

**Ulster Supported Employment Limited**  
**Annual report**  
**for the year ended 31 March 2016**

# Ulster Supported Employment Limited

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

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## Annual report for the year ended 31 March 2016

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**Accountability Report**

**Directors and advisers**

**Directors**

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

**Chief Executive and Accounting Officer**

S Humphries (resigned 30 September 2015)  
J McCall (28 September 2015 – 20 December 2015)  
B Atkinson (appointed 4 January 2016)

**Secretary**

D Macedo

**Registered office**

182/188 Cambrai Street  
Belfast  
BT13 3JH

**Bankers**

Danske 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

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## **Directors' Report Year ended 31 March 2016 Background Information**

Ulster Supported Employment Limited 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 the Company 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 13-21.

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 the Company 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 £926,026 (2015: £746,404). 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 year end to be satisfactory.

# Ulster Supported Employment Limited

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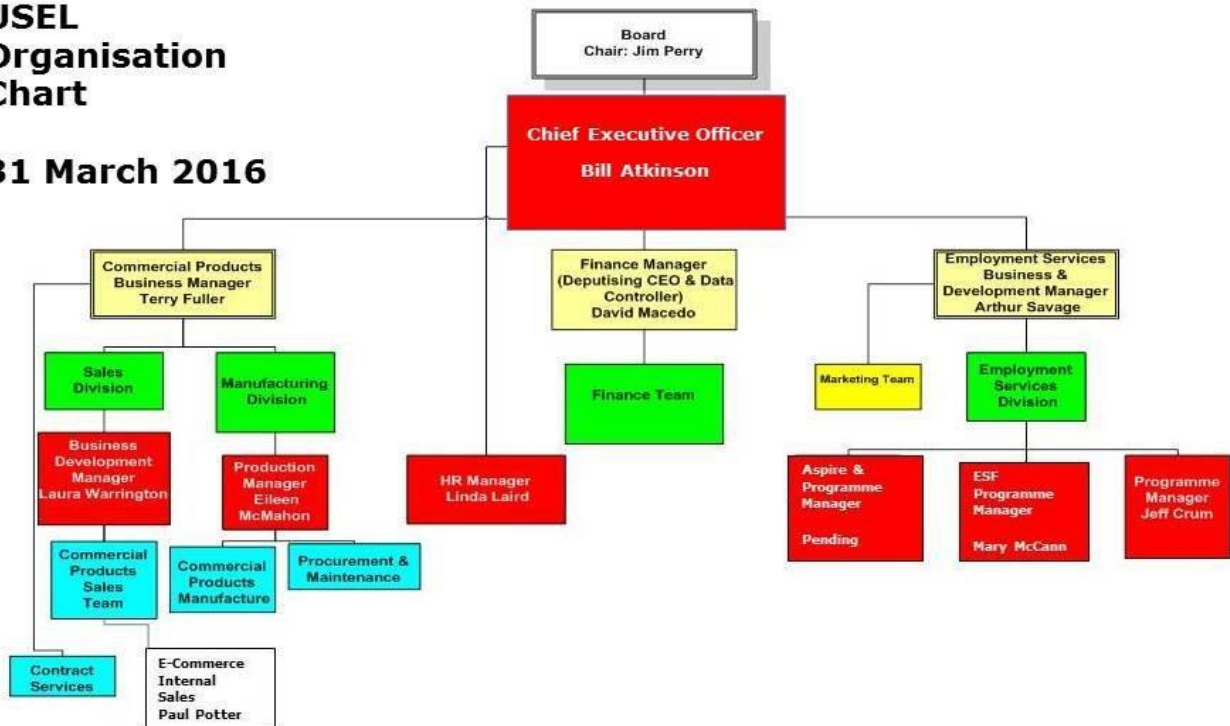
## Directors' report for the year ended 31 March 2016 (continued)

### Company Structure Overview

The management structure of the Company is set out below:

### USEL Organisation Chart

31 March 2016



### Employee Policy

The Company 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.

### Employee involvement

The Company continues to pass information to all employees via a cascade process for employee involvement in this past year. This means that the chief executive briefs the entire organisation on an ad hoc basis. The Company continued to run the Employee Forum at which employee representatives are informed of the status of the business and are given the opportunity to engage in questions and answers. Employee and union representatives have been nominated by their peers and attend a structured meeting with the CEO, HR manager and other managers as appropriate. At this meeting employees are encouraged to raise issues they or their peer group deems appropriate. Each employee within the organisation has function team meetings on a regular basis which 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 focused on mental health awareness for employees and all managers were provided with training on dealing with employees with such issues.

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## Directors' report for the year ended 31 March 2016 (continued)

All the function team meetings and employee forum 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.

### The Environment

The Company continues to manage and maintain a review of its environmental footprint. In the past year we have been re- accredited externally to environmental accreditation BS8555 level 3. The company was again recognised in the 16<sup>th</sup> Northern Ireland Environmental benchmark survey as Gold and was awarded a prestigious Green Apple Silver Environmental award in the Houses of Parliament. Energy conservation is promoted throughout the organisation and posters promoting energy conservation are prominently displayed on notice boards and other locations within the building. Timing switches are also installed where practicable with regard to heating, lighting and air conditioning appliances. The double insulation in the roof void of the first floor offices and removed all secondary electrical heaters, has resulted in an 8% reduction in heating costs. Each office is maintained at 16-19 degrees.

### 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 100%. The trade payable days at 31 March 2016 is 16 days (2014-2015: 19 days) calculated as the proportion of year-end payables to the aggregate invoiced amounts during the year.

### Pension fund

The company continues to deliver the dual pension provision following auto enrolment. These are a Defined Benefits scheme, the legacy scheme, and a Defined Contribution scheme operated by NOW Pensions.

The assets of the Defined Benefit Scheme 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 Company was taken through the review of public sector pension reform process and has an agreed outcome with the Department for Finance and Personnel for the retention of the scheme, which is now closed to new entrants.

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## Directors' report for the year ended 31 March 2016 (continued)

The assets or contributions of the defined contributions scheme are held by NOW Pensions and are outside the scope of the Company's trustee scheme. The Audit and Risk Committee and Board remain engaged in ensuring good governance of this scheme.

### Policy towards disabled employees

Information regarding employees is provided on pages 13 to 26.

### 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 1<sup>st</sup> August 2012)***

James Perry MSc FCA is a Chartered Accountant and is the chair of the Northern Ireland Social Care Council as well as a Non-Executive director for the Pharmaceutical Council NI. He is also currently vice chair 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 and Risk Committee Chair (Appointed 11<sup>th</sup> April 2012)***

Aidan Bennett was appointed as a Director of the Company 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. Aidan is a Managing Partner in both Data Analytics Labs and Cruarch Associates, digital informatics technology businesses. Aidan was appointed the Company's Finance Director and Audit Chair in December 2012. He also holds a position as Trustee Director in RelateNI.

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

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

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## Directors' report for the year ended 31 March 2016 (continued)

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

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

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

Mr Hinds is the Principal at Trevor Hinds Consultancy. He 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 Bryson Future Skills Ltd.

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

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

## Statement of directors' responsibilities

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

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

The Chief Executive and directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

## Directors' report for the year ended 31 March 2016 (continued)



**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 Ulster Supported Employment Limited is subject to a public sector audit by the Comptroller and Auditor General (C&AG). Although the Northern Ireland Audit Office (NIAO) have contracted the work to Miscampbell & Co, the audit opinion is issued by the Comptroller and Auditor General.

By order of the Board

**D Macedo**  
**Secretary**  
**29 June 2016**

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Ulster Supported Employment Limited is a company limited by guarantee with Non Departmental Public Body status. Currently our parent Department is the Department for Employment and Learning. Under the new arrangements we will be part of the Department for Communities. The organisation operates a social enterprise business model with charitable status and it exists to support people who live with disabilities, health or societal issues such as cause significant barriers to employment.

We operate a twin business model delivering direct employment to around 100 people in the Cambrai Street facility, alongside delivering supported employment services, including training, to approximately 1500 clients and client employees located across Northern Ireland. Our core purpose is summarised as 'supporting, providing, promoting employment'.

The last year has presented a very challenging business environment. The company has sought to identify new business opportunities, such as mattress recycling, as a means by which to diversify and sustain employment. The Board has worked closely with the Senior Management Team over the last year as we have attempted to develop the various strands of our business. The Board would like to formally acknowledge the contribution made by all of our staff in helping to secure the long term future of the organisation.

At the end of September Sam Humphries, who had been Chief Executive for almost ten years, left the organisation. During this time he made an enormous input in ensuring the success and reputation of the business. He was highly respected both inside and outside the organisation. We wish him well in his new role. Bill Atkinson has now taken on the role of Chief Executive and he has quickly come to terms with the key business challenges which we are facing. The Board looks forward to working closely with him during USEL's next stage of development.

One of the key responsibilities of the Board is to ensure the maintenance of a robust Corporate Governance Framework which reflects the changing needs of the operation. I am pleased to confirm that, over the last year, USEL has operated within its statutory limits and remains committed to best practice in terms of Corporate Governance. Risk management plays a key part in this and our Corporate Risk Register is reviewed regularly by our Audit and Risk Committee as well as the full Board. The Board is committed to adherence to best principles of Public Service Corporate Governance. All of the necessary accountability arrangements are in place with our parent Department. The Board very much appreciates the good working relationship which exists with Departmental staff and, in particular, with the Sponsoring Branch. We also very much appreciate the keen interest which the Minister, Mr Stephen Farry, has shown in the various developments within the business.

We look forward to playing our part in the new Department of Communities. With our new Chief Executive now settling into his role we look forward to the future as 'we strive to be a sustainable, people centred organisation that adds value through respect for others and commitment to excellence'.

**James Perry**  
**Chairman**  
**29 June 2016**

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

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## **Chairman's Foreword:**

I would like to thank the members of the audit and risk 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 and Risk Committee Membership:**

The Ulster Supported Employment Limited audit and risk committee comprises all the Company's 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 Finance Manager, 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 Chief Executive and Finance Manager. This is to facilitate any direct feedback from the auditors, the NIAO, our internal auditors, 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 and Risk Committee report.
- To maintain a register of members with appointment dates noted.
- To review the financial statements.

## **Committee Meetings:**

The Audit and Risk Committee generally meets on the same day, and just prior to, the main Board meeting. The committee met on four occasions in the year to carry out the functions as described under the terms of reference. I am happy to report we had 95% attendance at these meetings of the members of the committee with 100% attendance of the Chief Executive and Finance Manager.

## **Internal Audit Report:**

I would like thank RSM McClure Watters who have continued to carry out our internal audit function into the second year of their contract with due diligence, probity and objectivity.

The Chief Executive and Finance manager met the internal auditor at the start of the reporting year and agreed a schedule of works for the forthcoming year. This was ratified by the Audit and Risk Committee and the scheme was approved at the November 2015 Audit and Risk Committee meeting.

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The internal audit programme for this year included:

Area Reviewed	Assurance Rating	High	Medium	Low	Total Recommendations
Manufacturing and Contract Services	<b>Satisfactory</b>	-	6	1	<b>7</b>
Development and Training	<b>Satisfactory</b>	-	3	-	<b>3</b>
Employment Programmes	<b>Satisfactory</b>	-	2	2	<b>4</b>
IT, physical security and BCP	<b>Limited</b>	2	6	1	<b>9</b>
Credit Card	<b>Satisfactory</b>	-	4	2	<b>6</b>
Managing Absence	<b>Satisfactory</b>	1	1	1	<b>3</b>
Follow-up on previously accepted recommendations	<b>Satisfactory</b>	-	-	-	-
<b>Total</b>		<b>3</b>	<b>22</b>	<b>7</b>	<b>32</b>

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

## External Audit engagement:

The committee received the draft audit report from NIAO at the meeting held on 24<sup>th</sup> June 2015. The draft audit report provided an unqualified opinion on the accounts for the year to 31<sup>st</sup> March 2015. Under the Companies (Public Sector Audit) Order (Northern Ireland) 2008 Ulster Supported Employment Limited 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 and Risk Committee and I am happy to report that no such reports were applicable during the 2015 – 2016 financial year.

The risk register is continuously updated and the audit and risk committee reviewed and referenced the register prior to and during each meeting, specifically setting aside time to carry out a full end-to-end review at least once during the year. The Board receives a monthly update on the core risks which face the company.

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 2015 - 2016. With the ongoing publication of our Directors' interests, and any potential conflicts of interest, the wider risk of any challenge to integrity is mitigated.

## Audit and Risk Committee Report (continued)

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I would like to conclude by once again acknowledging the input from each of the Chief Executives in place during the year 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**  
**Chair of the Audit and Risk Committee**  
**29 June 2016**

# Ulster Supported Employment Limited

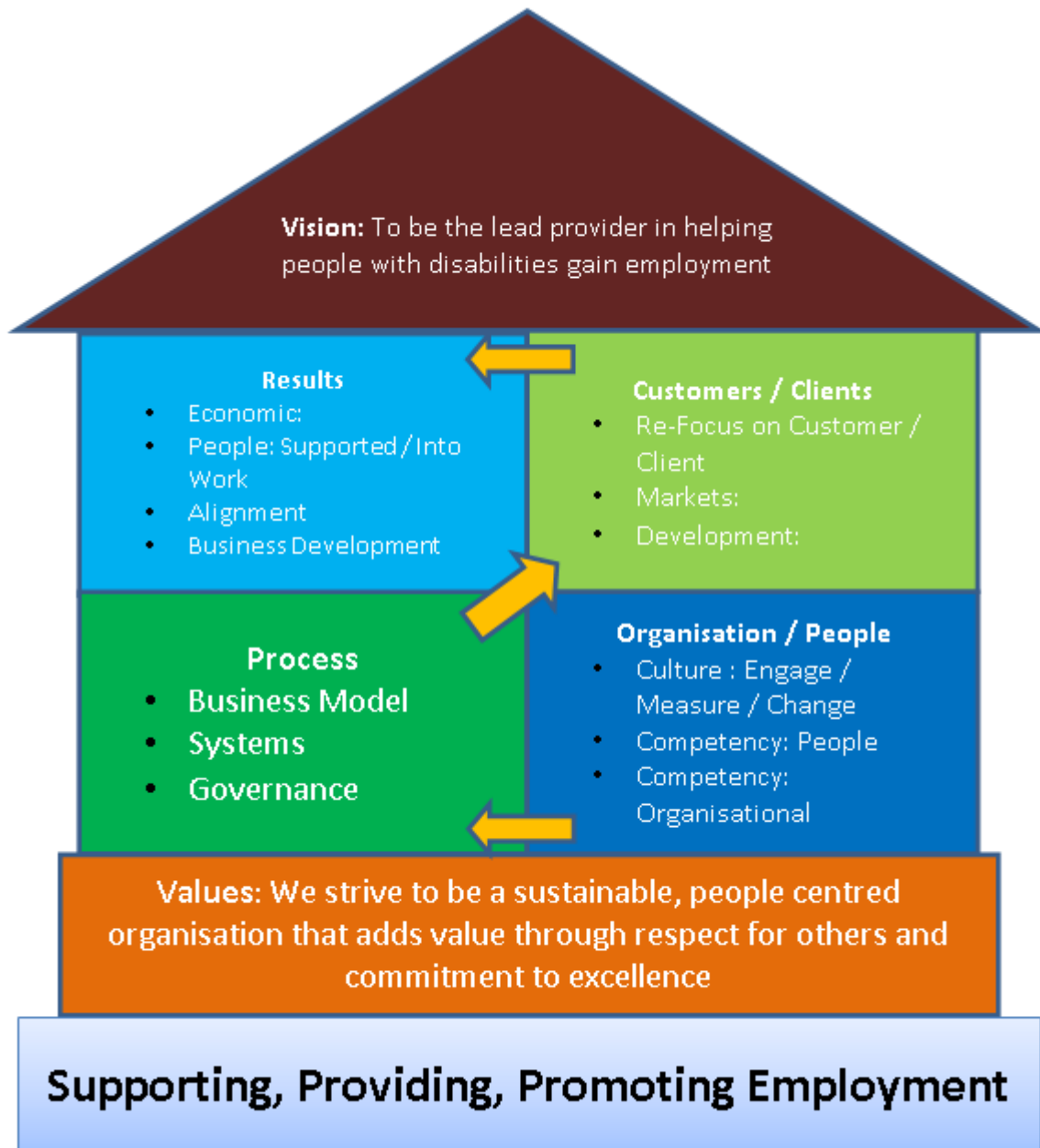
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This report deals with our activities from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016.

## Corporate:

This concludes the second year of the corporate plan, we continue to embed the core methodology of the balanced score card across the organisation. It cascades the core elements of the metrics system from Results, Customers, Processes and People across the organisation and ties together these varied elements to ensure that in order to deliver the results we want our Customer / Client, Process / Organisational and People strategies.



As we continue to focus our efforts on growing our business the ability to network and partner effectively is a critical skill. The need to identify strategic partners and partners who have a desire to calibrate is now a key business driver. Our ability to develop sustainable business relationships with our partners across the various geographies including within NI and outside NI on a European stage and across the main sectors in which the Company operates i.e. the private, Public and Social Voluntary and Community Sector, specifically in regards to Social Enterprise is now a key element within our business activity.

**Management Commentary (continued)**

## Networking:

Social Enterprise NI: We continue to work closely with SENI and are always keen to support the lead within the social enterprise sector and have acted as a role model organisation during a recent visit to the Company by the British Council, the event was organised by SENI and proved an interesting showcase for various individuals who attended on the day.

NIUSE: Northern Ireland Union of Supported Employment: We maintain a relationship with this group as we believe in supported employment methodologies. We train our support officers using the Supported Employment Diploma model provided by NIUSE and its European counterpart EUSE.

Business in the Community: While it is true our main interaction with the body is in with their Arena network which supports us, in our Environmental actions the main network provides a vehicle for the Company to stay abreast of key business/Social voluntary issues and to connect on key areas of interest.

Northern Ireland Chamber of Commerce: We consciously continued our membership with the chamber this year to maintain a presence with the business community. The chamber has supported us in our launch of the new Vintage Satchel brand and provided us with contact details on a number of business interests.

Chief Executives' Forum: This is a public sector sharing network. In the past year the CEO and senior team have attended several sessions on public sector efficiency and transformation activities and gained useful insight into how other public entities have moved forward in challenging corporate governance frameworks with positive success.

## Engagement:

The Company's Health and wellbeing initiative continues to provide interaction led by and for the employees of the company. In the past year we have organised the following:

1. Pure Gym: gave a talk on the benefits of exercise, specifically focussing on the positive impact on managing stress and avoiding back pain. They also carried out BMI and BP checks.
2. Mental Health: training for managers and for ESO's/TO's on Promoting Positive Mental Health & Wellbeing
3. Information sessions for all other employees on: Mental health awareness and Mental wellbeing
4. A number of staff completed the Belfast Marathon Fun Run/Walk and raised £1500 for Friends of the cancer Centre
5. Staff organised a Christmas Raffle and raised £617 for the British Lung Foundation
6. Staff organised a Coffee Morning and raised £153 for the NI Hospice

We also completed a H&W survey report with the results helping to shape the Company's action plan for 2016/17.

The Company's H&W lead also attended the BITC/Public Health Agency annual conference and feedback that the Company compare very favourably with other companies, including some of NI larger employers.

## Delivery of Purpose:

Our core focus remains on supporting people who live with disabilities 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 the Company. This group equates to 81% of those with whom we engage.

## Management Commentary (continued)

The second group remain those for whom we **Provide** direct employment, this group accounts for 12% of the total number of people we engage with but delivers employment of their choosing and a financial contribution to the core aims of the Company. 8 Employees progressed from the factory into new career opportunities. We delivered 51 accreditations to our core workforce this year.

Finally the third group where we Promote the employability of individuals through up-skilling and training delivery. Some 20% 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 23 staff who deliver the programme mix subject to the contract area and the client throughput. The Employment Services team comprises a mixture of client facing personnel known as Employment Support Officers, supported in a back office function by administrators, marketing and management functions.

- A. Employment Support Scheme
- B. Workable NI
- C. Support and Training to Realise Individual Development and Employment (STRIDE)
- D. Steps to Success (Specialist Support)
- E. Training for Success & Apprenticeships NI (Specialist Support)

### **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 34<sup>th</sup> year of operation by the Company. We remain the largest provider of this programme in Northern Ireland with 380 clients remaining active on the programme at the year end. 18 clients left the programme throughout the year with 4 progressing to unsupported employment or to the Workable NI programme.

### **B: Workable NI**

Within Workable NI the Company has supported 221 individuals during 2015-16 to find and sustain employment.

This programme will complete in June 2016 with a new Workable (NI) programme commencing on 1<sup>st</sup> July 2016. The new programme is expected to go from strength to strength. This programme has especially been a positive progression step for a number of our clients through the European Social Fund funded Support and Training to Realise Individual Development and Employment (STRIDE) programme into sustained employment. Some 37 clients left the programme with 10 of those leaving moving into unsupported employment, the balance leaving for a wide range of personal issues.

### **C: Support and Training to Realise Individual Development and Employment (STRIDE)**

2015 – 2016 was the first year of the 3 years of delivery for this European funded programme. The STRIDE programme supports those people who are furthest removed from the labour market. During the year we started 85 people on to the programme, 11 of those participants moved into either full or part-time employment, 4 have moved into further training and there were 31 leavers. The main aim of the programme is to move participants closer to employment via training, placements and employment.

### **D: Training for Success & Apprenticeships NI (Disability Support)**

The Company has been working along with a number of training providers and key partners including colleges to provide specialist support to those people on the Training for Success or

**Management Commentary (continued)**



Apprenticeships NI programmes who face a range of barriers to their development and training. During the year 2015-16 the Company delivered support to 146 participants mainly on the Training for Success (TfS) programme. The range of supports includes one-to-one mentoring and classroom support.

## **2: Providing: Commercial Products and Services division:**

The most significant development in the bedding department this year was the launch of a new range. After researching the marketplace and meeting with active, inactive and prospective retailer accounts we identified that the existing range was dated compared to other product in the marketplace. The focus for the new range was to deliver an improved aesthetic to provide a better opportunity for getting our products listed in store. We also expanded the range to include three new products at the higher end of our offering to allow us to work with accounts where we previously did not have a suitable product match. We were successful in opening 8 new accounts, one of which delivered our third highest bedding turnover for the year.

During the final quarter we began working on a new sales strategy to open up a wholesale channel for volume sales to achieve better efficiencies in production and a direct sales model to deliver increased margin. We expect these channels to begin delivering sales during the first quarter of the next financial year.

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

### **1: Mattress and bed manufacture**

The bedding market in the first 9 months of the year proved challenging however following a full review of our commercial approach and a realignment of operational performance we have implemented an action plan to increase our market share within the bed sector.

The outlined plan has provided a marked shift in performance with our first order for 1000 units being confirmed in March 2016, whilst this result came at the latter part of the year it creates a promising position from which to begin 2016/17.

The hard work delivered by the sales and production teams in Q4 has secured an order book that will allow USEL to realistically target an increase in full year production in 2016/17 compared to 2015/16.

Mattress recycling followed a similar pattern to the bed manufacture following a review of the commercial model and a more structured approach adapted to engaging potential customers we have seen a positive shift in not only the financial return of this work stream but also the appetite for new market opportunities within a circular economy model.

With a number of new potential customers engaging with the Company regarding this service in February and March, this again provides a further opportunity for 2016/17 to grow the social economy strand within the overall business.

## 2: Industrial sewing



The industrial sewing division performed 22% under budget. This division was most notably impacted by the decline in business from Camlin who recorded a 56% drop on the previous year's trading, equating to £70k less spend compared to the previous year. Overall, the increase and decrease in spend in regular trading

**Management Commentary (continued)**

accounts delivered a £28k increase on the previous year's activity and we managed to almost balance inactivity in existing accounts (£30k) with brand new accounts (£27k). We recognise that dependence on a

small number of accounts for the volume turnover places us in a position of risk. We continue to work on developing new accounts to minimise risk.

As we continued to seek commercial opportunities and work proactively with new and existing customers, we have had the need to produce 143 different products through the industrial sewing department this year, with a total output of 14,000 units. Again we worked on a number of new designs, 51 designs for external parties and 12 new designs internally for the Vintage Satchel brand. 38% of the new designs were successful to order stage with a further 10% pending for orders that will carry over into the next financial year.

## 3: Factored Goods

The factored goods division delivered 66% over budget. We performed above forecast on the Velda products with the opening of two new trade accounts and an increased spend by our main Velda account (BedWorld, Belfast). The Velda sales continue to be dominated by two key accounts: BedWorld, Belfast and Belmont Furnishings, Belfast (these two accounts generated 75% of the total Velda sales). We continue to prospect the Velda products into local stores. As high value items at the very top end of the market, the Velda products are difficult to get listed into stores. This range appeals to a small number of retailers with a particular customer demographic. During the next financial year we plan to grow the Velda sales by targeting the Belfast-Dublin corridor for new accounts.

We continue to deliver a small volume of embroidered apparel items for the Fire Services at the two Belfast airports.

This year we worked with NIFRS to develop and deliver an accountability/command board, working with an external partner on the manufacture of this item. (Photo attached). This is a low volume, high value item which delivers high margin. This has been successfully introduced into the local fire service. We plan to present this product to other fire departments across the UK during the next financial year. The main over delivery to budget was the order that we secured with NIID. This was not in forecast and added £11k to the overall figure for the division. This was a one-off requirement for a furniture package for one of their facilities in Belfast. We sourced and procured the required items through our chain of external supply partners. We will continue to target this area of factored goods during the next financial year, targeting similar charities and organisations that can benefit from our ability to source and procure specialist contract grade items at competitive rates.

## **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 training courses to participants on our Employment Programmes. This year Aspire Training delivered a range of accredited qualifications across Northern Ireland including:

- Health and Safety in the Workplace
- Food Safety in Catering
- Progression into Employment
- Vocational Skills
- Principles of Manual Handling
- City and Guilds IT users.

Added to which were over 150 non accredited outcomes for mentoring in the workplace and pre-employment skills such as:

- CV preparation
- job applications
- interview skills
- confidence and motivation
- travel training

While the majority of these were linked to our current programmes profile requirements we also delivered an additional 50 courses in areas such as Mentoring in the workplace, Basic Food Hygiene, Sage accounts, Health and Safety, Web Development, IT Maintenance, Search Engine Optimisation and Microsoft Excel, Word, PowerPoint and Outlook.

Over 5,050 man-hours of training were delivered by the Company's trainers and Employment Support Staff.

### **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. Some examples of the activities we have undertaken this past year are noted below:

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## Marketing Activities 2015 – 2016

	<b>Area of Business</b>	<b>Marketing Activity</b>
<b>April</b>	Vintage Satchel Vintage Satchel	Development and extension of Vintage Satchel range Listed on Make it British Directory
<b>May</b>	Vintage Satchel Manufacturing Employment Services	Studio Souk retail range of Vintage Satchels (Belfast) Connecting for Growth, Meet the Buyer Event, Armagh Development of a range of marketing materials to promote the new ESF funded programme, STRIDE
<b>June</b>	Manufacturing	Development of new USelect brochure showcasing full range of industrial sewing products
<b>July</b>	Employment Services	Launch of STRIDE to Jobs & Benefits Advisors (Information Event)
<b>August</b>	Manufacturing	Launch of new USelect wesbite
<b>September</b>	Employment Services	Newry Job Fair, Canal Court Newry Tyrone Jobs Fair, South West College, Omagh Londonderry Jobs Fair, Millennium Forum, Cookstown Family Disability Fair, The Burnavon, Cookstown
<b>October</b>	Employment Services Employment Services Employment Services	Ballymoney Jobs Fair, Joey Dunlop Leisure Centre Fermanagh Jobs Fair, South West College, Enniskillen Omagh Business Awards: Highly Commended Best Social Enterprise Launch of Restart3 Transfer of Innovation Research Report Belfast Jobs Fair, Europa
<b>November</b>	Employment Services Promotion of All Areas of Business	Jobs Fair, Armagh Social Enterprise NI Events: Meet and greet your local councils, Newtownabbey/Bangor
<b>December</b>	Vintage Satchel	Retailing Vintage Satchels at St. Georges Market
<b>January</b>	Employment Services Employment Services	Workable NI – Annual Customer Survey (Employers/Employees) Production of promotional DVD to showcase Workable NI (Uploaded on YouTube and available on website)
<b>February</b>	Vintage Satchel Vintage Satchel	Spring Fair Exhibition, NEC Birmingham Showcase of Vintage Satchels at Citi Bank
<b>March</b>	Vintage Satchel	Further development and extension of Vintage Satchel range

## Management Commentary (continued)

## 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 STEP V programme.

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

### Clients:

Satisfaction with the Company's officers: 89%

Satisfaction at the level of interaction with the officer: 94%

Satisfaction with the contact availability of the officer: 89%

Satisfaction with Employment: 94%

Satisfaction with Training opportunities provided by employer: 87%

### Employers:

Satisfaction with the Company's supports: 94%

Satisfaction with the Employees contribution to the employment: 94%

Satisfaction with the Company's administration behind the programme: 100%

## 4: ISO 9001 (2008 series)

The Company 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 Ulster Supported Employment Limited 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 Ulster Supported Employment Limited 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. The Company 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 Section 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.

## Management Commentary (continued)

### 8: Reflection on 2015 – 2016

This was a very challenging year whilst there has been a degree of challenge within the year with a change of CEO; the team have risen to this challenge.

There has been a detailed review of operational and strategic performance conducted in Q4 that will provide a robust framework to be implemented that will allow the Company to enter 2016/17 with renewed optimism.

This approach has delivered a few green shoots of growth within the manufacturing function and with a number of exciting partner opportunities scoped and with an element of good fortune, when implemented these opportunities will bring a real bottom-line impact in 2016/17 for the Company.

### 9: The Future

As we moved to our new position with The Department of Communities we are looking forward to a number of interesting opportunities

1. Further development of our current market share within the mattress manufacturing and recycling sector with agreed targets to deliver 2500 units within the manufacturing teams delivering a 44% uplift from the performance in 2015/16 and further growth within the mattress recycling work stream with the team delivering 8000 units delivering a 32% uplift on 2015/16 performance
2. The planned re shaping of Aspire Training in order to provide customers with an end to end solution within a commercial training environment will provide not only an enhanced customer experience for the wide range of individuals we support within our current programmes. It will also provide a new commercial opportunity within the Company's service delivery framework.

However the 2016/17 is not without risk as we are currently preparing to retender for Workable NI, our ability to be successful in this tender exercise will play a critical role of the nature and structure on the Company's performance within 2016/17.

**Bill Atkinson**  
**Chief Executive and Accounting Officer**  
**29 June 2016**

## Strategic Report

Ulster Supported Employment Limited operates a social enterprise business model. The core aspect of this is to deliver the services to our client group utilising the best commercial practices to maximise the public money invested in the company. In doing so the company while partially funded through grant in aid operates the two division model as before.

The Commercial products and services division operates the factory in which employees, the majority of whom live with a disability or health condition, produce products converted from raw material to finished products and sold by a wide variety of methods to wholesale and end users alike. These products are produced to relative appropriate standards and are sold commercially with gross and net margins in mind. Any margin generation being reinvested into the factory model and thereby reducing the call on grant funding.

The second division, Employment Services, delivers a supported employment model to over 1,500 clients annually. Within this division are contract deliveries to the departments for which the Company has tendered and won the contracts in open competition to other contenders. For these programmes the Company receives a fee payment exactly the same as other providers irrespective of their status or sector.

Whereas the factory model delivers direct employment to 70 people, 67% of whom have a disability or health issue, the Employment services model delivers to clients who work outside the Company in various employment activities 100% of whom will have a disability, health condition or a significant societal barrier to employment.

As a Social Enterprise the Company is subject to the normal risks of business such as sourcing materials cost effectively, competition and managing cash flow accordingly. Products we make and sell must attract customers in the way all other products within our competitor market place need to. The services delivered must also compete and deliver to predetermined outcome standards to ensure we firstly maximise the benefit to our client but also that we produce value for money for the investment through the contract by government.

Also, as an Arms-Length Body, Ulster Supported Employment Limited must comply with the requirements which arise from that status. While it is fair to say these do not always neatly coalesce, the pragmatic management by our sponsoring department ensures they are applied proportionately and appropriately.

The Company takes its responsibility as a corporate citizen seriously. We attempt to ensure our employees, clients, service users and customers are fairly treated and respected as articulated in our new Values statement: "We strive to be a people centred, sustainable organisation that adds value through respect for others and commitment to excellence". We ensure our impact on our community locally and nationally is positive and our environmental footprint is reduced where possible.

As an organisation committed to the inclusion of people with disabilities and health issues in employment where the individual can exercise their choice to work in a suitable environment we comply and indeed embody many of the attributes of the Section 75 requirements and the Disability Discrimination Order. This places the Company in a unique place in Northern Ireland's society.

The Company applies the best principles of good governance with a corporate governance structure of a Board of Non Executive directors appointed by the Minister for Employment and Learning.

following the public appointments process. Headed by a very competent chair the Board has one sub grouping which is the Audit and Risk committee. The full Board and Audit and risk committee ensure that the executive is supported and challenged in equal measure.

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## **Strategic Report (continued)**

Each director receives adequate training by recognised public training entities to ensure they meet their compliance requirements. The chair meets the director of the department twice each year with an annual review being part of that meeting process. The chair meets each director annually to carry out a review of performance, the Board reviews its effectiveness annually and bi annually brings in a facilitator and trainer to assist in that and ensure an external perspective is presented to the directors by way of a sanity check.

Annually the Board reviews the performance of the CEO through the delivery of the corporate and annual business plan. The Board monthly reviews the performance of the company and the senior team attend all Board meetings to provide a direct account for their business area.

The Board meets each line manager and department head at least once per annum to allow the Board to receive detailed information in respect to the individual business area. This process ensures full accountability and transparency in their oversight of the company as it also provides the Board with a breadth and depth of data which is only possible due to the relative scale of Ulster Supported Employment Limited.

The company sets a budget annually and for the year 2015-2016 a deficit budget was agreed, measured and monitored monthly by both management and Board. The outturn was significantly better than predicted due to the efforts of the management team in detailed management and entrepreneurial working.

**Bill Atkinson**  
**Chief Executive and Accounting Officer**  
**29 June 2016**



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## Remuneration and Staff Report

### a) Remuneration Report

#### Remuneration Policy

The Non-Executive Directors hold appointments which last for three years and the Department for Employment and Learning Minister has the option of re-appointing for a further three years after consideration of a performance assessment. The Chief Executive (Mr WG Atkinson) is appointed by the Board of Directors and holds an open ended contract. 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 staff remuneration policy underwent a modification to reduce the number of spine points available. The change is phased over a period of 3 years following equal pay advice to the company. This change was approved by the sponsoring branch. Details of remunerations (which are subject to audit) are set out below.

	2015 - 16				2014 - 15			
	Salary £'000	Benefits in kind £'000	Pension Benefits £'000	Total £'000	Salary £'000	Benefits in kind £'000	Pension Benefits £'000	Total £'000
J Perry	5-10	-	-	5-10	5-10	-	-	5-10
A Bennett	0-5	-	-	0-5	0-5	-	-	0-5
G Adams	0-5	-	-	0-5	0-5	-	-	0-5
J Kelly	0-5	-	-	0-5	0-5	-	-	0-5
T Hinds	0-5	-	-	0-5	0-5	-	-	0-5
D Mackay	0-5	-	-	0-5	0-5	-	-	0-5
S Humphries (resigned 30 September 2015)	35-40	0-5	10-15	45-50	70-75	0-5	5-10	75-80
J McCall (appointed 28 September 2015, resigned 20 December 2015)	10-15	-	-	10-15	-	-	-	-
W Atkinson (appointed 04 January 2016)	15-20	-	-	15-20	-	-	-	-
Highest Paid Official								77,561
Median Total Remuneration								1,637
Ratio								47.4

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

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## Remuneration and Staff Report (continued)

The highest paid director was Mr J Perry whose remuneration for the year amounted to £6,920. The median salary during the year was £12,727.

The company operates two pension schemes. The first is a defined benefits scheme which is now closed to new entrants; the scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60<sup>th</sup> of pensionable salary for each year of service up to 30 June 2013 and at the rate of 1/80<sup>th</sup> thereafter. 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 second scheme which was established to allow the company to comply with the auto enrollment legislation as of February 2014, is a defined contributions scheme operated externally by the NOW pensions service. This was approved by the sponsoring department following consultation with the

Department of Finance and Personnel in 2014. There are two levels of contribution, the minimum as determined by current legislation and an enhanced level of 4% employee and 8% employer.

The above table is subject to audit

Only Mr S Humphries accrues a pension. Currently he has an accrued pension of £10,941 per annum as at 31 March 2016 (2015: £10,076). The real increase in pension as at 31 March 2016 was £865 (2015: £580). The Company's benefit structure does not provide additional cash so there is no related lump sum. Normal pension age is 65.

The above pension values relating to Mr Humphries have been calculated based on CPI indexation of 1.3% to September 2014 and 2.7% to September 2013. The values are net of contributions paid by Mr Humphries.

## CEO Remuneration History

### Total remuneration (single total figure table)

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
	£000s	£000s	£000s	£000s	£000s	£000s
S Humphries	35	78	85	80	82	87
J McCall	14	N/A	N/A	N/A	N/A	N/A
W Atkinson	15	N/A	N/A	N/A	N/A	N/A

### Value of all pension related benefits accrued in year to

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
	£000s	£000s	£000s	£000s	£000s	£000s
S Humphries	12	6	14	10	12	17
J McCall	-	N/A	N/A	N/A	N/A	N/A
W Atkinson	-	N/A	N/A	N/A	N/A	N/A

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## Remuneration and Staff Report (continued)

### b) Staff Report

	<b>2016</b>	2015
<b>Staff costs</b>	<b>£</b>	£
Wages and salaries	<b>4,870,443</b>	5,588,446
Redundancy payments	-	13,992
Social security costs	<b>172,957</b>	197,321
Other pension costs	<b>502,789</b>	311,527
	<b>5,546,189</b>	6,111,286

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

	<b>2016</b>	2015
<b>Average number of persons employed:</b>	<b>Number</b>	Number
Management and administration	<b>38</b>	37
Production distribution and sales	<b>55</b>	61
Employment support	<b>389</b>	417
	<b>482</b>	515

### Sickness Absence

The sickness absence rate for the year was 5.8% (2015: 7.4%). 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.

### Staff Policies applied in year

Up until 31 December 2015 the Company had a pay policy whereby staff automatically progressed to the next grade on their joining anniversary. With effect from 1 January 2016, this has been replaced by a policy whereby staff progression is based on a satisfactory employee progression review.

**Bill Atkinson**  
**Chief Executive and Accounting Officer**  
**29 June 2016**

## 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 organisation's Financial Memorandum and Management Statement sets out the accountability arrangements for Ulster Supported Employment Limited.

### 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. Ulster Supported Employment Limited, 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 2016 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

### Capacity to Handle Risk

The Board remained unchanged in this financial year. The Audit and Risk Committee met four times in the year and the risk register was formally presented following update. This financial year we updated the risk register on five separate occasions, demonstrating the dynamics of the governance and risk management within the Company. 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. The Company 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 Ulster Supported Employment Limited 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.

## 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 the Department for Employment and Learning 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 Chief Executive and Finance Manager for Ulster Supported Employment Limited.

#### Board:

Ulster Supported Employment Limited comprises a Board of six directors, who 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 and risk committee. One of the directors acts as Director with portfolio for Health and Safety, and this is reported annually at Board.

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 Chief Executive provides the Board with a full management commentary, the Senior managers contribute a written commentary from their business area within the Board pack also. We meet as a Board and whole management team annually for a full day to review progress, hear from the line managers and review Corporate Plan alignment.

The Company's 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 with 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.

**Long term vision:** The Board recognised the need to ensure a clear concise and tangible vision was clearly established and communicated. This was the second full year of our 2014-2017 corporate plan. The Board and whole management team reviewed the progress in November 2015 and the Board were satisfied that progress was on target.

**Clarity or roles and delegated authority:** A scheme of delegation was reviewed and is set out in the Directors' Report

## Governance Statement (continued)

**Board Meetings:** The Board wanted to ensure time was utilised effectively with discussion time being provided for key topics. The Board remains focussed on prime issues regarding the Company and providing opportunity to explore key issues monthly. 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:** The KPI's set out in the corporate plan were deemed satisfactory at the November 2015 review. It was recognised that some of the KPI's required minor adjustment to ensure a clear line of sight to the objective and its delivery.

**Board composition and development:** The Board undertook a review of the Section 75 duties in the financial year and their roles within that. As a result they have identified that Ulster Supported Employment Limited as an employer of people with disability should strive to ensure representation on the Board from the disabled community. The matter has been raised with the department and onwards to the Public appointments unit.

**Clarity of roles- review of committee structure:** The Board recognise that the Company 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 and Risk Committee and this is an ad-hoc group which supports and challenges the executive in respect to tenders.

In 2015-2016 the attendance of directors at Board meetings was 91%, the attendance of the Senior team was 87%.

### Audit and Risk Committee:

Directors of Ulster Supported Employment Limited, with the exception of the full Board chair, comprise the Audit and Risk Committee which meets four times per year.

The Audit and Risk Committee meeting is attended by the Chief Executive 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 and Risk 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 and Risk Committee Effectiveness
June:	Receive annual report and accounts Receive Independent feedback from Auditors (CEO & FM not present) Outcome of Audit and Risk Committee review of effectiveness Review Risk Register
Oct / Nov:	Review and Accept the Internal Audit 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 Strategy Review Board Effectiveness Review findings Governance Statement preparation Review Risk Register

In 2015-2016 the attendance of members at the Audit and Risk Committee was 95%.

## Governance Statement (continued)

### Tender Committee:

There were no planned meetings of this sub-committee in the financial year.

### Pension Trustees:

The company now operates a dual pension provision.

1: Defined Benefits System: This scheme is now closed to new entrants as of 31<sup>st</sup> January 2014. During the financial year the company worked with Department of Finance and Personnel to ensure the Company's scheme was compliant with the wider public sector pension reforms. 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 continues to deliver and meet the deficit recovery scheme as required and agreed by the Pensions Regulator.

2: Defined Contribution Scheme: The Company selected NOW pensions as the provider of choice for this new auto-enrolment vehicle. It is governed externally and because it is proprietary in nature it does not require an internal pension trustee group to be established. Notwithstanding the company governance engagement for the new system is operationally through the company finance manager, with the Audit and Risk Committee and full Board exercising due governance as required.

### Risk Management:

While the risk register is formally reviewed prior to the Audit and Risk Committee, with any revisions made following discussions at that meeting, the register is kept updated throughout the year. The Whole Management team identify risks at each monthly / bi monthly meeting, where appropriate these risks are either subsumed into the main risk register or established as a separate line entry on the register for deeper discussion and management action.

Through this process the Board and Audit and Risk Committee have agreed a low to medium risk appetite overall for the organisation. That said due to the commercial nature of the Company 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 and Risk Committee, the Board, the department and the accounting officer of our sponsoring department with assurances. These include but are not limited to:

## Governance Statement (continued)

ISO 9001-2008 Quality Management system 6 monthly external audit  
Internal Audit findings and recommendations  
Dear Accounting Officer / Dear Finance Officer 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 Key Performance Indicator process ultimately validated by External auditors  
External auditors reports for programmes delivered on behalf of Department for Employment and Learning (FAST etc)  
External auditors reports for European Social Fund funded programmes  
External audits on behalf of BS8555 environmental management  
External reviews of the Company's Health and Safety and Fire risk  
External reviews and assessments of our insurance risks by insurance assessors  
Participation in the National Fraud Initiative  
Investors in People assessment

These audits and reviews have all provided positive assurance of the control mechanisms within the Company for the year 2015-2016. No material issues were noted, nor were any significant risks or fraud identified.

Following internal audit for 2015-2016 we received an overall satisfactory assurance on all levels tested, details of which are included in the Audit and Risk Committee Chair's 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 Ulster Supported Employment Limited 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

Throughout the year 1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2016 I can confirm that there were no data breaches.

The Company is currently working with the sponsoring body to meet the new Data sharing protocols for the public sector. Full compliance will be achieved.

## Ulster Supported Employment Ltd - charitable status

Ulster Supported Employment Limited is currently working with the Department for Employment and Learning governance division through the sponsoring branch to review the issues around the Company applying for charitable status. The Charities Commission have placed Ulster Supported Employment Limited in special circumstances while the process of alignment is carried out. While we have no date for a conclusion, financially the successful application and acceptance of the Company is critical.



## **Governance Statement (continued)**

### **Review of Effectiveness**

The systems utilised by Ulster Supported Employment Limited have a proven track record to identify, quantify, action and report on risk identified. The Company operates a system where a person has ultimate responsibility and accountability for managing the individual risk.

The process of accountability through Board and through delegated authority within the organisation in areas such as procurement through the application of our CPD approved procurement manual, allows me as Chief Executive 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 and Risk 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 and Risk 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 and Risk 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.

Although the Statement of Financial Position shows the Company to have a net liability position, I 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, I consider the Company's financial position at the year end to be satisfactory.

**B Atkinson**  
**Chief Executive and Accounting Officer**  
**29 June 2016**

# **Ulster Supported Employment Limited**

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

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## **Statement of Accounting Officer's Responsibility**

Ulster Supported Employment Limited is an executive Non Departmental Public Body sponsored by the Department for Employment and Learning. The company was established on 16<sup>th</sup> March 1962 to support the fulfilment of the Disabled Persons (Employment) Act (Northern Ireland) 1945 as amended June 1960.

While Ulster Supported Employment Limited's core sponsoring department is the Department for Employment and Learning, day to day direction comes via the sponsoring branch the Disability Employment Service.

Under these provisions Ulster Supported Employment Limited's Chief Executive Officer is the designated accounting officer for the Company, reporting to the Department for Employment and Learning's Accounting Officer, the Permanent Secretary.

Ulster Supported Employment Limited's sponsoring department have directed the Company to produce an Annual Report and Accounts for the use and consumption of resources by the Company. The accounts are prepared on an accrual basis and provide a true and fair reflection of the state of affairs of Ulster Supported Employment Limited and its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

Observe the accounts direction issued by the Department for Employment and Learning including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.

Make Judgements and estimates on a reasonable basis.

State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial reports.

Prepare the accounts on a going concern basis.

The responsibilities of an accounting officer, including responsibility for the propriety and regularity of public finances for which the Accounting Officer is answerable, for keeping proper records of account and safeguarding Ulster Supported Employment Limited's assets are set out in Managing Public Money Northern Ireland published by HM Treasury via the Department of Finance and Personnel.

**B Atkinson**  
**Chief Executive and Accounting Officer**  
**29 June 2016**

## ULSTER SUPPORTED EMPLOYMENT LIMITED

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

I certify that I have audited the financial statements of Ulster Supported Employment Limited for the year ended 31 March 2016 under the Companies (Public Sector Audit) Order (Northern Ireland) 2008. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. 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 the directors and auditor

As explained more fully in the Statement of Director's Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 2008. 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 Ulster Supported Employment Limited's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Ulster Supported Employment Limited; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

#### Opinion on Regularity

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

#### Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of Ulster Supported Employment Limited's affairs as at 31 March 2016 and of its net expenditure after interest, other finance costs and impairments, attributable to DEL for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with directions made under the Government Financial Reporting Manual; and
- the information given in the Directors' Report and Management Commentary 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 Statement on Internal Control 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*

*Date*

# Ulster Supported Employment Limited

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

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## Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

	Note	2016 £	2015 £
Income from activities	3	<b>5,747,663</b>	6,516,614
Other operating income		<b>11,784</b>	15,566
<b>Total operating income</b>		<b>5,759,447</b>	6,532,180
Staff Costs	4	<b>(5,546,189)</b>	(6,111,286)
Depreciation and amortisation	9	<b>(38,990)</b>	(41,093)
Other operating expenditure	5	<b>(819,757)</b>	(939,485)
<b>Total operating expenditure</b>		<b>(6,404,936)</b>	(7,091,864)
<b>Net Operating Expenditure</b>		<b>(645,489)</b>	(559,684)
Finance income	6	<b>463</b>	280
<b>Net Expenditure for the year</b>		<b>(645,026)</b>	(559,404)
<b>Other Comprehensive Net Expenditure</b>			
Items that will not be reclassified to net operating costs:			
Other finance costs	7	<b>(191,000)</b>	(95,000)
Actuarial gain/loss on pension scheme			
Other pension administrative expenses		<b>(90,000)</b>	(90,000)
Net charge on revaluation of Property Plant and Equipment	9	-	(2,000)
<b>Comprehensive Net Expenditure for the year attributable to DEL revenue account</b>	8, 15	<b>(926,026)</b>	(746,404)

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 53 form part of these financial statements.

# Ulster Supported Employment Limited

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## Statement of Financial Position at 31 March 2016

	Note	2016 £	2015 £
<b>Non-Current Assets:</b>			
Property, plant and equipment	9 (a)	<b>1,485,205</b>	1,186,683
Intangible assets	9 (b)	-	-
<b>Total non-current assets</b>		<b>1,485,205</b>	1,186,683
<b>Current assets</b>			
Assets classified as held for sale		-	-
Inventories	10	<b>140,474</b>	125,776
Trade and other receivables	11	<b>699,139</b>	1,188,086
Cash and cash equivalents	12	<b>293,310</b>	50
<b>Total current assets</b>		<b>1,132,923</b>	1,313,912
<b>Total assets</b>		<b>2,618,128</b>	2,500,595
<b>Current liabilities</b>			
Trade and other payables	13	<b>(727,943)</b>	(952,153)
<b>Total assets less current liabilities</b>		<b>1,890,185</b>	1,548,442
<b>Non-current liabilities</b>			
<b>Pension liabilities</b>	20	<b>(2,639,000)</b>	(5,212,000)
<b>Total assets less total liabilities</b>		<b>(748,815)</b>	(3,663,558)
<b>Taxpayers' equity and other reserves</b>			
Department for Employment and Learning	15	<b>(1,071,815)</b>	(3,663,558)
Revaluation reserve	16	<b>323,000</b>	-
<b>Total equity</b>		<b>(748,815)</b>	(3,663,558)

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 29 June 2016

J Perry  
**Chairman**

The notes on pages 40 to 53 form part of these financial statements.

**Registered No. NI 005192**

# Ulster Supported Employment Limited

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## Statement of Cash Flows for the year ended 31 March 2016

		<b>2016</b>	2015
	Note		£
<b>Cash flows from operating activities</b>			
Net Operating Cost after interest		<b>(645,026)</b>	(559,404)
Adjustments for non cash transactions			
Depreciation and amortisation	9	<b>38,990</b>	41,093
Gain on disposal of property, plant and equipment			-
Difference between pension charge and cash contributions		<b>(69,000)</b>	(299,000)
(Increase) / decrease in Inventories	10	<b>(14,698)</b>	4,448
(Increase) / decrease in trade and other receivables	11	<b>488,947</b>	(69,955)
Increase / (decrease) in Trade and other payables	13	<b>(65,823)</b>	1,769
<b>Net cash outflow from operating activities</b>		<b>(266,610)</b>	(881,049)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	<b>(14,512)</b>	(564)
Proceeds of disposal of property, plant and equipment		-	-
<b>Net cash outflows from investing activities</b>		<b>(14,512)</b>	(564)
<b>Cash flows from financing activities</b>			
Grant from sponsoring department	15	<b>732,769</b>	766,664
<b>Net financing</b>		<b>732,769</b>	766,664
<b>Net increase (decrease) in cash and cash equivalents in the period</b>		<b>451,647</b>	(114,949)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(158,337)</b>	(43,388)
<b>Cash and cash equivalents at the end of the period</b>	12	<b>293,310</b>	(158,337)

The notes on pages 40 to 53 form part of these financial statements.

# Ulster Supported Employment Limited

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## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

	Dept for Employment and Learning				
	Loan Account	General Fund	General Reserve	Revaluation Reserve	Total Reserves
	£	£	£	£	£
<b>Balance at 1 April 2015</b>	2,337,687	(6,011,245)	10,000	-	<b>(3,663,558)</b>
IAS 19 actuarial gain	-	2,785,000	-	-	<b>2,785,000</b>
Grant from sponsoring department	-	732,769	-	-	<b>732,769</b>
Revaluation of property	-	-	-	-	-
Comprehensive Net Expenditure for the year	-	(926,025)	-	-	<b>(926,025)</b>
<b>Balance at 31 March 2016</b>	<b>2,337,687</b>	<b>(3,419,501)</b>	<b>10,000</b>	-	<b>(1,071,814)</b>

	Dept for Employment and Learning				
	Loan Account	General Fund	General Reserve	Revaluation Reserve	Total Reserves
	£	£	£	£	£
<b>Balance at 1 April 2014</b>	2,337,687	(2,881,503)	10,000	24,000	<b>(509,816)</b>
IAS 19 actuarial loss	-	(3,150,000)	-	-	<b>(3,150,000)</b>
Grant from sponsoring department	-	766,662	-	-	<b>766,662</b>
Revaluation of property	-	-	-	(24,000)	<b>(24,000)</b>
Comprehensive Net Expenditure for the year	-	(746,404)	-	-	<b>(746,404)</b>
<b>Balance at 31 March 2015</b>	<b>2,337,687</b>	<b>(6,011,245)</b>	<b>10,000</b>	-	<b>(3,663,558)</b>



# Ulster Supported Employment Limited

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## Notes to the financial statements for the year ended 31 March 2016

### 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.

## Notes to the financial statements for the year ended 31 March 2016 (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.

The above pension scheme was closed to new employees on 31 January 2014; since this date new employees are auto-enrolled into a defined contribution scheme in accordance with current legislation.

#### 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 and Risk Committee.

# Ulster Supported Employment Limited

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### Pension liability

The company has a commitment, to pay pension benefits to approximately 437 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 2016 and the key financial assumptions used to measure the obligation are disclosed in note 20.

## 2 Statement of Operating Costs by Operating Segment

The **Factory Operation** manufacturers bedding products, industrial sewing products as contracts out some employees to carry out close circuit television monitoring on behalf of third parties. The Company does not rely on any major customer in this segment.

**Employment Services** operate employment programmes on behalf of DEL; these programmes are awarded through commercial tenders. In this segment the Company relies on DEL, this being the major customer. The Chief Operating Decision Maker is the Chief Executive, reporting to the non-executive Board of Directors. The Chief Executive receives on a monthly basis Key Performance Indicators which include the monthly management accounts. These monthly management accounts exclude depreciation, FREM adjustments in respect of grant in aid and year end pension adjustments under IAS 19. These items are excluded in order to properly compare the results with the Budget as agreed by DEL which also excludes those items i.e. it is a cash items Budget.

### Statement of Operating Costs by Operating Segment 2015-16

Segment	Factory Operation £	Employment Services £	Other £	Total 2015-16 £
Gross Expenditure	(1,592,088)	(4,842,852)	-	(6,434,940)
Income	1,283,765	5,204,889	-	6,488,654
<b>Total net (expenditure) / income per Management Accounts</b>	<b>(308,323)</b>	<b>362,037</b>	<b>-</b>	<b>53,714</b>
<b>Reconciling items:</b>				
Depreciation and amortisation	(26,850)	(12,140)	-	(38,990)
Grant in Aid financing reported through Reserves per FReM	(728,744)	-	-	(728,744)
Net actuarial adjustments per IAS 19	-	-	(212,000)	(212,000)
<b>Total net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>(1,063,917)</b>	<b>349,897</b>	<b>(212,000)</b>	<b>(926,020)</b>

# Ulster Supported Employment Limited

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### Statement of Operating Costs by Operating Segment 2014-15

Segment	Factory Operation £	Employment Services £	Other £	Total 2014-15 £
Gross Expenditure	(881,496)	(2,619,891)	-	(3,501,387)
Income	678,578	2,767,505	-	3,446,083
<b>Total net (expenditure) / income per Management Accounts</b>	<b>(202,918)</b>	<b>147,614</b>	<b>-</b>	<b>(55,304)</b>
<b>Reconciling items:</b>				
Depreciation and amortisation	(27,794)	(13,299)	-	(41,093)
Grant in Aid financing reported through Reserves per FReM	(762,007)	-	-	(762,007)
Net actuarial adjustments per IAS 19	-	-	114,000	114,000
Net charge on revaluation of Property Plant and Equipment	-	-	(2,000)	(2,000)
<b>Total net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>(992,719)</b>	<b>134,315</b>	<b>112,000</b>	<b>(746,404)</b>

### 3 Income from activities

	2016 £	2015 £
Trading income	<b>487,400</b>	499,262
Contract services	<b>55,594</b>	163,701
Employment support	<b>994,979</b>	1,073,473
Contract income	<b>4,038,403</b>	4,565,339
Training income	<b>171,287</b>	214,839
	<b>5,747,663</b>	6,516,614

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

### 4 Staff costs

	2016 £	2015 £
Wages and salaries	<b>4,870,443</b>	5,588,446
Redundancy payments	-	13,992
Social security costs	<b>172,957</b>	197,321
Other pension costs	<b>502,789</b>	311,527
	<b>5,546,189</b>	6,111,286

Further information on the above can be found in the Staff Report within the Accountability Report.

# Ulster Supported Employment Limited

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 5 Other operating expenditure

	<b>2016</b>	2015
	<b>£</b>	£
Materials	<b>182,174</b>	186,217
Payments to hosts and sub-contractors	<b>191,567</b>	214,328
Light, heat and power	<b>33,258</b>	45,888
Rent and rates	<b>27,737</b>	37,353
Repairs	<b>39,833</b>	18,235
Tools	<b>3,030</b>	2,758
Telephone	<b>20,807</b>	17,518
Tutors	<b>6,243</b>	7,344
Canteen	<b>7,501</b>	8,790
General expenses	<b>60,111</b>	105,167
Insurance	<b>59,412</b>	39,170
Advertising	<b>14,192</b>	29,173
Audit - internal audit	<b>3,960</b>	3,960
- external audit	<b>4,502</b>	6,049
Bad debts written off	<b>232</b>	5,691
Computer expenses	<b>39,546</b>	30,871
Discount allowed	<b>240</b>	129
Motor expenses	<b>50,127</b>	49,600
Postage	<b>4,276</b>	13,193
Packing	<b>683</b>	495
Printing and stationery	<b>14,312</b>	15,833
Travel	<b>14,805</b>	13,272
Training	<b>24,752</b>	59,960
Legal and professional fees	<b>14,875</b>	33,505
Bank charges	<b>1,582</b>	986
Increase (decrease) in provision for doubtful debts	-	7,000
(Decrease) in provision for slow moving inventories	-	(13,000)
	<b>819,757</b>	939,485

### 6 Finance income

	<b>2016</b>	2015
	<b>£</b>	£
Interest receivable	<b>463</b>	280

# Ulster Supported Employment Limited

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 7 Other finance costs

	2016	2015
	£	£
Expected return on pension scheme assets	<b>583,000</b>	686,000
Interest on pension scheme liabilities	<b>(774,000)</b>	(781,000)
<b>Net cost</b>	<b>(191,000)</b>	(95,000)

### 8 Deficit for the year

This is stated after charging/(crediting):

	2016	2015
	£	£
Auditors' remuneration - Internal audit	<b>3,960</b>	3,960
- External audit	<b>4,502</b>	6,049
Depreciation and amortisation	<b>38,990</b>	41,093
Interest receivable	<b>463</b>	(280)

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

	Long leasehold buildings	Plant and office equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost or Valuation</b>				
At 1 April 2015	1,150,000	632,540	43,739	1,826,279
Additions	-	14,512	-	14,512
Revaluation	300,000	-	-	300,000
<b>At 31 March 2016</b>	<b>1,450,000</b>	<b>647,052</b>	<b>43,739</b>	<b>2,140,791</b>
<b>Depreciation</b>				
At 1 April 2015	-	595,857	43,739	639,596
Charged in the year	23,000	15,990	-	38,990
On revaluation	(23,000)	-	-	(23,000)
<b>At 31 March 2016</b>	<b>-</b>	<b>611,847</b>	<b>43,739</b>	<b>655,586</b>
<b>Net book value</b>				
<b>At 31 March 2016</b>	<b>1,450,000</b>	<b>35,205</b>	<b>-</b>	<b>1,485,205</b>
At 31 March 2015	1,150,000	36,683	-	1,186,683

# Ulster Supported Employment Limited

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

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## Notes to the financial statements for the year ended 31 March 2016 (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 8<sup>th</sup> Edition. Plant and office equipment would normally be revalued using indices published by the Office of National Statistics, but the calculations were insignificant and therefore no such revaluation took place.

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

	<b>Long leasehold buildings</b>	<b>Plant and office equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or Valuation</b>				
At 1 April 2014	1,200,000	634,578	43,739	1,878,317
Additions	-	564	-	564
Disposals	-	(2,602)	-	(2,602)
Impairments	(50,000)	-	-	(50,000)
<b>At 31 March 2015</b>	<b>1,150,000</b>	<b>632,540</b>	<b>43,739</b>	<b>1,826,279</b>
<b>Depreciation</b>				
At 1 April 2014	-	581,366	43,739	625,105
Charged in the year	24,000	17,093	-	41,093
Relating to disposals	-	(2,602)	-	(2,602)
Impairments	(24,000)	-	-	(24,000)
<b>At 31 March 2015</b>	<b>-</b>	<b>595,857</b>	<b>43,739</b>	<b>639,596</b>
<b>Net book value</b>				
<b>At 31 March 2015</b>	<b>1,150,000</b>	<b>36,683</b>	<b>-</b>	<b>1,186,683</b>
At 31 March 2014	1,200,000	53,212	-	1,253,212

# Ulster Supported Employment Limited

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 9 (b) Intangible assets

#### Software Licenses £

#### Cost or Valuation

At 1 April 2015

51,977

**At 31 March 2016**

**51,977**

#### Amortisation

At 1 April 2015

51,977

Charged in the year

-

**At 31 March 2016**

**51,977**

#### Net book value

**At 31 March 2016**

-

At 31 March 2015

-

### 9 (b) Intangible assets

#### Software Licenses £

#### Cost or Valuation

At 1 April 2014

51,977

**At 31 March 2015**

**51,977**

#### Amortisation

At 1 April 2014

51,977

Charged in the year

-

**At 31 March 2015**

**51,977**

#### Net book value

**At 31 March 2015**

-

At 31 March 2014

-

### 10 Inventories

**2016**

2015

£

£

Raw materials

**92,404**

81,953

Work in progress

**4,597**

13,115

Finished goods

**43,473**

30,708

**140,474**

125,776



# Ulster Supported Employment Limited

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 11 Trade and other receivables

	2016	2015
	£	£
<b>Amounts falling due within one year:</b>		
Receivables - trade	<b>212,068</b>	332,788
- employment support	<b>(199,596)</b>	211,914
Retention monies outstanding from DEL	<b>271,292</b>	295,037
Other receivables	<b>346,604</b>	337,047
Prepayments and accrued income	<b>68,771</b>	11,300
	<b>699,139</b>	1,188,086

### 12 Cash and cash equivalents

	2016	2015
	£	£
Balance at 1 April	<b>(158,337)</b>	(43,388)
Net change in cash and cash equivalents	<b>451,647</b>	(114,949)
Balance at 31 March	<b>293,310</b>	(158,337)

The following balances at 31 March were held at:

Commercial banks and cash in hand	<b>293,310</b>	50
Bank overdraft	-	(158,387)
Balance at 31 March	<b>293,310</b>	(158,337)

### 13 Trade and other payables

	2016	2015
	£	£
<b>Amounts falling due within one year:</b>		
Bank overdraft	-	158,387
Trade payables	<b>111,366</b>	93,698
Value Added Tax	<b>91,342</b>	120,604
Other taxation and social security	<b>46,777</b>	59,325
Other payables	<b>28,228</b>	17,931
Accruals and deferred income	<b>450,230</b>	502,208
	<b>727,943</b>	952,153

### 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.

# Ulster Supported Employment Limited

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

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 15 Department for Employment and Learning

	2016	2015
	£	£
<b>Loan Account</b>		
Balance at beginning of year and <b>at end of year</b>	<b>2,337,687</b>	2,337,687
<b>General Fund</b>		
Balance at beginning of year as previously stated	<b>(6,011,245)</b>	(2,881,503)
IAS 19 pension (deficit) / surplus	<b>2,785,000</b>	(3,150,000)
Department for Employment and Learning – Revenue Grant in aid	<b>732,769</b>	766,662
Deficit for the year	<b>(926,026)</b>	(746,404)
<b>Balance at end of year</b>	<b>(3,419,502)</b>	(6,011,245)
<b>General Reserve</b>		
Balance at beginning of year and <b>at end of year</b>	<b>10,000</b>	10,000
<b>Funded by Department for Employment and Learning</b>	<b>(1,071,815)</b>	(3,663,558)

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. There is no repayment date and no interest accrues on this loan. The general fund includes the Company'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 2016.

### 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

	2016	2015
	£	£
Balance at beginning of year	-	24,000
Revaluation of buildings	<b>323,000</b>	(24,000)
<b>Balance at end of year</b>	<b>323,000</b>	-

### 17 Capital commitments

At 31 March 2016 authorised future capital expenditure amounted to £Nil (2015: £Nil). The company has no capital commitments at 31 March 2016 (2015: £Nil).

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 18 Commitments under leases

At 31 March 2016 the company had annual commitments under non-cancellable operating leases expiring as follows. Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	<b>2016</b>	2015
	<b>£</b>	£
<b>Buildings</b>		
Not later than one year	<b>22,256</b>	22,256
Later than one year and not later than five years	-	-
Later than five years	-	-
	<b>22,256</b>	22,256

The Company does not have any finance leases.

### 19 Financial performance targets

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

### 20 Commitment to pension fund

The company operates a defined benefit pension scheme in the UK for its employees. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the 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

	<b>31 March</b>	31 March
	<b>2016</b>	2015
	<b>£'000</b>	£'000
Benefit obligation at beginning of year	<b>22,033</b>	16,614
Current service cost	<b>499</b>	301
Interest costs	<b>774</b>	781
Plan participants' contributions	<b>218</b>	233
Benefit payments from plan	<b>(220)</b>	(138)
Insurance premiums for risk benefits	<b>(7)</b>	(62)
Actuarial losses / (gains)	<b>(3,546)</b>	4,304
Benefit obligation at end of year	<b>19,751</b>	22,033

# Ulster Supported Employment Limited

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

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 20 Commitment to pension fund (continued)

#### Change in plan assets

	<b>31 March 2016 £'000</b>	31 March 2015 £'000
Fair value of plan assets at beginning of year	<b>16,821</b>	14,438
Expected return on plan assets	<b>583</b>	686
Employer contribution	<b>568</b>	600
Member contributions	<b>218</b>	233
Benefits paid	<b>(220)</b>	(138)
Administrative expenses paid	<b>(90)</b>	(90)
Insurance premiums for risk benefits	<b>(7)</b>	(62)
Return on plan assets (excluding interest income)	<b>(761)</b>	1,154
Fair value of plan assets at end of year	<b>17,112</b>	16,821

#### Amounts recognised in the statement of financial position

	<b>31 March 2016 £'000</b>	31 March 2015 £'000
Defined benefit obligation	<b>19,751</b>	22,033
Fair value of plan assets	<b>17,112</b>	16,821
Funded status - net liability	<b>(2,639)</b>	(5,212)

#### Components of pension cost

	<b>31 March 2016 £'000</b>	31 March 2015 £'000
Current service cost	<b>499</b>	301
Interest cost	<b>774</b>	781
Interest (income) on plan assets	<b>(583)</b>	(686)
Total net interest cost	<b>191</b>	95
Administrative expenses and taxes	<b>90</b>	90
Defined benefit cost included in the Statement of Net Comprehensive Expenditure	<b>780</b>	486
Total re-measurements included in other comprehensive income	<b>(2,785)</b>	3,150
Total defined benefit cost recognised in the Statement of Net Comprehensive Expenditure and other comprehensive income	<b>(2,005)</b>	3,636

# Ulster Supported Employment Limited

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 20 Commitment to pension fund (continued)

#### Net defined benefit liability (asset) reconciliation

	<b>31 March 2016 £'000</b>	31 March 2015 £'000
Net defined benefit liability (asset)	<b>5,212</b>	2,176
Defined benefit cost included in the Statement of Net Comprehensive Expenditure	<b>780</b>	486
Total re-measurements included in other comprehensive income	<b>(2,785)</b>	3,150
Employer contributions	<b>(568)</b>	(600)
Net defined liability as of end of year	<b>2,639</b>	5,212

#### Defined benefit obligation

	<b>31 March 2016 £'000</b>	31 March 2015 £'000
Benefit obligation by participant status		
Actives	<b>11,177</b>	13,398
Vested deferreds	<b>6,266</b>	7,030
Retirees	<b>2,308</b>	1,605
Total	<b>19,751</b>	22,033

#### Plan assets

	<b>31 March 2016 £'000</b>	31 March 2015 £'000
Fair value of plan assets		
Cash and cash equivalents	<b>153</b>	44
Equity instruments	<b>8,372</b>	8,698
Debt instruments	<b>8,587</b>	8,079
Total	<b>17,112</b>	16,821

#### Significant actuarial assumptions

##### Weighted average assumptions to determine benefit obligations at:

	<b>31 March 2016 %</b>	31 March 2015 %
Rate of increase in salaries	<b>2.90</b>	<b>3.50</b>
Rate of pension increases	<b>2.90</b>	<b>2.90</b>
Discount rate	<b>3.60</b>	<b>3.40</b>
Inflation assumption – RPI	<b>2.90</b>	<b>3.00</b>
Inflation assumption – CPI	<b>1.90</b>	<b>n/a</b>

##### Weighted average assumptions to determine defined benefit cost

	<b>31 March 2016 %</b>	31 March 2015 %
Discount rate	<b>3.40</b>	4.65
Rate of salary increase	<b>3.50</b>	3.85
Rate of pension increases	<b>2.90</b>	3.25
Inflation	<b>3.00</b>	3.35

# Ulster Supported Employment Limited

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## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 20 Commitment to pension fund (continued)

#### Assumed life expectancy on retirement at age 65

	<b>31 March 2016</b>	31 March 2015
Retiring today (member age 65)	<b>21.1</b>	20.9
Retiring in 20 years (member age 45 today)	<b>23.2</b>	22.7

#### Other required disclosure amounts

The contributions expected to be paid to the plan during the next financial year amount to **£585,000**.

### 21 Related party transactions

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

		<b>Balance due to DEL (ES)</b>	<b>Other Balances due from DEL</b>	<b>Retention monies due</b>	<b>Loan</b>	<b>Grants Received</b>
<b>Department for Employment and Learning</b>						
<b>31 March 2016</b>	<b>£</b>	<b>(199,596)</b>	<b>148,963</b>	<b>271,292</b>	<b>2,337,687</b>	<b>732,769</b>
31 March 2015	£	211,914	141,013	295,037	2,337,687	766,664

### 22 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.

### 23 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 2016.

## 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

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## Appendix 1

### Schedule 1

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

##### Companies Act 2006.

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

### 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

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## Appendix 2

### Profit and loss account for the year ended 31 March 2016

	<b>2016</b>	2015
	<b>£</b>	£
<b>Turnover (including grant income)</b>	<b>6,476,407</b>	7,278,621
Operating expenses	<b>(6,434,940)</b>	(7,349,771)
<b>Operating profit / (loss)</b>	<b>41,467</b>	(71,150)
Interest receivable and similar income	<b>12,247</b>	15,846
<b>Profit / (Loss) on ordinary activities before taxation</b>	<b>53,714</b>	(55,304)
Taxation	-	-
<b>Profit (Loss) on ordinary activities after taxation and retained loss for the year</b>	<b>53,714</b>	(55,304)

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.