

**Ulster Supported Employment Limited**  
**Annual report**  
**for the year ended 31 March 2004**

# **Ulster Supported Employment Limited**

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

### **Annual report for the year ended 31 March 2004**

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# **Ulster Supported Employment Limited**

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

## **Directors and advisers**

### **Directors**

D Russell (Chairman)  
Mr P Bogues  
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)**

### **Directors' report for the year ended 31 March 2004**

#### **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 £58,397 (2003: £82,748). 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.

In December 2002, the Company undertook an employee satisfaction survey to gather attitudinal information from the workforce. An updated survey was carried out in December 2003 and details of this survey are contained within the Chairman's report.

#### **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**

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### **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 2004 is 35 days (2003: 32 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 K Murphy  
Mr P Bagues  
AD Hanna (Financial Director)  
Mrs E Fiddis Carville

# Ulster Supported Employment Limited

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### 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 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 2006
AD Hanna	15 March 2003 (extended to 15 March 2005)
Mrs E Fiddis Carville	15 March 2003 (extended to 15 March 2005)
P Bogues	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

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**  
25 August 2004

# **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 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 2004 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 biannual basis.

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**  
25 August 2004

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

## Foreword for the year ended 31 March 2004

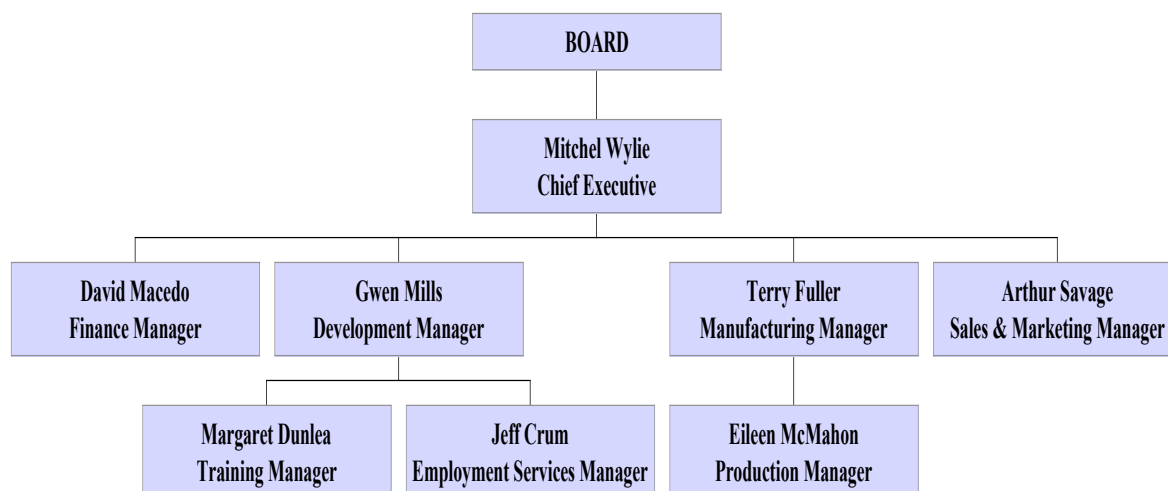
Ulster Supported Employment Limited (USEL) is an executive Non-Departmental Public Body and operates under the direction of the Department for Employment and Learning (DEL) and in particular on a day-to-day basis the Disablement Advisory Service (DAS).

The Company was established in 1962 to provide supported paid employment for disabled people and in 1980 USEL expanded 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 only for people with vision impairment as it had always done since it was established in 1871.

USEL offers 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. In the past year USEL has supported nearly 1,200 disabled people through its various programmes. The organisation also provides work experience or job sampling opportunities to young disabled people and disabled adults to build and assess job ready confidence and vocational skills and abilities.

The management structure of the Company, which controls and operates the programmes and activities provided and operated by USEL, is set out below:

### USEL Management Structure April 2003 - March 2004



## Board members profile

### *David Russell – Chairman*

David Russell is aged 60 and was appointed a Director of USEL in March 2000 and became Chairman 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 Chair of the Eastern Health & Social Services Board, a Board member of the Belfast Harbour Commissioners and also a Board member of Portaferry Regeneration Ltd. David is also a member of Council for the University of Ulster.

### *Alan Hanna – Financial Director*

Alan Hanna is aged 39 and was appointed a Director of USEL in March 2000. He is a Public Relations Manager with BT specialising in community group relationships. Alan was formerly the Regional Manager of the Down's Syndrome Association of Northern Ireland and previous to this he was Assistant Director with the Orchardville Society a voluntary sector body for people with a learning disability. He is currently a Director of the Green Park Trust and the former Chairperson of the Northern Ireland Union of Supported Employment.

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### ***Helen Bowman – Director***

Helen Bowman is aged 56 and was appointed a Director of USEL in January 2000. Together with her husband they founded the double-glazing company Bowman Windows in 1975. Bowman Windows has expanded to become one of the largest companies operating within its sector in Northern Ireland. The Company currently employs 110 people and is based in Banbridge. Helen has a very deep and personal interest in all disability issues and is an active member of the Employers' Forum on Disability.

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

Liz Fiddis-Carville is aged 59 and was appointed a Director of USEL in March 2000. Until her retirement this year she was a Lecturer in Health Studies with the Belfast Institute of Further and Higher Education. Prior to this position she trained and qualified as a SRN nurse. Liz is Vice Chair of the ICTU'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 66 and was appointed a Director of USEL in January 2000. Before her retirement Kay was Principal of Glenveagh School a position she had held for almost 10 years. 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 a voluntary sector organisation for disabled people and also a Council member of the University of Ulster. Because of her expert knowledge of education for people with a disability Kay was recently appointed to a committee advising the Irish Government.

### ***Patrick Bogues – Director***

Patrick Bogues is aged 47 and was appointed a Director of USEL in January 2003. 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 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.

# Ulster Supported Employment Limited

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### Foreword by Board Chairman

This Annual Report and Accounts for USEL (Ulster Supported Employment Limited) covers the period 1 April 2003 to 31 March 2004. The report not only outlines USEL's impressive 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.

The Board is continuing to follow the revised strategy implemented in 2001 following the last Quinquennial Review. As a result of the revised strategy the emphasis of the Company's objective 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'*. USEL has been aided in achieving this objective by securing additional funding from the EU and through this has enabled all our manufacturing employees to avail of at least 3 hours 'off the job' training per week.

The Training and Development Department continues to inform, prepare and expand the knowledge and skills base of the entire 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 this year and this was greatly surpassed with a total of 253 accreditations being achieved. The Board would like to acknowledge the continuing support given by our sponsoring government Department particularly in the encouragement given to USEL on its new strategy.

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 contract business continues to function with the CCTV monitoring operations for NTL and the Derry City Centre Initiative. In addition USEL have employed additional people in the warehousing activity to accommodate Trivirix, Discount Blinds and Dekko Furnishings. Bedding and Travel products are well established in their respective markets and although the level of sales has been variable during the past year, demand in recent months has shown some growth.

In 1982 USEL pioneered the Employment Support Programme and has consequently been the leading provider of this service within Northern Ireland. In the past year USEL, through the ES Scheme, has successfully assisted 624 disabled people to sustain employment. At the same time the ES Team were able to progress 28 people from the scheme into open unsupported employment. Details of the new ES programme are still not available and the introduction has been delayed. When introduced it is anticipated that the key features of the new ES Scheme will reflect a reduced financial support package combined with a greater emphasis on personal development and progression.

USEL have been operating the Job Broking Service for nearly 3 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 nearly 250 disabled people or people who are on long-term sickness to obtain work. The programme is under review and a revised programme should be introduced by September 2004. Because of the success of our office in Market Street Portadown it would be USEL's intention to open additional offices in Derry and West Belfast to further expand the Job Broking Service service.

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. Work in this area is being led by Gwen Mills our Development Manager.

### 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)

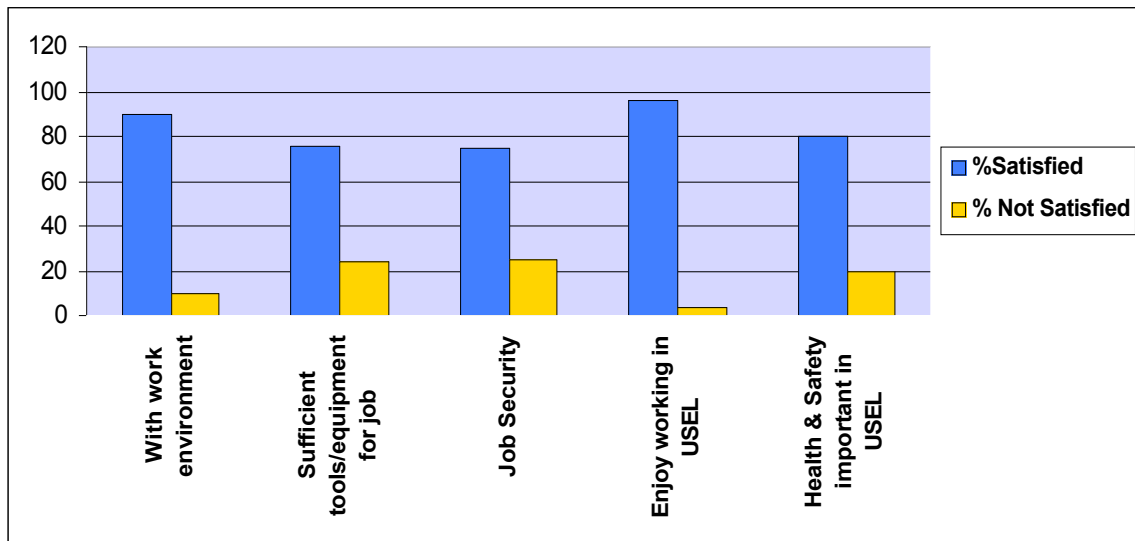
### Employee satisfaction survey

A second employee satisfaction survey was carried out as part of our agreed corporate objectives and the Company's desire to improve quality standards and obtain attitudinal information from our employees. 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 overleaf: -

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Employee Satisfaction with Work

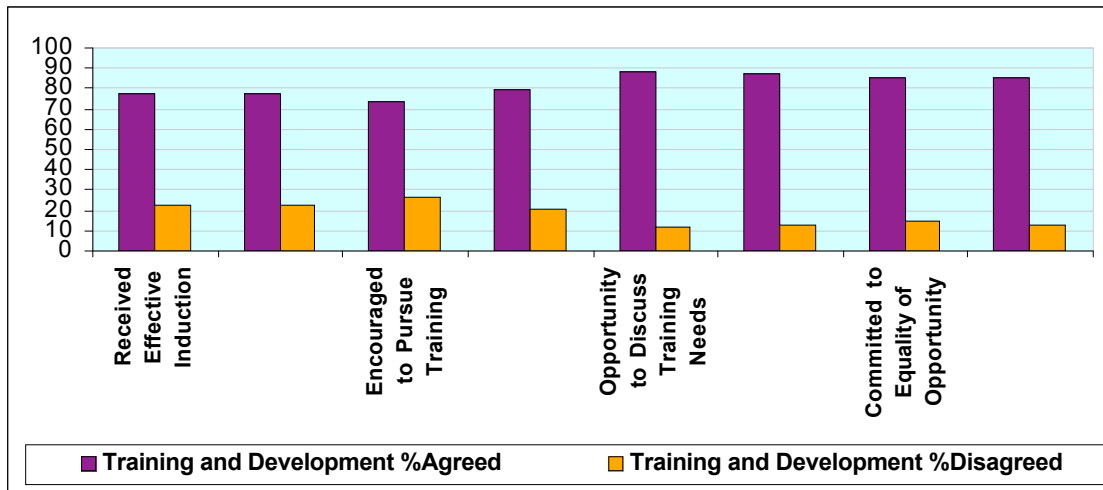


### Employee Satisfaction with Work

Since last year objectives were set throughout the Company to take into account comments obtained by the survey last year and to implement improvements. This has resulted in a significantly higher level of satisfaction in most the fields surveyed.

Other aspects surveyed included communication processes and attitudes to training and development. Training was carried out by making use of a specially equipped training room within USEL’s premises. In total some 6,851 training hours were delivered during this year.

Attitudes to Training and Development



### Development and Training Division

- This year the Job Broker Service achieved 218 registrations for programme participation and successfully assisted 81 people to enter and sustain employment;
- USEL delivered a total of 6,851 training hours and obtained 253 accreditations;
- The Company obtained funding for 3 projects to assist with personnel Training and Development and Job Skills.
- USEL progressed 5% or 28 employees from the ES Scheme.
- The Company achieved the transfer of 36 ES Scheme placements onto a direct employment status.
- Additional promotional material was developed by USEL to support the Job Broking Service
- Lead by BIHFE and funded by Lloyds TSB Foundation for Northern Ireland, USEL carried out research into ‘the barriers and opportunities facing disabled people in the labour market’. A report which details the findings of the research is available from USEL’s website [www.usel.co.uk](http://www.usel.co.uk) or by telephone at 028 9025 6600 or through our Minicom at 028 9074 8315

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### **Development and Training Division (continued)**

- Prepared an application for a 2-year pilot Work Preparation Programme to be delivered in North and West Belfast.
- Supported an average of 10 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 Operation**

- Progressed 6 employees or 7.5% of employees from the factory into mainstream employment.
- Applied an absence Management Policy to reduce absence from an average of 8.3% last year to 7.6% this year.
- Introduced new staged assessment procedures designed to facilitate the progression of employees.
- Reviewed purchasing processes and this enabled cost savings of 10% to be achieved with some key raw materials
- Up-dated procedures and meetings to further improve the communication processes
- With the appointment of a new Sales and Marketing Manager, USEL developed an effective Sales and Marketing Plan for the manufacturing division.
- Increased the level of sales obtained through the sub-contract division.
- Reviewed and up-graded the product range for bedding and travel goods.

It gives the Board and myself satisfaction to note the continued advances and successes that the Company has achieved in this year and indeed the past 3 to 4 years. USEL delivers all its programmes efficiently and effectively and has developed a clear strategy for the years ahead. Undoubtedly for accomplishing all this success, my thanks must go to the Chief Executive and all his staff for their hard work and commitment in the continued development of the Company.

**David Russell**  
**Chairman**  
25 August 2004

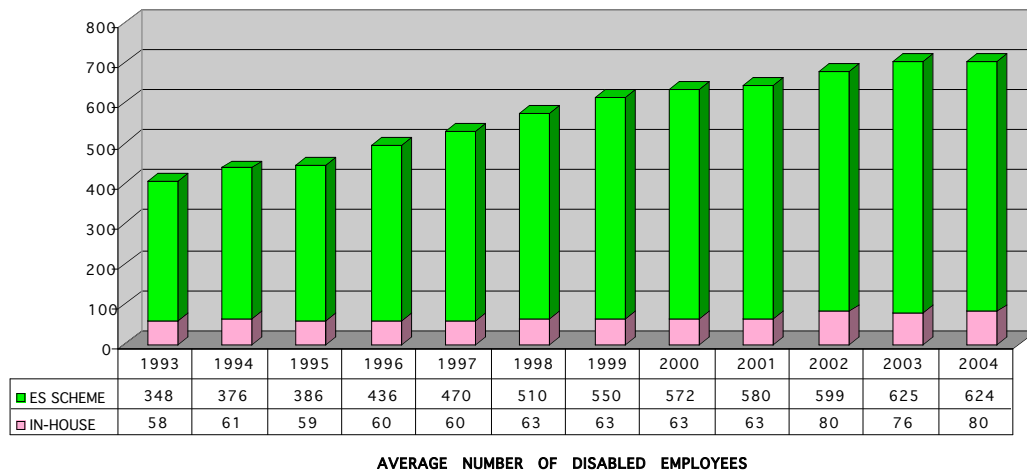
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### Chief Executive’s report

The Management Team has been rigorous 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 available to 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 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 in the Manufacturing Operation and the Employment Support Scheme from 1993 to 2004. Compared with last year the employment numbers have increased by an average of 3 disabled people.



AVERAGE NUMBER OF DISABLED EMPLOYEES

### Training and development

In conjunction with the Shankill Open Learning Centre USEL obtained significant financial assistance from the EU Building Sustainable Prosperity under measure 2.3 ‘promoting a labour market open to all’. This funding has enabled the Company to pursue the training and developing of our employees in areas beyond the normal requirement for on the job task training. All operatives have been permitted to avail of ‘off the job’ training of between 3 to 6 hours per week and also have had an opportunity to experience work in mainstream employment. The new philosophy has been in operation for several years and from it there are definite signs that some employees have sought to progress into open employment. Understandably with this level of training there has been an impact on productivity within the manufacturing department but with the co-operation of the employees this has been minimised.

Throughout this year USEL has used its Training and Development personnel to deliver a total of the equivalent of 1,000 training days to our employees. Examples of the important training areas are as follows with fuller details available on the USEL web site at [www.usel.co.uk](http://www.usel.co.uk): -

Training Course	Participants
Communication and Company information	62
Basic Computer Skills & ECDL	21
Disability Awareness & Social Security Benefits	19
STEP Project – Numeracy, Literacy & World of Work	62
BSL Sign Language I, II & III	14
Quality Standards – ISO 9001 2000	63
Placement Advice & Guidance	14
NVQ Workshop & Support Sessions	16

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### Employment Support Scheme

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

This year the average number of people USEL employed under the terms of the Scheme was 624. An analysis of job category and major disability classification of the USEL placements is as follows: -

#### JOB CATEGORY - ES SCHEME

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
MANAGEMENT	5	6	3	5	10	10	10	9
CLERICAL/ADMIN	124	139	142	143	147	149	153	152
SKILLED	42	44	21	19	18	18	16	17
MANUAL	141	162	273	285	291	302	318	316
SHOP RELATED	97	110	115	114	109	113	121	122
SUPERVISORY	61	73	8	10	9	8	7	8
<b>TOTAL</b>	<b>470</b>	<b>534</b>	<b>562</b>	<b>576</b>	<b>584</b>	<b>600</b>	<b>625</b>	<b>624</b>

#### DISABILITY CLASSIFICATION - ES SCHEME

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
SENSORY	116	124	84	84	78	76	73	74
LEARNING	182	215	256	262	270	294	326	327
PHYSICAL	146	169	189	200	210	202	202	201
HIDDEN	26	26	33	30	29	28	24	22
<b>TOTAL</b>	<b>470</b>	<b>534</b>	<b>562</b>	<b>576</b>	<b>584</b>	<b>600</b>	<b>625</b>	<b>624</b>

### Job broking service

USEL has been operating the Job Broker Service under the New Deal for Disabled People on behalf of the DEL's Disablement 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 continues to deliver this service to 20 out of Northern Ireland's 26 District Council areas from our Cambrai Street headquarters and from an office located in Market Street, Portadown. To promote the programme the Job Broking Team also make use of other premises, such as community groups, as well as undertaking many home visits.

USEL has quickly established itself as the leading Job Broker in Northern Ireland and this year was successful in obtaining sustainable work for 81 people out of 218 registrations.

### Work experience

USEL manufacturing operation also offers and supports disabled people partaking in work experience or job-sampling 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 also has been used as a tool in job preparation for some people from on the Job Broking service. Over 60 disabled people have accessed this service within the USEL's manufacturing operation this year and this equates to 10 full time employees.

A further 5 disable people receive long-term support from USEL, in partnership with Nortel, and they are supervised and

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### Numbers employed and on work placement

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

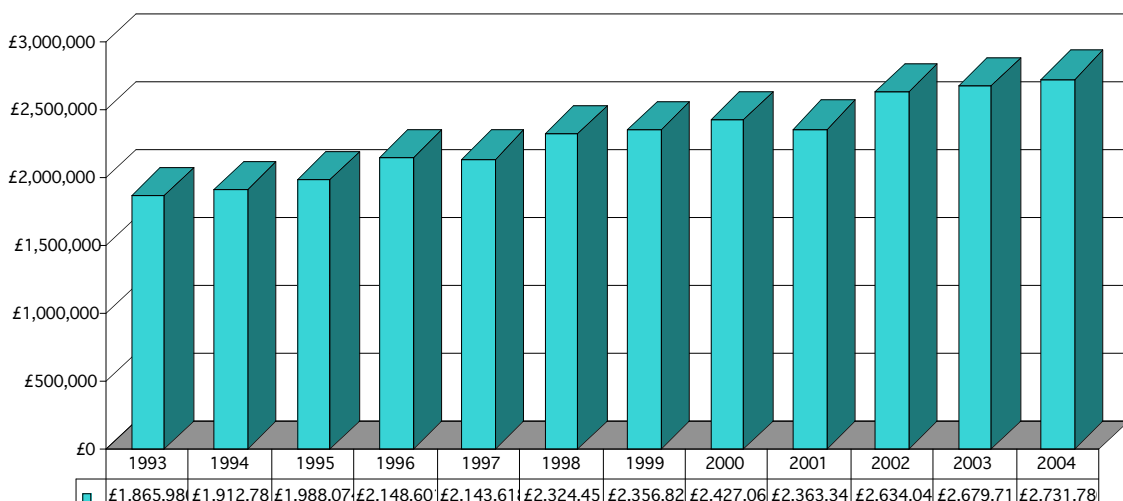
LOCATION	NUMBER OF PEOPLE
USEL Factory	62
Warehousing for Aunt Mollies Foods	2
CCTV – Monitoring for NTL	10
CCTV – Monitoring for Derry CCI	6
<b>MANUFACTURING TOTAL</b>	<b>80</b>
Employment Support Scheme	624
Factory Work Experience – Full time equivalent	10
Nortel – In Training & Development	5
Job Broker Service – Pre-registration	444
Registered this year	218
Progressed into paid employment this year	81
<b>TRAINING &amp; DEVELOPMENT TOTAL</b>	<b>1068</b>
Number of non disabled people	24
<b>OVERALL TOTAL</b>	<b>1172</b>

### Financial analysis

#### Sales Analysis

The Sales income that the Company generated in the past year amounted to £2,731,780, which represents a growth of 1.9% over last years level. The income in the past 2 years has ‘levelled off’ somewhat due to the transfer of USEL placements, within the ES programme, changing from a USEL’s employee status into a direct employment status with their host company. An illustration of income received over the past 10 years is shown below.

SALES INCOME



SALES PROFILE LAST 12 YEAR

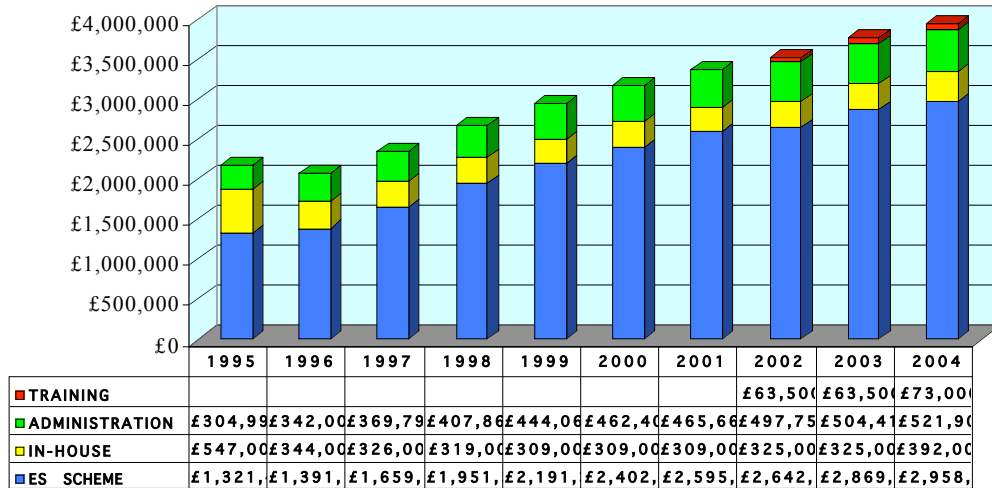
#### Funding and Administration Fee Income

The total funding and administration fee income received from DEL this year amounts to £3,945,570 and represents 57% of USEL’s turnover. This funding is made up of a training allowance, an administration fee for employment support scheme, deficit funding for the manufacturing operation and the employment support wage subsidy. The largest portion of the funding

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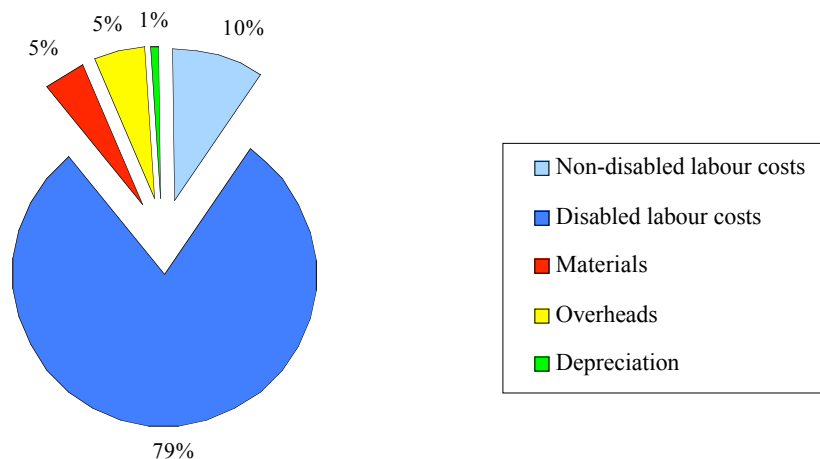
to USEL is the wage subsidy for the ES Scheme and this represents 75% of the total funding USEL receive. Details of the funding income received from DEL in the year 2003/04 are given in the following chart.



DEL FUNDING

### Analysis of Expenditure

In the financial year 2003/04 USEL's total expenditure was £6,861,921. It is interesting to note that of the expenditure some 79% or £5,431,994 is made up of wages and salaries paid directly to disabled people. An illustration of key areas of expenditure is shown in the chart below.



EXPENDITURE 2003-04

### Cost per Disabled Job

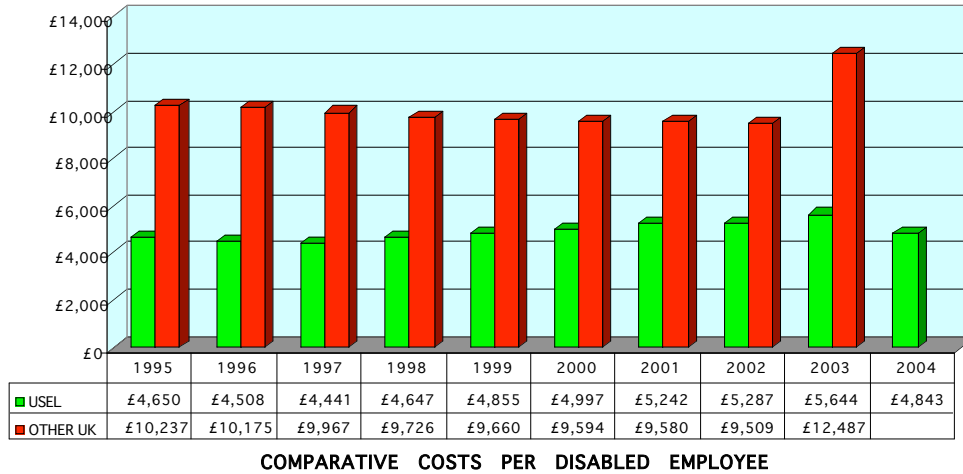
Since USEL broadened its operating objective additional training costs have been incurred. Despite these costs the Company aim to offer value for money to the Tax Payer. To achieve this the Management Team is committed to providing a quality and efficient service in the delivery of all of its programmes.

# Ulster Supported Employment Limited

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

### Cost per Disabled Job (continued)

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 reduction in the cost per job this year has been mainly achieved by the impact of the Company's delivery of the Job Broking Programme whereas Remploy in the most recent figures received an increase in funding of £19.1 million with a reduced workforce. The cost comparison per disabled job for the past 10 years is illustrated in the chart overleaf: -



### The future

USEL with its new operating objective and based in a new modern location, is continuing to go from strength to strength. The introduction of a comprehensive programme for training and personal development has been of great benefit to all of our employees. In the past year through these activities the Company has seen 6 factory employees obtain employment within the open labour market. USEL has continued to foster strong relationships with the other groups within the disability sector and this has had a positive impact on the 'image' of USEL and the work that we do. Throughout the Company the working environment is superb and this has allowed employees the opportunity to make an informed decision about their own personal career choices.

Substantial changes to the Employment Support Scheme have been delayed due to a lack of available funding. At this stage it appears that the revised ES Scheme will not be introduced until 2005. USEL have made a tremendous success of the Job Broking Service and have obtained employment for nearly 250 people since the introduction of this programme. Following an 8-month review by Deloitte Consulting this programme is also to be revised and to facilitate the change an extension to the contract of 6-months, to September 2004, was granted. USEL have also made a bid to operate a pilot Work Preparation Programme in North and West Belfast and if successful this programme will commence in July or August 2004.

The Management Team look to the future with optimism despite the potential threat to our business caused by the review of both the ES Scheme and Job Broking Service. The Company hopes to achieve the ISO 9001 quality standard for all our programmes before the end of 2004. USEL has made a real difference to the lives of many disabled people in Northern Ireland and I believe that there are skills within USEL that could be used to make a positive impact upon those people who could be regarded as being 'socially disadvantaged'. This area of work may provide the Company with significant growth opportunities in the years ahead.

USEL is the largest provider of employment for disabled people in Northern Ireland and are determined to remain in that premier position. We offer a quality delivery of service combined with value for money but this has only been achieved by the hard work of my staff and the continued support given by DAS.

**Mitchel Wylie**  
 Chief Executive

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

25 August 2004

# **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 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.

# **Ulster Supported Employment Limited**

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

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### **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 2004 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  
25 August 2004

# Ulster Supported Employment Limited

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## Income and expenditure account for the year ended 31 March 2004

	Notes	2004 £	2003 £
<b>Turnover</b>	2	<b>2,731,780</b>	2,679,715
Contributions from DEL		<b>3,980,570</b>	3,835,423
		<b>6,712,350</b>	6,515,138
Staff costs	5	<b>(6,058,915)</b>	(5,965,928)
Other operating costs	6	<b>(744,450)</b>	(568,777)
Depreciation		<b>(58,556)</b>	(98,329)
		<b>(6,861,921)</b>	(6,633,034)
<b>Operating deficit</b>		<b>(149,571)</b>	(117,896)
Notional cost of capital	19	<b>(109,406)</b>	(110,863)
Interest receivable and other income		<b>75,174</b>	19,148
Deferred income released	12	<b>16,000</b>	16,000
<b>Deficit for the year</b>	3	<b>(167,803)</b>	(193,611)
Notional credit cost of capital	19	<b>109,406</b>	110,863
<b>Deficit for the year attributable to DEL revenue account</b>		<b>(58,397)</b>	(82,748)
DEL revenue account at beginning of year		<b>(826,046)</b>	(743,298)
<b>DEL revenue account at end of year</b>	13(b)	<b>(884,443)</b>	(826,046)

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

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## Statement of total recognised gains and losses for the year ended 31 March 2004

	2004	2003
	£	£
Deficit for the financial year	(58,397)	(82,748)
Unrealised surplus on revaluation of plant, office equipment and motor vehicles to current replacement cost	(1,019)	26,226
<b>Total recognised losses</b>	<b>(59,416)</b>	<b>(56,522)</b>

Approved by the Board of Directors on 25 August 2004

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)

## Balance sheet at 31 March 2004

	Notes	2004 £	2003 £
<b>Fixed assets</b>			
Tangible assets	8	1,790,531	1,865,752
<b>Current assets</b>			
Stocks	9	136,877	102,408
Debtors	10	1,105,995	1,053,327
Bank balances and cash		180,592	105,988
		1,423,464	1,261,723
<b>Creditors: amounts falling due within one year</b>	11	(1,106,630)	(979,694)
<b>Net current assets</b>		316,834	282,029
<b>Total assets less current liabilities</b>		2,107,365	2,147,781
<b>Deferred income</b>	12	(752,000)	(768,000)
<b>Net assets</b>		1,355,365	1,379,781
Loan – Department for Employment and Learning,	13a	2,125,260	2,090,260
General fund	13b	(884,443)	(826,046)
Revaluation reserve	20	114,548	115,567
		1,355,365	1,379,781

Approved by the Board of Directors on 25 August 2004

D Russell  
Chairman

JM Wylie  
Chief Executive

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

# Ulster Supported Employment Limited

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## Cash flow statement for the year ended 31 March 2004

	Notes	2004 £	2003 £
<b>Net cash outflow from operations</b>			
Net cash outflow from operating activities	15(a)	(4,211,991)	(4,073,778)
Net cash inflow – DEL contributions	15(b)	4,015,570	3,879,923
<b>Net cash outflow from operating activities</b>		<b>(196,421)</b>	<b>(193,855)</b>
<b>Returns on investments and servicing of finance</b>	16(a)	<b>67,726</b>	<b>7,842</b>
<b>Capital expenditure</b>	16(a)	<b>23,094</b>	<b>(26,104)</b>
<b>Decrease in cash</b>		<b>(105,601)</b>	<b>(212,117)</b>
<b>Net debt at 1 April 2003</b>		<b>(261,471)</b>	<b>(49,354)</b>
<b>Net debt at 31 March 2004</b>	16(b)	<b>(367,072)</b>	<b>(261,471)</b>

Approved by the Board of Directors on 25 August 2004

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)

### Notes to the financial statements for the year ended 31 March 2004

#### 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 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 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

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## 2 Turnover

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

	2004	2003
	£	£
Trading income	738,882	602,987
Contract services	302,961	256,838
Employment support plus job broking	1,689,937	1,819,890
	<b>2,731,780</b>	<b>2,679,715</b>

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

## 3 Deficit for the year

This is stated after charging/(crediting):

	2004	2003
	£	£
Auditors' remuneration - Internal audit	3,200	3,100
- External audit	2,750	2,750
Depreciation	58,556	98,329
Profit on sale of fixed assets	(7,448)	(11,306)
Interest receivable	(3,948)	(1,137)

## 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 2004 £
D Russell (Chairman)	60	2,883	-	-
Mr P Bogues (Director)	52	1,676	-	-
A Hanna (Director)	38	1,140	-	-
Mrs E Fiddis Carville (Director)	59	1,210	-	-
Mrs H Bowman (Director)	56	1,430	-	-
Mrs K Murphy (Director)	66	1,254	-	-
JM Wylie (Chief Executive)	58	55,281	1,343	7,601

“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.

# Ulster Supported Employment Limited

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## 5 Staff particulars

	2004	2003
	£	£
<b>Staff costs comprise:</b>		
Wages and salaries	5,429,736	5,434,714
Social security costs	279,239	267,314
Other pension costs	349,940	263,900
	<b>6,058,915</b>	<b>5,965,928</b>

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

	2004	2003
	£	£
Management and administration	25	25
Production distribution and sales	80	76
Employment support	631	625
	<b>736</b>	<b>726</b>

# Ulster Supported Employment Limited

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## 6 Other operating costs

	2004	2003
	£	£
Materials	304,486	223,119
Light, heat and power	42,082	10,285
Rent and rates	13,531	13,849
Repairs	17,493	16,385
Tools	507	1,295
Telephone	13,628	12,242
Canteen	2,390	116
Discounts received	(233)	(1,993)
General expenses	19,427	21,437
Insurance	111,204	91,615
Advertising	7,330	18,913
Audit - internal audit	3,200	3,100
- external audit	2,899	5,356
Bad debts written off	1,935	3,803
Computer	15,183	22,408
Debt collection	2,152	1,725
Discount allowed	2,649	656
Motor expenses	38,774	18,076
Packing	-	1,441
Postage	5,934	5,175
Printing and stationery	12,141	11,061
Travel	5,375	27,728
Training	5,215	2,848
Legal and professional fees	7,061	1,381
Bank charges	2,382	2,256
FETE expenses	-	560
Security Costs	52,434	42,365
Consultancy Fees	20,217	11,575
Provision for doubtful debts	35,054	-
	<b>744,450</b>	<b>568,777</b>

# Ulster Supported Employment Limited

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## 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 2003	1,794,210	578,094	176,652	2,548,956
Additions	-	33,006	14,500	47,506
Disposals	-	(79,756)	(156,802)	(236,558)
On revaluation	-	(1,355)	-	(1,355)
<b>At 31 March 2004</b>	<b>1,794,210</b>	<b>529,989</b>	<b>34,350</b>	<b>2,358,549</b>
<b>Depreciation</b>				
At 31 March 2003	71,866	497,762	113,576	683,204
Charge for year	35,884	19,049	3,623	58,556
On disposals	-	(79,679)	(93,727)	(173,406)
On revaluation	-	(336)	-	(336)
<b>At 31 March 2004</b>	<b>107,750</b>	<b>436,796</b>	<b>23,472</b>	<b>568,018</b>
<b>Net book value</b>				
<b>At 31 March 2004</b>	<b>1,686,460</b>	<b>93,193</b>	<b>10,878</b>	<b>1,790,531</b>
At 31 March 2003	1,722,344	80,332	63,076	1,865,752

The company's assets have been revalued at 31 March 2004 using the indices from the Office for National Statistics and the overall deficit of £1,019 (2003: surplus of £26,226) after depreciation, was transferred to the revaluation reserve (see note 20).

## 9 Stocks

	2004 £	2003 £
Raw materials	108,762	88,224
Work in progress	12,619	5,733
Finished goods	20,496	13,451
Provision for slow moving stock	(5,000)	(5,000)
	<b>136,877</b>	<b>102,408</b>

# Ulster Supported Employment Limited

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## 10 Debtors

	2004	2003
	£	£
Trade debtors - trade	215,635	182,904
- employment support	538,448	496,434
Retention monies outstanding from DEL	322,411	348,325
Other debtors	24,170	19,156
Prepayments and accrued income	5,331	6,508
	<b>1,105,995</b>	<b>1,053,327</b>

## 11 Creditors: amounts falling due within one year

	2004	2003
	£	£
Bank overdraft	547,664	367,459
Trade creditors	66,939	48,670
Other taxation and social security	59,323	102,817
Other creditors	3,037	32,802
Accruals and deferred income	429,667	427,946
	<b>1,106,630</b>	<b>979,694</b>

## 12 Deferred Income

	2004	2003
	£	£
At 31 March 2003	768,000	784,000
Amount released to income and expenditure	(16,000)	(16,000)
<b>At 31 March 2004</b>	<b>752,000</b>	<b>768,000</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

	2004	2003
	£	£
At 31 March 2003	2,090,260	2,045,760
Advances in year	37,300	54,790
Proceeds of disposal of fixed assets	(2,300)	(10,290)
<b>At 31 March 2004</b>	<b>2,125,260</b>	<b>2,090,260</b>

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## 13b General Fund

	2004	2003
	£	£
At 31 March 2003	(826,046)	(743,298)
Transfer from income and expenditure account	(58,397)	(82,748)
<b>At 31 March 2004</b>	<b>(884,443)</b>	<b>(826,046)</b>

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.

## 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

	2004	2003
	£	£
<b>(a) Net cash outflow from operating activities:</b>		
Operating deficit	(149,571)	(117,896)
Exclude contributions received and receivable from the Department for Employment and Learning	(3,980,570)	(3,835,423)
Trading loss	(4,130,141)	(3,953,319)
Depreciation	58,556	98,329
(Increase)/decrease in stocks	(34,469)	(4,269)
Decrease in debtors	(52,668)	(226,441)
(Decrease)/increase in creditors	(53,269)	11,922
	<b>(4,211,991)</b>	<b>(4,073,778)</b>
<b>(b) Net cash inflow from DEL contributions</b>		
Contributions from DEL	3,980,570	3,835,423
Increase in DEL loan creditor	35,000	44,500
	<b>4,015,570</b>	<b>3,879,923</b>

## 16a Gross cash flows

	2004	2003
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	67,726	7,842
<b>Capital expenditure</b>		
Payments to acquire fixed assets	(47,506)	(50,483)
Receipts from sales of tangible fixed assets	70,600	24,379
	<b>23,094</b>	<b>(26,104)</b>

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

# Ulster Supported Employment Limited

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## 16b Analysis of changes in net debt

	At 1 April 2003 £	Cash Flows £	At 31 March 2004 £
<b>Returns on investments and servicing of finance</b>			
Cash in hand and at bank	(261,471)	(105,601)	<b>(367,072)</b>

## 17 Financial commitments

At 31 March 2004 authorised future capital expenditure amounted to £Nil (2003: £Nil).

## 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 £109,406 (2003: £110,863).

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

	2004 £	2003 £
Balance at 31 March 2003	115,567	89,341
Revaluation of buildings, plant, office equipment and motor vehicles	(1,019)	26,226
<b>Balance at 31 March 2004</b>	<b>114,548</b>	115,567

## 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 2003. 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 who have not yet retired) and 5.5% in respect of assets backing pensions in payment, that salary increases would average 4% 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 £348,591 (2003: £265,455).

The valuation showed that the market value of the scheme's assets was £2,046,000 and that the actuarial value of those assets represented 89% of the benefits that had accrued to members after allowing for future increases in earnings. The contributions of the company were set at 13%.

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## 21 Commitment to pension fund (continued)

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 2004 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	31 March 2004	31 March 2003	31 March 2002
	%	%	%
Rate of increase in salaries	4.00	4.00	4.50
Rate of increase of pensions in payment	2.50	2.50	2.50
Discount rate	5.50	5.50	6.00
Inflation assumption	2.50	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 2004 %	Value at 31 March 2004 £'000	Long term rate of return expected at 31 March 2003 %	Value at 31 March 2003 £'000	Long term rate of return expected at 31 March 2002 %	Value at 31 March 2002 £'000
Equities	7.50	2,876	7.50	2,009	8.00	2,347
Cash	4.00	11	4.00	38	4.00	41
Total market value of assets		2,887		2,047		2,388
Actuarial value of liability		(5,398)		(4,932)		(4,068)
Deficit in the scheme		(2,511)		(2,885)		(1,680)
Related deferred tax asset/ (liability)		-		-		-
<b>Net pension liability</b>		<b>(2,511)</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 2004 and 31 March 2003 would be as follows:

	2004 £'000	2003 £'000
<b>Balance sheet presentation</b>		
Net assets excluding pension liability	1,355	1,380
Pension liability	(2,511)	(2,885)
<b>Net liabilities including pension liability</b>	<b>(1,156)</b>	<b>(1,505)</b>
	2004 £'000	2003 £'000
<b>Reserve note</b>		
General fund excluding pension liability	(884)	(826)
Pension reserve	(2,511)	(2,885)
<b>General fund reserve</b>	<b>(3,395)</b>	<b>(3,711)</b>

The following amounts would have been recognised in the performance statements in the year to 31 March 2004 under the

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## 21 Commitment to pension fund (continued)

	2004	2003
	£'000	£'000
Current service costs	326	314
Past service cost	-	-
<b>Total operating charge</b>	<b>326</b>	<b>314</b>

### Other finance income

	2004	2003
	£'000	£'000
Expected return on pension scheme assets	160	203
Interest on pension liabilities	(277)	(256)
<b>Net return</b>	<b>(117)</b>	<b>(53)</b>

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

	2004	2003
	£'000	£'000
Actual return less expected return on assets	472	(876)
Experience gains and losses on liabilities	-	294
Changes in assumptions	-	(521)
<b>Actuarial loss recognised in STRGL</b>	<b>472</b>	<b>(1,103)</b>

### Movement in deficit during the year

	2004	2003
	£'000	£'000
Deficit in scheme at beginning of year	(2,885)	(1,680)
Movement in year:		
Current service cost	(326)	(314)
Contributions	345	265
Other finance income/(cost)	(117)	(53)
Actuarial gain/(loss)	472	(1,103)
<b>Deficit in scheme at end of year</b>	<b>(2,511)</b>	<b>(2,885)</b>

### History of experience gains and losses

	2004	2003
	£'000	£'000
Difference between expected and actual return on scheme assets		
Amount (£'000s)	472	(876)
Percentage of scheme assets	16%	(43%)
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)	472	(1,103)
Percentage of the present value of the scheme liabilities	(9%)	(22%)

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## 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 (ES) £	Balance due from/(to) DEL (Job Broking) £	Retention monies due £	Loan £	Grants received £
<b>Department for Employment and Learning</b>					
<b>31 March 2004</b>	<b>280,496</b>	<b>20,680</b>	<b>322,411</b>	<b>2,125,260</b>	<b>4,015,570</b>
31 March 2003	234,991	(29,690)	348,325	2,090,260	3,879,923

**Appendix 1**

**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 2004 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.

**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.

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## Income and expenditure account for the year ended 31 March 2004

	Schedule	2004 £	2003 £
Turnover	1	2,731,780	2,679,715
<b>Other operating income</b>			
Contributions from Department for Employment and Learning		3,980,570	3,835,423
		<b>6,712,350</b>	6,515,138
<b>Operating costs</b>			
(Increase)/decrease in stocks of finished goods and work in progress	2	(13,931)	3,109
Raw materials and consumables	3	318,417	220,009
Other external charges	4	262,749	196,878
Staff costs: - wages and salaries		5,429,736	5,434,714
- social security costs		279,239	267,314
- other pension costs		349,940	263,900
Depreciation	5	58,556	98,329
Other operating charges	6	177,215	148,781
		<b>(6,861,921)</b>	6,633,034
<b>Operating deficit</b>		<b>(149,571)</b>	(117,896)
Notional cost of capital		(109,406)	(110,863)
Interest receivable and other income	7	75,174	19,148
Deferred income released		16,000	16,000
<b>Deficit before notional cost of capital</b>		<b>(167,803)</b>	(193,611)
Notional credit cost of capital		109,406	110,863
<b>Deficit for the year transferred to DEL revenue account</b>		<b>(58,397)</b>	(82,748)
DEL revenue account at beginning of year		(826,046)	(743,298)
<b>DEL revenue account at end of year</b>		<b>(884,443)</b>	826,046

Pages 33 to 36 do not form part of the statutory accounts.

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## Schedules to Income and Expenditure account for the year ended 31 March 2004

### 1 Turnover

	2004	2003
	£	£
Bedding	478,463	307,862
Travel goods and chair caning	260,419	295,125
Contract services	302,961	256,838
Employment support	1,689,937	1,819,890
	<b>2,731,780</b>	<b>2,679,715</b>

### 2 Finished goods and work in progress

	2004	2003
	£	£
Opening stock	19,184	22,293
Closing stock	(33,115)	(19,184)
(Increase)/decrease	(13,931)	3,109

### 3 Raw materials and consumables

	2004	2003
	£	£
Opening stock	88,224	80,846
Purchases	338,955	227,387
	<b>427,179</b>	<b>308,233</b>
Closing stock	(108,762)	(88,224)
	<b>318,417</b>	<b>220,009</b>

# Ulster Supported Employment Limited

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## 4 Other external charges

	2004	2003
	£	£
Light heat and power	42,082	10,285
Rent and rates	13,531	13,849
Repairs - buildings	6,186	9,932
- machinery	11,307	6,453
Tools	507	1,295
Telephone	13,628	12,242
Canteen	2,390	116
Discount received	(233)	(1,993)
General expenses – 50% allocation	9,713	10,719
Security Costs	52,434	42,365
Insurance	111,204	91,615
	<b>262,749</b>	<b>196,878</b>

## 5 Depreciation

	2004	2003
	£	£
Buildings	35,884	35,884
Plant and office equipment	19,049	23,655
Motor vehicles	3,623	38,790
	<b>58,556</b>	<b>98,329</b>

# Ulster Supported Employment Limited

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## 6 Other operating costs

	2004	2003
	£	£
Advertising	7,330	18,913
Audit - internal audit	3,200	3,100
- external audit	2,899	5,356
Bad debts	36,989	3,803
Computer	15,183	22,409
Debt collection	2,152	1,725
Discount allowed	2,649	656
General expenses – 50% allocation	9,714	10,718
Motor expenses and carriage	38,774	18,076
Packing	-	1,441
Postage	5,934	5,175
Printing and stationery	12,141	11,061
Travel and expenses	5,375	27,728
Training	5,215	2,848
Legal and professional fees	7,061	1,381
Bank charges	2,382	2,256
Consultancy Fees	20,217	11,575
FETE expenses	-	560
	<b>177,215</b>	<b>148,781</b>

## 7 Interest receivable and other income

	2004	2003
	£	£
Bank interest	3,948	1,137
Other income	63,778	6,705
Profit on sale of fixed assets	7,448	11,306
	<b>75,174</b>	<b>19,148</b>