

**Ulster Supported Employment Limited**  
**Annual report**  
**for the year ended 31 March 2007**

# **Ulster Supported Employment Limited**

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

### **Annual report for the year ended 31 March 2007**

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

## **Directors and advisers**

### **Directors**

Mr P Bagues (Chairman)  
Ms C Gibson  
Mr B McMurray  
Ms B Maitland  
Mr J Smith  
Mr A Thomson

### **Chief Executive**

S Humphries

### **Secretary**

D Macedo

### **Registered office**

182/188 Cambrai Street  
Belfast  
BT13 3JH

### **Bankers**

Northern Bank Limited  
235 Shankill Road  
Belfast  
BT13 1FE

### **Registered auditors**

PricewaterhouseCoopers LLP  
Waterfront Plaza  
8 Laganbank Road  
Belfast  
BT1 3LR

# Ulster Supported Employment Limited

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

### Foreword by Board Chairman

The Annual Report and Accounts for USEL (Ulster Supported Employment Ltd) covers the period 1 April 2006 to 31 March 2007. The report outlines USEL's continued and sustained financial performance but also surveys the performance of the training and development needs of its disabled employees and on providing increased career and work opportunities for disabled people or people who have health difficulties, who utilise the USEL programmes.

I am delighted to see the organisation develop and this year post a break even position before depreciation, deferred credit release, FRS 17 pension costs, and FReM accounting as required by the Department.

The relationship between the USEL board and management and the Department for Employment and Learning has strengthened in this past year as we collectively work together to ensure our client base is well served. The Board would like to acknowledge the continuing support given by our sponsoring government Department particularly the encouragement given to implementing our strategy.

The Board strategy of steadily following a development of people, products and services continues and this is reflected in the corporate plan which is refreshed each year. This is the final year covering the current corporate plan and I believe in the next revision the vision of our stakeholders will be matched by tangible plans to develop the sustainability of the organisation to ensure USEL is providing the most appropriate high quality services well into the future.

We have continuously reviewed our organisation's stated mission and have once again refreshed this to ensure we not only achieve employment for our clients, but that we provide support as they progress within their job role. The revised mission statement now reads:

***Expanding the choice of paid job opportunities for people with disabilities and health related conditions and by means of training and development assist with progression into and within mainstream employment.***

I would like to thank Mr David Russell, who retired as Board Chairman in August 2006, for his many years of dedication to USEL. On behalf of my fellow directors and management team I would wish David a very peaceful, long and happy retirement.

I would also like to record the appreciation of the board to the whole management team for their professional and diligent work over this past year. There have been a number of external and to a lesser degree internal issues to be faced, which the team has done with great resolve. I believe we have out turned a very commendable result with overall revenue up 9% on the previous year and with prudent cost control a balanced trading budget is an excellent result.

Patrick Bagues  
**Chairman**  
27 June 2007

# Ulster Supported Employment Limited

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## Directors' report for the year ended 31 March 2007

### Background information

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

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

USEL was established in 1962 as Ulster Sheltered Employment Limited to fulfil an act of parliament to provide paid employment for disabled people. In 1980 the Company merged with the Belfast Association for the Employment of the Industrious Blind which traded under the title Workshops for the Blind. This merger with the Workshops for the Blind meant that USEL became 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 to reflect the change in emphasis to a supported employment environment.

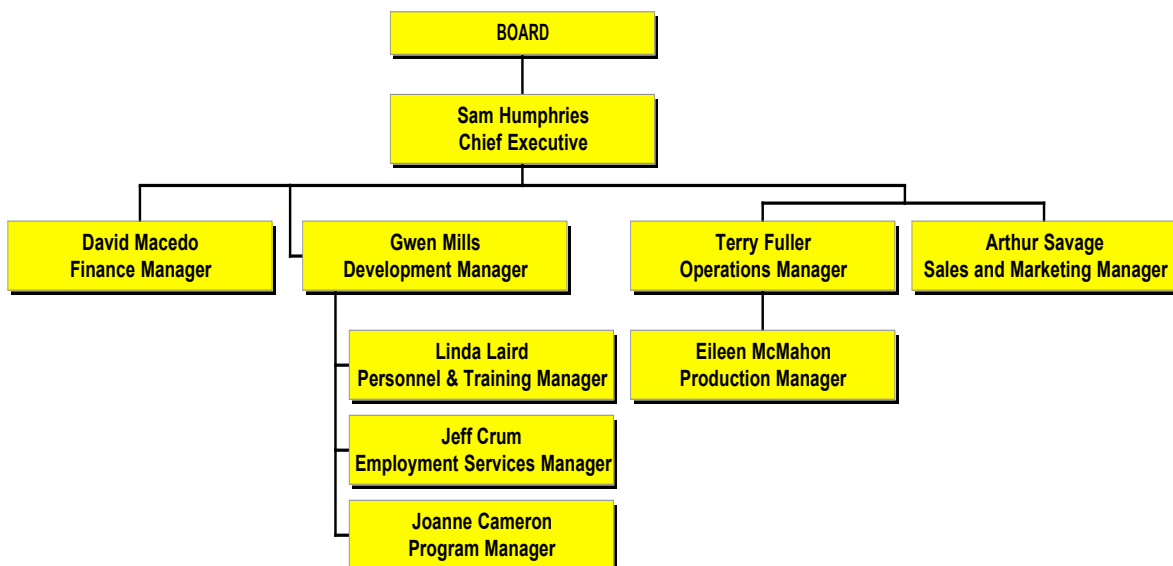
There have been no changes in the Company's activities during the year and none are anticipated in the foreseeable future.

These accounts have been prepared in accordance with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986 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.

### Company Structure Overview

The management structure of the Company is set out below

**USEL Management Structure April 2006 - March 2007**



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### **Business review**

A full review of Ulster Supported Employment Limited's activities is given in the Chief Executive's report on pages 10 to 19.

### **Results for the year**

The results for the financial year are fully set out in the income and expenditure account on page 24. The deficit for the year was £724,845 (2006: £638,351). The directors consider the Company's financial position at the date of the balance sheet to be satisfactory.

### **Employee involvement**

Over the past two years we have trialled a more interactive process of gaining feedback from the employees. This has been achieved through Quality improvement processes under the ISO system, regular team meetings at all levels and employee briefings, where the workforce are briefed by the Chief Executive and given opportunity to ask questions. This has proved very positive as the employees now feel more involved in the company, and begin to understand the decisions which direct the company's path.

USEL also have in operation a Health & Safety Committee and also a Works Committee that consists of Production Employees and Production Management. Both these committees are chaired by the Production Manager and discuss matters of well being and safety of the factory employees at departmental level.

### **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). This is the first year the company applied the Government Financial Reporting Manual (FRM). The impact of this was to account for Grant in Aid of £541,000 (2006: £598,250) through reserves instead of income and expenditure account. Accordingly the deficit for the year increased by a corresponding amount.

### **Payments to suppliers**

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

The percentage of bills paid within this standard is not known.

The trade creditor days at 31 March 2007 is 30 days (2006: 45 days) calculated as the proportion of year-end creditors to the aggregate invoiced amounts during the year.

### **Pension fund**

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

Mr Patrick Bagues (Mr David Russell until 31 August 2006) 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. William M. Mercer Limited has been appointed by the Trustees to act as their Administrators and Advisors on the operation of the Scheme.

### **Policy towards disabled employees**

Information regarding employees is provided on pages 10 to 19.

### **Post balance sheet events**

No significant events have occurred since the date of the balance sheet which affects the Company or which materially affects the financial statements of the Company.

### **Fixed assets**

Changes in the fixed assets of the Company during the year are disclosed in note 9.

### **Charitable donations**

The Company made no charitable donations during the year.

### **Directors**

The directors of the Company during the year were as follows:-

#### ***Patrick Bogues – Chairman (Appointment Period January 2006 – December 2008 / Chairman September 2006)***

Patrick Bogues was appointed a Director of USEL in January 2003, with re-appointment in January 2006, he became the chairman of the Board of Directors in September 2006. Patrick is the owner of a number of retail jewellers shops based in Omagh and Armagh. He is actively involved in the retail jewellery industry as a Fellow of the Gemmological Association and a member of the National Association of Goldsmiths. Patrick is a past Chairman of the Community Activity Partnership, a charity aimed at helping people with a learning disability to access work. He is intensely involved in the Omagh area as Vice Chairman of the Omagh 2010 Taskforce and is also a Director of the Omagh Business Forum.

#### ***Clare Gibson – Director (Appointment Period January 2006 - December 2008)***

Clare Gibson was the Owner/Director of Abbey Training Services from 1991 to 2001, and prior to this worked as a Senior Lecturer/Staff Development Officer with Ballymena College. Clare held a number of part-time and temporary teaching positions since 1966. Between 2000 and 2003 she was a Civic Forum Representative with the NI Assembly.

#### ***Brian McMurray –Chair Audit Committee (Appointment Period January 2006 – December 2008)***

Brian McMurray has worked with a number of companies since 1968, at which point he was Factory Manager with Milanda Bakeries. From 1999 to 2001, he was Managing Director of Moygashel Linens before moving to Abbicoil Springs where he was Managing Director/Owner for three years. Other Public Appointments held are Non-Executive Director of Causeway Health & Social Services Trust and Roe Valley Enterprises. Brian is also a Business Mentor with Invest Northern Ireland. Brian is the designated financial non-executive member of the Board.

#### ***Brenda Maitland – Director (Appointment Period March 2006 - April 2009)***

Brenda Maitland holds a B.Eng Electrical and Electronic Engineering (Hons) and is a member of the Chartered Institute of Personnel and Development. Brenda has worked for BT since 1979, and from 2003 has been HR Business Partner with responsibility for a division of 1300 people.

#### ***James Smyth – Director (Appointment Period March 2006 – April 2009)***

James Smyth is a Registered General Nurse, Registered Psychiatric Nurse and holds approved and professional social work qualifications. He has been employed by Down and Lisburn Health & Social Services Trust since 1980 and currently holds the position of Senior Social Worker/Team Leader.

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Alan Thomson is a qualified social worker and has been a Director of the Orchardville Society since 1990, having strategic and operational responsibility for the society's activities. He previously held Department of Education public appointment positions as Board of Governor and acting Chair until 2005. Mr Thompson previously worked as manager responsible for the National Society for the Prevention of Cruelty to Children's Child Protection Services in Belfast.

### *David Russell – Chairman (Retired August 2006)*

David Russell was appointed a Director of USEL in March 2000 and became the Chairman of the Company in September 2000. He was formerly the Chief Executive of the Hampden Group plc. And is an accountant with wide experience of both industry, commerce and management consultancy. He is also the Chairman of the Eastern Health & Social Services Board, a Board member of the Belfast Harbour Commissioners and is also a trustee of Save the Children U.K.

## Remuneration Report

### Remuneration Policy

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

	Salary including performance pay £	Real increase in pension at 65 £	Total accrued pension at 31 March 2007 £	Cash equivalent transfer value at 31 March 2006 £	Cash equivalent transfer value at 31 March 2007 £	Real increase in CETV during the year £
P Bagues	3,496	-	-	-	-	-
B Mc Murray	1,988	-	-	-	-	-
MC Gibson	1,549	-	-	-	-	-
B Maitland	1,376	-	-	-	-	-
J Smyth	1,686	-	-	-	-	-
A Thomson	440	-	-	-	-	-
D Russell	880	-	-	-	-	-
S Humphries	60,537	1,007	1,211	-	-	-

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

The company operates a uniform pension scheme providing benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60<sup>th</sup> of pensionable salary for each year of service. The contributions to the scheme are determined by a qualified actuary based on triennial valuations using the Entry Age Normal Method and at present members pay contributions of 6% of pensionable earnings and the company pays 13%. 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 directors are appointed by the Department for Employment and Learning and in accordance with the Articles of Association the directorships will expire on the following dates:

### 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

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- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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### **Statement of directors' responsibilities**

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

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

The Chief Executive and directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

D Macedo  
**Secretary**  
27 June 2007

# **Ulster Supported Employment Limited**

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

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Ulster Supported Employment Limited policies, aims and objectives, whilst safeguarding the public funds and company assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

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

USEL operates on strict business lines with each manager held fully responsible for achieving his/her budget and targets. For the majority of the year this was managed by weekly reporting, but was modified to have monthly reporting at the end of the fiscal period. Now variances are examined monthly at the Senior Management Team meetings using a defined Key Performance Indicator process and through this there is tight control of expenditure coupled with operational activities and objectives being kept under constant review. The Senior Management Team operates to a Leadership standard that ensures compliance to corporate governance policies, and sound business practices through professional, ethical conduct.

The Department for Employment and Learning's Director responsible for USEL together with the Head of the Branch meet with the Board on an Annual basis. The Head of Branch and his assistant hold formal meetings with the Chief Executive and the Financial Manager at least three times a year. Regular contact is maintained between these individuals and the Branch is provided with relevant information as well as a comprehensive monthly report including a departmental profit and loss account and a balance sheet.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk, as this would lead to failure to achieve policies, aims and objectives. The system of internal control is based on an ongoing process designed to identify and prioritize the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ulster Supported Employment Limited for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

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

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

An Audit Committee has been established consisting of five Directors. It meets with the Company's auditors three times a year to discuss audit planning and to review and discuss the reports of the internal and external auditors. The Audit Committee, is chaired by a non-executive board member, and reports to the Board of Directors.

The Senior Management Team, which now meets monthly and the Board of Directors, which also meets every month, discuss all such matters of significant importance to the Company.

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The Company operates a system of internal controls commensurate with its size. The management and the Audit Committee review the effectiveness of the system of internal control regularly. Working to a schedule agreed with the Audit Committee the Internal Auditors test the system using an audit needs assessment approach, which includes risk management. Their findings are reported to the management team and to the Audit Committee who in turn report to the Board of Directors. During the past year the Internal Auditors found no significant adverse control issues. In fact they found that all the systems tested provided substantial assurance and that they accomplish their system objectives.

S A Humphries  
**Chief Executive**  
27 June 2007

# Ulster Supported Employment Limited

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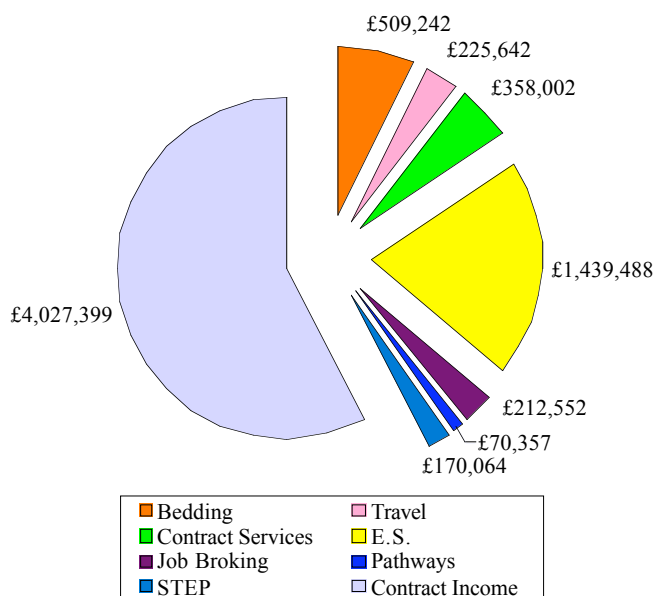
### Chief Executive's report

The 31<sup>st</sup> of March 2007 concluded my first full financial year as Chief Executive of USEL, it has proved to be a very enlightening time for me personally and I believe a very active time for the organisation. During this year the management team has grown in cohesion and confidence as we challenge the perceptions and realities of our organisation and its delivery of goods and services.

Our core function is to support people who live with a disability and or a health related condition, which has caused barriers to the career aspirations of their choice. USEL is structured so that it might directly employ and indirectly employ people with disabilities and health related conditions. This function is performed in 3 main areas, the first in the factory unit based at Cambrai Street Belfast, where a largely disabled workforce make beds, mattresses and a range of products utilising Industrial Sewing skills. These later products are sold to customers as diverse as Ambulance services and training organisations requiring promotional bags. The second is the delivery of contract services where our factory employees are implanted on a contract delivery basis in external facilities. These sites are currently monitoring CCTV operations. The third, and by far the largest of our delivery models are the employment services program deliveries. These are contracts on behalf of the Department for Employment and Learning. These programs are tendered for and won in competition with other organisations across the province. During this financial year USEL was successful in winning a number of new and re-tendered programs to allow us to continue to assist those in our client group, whom we seek to serve.

The financial year 1<sup>st</sup> April 2006 – 31<sup>st</sup> March 2007 was again challenging for the organisation. In our commercial sales department we experienced some pricing pressures with low cost imports coming into the Northern Ireland market place. We do however offer a competitive edge by being a manufacturer based in Northern Ireland who is agile and responsive to our customer needs, while maintaining a fair price. The employment services division of the organisation has seen a legacy program close to new registrations and the replacement program roll out slowly. It is therefore extremely pleasing to note that after the pressures I have described that USEL is posting a pre depreciation and FRS17 cost break even result for the first time in 3 years.

### Revenue Generation



**REVENUE 2006-07**

Total Revenue generated from all sources in the year 2006-07 was £7,012,746 an increase overall of 7.5% on the previous year. Of this income USEL achieved earnings from sales of products and services amounting to £2,985,347 and this represents a 9% increase in commercial turnover improvement. This equates to almost 43% of revenue generated by the organisations commercial activities. This is a very encouraging result showing a 1% improvement on the previous year and underpinning the strategy of improved self sustainability.

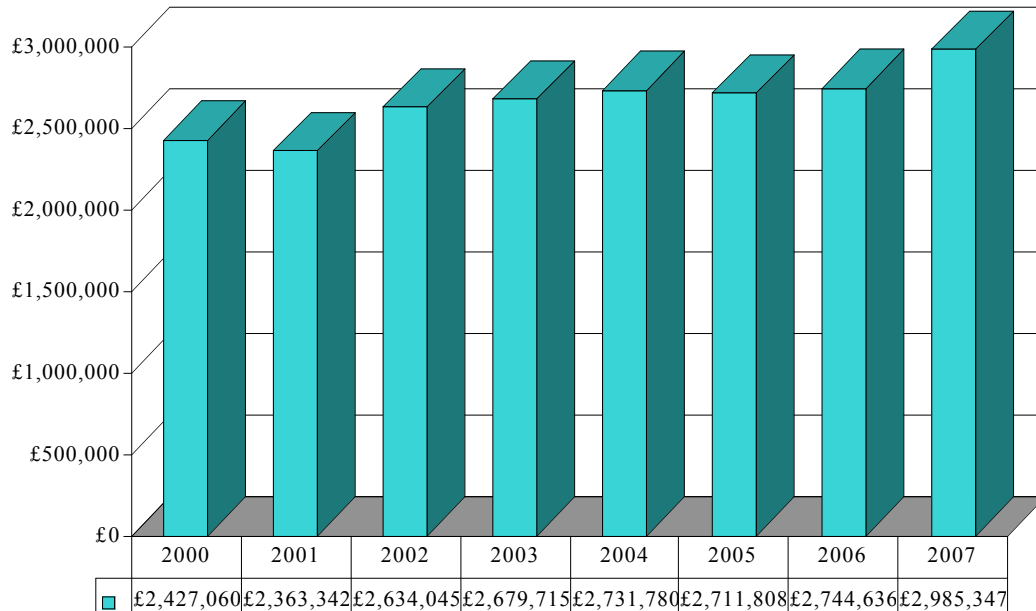
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### Income Generation activities

The Employment Services group generated an income of £1.9m across the various programs, these programs are: Employment Support / Job Broking / Work Preparation / Pathways to Work / Workable / Step III

With both main income streams blended the total income for 2006 – 2007 was £2.98m



SALES PROFILE LAST 8 YEARS

### Commercial Products & Services

Throughout 2006 – 2007 the factory generated approximately £1.1m of revenue between bedding, Industrial sewing activities and Contract services. The range of products has increased with the introduction of 2 new memory foam mattresses and a drawer divan unit and these new products have helped increase our average unit price this year by a small percentage. The industrial sewing department improved dramatically this year with an increase of 50% on the number of units manufactured. While the order book is becoming more consistent here we are still driving to achieve an in house product base and lessen our reliance on the jobbing environment we have become accustomed to.

This continues to be augmented by the contract services division, which saw a 0.14% improvement on budget. Our contract business continues to function with the CCTV monitoring operations for NTL and the Derry City Centre Initiative. In addition USEL has continued to employ additional people in storage and warehousing activities to accommodate leasing contracts with local businesses

### Training and Development

The Training and Development Department continues to inform, prepare and expand the knowledge and skills base of the entire USEL workforce. This is achieved through the delivery of internal training programs, which are designed to meet the needs of our workforce as we enrich their employment potential. At the start of 2006 - 2007 financial year we launched a two-year STEPIII program delivery, where trainees are recruited, employed and given transposable skills to improve their employment opportunities. I would like to commend the teams involved for a very successful year in terms of program delivery. Through the activities of our training and development department our disabled employees continue to become equipped to make an informed choice into whatever career direction they wish to advance.

### Employment Services

USEL continues to be one of the main providers on behalf of DEL for the range of Employment Programs offered by the department. USEL has tendered for these programs and has won a range of these during the year on a purely competitive basis.

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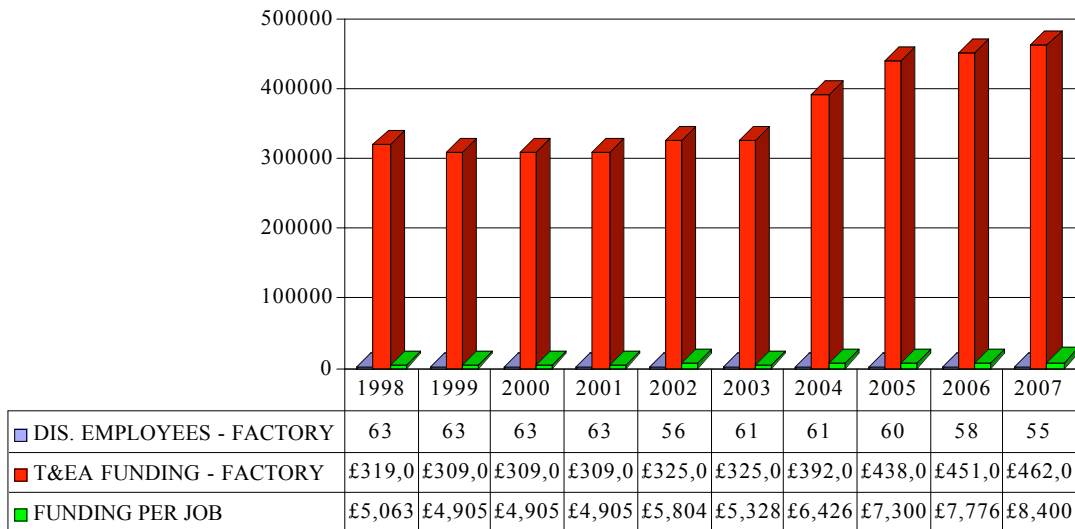
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### Funding

The total funding received from the Department for Employment and Learning this year amounts to £541,000 (2006: £598,250). In accordance with FReM, this funding has been accounted for through reserves for the first time this year, instead of the income and expenditure account, as in previous years.

### Factory Deficit Funding:

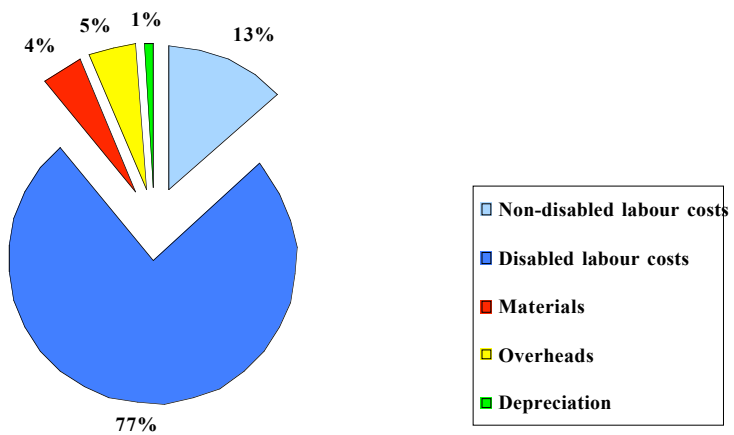
The factory unit at USEL receives deficit funding from the Department of Employment and Learning much in the same way employers receive funding under the employment support programs. The breakdown of this deficit funding is as shown.



DEL FUNDING - FACTORY

### Expenditure

In the financial year 2006 /2007 USEL’s total expenditure was £7,740,699. It is interesting to note that of the expenditure some 74% is made up of wages and salaries paid directly to disabled people or those with a health related condition. An illustration of key areas of expenditure is shown in the chart below.



EXPENDITURE 2006-07

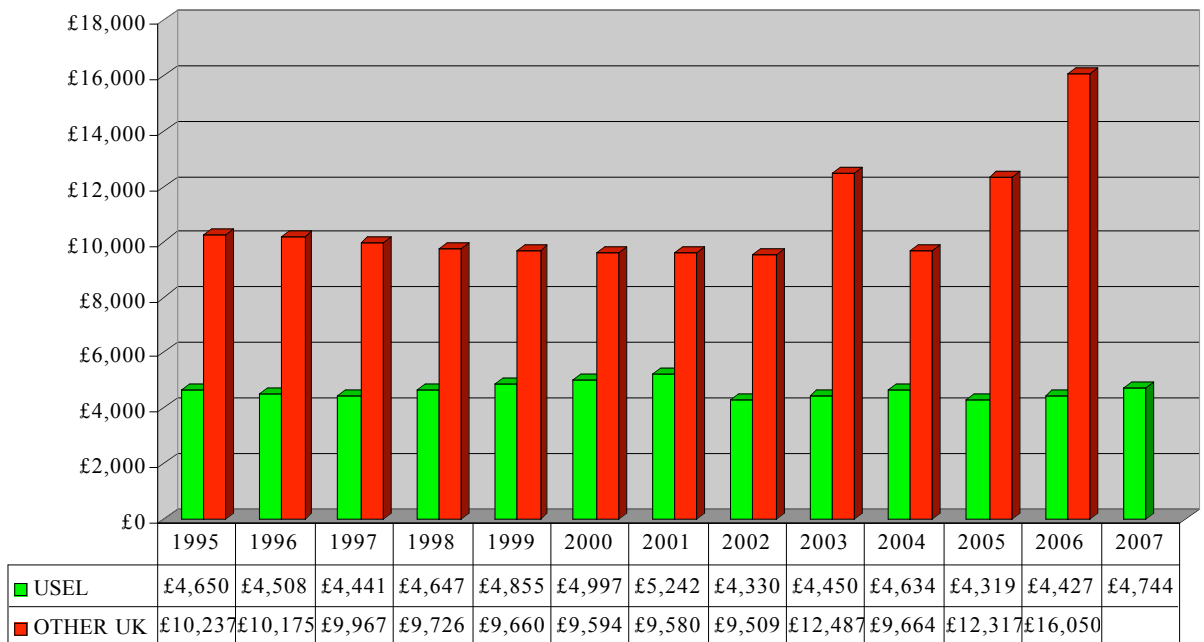
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### The Value Proposition

The net result of the income and expenditure from the various sources means that USEL once again proved that not only does it provide a service and benefit to the disabled workforce, but it also provides value for money to the taxpayer when compared to its counterparts in the UK and Europe.

Overall when blending the programs with the factory and benchmarking USEL relative to the counterparts it is clear that the value proposition for USEL grows stronger.



COMPARATIVE COSTS PER DISABLED EMPLOYEE

### USEL’s Impact on the Northern Ireland Economy

USEL has this year expanded its positive impact on the economy of Northern Ireland. We have joined forces with the Bryson charitable group and have launched a pilot refurbishment program for white goods. These are fridges, freezers, cookers, ovens, hobs, washing machines and tumble dryers which have been discarded and have still a life span. We reduce the impact on the environmental footprint of our community by refurbishing these as opposed to scrapping. We then provide these products at a reasonable price with a full warranty to an area of our society which otherwise may not be able to avail of these products. USEL provides 5 additional employees for this scheme with a view to providing long term employment following the pilot stage.

USEL would like to thank the chief executive and members of the board of Bryson Charitable group for the opportunity to partner along with them in the pilot.

This is in addition to the return to the exchequer from the 1211 people we have assisted to find paid work. These employees who have either been sustained or placed in paid employment because of USEL’s involvement, now contribute to the economy by having a personal spending power which they previously have not had.

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### The Measured Outcomes

Part of our mission is to assist employees of our factory environment to progress into external work of their choosing, this year we are delighted that we can report 5 progressions from our factory environment. This is an excellent result for the factory and it demonstrates that the determined effort and time invested by our training department, and our operations management has been very worthwhile.

### Training and development

In April 2006 our Training and Development team were faced with the prospect that the new Step III program which was due to commence was in serious jeopardy as the parent company of Shankhill Open Learning had chosen to cease trading under a managed process. A solution was proposed and accepted by the program funding principals and USEL became the lead partner to deliver the 2-year Step program. The delay in starting caused many issues but I am delighted to report that at the end of the year 17 people have transitioned through the program, 7 of whom were assisted in finding paid employment of their choice, and 5 have now registered under other support programs to find employment. 2 have been extended into the 2007 – 2008 program due to their late entry onto the 06 / 07 program, with 2 participants leaving due to health issues and only 1 of the 06 / 07 trainees has so far made no decision as to their future.

During this year USEL became an accredited OCN delivery centre. This has proved an invaluable tool to supporting our direct employees and our STEP employees. To date we have recorded 72 accreditations from various training courses with a further 6 underway, which have been run in support of the employee development plan. This is an excellent result as our core workforce has in the past few years acquired a very high number of core skills accreditations which by definition makes the choice of course options all the more difficult to prevent overlap.

The continued funding by our sponsoring department has enabled USEL to pursue the training and development of all our employees in areas beyond the normal requirement for on the job task training and this year we amassed 20,399 hours of training throughout the organisation. This equates to nearly 200 hours per employee.

The following summarises the hours and the subsequent accreditations achieved by the organisation both as a company led initiative and as a result of the Step initiative.

Training Course	Training Hours	Accreditations
Step Off the Job: ECDL / CLAIT / NVQ Manufacturing / Fork lift / Basic Food Hygiene / Finance / Understanding work experience / NVQ Mentoring	5,880	62
Step: On the job training hours	13,467	Not Applicable
NVQ Level 2 – Performing Manufacturing Operations	27.5	4
BSL Sign Communication - Stage 1	92	On Going
Basic Computer troubleshooting / Introduction to MS Word / Excel	255	3
IATI / CIMA / ACCA Business Accountancy	300	1 Balance Ongoing
Foundation Diploma / Diploma in training and education in Supported Employment	74	1
ISO 900 Internal auditing / NIUSE / HSE Risk assessment / British Safety Council H&S certificate	90	1 Balance Pending
HR: Time Management / Age Legislation / Coaching, counselling & and disciplining employees	30	N/A
CIPD Graduate Program	24	On Going

# Ulster Supported Employment Limited

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

### Employment Support Scheme

This program finally closed its doors to new registrations this year however any person already on the program can look forward to continued support from the USEL employment officers team for the duration of the contract. The closure of a program which assisted employers to take people from our client group on board with a financial offset will take some time to come to terms with. That said there are many employers who value the opportunity to provide support ahead of any financial reward or offset. USEL remains the lead Sponsor of the DEL's Employment Support Scheme with responsibility for over 70% of the total number of placements.

At the close of the year USEL had 664 clients registered and under support in this program. An analysis of job category and major disability classification of the USEL placements is as follows: -

### JOB CATEGORY ES CLASS

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
MANAGEMENT	6	3	5	10	10	10	9	9	9	10
CLERICAL/ADM	139	142	143	147	149	153	152	154	129	128
SKILLED	44	21	19	18	18	16	17	18	16	14
MANUAL	162	273	285	291	302	318	316	320	346	362
SHOP RELATED	110	115	114	109	113	121	122	127	127	145
SUPERVISORY	73	8	10	9	8	7	8	10	5	5
<b>TOTAL</b>	<b>534</b>	<b>562</b>	<b>576</b>	<b>584</b>	<b>600</b>	<b>625</b>	<b>624</b>	<b>638</b>	<b>632</b>	<b>664</b>

### DISABILITY CLASSIFICATION - ES SCHEME

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
SENSORY	124	84	84	78	76	73	74	78	60	51
LEARNING	215	256	262	270	294	326	327	334	360	397
PHYSICAL	169	189	200	210	202	202	201	202	190	190
HIDDEN	26	33	30	29	28	24	22	24	22	26
<b>TOTAL</b>	<b>534</b>	<b>562</b>	<b>576</b>	<b>584</b>	<b>600</b>	<b>625</b>	<b>624</b>	<b>638</b>	<b>632</b>	<b>664</b>

### Workable

This is the replacement program for the Employment Support Scheme, the focus of this new program financially is on delivering a development program designed around the individual. The concept of a wage subsidy is no longer there as any monies are designed to assist the individual to develop. This has proved a challenge to our team but they have as ever risen to that challenge and delivered 7 registrations by year end, with a further 16 clients under way. This has been a slow roll out program and it is sincerely hoped that in 2007 – 2008 the program gains momentum.

### Job Broking Service (NDDP)

USEL has been operating the Job Broker Service under the New Deal for Disabled People on behalf of the Department for Employment and Learning Disability Advisory Service since July 2001. The programme is designed to assist people who are claiming incapacity benefits to improve their employability and thus gain and sustain paid employment. The Company now delivers this service across all of Northern Ireland from our Cambrai Street headquarters, an office located in Market Street, Portadown and a new office in Omagh. In order to promote the programme the Job Broking Team make use of other premises such as community groups as well as undertaking many home visits.

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This year saw the re-tendering of the program and in November 2006 the re-launched NDDP began. USEL won 3 areas for delivery and we have realigned our employment officer team to take on the challenge.

USEL continues to be a leading provider of the Job Broker service throughout Northern Ireland and this year we were successful in obtaining job entries for 53 people out of 274 registrations. When we extrapolate the Supported permitted work element this means USEL had a conversion rate of 27.8%, which equates to 2.8% above target.

### Work Preparation Programme

This program gained a little more momentum during the 2006 – 2007 year but still insufficient to make it a viable option in financial terms. We assisted 61 people this year to prepare for work. The program has now ceased as of 31<sup>st</sup> March 2007 for delivery in the target initiative area of West Belfast where we have been working.

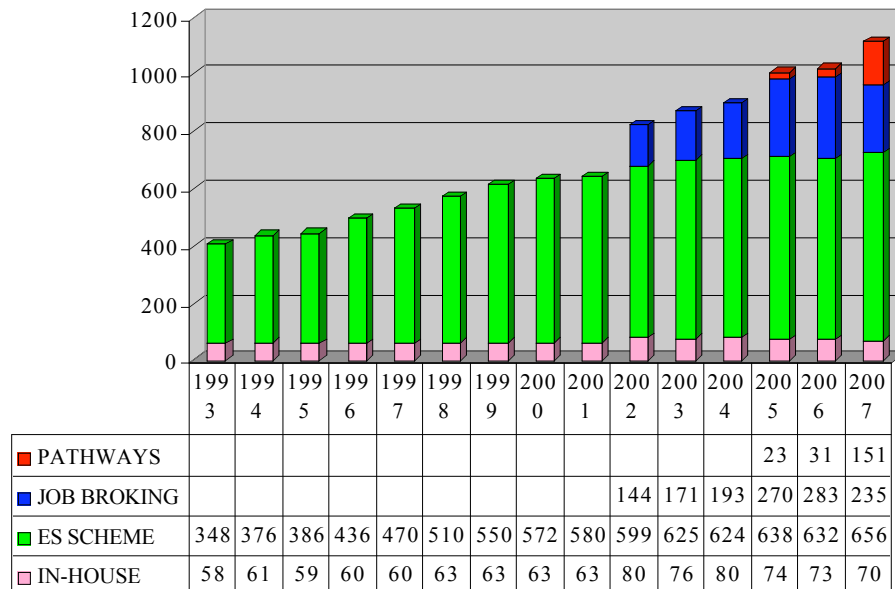
### Pathways to work

USEL again enjoyed a positive partnership with Triangle housing association in the delivery of this program. This year USEL along with Triangle assisted 89 people under this program. This is a significant program element of the choices package, which the department are rolling out so it remains a high level focus for the department and the providers.

USEL has gained a significant amount of knowledge around the delivery of this program, and with the correct flow in from the Jobs and Benefits system, the program can be delivered efficiently and effectively. We believe the next year will be a more fruitful year for this program delivery.

During 2006 – 2007 USEL tendered for a number of areas, and we were successful in two of these areas, Newry and Enniskillen.

### Employment Program Numbers



AVERAGE NUMBER OF DISABLED EMPLOYEES

### Work Experience

USEL manufacturing operation offers and supports disabled people partaking in work experience or job sampling from schools, recognised training organisations and Health & Social Services Trusts. This support provides an opportunity for individuals to build skills and improve their job ready confidence within a real work situation. In the last financial year 216 hours of work experience was taken up by local schools.

**Summary of people supported by USEL**

The average number of disabled people employed or supported by USEL through the commercial operations or other programs during the past year is summarised below:

<b>LOCATION</b>	<b>NUMBER OF PEOPLE</b>
<b>USEL Factory</b>	<b>54</b>
<b>Warehousing</b>	<b>1</b>
<b>CCTV – Monitoring for NTL</b>	<b>10</b>
<b>CCTV – Monitoring for Derry CCI</b>	<b>6</b>
<b>MANUFACTURING TOTAL</b>	<b>71</b>
<b>Employment Support Scheme</b>	<b>664</b>
<b>Workable</b>	<b>7</b>
<b>Job Broker Service – Registered this year</b>	<b>274</b>
<b>Work Preparation Programme</b>	<b>61</b>
<b>Pathways</b>	<b>89</b>
<b>Step</b>	<b>17</b>
<b>TRAINING &amp; DEVELOPMENT TOTAL</b>	<b>1112</b>
<b>Number of non disabled people</b>	<b>28</b>
<b>OVERALL TOTAL</b>	<b>1211</b>

**Customer satisfaction surveys**

Customer satisfactions surveys were distributed to our customer base again this year, the results again demonstrated that our loyal customers have high regard for the products and services we offer. On the commercial side of the business these feedback comments have directly lead to the development of a higher quality mattress, which has proved successful for USEL.

**ISO 9001:2000**

The management team have retained and developed the ISO 9001:2000 accreditation. The accreditation was obtained for all USEL’s manufacturing and employment service activities, a unique accreditation as it covered a vast span of activities and business processes.

**Section 75**

As a Non-departmental Public Body USEL has a requirement to comply with the Northern Ireland Act Section 75 Statutory Duties and produce an Equality Scheme outlining the processes the Company will follow to ensure its obligations are met. USEL maintains a firm commitment to meeting its Section 75 obligations. Gwen Mills is the member of the senior team with responsibility for the compliance but the operation of the adherence is managed by Linda Laird our Personnel and Training Manager.

**Reflection on 2006 / 2007**

The most important outcome for the past year is simply that USEL through all its activities assisted 60 more people than the previous year. That equates to a 5% increase. But statistics aside, it means 60 people now have been given an opportunity to develop and become self sufficient to some degree.

Our organisation has changed in areas we believe are appropriate to the environment we exist within, we have become a more transparent organisation and have attempted to engage more widely with our peer groups. This has been successful with visits

# **Ulster Supported Employment Limited**

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RNIB, Executives from disability organisations from across Europe, NIUSE representatives, Jobs and benefits staff members and procurement staff from various agencies, to name but a few. I want to personally thank all of our stakeholders at large who have taken the time to get to know the facts about USEL and not the perceptions.

I also believe the management and staff of USEL deserve a mention, this is an organisation where our people go beyond the call of duty on a regular basis, not in the name of money, but in the aim of assisting people who live with disabilities and or health related conditions to find and sustain the employment path of their choice.

### **The future**

As always the objective for the management team is to meet and where possible exceed targets for financial delivery and especially for delivery of our services to the client group. We have begun the year by presenting a balanced budget for the incoming year and subject to circumstances outside the control of the organisation this balanced budget will be met.

In this incoming year it is our objective to achieve the 5 key strategic pillars of our corporate plan, namely:

- **To positively impact a greater number of people in our target client groups**
- **To maintain the most appropriate and sustainable business model for USEL**
- **To develop the sustainability and viability of USEL**
- **To inform the wider populous of USEL, our products and services**
- **To continue to provide efficient and effective management of the company**

Enshrined within these 5 key pillars of our strategy will be continuing to widen the engagement we have with other deliverers within and without the sector in which we operate. We have sought to be more open with the sector this past year, and it is our intention to continue to do so, for the benefit of those for whom we exist to serve.

Accessibility to all our services will be another underpinning element, we strongly believe that USEL should make all of the services we provide available to the wider population, this is why we have opened our Omagh office in 2006 / 2007 year and why we plan another new office in 2007 / 2008 in the Londonderry area.

Aligning the two concepts, USEL plans to find and align with like minded organisations who can ultimately add value to the client provision.

Finally the factory / commercial products delivery element of our business, there is exponential value in improving this element of USEL, we have seen a progression in mind set from within and to a lesser degree from without. This area provides real jobs, and real enrichment for people, we intend to build on that and grow this area financially and especially on a people value basis well into the future.

**Sam Humphries**  
**Chief Executive**  
27 June 2007

# **Ulster Supported Employment Limited**

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

### **Auditors' report to the members of Ulster Supported Employment Limited**

We have audited the financial statements of Ulster Supported Employment Limited for the year ended 31 March 2007, which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of the Chief Executive and Auditors**

As described in the statement of directors' responsibilities on page 7 the Chief Executive is responsible for the preparation of the financial statements in accordance with applicable Northern Ireland law and Department for Employment and Learning directions made there under and for ensuring the regularity of financial transactions. The Chief Executive is also responsible for the preparation of the other contents of the Annual Report.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Article 243 of the Companies (Northern Ireland) Order 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986 and directions made thereunder by the Department for Employment and Learning and whether in all material respects the expenditure and income have been applied to the purposes intended by The Northern Ireland Assembly and the financial transactions conform to the authorities which govern them. We also report if, in our opinion, the Annual Report is not consistent with the financial statements, if the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our certificate if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on pages 8 and 9 reflects the Company's compliance with the Department of Finance & Personnel guidance "Corporate governance: statement on internal control". We report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider whether the statement on internal control covers all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its rules and control procedures.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by The Northern Ireland Assembly and the financial transactions conform to the authorities which govern them. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

# **Ulster Supported Employment Limited**

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

### **Auditors' report to the members of Ulster Supported Employment Limited (continued)**

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company at 31 March 2007 and of the deficit, total recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited, have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986 and directions made thereunder by the Department for Employment and Learning; and
- in all material respects the expenditure and income have been applied to the purposes intended by The Northern Ireland Assembly and the financial transactions conform to the authorities which govern them.

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Belfast  
27 June 2007

# Ulster Supported Employment Limited

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## Income and expenditure account for the year ended 31 March 2007

	Notes	2007 £	2006 £
<b>Turnover</b>	2	<b>2,914,990</b>	2,744,636
Contract Income		<b>4,097,756</b>	3,775,804
		<b>7,012,746</b>	6,520,440
Staff costs	5	<b>(6,895,133)</b>	(6,410,350)
Other operating costs	6	<b>(769,102)</b>	(700,054)
Depreciation		<b>(76,464)</b>	(71,064)
		<b>(7,740,699)</b>	(7,181,468)
<b>Operating deficit</b>		<b>(727,953)</b>	(661,028)
Notional cost of capital	21	<b>27,527</b>	31,872
Interest receivable and other income		<b>24,605</b>	52,501
Deferred income released	13	<b>18,176</b>	18,176
Interest payable		<b>(1,673)</b>	-
Other finance costs	7	<b>(28,000)</b>	(48,000)
<b>Deficit for the year</b>	3	<b>(687,318)</b>	(606,479)
Notional credit cost of capital	21	<b>(27,527)</b>	(31,872)
Transfer to building reserve		<b>(10,000)</b>	-
<b>Deficit for the year attributable to DEL revenue account</b>	15	<b>(724,845)</b>	(638,351)

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

The notes on pages 28 to 38 form part of these financial statements.

# Ulster Supported Employment Limited

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## Statement of total recognised gains and losses for the year ended 31 March 2007

	2007	2006
	£	£
Deficit for the financial year	<b>(724,845)</b>	(638,351)
Unrealised loss on revaluation of plant, office equipment and buildings to current replacement cost	<b>(3,080)</b>	(4,327)
Actuarial gain/(loss) recognised in pension scheme	<b>630,000</b>	(247,000)
Total recognised losses relating to the year	<b>(97,925)</b>	(889,678)
Prior year adjustment – FRS 17 (Note 23)	-	(2,225,000)
<b>Total gains and losses recognized since last annual report</b>	<b>(97,925)</b>	(3,114,678)

The notes on pages 28 to 38 form part of these financial statements.

# Ulster Supported Employment Limited

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## Balance sheet at 31 March 2007

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	9	1,864,949	1,883,756
<b>Current assets</b>			
Stocks	10	142,937	131,148
Debtors	11	1,351,754	1,389,320
Bank balances and cash		654	411
		1,495,345	1,520,879
<b>Creditors: amounts falling due within one year</b>	12	(1,246,098)	(1,268,781)
<b>Net current assets</b>		249,247	252,098
<b>Total assets less current liabilities</b>		2,114,196	2,135,854
<b>Deferred income</b>	13	(721,410)	(739,586)
<b>Net assets excluding pension liability</b>		1,392,786	1,396,268
<b>Pension liability</b>		(1,929,000)	(2,433,000)
<b>Net liabilities including pension liability</b>		(536,214)	(1,036,732)
<b>Funded by</b>			
Department for Employment and Learning	15	(736,979)	(1,240,577)
Revaluation reserve	22	200,765	203,845
		(536,214)	(1,036,732)

Approved by the Board of Directors on 27 June 2007

P Bagues  
Chairman

S Humphries  
Chief Executive

The notes on pages 28 to 38 form part of these financial statements.

**Ulster Supported Employment Limited**  
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**Cash flow statement**  
**for the year ended 31 March 2007**

	Notes	2007 £	2006 £
<b>Net cash outflow from operations</b>			
Net cash outflow from operating activities	16(a)	<b>(354,911)</b>	(804,303)
Net cash inflow – DEL financing contributions	16(b)	<b>588,443</b>	637,471
<b>Net cash (outflow) / inflow from operating activities</b>		<b>233,532</b>	(166,832)
<b>Returns on investments and servicing of finance</b>	17a	<b>22,932</b>	52,501
<b>Capital expenditure</b>	17a	<b>(60,737)</b>	(50,176)
<b>Increase/(decrease) in cash</b>		<b>195,727</b>	(164,507)
<b>Net debt at 1 April 2006</b>		<b>(555,792)</b>	(391,285)
<b>Net debt at 31 March 2007</b>		<b>(360,065)</b>	(555,792)

The notes on pages 28 to 38 form part of these financial statements.

# Ulster Supported Employment Limited

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

### Notes to the financial statements for the year ended 31 March 2007

#### 1 Accounting policies

The financial statements are prepared on a going concern basis in accordance with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986 and applicable accounting standards issued by UK accountancy bodies in a form directed by the Department for Employment and Learning with the consent of the Department of Finance and Personnel. The particular accounting policies adopted are described below.

##### Accounting convention

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

##### Tangible fixed assets and depreciation

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

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

Long leasehold buildings	-	50 years
Plant and office equipment	-	10 years
Motor vehicles	-	4 years

##### Stocks and work in progress

Stocks 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.

##### Pension costs

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

The increase in the present value of the liabilities of the company's defined benefit pension scheme arising from employee service in the period is charged to operating profit. 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 total recognised gains and losses.

##### Cost of capital

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

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## 2 Turnover

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

	2007	2006
	£	£
Trading income	734,884	706,048
Contract services	358,002	340,544
Employment support plus job broking	1,822,104	1,698,044
	<b>2,914,990</b>	<b>2,744,636</b>

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

## 3 Deficit for the year

This is stated after charging/(crediting):

	2007	2006
	£	£
Auditors' remuneration - Internal audit	3,500	3,500
- External audit	4,434	2,914
Depreciation	76,464	71,064
(Profit)/loss on sale of fixed assets	-	(1,060)
Interest receivable	-	733

## 4 Emoluments of directors and senior management

	Salary including performance pay £	Real increase in pension at 65 £	Total accrued pension at 65 at 31 March 2007 £	Cash equivalent transfer value at 31 March 2006 £	Cash equivalent transfer value at 31 March 2007 £	Real increase in CETV during the year £
P Bagues	3,496	-	-	-	-	-
B Mc Murray	1,988	-	-	-	-	-
MC Gibson	1,549	-	-	-	-	-
B Maitland	1,376	-	-	-	-	-
J Smyth	1,686	-	-	-	-	-
A Thomson	440	-	-	-	-	-
D Russell	880	-	-	-	-	-
S Humphries	60,537	1,007	1,211	897	7,279	2,769

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

**4 Emoluments of directors and senior management (continued)**

The company operates a uniform pension scheme providing benefits on a “final salary” basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60<sup>th</sup> of pensionable salary for each year of service. The contributions to the scheme are determined by a qualified actuary based on triennial valuations using the Entry Age Normal Method and at present members pay contributions of 6% of pensionable earnings and the company pays 13%. 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.

**5 Staff particulars**

	2007	2006
	£	£
<b>Staff costs comprise:</b>		
Wages and salaries	<b>6,157,454</b>	5,821,184
Social security costs	<b>244,767</b>	246,289
Other pension costs	<b>492,912</b>	342,877
	<b>6,895,133</b>	6,410,350

The average number of people in employment during the year (including executive directors) was as follows:

	2007	2006
	£	£
Management and administration	<b>29</b>	29
Production distribution and sales	<b>76</b>	76
Employment support	<b>656</b>	632
	<b>761</b>	737

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## 6 Other operating costs

	2007	2006
	£	£
Materials	343,510	316,687
Light, heat and power	41,584	37,249
Rent and rates	28,034	29,006
Repairs	11,545	11,253
Tools	481	515
Telephone	14,493	11,467
Canteen	2,630	795
Discounts received	(69)	(390)
General expenses	39,289	26,068
Insurance	65,027	75,353
Advertising	15,077	10,523
Audit - internal audit	3,500	3,500
- external audit	4,434	2,914
Bad debts written off	13,649	36,579
Computer	17,997	18,590
Debt collection	129	2,123
Discount allowed	1,685	2,271
Motor expenses	45,165	43,406
Postage	7,458	7,372
Packing	-	529
Printing and stationery	11,347	13,210
Travel	10,463	7,826
Training	10,877	10,390
Legal and professional fees	4,361	4,104
Bank charges	2,864	2,680
Security Costs	54,115	54,375
Consultancy Fees	1,571	911
Provision for doubtful debts	(1,130)	(29,252)
Tutors	14,016	-
Provision for slow moving stock	5,000	-
	<b>769,102</b>	<b>700,054</b>

## 7 Other finance costs

	2007	2006
	£	£
Expected return on pension scheme assets	373,000	294,000
Interest on pension scheme liabilities	(401,000)	(342,000)
<b>Net return</b>	<b>(28,000)</b>	<b>(48,000)</b>

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## 8 Taxation

The Company is registered as a charity for tax purposes and is exempt from taxation.

## 9 Tangible fixed assets

	Long leasehold buildings £	Plant and office equipment £	Motor vehicles £	Total £
<b>Valuation</b>				
At 1 April 2006	1,899,363	550,541	43,739	2,493,643
Additions	3,170	57,567	-	60,737
On revaluation	-	(15,384)	-	(15,384)
<b>At 31 March 2007</b>	<b>1,902,533</b>	<b>592,724</b>	<b>43,739</b>	<b>2,538,996</b>
<b>Depreciation</b>				
At 1 April 2006	181,665	410,105	18,117	609,887
Charge for year	38,050	27,479	10,935	76,464
On revaluation	-	(12,304)	-	(12,304)
<b>At 31 March 2007</b>	<b>219,715</b>	<b>425,280</b>	<b>29,052</b>	<b>674,047</b>
<b>Net book value</b>				
<b>At 31 March 2007</b>	<b>1,682,818</b>	<b>167,444</b>	<b>14,687</b>	<b>1,864,949</b>
At 31 March 2006	1,717,698	140,436	25,622	1,883,756

The company's long leasehold buildings were revalued at 18 January 2006 on the basis of open market value for existing use by Whelan (Property Consultants) Limited, independent Chartered Surveyors. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom.

The company's other assets have been revalued at 31 March 2007 using the indices from the Office for National Statistics and the overall deficit of £3,080 (2006: £4,327) after depreciation, was transferred to the revaluation reserve (see note 22).

## 10 Stocks

	2007 £	2006 £
Raw materials	96,423	73,364
Work in progress	13,596	8,505
Finished goods	32,918	49,279
	<b>142,937</b>	<b>131,148</b>

# Ulster Supported Employment Limited

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

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## 11 Debtors

	2007	2006
	£	£
Trade debtors - trade	197,593	237,774
- employment support	594,037	688,630
Retention monies outstanding from DEL	506,417	448,201
Other debtors	44,708	7,088
Prepayments and accrued income	8,999	7,627
	<b>1,351,754</b>	<b>1,389,320</b>

## 12 Creditors: amounts falling due within one year

	2007	2006
	£	£
Bank overdraft	360,719	556,203
Trade creditors	61,061	58,309
Other taxation and social security	256,692	122,272
Other creditors	7,738	4,005
Accruals and deferred income	559,888	527,992
	<b>1,246,098</b>	<b>1,268,781</b>

## 13 Deferred Income

	2007	2006
	£	£
At 1 April 2006	739,586	736,000
Additions	-	21,762
Amount released to income and expenditure	(18,176)	(18,176)
<b>At 31 March 2007</b>	<b>721,410</b>	<b>739,586</b>

On 21 March 2001 the Department for Employment and Learning advanced a grant of £800,000 to aid with the purchase of the new building. This is not repayable to the Department and is being released to the income and expenditure account over a period of 50 years to match the depreciation charge of the new building.

## 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 balance sheet date was 6.

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## 15 Department for Employment and Learning

	2007	2006
	£	£
At 1 April 2006	(1,240,577)	(992,697)
Grant from the Department for Employment and Learning	588,443	641,221
Transfer from income and expenditure account	(724,845)	(638,351)
Actuarial gain on pension scheme	630,000	(247,000)
Proceeds of disposal of fixed assets	-	(3,750)
Balance before designated reserve	(746,979)	(1,240,577)
Designated reserve – Asset reserve	10,000	-
<b>Balance funded by DEL at 31 March 2007</b>	<b>(736,979)</b>	<b>(1,240,577)</b>

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

The asset reserve represents funding set aside by the Board to address the requirement to maintain the property of the company but for which no obligation exists at the 31 March 2007.

### Impact of the new FrEM requirement

The adoption of the presentation requirements of The Financial Reporting Manual (FRM) has led to grant-in-aid funding 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 income and expenditure account reserve rather than on the face of the income and expenditure account.

## 16 Reconciliation of operating deficit to net cash inflow from operating activities

	2007	2006
	£	£
<b>(a) Net cash outflow from operating activities:</b>		
Operating deficit	(727,953)	(661,028)
Depreciation	76,464	71,064
Difference between pension charge and cash contributions	98,000	(87,000)
(Increase)/decrease in stocks	(11,789)	18,899
Decrease/(increase) in debtors	37,566	(240,728)
Increase in creditors	172,801	72,728
Grant income from DEL	-	21,762
	<b>(354,911)</b>	<b>(804,303)</b>
<b>(b) Net cash inflow from DEL financing contributions</b>		
Contributions from DEL	541,000	598,250
Increase in DEL loan creditor	47,443	39,221
	<b>588,443</b>	<b>637,471</b>

# Ulster Supported Employment Limited

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## 17a Gross cash flows

	2007	2006
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest paid	(1,673)	-
Interest received and other income	24,605	52,501
	<b>22,932</b>	<b>52,501</b>
<b>Capital expenditure</b>		
Payments to acquire fixed assets	(60,737)	(52,867)
Sales of tangible fixed assets	-	2,691
	<b>(60,737)</b>	<b>(50,176)</b>

## 17b Analysis of changes in net debt

	At 1 April 2006	Cash flows	At 31 March 2007
	£	£	£
<b>Returns on investments and servicing of finance</b>			
Cash in hand and at bank	(555,792)	195,727	<b>(360,065)</b>

## 18 Capital commitments

At 31 March 2007 authorised future capital expenditure amounted to £Nil (2006: £Nil).

## 19 Financial commitments

At 31 March 2007 the company had annual commitments under non-cancellable operating leases expiring as follows:

	<b>Plant and office equipment 2007</b>	Plant and office equipment 2006	<b>Property 2007</b>	Property 2006
	£	£	£	£
Within one year	-	-	-	-
In more than one year, but not more than five years	2,294	2,808	26,300	26,300
After five years	-	-	-	-
	<b>2,294</b>	<b>2,808</b>	<b>26,300</b>	<b>26,300</b>

## 20 Financial performance targets

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

## 21 Notional cost of capital

The notional cost of capital is calculated as £27,527 (2006: £31,872).

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## 22 Revaluation reserve

	2007	2006
	£	£
Balance at 1 April 2006	203,845	208,172
Revaluation of buildings, plant, office equipment and motor vehicles	(3,080)	(4,327)
<b>Balance at 31 March 2007</b>	<b>200,765</b>	<b>203,845</b>

## 23 Commitment to pension fund

The company operates a pension scheme for its employees, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of the pension over employees' working lives with the company. The contributions to the main scheme are determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method. The latest full actuarial valuation was carried out as at 5 April 2003.

The company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 5 April 2003 and updated to 31 March 2007 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

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6

Rate of increase in salaries	4 3 3
Rate of increase of pensions in payment	3 2 2
Discount rate	5 5 5
Inflation assumption	3 2 2

The assets in the scheme and the expected rate of return were:

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# Ulster Supported Employment Limited

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The following amounts at 31 March 2007, 31 March 2006, and 31 March 2004 were measured in accordance with the requirements of FRS 17:

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Total 6 5 3  
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assets 2 4 0

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9 3 5

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# Ulster Supported Employment Limited

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## 23 Commitment to pension fund (continued)

### Analysis of amount charged to operating profit in respect of defined benefit scheme

	2007	2006
	£'000	£'000
<b>Operating profit</b>		
Current service cost	(494)	(340)
Past service cost	-	-
	<b>(494)</b>	<b>(340)</b>
<b>Analysis of amounts charged to other finance income</b>		
Expected return on pension scheme assets	373	294
Interest on pension scheme liabilities	(401)	(342)
Net return	<b>(28)</b>	<b>(48)</b>
<b>Statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	216	792
Experience gains and losses arising on the scheme liabilities	21	(4)
Changes in assumptions underlying the present value of the scheme liabilities	393	(1,035)
<b>Actuarial loss recognised in STRGL</b>	<b>630</b>	<b>(247)</b>

	2007	2006
	£'000	£'000
<b>Movement in deficit during the year</b>		
Deficit in scheme at beginning of the year	(2,433)	(2,225)
Movement in year:		
Current service cost	(494)	(340)
Contributions	396	427
Past service cost	-	-
Other finance charge	(28)	(48)
Actuarial loss	630	(247)
<b>Deficit in scheme at end of the year</b>	<b>(1,929)</b>	<b>(2,433)</b>

Details of  
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 losses

Difference  
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 return on  
 scheme  
 assets:

Amount 2 7 2 4  
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# Ulster Supported Employment Limited

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Percentage of scheme assets (%)	1	1
<b>Experience gains and losses on scheme liabilities</b>		
:		
Amount (£'000)	2	( 2
	4	

Percentage of the present value of the scheme liabilities (%)		
<b>Total amount recognised in statement of total recognised gains and losses:</b>		
Amount (£'000)	6	( 3 4
	3	2 7 7
	4	
	7	

Percentage of the present value of the scheme liabilities (%)	(	(
	3	9

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The agreed contribution rate for the current year is 13% and for the next three years is 16% .

## 24 Related party transactions

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

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

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

**Ulster Supported Employment Limited**  
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	Balance due from DEL (ES) £	Balance due from/(to) DEL (Job Broking) + others £	Retention monies due £	Loan £	Grants Received £
<b>Department for Employment and Learning</b>					
<b>31 March 2007</b>	<b>359,322</b>	<b>45,922</b>	<b>470,730</b>	<b>2,281,837</b>	<b>588,443</b>
31 March 2006	428,284	27,188	434,020	2,234,394	641,221

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

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

- (a) a foreword;
- (b) an income and expenditure account;
- (c) a balance sheet;
- (d) a cash flow statement; and
- (e) a statement of total recognised gains and losses

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

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

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

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

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

**19 Clarification of the application of the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986 and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.**

**20 The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:**

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

**Appendix 1**

**Schedule 1**

**Application of the Accounting and Disclosure Requirements of the Companies (Northern Ireland) Order 1986 and Accounting Standards**

**Companies (Northern Ireland) Order 1986.**

- 1 The disclosure exemptions permitted by the Companies (Northern Ireland) Order 1986 shall not apply to Ulster Supported Employment Limited unless specifically approved by DFP.
- 2 The Companies (Northern Ireland) Order 1986 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 1 prescribed in Schedule 4 to the Companies (Northern Ireland) Order 1986.
- 4 When preparing its balance sheet, Ulster Supported Employment Limited shall have regard to balance sheet format 1 prescribed in Schedule 4 to the Companies (Northern Ireland) Order 1986. The balance sheet 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 (Northern Ireland) Order 1986.
- 6 The foreword and balance sheet shall be signed by the accounting officer and dated.

**Accounting Standards**

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

**Schedule 2**

**Additional disclosure requirements**

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

# Ulster Supported Employment Limited

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## Income and expenditure account for the year ended 31 March 2007

	Schedule	2007 £	2006 £
Turnover	1	2,985,347	2,744,636
<b>Other operating income</b>			
Contract Income		4,027,399	3,775,804
		<b>7,012,746</b>	<b>6,520,440</b>
<b>Operating costs</b>			
(Increase) in stocks of finished goods and work in progress	2	6,270	(11,781)
Raw materials and consumables	3	337,240	328,470
Other external charges	4	237,484	232,655
Staff costs: - wages and salaries		6,157,454	5,821,184
- social security costs		244,767	246,289
- other pension costs		492,912	342,877
Depreciation	5	76,464	71,064
Other operating charges	6	188,108	150,710
		<b>7,740,699</b>	<b>7,181,468</b>
<b>Operating deficit</b>		<b>(727,953)</b>	<b>(661,028)</b>
Notional cost of capital		27,527	31,872
Interest receivable and other income	7	24,605	52,501
Deferred income released		18,176	18,176
Other finance costs		(28,000)	(48,000)
Interest payable		(1,673)	-
<b>Deficit before notional cost of capital</b>		<b>(687,318)</b>	<b>(606,479)</b>
Notional credit cost of capital		(27,527)	(31,872)
Transfer to building reserve		(10,000)	-
<b>Deficit for the year transferred to DEL revenue account</b>		<b>(724,845)</b>	<b>(638,351)</b>

Pages 39 to 44 do not form part of the statutory accounts.

# Ulster Supported Employment Limited

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## Schedules to Income and Expenditure account for the year ended 31 March 2007

### 1 Turnover

	2007	2006
	£	£
Bedding	509,242	504,557
Travel goods and chair caning	225,642	201,491
Contract services	358,002	340,544
Employment support and others	1,892,461	1,698,044
	<b>2,985,347</b>	<b>2,744,636</b>

### 2 Finished goods and work in progress

	2007	2006
	£	£
Opening stock	62,784	51,003
Closing stock	(56,514)	(62,784)
Decrease/(increase)	<b>6,270</b>	<b>(11,781)</b>

### 3 Raw materials and consumables

	2007	2006
	£	£
Opening stock	73,364	104,044
Purchases	360,299	297,790
	<b>433,663</b>	<b>401,834</b>
Closing stock	(96,423)	(73,364)
	<b>337,240</b>	<b>328,470</b>

# Ulster Supported Employment Limited

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## 4 Other external charges

	2007	2006
	£	£
Light heat and power	41,584	37,249
Rent and rates	28,034	29,006
Repairs - buildings	8,008	8,711
- machinery	3,537	2,540
Tools	481	515
Telephone	14,493	11,467
Canteen	2,630	795
Discount received	(69)	(390)
General expenses – 50% allocation	19,644	13,034
Security Costs	54,115	54,375
Insurance	65,027	75,353
	<b>237,484</b>	<b>232,655</b>

## 5 Depreciation

	2007	2006
	£	£
Buildings	38,050	37,987
Plant and office equipment	27,479	22,142
Motor vehicles	10,935	10,935
	<b>76,464</b>	<b>71,064</b>

# Ulster Supported Employment Limited

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## 6 Other operating costs

	2007	2006
	£	£
Advertising	15,077	10,523
Audit - internal audit	3,500	3,500
- external audit	4,434	2,914
Bad debts	12,519	7,327
Computer	17,997	18,590
Debt collection	129	2,123
Discount allowed	1,685	2,271
General expenses – 50% allocation	19,645	13,034
Motor expenses and carriage	45,165	43,406
Packing	-	529
Postage	7,458	7,372
Printing and stationery	11,347	13,210
Travel and expenses	10,463	7,826
Training	10,877	10,390
Legal and professional fees	4,361	4,104
Bank charges	2,864	2,680
Consultancy Fees	1,571	911
Tutors	14,016	-
Provision for slow moving stock	5,000	-
	<b>188,108</b>	<b>150,710</b>

## 7 Interest receivable and other income

	2007	2006
	£	£
Bank interest	-	733
Other income	24,605	50,708
Profit on sale of fixed assets	-	1,060
	<b>24,605</b>	<b>52,501</b>