

**Ulster Supported Employment Limited**  
**Annual report**  
**for the year ended 31 March 2013**

# Ulster Supported Employment Limited

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

## Annual report for the year ended 31 March 2013

	Pages
Directors and advisers	1
Directors' Report	2 - 7
Foreword by Board Chairman	8 - 9
Audit Committee Report	10 - 11
Management Commentary (Chief Executives Report)	12 - 25
Remuneration Report	26 - 27
Governance Statement	28 - 31
Independent auditors' Report	32 - 33
Statement of Comprehensive Net Expenditure	34
Statement of Financial Position	35
Statement of Cash Flows	36
Statement of Changes in Taxpayers' Equity	37
Notes to the financial statements	38 - 52
Appendix 1 – Accounts direction given by the Department for Employment and Learning	53 - 54
Appendix 2 – Profit and Loss account in Companies Act 2006 format	55

# **Ulster Supported Employment Limited**

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

1

## **Directors and advisers**

### **Directors**

Judith Kelly	Appointed 1 <sup>st</sup> July 2010
Jim Perry (Chairman)	Appointed 1 <sup>st</sup> August 2012
Gavin Adams	Appointed 11 <sup>th</sup> April 2012
Aidan Bennett (Audit Committee Chair)	Appointed 11 <sup>th</sup> April 2012
Trevor Hinds	Appointed 1 <sup>st</sup> January 2013
Donald MacKay	Appointed 26 <sup>th</sup> February 2013

Mr P Bogues (Past Chairman)	Retired 31 <sup>st</sup> July 2012
Mr B McMurray (Past Audit Committee Chair)	Retired 31 <sup>st</sup> December 2012
Ms B Maitland	Retired 15 <sup>th</sup> March 2013

### **Chief Executive and Accounting Officer**

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 Linenhall 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 2013**  
**Prepared by David Macedo, Company 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 Employment Service (DES). 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 12-31.

On the issue of risk, the management team review risk as part of the monthly management team meeting. This is then, where appropriate updated within the risk register and 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.

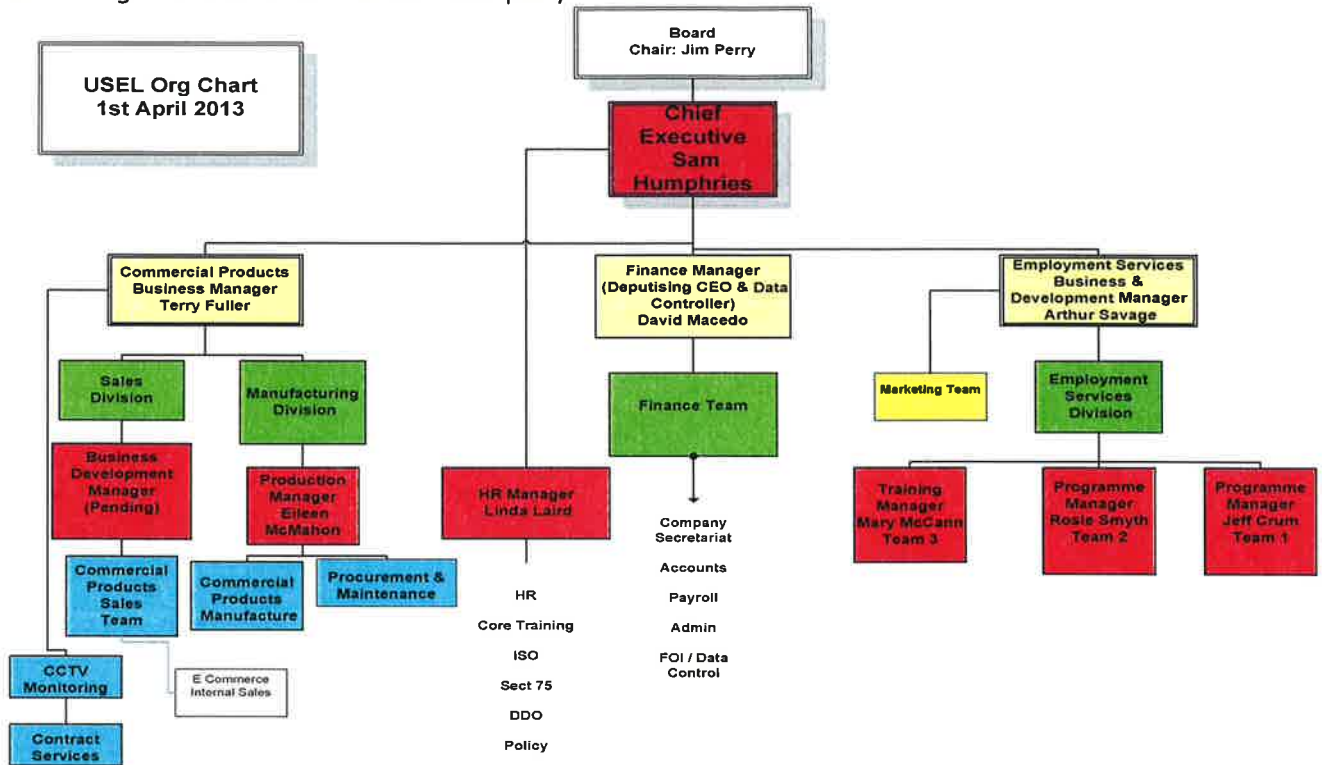
**Results for the year**

The results for the financial year are set out in the Statement of Comprehensive Net Expenditure on page 34. The deficit for the year was £643,569 (2012: £849,838). 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 following the 2009 actuarial valuation of the scheme. On this basis, the Directors consider the Company's financial position at the Statement of Financial Position date to be satisfactory.

**Director’s report for the year ended 31 March 2013 (continued)**

**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 6.6% (2012: 8%). This is a slight decrease compared to the previous year and is testament to some of the positive impacts which a more harmonised employee engagement process delivers.

**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 a 12 - 14 weekly cycle. Employees are presented with information on all aspects of the business and given the opportunity to ask questions of 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.

A new Employee engagement initiative began in 2012 under the theme of Health and Wellbeing, this has led to employee driven activities which will be expanded upon further in this annual report.

# **Ulster Supported Employment Limited**

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

4

## **Director's report for the year ended 31 March 2013 (continued)**

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 manage and maintain a review of its environmental footprint. In 2012 we migrated from Green Dragon to BS8555:2003 Phase 2 environmental management system and following audit we received accreditation in this discipline. We also undertook a second engagement in the Arena Network Environmental Bench Mark Survey across Northern Ireland, improving on our last year performance moving from a quintile 3 to a quintile 2 position, as measured against the Arena Network benchmark and our peers. 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.

Our policy of locating Employment Services officers in the geographic offices close their client base continues and this year has yielded a reduction in our mileage consumption of 2%.

### **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 is 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 2013 is 21 days (2012: 27 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 Jim Perry 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. The pension benefits package is reviewed every three years following the actuarial review which commenced on 5<sup>th</sup> April 2012. Any proposed changes as a result will be reported in the 2013-2014 annual report.

**Director's report for the year ended 31 March 2013 (continued)**

**Policy towards disabled employees**

Information regarding employees is provided on pages 12 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**

There was a significant change in the Directors team over the past year with new appointments as other terms came to an end:

**Current Service:**

***Jim Perry – Chairman (Appointed 1<sup>st</sup> August 2012)***

James Perry MSc FCA is a Chartered Accountant and is currently self-employed, with an interest in a small family business. He is the newly appointed chair of the Northern Ireland Social Care Council and also a Non-Executive director for the Pharmaceutical Council NI. He is also currently a non-executive Director of Ballymena Business Centre. Mr Perry previously held post as Chair of the Board of Governors of Ballymena Academy, is a past Associate with the Centre for Competitiveness, and was previously employed as Corporate Services Director with the Northern Ireland Tourist Board. Mr Perry worked for nearly 20 years as a Senior Manager with Northern Ireland Electricity (NIE).

***Aidan Bennett – Finance Director & Audit Committee Chair (Appointed 11<sup>th</sup> April 2012)***

Aidan Bennett was appointed as a Director of USEL in April 2012. Aidan is a qualified Company Director with an extensive background in delivering major IT change programmes across both the Public and Private Sectors. Since 2008 he has been Regional Director of Sectra Ltd, a Swedish medical IT company providing digital imaging solutions to hospitals throughout Ireland. Aidan was appointed Finance Director and Audit Chair in December 2012.

***Judith Kelly – Director (Appointed 1<sup>st</sup> July 2010)***

Judith was appointed as Board Member in July 2010. She has 20 years experience in Financial Services most recently as Head of Online & Telephone Banking for Ulster Bank responsible for the communication, marketing & development of remote banking channels in Ireland. Judith is currently a parent Governor at Meadow Bridge Primary School, Hillsborough. Judith is also an Associate Member of the Chartered Institute of Personnel & Development and a Licentiate Member of the Institute of Bankers in Ireland.

# Ulster Supported Employment Limited

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

6

## **Director's report for the year ended 31 March 2013 (continued)**

### ***Gavin Adams – Director (Appointed 11<sup>th</sup> April 2012)***

Gavin Adams was appointed as a Director of USEL in April 2012. He is currently Senior Manager for Business Development for the Royal National Institute of Blind People, where he is responsible for fundraising, finance, resource centres and marketing for the organisation. He was previously Head of Programmes with the Big Lottery Fund.

### ***Trevor Hinds – Director (Appointed 1<sup>st</sup> January 2013)***

Mr Hinds is the Principal at Trevor Hinds Consultancy. He is a member of the Agri-foods and Biosciences Institute's Board since April 2010 and a Board Member of Drainage Council for NI since February 2012. He has previously been a Director in Pricewaterhouse Coopers (PwC) and was a General Manager and Company Secretary for International Factors (NI) Ltd, a wholly owned subsidiary of Bank of Ireland. Mr Hinds is currently a Board Member and Trustee of Mindwise Limited and a Board Member of North City Training Ltd.

### ***Donald MacKay – Director (Appointed 26<sup>th</sup> February 2013)***

Mr Donald Mackay is a former senior manager in the Northern Ireland Fire and Rescue Service (NIFRS). He continues his role as a senior examiner/marker with the Institute of Fire Engineers (IFE). He has previously held a position as local councillor on Craigavon Borough Council. Mr Mackay is a current member of the Southern Regional College Board of Governors and has a vast array of knowledge and experience, working as Senior Fire Officer and also through the work in the community as an elected representative.

## **Retirees in 2012-2013 year:**

### ***Patrick Bagues – Chairman (Retired 31<sup>st</sup> July 2012)***

Patrick Bagues 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 2006 with a second term extension in 2009 to September 2012. Patrick is the owner of a number of retail jewelers shops. He is actively involved in the retail jewelry industry as a Fellow of the Gemological 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 (Retired 31st December 2012)***

Brian McMurray has been involved as a Chief Executive in several major private sector companies - most notably Rank Hovis McDougall, Courtaulds Textiles, Moygashel Linens and latterly Abbcil Springs. He holds the following public appointments - Non Executive Director of Business Services Organisation, Director of Action Mental Health and Chairman of Roe Valley Enterprise Agency.

### ***Brenda Maitland – Director (Retired 15<sup>th</sup> March 2013)***

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.



# Ulster Supported Employment Limited

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

7

## Director's report for the year ended 31 March 2013 (continued)

### 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; and
- 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. The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

### Auditors

Under the Companies (Public Sector Audit) Order (Northern Ireland) 2013 USEL is 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**  
**24<sup>th</sup> June 2013**



**Foreword by James Perry,  
Board Chairman**

The Annual Report and Accounts for USEL (Ulster Supported Employment Ltd) covers the period 1st April 2012 to 31st March 2013.

The Vision of our organisation is 'to be the best at assisting people with disabilities meet their employment aspirations'. This is appropriately described in our ethos statements:.....

*...Supporting* people with disabilities or health related conditions in the workplace through a range of employment programmes

*...Providing* employment to people with disabilities through the operation of a manufacturing division

*...Promoting* accredited training qualifications to enable people with disabilities or health related conditions move into or return to the workplace.

The economic environment within which USEL operates is as challenging as at any time in our 50 year history. It is testament to the skill and dedication of all of our staff that we continue to be able to deliver a solid creditable performance.

Having taken over as Chairman in August 2012 it is my privilege to have the opportunity to work with my fellow board members in charting an appropriate and sustainable direction for our organisation. There has been significant change at Board level over the last year. Mr Patrick Bagues retired as Chairman after serving as a member of the Board for almost 10 years. His contribution was immense and he was a highly respected ambassador for the organisation. We offer our thanks to Patrick for the part he played during his tenure and we offer him our best wishes for the future.

We have also said farewell to two other Board members. Mr Brian McMurray retired in December 2012. As Finance Director, Brian chaired our Audit Committee and, in this role, he took responsibility for overseeing the key governance arrangements for the organisation. His keen business acumen was appreciated by all of his fellow Board members. Brenda Maitland retired from the Board in March 2013. Brenda's pragmatism was always recognised in Board discussions and she offered an important challenge function throughout her tenure. To Brian and Brenda we offer our thanks and best wishes.

We are delighted to welcome three new non-executive directors. Mr Aidan Bennett and Dr Gavin Adams joined the Board in April 2012 and have very quickly come to terms with the key business challenges which we face. They have quickly recognised the key business challenges and their business expertise and experience will be important as we attempt to strategically position USEL to be able to take advantage of emerging commercial opportunities.

Mr Trevor Hinds joined us in January 2013 and Mr Donald Mackay was appointed to the Board in March 2013. We look forward to the knowledge and expertise which they will bring to board deliberations – they have immense experience in both the private and public sectors.

Judith Kelly is now the longest serving member of the Board and her understanding of Board operations will be invaluable to those of us who have been appointed over the last year. The Board is committed to ensure that the USEL business model is capable of withstanding the challenges which lie ahead. We very much respect all that has already been achieved but we are realistic about the difficult environment within which we now operate. We are nevertheless optimistic about the future of our organisation. Through developing appropriate partnership arrangements we believe that there will be many new opportunities for us to continue to support, provide and promote employment opportunities for people with disabilities.

**Foreword by Board Chairman (continued)**

We believe that there is still an important role to play in supporting the core aims of our parent Department DEL. As a Non-Departmental Public Body there are clear accountability arrangements in place to ensure that USEL carries out its business in a manner which is appropriate for a partly publicly-funded body.

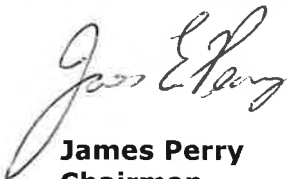
There are appropriate monitoring arrangements and we very much appreciate the manner in which those arrangements have been undertaken over the last year. The Board and senior management team continue to work closely with the Departmental representatives to ensure that we develop an appropriate framework of objectives and targets which are consistent with the Department's wider strategic aims and current Public Service Agreement objectives and targets.

Although the board has overall responsibility for charting the organisation's strategic direction we recognise the important role which the senior management team plays in managing the process of change. During this last year the Board is encouraged by the enthusiastic manner in which the senior managers have embraced new opportunities and have developed a keen understanding of the new environment within which we will now be operating with the recent and pending welfare benefit changes. We are confident that we have the key skills and expertise that will allow us to adapt to whatever challenges may lie ahead.

Against the backdrop of a challenging economic environment during the last 12 months it is encouraging to note some of the key results which have been achieved, including significant growth in web sales and also sales of wholesale satchels. It is hoped to further develop these income streams over the year ahead.

Over 1400 hundred clients were supported by the Employment Services Division with 120 of these securing new employment opportunities.

The Board continues to appreciate the support given by our Minister, Dr Stephen Farry and all of the officials in the Department. We were also pleased to welcome members of the Employment and Learning Committee to our premises at Cambrai Street in November. As an organisation we remain committed to achieving our key objectives and deliver value for money in terms of the public investment in our business.



**James Perry**  
**Chairman**  
**24th June 2013**

**Audit Committee Report by Aidan Bennett**  
**Chair of Audit Committee**



**Chairman's Forward:**

I would firstly like to acknowledge the work of my predecessor Mr Brian McMurray and thank him for his work through the first half of this year. I have taken up the reins as of December 2012 and I look forward to building upon the solid foundations which the committee has already established.

I would also like to thank the members of the audit committee for their support, 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. The members are supported by the Chief Executive and the company's Finance Manager who attend each meeting.

While the committee has the utmost confidence in the CEO and FM, as part of our process it is now our standing protocol that the committee and auditors will meet once per year in the absence of the CEO and FM. This is to facilitate direct feedback from the auditors, the NIAO, our internal auditors currently ASM, and the sponsoring branch departmental representative, on any matters which may be compromised due to the attendance of the executive.

**Terms of Reference:**

The terms of reference remain:

- 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.
- To receive the CEO audit committee report
- To maintain a register of members with appointment dates noted
- To review the financial statements

**Committee Meetings:**

The audit committee generally meets on the same day and just prior to the main Board meeting. The committee met on three occasions in the year to carry out the functions as described under the terms of reference. I am happy to report we had 86% attendance at these meetings of the members of the committee with 100% attendance of the Chief Executive and Finance Manager.

As from 1<sup>st</sup> April 2013 the committee will now meet for an extra half hour to facilitate new topics and provide a more comprehensive time for reviewing the financial performance and standing of the company.

**Audit Committee Report (continued)**

**Internal Audit Report:**

The internal audit programme for this year included:

Area	Appendix	Level of assurance	Number of recommendations
Employment programmes delivery	A	Satisfactory	9
Income, debtors, working capital and financial management	B	Satisfactory	2

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 at the meeting held on 27<sup>th</sup> June 2012. The report provided an unqualified opinion on the accounts for the year to 31<sup>st</sup> March 2012. Under the Companies (Public Sector Audit) Order (Northern Ireland) 2008 USEL is subject to a public sector audit by the Comptroller and Auditor General (C&AG).

**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 applicable during the 2012 – 2013 financial year.

The Executive implemented the recommended change in the risk register in this financial year. This update adds significant value to the presentation of the company risk management processes.

The audit committee is provided with the new format risk register update bi-annually which 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.

**Conflicts of interest:**

At each meeting the members are invited to declare any known information which could pose a conflict of interest. No such interests were declared during 2012 - 2013.

I would like to conclude by once again acknowledging the input from the Chief Executive and the 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.



**Aidan Bennett**  
**Audit Committee Chair**  
**24<sup>th</sup> June 2013**



## Management Commentary by the Chief Executive

This report deals with our activities from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013.

*"In this country we will never think of sport the same way and we will never think of disability the same way, the Paralympians have lifted the cloud of limitation."*

**(Sebastian Coe, Chairman of London 2012 Olympics and Paralympics Games committee)**

Lord Coe summed up what we in USEL have always known, that people who are encouraged, motivated and where appropriate assisted, in spite of their barriers and difficulties can and do, on a daily basis, surpass such limitations placed upon them by others and sometimes even themselves. These are the people with whom we engage each and every day. In a recent time of incredibly bad weather many of our disabled employees were so determined to get to work that they forsook the second bus of their normal journey and walked the final leg to be sure they got to work and fulfilled their task for that day to ensure customers received their products.

Such a spirit is key for them and for the teams supporting them. It is a key ingredient in the teams which very often in such reports go unnoted, the front line teams, the back office teams and the core business finance and admin teams. I want to formally acknowledge the efforts of those in the USEL teams who work so tirelessly to ensure our employees, clients and host companies receive the support they need. Many of the USEL team go beyond the call of their job role to ensure things get done on time and with a high quality output. We knew this financial year would be challenging from the start, we set a determined goal to achieve budget but we recognised there were numerous unknowns already on the horizon. During the year we experienced two key revenue stream impacts which while budgeted were not going to be delivered due to circumstances outside our control. So the teams re-organised, re-focussed and replaced that income. It is at some pain that I note that our final result does not fully do justice to the effort the teams put in to recover from this impact. The final outcome we now report is an £84,000 loss (2011-2012 £203,000 loss) before depreciation, FRem adjustments and IAS 19 pension costs.

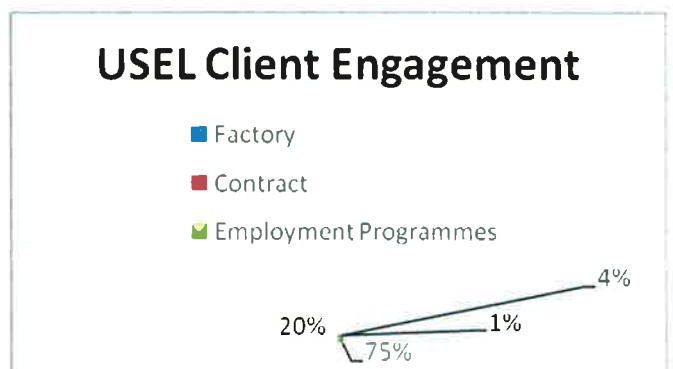
## Primary Objective



Our core mission is to be the best at all we do. Primarily at delivering our employee and client aspirations. 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.

USEL engages with people across Northern Ireland in pursuit of our core vision and Mission. This year we supported 1416 people who were seeking, preparing for or actively in employment.

The chart again demonstrates that the largest majority of the people with whom we engage are outside the organisation. But it is important to note that while the majority are without USEL, there are some 100 people who rely on USEL for their continued employment. Some 70% of which live with a disability or health condition.



## Management Commentary (continued)

This gives USEL a unique perspective on delivering our services as we have practiced what we preach for some 51 years now. It means our ethos statement is a true reflection of our core service delivery which is Employment.



### 1: Supporting:

Under this ethos statement tag we deliver supported employment programmes to a wide range of clients. We have noted over the years that following the changes in the government's plans through Welfare to Work reforms we are engaging with a wider client demographic.

Through mechanisms such as Incapacity Migration and Employment and Support Allowance we now support many clients who may not naturally have been on our client engagement radar in the past. We engage with numerous clients who have more societal barriers to overcome, but given our

experience we believe we are well placed to understand the issues this group of clients will have as they seek out employment.

### Employment Services Division:

This division comprises three department teams which are loosely demarked by the programme delivery each is engaged with. These are no longer fixed, due to the need to maximise the geographic location of our offices and programmes available through each office.

Team 1: This team primarily delivers the programmes which require longer term intervention and support for clients and the host companies. Building long term relationships is key to ensuring an effective employment continuum is achieved. The Employment Support programme and Workable NI both require such a skill set to be applied. Through these two programme streams alone this year we have supported over 600 people and seen some 28 new jobs sustained.

Team 2: This team has traditionally handled shorter term intervention programmes. These are currently the ESF funded STEP V programme and the Steps to Work Back to Work provision as a sub-contractor. Through these two programme streams the team have delivered 92 new sustained employment opportunities.

Team 3: While operating currently as a sub team under the Employment Services division, team 3 actually spearheads our approach to what we describe as Promoting, our clients and their abilities through the delivery of training. I will deal more with that element in the coming pages.

One of the most impressive statistics I can share with the reader this year is that in spite of the economic circumstances out of the 1400 support interactions we have engaged with and the 600+ long term supported employment places delivered only 4 of our clients lost their jobs through redundancy. This is testament to the proactive and valiant efforts of the teams to ensure they supported their clients through difficult times.

All of our teams are supported as they prospect for new job openings and employment opportunities by our own internal marketing team. This team promotes USEL and the services and programmes we deliver to a wide range of audiences. They prospect for opportunities which they can pass on to our Employment Services Officer teams to follow up and hopefully deliver a sustained outcome.

**Management Commentary (continued)**

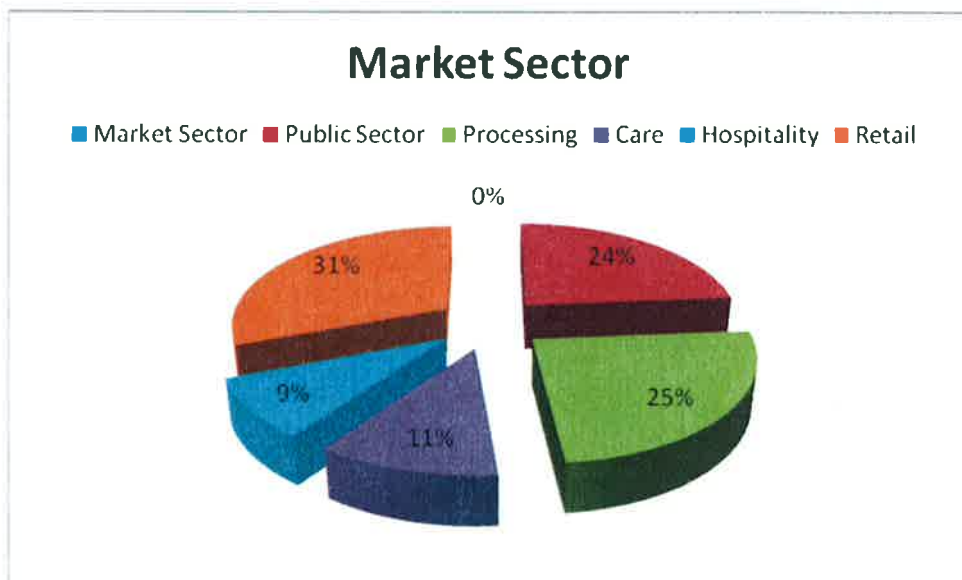
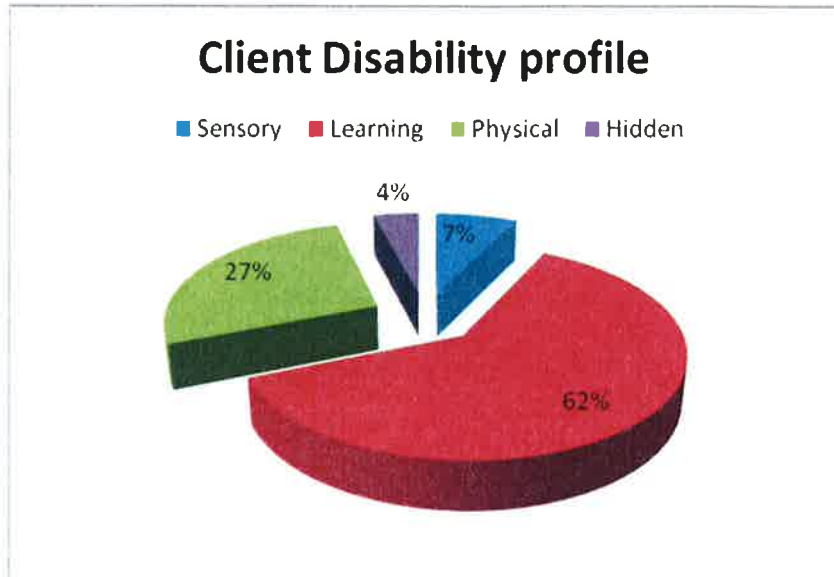
The table below shows the extent to which we have promoted USEL and our client group:

<b>Date</b>	<b>Exhibition</b>	<b>Subject</b>	<b>Venue</b>	<b>Attendees</b>
26 <sup>th</sup> April 2012	Legal Island HR Conference 2012	Exhibited at HR Conference	Ramada Hotel, Shaws Bridge	HR Managers and Representatives
16 <sup>th</sup> May 2012	Hill Croft School Parents Information Day	Parents Information Day	Hillcroft School, Newtownabbey	Parents of children with special needs
25 <sup>th</sup> /26 <sup>th</sup> May 2012	Disability Action Event	Exhibition of products for people with disabilities	Laganvalley Leisureplex, Lisburn.	People with disabilities
30 <sup>th</sup> May 2012	ESF Exhibition	Showcase of ESF projects	Titanic Building, Belfast	European Commission. MLA's, ESF Monitoring Committee, Policy Makers, Funders
18 <sup>th</sup> September 2012	Jobs Fair, Civic Centre	Jobs Fair	Lagan Valley Island, Lisburn	Public
20 <sup>th</sup> September 2012	Jobs Fair, Millennium forum	Jobs Fair	Millennium Forum, Derry/L'derry	Public
3 <sup>rd</sup> October 2012	Jobs Fair, The Braid	Jobs Fair	The Braid, Ballymena	Public
9/10 <sup>th</sup> October 2012	Active in the Community	Exhibition	Ramada, Shaws Bridge	Directors, Mgt and Staff of NI community and vol groups
12 <sup>th</sup> October 2012	Launch Local Disability Service	Exhibited at Launch	Ballymoney Resource Centre	Local Organisations
6 <sup>th</sup> November 2012	Legal Island Annual Review	Exhibited at Event	La Mon Hotel, Belfast	HR Managers and Representatives
21 <sup>st</sup> November 2012	Legal Island Annual Review	Exhibited at Event	Ramada Hotel, Shaws Bridge	HR Managers and Representatives
14 <sup>th</sup> March 2012	174 Trust Disability Transition Event	Exhibited at Event	174 Trust, Belfast	Public
19 <sup>th</sup> March 2012	Rosstullagh Special Needs School	Exhibited at Event/Demonstrated manufacture of satches	Rosstullagh School/Jordanstown	Pupils
21 <sup>st</sup> March 2012	Shantallow Employability Event	Exhibited at Event	Shantallow Library, Derry/L'derry	Public



**Management Commentary (continued)**

Two key indicators of our client group and market sectors are shown in the following charts.



There have been some movements in the sectors which reflects the wider economic trends specifically in retail, which dropped from 36% to 31% this year.

The key delivery areas of the Employment Services Division are:

- A. **Employment Support Scheme**
- B. **Workable NI**
- C. **STEP V**
- D. **Steps to Work (Back to Work)**

## Management Commentary (continued)

### A: Employment Support Scheme

The programme which was designed to provide long term supports which included a wage offset provision for employers is now in its 31<sup>st</sup> year of operation by USEL, we remain the largest provider of this programme in Northern Ireland with 464 clients remaining active on the programme at the year end. 31 clients have left the programme throughout the year with 3 progressing into open employment with 9 migrating across to Workable NI.

## Management Commentary (continued)

### B: Workable NI

During the year we were successful in securing delivery of the programme for a further 3 year contract period. In the past year the distance travelled toolkit and the quality assessment tool have continued to be developed and enhance the service delivery. We closed out the year having supported 149 clients through the year. Some 20 clients left the programme with 50% of those leaving moving into fully unsupported employment, the balance leaving for a wide range of personal issues.

### C: STEP V

This was to be the middle year of a three year delivery phase for the ESF funded programme. Thankfully during the year the programme received a very positive boost with a one year extension being granted and a 25% increase in output being funded to ensure more people benefited from the provision. This has again been a highly successful programme for us with 100 people being positively impacted by the delivery. The programme success rate continues to be high with 67% of these clients achieving sustained employment beyond the 6 or 12 month engagement period.

### D: Steps to Work (Back to Work)

This year we had initial engagement with 404 clients through this provision, of which 131 clients were eligible or selected to start on the provision. From that 131 clients 28 entered employment of which 22 sustained over 26 weeks.

## Programme Stories.

### Peter's Story

Peter from Craigavon was referred to the Steps to Work Programme. Peter had been unemployed for two years following the closure of his printing business and was assigned to Geraldine Lawless, USEL's Employment Services Officer.

The Steps to Work programme aims to provide unemployed people with the relevant skills, personal development, training and relevant work experience to enable them to move into or return to employment.

Geraldine sourced a 13 week work experience placement for Peter at Lagan Canal Trust based in Oxford Island.



**Peter (centre back row) with colleagues from Oxford Island**

**Management Commentary (continued)**

This role was completely different to Peter's previous employment and involved managing two sets of external consultants on major research projects, attending and taking part in the Trusts Board and Executive meetings and deputising for the Lagan Canal Trust manager at partnership meetings.

The work experience placement was extended for a further six months under the STEP Programme. Upon completion of the six month placement Peter was offered a permanent position with the organisation and is now working on research projects with the four Councils Belfast, Castlereagh, Lisburn and Craigavon involved with the Trust and the Department for Culture, Arts and Leisure to bring together information which will form an economic evidence base for the potential to reopen the Lagan Navigation.

Brenda Turnbull, the Trusts manager is very supportive of the work of USEL to give real work opportunities to people with disabilities and provide greater employability prospects.

Brenda commented "All the work was new to Peter and he has risen to the challenge prompting me to offer professional training which he has accepted and completed. Peter has flourished both personally and professionally with the support of USEL".

Peter added "This opportunity through USEL came at the right time of my life when I was considering my future employment options. It has helped to develop my confidence levels and the experiences I have had have opened up new opportunities which will make my CV more relevant to a number of employers".

**Eoin's Story**



**Eoin, right with Estate Manager Marcus Hall**

Eoin from Warrenpoint was referred to the Steps to Work Programme by Angela McLoughlin, team leader in Newry Jobs & Benefits Office. Eoin was assigned to Ivan Bingham, Employment Services Officer in USEL. Eoin expressed an interest in outdoor work and Ivan secured a placement for Eoin as a farm worker in the Narrow Water Castle Farm, Warrenpoint.

As Eoin had various personal issues Ivan remained in weekly contact with Eoin and the employer throughout the placement and supported Eoin under the enhanced support element of the programme.

Enhanced support provides one-to-one mentoring to identify and address personal issues or barriers to employment. The Employment Services Officer will support the participant in developing work based skills and knowledge and help increase the participant's knowledge of the labour market. They will also address awareness of social skills and attributes required within the workplace.

Eoin enjoyed the outdoor work on the farm and gained various new skills including operating farm machinery, looking after the animals and general maintenance on the farm. He particularly liked the degree of independence and trust the Estate Manager placed in him.

Marcus Hall, Estate Manager at Narrow Water Castle Farm commented "Eoin is extremely hardworking, very reliable and dedicated to the job. Through USEL and the Steps to Work programme we have gained an excellent employee".

## Management Commentary (continued)

Upon completion of the programme Narrow Water Castle farm offered Eoin permanent employment under Permitted Work rules. Under these rules you can work for less than 16 hours a week on average, with earnings up to £97.50 a week for 52 weeks.

Marcus is also exploring options which may allow Eoin to live on the estate so that he is "on call" for emergencies and would also be interested in encouraging him to grow produce on the farm such as vegetables to develop his enterprise skills. Ivan continues to provide ongoing support to Eoin in his employment to provide practical help and guidance.

Eoin commented "The help provided by USEL has been invaluable. My life has completely turned around and I am delighted at being offered a permanent position".

## Matthew's Story

Matthew from Lurgan was referred to the Steps to Work Programme with USEL by Lurgan Jobs & Benefits Office.

Matthew had not been employed since leaving school. He had a severe lack of self-confidence and found interviews extremely difficult. This had led to Matthew becoming increasingly demotivated.

Matthew was assigned to Geraldine Lawless, USEL's Employment Services Officer who worked closely with him to address his self-confidence issues. Geraldine delivered training to Matthew in interview skills and application techniques and also provided him with help in compiling his CV.

Matthew was particularly interested in administration work within an office environment. Geraldine sourced Matthew an eight week work experience placement in an administrative role supporting the Facilities Manager at the Lough Neagh Discovery Centre. His main duties included managing the database of time sheets, organising conference bookings, reception duties and general administration duties. During his placement Matthew also achieved a BSC Level One accreditation in Health & Safety.



Matthew's placement was extended for a further six months under the STEP European Union funded programme which Matthew is presently completing. Matthew is also undertaking training in Microsoft Project with USEL.

Martin Smyth, Facilities Manager, Lough Neagh Discovery Centre commented "Matthew's enthusiasm and creativity has been greatly appreciated, his input has given us fresh ideas, many of which have been implemented with success. His computer skills have enhanced the systems already in place and his drive and determination is a credit to his work ethic".

Matthew has progressed considerably throughout his time on the employment programmes with USEL. His confidence and motivation has significantly increased and he now has the confidence to complete job applications and attend interviews unassisted. Matthew added "During the last 6 months my confidence and motivation has greatly improved. This is mainly due to taking part in a variety of training and being tasked with various duties which have significantly developed my employment skills".

**Management Commentary (continued)**

**2: Providing:**

**Commercial Products and Services division:**

The most important factor for this division this year has been the support through Invest Northern Ireland, supported by our own sponsoring department to enable our commercial products and services division revitalise itself. The specialist assistance which INI can bring to a commercial organisation is unrivalled and USEL needed that support availability.

We embarked upon the Interim Manager programme where following a competitive process we selected a provider. The provider was Terry Graham from Gaia marketing. The brief was simple, and had an overarching theme; to secure the employment opportunities for our core workforce in the medium to long term.

This had then three core deliverables defined:

- A: Grow income at an agreed Gross margin
- B: Act as a catalyst to re-energise the team
- C: Assist the team to prospect for a new product or service which would lead to a new business /employment opportunity for USEL and the team.

Core metrics were established and agreed, and I am delighted to say that two of the three have been fully delivered. The third was always a long term goal, but the project did initiate introductions to a number of new opportunities which we will continue to pursue in the coming year.

One of the biggest successes for the division this year was the growth in on-line sales of our leather fashion satchels. USEL has traditionally made these for some 50 years as a standard school bag. Over the past number of years we have used the core skill and



knowledge of leather craft to develop a range of fashion satchels in new leather colours. This has further been augmented by sales of a 70% recycled leather product to a wholesaler who supply's 1500 outlets across the UK.

One of the key enablers for this project to work was the use of the Graduate Accelerator Programme. Through this programme we gained the skills and knowledge of a graduate in E-Commerce and Web design. This led us to a new way of selling on line. A skill set which we will develop further in the coming year. Collectively this delivered in excess of £60,000 new business this financial year.

The bedding sales also benefited from the INI Interim Manager project with the old Slumberin Brand being revitalised and launched with a new mid-range market emphasis and quality perception. We embarked on a modified make-up of the mattress, improved assembly techniques and final joining quality enhancement

**Management Commentary (continued)**

which yielded a much improved product output. We were therefore delighted when we delivered a new range of 5 new mattresses which the market embraced extremely positively and allowed us to deliver a 9% increase on our budget position for sales. Through this process our procurement of the product was tested but I am delighted to report that we achieved a 5% cost reduction for raw materials procured this year.

**Contract Services:** This department delivers the CCTV monitors for a public space monitoring contract in Northern Ireland, A CCTV supervisor and trainer for a UK wide CCTV media company and also looks after the rental of the space at Cambrai Street which USEL currently does not utilise for the delivery of the existing business.

I am delighted to report that this department delivered an additional £12,000 of new business through the short term personnel provision service element in 2012-2013.

**Factored Goods:** This element of the division was set up to provide complimentary goods to the products we made and sold. It had some initial success and continues to be a useful cross selling and upselling tool for the organisation. We plan to do more work on identifying products we can procure, add value to and sell on as either main line products or complimentary to our ranges available.

**3: Promoting:**

The ethos statement tag we use for this division has a two-fold connotation. The first is the promotion of the individual through the delivery of training, much of which is accredited but not always. The departments prime objective it to act as an enabler to people to achieve the employment aspirations of their choosing. For many of our long engagement clients that means Short accredited courses in their workplace, delivered by the officer team.

For others it is a tutor led environment run by Team 3, delivering VRQ outcomes which add to their client employability in Web Skills and IT repair. This was the first full year delivering the training from 4 locations across Belfast. So it was a strong result to note the 300 direct client referrals of which 187 started on the programme and 41 of whom were successfully supported into employment.

It remains one of our core objectives to deliver training as a stand-alone business division within USEL and currently we are working on development plans for more non programme related income provision. The division currently has OCN, Microsoft and City & Guilds centre status and is currently working towards an ILM centre status.

This team delivered 1080 accredited outcomes to over 400 clients in 2011-2012 year.

The second element of this tag in our ethos statement is the promotion of our core workforce to engage and enthuse them. Through the guidance of our HR manager we embarked on two key projects:

The first was to revise our Employee review process so as to capture the core competencies we desire to have and provide our employees so that we can fulfil our vision to be the best by ensuring we have the right people, properly equipped to take the organisation into the next 50 years.



FLYING THE FLAG

The Second element was to set up a new Health and Wellbeing group. USEL's Health & Wellbeing initiative has been running since November 2011 with events and activities being managed by a project group made up of a cross section of the company's employees. These events have been wide ranging and informative and the uptake and interest shown by staff supports this ongoing initiative.

## Management Commentary (continued)

### Activities to date

- In April 2012 we engaged the services of a nutrition company, Vital Nutrition, to deliver two sessions on healthy eating and an awareness of energy foods, good and bad fats etc. To date this has proved to be one of the most popular events with 28 participants attending.
- The first of our "Biggest Loser" competitions got off the ground with 21 participants striving to lose some excess pounds over a 12 week programme. An entry fee of £1 per person per week allowed us to offer prize money to the winner and runner up.
- We offered staff the opportunity to sign up to Smoking Cessation classes run by Ulster Cancer Foundation (now Cancer Focus) but unfortunately there was not enough interest to warrant the classes. Those who were interested were however signposted to other events outside of work.
- In September 2012 we ran a "Big Bagathon" during "D" for Donate Week in which staff were able to donate clothes, toys, books etc. by bringing them into work for collection. We chose the British Heart Foundation as the recipient charity of the 40 bags of "recyclables" which was estimated at a value of £420+.
- Additionally in September we took part in Ireland's Biggest Coffee Morning to raise funds for local hospices. Some staff kindly donated cakes and buns, baked or bought, for the event so that we had no outlay and the £170+ collected went to the charity.
- Since September we have been displaying and making available a Recipe of the Month for staff to coincide with the challenges of healthy eating and/or losing weight.
- In January 2013 Cancer Focus were able to offer us the opportunity to take part in their Workplace Quick Fit programme. This involved a group cancer awareness session and also an individual health check for those interested in a personal assessment. Again this proved very popular and there have been requests for further events of this nature. As no charge was made by Cancer Focus we will donate sponsorship monies from the Belfast City Marathon Fun Run to the charity.
- The second Biggest Loser competition started and will run until mid April. This year 14 people have signed up and the winner will receive the total of the entry fees.
- Long service awards have been implemented for staff for 10, 20, 30 etc. year anniversaries with £1 per year of service being awarded as a gift voucher.
- "Big birthdays" will also be recognised with a birthday cake as recognition for those employees celebrating milestone birthdays.
- Volunteering opportunities have been investigated through Business in the Community and Volunteer Now. However due to current production levels participation will be reviewed later in the year.

### Future plans

- Cancer Focus follow up session on individual assessments as well as more specific information/awareness sessions, perhaps gender specific.
- A number of planned events have had to be postponed for various reasons such as Mental Health Awareness, Simply Health presentation on employee private health plans, benefits of exercise. It is anticipated that these will be revisited throughout the coming year.
- Some investigation has been undertaken into various schemes e.g. Cycle to Work, Translink's Tax Smart. These are salary sacrifice schemes and require an initial outlay by the company so at present are not considered a feasible option.
- On request a proposal has been forwarded by Carecall, Employee Assistance Programme, outlining options available to the company. Implementation of this has to be considered by management.

### Customer Satisfaction Survey

As a company we regularly engage with customers, 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 and ESF Funded STEPV programme.

**Management Commentary (continued)**

The survey was directed at employees and employers alike. The surveys focused on the delivery of the programme supports by the officer's 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: 98%  
Satisfaction at the level of interaction with the officer: 98%  
Satisfaction with the contact availability of the officer: 95%  
Satisfaction with Employment: 93%  
Satisfaction with Training opportunities provided by employer: 68%

**Employers:**

Satisfaction with USEL supports: 96%  
Satisfaction with the Employees contribution to the employment: 96.5%  
Satisfaction with the USEL administration behind the programme: 97.5%

**Commercial Products Customers:**

We operate a two yearly cycle for commercial products customers so there was no survey due in this financial year.

**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 9.7% (£735,816) of our total income by way of grant from our sponsoring department.

**2: National Fraud Initiative:**

USEL was again part of this in 2012-2013, the matching exercise again presented only minor data matches of an administrative nature. No fraud or attempted fraud was detected.

**3: Partnering**

We began the year with a strong and newly focussed approach to partnering and established a relationship with numerous other entities from across the sector and wider afield as we prepared for the upcoming tender for Work connect. While we did not secure the tender award we do know we achieved second place which was a strong showing. The second place allowed us to review and improve our approach for the next tender challenge which lay ahead.

The practice of the board continued with various sector visitors, from NIAMH, A4E, Cianrye and Action Mental Health. These interactions have proved very beneficial for the directors and Senior team and has built stronger relationships with our peer groups.

We continued to work on the ability <sup>™</sup> package and have now entered a Ireland wide consortia to seek EU funding for the project to bring it to fruition. Project partners for the funding submission come from across the EU which all in all strengthens USEL's position on the European stage.

During the year we were accepted as a member organisation of the European Platform on Rehabilitation. A membership organisation, which has connections at the heart of disability policy making for the EU.



**Management Commentary (continued)**

Also through the prompting of the Employment and Learning committee members, gained access to the OFMDFM EU Thematic desk in Brussels, where opportunities to influence policy and engage with partners from a similar background to pursue funding applications is funnelled to Northern Ireland Companies. As a result Arthur Savage, our ES Senior Team member now sits on the European Regional Forum for Northern Ireland.

The new Social Economy Northern Ireland sector group came into being during the year and we have taken up membership of that body.

Terry Fuller maintains his place on the National Bedding Federation. We have engaged with high level procurement officials in the province and across in the UK. We have entered tender selection opportunities with several UK wide blue light procurement bodies and our own local procurement teams where appropriate.

**4: 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.

**5: Environmental:**

USEL now holds BS8555 level 2 environmental management accreditation.

**6: 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.

**7: 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. During the year the Sect 75 specialists from the Department for Employment and Learning provided much appreciated advice and guidance on Section 75 screening to assist us ensure we delivered full compliance.

**8: Information and Data Protection:**

With the support of the Public Records Office for Northern Ireland we successfully had our records disposal schedule accepted. There was only one Freedom of Information request received by USEL in the year which was met fully within the published timescale.

**9: USEL pension provision:**

The 5<sup>th</sup> April 2012 actuarial valuation exercise yielded a requirement for USEL to make adjustments to the pension scheme in order to secure future commitments. The exercise has led to a consultation exercise which will complete in the 2012-2013 year and if successful will see the accrual rate changed from 1/60<sup>th</sup> to 1/80<sup>th</sup>.

**10: Auditor's Remuneration**

The Auditor's Remuneration is stated in Note 8 to the Financial Statements.

**Management Commentary (continued)**

**11: Reflection on 2012 – 2013**

In last year's report I noted this was a pivotal year for the organisation. It was a year of significant change from a strategic perspective. During the year the entire board changed with one exception. A new chair came into post and the Senior Team members now attend all board meetings as we seek to drive in a new, more strategically and operationally engaging and joined up approach to the guidance of the organisation. To our past directors and chair I would note a debt of gratitude for their commitment and service to the organisation. They will be pleased to note that the directors whom I now welcome on board, are blessed with high level capability and insight and will doubtless be a driving force as we look towards the changing future.

Commercially the impact of being second place in the Work Connect competition had a significant impact on the organisational income, but we managed to replace that income. The work of the commercial products and services division in reinvigorating the sales opportunities led to a significant impact on the budget where we surpassed the overall income budgeted by almost £90,000. This is especially positive as it is this element of the company which directly employs the majority of our employee who live with disability.

The effort which has gone into the year is not reflected in the less than ideal result financially, which is disappointing for the teams. This has been a year of waiting and watching for the changes coming down the track in terms of programme delivery. Preparing in so far as is possible while all the time working exponentially harder to achieve the same sales and client flow through. But this is the brave new world, more for less is the mantra. The economic circumstances are not going to change any time soon, and a sense of the new norm has now arrived.

The team here across the management strata is to be congratulated for their drive and tenacity in trying circumstances. The delivery teams across the business whether delivering back office supports, front line services or products and services which exceed customers' expectations are worthy of high praise as they have delivered in the direct face of challenge. To all I note my thanks for their support, without which our mission objective would be impossible.

**12: The Future**

Our goal as a Non Departmental Public body is to achieve delivery of a balanced budget, even when the circumstances are highly difficult. We will follow the corporate governance requirements of an organisation with our NDPB status and ensure governance under such guidance as Managing Public Money Northern Ireland, DAO's and DFO's as issued.

2013-2014 will be another challenging year. We have produced a budget which is significantly better in expectation overall than the previous year, it is wholly dependent on a number of things.

1: The Commercial Products and Services plans fully deliver:

- 1: Bedding Market: Continuing with the catalyst generated by the INI Interim manager project to stay on top of the market. Beds are still being sold, yes in less quantities but sales are still being made none the less. We need a bigger slice of that market, and we can only achieve that by continuing to be dynamic and inventive.
- 2: WEB E-Commerce: We need to double our sales through the web and add new lines of product to sell via this effective medium.
- 3: INI next stage development: We need to continue to utilise the supports which are appropriate for USEL from INI. Keep pushing the boundaries on what is available so as to harness the best result for our workforce.

**Management Commentary (continued)**

2: The Programmes for the Employment Services division are available and USEL is successful in achieving a suitable outcome which is beneficial both from a client perspective and a business perspective.

3: The training division, need to divest into non programme related income streams.

While our 2012-2013 result did not deliver everything we had hoped for it did deliver a significant change on the year prior, we must continue that direction of travel.

A task which the Board, Executive and appropriately supported by our sponsoring department are fully committed to redressing the last years' negative return.



**Sam Humphries**  
**Chief Executive and Accounting Officer**  
**24<sup>th</sup> June 2013**

**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. The current policy is under review and it is hoped the review will be completed and approved within the next financial year. Details of remunerations (which are subject to audit) are set out below.

	<b>2013</b>		<b>2012</b>	
	<b>Salary including performance pay</b>	<b>Benefits in kind</b>	<b>Salary including performance pay</b>	<b>Benefits in kind</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
P Bogue	<b>1,398</b>	-	<b>5,574</b>	-
J Perry	<b>4,248</b>	-	-	-
B Mc Murray	<b>1,548</b>	-	<b>2,051</b>	-
A Bennett	<b>1,923</b>	-	-	-
B Maitland	<b>1,748</b>	-	<b>1,582</b>	-
G Adams	<b>1,760</b>	-	-	-
J Kelly	<b>2,072</b>	-	<b>1,944</b>	-
T Hinds	<b>503</b>	-	-	-
S Humphries	<b>69,479</b>	<b>629</b>	<b>69,479</b>	<b>673</b>

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

The median salary during the year was £13,814; the highest paid director was Mr J Perry whose remuneration for the year amounted to £4,248.

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 1/60<sup>th</sup> 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 8% of pensionable earnings and the company pays 22.4%. 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.

**Remuneration Report (continued)**

	<b>Total accrued pension at 65 at 31 March 2012</b>	<b>Total accrued pension at 65 at 31 March 2013</b>	<b>Cash equivalent transfer value at 31 March 2012</b>	<b>Cash equivalent transfer value at 31 March 2013</b>	<b>Real increase in CETV during the year</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
P Bogues	-	-	-	-	-
J Perry	-	-	-	-	-
B McMurray	-	-	-	-	-
A Bennett	-	-	-	-	-
B Maitland	-	-	-	-	-
G Adams	-	-	-	-	-
J Kelly	-	-	-	-	-
T Hinds	-	-	-	-	-
S Humphries	<b>6,946</b>	<b>8,088</b>	<b>123,506</b>	<b>111,745</b>	<b>(17,242)</b>

The above table is subject to audit.

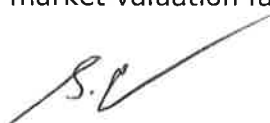
Only Mr S Humphries accrues a pension: this is under a defined benefit pension scheme.

**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.



**Sam Humphries**  
**Chief Executive and Accounting Officer**  
**24<sup>th</sup> June 2013**

## **Governance Statement**

### **Scope of Responsibility**

As Accounting Officer, I have responsibility for ensuring and 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 Governance Statement is designed as a synopsis document covering the governance frameworks, their delegated requirements and the effectiveness of our system of control and governance.

We continue to view risk within the systems of internal control as being managed at a reasonable level rather than to eliminate all risk, as this would lead to failure to achieve policies, aims and objectives. USEL operates as a commercial entity which has by virtue of its status and established model an Arms Length Body status as an Executive Non Departmental Public Body.

My governance statement is issued on the basis of an on-going process, rather than a snapshot in time. It is given within the parameters of a system 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 governance has been in place in Ulster Supported Employment Limited for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

### **Capacity to Handle Risk**

The USEL board and audit committee members are all required to attend the "On Board" Training. New members of the audit committee are also required to attend recognised audit committee training. This is also the case for the managers with the company to ensure the issues around operating under delegated authority are understood and complied with. On that basis, as accounting officer I receive a high degree of comfort that from board through to managers each individual with delegated authority is operating from a frame of reference which permits the risk management of the organisation to be handled appropriately.

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.

Annually The Department for Employment and Learning's Director responsible for USEL together with the Head of the Branch meet with the Board. 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.

## Governance Statement (continued)

### The Governance Framework

USEL comprises a board of directors which are selected through the public appointments process. In the past year the entire senior team attends the board to answer directly to the board for the areas of operational control. The CEO provides the board with a full management commentary which also deals with matters of a corporate and governance nature.

Directors are provided with adequate training in respect to compliance with Codes of Practice, such as HM Treasury Code of Good Practice 2005, this is encapsulated in the terms of reference and code of conduct for board members provided to each director upon commencement. Directors receive a copy of Managing Public Money NI and where they are also audit committee members they receive appointment letters and terms of reference which are aligned to HM Treasury guidelines.

The Audit committee meets at least three times per year, chaired by a non-executive director and comprising all board members with the exception of the full board chair. The CEO and Finance manager also attend, along with a representative from the sponsoring branch, a representative from the NIAO and a representative from the internal audit service provider.

The Company Finance manager provides the board with a monthly Profit and Loss account pack with detailed disclosure of all financial matters relevant to the company at board level. The monthly data pack provides the board with full disclosure on all matters within the organisation. The data pack contains key finance, operational and governance information on which the directors remain fully briefed. As the financial statements and board data are so comprehensive in nature, and align to results from internal and external audits the board accepts the data provided as accurate, timely and detailing all relevant information.

The CEO revises the risk register three times per annum, which this year was adapted to a higher level of control following internal audit recommendations from the prior year internal audit report. This now allows us to define our risk appetite and to attach a numeric value to each risk element as to probability and impact. This numeric value offers the opportunity to prioritise risk and the management thereof. Each risk is given a nominated ownership to ensure the risk is managed and mitigated.

Through this process the board and audit committee have agreed a low to medium risk appetite overall for the organisation. That said due to the commercial nature of USEL there are times when the risk appetite for a specific element is higher as commercial risk is a day to day feature of this entity. The board are content that such risks are mitigated as fully as possible and well managed on a day to day and longer term basis.

The Whole management team meets monthly and has a standing agenda point of risk. At a management level the risk is reviewed and managed in a timely manner. Being added to the board level risk register as and when appropriate.

As Chief Executive I chair the 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 key risk to the organisation 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.

I use other areas of input to allow me to provide the audit committee, the board, the department and the accounting officer of our sponsoring department with assurances. These include but are not limited to:

**Governance Statement (continued)**

ISO 9001-2008 Quality Management system 6 monthly external audit  
Internal Audit findings and recommendations  
DAO / DFO letters and guidance passed to me by the department  
Public Sector training for areas of change (EG: Bribery Act compliance)  
Sage accounts presentation versus the KPI process ultimately validated by External auditors  
External auditors reports for programmes delivered on behalf of DEL (FAST etc)  
External auditors reports for ESF funded programmes  
External audits on behalf of BS8555 environmental management  
External reviews of USEL's Health and Safety and Fire risk  
External reviews and assessments of our insurance risks by insurance assessors  
Participation in the National Fraud Initiative

These audits and reviews have all provided positive assurance of the control mechanisms within USEL for the year 2012-2013, no material issues were neither noted nor were any significant risks or fraud identified.

Following internal audit for 2012-2013 we received satisfactory assurance on all levels tested, details of which are included in the Audit Committee Chairs report. On the foregoing basis I have a system of control which permits me to annually meet the Permanent Secretary in his capacity of accounting officer, and provide a six monthly assurance statement that the organisation is managed and run appropriately and is fully compliant.

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

- \* Updating servers and Firewalls to meet latest security protocols.
- \* Back up procedures to ensure data is protected and stored electronically
- \* Management of data in manual format to protect it and safeguard the data
- \* Issuing Encrypted USB devices to relevant staff
- \* Publishing a Data protection policy procedure for all staff
- \* Enforcing the company policies on mobile IT equipment

**Review of Effectiveness**

The systems utilised by USEL have a proven track record. At the heart of any systems or systemic process we utilise is quality, each system whether propriety such as Sage accounts or Sage payroll or bespoke such as our ISO 9001 is monitored and has numerous checks and balances within it to ensure anomalies are identified and addressed, and then eradicated so as not to recur.

The process of accountability through board and though delegated authority within the organisation in areas such as procurement through the application of our CPD approved procurement manual, allows me as CEO and accounting officer to provide this governance statement.

As Accounting Officer, 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.

The full engagement of the Audit Committee and directors in all matters through the open and transparent nature of information passage to board and the sponsoring branch allows me to denote the effectiveness of our governance arrangements.



# **Ulster Supported Employment Limited**

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

31

## **Governance Statement (continued)**

Their compliance with our published codes of practice and guides on the board and audit committee which defines the terms of reference for both and which are complied with fully, permits me the opportunity to present and endorse this governance statement, with no issues to note.



**S A Humphries**  
**Chief Executive and Accounting Officer**  
**24<sup>th</sup> June 2013**

## **ULSTER SUPPORTED EMPLOYMENT LIMITED**

### **THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF ULSTER SUPPORTED EMPLOYMENT LIMITED**

I certify that I have audited the financial statements of Ulster Supported Employment Limited for the year ended 31 March 2013 under the Companies (Public Sector Audit) (Northern Ireland) Order 2013. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in 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 Statement of Director's Responsibilities, 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 examine, certify and report on the financial statements in accordance with the Companies (Public Sector Audit) (Northern Ireland) Order 2013. I conducted my audit in accordance with 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

#### **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements 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 Ulster Supported Employment Limited's affairs as at 31 March 2013 and of its net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and

- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with directions made under the Government Financial Reporting Manual; and
- the information given in the Directors' 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 and the part of the Remuneration Report to be audited 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 Governance Statement does not reflect compliance with Department of Finance and Personnel'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*

| July 2013

**Statement of Comprehensive Net Expenditure  
 for the year ended 31 March 2013**

	Note	2013 £	2012 £
<b>Expenditure</b>			
Staff costs	3	<b>(6,444,679)</b>	(6,646,669)
Depreciation and amortisation	9	<b>(74,576)</b>	(79,837)
Other expenditure	4	<b>(1,055,660)</b>	(988,862)
		<b>(7,574,915)</b>	(7,715,368)
<b>Income</b>			
Income from activities	5	<b>6,848,846</b>	6,985,002
Other income		<b>27,779</b>	13,264
		<b>6,876,625</b>	6,998,266
Net Expenditure		<b>(698,290)</b>	(717,102)
Interest receivable	6	<b>293</b>	489
Other finance costs	7	<b>(76,000)</b>	(13,000)
Impairment gain / (charge)	9	<b>130,428</b>	(120,225)
<b>Net Expenditure after Interest, Other Finance              Costs and Impairments, attributable to DEL              revenue account</b>	8, 15	<b>(643,569)</b>	(849,838)

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 38 to 52 form part of these financial statements.

**Statement of Financial Position at 31 March 2013**

	Note	2013 £	2012 £
<b>Non-Current Assets:</b>			
Property, plant and equipment	9 (a)	<b>1,282,265</b>	1,192,034
Intangible assets	9 (b)	<b>7,349</b>	15,436
		<b>1,289,614</b>	1,207,470
<b>Current assets</b>			
Inventories	10	<b>148,741</b>	133,453
Trade and other receivables	11	<b>1,113,424</b>	1,132,239
Cash and cash equivalents	12	<b>1,292</b>	6,920
		<b>1,263,457</b>	1,272,612
<b>Total assets</b>		<b>2,553,071</b>	2,480,082
<b>Current liabilities</b>			
Trade and other payables	13	<b>(923,723)</b>	(878,981)
<b>Non-current assets plus net current assets</b>		<b>1,629,348</b>	1,601,101
<b>Non-current liabilities</b>			
<b>Pension liabilities</b>	20	<b>(2,874,000)</b>	(2,657,000)
<b>Assets less liabilities</b>		<b>(1,244,652)</b>	(1,055,899)
<b>Reserves</b>			
Department for Employment and Learning	15	<b>(1,244,652)</b>	(1,055,899)
Revaluation reserve	16	-	-
		<b>(1,244,652)</b>	(1,055,899)

In the view of the Board an exemption from the audit requirements of Part 16 of the Companies Act 2006 is available under section 482 of that Act, since 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 2013, being an order issued under Article 5(3) of the Audit and Accountability (Northern Ireland) Order 2003. The Board therefore claims this exemption.

Approved by the Board of Directors on 24 June 2013



J Perry  
**Chairman**

The notes on pages 38 to 52 form part of these financial statements.

**Registered No. NI 005192**

**Statement of Cash Flows**  
**for the year ended 31 March 2013**

	Note	2013 £	2012 £
<b>Cash flows from operating activities</b>			
Net Expenditure		(698,290)	(717,102)
Adjustments for non cash transactions			
Depreciation and amortisation	9	74,576	79,837
Difference between pension charge and cash contributions		(140,000)	(230,000)
(Increase) / decrease in Inventories	10	(15,288)	23,063
Decrease in trade and other receivables	11	18,815	256,516
(Decrease) in Trade and other payables	13	(35,222)	(138,183)
<b>Net cash outflow from operating activities</b>		<b>(795,409)</b>	<b>(725,869)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(26,292)	(40,852)
Proceeds of disposal of property, plant and equipment		-	-
<b>Net cash outflows from investing activities</b>		<b>(26,292)</b>	<b>(40,852)</b>
<b>Cash flows from financing activities</b>			
Grant from parent department	15	735,816	678,421
Prior year adjustment in respect of parent dept	15	-	(755)
Interest received	6	293	489
<b>Net financing</b>		<b>736,109</b>	<b>678,155</b>
<b>Net increase in cash and cash equivalents in the year</b>		<b>(85,592)</b>	<b>(88,566)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>6,920</b>	<b>95,486</b>
<b>Cash and cash equivalents at the end of the year</b>	12	<b>(78,672)</b>	<b>6,920</b>

The notes on pages 38 to 52 form part of these financial statements.

# Ulster Supported Employment Limited

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

37

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013

	Dept for Employment and Learning				
	Loan Account	General Fund	General Reserve	Revaluation Reserve	Total Reserves
	£	£	£	£	£
<b>Balance at 1 April 2012</b>	2,337,687	(3,403,586)	10,000	-	<b>(1,055,899)</b>
IAS 19 actuarial gain	-	(281,000)	-	-	<b>(281,000)</b>
Grant from parent department	-	735,816	-	-	<b>735,816</b>
Retained deficit	-	(643,569)	-	-	<b>(643,569)</b>
<b>Balance at 31 March 2013</b>	<b>2,337,687</b>	<b>(3,592,339)</b>	<b>10,000</b>	-	<b>(1,244,652)</b>

	Dept for Employment and Learning				
	Loan Account	General Fund	General Reserve	Revaluation Reserve	Total Reserves
	£	£	£	£	£
<b>Balance at 1 April 2011</b>	2,338,442	(2,388,169)	10,000	-	<b>(39,727)</b>
IAS 19 actuarial gain	-	(844,000)	-	-	<b>(844,000)</b>
Grant from parent department	-	678,421	-	-	<b>678,421</b>
Retained deficit	-	(849,838)	-	-	<b>(849,838)</b>
Prior year adjustment	(755)	-	-	-	<b>(755)</b>
<b>Balance at 31 March 2012</b>	<b>2,337,687</b>	<b>(3,403,586)</b>	<b>10,000</b>	-	<b>(1,055,899)</b>

**Notes to the financial statements for the year ended 31 March 2013**

**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 financial statements also comply with the accounting and disclosure requirements contained in the Government 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 IAS 19 – Retirement Benefits, these financial statements 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. There are some leasehold improvements that have been made to the building that are being depreciated over 10 years.

Plant and office equipment, except information technology - 10 years

Information technology – 5 years

Motor vehicles - 4 years

**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.



**Notes to the financial statements for the year ended 31 March 2013 (continued)**

**1 Statement of accounting policies (continued)**

**Leases**

The Company does not have any finance leases, only operating leases. Rentals payable are charged to the Statement of Comprehensive Net Expenditure 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 Statement of Comprehensive Net Expenditure. 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 Changes in Taxpayer's Equity.

**Taxation**

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

**Impending application of newly issued accounting standards not yet effective**

Under IAS 8 there is a requirement to disclose those standards issued but not yet adopted. Management has reviewed the new accounting policies that have been issued but are not yet effective, nor adopted early for these financial statements. Management consider that these are unlikely to have a significant impact on the financial statements in the period of the initial application

**Critical accounting estimates**

The Company prepares its consolidated financial statements in accordance with the FReM, the application of which often requires judgements to be made by management when formulating the Company's financial position and results. Under IFRS, the directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimate and assumptions discussed below to be its critical accounting estimates and, accordingly, provides an explanation .

Management has discussed its critical accounting estimates and associated disclosures with the Company's Audit Committee.

**Pension liability**

The company has a commitment, to pay pension benefits to approximately 450 people. The cost of these benefits and the present value of our pension liabilities depend on such factors as the life expectancy of the members, the salary progression of our current employees, the return that the pension fund assets will generate in the time before they are used to fund the pension payments,

# Ulster Supported Employment Limited

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

40

## Notes to the financial statements for the year ended 31 March 2013 (continued)

price inflation and the discount rate used to calculate the net present value of the future pension payments. We use estimates for all of these factors in determining the pension costs and liabilities incorporated in our financial statements. The assumptions reflect historical experience and our judgement regarding future expectations.

The value of the net pension obligation at 31 March 2013 and the key financial assumptions used to measure the obligation are disclosed in note 20

### 2 Statement of Operating Costs by Operating Segment

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. The Company does not rely on any major customer in this segment

**Employment Services** operate employment programmes on behalf of DEL; these programmes are awarded through commercial tenders. In this segment the Company relies on DEL, this being the major customer. 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 IAS 19. 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.

#### Statement of Operating Costs by Operating Segment 2012-13

Segment	Factory Operation	Employment Services	Other	Total 2012/13
	£	£	£	£
Expenditure	(1,678,959)	(5,961,380)	-	(7,640,339)
Income	1,498,221	6,058,068	-	7,556,289
<b>Total net expenditure per Management Accounts</b>	<b>(180,738)</b>	<b>96,688</b>	-	<b>(84,050)</b>
<b>Reconciling items:</b>				
Depreciation and amortisation	(51,065)	(23,511)	-	(74,576)
Grant in Aid financing reported through Reserves per FREM	(679,371)	-	-	(679,371)
Net actuarial adjustments per IAS 19	-	-	64,000	64,000
Impairment gain	-	-	130,428	130,428
<b>Net Operating Cost per Operating Cost Statement</b>	<b>(911,174)</b>	<b>73,177</b>	<b>194,428</b>	<b>(643,569)</b>

# Ulster Supported Employment Limited

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

41

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 2 Statement of Operating Costs by Operating Segment (continued)

Statement of Operating Costs by Operating Segment 2011-12 Segment	Factory Operation £	Employment Services £	Other £	Total 2011-12 £
Expenditure	(1,681,136)	(6,184,393)	-	(7,865,529)
Income	1,345,272	6,317,002	-	7,662,274
<b>Total net expenditure per Management Accounts</b>	<b>(335,864)</b>	<b>132,609</b>	<b>-</b>	<b>(203,255)</b>
<b>Reconciling items:</b>				
Depreciation and amortisation	(53,053)	(26,784)	-	(79,837)
Grant in Aid financing reported through Reserves per FReM	(663,521)	-	-	(663,521)
Net actuarial adjustments per IAS 19	-	-	217,000	217,000
Impairment charge	-	-	(120,225)	(120,225)
<b>Net Operating Cost per Operating Cost Statement</b>	<b>(1,052,438)</b>	<b>105,825</b>	<b>96,775</b>	<b>(849,838)</b>

### 3 Staff numbers and related costs

	2013 £	2012 £
<b>Staff costs comprise:</b>		
Wages and salaries	5,748,665	6,011,071
Redundancy payments	4,652	6,844
Social security costs	206,981	213,478
Other pension costs	484,381	415,276
	<b>6,444,679</b>	<b>6,646,669</b>

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

	2013 Number	2012 Number
<b>Average number of persons employed:</b>		
Management and administration	32	35
Production distribution and sales	58	62
Employment support	480	495
	<b>570</b>	<b>592</b>

# Ulster Supported Employment Limited

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

42

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 4 Other expenditure

	2013	2012
	£	£
Materials	247,655	227,059
Payments to hosts and sub-contractors	179,441	151,292
Light, heat and power	45,862	55,480
Rent and rates	52,044	41,196
Repairs	20,785	54,326
Tools	169	2,328
Telephone	18,723	18,676
Canteen	7,429	7,157
General expenses	125,778	99,964
Insurance	57,446	66,513
Advertising	4,700	16,321
Audit - internal audit	4,225	5,229
- external audit	9,813	5,147
Bad debts written off	15,253	277
Computer	27,213	32,972
Discount allowed	990	728
Motor expenses	54,434	53,310
Postage	14,366	9,408
Packing	962	495
Printing and stationery	23,585	21,193
Travel	15,516	16,361
Training	92,266	54,610
Legal and professional fees	11,823	13,963
Bank charges	1,184	1,378
Consultancy fees	24,090	12,877
Provision for doubtful debts	(13,383)	5,000
Tutors	13,291	15,602
	<b>1,055,660</b>	<b>988,862</b>

### 5 Income from activities

	2013	2012
	£	£
Trading income	559,298	479,957
Contract services	234,390	198,548
Employment support	1,169,666	1,264,007
Contract income	4,634,159	4,900,284
Training income	251,333	142,206
	<b>6,848,846</b>	<b>6,985,002</b>

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

# Ulster Supported Employment Limited

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

43

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 6 Interest receivable

	<b>2013</b>	2012
	<b>£</b>	£
Interest receivable	<b>293</b>	489

### 7 Other finance costs

	<b>2013</b>	2012
	<b>£</b>	£
Expected return on pension scheme assets	<b>632,000</b>	649,000
Interest on pension scheme liabilities	<b>(708,000)</b>	(662,000)
<b>Net cost / (return)</b>	<b>(76,000)</b>	(13,000)

### 8 Deficit for the year

This is stated after charging/(crediting):

	<b>2013</b>	2012
	<b>£</b>	£
Auditors' remuneration - Internal audit	<b>4,225</b>	5,229
- External audit	<b>9,813</b>	5,147
Depreciation and amortisation	<b>74,576</b>	79,837
Interest receivable	<b>(293)</b>	(489)

### 9 (a) Property, plant and equipment

	<b>Long leasehold buildings</b>	<b>Plant and office equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Valuation</b>				
At 1 April 2012	1,405,486	608,836	58,739	2,073,061
Additions		26,292		26,292
Impairments	(205,486)			(205,486)
<b>At 31 March 2013</b>	<b>1,200,000</b>	<b>635,128</b>	<b>58,739</b>	<b>1,893,867</b>
<b>Depreciation</b>				
At 1 April 2012	301,962	527,826	51,239	881,027
Charged in the year	33,952	28,787	3,750	66,489
Impairments	(335,914)			(335,914)
<b>At 31 March 2013</b>	<b>-</b>	<b>556,613</b>	<b>54,989</b>	<b>611,602</b>
<b>Net book value</b>				
<b>At 31 March 2013</b>	<b>1,200,000</b>	<b>78,515</b>	<b>3,750</b>	<b>1,282,265</b>
At 31 March 2012	1,103,524	81,010	7,500	1,192,034

# Ulster Supported Employment Limited

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

44

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 9 (a) Property, plant and equipment (continued)

The company's long leasehold buildings were revalued at 31 March 2013 on the basis of open market value for existing use by The Land & Property Services, Belfast. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards, Global and UK 8<sup>th</sup> Edition. Plant and office equipment would normally be revalued using indices published by the Office of National Statistics, but the calculations were insignificant and therefore no such revaluation took place.

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

	Long leasehold buildings	Plant and office equipment	Motor vehicles	Total
	£	£	£	£
At 1 April 2011	1,542,317	579,204	58,739	2,180,260
Additions	11,220	29,632		40,852
Impairments	(148,051)			(148,051)
<b>At 31 March 2012</b>	<b>1,405,486</b>	<b>608,836</b>	<b>58,739</b>	<b>2,073,061</b>
<b>Depreciation</b>				
At 1 April 2011	292,875	496,739	47,489	837,103
Charged in the year	36,913	31,087	3,750	71,750
Impairments	(27,826)			(27,826)
<b>At 31 March 2012</b>	<b>301,962</b>	<b>527,826</b>	<b>51,239</b>	<b>881,027</b>
<b>Net book value</b>				
<b>At 31 March 2012</b>	<b>1,103,524</b>	<b>81,010</b>	<b>7,500</b>	<b>1,192,034</b>
At 31 March 2011	1,249,442	82,465	11,250	1,343,157

### 9 (b) Intangible assets

	Software Licenses £
<b>Valuation</b>	
At 1 April 2012	51,977
<b>At 31 March 2013</b>	<b>51,977</b>
<b>Amortisation</b>	
At 1 April 2012	36,541
Charged in the year	8,087
<b>At 31 March 2013</b>	<b>44,628</b>
<b>Net book value</b>	
<b>At 31 March 2013</b>	<b>7,349</b>
At 31 March 2012	15,436

# Ulster Supported Employment Limited

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

45

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 9 (b) Intangible assets (continued)

#### Software Licenses £

#### Valuation

At 1 April 2011

51,977

**At 31 March 2012**

**51,977**

#### Amortisation

At 1 April 2011

28,454

Charged in the year

8,087

**At 31 March 2012**

**36,541**

#### Net book value

**At 31 March 2012**

**15,436**

At 31 March 2011

23,523

### 10 Inventories

**2013** 2012

£ £

Raw materials

**109,229** 81,750

Work in progress

**9,810** 4,248

Finished goods

**29,702** 47,455

**148,741** 133,453

### 11 Trade and other receivables

**2013** 2012

£ £

Receivables - trade

**387,678** 357,947

- employment support

**246,507** 289,680

Retention monies outstanding from DEL

**357,945** 323,592

Other receivables

**110,413** 151,824

Prepayments and accrued income

**10,881** 9,196

**1,113,424** 1,132,239

### 12 Cash and cash equivalents

**2013** 2012

£ £

Cash and cash equivalents

**1,292** 40,238

Bank overdraft

**(79,964)** (33,318)

**(78,672)** 6,920

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

# Ulster Supported Employment Limited

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

46

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 13 Trade and other payables

	2013	2012
	£	£
Bank overdraft	<b>79,964</b>	-
Trade payables	<b>122,523</b>	160,167
Value Added Tax	<b>119,503</b>	129,047
Other taxation and social security	<b>59,467</b>	66,621
Other payables	<b>22,512</b>	18,889
Accruals and deferred income	<b>519,754</b>	504,257
	<b>923,723</b>	878,981

### 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

	2013	2012
	£	£
<b>Loan Account</b>		
Balance at beginning of year	<b>2,337,687</b>	2,338,442
Prior year adjustment	-	(755)
<b>Balance at end of year</b>	<b>2,337,687</b>	2,337,687
<b>General Fund</b>		
Balance at beginning of year as previously stated	<b>(3,403,586)</b>	(2,388,169)
Adjustment in respect of property, plant and equipment		-
IAS 19 pension (deficit) / surplus	<b>(281,000)</b>	(844,000)
Department for Employment and Learning – Revenue Grant in aid	<b>735,816</b>	678,421
Deficit for the year	<b>(643,569)</b>	(849,838)
<b>Balance at end of year</b>	<b>(3,592,339)</b>	(3,403,586)
<b>General Reserve</b>		
Balance at beginning of year and <b>at end of year</b>	<b>10,000</b>	10,000
<b>Funded by Department for Employment and Learning</b>	<b>(1,244,652)</b>	(1,055,899)

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 2013.



# Ulster Supported Employment Limited

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

47

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 15 Department for Employment and Learning (continued)

#### Impact of the new FReM requirement

The adoption of the presentation requirements of the Government Financial Reporting Manual (FReM) 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 Statement of Comprehensive Net Expenditure.

### 16 Revaluation reserve

	2013	2012
	£	£
Balance at 1 April	-	-
Revaluation of buildings, plant and equipment	-	-
<b>Balance at 31 March</b>	<b>-</b>	<b>-</b>

### 17 Capital commitments

At 31 March 2013 authorised future capital expenditure amounted to £Nil (2012: £Nil). The company has no capital commitments at 31 March 2013 (2012: £Nil).

### 18 Commitments under leases

At 31 March 2013 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.

	<b>Plant and office equipment 2013</b>	Plant and office equipment 2012	<b>Property 2013</b>	Property 2012
	£	£	£	£
Not later than one year	-	-	<b>43,000</b>	29,900
Later than one year and not later than five years	-	-	-	14,300
Later than five years	-	-	-	-
	<b>-</b>	<b>-</b>	<b>43,000</b>	44,200

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.

**Notes to the financial statements for the year ended 31 March 2013 (continued)**

**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 Statement of Comprehensive Net Expenditure 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 2010 and updated to 31 March 2012 by a qualified independent actuary.

Mr Jim Perry 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. Mr Paul McCarron of Mercer Limited is the scheme actuary.

**Change in benefit obligation**

	<b>31 March 2013 £'000</b>	31 March 2012 £'000	31 March 2011 £'000
Benefit obligation at beginning of year	<b>13,777</b>	11,834	11,880
Current service cost	<b>488</b>	419	500
Interest costs	<b>708</b>	662	691
Plan participants' contributions	<b>224</b>	232	231
Actuarial losses / (gains)	<b>1,220</b>	885	(1,210)
Benefits paid	<b>(223)</b>	(255)	(258)
Benefit obligation at end of year	<b>16,194</b>	13,777	11,834

**Analysis of defined benefit obligation**

Plans that are wholly or partly funded	<b>16,194</b>	13,777	11,834
--	---------------	--------	--------

**Change in plan assets**

	<b>31 March 2013 £'000</b>	31 March 2012 £'000	31 March 2011 £'000
Fair value of plan assets at beginning of year	<b>11,120</b>	9,804	8,400
Expected return on plan assets	<b>632</b>	649	586
Actuarial gains	<b>939</b>	41	73
Employer contribution	<b>628</b>	649	772
Member contributions	<b>224</b>	232	231
Benefits paid	<b>(223)</b>	(255)	(258)
Fair value of plan assets at end of year	<b>13,320</b>	11,120	9,804

**Notes to the financial statements for the year ended 31 March 2013 (continued)**

**20 Commitment to pension fund (continued)**

**Funded status**

	<b>31 March 2013 £'000</b>	31 March 2012 £'000	31 March 2011 £'000
Unrecognised past service cost	<b>(2,874)</b>	(2,657)	(2,030)
Net amount recognised	<b>(2,874)</b>	(2,657)	(2,030)

**Components of pension cost**

	<b>31 March 2013 £'000</b>	31 March 2012 £'000	31 March 2011 £'000
Current service cost	<b>488</b>	419	500
Interest cost	<b>708</b>	662	691
Expected return on plan assets	<b>(632)</b>	(649)	(586)
Total pension cost recognised in the Statement of Comprehensive Net Expenditure	<b>564</b>	432	605
Actuarial losses / (gains) immediately recognised	<b>281</b>	844	(1,283)
Total pension cost / (benefit) recognised in the Statement of Taxpayers' Equity	<b>281</b>	844	(1,283)
Cumulative amount of actuarial losses / (gains) recognised	<b>352</b>	71	(773)

**Plan assets**

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

	<b>31 March 2013 %</b>	31 March 2012 %	31 March 2011 %
Equities	<b>56.2</b>	57.6	64.3
Bonds	<b>42.9</b>	42.0	33.8
Cash	<b>0.9</b>	0.4	1.9

Expected return on assets by asset allocation

	<b>31 March 2013 %</b>	31 March 2012 %	31 March 2011 %
Equity securities	<b>6.30</b>	6.50	7.35
Debt securities	<b>3.85</b>	4.25	4.95
Other	<b>0.50</b>	0.50	0.50

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.

**Notes to the financial statements for the year ended 31 March 2013 (continued)**

**20 Commitment to pension fund (continued)**

Actual return on plan assets

**31 March 2013**  
**£'000**  
**1,571**

**Weighted average assumptions used to determine benefit obligations at:**

	<b>31 March 2013</b>	31 March 2012	31 March 2011
	<b>%</b>	%	%
Rate of increase in salaries	<b>3.85</b>	4.25	4.50
Rate of increase of pensions in payment	<b>3.25</b>	3.15	3.40
Rate of increase of pensions in deferment	<b>3.25</b>	3.50	3.80
Discount rate	<b>4.50</b>	5.05	5.50
Inflation assumption	<b>3.35</b>	3.25	3.50

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

	<b>31 March 2013</b>	31 March 2012	31 March 2011
	<b>%</b>	%	%
Discount rate	<b>5.05</b>	5.50	5.70
Expected long-term return on plan assets	<b>5.53</b>	6.41	6.69
Rate of compensation increase	<b>4.25</b>	4.50	4.80
Rate of increase of pensions in payment	<b>3.15</b>	3.40	3.70
Inflation	<b>3.25</b>	3.50	3.80

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

	<b>31 March 2013</b>	31 March 2012
Member age 65 (current life expectancy)	<b>20.80</b>	19.60
Member age 45 (life expectancy at age 65)	<b>22.50</b>	21.40

**Five year history**

	<b>Financial year ending in</b>				
	<b>2013</b>	2012	2011	2010	2009
	<b>£'000</b>	£'000	£'000	£'000	£'000
Benefit obligation at end of year	<b>(16,194)</b>	(13,777)	(11,834)	(11,880)	(8,203)
Fair Value of plan assets at end of year	<b>13,320</b>	11,120	9,804	8,400	5,525
(Deficit)	<b>(2,874)</b>	(2,657)	(2,030)	(3,480)	(2,678)
Difference between actual and expected return on assets:					
Amount (£'000)	<b>939</b>	41	73	1,818	(2,075)
Percentage of scheme assets	<b>7%</b>	0%	1%	22%	-38%
Experience gains and (losses) on scheme liabilities:					
Amount (£'000)	<b>637</b>	(165)	1,348	459	(17)
Percentage of scheme assets	<b>4%</b>	-1%	11%	4%	0%

The agreed contribution rate for the current year is 22.4%.

**Notes to the financial statements for the year ended 31 March 2013 (continued)**

**20 Commitment to pension fund (continued)**

**Other required disclosure amounts**

The contributions expected to be paid to the plan during the next financial year amount to **£628,000**

**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.

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

		<b>Balance due from DEL (ES)</b>	<b>Other Balances due from DEL</b>	<b>Retention monies due</b>	<b>Loan</b>	<b>Grants Received</b>
<b>Department for Employment and Learning</b>						
<b>31 March 2013</b>	<b>£</b>	<b>246,507</b>	<b>58,757</b>	<b>357,945</b>	<b>2,337,687</b>	<b>735,816</b>
31 March 2012	£	289,680	100,000	323,592	2,337,687	678,421

**22 Emoluments of directors and senior management**

	<b>Salary including performance pay</b>	<b>Benefits in kind</b>	<b>Total accrued pension at 65 at 31 March 2012</b>	<b>Total accrued pension at 65 at 31 March 2013</b>	<b>Cash equivalent transfer value at 31 March 2012</b>	<b>Cash equivalent transfer value at 31 March 2013</b>	<b>Real increase in CETV during the year</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
P Bagues	1,398	-	-	-	-	-	-
J Perry	4,248	-	-	-	-	-	-
B McMurray	1,548	-	-	-	-	-	-
A Bennett	1,923	-	-	-	-	-	-
B Maitland	1,748	-	-	-	-	-	-
G Adams	1,760	-	-	-	-	-	-
J Kelly	2,072	-	-	-	-	-	-
T Hinds	503	-	-	-	-	-	-
S Humphries	69,479	629	6,946	8,088	123,506	111,745	(17,242)

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

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 22 Emoluments of directors and senior management (continued)

Only Mr S Humphries accrues a pension; this is under a defined benefit pension scheme. His pension contributions paid during the year amounted to £5,481.

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 1/60<sup>th</sup> 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 8% of pensionable earnings and the company pays 22.4%. 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.

### 24 Events after the Reporting Date

There were no events after the reporting date which would require adjustment to the financial statements. The Annual Report and financial statements were authorised by the Accounting Officer to be issued on 1 JULY 2013.

**Appendix 1**

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

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

- (a) a foreword;
- (b) a Statement of Comprehensive Net Expenditure;
- (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 financial statements 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 financial statements 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 financial statements 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 financial statements 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.

**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.

**Schedule 2**

**Additional disclosure requirements**

- 1 The foreword shall, inter alia:
  - (a) state that the financial statements 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 financial statements 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)

55

## Appendix 2

### Profit and loss account for the year ended 31 March 2013

	<b>2013</b>	2012
	<b>£</b>	£
<b>Turnover (including grant income)</b>	<b>7,528,217</b>	7,648,522
Operating expenses	<b>(7,640,339)</b>	(7,865,546)
<b>Operating profit</b>	<b>(112,122)</b>	(217,024)
Interest receivable and similar income	<b>28,072</b>	13,753
<b>(Loss) / Profit on ordinary activities before taxation</b>	<b>(84,050)</b>	(203,271)
Taxation	-	-
<b>(Loss) / Profit on ordinary activities after taxation and retained loss for the year</b>	<b>(84,050)</b>	(203,271)

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 Government Financial Reporting Manual and are for illustrative purposes only of the underlying trading position.

This statement does not form part of the audited financial statements.