

Registered No. NI 005192

**Ulster Supported Employment Limited
Annual report
for the year ended 31 March 2014**

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

**Annual report
for the year ended 31 March 2014**

	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 - 33
Independent auditors' Report	34 - 35
Statement of Comprehensive Net Expenditure	36
Statement of Financial Position	37
Statement of Cash Flows	38
Statement of Changes in Taxpayers' Equity	39
Notes to the financial statements	40 - 54
Appendix 1 – Accounts direction given by the Department for Employment and Learning	55 - 56
Appendix 2 – Profit and Loss account in Companies Act 2006 format	57

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

1

Directors and advisers

Directors

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

Ulster Supported Employment Limited

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

2



Directors' Report
Year ended 31 March 2014
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 12-33.

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 four times 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 36. The deficit for the year was £776,423 (2013: £698,569). 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 2012 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.

Ulster Supported Employment Limited

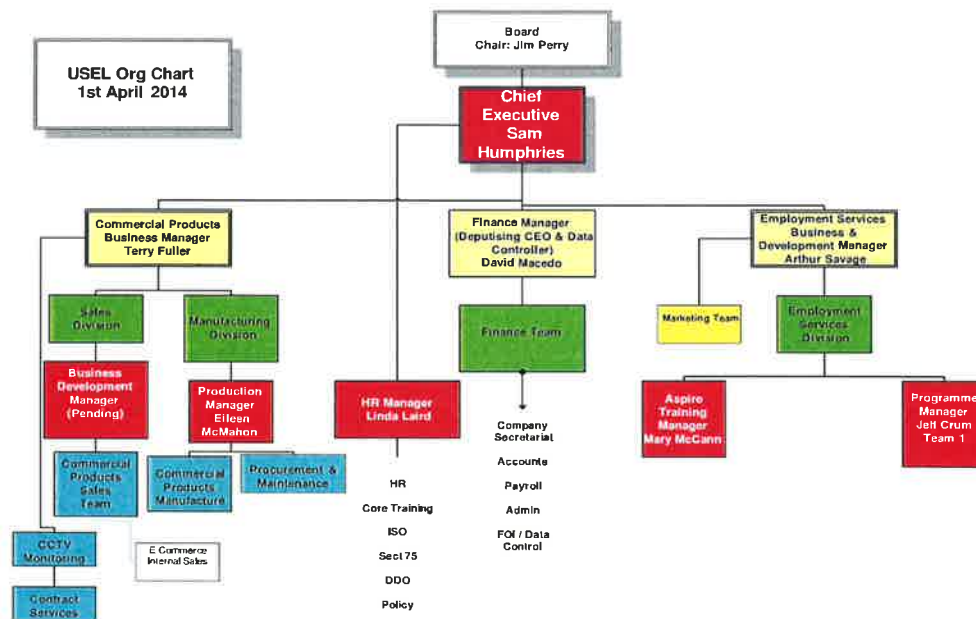
(A company limited by guarantee and not having a share capital)

3

Director's report for the year ended 31 March 2014 (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 6.9% (2013: 6.6%). This is a slight increase compared to the previous year due to a number of long term sicknesses experienced by a small number of employees.

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.

The Employee engagement initiative of Health and Wellbeing continues to deliver positive impacts which are driven by the employees through the employee working group.

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 2014 (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. In the financial year 2013-2014 USEL provided opportunity for a supervisor to qualify in the NEBOSH accreditation and his contribution has led to USEL revising the company Health and Safety policy. A director was given the board level responsibility for health and safety.

The Environment

USEL continues to manage and maintain a review of its environmental footprint. In the past year we have successfully passed external audit to maintain the BS8555:2003 Phase 2 environmental management system. The company was also recognised in the 15th Northern Ireland Environmental benchmark survey in the first quintile, a progression from quintile 4 in only 2 years. Andrew Willis one of our supervisors was also recognised with the George Dawson award for environmental management, a great personal accolade and a recognition of the corporate focus on our environmental responsibility. Energy conservation is promoted throughout the organisation and posters promoting energy conservation are prominently displayed on notice boards and other locations within the building. Timing switches are also installed where practicable with regard to heating, lighting and air conditioning appliances.

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 92%; the remaining 8% withheld pending resolution of disputes. The trade payable days at 31 March 2014 is 27 days (2013-2014: 21 days) calculated as the proportion of year-end payables to the aggregate invoiced amounts during the year.

Pension fund

As of 1st February 2014 the company has two pension systems operating. The legacy system is based on an individual's final salary. The assets of that 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 5th April 2012. Following the 2012 actuarial review and in preparation for the auto enrolment requirement the directors took the decision to close the scheme to new entrants.

Following a review, we selected a new external company to provide a proprietary system; NOW

Ulster Supported Employment Limited

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

5

Director's report for the year ended 31 March 2014 (continued)

Pensions provides a scheme that complies with the government's workplace pension reform requirements. While this scheme is managed on behalf of USEL by NOW pensions and USEL is not required to establish a trustee group, the audit committee and board remain engaged in ensuring good governance of the scheme. Due to timing and changes to the company payroll systems the company elected to defer inception until 1st May 2014.

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 were no changes to the Directors team over the past year.

Current Service:

Jim Perry – Chairman (Appointed 1st 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 11th 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 1st 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

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 2014 (continued)

Associate Member of the Chartered Institute of Personnel & Development and a Licentiate Member of the Institute of Bankers in Ireland.

Gavin Adams – Director (Appointed 11th 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 1st 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 26th 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.

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.

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 2014 (continued)

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 Miscampbell & Co.

By order of the Board



D Macedo
Secretary
24th June 2014

Ulster Supported Employment Limited

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

8



Foreword by James Perry, Board Chairman

The Annual Report and Accounts for USEL (Ulster Supported Employment Ltd) covers the period 1st April 2013 to 31st March 2014.

Over the past year we have worked towards developing a new three year corporate plan. As part of that exercise we believed it important to revisit the core foundations of USEL as reflected in our Vision and our values.

Our new vision statement reads:

“To be the lead provider in helping people with disabilities gain employment”

Upon this foundation we have built our new plan. It is challenging and requires a high degree of effort on the part of the board to ensure strategically it remains in line with our aspirations. It also relies heavily on the executive team to deliver on the operational commitments, all the more difficult in the changing programme environment in which we find ourselves.

While the task is great I can confirm that the board and executive team are fully committed to and capable of delivering on our plan.

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.

There have been no changes in the membership of the Board during the last year. We maintain a diligent focus on core organisational and governance arrangements in order to ensure that our challenge function is both proportionate and appropriate to fulfil our obligations.

Although there are significant challenges ahead I am confident that we will be able to deliver on our core business objectives.

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 again 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 as reflected in the current programme for government.

We are delighted to report that against the backdrop of a challenging economic environment during the last 12 months it is encouraging to note our year-end financial result with a pre adjustment return of £69,000. I would place on record the board thanks and congratulations to the executive team for that result.

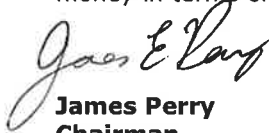
Over 1700 clients were supported by the Employment Services Division with 154 of these securing employment opportunities.

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 March 2014.

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

9

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 2014

Ulster Supported Employment Limited

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



Audit Committee Report by Aidan Bennett Chair of Audit Committee

Chairman's Foreword:

I would like to thank the members of the audit committee for their support, involvement and contribution. I would also like to 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 any 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.

Internal Audit Report:

The internal audit programme for this year included:

Area	Level of assurance	Number of recommendations
Bribery Act Policy	Satisfactory	2
Manufacturing and Contract Services	Satisfactory	2
Payroll, Pensions and Travel	Satisfactory	3
Supported Employment Payroll	Substantial	-

Audit Committee Report (continued)

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

This concluded the last year of our current engagement with ASM. I would take this opportunity to thank Brian Clerkin and his staff for the very professional manner in which they provided USEL with the Internal Audit Service.

A process is now underway to select a provider for the next 3 years.

External Audit engagement:

The committee received the audit report from NIAO at the meeting held on 24th June 2013. The report provided an unqualified opinion on the accounts for the year to 31st March 2013. 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 2013 – 2014 financial year.

The Executive implemented a recommended change in the risk register during 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 three times per annum 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 2013 - 2014. With the ongoing publication of our Directors' interests, and any potential conflicts of interest, the wider risk of any challenge to integrity is mitigated.

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 we have achieved.



Aidan Bennett
Audit Committee
24th June 2014

Ulster Supported Employment Limited

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

12



Management Commentary by the Chief Executive

This report deals with our activities from 1st April 2013 to 31st March 2014.

"More than 1 billion of us live with disabilities. We must remove all barriers that affect the inclusion and participation of persons with disabilities in society."

UN Secretary-General Ban Ki-moon, 3rd December 2013, International Day of persons with disability.

This call by the UN secretary general reminds us that the efforts we undertake day and daily to Support, Provide and Promote employment to people who live with disabilities are far from complete. For the UN secretary general to issue such a call to the nations as he announces a fully inclusive accessibility center at the UN shows that society has more distance to cover.

This has been a positive yet challenging year for the organisation. Developing our new three year corporate plan has brought a deeper sense of strategic outlook to our daily roles. The exercise to create that plan has taken 14 months of discussion, engagement, challenge and revision to bring us to the point at the end of 2013-2014 where we are able to produce the final document. Within that document we have revised our vision, we have restated our purpose but for the first time we have created a values statement that we believe encapsulates what will underpin the delivery of our future plans.

Vision:

"To be the lead provider in helping people with disabilities gain employment"

Values:

"We strive to be a sustainable, people centred organisation that adds value through respect for others and commitment to excellence"

Purpose:

Supporting, Providing, Promoting Employment

This has formed the building blocks around which, through the adoption of elements of the balanced score card, we have defined the core drive and metrics of our next three years.

We have witnessed a superb increase in sales within our commercial products and services division from our Industrial sewing department, which has gone a long way to help us overcome the continued sales pressures in the bedding department. The Employment services division has delivered a better than budget net result due to the continued progression of people through the programmes in a highly efficient and effective manner.

The final outcome we now report at Management Accounts level is a £69,000 surplus (2012-2013 £84,000 loss) before depreciation, FReM adjustments and IAS 19 pension costs. A reconciliation between the Management Accounts and the Statement of Comprehensive Net Expenditure is set out on page 42.

Ulster Supported Employment Limited

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

13

Management Commentary (continued)

Corporate:

USEL is a unique entity, these are words I find myself using time and time again to explain us. We have challenged ourselves to think about the elevator chat, an elevator chat is how you would describe USEL in three minutes or the time it would take for you and a stranger to travel up in an elevator, by the end of that journey the stranger should understand USEL. That is not easy, as the message depends of their area of interest, be that commercial or service / employability or skills and personal development.

While we continue to hone that elevator chat we have consciously taken the decision to ensure we are fully engaged at the most appropriate level to ensure the message about USEL is more widely known. At the heart of this corporate strategy is the desire to maximise each and every opportunity, no matter how small for one of our clients. So in pursuit of that goal we are engaged with numerous organisations as members and participants. These membership organisations have local, national and International engagement.

Here are just some of the organisations we engage corporately with and the reasons why it is so important:

Social Enterprise NI: this organisation promotes the core Social Enterprise model to the government, the public and to business. At its heart is a message that resonates with USEL as we have been doing this for the 52 years of our existence. Social enterprise uses the best of business and commercial skills to further the core social aims of the entity. Through this activity, USEL has been recognised in 2013 with the Social Enterprise NI innovation Award sponsored by INI. We won this award because we went the extra mile and specified a new sewing machine that could be utilised by our blind or partially sighted colleagues in the production of our fashion satchels. Pictured L to R Paul Porter (Satchel E-sales coordinator), Sam Humphries (CEO USEL), Sharon Polson (INI) Eileen McMahon (Production Manager)



Business in the community: we continue to engage with BITC as this provides a conduit for USEL to give and receive knowledge. Participating in conferences and shows where private business meets



socially minded business with a realistic business aim raises the profile of organisations such as USEL. One of their key supports has been the environmental support provided by the arena network. Through that engagement USEL has developed from Green Dragon to BS8555 level 2 environmental management system. We have witnessed our environmental credential grow significantly over the past three years and in the annual environmental benchmark survey we have risen from quintile 4 to quintile 1 in 2013.

Pictured L to R, David Gavaghan (Chair of Arena Network & CEO Titanic Quarter), Terry Fuller (USEL), Sam Humphries (CEO USEL), Andrew Willis (USEL), Stephen Aston (NIEA)

One of our key environmental champions, Andrew Willis pictured here with Mark H Durkin MLA, Minister for the Environment receiving the George Dawson award for environmental management.



Ulster Supported Employment Limited

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

14

Management Commentary (continued)

Chief Executives Forum: This is a public sector sharing network. USEL has in the past 3 years hosted an event through the network but more significantly we have received superb supports to ensure we not only access best practice learning in governance terms but also best practice in continuous improvement activity. Learning from a group of public sector arms-length bodies and departments allows USEL to gain valuable insight into how affect change within a governance rich environment such as the wider public sector requires. More recently the CEF has provided an insight that aligns with one of our corporate plan aspirations to dig deeper into our culture and behaviours and maximise the benefits from understanding what makes us tick.

European Platform on Rehabilitation: This entity based in Brussels has provided significant engagement for USEL over the past year. Seated at the heart of the European policy network, we receive valuable insights into what Brussels is thinking about. We get to hear about policies and provide direct feedback via the membership network. Indeed combining our public sector stance with the work of EPR, USEL received a direct briefing from members of the EU unit which was developing the new public sector procurement rules in early 2013. We plan to hold a collaborative event with a Finnish EPR group member here in Northern Ireland in 2014, maximising learning from a European perspective for our client group.

Within the past year USEL has continued to develop our core employee group. We have delivered 61 accreditations across the company. Considering we currently have a core workforce of 97 people and our internal training must be focussed on the core business this is a positive figure for such a small entity as USEL. It is also impressive when we remember that 71% of our core factory employee group lives with some form of disability or health condition. Above and beyond that figure of 97 core employees we witnessed 7 employees progress from USEL to move into other external employment over the past year.

Employee engagement is important to us at USEL, regular briefings directly by myself and the opportunity for employees to ask direct questions from the CEO continue to provide a space for employee engagement in their business. Works committee meetings twice per year provides a vehicle for employees to raise their concerns.

Our Health and Wellbeing group, chaired by Linda Laird our HR manager and staffed by employees has continued to provide engagement for employees to think out their work life balance and the benefits that come from considering our lifestyle.



These are just a few of the activities undertaken in the past year.

Cancer Focus

The charity has been on site twice, firstly to offer their Workplace Quick Fit Programme which included a talk on cancer awareness followed by an individual health check. Another session was organised at the start of 2014 which concentrated on gender specific topics. Again both were very well attended, with 27 employees taking advantage of this most recent opportunity with everyone giving very positive feedback.

Biggest Loser

2nd programme of weight loss competition with winner losing just over 1 stone

Fundraising Activities

Such as Belfast City Council Fun Run and Relay, Christmas Raffle, sweet sale, Big Bagathon, Pudsey raffle and coffee mornings. Contributors generous with time, effort and money to the tune of £1600 in 2013.

Charities that have benefitted are Oxfam, Children in Need, Sense NI, Cancer Focus NI and Sense NI.

Ulster Supported Employment Limited

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

15

Management Commentary (continued)

Big Birthdays

Some employees have celebrated "big" birthdays with quite a few still on the cards for 2014. USEL remains an organisation with a blend of engagement activities.

Engagement

Over the past number of years we have expanded our service delivery to reach other client groups for whom our unique approach adds value. These are people who may not have a disclosed disability or health issue, but for whom a wide spectrum of societal impacts has created significant barriers to their employability.



Notwithstanding our core focus remains people who live with disability or health issues and our delivery models focus on a three-strand approach as defined by our purpose statement. The largest group remains people we **Support**, who under our supported employment delivery model receive support for their employment activities outside of USEL. This group equates to 76% of those with whom we engage.

The second group remain those for whom we **Provide** direct employment, this group accounts for 6% of the total number of people we engage with but delivers employment of their choosing and a financial contribution to the core aims of USEL of 45% of our income.

Finally the third group where we **Promote** the employability of individuals through up-skilling and training delivery. 18% of the people we engage with have transitioned through this area of the business, many of whom have gone on to secure full employment as a result of their newfound accreditations which adds to their personal employability.

1: Supporting: Employment Services Division:

This division comprises around 20 staff who deliver the programme mix subject to the contract area and the client throughput. While the teams operate broadly in two key department teams using the programmes to provide an end to end service for clients, each officer now has the availability to deliver a significantly more rounded service to each of their respective clients, always with a view to their long term employment requirements.

- A. **Employment Support Scheme**
- B. **Workable NI**
- C. **STEP V**
- D. **Steps to Work (Back to Work)**
- E. **Training for Success & Apprenticeships NI (disability Support)**
- F. **Supported Permitted Work (Legacy NDDP)**

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 32nd year of operation by USEL, we remain the largest provider of this programme in Northern Ireland with 428 clients remaining active on the programme at the year end. 36 clients have left the programme throughout the year with 2 progressing into open employment with 8 migrating across to Workable NI.

B: Workable NI

The programme continues to go from strength to strength, this programme has especially been a positive progression step for a number of our clients through the ESF funded STEP V programme into sustained employment. We closed out the year having supported 149 clients through the year. Some 26 clients left the programme with 6 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 third year of the now 4 years of delivery for the programme. This has doubtless been one of the most successful programme delivery activities we carry out with 117 clients support on the programme of which 58 have progressed into open employment, 2 have progressed into self employment and 4 have progressed into further education.

D: Steps to Work (Back to Work)

This year we had initial engagement with 510 clients through this provision, of which 234 clients were eligible or selected to start on the provision, an improvement of 103% on the previous year. From that 234 clients 58 entered employment which is a programme delivery of 25%.

E: Training for Success & Apprenticeships NI (Disability Support)

The programme has finally started to roll out this year, while the initial contract release was September 2013 it was not until the new academic term of January 2014 that we gained real traction. Working along with our key partner Clanrye, we now deliver weekly input to their clients. The plans are positive and challenging to maximise this programme opportunity going forward and we expect this to be one of our key delivery mechanisms this coming year.

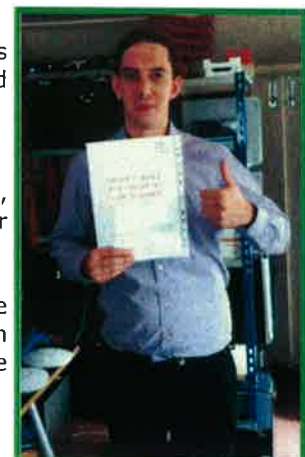
Programme Stories.

Stephen:

Stephen from Lisburn had been unemployed for nearly two years and was offered the opportunity to undertake a VRQ (Vocationally Related Qualification) In ICT Maintenance via Jobseekers.

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

Participants on the programme with USEL are provided with the opportunity to undertake a Vocationally Related Qualification (V.R.Q.) in Web Design or IT Maintenance and upon completion of their training are proficient in these areas."



Ulster Supported Employment Limited

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

17

Management Commentary (continued)

Stephen was assigned to Geraldine Lawless, USEL's Employment Service Officer who sourced a 13 week placement for Stephen in Business Technologies Northern Ireland (BTNI) in Lisburn.

Stephen commented "I'm overwhelmed with the opportunity that I have been given to show what skills I have learned over the past year. While here I have been continuing my training for system support and have enjoyed going out to see clients and learning from my colleagues. The work varies a lot from fixing laptops for home users to looking after servers and workstations for large company's and charities."

During the Steps to Work programme Stephen also achieved a Level 1 Certificate in Health and Safety at Work, a nationally recognised qualification from the British Safety Council (BSC), one of the world's leading health and safety organisations.

Stephen added "I would recommend this course to anyone with an interest in ICT and the 13 week placement provides you with a lot of experience which is exactly what potential employers are looking for and a great way to get your foot in the door."

Stephen is now employed with in BTNI as a trainee ICT technician under the Skills Training for Employment Progression (STEP) Programme.

Kirsty:

Kirsty from Carnmoney registered with USEL and was assigned to Bob Kane, USEL's employment services officer. Kirsty has a mild learning disability that can limit her self-confidence.

Bob worked closely with Kirsty to explore her employment options. Kirsty had no previous work experience but expressed an interest in working with children in a customer services role.



Dr Stephen Farry, Minister for Employment and Learning presents Kirsty with her S.T.E.P. programme certificate of completion

Bob sourced a six month placement for Kirsty in Funky Monkeys, an indoor soft play centre, as a waitress on the S.T.E.P. programme. Kirsty's role involved mainly table service and clearing of tables. During the programme Kirsty also achieved a British Safety Council Level 1 in Health & Safety.

Kirsty was greatly valued by her employers during her placement and upon completion was offered a permanent position with the centre under Workable (NI), a flexible programme of support which assists people with disabilities who face significant barriers to work to find or sustain paid employment.

Bob is in contact with Kirsty on a weekly basis to provide ongoing support and encourage her progression within the centre.

Kirsty's participation on USEL's employment programme has greatly assisted the development of her social and communication skills. It has allowed her to overcome significant barriers to employment, increase her confidence and secure permanent paid employment. Kirsty commented, "I am really happy in my job and now feel a lot more confident when I'm talking to people."

Ulster Supported Employment Limited

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

18

Management Commentary (continued)

Eugene:

Eugene from Newtownabbey accessed the Steps to Work VRQ Programmes via his local Jobs and Benefits Office. Eugene had previously been employed in ICT help desk roles in various short term contracts and was hoping to secure permanent employment within this area.

Eugene initially successfully completed a VRQ in ICT Maintenance with USEL before undertaking a VRQ in Website Design. During his time on the programme Eugene attained two City and Guilds accreditations and also received work preparation training and coaching from his employment services officer, Kevin Bartlett.



Eugene was based with software development company, Core Systems, for the duration of his placement and upon completion was offered a full-time position as an IT Maintenance technician under the S.T.E.P. programme.



Eugene commented "Through the Steps to Work programme and the excellent training obtained through USEL and Aspire Training I have achieved a qualification in both PC Maintenance and Repair and Website Design. I have also been able to develop my skills in CV writing and greatly improved my confidence and self-esteem which has enabled me to gain full-time employment."

"I would highly recommend both programmes to anyone interested in IT. USEL staff, from manager to tutors make everyone feel welcome. This is the foot in the door that most people need to get their first step on the ladder to a career in IT."

Tonya Deans, Eugene's manager commented "Eugene has a great work attitude and undertakes his role professionally and with enthusiasm. He has settled in very well with the team and has become a great asset to the business."

John:



John McKinney is employed as a porter/gardener with the Western Health and Social Care Trust on USEL's Employment Support Programme. Having worked in Gortmore Care Home for 15 years, John was transferred to Greenfields Care Home in Strabane.

The home undertook extensive work on a gardening project this year in which John played an important role. John showed tremendous enthusiasm throughout. His flair, talent and skills have developed through this new project under the supervision of the head gardener.

Ulster Supported Employment Limited

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

19

Management Commentary (continued)

Natalie:

Natalie McCullagh is in her fourth year of employment as a waitress with JAMM Home Bakery and Coffee shop in Omagh. Through the Workable NI programme Natalie is growing in confidence within her role in this busy establishment.

The owner of JAMM, Michael Gainie has been very supportive of USEL and has another client placed in the Enniskillen cafe.



10 years of Employment Support success:



Pictured alongside ASDA Department Manager Gary Vaughan, is Maria Mulyran and Gary Johnston who both recently reached 10 years of service working in Asda Omagh with USEL's Employment Support Programme.

Six in One!



Pictured at the recent S.T.E.P. awards ceremony Dr Stephen Farry, Minister for Employment and Learning and Sam Humphries, Chief Executive, USEL with employer, Finton Monaghan (Centre), from Cherry Plastics who recently employed all six USEL clients upon their completion of the S.T.E.P. programme

Ulster Supported Employment Limited

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

20

Management Commentary (continued)

2: Providing: Commercial Products and Services division:

The division has had a mix of fortunes over the past year. It's prime goal is to provide meaningful paid employment to people who live with disability or health issues. In pursuit of that core aim is the provision of a commercial employment factory.

Building upon the success intervention last year sponsored by Invest NI we undertook a lean assessment of our manufacturing facility to see if there were areas we could enhance and reduce waste and improve margins. To date I am delighted to report that the assessment yielded no major or minor recommended improvements to our processes. It is great to note that we are operating at such a positive and "lean" level already.

During the year we applied for an intervention package under Belfast City councils manufacturing diversification programme. This has provided USEL with a business development focus to prospect around some of Northern Irelands leading manufacturing companies to see if we can provide products or services to them, and by virtue of which USEL could diversify its portfolio of products and capabilities. This process has opened a few key doors and we are working through those initial expressions of interest, developing samples for some of the prospect companies.

The factory or commercial products and services division to give it its full title delivers 4 key areas.

1: Mattress and bed manufacture

Under the Slumberin brand name, USEL produces a range of mattresses and divan bases for the retail and commercial sectors. All of our products are produced under strict ISO controls and all mattresses and bed bases sold are fully compliant and tested by independent labs to the relevant fire retardant standards. In the past year this market has continued to experience significant downturn due to the wider economic circumstances. We have also noted increased competition from low costs and at times low quality products whose fire retardant credentials are at best questionable. USEL has fully engaged with the National Bedding Federation to ensure this practice is irradiated as it harms quality manufacturers like USEL. While sales are low with redeployment and wise use of the employees the department has actually improved upon its margin position, delivering on budget for the net return.

2: Industrial sewing

By far the flagship at this time for the division is the IS department. This department manufactures a wide range of products based loosely around a carrying solution. These range from bags for the blue light services which carry anything from paramedic equipment, Police medical equipment and a plethora of fire and rescue equipment on-board fire and rescue vehicles to electronic equipment carrying solutions for distribution across the world.



In the past three years the largest growth market for USEL from this department has been the vintage fashion satchel. 17% of this product line is exported outside the UK and sold on-line through our ebay vintage satchel company website. We also supply around 50% of our products to wholesale markets, with around 45% of that market buying our satchels made from recycled leather products.

Our customers in this area of the business are spread across multiple sectors from medical to engineering. One of the more unique products we make is a fire and rescue training dummy. This product simulates dead weight for fire fighters to practice rescue. Due to the nature of the weights involved, this has allowed us to open up a new sales front in the southern Ireland market.

Management Commentary (continued)

3: Factored Goods

These products are bought and sold on to add value and range to the items we make ourselves. One such product that has performed well for us this year has been the electric beds. This has consistently sold well. Alongside this we have continued to act as a bedding reseller for raw materials and these combined has allowed us to deliver a better than budgeted income. More importantly they also allow us to provide further employment and work placement for clients in a working stores environment.

4: Contract Services

Within this department we deliver closed circuit monitoring staff to manage the CCTV delivery for a large metropolitan area in Northern Ireland. We also through this department manage the spare asset in terms of space at our Cambrai street facility. Currently we have 5 organisations that rent space both inside and outside the building. These range from our strategic partner Bryson who deliver the Arc recycling of white goods, to another key partner who not only rents space but provides a conduit for clients to become employed in the landscape gardening sector, The Landscape Centre.

3: Promoting:

Aspire Training

The primary emphasis for this department, which operates under the employment services division at present, is the delivery of accredited and non-accredited short course training for clients. This year the department which operates under the name of Aspire Training, delivered 996 accreditations. Added to which were 153 non accredited outcomes for pre-employment skills such as CV preparation and Interview skills. While the majority of these were linked to our current programme profiles requirements we also delivered an additional 25 courses in areas such as Sage accounts, Health and Safety, Web Development, Search Engine Optimisation and Excel.

Delivering over 73,000 man-hours of training input is indeed a significant commitment and contribution by our small team of trainers and associates. All of which led to a very positive financial return on this investment. We have trialled new techniques for creating a positive mind-set for those of our clients who have lost some of the daily discipline which employment brings. These trials have delivered very positive personal results for some of the clients and have undoubtedly led to some of them gaining the skills needed to gain the employment of their choosing.

Marketing:

Each year we go to great lengths to ensure we promote the opportunity clients can avail of through our service delivery model, this also serves to reinforce to people that employment is possible with the right support. These are some of the activities we have undertaken this past year:

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

22

Management Commentary (continued)

Date	Exhibition	Subject
5 th June 2013	Delivering Social Change Conference Springvale Campus, Belfast	Building an inclusive society aimed to raise awareness of Delivering Social Change
27 th September 2013	"Let's Work Together" Tyrone Jobs & Careers Fair, South West College, Omagh Campus	Jobs & Careers Fair
3 rd October 2013	"Let's Work Together" Fermanagh Jobs & Careers Fair, South West College, Enniskillen Campus	Jobs & Careers Fair
13 th November 2013	Legal Island – Annual Review of Employment Law, Culloden Hotel, Belfast	One day event/conference focusing on key developments in employment law
23 rd November 2013	Access All Areas, Ards Borough Council, Town Hall Arts Centre, Conway Square, Newtownards	'One-stop shop' for people with disabilities next week . More than 15 organisations gather under one roof to offer advice and information.
26 th November 2013	Legal Island – Annual Review of Employment Law, Ramada Hotel, Belfast	One day event/conference focusing on key developments in employment law
22 nd January 2014	NEELB Transitions Service Workskills Showcase, Antrim Forum	Day event to showcase the types of employment/training available
4 th February 2014	Careers Fair, Fleming Fulton School, Belfast	Careers Fair
26 th February 2014	Business In the Community STEM Interactive Careers Event, W5, Odyssey, Belfast	Interactive Careers Event

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.

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.

Ulster Supported Employment Limited

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

23

Management Commentary (continued)

Clients:

Satisfaction with USEL officers: 94%
Satisfaction at the level of interaction with the officer: 94%
Satisfaction with the contact availability of the officer: 93%
Satisfaction with Employment: 100%
Satisfaction with Training opportunities provided by employer: 68%

Employers:

Satisfaction with USEL supports: 100%
Satisfaction with the Employees contribution to the employment: 95%
Satisfaction with the USEL administration behind the programme: 98.75%

Commercial Products Customers:

The survey this year focusses upon our bedding customers.

86% of our customers surveyed said they would recommend our mattresses to their customers on the basis of:

1st: Price
2nd: Quality
3rd: Availability
4th: Range and Sales team
5th: Delivery and Design.

In terms of overall satisfaction we asked customers to rate the following:

Product in terms of Quality and design: 75% were satisfied with the remaining being neutral

Price: In terms of value for money when compared to competitors: 100% were satisfied

Sales: In terms of efficiency, knowledge and helpfulness: 86% were satisfied

Overall satisfaction level with USEL: In terms of experience with USEL as a company: 86% were satisfied with 14% neutral.

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 11.8% (£795,259) of our total income by way of grant from our sponsoring department.

2: National Fraud Initiative:

USEL was again part of this in 2013-2014, the matching exercise again presented only minor data matches of an administrative nature. No fraud or attempted fraud was detected.

Ulster Supported Employment Limited

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

24

Management Commentary (continued)

3: Partnering

With the advent of the changes under the Steps to Work provision and the new planned Steps to Success programme eagerly awaited USEL has focussed this year on building relationships that would ensure we were placed well for the new programme paradigm. That activity as we close the 2013-2104 year sees USEL aligned to all the key stage one prime contract providers bidding for the final tender stage. We have always known that we could not take prime contractor placement, however as many people will migrate from DLA to employment we firmly believe that we must make our services available to that group to assist ease their transition.

Previous partnering development work has proved invaluable in our restarted delivery of the Training for Success and Apprenticeships NI contracts for which we are a consortia member and also hold the Disability Support Provision portfolio for both programme areas.

We have continued to be an active participant in the Social Enterprise Network in Northern Ireland. Arthur Savage continues to contribute to the EU Regional Forum for NI, and Terry Fuller continues to represent USEL at the National Bedding Federation organisation.

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: 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.

6: 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.

7: Auditor's Remuneration

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

8: Reflection on 2013 – 2014

Throughout this year we have operated under a high degree of uncertainty in respect to programme deliveries, their future form and when that change might take place. So it has been gratifying to end the year in such a positive place financially. Commercially our traditional markets for beds have simply eroded as the furniture industry continues to contract, we have worked hard to introduce a new stream for the bedding department and we remain positive that early in 2014 we will realise that preparation work.

The involvement of Invest Ni in the year through an extension to the interim manager project allowed us to generate a positive marketing plan for the business. This provides a template for us to work through over the coming years to develop our business.

Ulster Supported Employment Limited

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

25

Management Commentary (continued)

Receiving recognition for our innovation in the factory where we provided a new computer stitching machine for our blind colleagues to use was very positive. Receiving recognition for our environmental work is also a very welcome endorsement.

As ever though the real success story comes from the tenacity and resilience of the team here at USEL which has taken us through this challenging year. I want to acknowledge and thank the board of directors for their work this year, for there have been a few challenges corporately along side the new corporate plan development.

I also want to acknowledge the ongoing positive relationship we have with our sponsoring branch the Disability Employment Service.

9: 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.

2014-2015 will be another challenging year especially with the now certain changes in Steps to Work and Steps to Success. We have wrestled with our budgets for the year and the result we are predicting is prudent and conservative and I have little doubt the cost controls we applied last year along with the drive to deliver will see a better than budgeted result again this year.

That expectation is underpinned by dependence on the following:

1: The Commercial Products and Services plans fully deliver:

- 1: Bedding Market: Developing a new solution to recycling and reuse of the materials consumed in the product at end of life. This would mean USEL would be the only company in Northern Ireland providing a true whole of life service for mattresses.
- 2: WEB E-Commerce: We need to continue to maximise our web sales and develop more aggressive marketing for our satchel business.
- 3: INI next stage development: We need to harness the Growth Accelerator programme opportunities.

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 continue to divest into non programme related income streams.



Sam Humphries
Chief Executive and Accounting Officer
24th June 2014

Ulster Supported Employment Limited

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

26

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.

	2013 - 14				2012 - 13			
	Salary £	Benefits in kind £	Pension Benefits £	Total £	Salary £	Benefits in kind £	Pension Benefits £	Total £
J Perry	5,929	-	-	5,929	4,248	-	-	4,248
A Bennett	1,838	-	-	1,838	1,923	-	-	1,923
G Adams	2,350	-	-	2,350	1,760	-	-	1,760
J Kelly	2,735	-	-	2,735	2,072	-	-	2,072
T Hinds	1,459	-	-	1,459	503	-	-	503
D Mackay	1,757	-	-	1,757	-	-	-	-
S Humphries	70,263	609	14,000	84,872	69,479	629	10,000	80,108
Highest Paid Official				84,872				80,108
Median Total Remuneration				2,350				1,998
Ratio				36.1				40.1

"Salary" includes gross salary; there were no bonuses paid; benefits in kind refer to an insurance premium which is subject to UK taxation.

The highest paid director was Mr J Perry whose remuneration for the year amounted to £5,929. The median salary during the year for all employees was £12,787;

The company operates a uniform pension scheme providing benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of final pensionable salary for each year of service up to 30 June 2013 and at the rate of 1/80th thereafter subject to a maximum of 40 years. 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.

The above table is subject to audit.

Only Mr S Humphries accrues a pension. Currently he has a pension of £9,246 per annum as at 31 March 2014. Normal pension age is 65.

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

27

Remuneration Report (continued)

The above pension values relating to Mr Humphries have been calculated based on CPI indexation of 2.2% to September 2012 and 5.2% to September 2013. The values are net of contributions paid by Mr Humphries.

CEO Remuneration History

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
	£000s	£000s	£000s	£000s	£000s
S Humphries	85	80	82	87	90



Sam Humphries
Chief Executive and Accounting Officer
24th June 2014

Ulster Supported Employment Limited

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

28

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 whilst an NDPB operates as a commercial entity delivering a social enterprise business model in pursuit of the core aims and objectives of the company.

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 2014 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 is utilised to ensure budgetary control and expenditure are controlled and met. The Whole Management Team operates to the Nolan principles of leadership standard.

Bi-Annually the director with responsibility for USEL within The Department for Employment and Learning meets the chairman. Annually the DEL Director with the Head of the sponsoring 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 ad-hoc meetings are arranged as and when required.

Ulster Supported Employment Limited

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

29

Governance Statement (continued)

The Governance Framework

Accounting Officer:

As Accounting Officer I discharge my responsibility through a system that is commensurate with the size and nature of the company. I meet the accounting officer of our sponsoring department annually to discuss the key business issues. At that meeting I meet the director of DEL and the head of the sponsoring branch. This is further augmented by on a monthly basis with the business meeting between the sponsoring branch, the CEO and FM for USEL.

I also attend the quarterly procurement sub-committee meeting with the department and report all necessary procurement information monthly to the department and branch.

Board:

USEL comprises a board of six directors, which are selected through the public appointments process. The directors appoint from their number a director to act as Finance Director who is also the chair of the audit committee. In 2014 one of the directors was appointed as Director with portfolio for Health and Safety.

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.

The board meets 11 times per year for normal board meetings and at other times throughout the year as required. The CEO provides the board with a full management commentary which also deals with matters of a corporate and governance nature.

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 Senior team provide the board direct reports monthly showing the performance of the division for which they are responsible, detailing actual against budgets and targets with a commentary. The senior team attends the board to answer directly to the board for the areas of operational control.

The board accepts that the data provided to them is comprehensive, sufficiently detailed, accurate and timely.

Annual review of effectiveness:

The board undertook an annual review of effectiveness in 2013, the outcome of that review denoted 6 key topic areas to focus upon.

Long term vision: The board recognised the need to ensure a clear concise and tangible vision was clearly established and communicated. A revised vision, values and purpose statement was created and communicated in a new three year corporate plan which was approved by board in February 2014.

Clarity or roles and delegated authority: A scheme of delegation was published on the corporate governance section of the company website.

Ulster Supported Employment Limited

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

30

Governance Statement (continued)

Board Meetings: The board wanted to ensure time was utilised effectively with discussion time being provided for key topics. There is an ongoing discussion in regards to the length of the meetings to ensure sufficient time is given to appropriate challenge and support of the executive. During the year the board set aside other days to engage with the whole management team and to deal with specific topic areas outside the normal transaction business of the board.

Performance management: It was agreed to utilise some of the KPI's and key theme alignment tools that the balanced scorecard provides to ensure clarity around KPI's. These are published in the new three year corporate plan.

Board composition and development: The board recognises the need to build competency and ensure the board comprises sufficient breadth of expertise and knowledge. The one key area identified is that of professional financial experience. The Chairman and CEO are continuing a conversation with the sponsoring body to ensure that these issues are encapsulated in the next round of recruitment, in the meantime a review of board training needs is scheduled for 2014 to augment the wide range of skills already present at board.

Clarity of roles- review of committee structure: The board recognise that USEL is a small entity and therefore the board and committee structure should be commensurate with the need of the entity. Only one sub group has been set up outside of the audit committee and this is an ad-hoc group which supports and challenges the executive in respect to tenders. Board members are considering methods of engagement with the employees of USEL to ensure they appropriately get a sense of the people that make USEL what it is.

One of the key outcomes of the overall review was to establish a new Corporate governance section on the company website and provide access to numerous policies there. Members interests and potential conflicts of interest are provided along with a scheme of delegation for the organisation from directors to managers.

In 2013-2014 the attendance of directors at board meetings was 91%, the attendance of the Senior team was 89%.

Audit Committee:

Directors of USEL with the exception of the full board chair comprise the audit committee which meets four times per year.

The Audit committee meeting is attended by the CEO and Finance manager along with external audit representation from the NIAO, the sponsoring branch representative and the Internal Audit service provider representative as required.

Audit committee members receive appointment letters and terms of reference aligned to HM Treasury guidelines. The committee meets four times per annum as per best practice guidelines.

Schedule:

Apr / May:	Review Draft Annual report and accounts Carry out Review of Audit Committee Effectiveness
June:	Receive annual report and accounts Receive Independent feedback from Auditors (CEO & FM not present) Outcome of Audit Committee review of effectiveness Review Risk Register

Governance Statement (continued)

Oct / Nov:	Review and Accept the IA schedule Review Risk Register Review Financial Information and performance Review Pension information following autumn review meeting
Jan / Feb:	Review and Accept Internal Audit Findings Review and accept External Audit Schedule Review Board Effectiveness Review findings Governance Statement preparation Review Risk Register

In 2013-2014 the attendance of members at the audit committee was 86%.

Tender Committee:

In 2013 a new sub group was established to assist the executive and oversee any tender opportunities which the organisation was intent on engaging with. The group is comprised of the CEO, the relevant divisional senior manager and two non-executive directors. This group meets on an as needed basis and there are no recorded meetings in 2013-2014.

Pension Trustees:

The company now operates a dual pension provision. The first legacy system was introduced in the mid 1980's and was a final salary defined benefits scheme. This was a private scheme outside of the civil service system as required by the Financial Memorandum. The trustee board comprises 5 members, two elected from pension fund members and three appointed by the company. The full board chair acts as the chair of the Pension Trustee board. The trustees meet at least on two occasions per annum with other ad-hoc meetings as required to discharge the duties of a trustee.

The role of pension trustee is a challenging and onerous one and requires high levels of pensions regulator mandated training equating to a minimum of 30 hours annually.

The company took the decision to close this scheme to new entrants on 31st January 2014. Having closed the scheme it should be remembered that the liability for the deficit remains with the company until resolved, for which there is a recovery plan that the company is delivering and has been agreed by the pensions regulator.

Following a the decision to close the legacy scheme a new scheme had to be selected, a selection process approved by audit committee and the board established a new auto-enrolment pension vehicle to comply with the regulators staging date of 1st Feb 2014. The company opted for the deferment option in order to allow time to set up and prepare payroll systems for processing data, the deferred date of 1st May 2014 being the selected inception date.

The new vehicle is provided by a commercial company; Now Pensions. It is governed externally and because it is proprietary in nature it does not require a pension trustee group to be established within USEL. Notwithstanding the company governance engagement for the new system is operationally through the company finance manager, with the audit committee and full board exercising due governance as required.

Ulster Supported Employment Limited

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

32

Governance Statement (continued)

Risk Management:

The CEO revises the risk register four times per annum for presentation to the audit committee and board, this is informed by the whole management team which considers immediate risks at a monthly level.

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.

There are a number of key risks which an organisation operating commercially face, we have identified working capital and reduction in funding as two prime risks to our ability to continue trading. The pension liability while a risk is subject to a recovery plan which has been accepted by the pension regulator and therefore we deem it to be well controlled. Each risk has a management plan and to date these plans have successfully navigated the company through the economic landscape in which we operate.

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:

- 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 2013-2014, no material issues were noted, nor were any significant risks or fraud identified.

Following internal audit for 2013-2014 we received satisfactory assurance on all levels tested, with one receiving substantial assurance, 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

Ulster Supported Employment Limited

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

33

Governance Statement (continued)

Throughout the year 1st April 2013 – 31st March 2014 I can confirm that there were no data breaches.

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.

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
24th June 2014

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 the Ulster Supported Employment Limited for the year ended 31 March 2014 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. These comprise the Statement of Comprehensive Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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 2014 and of its net expenditure, cash flows and changes in equity for the year then ended;
- 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 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

26 June 2014

Ulster Supported Employment Limited

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

36

Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

		2014	2013
	Note	£	Re-stated £
Expenditure			
Staff costs	3	(6,246,815)	(6,349,679)
Depreciation and amortisation	9	(56,652)	(74,576)
Other expenditure	4	(1,013,278)	(1,055,660)
		(7,316,745)	(7,479,915)
Income			
Income from activities	5	6,751,165	6,848,846
Other income		4,907	27,779
		6,756,072	6,876,625
Net Expenditure		(560,673)	(603,290)
Interest receivable	6	250	293
Net Expenditure after interest		(560,423)	(602,997)
Other Comprehensive Net Expenditure			
Items that may be reclassified to net operating costs			
Other finance costs	7	(126,000)	(131,000)
Other pension administrative expenses		(90,000)	(95,000)
Net gain on revaluation of Property Plant and Equipment	9	-	130,428
Total Comprehensive Net Expenditure for the year ended 31 March 2014, attributable to DEL revenue account	8, 15	(776,423)	(698,569)

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 40 to 54 form part of these financial statements.

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

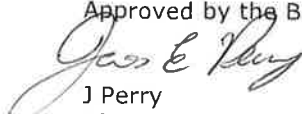
37

Statement of Financial Position at 31 March 2014

	Note	2014 £	2013 £
Non-Current Assets:			
Property, plant and equipment	9 (a)	1,253,212	1,282,265
Intangible assets	9 (b)	-	7,349
Total non-current assets		1,253,212	1,289,614
Current assets			
Inventories	10	130,224	148,741
Trade and other receivables	11	1,118,131	1,113,424
Cash and cash equivalents	12	944	1,292
Total current assets		1,249,299	1,263,457
Total assets		2,502,511	2,553,071
Current liabilities			
Trade and other payables	13	(836,327)	(923,723)
Non-current assets less net current assets		1,666,184	1,629,348
Non-current liabilities			
Pension liabilities	20	(2,176,000)	(2,874,000)
Total assets less liabilities		(509,816)	(1,244,652)
Taxpayers' equity			
Department for Employment and Learning	15	(533,816)	(1,244,652)
Revaluation reserve	16	24,000	-
		(509,816)	(1,244,652)

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 2014


J Perry
Chairman

The notes on pages 40 to 54 form part of these financial statements.

Registered No. NI 005192

Ulster Supported Employment Limited

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

38

Statement of Cash Flows for the year ended 31 March 2014

	2014	2013
Note	£	Re-stated £
Cash flows from operating activities		
Net Expenditure after interest	(560,423)	(697,997)
Adjustments for non cash transactions		
Depreciation and amortisation	9 56,652	74,576
Gain on disposal of property, plant and equipment	(750)	
Difference between pension charge and cash contributions	(222,000)	(140,000)
Decrease / (increase) in Inventories	10 18,517	(15,288)
Increase / (decrease) in trade and other receivables	11 (4,707)	18,815
(Decrease) in Trade and other payables	13 (51,764)	(35,222)
Net cash outflow from operating activities	(764,475)	(795,116)
Cash flows from investing activities		
Purchase of property, plant and equipment	9 -	(26,292)
Proceeds of disposal of property, plant and equipment	4,500	-
Net cash outflows from investing activities	4,500	(26,292)
Cash flows from financing activities		
Grant from sponsoring department	15 795,259	735,816
Net financing	795,259	735,816
Net increase (decrease) in cash and cash equivalents in the period	35,284	(85,592)
Cash and cash equivalents at the beginning of the period	(78,672)	6,920
Cash and cash equivalents at the end of the period	12 (43,388)	(78,672)

The notes on pages 40 to 54 form part of these financial statements.

Ulster Supported Employment Limited

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

39

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2014

	Dept for Employment and Learning				
	Loan Account	General Fund	General Reserve	Revaluation Reserve	Total Reserves
	£	£	£	£	£
Balance at 1 April 2013	2,337,687	(3,592,339)	10,000	-	(1,244,652)
IAS 19 actuarial gain	-	692,000	-	-	692,000
Grant from parent department	-	795,259	-	-	795,259
Revaluation of property				24,000	24,000
Comprehensive Expenditure for the year	-	(776,423)	-	-	(776,423)
Balance at 31 March 2014	2,337,687	(2,881,503)	10,000	24,000	(509,816)

	Dept for Employment and Learning				
	Loan Account	General Fund	General Reserve	Revaluation Reserve	Total Reserves
	£	£	£	£	£
Balance at 1 April 2012	2,337,687	(3,403,586)	10,000	-	(1,055,899)
IAS 19 actuarial gain (Restated)	-	(226,000)	-	-	(226,000)
Grant from parent department	-	735,816	-	-	735,816
Retained deficit (Restated)	-	(698,569)	-	-	(698,569)
Balance at 31 March 2013	2,337,687	(3,592,339)	10,000	-	(1,244,652)

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 2014

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. They have been applied consistently in dealing with items that are considered material to the accounts.

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 property, plant and equipment, intangible assets and inventories. 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.

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 2014 (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 past and present 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.

Notes to the financial statements for the year ended 31 March 2014 (continued)

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, 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 2014 and the key financial assumptions used to measure the obligation are disclosed in note 20

Restatement of comparative figures

In the previous year, an error occurred in the preparation of the annual accounts whereby the value of the pension scheme deficit was calculated by reference Financial Reporting Standard 17 (FRS17) instead of International Accounting Standard 19 (IAS19). As a result of this error, the comparative figures have been restated resulting in the "Net Expenditure after Interest, Other Finance Costs and Impairments" being increased by £55,000. The Statement of Financial Position was not affected by the error referred to above.

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 2013-14

Segment	Factory Operation £	Employment Services £	Other £	Total 2013-14 £
Gross Expenditure	(1,613,845)	(5,868,248)	-	(7,482,093)
Income	1,513,220	6,038,361	-	7,551,581
Total net (expenditure) / income per Management Accounts	(100,625)	170,113	-	69,488
Reconciling items:				
Depreciation and amortisation	(38,815)	(17,837)	-	(56,652)
Grant in Aid financing reported through Reserves per FReM	(795,259)	-	-	(795,259)
Net actuarial adjustments per IAS 19	-	-	6,000	6,000
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	(934,699)	152,276	6,000	(776,423)

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 2014 (continued)

Statement of Operating Costs by Operating Segment 2012-13 (Re-stated)

Segment	Factory Operation £	Employment Services £	Other £	Total 2012/13 £
Gross Expenditure	(1,678,959)	(5,961,380)	-	(7,640,339)
Income	1,498,221	6,058,068	-	7,556,289
Total net expenditure per Management Accounts	(180,738)	96,688	-	(84,050)
Reconciling items:				
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	-	-	9,000	9,000
Impairment gain	-	-	130,428	130,428
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	(911,174)	73,177	139,428	(698,569)

3 Staff numbers and related costs

	2014 £	2013 Re-stated £
Staff costs comprise:		
Wages and salaries	5,659,420	5,748,665
Redundancy payments	6,659	4,652
Social security costs	201,150	206,981
Other pension costs	379,586	389,381
	6,246,815	6,349,679

All employees had a permanent contract of employment. The average number of whole-time equivalent persons during the year was as follows:

	2014 Number	2013 Number
Average number of persons employed:		
Management and administration	34	32
Production distribution and sales	61	58
Employment support	429	480
	524	570

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 2014 (continued)

4 Other expenditure

	2014	2013
	£	£
Materials	194,612	247,655
Payments to hosts and sub-contractors	213,116	179,441
Light, heat and power	48,126	45,862
Rent and rates	49,191	52,044
Repairs	47,539	20,785
Tools	1,771	169
Telephone	18,819	18,723
Tutors	10,545	13,291
Canteen	7,972	7,429
General expenses	120,565	125,778
Insurance	37,164	57,446
Advertising	10,034	4,700
Audit - internal audit	3,782	4,225
- external audit	8,000	9,813
Bad debts written off	9,151	15,253
Computer	34,124	27,213
Discount allowed	725	990
Motor expenses	53,963	54,434
Postage	11,668	14,366
Packing	1,237	962
Printing and stationery	14,801	23,585
Travel	13,310	15,516
Training	81,669	92,266
Legal and professional fees	22,266	11,823
Bank charges	746	1,184
Consultancy fees	4,246	24,090
Increase (decrease) in provision for doubtful debts	4,886	(13,383)
(Decrease) in provision for slow moving inventories	(10,000)	-
Profit on sale of property, plant and equipment	(750)	-
	1,013,278	1,055,660

5 Income from activities

	2014	2013
	£	£
Trading income	504,429	559,298
Contract services	208,584	234,390
Employment support	1,109,483	1,169,666
Contract income	4,683,360	4,634,159
Training income	245,309	251,333
	6,751,165	6,848,846

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)

45

Notes to the financial statements for the year ended 31 March 2014 (continued)

6 Interest receivable

	2014	2013
	£	£
Interest receivable	250	293

7 Other finance costs

	2014	2013
	£	Re-stated £
Expected return on pension scheme assets	613,000	577,000
Interest on pension scheme liabilities	(739,000)	(708,000)
Net cost	(126,000)	(131,000)

8 Deficit for the year

This is stated after charging/(crediting):

	2014	2013
	£	£
Auditors' remuneration - Internal audit	3,782	4,225
- External audit	8,000	9,813
Depreciation and amortisation	56,652	74,576
Interest receivable	(250)	(293)

9 (a) Property, plant and equipment

	Long leasehold buildings	Plant and office equipment	Motor vehicles	Total
	£	£	£	£
Cost or Valuation				
At 1 April 2013	1,200,000	635,128	58,739	1,893,867
Additions				
Disposals		(550)	(15,000)	(15,550)
At 31 March 2014	1,200,000	634,578	43,739	1,878,317
Depreciation				
At 1 April 2013	-	556,613	54,989	611,602
Charged in the year	24,000	25,303	-	49,303
Relating to disposals		(550)	(11,250)	(11,800)
Impairments	(24,000)			(24,000)
At 31 March 2014	-	581,366	43,739	625,105
Net book value				
At 31 March 2014	1,200,000	53,212	-	1,253,212
At 31 March 2013	1,200,000	78,515	3,750	1,282,265

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 2014 (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 and reviewed at the end of the current year. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards, Global and UK 8th 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
	£	£	£	£
Cost or Valuation				
At 1 April 2012	1,405,486	608,836	58,739	2,073,061
Additions		26,292		26,292
Impairments	(205,486)			(205,486)
At 31 March 2013	1,200,000	635,128	58,739	1,893,867
Depreciation				
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)
At 31 March 2013	-	556,613	54,989	611,602
Net book value				
At 31 March 2013	1,200,000	78,515	3,750	1,282,265
At 31 March 2012	1,103,524	81,010	7,500	1,192,034

9 (b) Intangible assets

	Software Licenses £
Cost or Valuation	
At 1 April 2013	51,977
At 31 March 2014	51,977
Amortisation	
At 1 April 2013	44,628
Charged in the year	7,349
At 31 March 2014	51,977
Net book value	
At 31 March 2014	-
At 31 March 2013	7,349

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 2014 (continued)

9 (b) Intangible assets (continued)

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

10 Inventories

	2014	2013
	£	£
Raw materials	70,069	109,229
Work in progress	15,844	9,810
Finished goods	44,311	29,702
	130,224	148,741

11 Trade and other receivables

	2014	2013
	£	£
Amounts falling due within one year:		
Receivables - trade	304,235	387,678
- employment support	256,453	246,507
Retention monies outstanding from DEL	281,187	357,945
Other receivables	263,554	110,413
Prepayments and accrued income	12,702	10,881
	1,118,131	1,113,424

Ulster Supported Employment Limited

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

48

Notes to the financial statements for the year ended 31 March 2014 (continued)

12 Cash and cash equivalents

	2014	2013
	£	£
Balance at 1 April	(78,672)	6,920
Net change in cash and cash equivalents	35,284	(85,592)
Balance at 31 March	<u>(43,388)</u>	<u>(78,672)</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	944	1,292
Bank overdraft	(44,332)	(79,964)
Balance at 31 March	<u>(43,388)</u>	<u>(78,672)</u>

13 Trade and other payables

	2014	2013
	£	£
Amounts falling due within one year:		
Bank overdraft	44,332	79,964
Trade payables	148,353	122,523
Value Added Tax	123,170	119,503
Other taxation and social security	53,288	59,467
Other payables	5,584	22,512
Accruals and deferred income	461,600	519,754
	<u>836,327</u>	<u>923,723</u>

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

	2014	2013
	£	£
Loan Account		
Balance at beginning of year and at end of year	<u>2,337,687</u>	2,337,687
General Fund		
Balance at beginning of year as previously stated	(3,592,339)	(3,403,586)
IAS 19 pension (deficit) / surplus	692,000	(226,000)
Department for Employment and Learning – Revenue Grant in aid	795,259	735,816
Deficit for the year	(776,423)	(698,569)
Balance at end of year	<u>(2,881,503)</u>	<u>(3,592,339)</u>
General Reserve		
Balance at beginning of year and at end of year	<u>10,000</u>	10,000
Funded by Department for Employment and Learning	<u>(533,816)</u>	<u>(1,244,652)</u>

Ulster Supported Employment Limited

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

49

Notes to the financial statements for the year ended 31 March 2014 (continued)

15 Department for Employment and Learning (continued)

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 2014.

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

	2014	2013
	£	£
Balance at beginning of year	-	-
Revaluation of buildings	24,000	-
Balance at end of year	24,000	-

17 Capital commitments

At 31 March 2014 authorised future capital expenditure amounted to £Nil (2013: £Nil). The company has no capital commitments at 31 March 2014 (2013: £Nil).

18 Commitments under leases

At 31 March 2014 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.

	2014	2013
	£	£
Buildings		
Not later than one year	36,660	43,000
Later than one year and not later than five years	-	-
Later than five years	-	-
	36,660	43,000

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.

Ulster Supported Employment Limited

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

50

Notes to the financial statements for the year ended 31 March 2014 (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 2013.

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

	31 March 2014	31 March 2013 Re-stated
	£'000	£'000
Benefit obligation at beginning of year	16,194	13,777
Current service cost	382	393
Interest costs	739	708
Plan participants' contributions	228	224
Benefit payments from plan	(147)	(98)
Insurance premiums for risk benefits	(38)	(30)
Actuarial losses / (gains)	(744)	1,220
Benefit obligation at end of year	16,614	16,194

Change in plan assets

	31 March 2014	31 March 2013 Re-stated
	£'000	£'000
Fair value of plan assets at beginning of year	13,320	11,120
Expected return on plan assets	614	577
Employer contribution	604	628
Member contributions	228	224
Benefits paid	(147)	(98)
Administrative expenses paid	(90)	(95)
Insurance premiums for risk benefits	(38)	(30)
Return on plan assets (excluding interest income)	(53)	994
Fair value of plan assets at end of year	14,438	13,320

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

51

Notes to the financial statements for the year ended 31 March 2014 (continued)

20 Commitment to pension fund (continued)

Amounts recognised in the statement of financial position

	31 March 2014	31 March 2013 Re-stated
	£'000	£'000
Defined benefit obligation	16,614	16,194
Fair value of plan assets	14,438	13,320
Funded status - net liability	(2,176)	(2,874)

Components of pension cost

	31 March 2014	31 March 2013 Re-stated
	£'000	£'000
Current service cost	382	393
Interest cost	739	708
Interest (income) on plan assets	(613)	(577)
Total net interest cost	126	131
Administrative expenses and taxes	90	95
Defined benefit cost included in the Statement of Net Comprehensive Expenditure	598	619
Total remeasurements included in other comprehensive income	(691)	226
Total defined benefit cost recognised in the Statement of Net Comprehensive Expenditure and other comprehensive income	(93)	845

Net defined benefit liability (asset) reconciliation

	31 March 2014	31 March 2013 Re-stated
	£'000	£'000
Net defined benefit liability (asset)	2,874	2,657
Defined benefit cost included in the Statement of Net Comprehensive Expenditure	598	619
Total remeasurements included in other comprehensive income	(691)	226
Employer contributions	(604)	(628)
Net defined liability as of end of year	2,176	2,874

Defined benefit obligation

	31 March 2014	31 March 2013 Re-stated
	£'000	£'000
Benefit obligation by participant status		
Actives	9,864	9,435
Vested deferreds	5,259	5,219
Retirees	1,491	1,540
Total	16,614	16,194

Notes to the financial statements for the year ended 31 March 2014 (continued)

20 Commitment to pension fund (continued)

Plan assets

Fair value of plan assets

	31 March 2014	31 March 2013 Re-stated
	£'000	£'000
Cash and cash equivalents	37	121
Equity instruments	8,153	7,482
Debt instruments	6,248	5,717
Total	14,438	13,320

Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations at:

	31 March 2014	31 March 2013 Re-stated
	%	%
Rate of increase in salaries	3.85	3.85
Rate of pension increases	3.25	3.25
Discount rate	4.65	4.50
Inflation assumption	3.35	3.35

Weighted average assumptions to determine defined benefit cost

	31 March 2014	31 March 2013 Re-stated
	%	%
Discount rate	4.50	5.05
Rate of salary increase	4.35	4.25
Rate of pension increases	3.25	3.15
Inflation	3.35	3.25

Assumed life expectancy on retirement at age 65

	31 March 2014	31 March 2013
Retiring today (member age 65)	20.9	20.80
Retiring in 20 years (member age 45 today)	22.6	22.50

Other required disclosure amounts

The contributions expected to be paid to the plan during the next financial year amount to **£604,000**

Ulster Supported Employment Limited

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

53

Notes to the financial statements for the year ended 31 March 2014 (continued)

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 sponsoring 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.

		Balance due from DEL (ES)	Other Balances due from DEL	Retention monies due	Loan	Grants Received
Department for Employment and Learning 31 March 2014	£	256,453	96,191	281,187	2,337,687	795,259
31 March 2013	£	246,507	58,757	357,945	2,337,687	735,816

22 Emoluments of directors and senior management

	2013 - 14				2012 - 13			
	Salary £	Benefits in kind £	Pension Benefits £	Total £	Salary £	Benefits in kind £	Pension Benefits £	Total £
J Perry	5,929	-	-	5,929	4,248	-	-	4,248
A Bennett	1,838	-	-	1,838	1,923	-	-	1,923
G Adams	2,350	-	-	2,350	1,760	-	-	1,760
J Kelly	2,735	-	-	2,735	2,072	-	-	2,072
T Hinds	1,459	-	-	1,459	503	-	-	503
D Mackay	1,757	-	-	1,757	-	-	-	-
S Humphries	70,263	609	14,000	84,872	69,479	629	10,000	80,108
Highest Paid Official				84,872				80,108
Median Total Remuneration Ratio				2,350				1,998
				36.1				40.1

"Salary" includes gross salary; there were no bonuses paid; benefits in kind refer to an insurance premium which is subject to UK taxation.

Ulster Supported Employment Limited

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

54

Notes to the financial statements for the year ended 31 March 2014 (continued)

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 *26 June* 2014.

Ulster Supported Employment Limited

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

55

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.

Ulster Supported Employment Limited

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

56

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)

57

Appendix 2

Profit and loss account for the year ended 31 March 2014

	2014	2013
	£	£
Turnover (including grant income)	7,546,424	7,528,217
Operating expenses	(7,482,093)	(7,640,339)
Operating profit / (loss)	64,331	(112,122)
Interest receivable and similar income	5,157	28,072
Profit / (Loss) on ordinary activities before taxation	69,488	(84,050)
Taxation	-	-
Profit (Loss) on ordinary activities after taxation and retained loss for the year	69,488	(84,050)

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.