that grant in aid from the Department for Employment and Learning is treated as turnover rather than financing as required under the Financial Reporting Manual and are for illustrative purposes only of the underlying trading position.

This statement does not form part of the audited accounts.