

**Ulster Supported Employment Limited**  
**Annual report**  
**for the year ended 31 March 2003**

# **Ulster Supported Employment Limited**

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

## **Annual report for the year ended 31 March 2003**

	Pages
Directors and advisers	1
Directors' report	2 – 4
Statement on the system of internal control	5
Foreword	6 – 15
Independent auditors' report	16 – 17
Income and expenditure account	18
Statement of total recognised gains and losses	19
Balance sheet	20
Cash flow statement	21
Notes to the financial statements	22 – 32
Appendix 1 – Accounts direction given by the Department for Employment and Learning	33 – 34
Detailed income and expenditure account	35 – 38

# **Ulster Supported Employment Limited**

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

1

## **Directors and advisers**

### **Directors**

D Russell (Chairman)  
Mr P Bagues  
Mrs H Bowman  
Mrs K Murphy  
AD Hanna  
Mrs E Fiddis Carville

### **Chief Executive**

JM Wylie

### **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)**

2

### **Directors' report for the year ended 31 March 2003**

#### **Background information**

Ulster Supported Employment Limited is an executive NDPB sponsored by the Department for Employment and Learning.

The Company was incorporated in 1963 with the principal objective of providing training and productive employment for people with a severe disability. The Company is a private Company limited by guarantee and does not have a share capital.

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

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

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

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.

#### **Business review**

A full review of Ulster Supported Employment Limited's activities is given on pages 6 to 15 of the Foreword.

#### **Results for the year**

The results for the financial year are fully set out in the income and expenditure account on page 18. The deficit for the year was £82,748 (2002: £189,858). The directors consider the Company's financial position at the date of the balance sheet to be satisfactory.

#### **Employee involvement**

During the past year the Company consulted with its employees in advance of decisions or actions in which there was a mutual interest. The main forum for consultation is the Joint Consultative Committee, which consists of employee representatives, staff representatives and Management. This committee is chaired by the Chief Executive and meets quarterly to discuss policy issues, company performance and future plans and objectives.

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.

At a time of considerable change, in December 2002, the Company undertook an employee satisfaction survey to gather attitudinal information from the workforce. Details of this survey are contained within the Chairman's report.

# **Ulster Supported Employment Limited**

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

3

### **Accounting policies**

The financial statements have been prepared in accordance with Statement of Standard Accounting Practice 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).

# **Ulster Supported Employment Limited**

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

4

### **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 2003 is 32 days (2002: 33 days) calculated as the proportion of year-end creditors to the aggregate invoiced amounts during the year.

The explanation for variation depended solely upon disputed invoices received. All agreed invoices are paid within 30 days.

### **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 David Russell 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 Ltd 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 in the Foreword on pages 6 to 15.

### **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 8.

### **Charitable donations**

The Company made no charitable donations during the year.

### **Directors**

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

D Russell (Chairman)  
Mrs H Bowman  
Mrs CD Donaldson  
Mrs K Murphy  
Mr P Bagues  
AD Hanna (Financial Director)

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

5

Mrs E Fiddis Carville

# Ulster Supported Employment Limited

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

6

### Directors (continued)

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:

Mrs CD Donaldson	Retired 30 June 2002
Mrs H Bowman	31 December 2002 (extended to 31 December 2005)
Mrs K Murphy	31 December 2002 (extended to 30 December 2005)
D Russell	15 September 2003
AD Hanna	15 March 2003 (extended to 15 March 2005)
Mrs E Fiddis Carville	15 March 2003 (extended to 15 March 2005)
P Bagues	1 January 2006

### 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

Following the conversion of our auditors PricewaterhouseCoopers to a limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board

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

7

D Macedo  
**Secretary**  
27 August 2003

# **Ulster Supported Employment Limited**

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

8

## **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 company policies, aims and objectives, set by the department's Ministers, while safeguarding the public funds and company assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of company policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2003 and up to the date of approval of the annual report and accounts and accords with DFP guidance.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control and set out below a summary of the process applied in that review.

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 Management Board 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 an annual basis. This will be increased to a biannual basis from 1 April 2003.

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 reports to the Board of Directors.

All matters of significant importance to the Company are dealt with by the Management Board which meets at least every fortnight. All such matters are also discussed by the Board of Directors who meet every month.

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 Company who have responsibility for the development and maintenance of the internal control framework, and commitments made by the external auditors in their management letter and other reports.

JM Wylie  
**Chief Executive**  
27 August 2003

# Ulster Supported Employment Limited

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

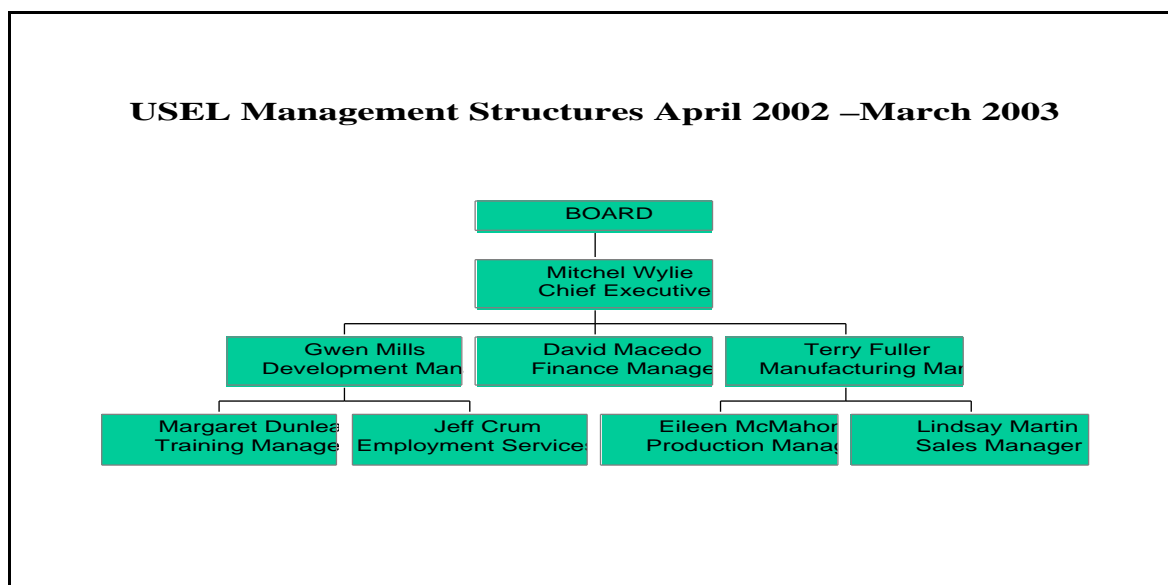
## Foreword for the year ended 31 March 2003

USEL (Ulster Supported Employment Limited) is an executive Non-Departmental Public Body and operates under the direction of the Department for Employment and Learning and in particular on a day-to-day basis the Disablement Advisory Service.

The organisation was established in 1962 to provide supported paid employment for disabled people and in 1980 USEL expanded its operation through the acquisition of the Workshops for the 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 for people with vision impairment since it was established in 1871.

USEL offers varied employment opportunities and support to people with a wide range of disabilities. The Company holds a unique position in providing a range of services and programmes that assist disabled people to move into and sustain paid employment. Currently USEL supports about 1,100 disabled people by means of its various programmes. The organisation also provides work experience or job sampling opportunities to disabled young people and adults to build and assess job ready confidence and vocational skills and abilities.

The management structure of the organisation, which controls and operates the programmes and activities offered by USEL, is set out below:



### Board members profile

#### *David Russell – Chairman*

David Russell is aged 59 and was appointed Chairman of USEL in September 2000. He was formerly the Chief Executive of the Hampden Group plc and is an accountant with wide experience of both industry and management consultancy. He is Chair of the Eastern Health & Social Services Board, a Board member of the Belfast Harbour Commissioners and of Portaferry Regeneration Ltd. In addition he is non Executive Chairman and spokesperson for Fish Processing and Aquaculture Industries, an employers organisation, that represents the seafood industry of Northern Ireland. He is also a member of Council for the University of Ulster.

#### *Alan Hanna – Financial Director*

# **Ulster Supported Employment Limited**

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

10

Alan Hanna is aged 38 and was appointed a Director of USEL in March 2000. He is a Public Relations Manager with BT and formerly the Regional Manager of the Down's Syndrome Association. Previous to this he was with the Orchardville Society, a voluntary sector body for people with a learning disability. He is also a Director of the Green Park Trust and until recently the Chairperson of the Northern Ireland Union of Supported Employment.

# **Ulster Supported Employment Limited**

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

11

### ***Caroline Donaldson – Director***

Caroline Donaldson is aged 43 and was appointed a Director of USEL in March 1995. She is a Senior Training and Development Officer with the Homefirst Community Trust and has considerable experience in developing and delivering training to people at all levels within an organisation. She retired from the USEL Board in June 2002 after her second term of office had been extended by 3 months.

### ***Helen Bowman – Director***

Helen Bowman is aged 55 and was appointed a Director of USEL in March 2000. Together with her husband she founded the double-glazing company Bowman Windows in 1975. Bowman Windows has expanded to become one of the largest companies in its sector operating within Northern Ireland and currently the company employs 110 people. Helen has a very personal interest in disability issues and is an active member of the Employers' Forum on Disability.

### ***Liz Fiddis-Carville – Director***

Liz Fiddis-Carville is aged 58 and was appointed a Director of USEL in March 2000. Since 1976 she has been a Senior Lecturer in Health Studies in Belfast Institute of Further and Higher Education and prior to this position she trained and qualified as a nurse. She is Vice Chair of the NICTU's Disability Committee and is the Regional Opportunities Officer with the National Association of Teachers in Further and Higher Education.

### ***Kay Murphy – Director***

Kay Murphy is aged 65 and was appointed a Director of USEL in March 2000. Before her retirement Kay was Principal of Glenveagh School, a position she had held since 1993. Throughout her career Kay has been involved in teaching and has also assisted with the setting up and running of two schools for children with a disability. She is a Director of ACET (Agencies in Consortium for Education and Training) a voluntary sector organisation for disabled people and also a Council member of the University of Ulster. She has recently been appointed to a committee advising the Irish Government on disability issues.

### ***Patrick Bagues – Director***

Patrick Bagues is aged 46 and was appointed a Director of USEL in January 2003. Patrick is the Managing Partner of a large family owned jewellery business with several outlets 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 Chairman of the Community Activity Partnership, a charity aimed at helping people with a learning disability 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.

# Ulster Supported Employment Limited

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

12

### Foreword by Board Chairman

This Annual Report and Accounts for USEL (Ulster Supported Employment Ltd) cover the period 1 April 2002 to 31 March 2003. The report outlines USEL's performance against meeting 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 USEL programmes.

The Board are continuing to follow the revised strategy implemented following the last Quinquennial Review. As a result the emphasis of the Company's direction has moved from providing 'paid employment for disabled people' to that of '*expanding the choice of paid job opportunities for disabled people and by means of training and development assist with progression*'. The Company has been assisted in realizing this objective by successfully acquiring additional EU funding and through this achievement it has enabled all our manufacturing staff to avail of at least 3 hours 'off the job' training per week.

The newly establishing Training and Development Department continues to inform, prepare and expand the knowledge and skills base of the USEL workforce. Through its activities our disabled employees now are able to make an informed choice in which career direction they wish to advance. The Company set a target of achieving 100 accreditations in the first year and this was greatly surpassed with a total of 143 accreditations achieved during this period. The Board would like to acknowledge the continuing support given by our sponsoring government department particularly in the encouragement given to USEL on its change of direction.

The Manufacturing Operation has sustained and expanded the employment opportunities for disabled people to integrate within mainstream working environments by increasing its contract services division. Successful contracts continue to operate with NTL, Derry City Centre Initiative, warehousing for Aunt Mollies Foods, Trivirex and Discount Blinds. Bedding and Travel products are well established in their respective markets and demand for travel goods has been excellent.

USEL in 1982 pioneered the Employment Support Programme and is the leading provider of this service in Northern Ireland. In the past year the Company has successfully assisted about 625 disabled people to acquire and sustain employment. The ES Team were also able to progress 16 people from the scheme into open employment with another 18 NIHE staff due to progressing in May 2003. The scheme is currently under review and USEL provided the Department, during the consultation process, with a comprehensive report indicating our views on the way forward. Details of the new programme are still not available but substantial changes are anticipated and they are likely to be introduced before the end of 2003.

The Job Broking programme has been operating for nearly 2 years. In that time USEL has established itself as the leading provider within Northern Ireland. This programme is now well established and through it USEL has enabled 100 disabled or long term sick individuals to obtain work. To facilitate the rural aspect of a large section of this programme USEL operate from an office in Market Street Portadown, where 4 members of our Job Broking Services team are based.

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 and the outcomes to this commitment are summarised below: -

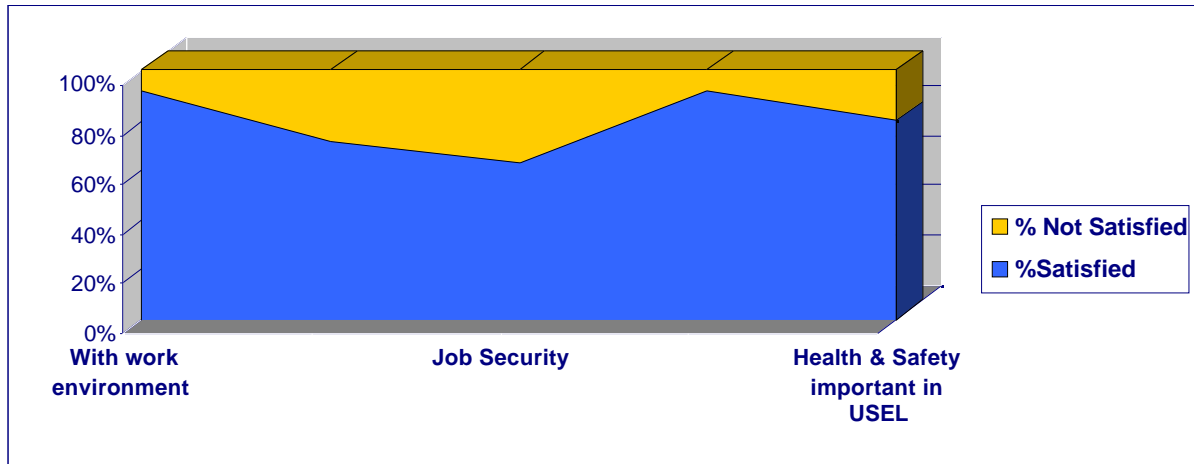
- USEL has maintained its 5 year training plan ensuring that all new employees obtain Section 75 training as part of their induction process;
- Specialised training has also been accessed for personnel involved in Equality Impact Assessments and consultation processes;
- Corporate and operational objectives have been set in relation to the duties;
- Consultation partnerships have been formed;
- Cross community and public authority networks have been established;
- Customer satisfaction surveys have informed the organisation of service provision improvements;

# Ulster Supported Employment Limited

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

- Specialist equipment has been purchased e.g. Braille printer and software and speech software packages; and
- Preparatory work for Recruitment and Selection Impact Assessment due in 2003-2004 has commenced.

An employee satisfaction survey was carried out as part of agreed corporate objective and the Company's desire to improve quality standards and obtained attitudinal information from our employees about aspects of working practices in the Company. The results of this survey will be used as a measuring tool to provide USEL with information from which internal organisational improvements could be targeted. An example of the opinions expressed is set out diagrammatically below: -

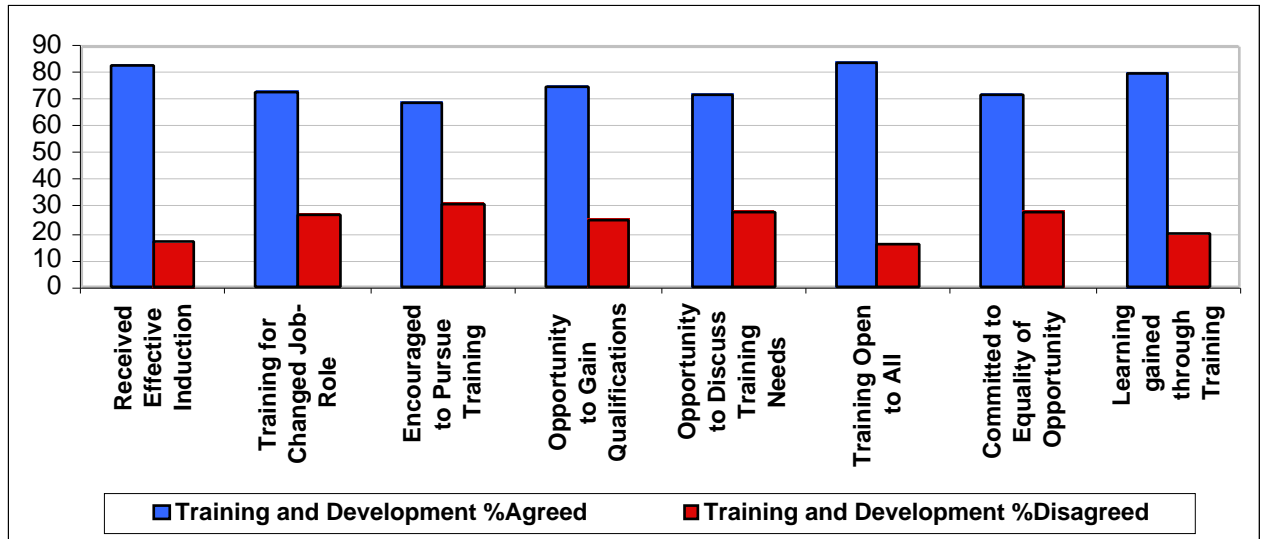


### Employee Satisfaction with Work

Objectives have been set throughout the organisation to take account of comments obtained by the survey and to implement improvements. Through these actions it is hoped that a higher satisfaction will be obtained at the next employee survey.

Other aspects surveyed included communication processes and attitudes to training and development. Training was carried out in a specially equipped training room within the USEL's premises and in total some 5,128.50 training hours was delivered, during the year, throughout the organisation 2002-2003.

**Attitudes to Training and Development**



**Corporate Objectives**

At the start of the financial year the Company published a range of key Corporate Objectives. It is pleasing to note that these objectives have essentially been achieved and a summary is detailed below. More extensive details are available on the Company’s web site [www.usel.co.uk](http://www.usel.co.uk)

# **Ulster Supported Employment Limited**

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

15

### **Development and Training Division**

- The Job Broker Service achieved 171 registrations for programme participation and successfully assisted 97 people to enter and sustain employment;
- USEL delivered 5,128.50 training hours and obtained 143 accreditations;
- The Company submitted 4 project funding applications and was awarded grants in 2 cases with one result pending;
- USEL progressed 3% or 16 employees from the ES Scheme, to open employment with another 18 people employed with the NIHE pending;
- Achieved a transfer of an additional 32 ES Scheme placements onto a direct employment status;
- Revised the corporate structure to account for Job Broker and Employment Support to meet financial operational needs;
- The Company developed a new corporate brochure and revised the website;
- USEL introduced an annual structured public relations programme;
- Delivered Statutory Duty Training to all new employees with specialist training to specific individuals;
- Consulted on the Employment Support Programme changes and submitted a discussion paper to DAS in May 2002 and further comprehensive consultation response in October 2002;
- Supported an average of 11 work experience placements within the factory environment per week and a further 5 placements within Nortel; and
- Carried out satisfaction surveys for Job Broker, Employment Support and Manufacturing employees.

### **Manufacturing Unit**

- Progressed 5% of employees from factory to mainstream employment;
- Introduced Absence Management Policy to help reduce absenteeism;
- Developed staged assessment procedures to facilitate progression of employees;
- Introduced tailored annual appraisal system for manufacturing employees;
- Reviewed purchasing processes to enable cost savings to be achieved;
- Reviewed and improved communication processes;
- Developed a basic Sales and Marketing Plan;
- Increased the work-base for the sub-contract division; and
- Reviewed and implemented changes across the product range.

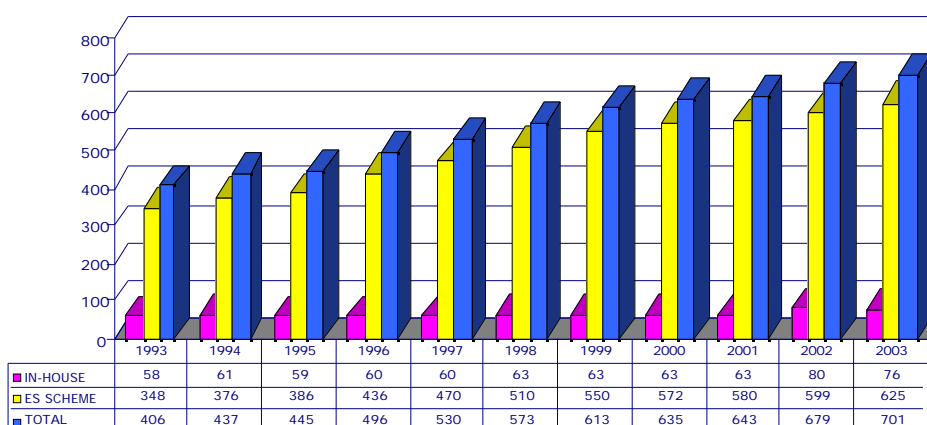
It gives the Board and myself satisfaction, to note the significant advances and success that the Company has achieved in the relatively short time that we have been involved with USEL. Consequently, I wish to record my thanks to the Chief Executive and all his staff for their hard work and commitment in the continued development of the Company.

**David Russell**  
**Chairman**  
27 August 2003

## Chief Executive's report

The Management Team has been vigorous in their effort to progress disabled employees through the use of training and personal development. Employees have been provided with information on a range of career and employment choices that are now available to each of them. This act is in keeping with USEL's key operating objective, which is 'to expand the choice of paid employment opportunities for disabled people and by means of training assist with progression and this has been incorporated into USEL's corporate strategy and organisational objectives.

USEL continues to be the leading provider of paid employment for people with a disability within Northern Ireland. The following table illustrates the average number of disabled people employed by USEL from 1993 to 2003. Compared with last year the employment numbers in the Manufacturing Operation and the Employment Support Scheme have increased by an average of 22 disabled people or 3.2%. The actual number of disabled people employed by USEL at the end of March 2003 was 701 compared with a year-end figure last year of 679.



AVERAGE NUMBER OF DISABLED EMPLOYEES

## Training and development

USEL's Quinquennial Review completed in February 2000 by KMPG and recommended improvements in training and developing of USEL disabled employees in areas beyond the normal on the job task training. The new culture has been in operation throughout this year. All operatives have been permitted to avail of 'off the job' training of between 3 to 6 hours per week. Obviously there has been an impact on productivity within the manufacturing department but with the co-operation of the employees this negative factor has been minimised.

Throughout this year USEL has used its new Training and Development personnel to deliver a total of 5,129 training hours to our employees. Examples of the key training areas are as follows and fuller details available on the USEL web site at [www.usel.co.uk](http://www.usel.co.uk) :-

Training Course	Participants
Statutory Duty & Sickness Absence Policy	71
Basic Computer Skills & ECDL	21
Disability Awareness & Social Security Benefits	19
Main STEP Project	62
Access to work & BSL Sign Language I ,II & III	6

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

PR, Media & Branding	6
CCTV - Operation Off & Legal Awareness	6

# Ulster Supported Employment Limited

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

18

### Employment Support Scheme

USEL is the lead Sponsor of the T&EA's Employment Support Scheme with some 73% of the total number of placements. The aim of the Scheme is to financially support employment opportunities for severely disabled people thus enabling them to obtain and sustain work in the open labour market. This programme is currently the subject of a major review. USEL anticipate that with the likely appointment of more sponsors/providers the Company may lose its dominant control of the delivery of the ES Scheme.

This year the average number of people USEL employed under the terms of the Scheme was 625 and an analysis of job category and major disability classification of these people is as follows: -

#### JOB CATEGORY - ES SCHEME

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
MANAGEMENT	5	6	3	5	10	10	10
CLERICAL/ADMIN	124	139	142	143	147	149	153
SKILLED	42	44	21	19	18	18	16
MANUAL	141	162	273	285	291	302	318
SHOP RELATED	97	110	115	114	109	113	121
SUPERVISORY	61	73	8	10	9	8	7
<b>TOTAL</b>	<b>470</b>	<b>534</b>	<b>562</b>	<b>576</b>	<b>584</b>	<b>600</b>	<b>625</b>

#### DISABILITY CLASSIFICATION - ES SCHEME

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
SENSORY	116	124	84	84	78	76	73
LEARNING	182	215	256	262	270	294	326
PHYSICAL	146	169	189	200	210	202	202
HIDDEN	26	26	33	30	29	28	24
<b>TOTAL</b>	<b>470</b>	<b>534</b>	<b>562</b>	<b>576</b>	<b>584</b>	<b>600</b>	<b>625</b>

### Job broking service

USEL has been operating the Job Broker Service under the New Deal for Disabled People on behalf of the T&EA since September 2001. The programme is designed to assist people who are claiming sickness or incapacity benefits improve their employability and thus gain paid employment. The Company delivers this service to 20 out of Northern Ireland's 26 District Council areas from the Cambrai Street headquarters and from an office located in Market Street, Portadown.

USEL has quickly established itself as the leading Job Broker in Northern Ireland and this year was successful in obtaining sustainable work for almost 100 people out of 171 registrations.

### Work experience

USEL also offers and supports requests for work experience or job-sampling placements to disabled adults and young people from schools, recognised training organisations and Health & Social Services Trusts. This support offers an opportunity for individuals to build skills and job ready confidence within a real work situation. It has been used as a tool in job preparation for some people from on the Job Broking service. Some 40 disabled people have accessed this service within the organisations manufacturing operation this year.

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

19

A further 5 disable people received long-term support from USEL in partnership with Nortel.

# Ulster Supported Employment Limited

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

## Numbers employed and on work placement

The average number of disabled people employed or supported by USEL's through other programs including work experience during the past year is summarized below:

LOCATION	NUMBER OF PEOPLE
USEL Factory	60
Warehousing for Aunt Mollies Foods	1
CCTV – Monitoring for NTL	9
CCTV – Monitoring for Derry CCI	5
<b>MANUFACTURING TOTAL</b>	<b>75</b>
Employment Support Scheme	625
Factory Work Experience	40
Nortel – <i>In Training &amp; Development</i>	5
Job Broker Service – Pre-registration	309
<i>Registered</i>	171
<i>Progressed into paid employment</i>	97
<b>TRAINING &amp; DEVELOPMENT TOTAL</b>	<b>975</b>
Number of non disabled people	24
<b>OVERALL TOTAL</b>	<b>1078</b>

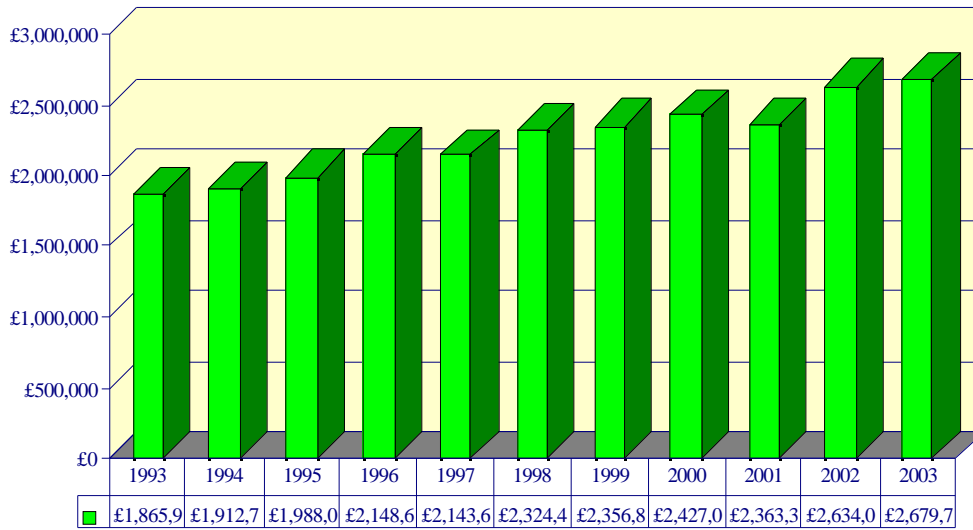
## Financial analysis

The Sales income that the Company generated in the past year amounted to £2,679,715, which represents a growth of 1.8% over last year. Due to the transfer of placements on the ES programme from a USEL's employee status to direct employment the income has not grown as fast as previous years. An illustration of income received over the past 10 years is shown below.

# Ulster Supported Employment Limited

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

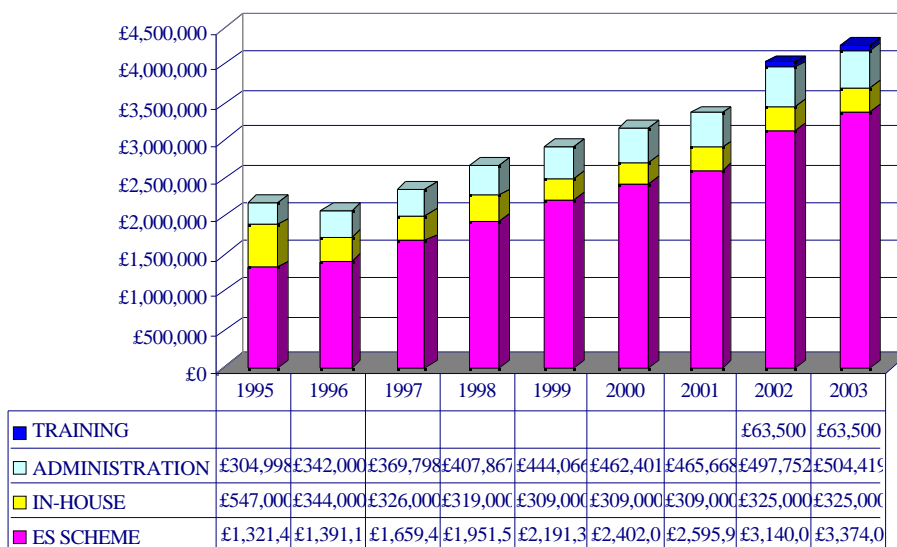
## SALES INCOME



SALES PROFILE LAST 10 YEAR:

The total funding and administration fee income received from the T&EA this year amounts to £4,267,919. This funding is made up of a training allowance, administration fee for employment support wages. The largest portion of this funding some 79% or £3,374,000 being the direct wage subsidy for the ES Scheme. Details of the income in the year 2002/03 are given on the following chart.

## FUNDING AND ADMINISTRATION FEE INCOME

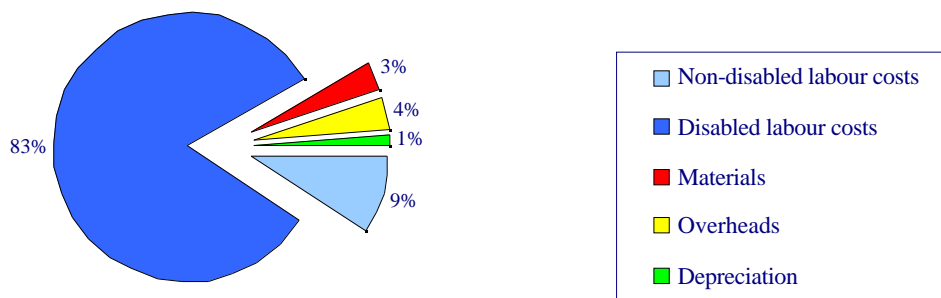


T&EA FUNDING

# Ulster Supported Employment Limited

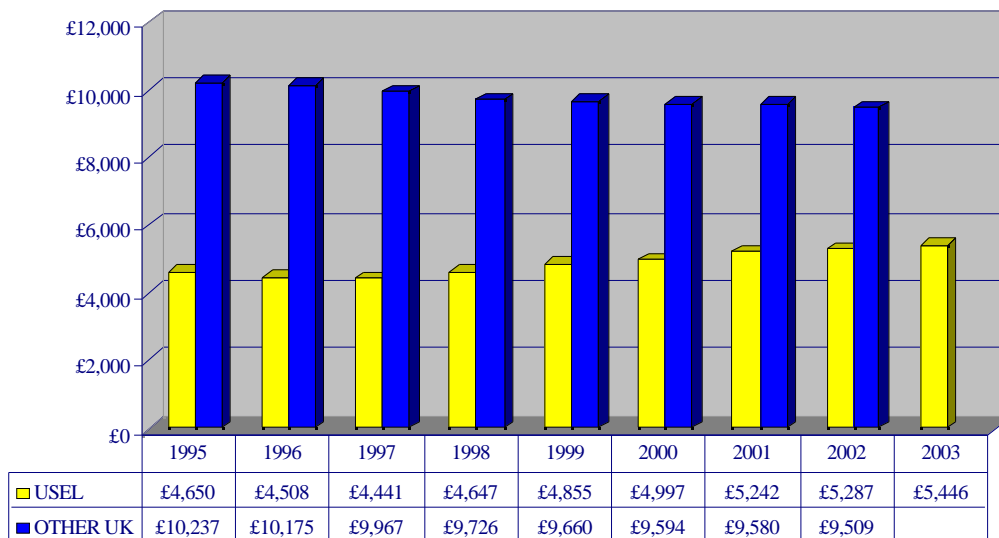
(A company limited by guarantee and not having a share capital)

In the financial year 2002/03 USEL's total expenditure was £6,605,728. An analysis of this expenditure shows that some £5,431,994 or 83% is made up of wages and salaries paid to disabled people. An illustration of this expenditure is illustrated in the chart below.



**EXPENDITURE 2002-03**

In the past couple of years USEL has broadened its objective but nonetheless is committed to providing a quality and efficient service in the delivery of all of its programmes and providing value for money to the Tax Payer. The overall efficiency of the Company is measured by comparing the cost of providing each paid disabled job with the cost in previous years and with the cost of a similar GB based operation. The cost comparison for the past 9 years is illustrated in the chart below.



**COMPARATIVE COSTS PER DISABLED EMPLOYEE**

## The future

The relocation of USEL to the new premises in Cambrai Street and the introduction of a progressive programme

# **Ulster Supported Employment Limited**

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

23

for training and development have been of great benefit to our employees. The working environment is excellent and it has allowed employees the opportunity to make informed decisions about career choices.

Within the next 12 months there will be substantial changes to the Employment Support Scheme and the Job Broking Service. The Company has made a significant contribution to the debate on the 'way forward'. The Management Team look to the future with optimism regardless of the threats to our business due to the review of these programmes.

USEL is the largest provider of employment for disabled people in Northern Ireland and we are determined to remain in that premier position.

**Mitchel Wylie**  
**Chief Executive**  
27 August 2003

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

We certify that we have audited the financial statements on pages 18 to 32 under the Companies (Northern Ireland) Order 1986. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 22.

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

As described on page 4 the Chief Executive is responsible for the preparation of the financial statements 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 responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

We report 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 Foreword 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.

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 page 5 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.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards 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 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.

## **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 2003 and of the deficit, total recognised gains and losses and cash flows for the year then ended and 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 August 2003

# Ulster Supported Employment Limited

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

26

## Income and expenditure account for the year ended 31 March 2003

	Notes	2003 £	2002 £
<b>Turnover</b>	2	<b>2,679,715</b>	2,634,045
Contributions from DEL		<b>3,835,423</b>	3,528,135
		<b>6,515,138</b>	6,162,180
Staff costs	5	<b>(5,965,928)</b>	(5,771,953)
Other operating costs	6	<b>(568,777)</b>	(511,094)
Depreciation		<b>(98,329)</b>	(102,033)
		<b>(6,633,034)</b>	(6,385,080)
<b>Operating deficit</b>		<b>(117,896)</b>	(222,900)
Notional cost of capital	19	<b>(110,863)</b>	(115,732)
Interest receivable and other income		<b>19,148</b>	17,042
Deferred income released	12	<b>16,000</b>	16,000
<b>Deficit for the year</b>	3	<b>(193,611)</b>	(305,590)
Notional credit cost of capital	19	<b>110,863</b>	115,732
<b>Deficit for the year attributable to DEL revenue account</b>		<b>(82,748)</b>	(189,858)
DEL revenue account at beginning of year		<b>(743,298)</b>	(553,440)
<b>DEL revenue account at end of year</b>	13(b)	<b>(826,046)</b>	(743,298)

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 22 to 32 form part of these financial statements.

# Ulster Supported Employment Limited

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

27

## Statement of total recognised gains and losses for the year ended 31 March 2003

	2003	2002
	£	£
Deficit for the financial year	<b>(82,748)</b>	(189,858)
Unrealised surplus on revaluation of plant, office equipment and motor vehicles to current replacement cost	<b>26,226</b>	19,670
<b>Total recognised losses</b>	<b>(56,522)</b>	(170,188)

Approved by the Board of Directors on 27 August 2003.

D Russell  
**Chairman**

JM Wylie  
**Chief Executive**

The notes on pages 22 to 32 form part of these financial statements.

# Ulster Supported Employment Limited

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

28

## Balance sheet at 31 March 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	8	<b>1,865,752</b>	1,900,445
<b>Current assets</b>			
Stocks	9	<b>102,408</b>	98,139
Debtors	10	<b>1,053,327</b>	826,886
Bank balances and cash		<b>105,988</b>	17,861
		<b>1,261,723</b>	942,886
<b>Creditors: amounts falling due within one year</b>	11	<b>(979,694)</b>	(667,528)
<b>Net current assets</b>		<b>282,029</b>	275,358
<b>Total assets less current liabilities</b>		<b>2,147,781</b>	2,175,803
<b>Deferred income</b>	12	<b>(768,000)</b>	(784,000)
<b>Net assets</b>		<b>1,379,781</b>	1,391,803
Loan – Department for Employment and Learning, General fund	13a 13b	<b>2,090,260</b> <b>(826,046)</b>	2,045,760 (743,298)
Revaluation reserve	20	<b>115,567</b>	89,341
		<b>1,379,781</b>	1,391,803

Approved by the Board of Directors on 27 August 2003.

D Russell  
Chairman

JM Wylie  
Chief Executive

The notes on pages 22 to 32 form part of these financial statements.

# Ulster Supported Employment Limited

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

29

## Cash flow statement for the year ended 31 March 2003

	Notes	2003 £	2002 £
<b>Net cash (outflow)/inflow from operations</b>			
Net cash outflow from operating activities	15(a)	<b>(4,073,778)</b>	(3,445,825)
Net cash inflow – DEL contributions	15(b)	<b>3,879,923</b>	3,589,635
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(193,855)</b>	143,810
<b>Returns on investments and servicing of finance</b>	16(a)	<b>7,842</b>	5,242
<b>Capital expenditure</b>	16(a)	<b>(26,104)</b>	(17,768)
<b>(Decrease)/increase in cash</b>		<b>(212,117)</b>	131,284
<b>Net debt at 1 April 2002</b>		<b>(49,354)</b>	(180,638)
<b>Net debt at 31 March 2003</b>	16(b)	<b>(261,471)</b>	(49,354)

Approved by the Board of Directors on 27 August 2003.

D Russell  
Chairman

JM Wylie  
Chief Executive

The notes on pages 22 to 32 form part of these financial statements.

## Notes to the financial statements for the year ended 31 March 2003

### 1 Accounting policies

The financial statements have been prepared in accordance with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986 and the Statements of Standard Accounting Practice 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.

#### 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 the directors and 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 transitional accounting requirements of FRS 17 "Retirement Benefits" are reflected in these financial statements. Full adoption of the standard has been deferred pending international discussions on the equivalent International Accounting Standard, IAS 19, which may result in convergence of the standards. FRS 17 requires a surplus or deficit in a pension scheme (measured with reference to the fair values of the scheme assets and actuarially valued liabilities) to be shown on the employer's balance sheet. Changes in those fair values from year to year will be reflected in the profit and loss account or statement of total recognised gains and losses as appropriate. Disclosures required under the transitional arrangements of FRS 17 are provided in Note 21 to these financial statements.

#### 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 8% 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.

# Ulster Supported Employment Limited

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

31

## 2 Turnover

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

	2003	2002
	£	£
Trading income	602,987	567,111
Contract services	256,838	264,354
Employment support plus job broking	1,819,890	1,802,580
	<b>2,679,715</b>	<b>2,634,045</b>

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

## 3 Deficit for the year

This is stated after charging/(crediting):

	2003	2002
	£	£
Auditors' remuneration - Internal audit	3,100	3,458
- External audit	5,356	2,750
Depreciation	98,329	102,033
Profit on sale of fixed assets	(11,306)	(11,800)
Interest receivable	(1,137)	(5,242)
Exceptional costs incurred on relocation of the business to the new premises	-	(25,400)

## 4 Emoluments of directors and senior management

	Age	Salary including performance pay £	Real increase in pension at 65 £	Total accrued pension at 65 at 31 March 2003 £
D Russell (Chairman)	59	2,550	-	-
Mr P Bagues (Director)	51	330	-	-
A Hanna (Director)	37	1,140	-	-
Mrs E Fiddis Carville (Director)	58	1,100	-	-
Mrs H Bowman (Director)	55	1,210	-	-
Mrs K Murphy (Director)	65	1,220	-	-
JM Wylie (Chief Executive)	57	50,865	587	6,076

“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

# Ulster Supported Employment Limited

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

32

retirement age of 65. Benefits accrue at the rate of  $1/60^{\text{th}}$  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 6.6%. 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

	2003	2002
	£	£
<b>Staff costs comprise:</b>		
Wages and salaries	5,434,714	5,224,913
Social security costs	267,314	282,441
Other pension costs	263,900	264,599
	<b>5,965,928</b>	<b>5,771,953</b>

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

	2003	2002
	£	£
Management and administration	25	26
Production distribution and sales	76	78
Employment support	625	599
	<b>726</b>	<b>703</b>

# Ulster Supported Employment Limited

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

33

## 6 Other operating costs

	2003	2002
	£	£
Materials	223,119	227,517
Light, heat and power	10,285	13,048
Rent and rates	13,849	9,555
Repairs	16,385	14,222
Tools	1,295	212
Telephone	12,242	13,025
Canteen	116	(124)
Discounts received	(1,993)	(2,216)
General expenses	21,437	20,019
Insurance	91,615	43,434
Advertising	18,913	4,822
Audit - internal audit	3,100	3,458
- external audit	5,356	2,750
Bad debts written off	3,803	4,369
Computer	22,408	21,040
Debt collection	1,725	175
Discount allowed	656	851
Motor expenses	18,076	17,809
Packing	1,441	722
Postage	5,175	6,965
Printing and stationery	11,061	11,981
Travel	27,728	24,382
Training	2,848	2,129
Legal and professional fees	1,381	12,267
Bank charges	2,256	3,314
FETE expenses	560	5,620
Security Costs	42,365	42,216
Moving Expenses	-	3,832
Consultancy Fees	11,575	3,700
	<b>568,777</b>	<b>511,094</b>

# Ulster Supported Employment Limited

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

34

## 7 Taxation

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

## 8 Tangible fixed assets

	Long leasehold buildings £	Plant and office equipment £	Motor vehicles £	Total £
<b>Valuation</b>				
At 31 March 2002	1,768,357	574,127	222,016	2,564,500
Additions	-	14,003	36,480	50,483
Disposals	(4,832)	(1,936)	(80,545)	(87,313)
On revaluation	30,685	(8,100)	(1,299)	21,286
<b>At 31 March 2003</b>	<b>1,794,210</b>	<b>578,094</b>	<b>176,652</b>	<b>2,548,956</b>
<b>Depreciation</b>				
At 31 March 2002	35,367	479,691	148,997	664,055
Charge for year	35,884	23,655	38,790	98,329
On disposals	-	(579)	(73,661)	(74,240)
On revaluation	615	(5,005)	(550)	(4,940)
<b>At 31 March 2003</b>	<b>71,866</b>	<b>497,762</b>	<b>113,576</b>	<b>683,204</b>
<b>Net book value</b>				
<b>At 31 March 2003</b>	<b>1,722,344</b>	<b>80,332</b>	<b>63,076</b>	<b>1,865,752</b>
At 31 March 2002	1,732,990	94,436	73,019	1,900,445

The company's assets have been revalued at 31 March 2003 using the indices from the Office for National Statistics and the overall deficit of £26,226 (2002: deficit of £19,670) after depreciation, was transferred to the revaluation reserve (see note 20).

## 9 Stocks

	2003 £	2002 £
Raw materials	88,224	80,846
Work in progress	5,733	8,707
Finished goods	13,451	13,586
Provision for slow moving stock	(5,000)	(5,000)
	<b>102,408</b>	98,139

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

# Ulster Supported Employment Limited

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

36

## 10 Debtors

	2003	2002
	£	£
Trade debtors - trade	182,904	156,114
- employment support	496,434	366,124
Retention monies outstanding from DEL	348,325	292,905
Other debtors	19,156	2,148
Prepayments and accrued income	6,508	9,595
	<b>1,053,327</b>	<b>826,886</b>

## 11 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank overdraft	367,459	67,215
Trade creditors	48,670	40,241
Other taxation and social security	102,817	89,577
Other creditors	32,802	86,460
Accruals and deferred income	427,946	384,035
	<b>979,694</b>	<b>667,528</b>

## 12 Deferred Income

	2003	2002
	£	£
At 31 March 2002	784,000	800,000
Amount released to income and expenditure	(16,000)	(16,000)
Advances in year	-	-
<b>At 31 March 2003</b>	<b>768,000</b>	<b>784,000</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.

## 13a Loan – Department for Employment and Learning

	2003	2002
	£	£
At 31 March 2002	2,045,760	1,984,260
Advances in year	54,790	398,300
Proceeds of disposal of fixed assets	(10,290)	(336,800)

# **Ulster Supported Employment Limited**

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

37

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<b>At 31 March 2003</b>	<b>2,090,260</b>	<b>2,045,760</b>
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The loan is advanced by the Department for Employment and Learning and is secured by a charge on the Company's undertakings and all its property both present and future under a debenture dated 22 March 1963. The balance also includes USEL's accumulated net deficit which is supplemented by the DEL.

# Ulster Supported Employment Limited

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

38

## 13b General Fund

	2003	2002
	£	£
At 31 March 2002	(743,298)	(553,440)
Transfer from income and expenditure account	(82,748)	(189,858)
<b>At 31 March 2003</b>	<b>(826,046)</b>	<b>(743,298)</b>

## 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.

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

	2003	2002
	£	£
<b>(a) Net cash outflow from operating activities:</b>		
Operating deficit	(117,896)	(222,900)
Exclude contributions received and receivable from the Department for Employment and Learning	(3,835,423)	(3,528,135)
Trading loss	(3,953,319)	(3,751,035)
Depreciation	98,329	102,033
(Increase)/decrease in stocks	(4,269)	11,326
(Increase)/decrease in debtors	(226,441)	319,019
Increase/(decrease) in creditors	11,922	(127,168)
	<b>(4,073,778)</b>	<b>(3,445,825)</b>
<b>(b) Net cash inflow from DEL contributions</b>		
Contributions from DEL	3,835,423	3,528,135
Increase in DEL loan creditor	44,500	61,500
	<b>3,879,923</b>	<b>3,589,635</b>

## 16a Gross cash flows

	2003	2002
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	7,842	5,242

# Ulster Supported Employment Limited

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

39

## Capital expenditure

Payments to acquire fixed assets	(50,483)	(354,570)
Receipts from sales of tangible fixed assets	24,379	336,802
	<b>(26,104)</b>	<b>(17,768)</b>

# Ulster Supported Employment Limited

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

40

## 16b Analysis of changes in net debt

	At 1 April 2002 £	Cash flows £	At 31 March 2003 £
<b>Returns on investments and servicing of finance</b>			
Cash in hand and at bank	(49,354)	(212,117)	(261,471)

## 17 Financial commitments

At 31 March 2003 authorised future capital expenditure amounted to £Nil (2002: £Nil).

At the year end there were contingent liabilities in respect of various disputed matters which could amount to a possible loss of up to £13,000. However, the Directors are optimistic of their outcome and are of the opinion they are not expected to give rise to any financial loss.

## 18 Financial performance targets

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

## 19 Notional cost of capital

The notional cost of capital is calculated as £110,863 (2002: £115,732).

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

## 20 Revaluation reserve

	2003 £	2002 £
Balance at 31 March 2002	89,341	69,671
Revaluation of buildings, plant, office equipment and motor vehicles	26,226	19,670
<b>Balance at 31 March 2003</b>	<b>115,567</b>	89,341

## 21 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 2000. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 6.75% per annum from equity assets (held in respect of members

# **Ulster Supported Employment Limited**

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

41

who have not yet retired) and 5.5% in respect of assets backing pensions in payment, that salary increases would average 4.5% per annum and that present and future pensions would increase at the rate of 2.5% per annum. The pension charge for the period was £314,338 (2002: £282,441).

The valuation showed that the market value of the scheme's assets was £2,123,000 and that the actuarial value of those assets represented 83% of the benefits that had accrued to members after allowing for future increases in earnings. The contributions of the company were set at 9%.

# Ulster Supported Employment Limited

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

42

## 21 Commitment to pension fund (continued)

The group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 5 April 2000 and updated to 31 March 2002 and 31 March 2003 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	31 March 2003	31 March 2002
	%	%
Rate of increase in salaries	4.00	4.50
Rate of increase of pensions in payment	2.50	2.50
Discount rate	5.50	6.00
Inflation assumption	2.50	2.75

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

	Long term rate of return expected at 31 March 2003	Value at 31 March 2003	Long term rate of return expected at 31 March 2002	Value at 31 March 2002
	%	£'000	%	£'000
Equities	7.50	2,009	8.00	2,347
Cash	4.00	38	4.00	41
Total market value of assets		2,047		2,388
Actuarial value of liability		(4,932)		(4,068)
Deficit in the scheme		(2,885)		(1,680)
Related deferred tax asset/(liability)		-		-
<b>Net pension liability</b>		<b>(2,885)</b>		<b>(1,680)</b>

If the above amounts had been recognised in the financial statements, the company's net assets and general fund reserve at 31 March 2003 and 31 March 2002 would be as follows:

	2003	2002
	£'000	£'000
<b>Balance sheet presentation</b>		
Net assets excluding pension liability	1,380	1,392
Pension liability	(2,885)	(1,680)
<b>Net liabilities including pension liability</b>	<b>(1,505)</b>	<b>(288)</b>
	2003	2002
	£'000	£'000
<b>Reserve note</b>		
General fund excluding pension liability	(826)	(743)
Pension reserve	(2,885)	(1,680)

# **Ulster Supported Employment Limited**

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

43

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<b>General fund reserve</b>	<b>(3,711)</b>	<b>(2,423)</b>
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The following amounts would have been recognised in the performance statements in the year to 31 March 2003 under the requirements of FRS 17.

# Ulster Supported Employment Limited

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

44

## 21 Commitment to pension fund (continued)

	<b>£'000</b>
Current service costs	314
Past service cost	-
<b>Total operating charge</b>	<b>314</b>

### Other finance income

	<b>£'000</b>
Expected return on pension scheme assets	203
Interest on pension liabilities	(256)
<b>Net return</b>	<b>(53)</b>

### Statement of total recognised gains and losses (STRGL)

	<b>£'000</b>
Actual return less expected return on assets	(876)
Experience gains and losses on liabilities	294
Changes in assumptions	(521)
<b>Actuarial loss recognised in STRGL</b>	<b>(1,103)</b>

### Movement in deficit during the year

	<b>Year-end 31 March 2003 £'000</b>
Deficit in scheme at beginning of year	(1,680)
Movement in year:	
Current service cost	(314)
Contributions	265
Other finance income/(cost)	(53)
Actuarial loss	(1,103)
<b>Deficit in scheme at end of year</b>	<b>(2,885)</b>

### History of experience gains and losses

	<b>Year-end 31 March 2003</b>
Difference between expected and actual return on scheme assets	
Amount (£'000s)	(876)
Percentage of scheme assets	(43)%

# Ulster Supported Employment Limited

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

45

Experience gains and losses on scheme liabilities	
Amount (£'000s)	294
Percentage of scheme liabilities	6%
Total amount recognised in statement of total recognised gains and losses	
Amount £'000s)	(1,103)
Percentage of the present value of the scheme liabilities	(22)%

## 22 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.

	Balance due from DEL £	Job broking advances due To DEL £	Retentio monie du :	Loan £	Grants received £
<b>Department for Employment and Learning</b>					
<b>31 March 2003</b>	<b>234,991</b>	<b>29,690</b>	<b>348,32:</b>	<b>2,090,260</b>	<b>3,879,923</b>
31 March 2002	97,829	51,105	292,90:	2,045,760	3,589,625

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

- 1 Ulster Supported Employment Limited shall prepare accounts for the financial year ended 31 March 2003 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 lossesincluding such notes as may be necessary for the purposes referred to in the following paragraphs.
- 2 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.
- 3 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.
- 4 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.
- 5 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.

# **Ulster Supported Employment Limited**

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

47

## **Appendix**

### **Schedule**

#### **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**

#### **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

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

48

## Income and expenditure account for the year ended 31 March 2003

	Schedule	2003 £	2002 £
Turnover	1	2,679,715	2,634,045
<b>Other operating income</b>			
Contributions from Department for Employment and Learning		3,835,423	3,528,135
		<b>6,515,138</b>	6,162,180
<b>Operating costs</b>			
Decrease in stocks of finished goods and work in progress	2	3,109	2,329
Raw materials and consumables	3	220,009	225,188
Other external charges	4	196,878	147,214
Staff costs: - wages and salaries		5,434,714	5,224,913
- social security costs		267,314	282,441
- other pension costs		263,900	264,599
Depreciation	5	98,329	102,033
Other operating charges	6	148,781	136,363
		<b>6,633,034</b>	6,385,080
<b>Operating deficit</b>		<b>(117,896)</b>	(222,900)
Notional cost of capital		(110,863)	(115,732)
Interest receivable and other income	7	19,148	17,042
Deferred income released		16,000	16,000
<b>Deficit before notional cost of capital</b>		<b>(193,611)</b>	(305,590)
Notional credit cost of capital		110,863	115,732
<b>Deficit for the year transferred to DEL revenue account</b>		<b>(82,748)</b>	(189,858)
DEL revenue account at beginning of year		(743,298)	(553,440)
<b>DEL revenue account at end of year</b>		<b>826,046</b>	(743,298)

Pages 33 to 38 do not form part of the statutory accounts.

# Ulster Supported Employment Limited

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

49

## Schedules to Income and Expenditure account for the year ended 31 March 2003

### 1 Turnover

	2003	2002
	£	£
Bedding	307,862	296,713
Travel goods and chair caning	295,125	270,398
Contract services	256,838	264,354
Employment support	1,819,890	1,802,580
	<b>2,679,715</b>	<b>2,634,045</b>

### 2 Finished goods and work in progress

	2003	2002
	£	£
Opening stock	22,293	24,622
Closing stock	(19,184)	(22,293)
Decrease	<b>3,109</b>	<b>2,329</b>

### 3 Raw materials and consumables

	2003	2002
	£	£
Opening stock	80,846	89,843
Purchases	227,387	216,191
	<b>308,233</b>	<b>306,034</b>
Closing stock	(88,224)	(80,846)
	<b>220,009</b>	<b>225,188</b>

# Ulster Supported Employment Limited

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

50

## 4 Other external charges

	2003	2002
	£	£
Light heat and power	10,285	13,048
Rent and rates	13,849	9,555
Repairs - buildings	9,932	8,395
- machinery	6,453	5,827
Tools	1,295	212
Telephone	12,242	13,025
Canteen	116	(124)
Discount received	(1,993)	(2,216)
General expenses – 50% allocation	10,719	10,010
Security Costs	42,365	42,216
Moving Expenses	-	3,832
Insurance	91,615	43,434
	<b>196,878</b>	<b>147,214</b>

## 5 Depreciation

	2003	2002
	£	£
Buildings	35,884	35,367
Plant and office equipment	23,655	24,247
Motor vehicles	38,790	42,419
	<b>98,329</b>	<b>102,033</b>

# Ulster Supported Employment Limited

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

51

## 6 Other operating costs

	2003	2002
	£	£
Advertising	18,913	4,822
Audit - internal audit	3,100	3,458
- external audit	5,356	2,750
Bad debts	3,803	4,369
Computer	22,409	21,040
Debt collection	1,725	175
Discount allowed	656	851
General expenses – 50% allocation	10,718	10,009
Motor expenses and carriage	18,076	17,809
Packing	1,441	722
Postage	5,175	6,965
Printing and stationery	11,061	11,982
Travel and expenses - selling	9,655	9,183
- employment support	18,073	15,198
Training	2,848	2,129
Legal and professional fees	1,381	12,267
Bank charges	2,256	3,314
Consultancy Fees	11,575	3,700
FETE expenses	560	5,620
	<b>148,781</b>	<b>136,363</b>

## 7 Interest receivable and other income

	2003	2002
	£	£
Bank interest	1,137	5,242
Other income	6,705	-
Profit on sale of fixed assets	11,306	11,800
	<b>19,148</b>	<b>17,042</b>