

**Registered No. NI 005192**

**Ulster Supported Employment Limited  
Annual Report and Accounts  
for the year ended 31 March 2024**

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**DIRECTORS AND ADVISERS**

**Directors**

William Leathem (Chairman)  
Raymond Donnelly  
Dermot O'Hara (resigned on 10 December 2024)  
Joan Cowan (resigned on 31 July 2023)  
Ray Havlin  
Sarah Wakfer  
Damian Duffy

**Chief Executive and Accounting Officer**

B Atkinson (resigned on 22 September 2023)  
S Jackson (acting 19 February – 18 June 2023, 19 September – 19 December 2023)  
D Cowan (acting 18 January – 18 February 2023, 19 June – 18 September 2023)  
S Jackson (Interim 15 January 2024 – 16 April 2025, Permanent from 17 April 2025)

**Company Secretary**

B Atkinson (resigned 31 January 2023)  
M Hegarty (appointed 1 February 2023)  
M Hegarty (resigned 23 February 2024)  
S Jackson (appointed 23 February 2024)

**Registered Office**

182 - 188 Cambrai Street  
Belfast  
BT13 3JH

**Bankers**

Danske Bank Limited  
Donegall Square West  
Belfast  
BT1 6JS

**Solicitors**

Johns Elliot & Co  
40 Linenhall Street  
Belfast  
BT2 8BA

**Statutory Auditor**

Comptroller & Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

## **CHIEF EXECUTIVE'S FOREWORD**

I am pleased to present our Annual Report and Financial Statements for 2023-2024.

I would like to extend my most sincere appreciation, as well as that of the Senior Management Team, for the remarkable efforts our staff have exerted over the past twelve months. Their unwavering dedication has consistently resulted in the production and provision of a diverse range of goods and services, which have been instrumental in reinforcing Ulster Supported Employment Limited (Usel) as a premier provider of disability employment support throughout Northern Ireland.

The fiscal year 2023-24 posed significant challenges within the organisation. Nevertheless, I am immensely proud of our collective ability to navigate these challenges. We have not only managed to surmount these challenges but have also continued to excel across all facets of our operations. We remain steadfast in our commitment to delivering high-quality outcomes for individuals with health-related conditions and disabilities.

### **Employment Services**

Our employment services teams have demonstrated exceptional perseverance, supporting over one thousand clients across all our employment support and training programmes. Their unwavering commitment has ensured the delivery of an exemplary standard of disability employment support through our five employment programmes. The Ability Cafes have continued to be a success in helping people with disabilities get into employment, through the excellent training and mentoring programme that the cafes run.

### **Recycling and Manufacturing**

Our recycling and manufacturing teams have worked with unflagging diligence over the past year, providing invaluable support to our stakeholders and offering critical recycling and manufacturing services to both central and local government. Their efforts have been pivotal in maintaining our operational excellence.

### **Corporate Services**

The corporate services team has been instrumental in underpinning the entire business throughout the year. Their adaptability and resilience have been crucial in a rapidly evolving environment. The unwavering focus and energy of this team have enabled the operational units to concentrate exclusively on delivering exceptional services to our clients and customers.

Despite the myriad challenges faced in 2023-24, I am confident that Usel will continue to advance as an organisation. This enduring progress is wholly attributable to the extraordinary team we have within Usel. Their passion and enthusiasm, demonstrated under challenging circumstances over the past twelve months, are the bedrock of our ongoing success and future aspirations.



**Scott Jackson**  
**Chief Executive Officer, Usel**  
**Date: 19 May 2025**

## **NON-EXECUTIVE BOARD MEMBER REPORT**

It is an honour and a privilege to pen this foreword as the Chairman of the Board of Ulster Supported Employment Limited (Usel).

For over 150 years from 1871-2024 we have been providing employment opportunities for people living with a disability or health condition at our sites in Belfast and across Northern Ireland. Over the years we have provided job opportunities across a range of sectors and industries.

We have diversified our business model on many occasions throughout the years to meet the ever-changing economic landscape and to continuously create employment opportunities for people with disabilities. Our mission has not changed since 1871, to Champion Ability!

Since becoming Chairman of Usel in 2019 I have seen first-hand the incredible work carried out every day by the staff, who are passionate and committed in making a difference to the lives of the people they meet. Usel would not be the place it is today without the past and present team that we have in place. I would like to take this opportunity to thank all the staff for their dedication to supporting people with disabilities to find or sustain employment.

Usel Staff have continued to support our key stakeholders and have been monumental in providing vital services and equipment for frontline services across Northern Ireland.

The strategic vision is a culmination of Usel's purpose and values, the findings of the baseline commercial review and its closely linked with the themes from the Department for Communities strategy. The Board has remained focused on the Company's key aim to help those with a disability or health related condition gain employment in terms of our four key strategic areas.

- Sustainability & Growth
- Wellbeing & Inclusion
- Agility & Innovation
- People Focused

The Chief Executive's Performance Report sets out the key business achievements over the last 12 months with growth in business activity being undertaken up to the end of March 2024.

A considerable amount of the Board's time is focused on ensuring sound and proper compliance throughout all aspects of our business. As Chair, I very much appreciate the diligent work undertaken by our committees, the Audit and Risk Assurance Committee under the chair of Mr Dermot O'Hara, the Finance subcommittee under the chair of Mr Damian Duffy and our People Organisation and Development (POD) committee under the chair of Mr Raymond Donnelly. All committees have worked well and have a work plan in place for the next year. I would also like to thank our rotating board Vice Chair Mrs Sarah Wakfer for all her help, guidance and support.

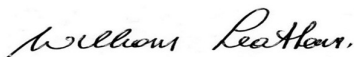
## NON-EXECUTIVE BOARD MEMBER REPORT (CONTINUED)

As a Non-Departmental Public Body (NDPB), the relationship with our sponsor Department is critical and it is essential that appropriate arrangements are in place to manage that relationship. These arrangements include monthly governance meetings between the Department for Communities (DfC) sponsor team and Usel's Senior Leadership Team. In addition, there are quarterly accountability meetings attended by Usel Chair and Accounting Officer, alongside the Director of Work and Wellbeing from DfC. Additionally, Usel and DfC are actively working towards finalising a draft partnership agreement. Once agreed, this will replace the current Management Statement and Financial Memorandum (MSFM), which is now outdated.

I would like to acknowledge the support received from our Sponsor Branch. We look forward to working with the Department in further developing the relationship arrangements between our two organisations.

The Board has been encouraged by the level of staff engagement that is undertaken on a regular basis. The Employee Performance Review is based on our Values Framework to ensure there is an accountable two-way process which supports, motivates, and enables the development of good practice for individual members of staff.

I have enjoyed working with the Board who I would like to thank for their help and assistance and their dedication. I would also pay tribute to all the Senior Management Team and all our staff. Their commitment and enthusiasm have been exemplary. The business model which has been developed is robust and challenging but will help to ensure the long-term sustainability of an organisation committed to 'Championing Ability'.



**William Leathem**  
**Chair of Usel Board**  
**Date: 19 May 2025**

## **PERFORMANCE REPORT**

### **Overview**

The performance overview provides an understanding of the board, its purpose and how it has performed during the year.

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

Usel is registered as a company limited by guarantee and operates in compliance with the Companies Act 2006. Usel has submitted the appropriate paperwork to the Charities Commission for Northern Ireland (CCNI) and while waiting to be called forward for assessment, remains on the CCNI "deemed list". Following discussions with the auditors in relation to Usel's status, it was decided that the Charities SORP reporting would be adopted in this year's annual report and accounts in accordance with Financial reporting Standard FRS 102.

Whilst Usel is an NDPB, it operates on a social enterprise business model. As a social enterprise, Usel is subject to the standard risks facing any business, such as sourcing materials cost effectively, competition and managing cash flow accordingly. Our products must be able to compete within the marketplace. The services delivered must meet client expectations. This ensures we maximise the benefit to our clients, and we deliver good value for money. Risk is managed via the Risk Register which is reviewed monthly at the Board meeting and at the Audit and Risk Assurance Committee. The Risk Management section within the Governance Statement provides further information on how risks were managed during the year.

### **Results for the year**

The results for the financial year are set out in the Statement of Financial Activities on page 54. Net income for the year was £207,821 (2022-23: Net expenditure of £220,714 (restated)). The Balance Sheet has improved during the year due to the reduction in the defined benefit pension liability. The Directors do not consider there is a risk of the Company not being a going concern. Confirmation of Grant-in-Aid funding for 2024-25 was subsequently received from the Department in June 2024 and an indicative allocation for 2025-26 has been received in May 2025.

On this basis, the Directors consider the Company's financial position at the year-end to be satisfactory.

On the issue of risk, the senior management team regularly review and update the Operational and Strategic risk registers. The risk register is discussed and updated by the directors at the monthly board meetings and reviewed in detail on a quarterly basis at the Audit and Risk Assurance Committee. This is further augmented by the detailed reporting of the Senior Management Team on the business in the monthly Board Report.

The central risks are mainly workforce related, ensuring adequate workforce planning, adequate succession planning, recruitment and retention of staff and managing increased costs. These risks are ongoing, considered likely with a significant impact. They are mitigated by the Board's Strategic Plan to align workforce planning to future income streams and the People and



## **PERFORMANCE REPORT (CONTINUED)**

Organisational Development committee (POD) is helping to manage some of these risks within the company. The Directors are satisfied there are robust plans and activities to manage these risks.

### **Business review**

The Company, whilst partially funded through grant-in-aid, operates three Departments, namely 'Manufacturing and Recycling' and 'Employment Services', which are supported by a 'Corporate Services' department.

66% (2022-23: 62.2%) of staff employed in the company have a disability.

#### Manufacturing and Recycling Department

The Manufacturing and Recycling Department operates from the factory on our Cambrai Street site, producing industrial sewing products. On 31 March 2024, there were 21 (2022-23: 17) staff in post. Approximately 76% (2022-23: 57%) of those employees live with a disability or health related condition.

Products are manufactured from raw material to finished products. All products are produced to a high standard and are compliant with relevant regulations, such as fire retardancy. Products are sold through a wide range of sources, with all surplus generated being reinvested into the organisation.

Within Usel's Circular Economy (recycling) department, mattresses, confidential waste, and cardboard are recycled. On 31 March 2024, there were 37 (2022-23: 36) staff in post. Approximately 65% (2022-23: 57%), of those employees live with a disability or health related condition. The benefit of the department extends beyond creating employment and delivers a positive environmental impact.

In 2023-24, 28,347 units (2022-23: 28,226 units), equating to 652 tonnes (2022-23: 638 tonnes) of mattresses were diverted from landfill.

Our confidential paper shredding has continued at a steady pace in 2023-24, whereby 71,296 Confidential Wastepaper bags were collected (2022-23: 77,793), equating to 1,170 tonnes (2022-23: 925 tonnes) which is 100% recycled. Uniforms shredded and diverted during 2023-24 equating to 35.2 tonnes (2022-23: 10).

In 2023-24 we recycled 584 tonnes of cardboard.

#### Employment Services Department

The Employment Services department delivers a supported employment model to approximately 1,100 clients across Northern Ireland. Employment Services contracts are gained by tendering in open competition. As of 31 March 2024, this Department is comprised of 48 staff who deliver the programme mix subject to the contract area and the client throughput. The Employment Services team comprises a mixture of client facing personnel known as Employment Services Officers and Employer Engagement Officers supported in a back-office function by administrators, marketing, and management functions.

**PERFORMANCE REPORT (CONTINUED)**

The Ability Café brand comes under the Employment Services Department and as of 31 March 2024 employs over 59 staff. The cafés have enabled Usel to train participants on our Empower programme and Skills for Life and Work (SFLW) programme, who have an interest in working in the hospitality sector. The training provides accredited and non-accredited training, in areas such as food preparation, customer service, teamwork and food hygiene. This training has been a great success and over 60% of the participants who undertook training at the Ability Cafe during the year progressed into supported employment. All the participants that gained employment and who met the criteria then moved on to our Workable programme.

Approximately 75% of staff employed at the cafes have a disability or health-related condition. The cafes generated an income of over £1,072,700 in 2023-2024. The cafes that Usel operated during 2023-24 were Ballycopeland Windmill, Belfast Castle, The Foundry, The Stables and Belfast Zoo.

**Corporate Services**

In 2023-24, the administration and management sections delivered support in a range of functions, namely Finance, ICT, Compliance, and HR. On 31 March 2024, 28 (2022-23: 24) staff were employed in this department. Approximately 25% (2022-23: 29%) have a disability or health related condition.

During 2023-24, Usel's health and well-being program continued with monthly wellbeing sessions, covering issues such as healthy eating with rising cost of living prices and a specific focus on men's health.

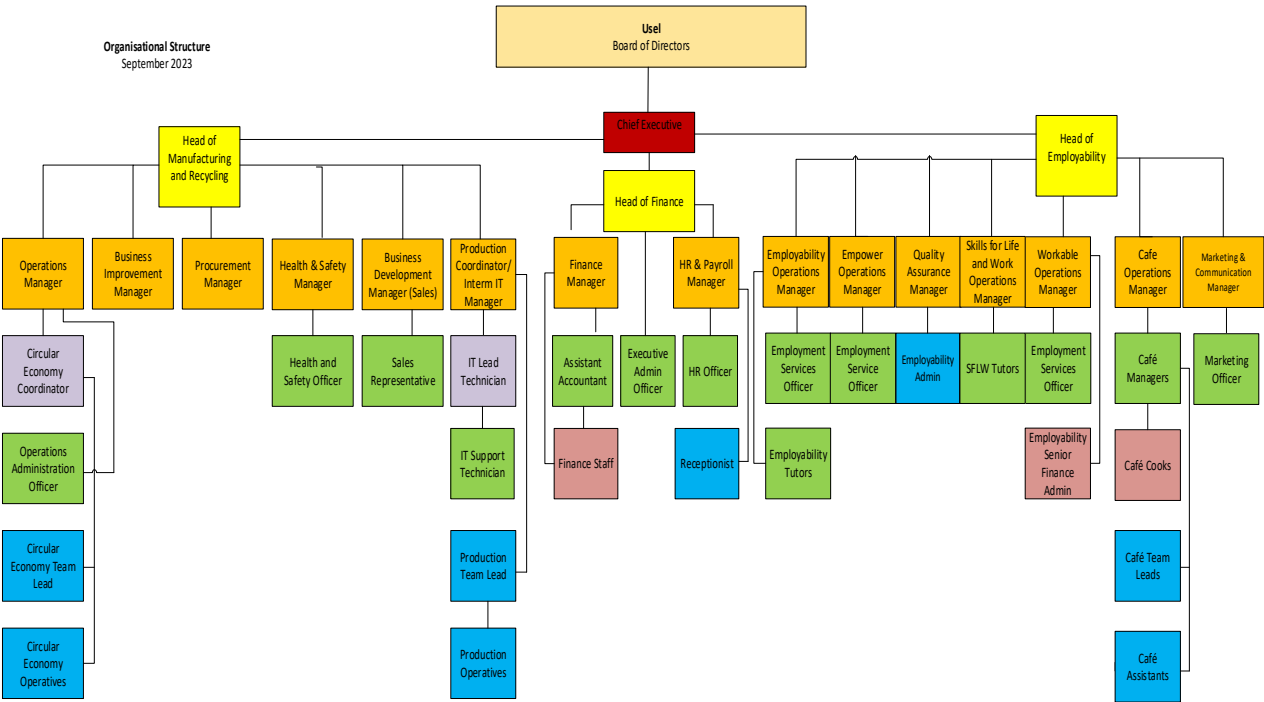
**Purpose**

The Usel core focus remains supporting people who live with disabilities or health related conditions and moving them closer to, into and within employment, training and further education. The Usel logo of "U-Make, U-Work, U-Learn" is provided for through the different sectors of the organisation and this can be seen in the detail outlined in this report.

PERFORMANCE REPORT (CONTINUED)

Company Structure

The management structure of the Company is set out below:



Going Concern

The Balance Sheet has improved during the year due to the reduction in the defined benefit pension liability. Confirmation of Grant-in Aid funding for 2024-25 was received from the Department in June 2024 and an indicative allocation for 2025-26 has been received in May 2025

## PERFORMANCE REPORT (CONTINUED)

### Performance Analysis

This section of the report presents the corporate perspective on the company's performance over the period 2023-24. It also summarises the purpose and activities of the company.

Usel's Strategic Plan for 2022-2027 was signed off and implemented during the year. Usel has developed a road map for the strategy which brings together the purpose, values and behaviours and themes into defined objectives to be achieved over the life of the plan. Usel continues to embed the core methodology of the balanced score card across the organisation with business and team performance managed via a range of key performance indicators.



As Usel continues to focus efforts on growing, the business' ability to network and partner effectively is a critical skill. The need to identify strategic partners and partners who have a desire to collaborate is now a key business driver. Usel's ability to develop sustainable business relationships with partners across the various geographies including within NI, outside NI and across the main sectors in which the Company operates (private, public, voluntary and community sectors), specifically in relation to social enterprise, is now a key element within business activity.

## PERFORMANCE REPORT (CONTINUED)

### Objectives and Strategies

As Usel is an Arm's Length Body within DfC, Usel is committed to supporting DfC and wider government strategies. The strategic plan therefore complements the Draft Programme for Government Outcomes Framework, DfC's Building Inclusive Communities Strategy 2020-2025 and DfC's Disability Actions Plan 2020-2024. The Cross-Cutting Themes identified in DfC's Building Inclusive Communities Strategy 2020-2025 that are relevant to Usel are:



Objective	Strategic Theme	Activities	Progress to Date	RAG status
To become economically and environmentally sustainable	Sustainability & Inclusive Growth Agility & Innovation	Consolidate manufacturing Explore new service lines Grow Ability Cafes Consolidate and grow Employment Services	<b>2023-24:</b> New contracts secured across mattress recycling, confidential shredding, fulfilment works and industrial sewing. Contract secured for Industrial Sewing with Amber Fire. Storage contract secured with Youth Action.	<b>GREEN</b>
Lead provider of disability employment in NI	Agility & Innovation Wellbeing & Inclusion	Develop and implement people plan	<b>2023-24:</b> People strategy developed and implemented to run alongside strategic plan. HR business plan devised from the people strategy for the year by the POD committee with focus areas being Employee Resourcing, Employee reward & recognition, Employee relations, Employee development and Employee engagement.	<b>GREEN</b>

## PERFORMANCE REPORT (CONTINUED)

Objective	Strategic Theme	Activities	Progress to Date	RAG status
<p>To successfully champion inclusion in the workplace</p> <p>To be the partner of choice for the Department for Communities</p>	<p>Sustainability &amp; Inclusive</p> <p>Wellbeing &amp; Inclusion</p>	<p>Develop and implement communication and engagement plan</p>	<p><b>2023-24:</b> Strong results across all employment programmes with targets achieved during the year on Workable and Empower. 10 new learners recruited to our Skills for Work and Life programme during the year. We have recruited 20 clients on the SFLW Disability Support programme. Usel has secured a 2-year contract with SPFUK as lead contractor of the Empower programme working alongside Disability Action and Specialisterne, which commenced in April 2023. Working alongside DfC on the Job Start programme through an SLA with DfC which started in April 2023. We have partnered with Belfast Met to run the Dare strand of the Step-Up Programme.</p>	<b>GREEN</b>

## PERFORMANCE REPORT (CONTINUED)

### Detailed Analysis

This section of the report provides a more detailed analysis of the employment programmes including project aims and deliverables. The information on the Ability cafés is included in the Business Review above.

#### Employment Services Department:

##### **A: Employment Support Scheme**

The Employment Support programme (ES) provides long term support for people with disabilities and health related conditions to enable them to sustain employment and overcome any barriers or difficulties in relation to their disability. Usel remains the largest provider of this programme in Northern Ireland with 242 clients remaining active on the programme at the year-end and a total of 256 supported over the year. We had 14 leavers over 2023-24 on this Programme.

##### **B: Empower**

The UK Shared Prosperity Fund (UKSPF) project, Empower (Engage, Motivate, Plan, Options, Work, Employers, Retention), assists people living with a disability who are currently economically inactive in finding employment. Usel offers comprehensive support services such as employability training, qualifications, work placements, wellbeing support, supported employment, and employment-led academies.

The project aimed to support 425 participants each year. In 2023-24, 313 participants were supported onto the project. Of the 425 annual participants, there are targets to get 50% into work. 75% left to an employment outcome. An additional target was to ensure that 70% of project leavers are in work 6 months after leaving the project. For all project leavers who had 6 months or more left 90% of these were in work.

##### **Empower (Training Outcomes)**

In the period 2023-24:

- **64** accredited qualifications completed
- **968** non-accredited qualifications completed
- **51** non-accredited topics delivered
- **7** accredited topics delivered
- **154** participants attended all non-accredited classes (89% of which were Health and Wellbeing Focused)
- **43** participants attended all accredited classes

## PERFORMANCE REPORT (CONTINUED)

### **C: Workable NI**

Usel successfully tendered for this programme in July 2016 and was awarded a five-year contract. To qualify for the programme, individuals with disabilities or health conditions must be in employment. Usel can provide support in several ways, including job search, access, and delivery of qualifications, one to one support, mentoring and working with families and employers to enable individuals to find and sustain in employment.

During 2023-24, most of our support was carried out using a hybrid model, which was developed as a result of COVID, where it was identified that some clients preferred their support to be done virtually over video/phone calls. Usel was able to support 383 individuals via the Workable NI programme. During the year 2023-24, 151 clients left the programme for a variety of reasons, including 77 moving into unsupported sustained employment.

### **D: Skills for Life and Work (Disability Support).**

Usel has been working along with several training providers and key partners including colleges to provide specialist support to those people on the Skills for Life & Work Programme who face a range of barriers to their development and training.

During the year 2023-24, Usel delivered support to 57 participants; the range of supports included one-to-one mentoring, classroom support, placement support and completing quarterly reviews for the training providers.

### **E: Skills for Life and Work**

The Skills for Life & Work programme 2023-24 has an occupancy of 36 learners, with two leavers. The programme retention rate has been internally evaluated as '**Outstanding**' with:

- **80%** of SFLW participants retained and fully engaged in the programme.
- **100%** of leavers have achieved Personal Social Development qualifications at level 1.
- **100%** of learners due to complete the programme in August 2024 are on track to achieve all targeted qualifications.
- **90%** of leavers have achieved essential skills numeracy qualifications at entry level and level 1.
- **90%** of leavers have achieved literacy qualifications at entry level and level 1.
- **86%** of eligible SFLW learners are taking part in meaningful work placement. The learners who are not eligible have been focusing on 'World of Work' activities, which include projects such as, 'Into Film' and 'Make 5 Grow'.

There is a strong emphasis on career development within the learner journey, ensuring that learners can identify opportunities to progress to other programmes within Usel, such as, Dare, Empower, Job Start, Workable NI or an apprenticeship pathway.

Our extensive employer network will allow us to identify work placements for participants that match their occupational area choices and will provide them with the in-work experience required for their ongoing development and future career choices.



## PERFORMANCE REPORT (CONTINUED)

### **F: Step Up (DARE - Disability Access Route to Education and Employment)**

The Step-Up project – DARE Strand (Disability Access Route to Education and Employment) is a collaboration with Belfast Met (Lead Partner) to support those who face additional barriers to engage and to participate fully in Personal and Skills Development, careers and education opportunities, and to structure support in line with the Lead Partner's strategic plans for a 10x Economy.

DARE is open to all who have a disability, are aged 16 years or over and are unemployed or economically inactive. Support offered through DARE includes weekly mentorship, goal setting and action planning specific to the individual learner to enhance opportunities to gain qualifications and progress into work or stay in work. In 2023-24 the programme had a delayed start which ran from September to March 2024.

The programme was attended by a total of **79** participants against a target of **83**.

- **57** participants completed the 13-week programme and progressed to a positive outcome  
**2** participants left early to positive outcomes
- **20** left the programme early
- Retention on the programme **75%**

### **G: JobStart Brokerage Service**

The JobStart Scheme provides funding from the Department for Communities (DfC) to allow employers to create new high quality job opportunities to help young people aged 16–24 at risk of long-term unemployment to enter the job market.

Usel's agreement with DfC is to provide a brokerage service for those with disabilities and health conditions, to source suitable employment opportunities under the JobStart Scheme, offering 9-month placements supported by wage subsidies.

This brokerage service considers live employment opportunities under the JobStart Scheme and undertakes a 'job-matching' function to identify eligible candidates with disabilities or health conditions for application. The aim of this service is to successfully support those with disabilities into JobStart vacancies.

In the period 2023-24, Usel successfully brokered **46** participants into Jobstart positions.

## PERFORMANCE REPORT (CONTINUED)

### **Manufacturing and Recycling department:**

The Manufacturing and recycling department delivers two key areas:

#### **1: Industrial sewing**

The Industrial Sewing department performed well during 2023-24 with a very strong Q4 leading to them exceeding budget.

This is a result of a concentrated strategy from the production team within Usel with emphasis on targeting and sustaining our customer base.

During 2023-24, Usel continued to work closely with customers across the Fire, Police and Ambulance services not only in Northern Ireland but other services across the UK and Ireland and have secured a new contract working with Amber Fire in the Republic of Ireland supplying kit bags.

Our service fulfilment contract with DfC Commercial Services Division has remained steady during 2023-24.

#### **2: Circular economy**

##### **Mattress recycling**

In 2023-24, the mattress recycling team continued to collect mattresses from various council Household Waste Recycling Centres (HWRC) throughout Northern Ireland as well as securing one-off contracts with cruise ships. During the year we were successful in securing tenders for Belfast City Council, Lisburn and Castlereagh City Council and Mid and East Antrim Borough Council through to 2024-25 and 2025-26.

##### **Confidential shredding**

In 2023-24 the confidential shredding business unit has performed well and has exceeded budget. We have continued to service the Northern Ireland Civil Service (NICS) protective materials shredding contract and the Northern Ireland Housing Executive.

##### **Paper recycling**

In 2023-24 we continued the recycling of multi grade paper recycling with a number of private commercial clients and also Mid and East Antrim Borough Council for their mixed paper recycling.

## PERFORMANCE REPORT (CONTINUED)

### **Corporate Social Responsibility**

The Company takes its responsibility as a corporate citizen seriously and attempts to ensure employees, clients, service users and customers are fairly treated and respected as articulated in its new Values Statement: “We strive to be a people centered, sustainable organisation that adds value through respect for others and commitment to excellence”.

The Company ensures its impact on the community locally and nationally is positive and its environmental footprint is reduced where possible. In 2023-24, Usel continued to measure its social impact and contributed to the overall societal impact as set out in the Programme for Government (PfG) and United Nations Sustainable Development Goals (SDG's).

#### **Outcomes 2023-24:**

##### **Continuous Improvement Accreditations**

The Company holds the quality of products and service delivery close to the core of the business and is accredited with ISO 9001:2015 and 14001, which incorporates environmental standards into the management standards.

There were no instances of major non-conformances during 2023-24 (2022-23: none). All recommendations have been implemented.

The organisation holds the Health & Safety accreditation 45001 which is an international standard for health and safety at work with the aim to prevent workplace accidents, illnesses and fatalities.

##### **The Environment**

Over the last year the Company has continued to promote environmental awareness as a key part of its overall strategy.

Usel has developed a cross functional Environmental Focus Group to implement environmental initiatives within the business. The Environmental Action Plan 2022-23 has been revised to include new target areas for 2023-24.

Within the factory and outlying offices, Usel continues to monitor consumables and as the Company refurbishes areas it is proposing to introduce more environmentally friendly substitutes, for example by looking at solar panel lighting rather than relying on electricity from the national grid.

##### **Disability Discrimination (Northern Ireland) Order 2006**

Under Section 49A of the Disability Discrimination Act 1995 (DDA 1995) (as amended by Article 5 of the Disability Discrimination (Northern Ireland) Order 2006), Usel is required when carrying out its functions to have due regard to the need to:

- promote positive attitudes towards disabled people; and
- encourage participation by disabled people in public life ('the disability duties').

## PERFORMANCE REPORT (CONTINUED)

Under Section 49B of the DDA 1995, Usel is also required to submit to the Equality Commission a disability action plan showing how it proposes to fulfill these duties in relation to its functions.

The approved Disability Action Plan (2021-2024) is available on our website [www.usel.co.uk](http://www.usel.co.uk).

We have appropriate internal arrangements in place to ensure that the disability duties are complied with, and this disability action plan is effectively implemented, through action measures, employee feedback and training.

We ensure the effective communication of the plan to employees, provide all necessary training and guidance on the disability duties and the implementation of the plan.

As at 31<sup>st</sup> March 2024, approximately 66% (2022-2023: 62%) of Usel staff within our operational teams live with a disability or health condition.

### Section 75 Duties

As an NDPB, Usel has a requirement to comply with the Northern Ireland Act 1998, Section 75 Statutory Duties and produce an Equality Scheme outlining the processes the Company will follow to ensure its obligations are met. The Company maintains a firm commitment to meeting its Section 75 obligations. The HR and Payroll Manager has responsibility for compliance and adherence with the full support of the Board and Senior Management Team.

### Respect for Human Rights

Through mechanisms such as Section 75 and Section 49B outlined above, Usel demonstrates its support in respecting individuals' human rights.

### Anti-Corruption and Anti-Bribery Matters

Usel have policies in place to protect the organisation and its staff from corruption and bribery. There were no instances of corruption or bribery in 2023-24 (2022-23: nil).

### Reporting of Complaints

Usel aim to have an effective complaints system to resolve issues, as far as possible, on the spot without the need for a full formal procedure.

If a complaint is logged, a written response will be drafted. These responses are monitored to ensure that it deals with all points raised. An apology will be given when a mistake has been made. Where appropriate, Usel will demonstrate what action will be taken to minimise future complaints of a similar nature.

In 2023-24, no complaints were logged (2022-23: one complaint was logged).

## **PERFORMANCE REPORT (CONTINUED)**

### *Information Assurance and Management*

On the issue of Information Assurance I can confirm that Usel continues to enforce policies set out to protect data. These include:

- Updating servers and firewalls to meet latest security protocols
- Back up procedures to ensure data is protected and stored electronically
- Management of data in manual format to protect it and safeguard the data
- Updating the Data Protection Policy procedure for all staff due to implementation of General Data Protection Regulation in May 2018
- Enforcing Company policies on ICT equipment
- Business Continuity Plan

Throughout the year 1 April 2023 – 31 March 2024, I can confirm that there were no data breaches.

### *Payments to suppliers*

Usel 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. On average 98% (2022-23: 97%) of supplier invoices were settled within this timeframe.

In addition, in line with Government Best Practice Usel endeavour to pay within 10 working days. On average, 76% (2022-23: 60%) of supplier invoices were settled within this timeframe.

### *Employee involvement*

The Company continued to pass information to all employees via a cascade process for employee involvement in this past year. This means that the Chief Executive briefs the entire organisation on a regular basis.

Employee and union representatives have been nominated by their peers and attend a structured meeting with the CEO and other managers as appropriate. A Health and Safety Committee was established to ensure all health and safety issues are managed appropriately. Each employee within the organisation has team meetings on a regular basis which provide a forum for the employees to be kept abreast of developments and feedback their perspective on changes.

The designated competent person is the Chief Executive who works with external support to ensure the system of Health and Safety across the organisation is in place.

Details of the Company's policies and procedures regarding training and employment of individuals with disabilities are available on Usel's website [www.usel.co.uk](http://www.usel.co.uk).

**PERFORMANCE REPORT (CONTINUED)**

**Auditor's Remuneration**

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

A handwritten signature in black ink, appearing to read 'Scott Jackson', with a horizontal line extending to the right.

**Scott Jackson**  
**Chief Executive and Accounting Officer**  
**Date: 19 May 2025**

## **ACCOUNTABILITY REPORT**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024**

The Directors' Report has an important function in providing stakeholders with information about the company's business which may not be ascertainable from the financial information given in the accounts.

#### **Background Information**

The Directors and Advisers are listed on page 4.

#### **Directors**

Details of the composition of the Board during 2023-24 are disclosed below:

##### **William Leathem – Chairman**

Mr Leathem is a former elected member of Lisburn and Castlereagh City Council, where he served as Chair of both the Governance & Audit Committee and the Development Committee. He was a former member of the District Policing Partnership and a former Board Member of the Ulster Scots Agency and Libraries NI. Mr Leathem has varied audit and governance experience, project management experience and financial management skills, which he brings to this role. Mr Leathem also holds public appointments as Vice-Chair to the Arts Council NI (ACNI). He has had political activity for the DUP within the last 5 years. Mr Leathem is a Trustee of the Usel Retirement Benefit Scheme.

##### **Raymond Donnelly – Director**

Mr Donnelly's background is within Human Resource Management and Business Improvement. He has been a member of the Corporate Management Team in a number of organisations including Newry & Mourne Health & Social Care Trust, Craigavon Borough Council and the Northern Ireland Judicial Appointments Commission. Raymond is an independent HR/OD Consultant working predominately with the HSC Leadership Centre. He has experience across the HR spectrum, including strategic issues, organisational improvement and change management. He does not hold any other public appointments.

##### **Dermot O'Hara – Director**

Mr O'Hara is a former Director of People Strategies with the Local Government Staff Commission for NI. He currently provides Human Resource and Organisation Development support, on a consultancy basis to a range of organisations. He is a former Non-Executive Director of the South Eastern Health and Social Care Trust Board, where he chaired its Finance Committee, and brings strategic planning skills to the Board. He does not hold any other public appointments, but is a voluntary Board member of the Railway Preservation Society of Ireland.

##### **Joan Cowan – Director – Resigned 31 July 2023**

Mrs Cowan has over 20 years experience in Human Resource Management in both the private and public sectors, working closely with Directors and Heads of Service in a wide range of employee resourcing, employee relations, reward, learning and development initiatives. She has also been involved in developing corporate strategies and has led programmes of restructuring

## **ACCOUNTABILITY REPORT (CONTINUED)**

and downsizing. She is a former Director of the Home-Start Charity with responsibility for governance. She does not hold any other public appointments but works with the Simon Community as a HR Business Partner.

### **Ray Havlin – Director**

Mr Havlin is the Managing Director of a long-established family business in Northern Ireland. He has extensive experience of business leadership, strategy development, financial planning and risk management. In addition to being a Director of Ulster Supported Employment Ltd, Raymond is a Non-Executive Director with the South Eastern H&SC Trust and a Trustee Governor of a local school in Bangor, County Down.

### **Sarah Wakfer – Director**

Ms Wakfer has varied experience in enterprise risk management, audit, governance and compliance that she brings to Usel. She has over 15 years' experience in Local Government in key roles including Head of Internal Audit and Head of Policy for Arm's Length Bodies and 5 years' experience of carrying out inspections for the Care Quality Commission in England. She also has experience within the voluntary sector as a former Chair of a Community Interest Company and Chair of a Registered Charity supporting people with disabilities. Ms Wakfer currently holds one other public appointment within the Department of Justice and is an authority member for RQIA.

### **Damian Duffy – Director**

Mr Duffy is currently the Interim Principal and Chief Executive of Belfast Metropolitan College and a member of the Governing Body. He has extensive experience of economic development, training and employability programmes. He is currently the Chair of the Belfast Region City Deal Employability and Skills Steering Group and is a member of the Northern Ireland Chamber of Commerce Council. Having previously worked across the European Union for a number of Government Agencies as a public sector consultant. He has a range of experience in public finance, audit, procurement, business development and project management.

## **Clarity of roles- review of committee structure:**

The Board recognise that the Company is a small entity and therefore the Board and Committee structure should be commensurate with the needs of the entity.

Four sub-groups are currently in operation:

- Audit and Risk Assurance Committee – membership includes the Vice-Chair, CEO, Head of Finance, Board members, Internal & External Audit representatives;
- Finance Committee – membership includes the Director of Finance, Chairman, CEO, Head of Finance and board members;
- POD Committee – membership includes the Chairman, CEO, HR & Payroll manager and board members
- Health and Safety Committee - membership includes the CEO and members of appropriately qualified staff;



## ACCOUNTABILITY REPORT (CONTINUED)

### Senior Management Team

During 2023-24 the Usel Senior Management Team was comprised of the following members:

B Atkinson - Chief Executive (to 22 September 2023\*)  
S Jackson - Interim Chief Executive (from 15 January 2024)  
David Cowan – Head of Employment Services  
S Jackson – Head of Operations (to 14 January 2024)  
Natalie Donnelly – Interim Head of Operations (from 22 January 2024)  
Michelle Hegarty – Head of Finance (to 23 February 2024)  
Judy Davey - Acting Head of Finance (from 28 February 2024)

*\*The Chief Executive was on a period of special leave from 18 January 2023 up to his resignation on 22 September 2023, during which the Head of Employment Services and Head of Operations shared responsibility for the role of Acting Chief Executive. This arrangement continued until an Interim Chief Executive was formally appointed in January 2024.*

### Register of Interests

The Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013 requires the Board to publish how it identified any conflicts of interest and potential conflicts and how these have been managed.

At each meeting the members are invited to declare any known information which could pose a conflict of interest. We had no such interests declared during 2023-24 (2022-23: nil) and adequate measures were put in place to ensure no conflicted individuals were involved with any information or decisions taken relating to the discussions. With the ongoing publication of our directors' interests, and any potential conflicts of interest, the wider risk of any challenge to integrity is mitigated. Usel has a policy for the declaration and management of interests in place for all staff.

Several members of the Board of Usel are also involved with other charitable organisations in Northern Ireland, either directly or indirectly as a result of a family relationship, a close friendship or business relationship.

All individuals make an annual declaration of their interests and do not take part in discussions and decisions regarding those organisations with which they have a declared interest.

Details of related party transactions are detailed in Note 23.

### Gifts

No gifts were received in the year (2023-24: none).

### Personal Data Related Incidents

There were no personal data related incidents to report in 2023-24.

## ACCOUNTABILITY REPORT (CONTINUED)

### Political Donations

Usel did not make any political donations or incur any political expenditure in 2023-24 (2022-23: £nil).

### Events after the Reporting Period

The following issues were identified after the reporting date:

VAT Compliance and Adjustments: Usel identified that the partial exemption VAT rules were applicable and subsequently made a self-declaration to HMRC regarding this. A retrospective application of these rules was conducted for the previous four-year period, as required by HMRC. This exercise led to the restatement of prior period comparatives to account for estimated VAT corrections, associated interest, and potential penalties. While working collaboratively with HMRC to resolve the historic VAT liability issue, Usel has already implemented the necessary partial exemption calculations for the 2024/25 period to ensure compliance with VAT regulations moving forward.

Charities SORP Reporting: Following discussions with the auditor in relation to Usel's status on the deemed charities list, it was decided that the Charities SORP reporting was required and that this would be adopted in this year's annual report and accounts.

Board members: Ellen Finlay was appointed to the Board on 1 December 2024 and Michelle Corkey was appointed to the Board on 10 January 2025. Dermot O'Hara resigned from the Board on 10 December 2024.

### Auditor

Under the Companies (Public Sector Audit) Order (Northern Ireland) 2013 Ulster Supported Employment Limited is subject to a public sector audit by the Comptroller and Auditor General (C&AG).

## ACCOUNTABILITY REPORT (CONTINUED)

### STATEMENT OF THE BOARD AND ACCOUNTING OFFICER'S RESPONSIBILITIES

The Financial Statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of Usel and of its income and expenditure, Balance Sheet and cash flows for the financial year.

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

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- prepare the Financial Statements on a going concern basis; and
- confirm that the Annual Report and Financial Statements as a whole are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Department for Communities has appointed the Chief Executive as Accounting Officer of Usel. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Usel's assets, are set out in *Managing Public Money Northern Ireland* published by HM Treasury via the Department of Finance.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Usel's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

**ACCOUNTABILITY REPORT (CONTINUED)****GOVERNANCE STATEMENT****Scope of Responsibility**

As Accounting Officer, I have responsibility for ensuring and maintaining a sound system of internal control that supports the achievement of Usel policies, aims and objectives, whilst safeguarding the public funds and Company assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland. In this context, Usel's Financial Memorandum and Management Statement sets out the accountability arrangements.

**Purpose**

The Governance Statement is designed as a synopsis document covering the governance frameworks, their delegated requirements and the effectiveness of our system of control and governance.

We continue to view risk within the systems of internal control as being managed at a reasonable level rather than to eliminate all risk, as this would lead to failure to achieve policies, aims and objectives. Usel, whilst an NDPB, operates as a commercial entity delivering a social enterprise business model in pursuit of the core aims and objectives of the Company.

My governance statement is issued on the basis of an on-going process, rather than a snapshot in time. It is given within the parameters of a system designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of governance has been in place in Usel for the year ended 31 March 2024 and up to the date of approval of the annual report and Financial Statements and is in accordance with DoF guidance.

**The Governance Framework****Accounting Officer:**

As Accounting Officer I discharge my responsibility through a system that is commensurate with the size and nature of the Company. I meet the Director of the Department for Communities and the Head of the Sponsoring Branch to discuss the key business issues. This is further augmented on a quarterly basis with the business meeting between the Sponsoring Branch, the Chairman, the Chief Executive and Head of Finance.

**Board:**

The Company applies the best principles of good governance with a corporate governance structure of a Board of Non-Executive Directors appointed by the Minister for the Department for Communities, following a public appointment process. Usel comprises a Board of six Directors, who are appointed following a public appointments process. The Directors appoint one member to act as Finance Director. The Board ensures that the Senior Management Team is supported and challenged in equal measure.

## **ACCOUNTABILITY REPORT (CONTINUED)**

Directors are provided with adequate training in respect of compliance with Codes of Practice, such as HM Treasury Code of Good Practice 2005, this is encapsulated in the terms of reference and code of conduct for Board members provided to each Director upon commencement. Directors receive a copy of Managing Public Money NI.

The Board meets 11 times per year for formal Board meetings and at other times throughout the year as required. The Chief Executive provides the Board with a full management commentary. Senior Managers contribute towards a written commentary from their business area within the Board pack. We meet as a Board and a senior management team annually for a full day to review progress and review Corporate Plan alignment.

The Company's Head of Finance provides the Board with performance against budget, with detailed disclosure of all financial matters relevant to the Company at Board level. The monthly Board pack provides the Board with full disclosure on all matters within the organisation. The Board pack contains key finance, operational and governance information on which the Directors remain fully briefed. The Board noted in its annual review that the data provided to them is comprehensive, sufficiently detailed, accurate and timely. Changes to reporting, enhancing the quality of information to the Board, are implemented promptly.

Annually the Board reviews the performance of the CEO through the delivery of the Corporate and Annual Business Plan. The Board reviews monthly performance of the Company and the senior team attend all Board meetings to provide a direct account for their business area.

On a monthly basis, the Board receives detailed information in respect of the individual business areas. This process ensures full accountability and transparency in their oversight of the Company as it also provides the Board with a breadth and depth of data which is only possible due to the relative scale of the Company.

### **Board Meetings:**

To ensure effective use of Board time, an Agenda and supporting papers are circulated one week in advance of meetings, outlining key topics for discussion. This allows the Board sufficient time to discharge its duties effectively. The Board remains focussed on prime issues regarding the Company and providing opportunities to explore key issues monthly.

During the year the board met 12 times with an additional meeting held in October 2023. Attendance of Directors and Senior Managers at Board meetings:

**ACCOUNTABILITY REPORT (CONTINUED)**

<b>Name of Attendee</b>	<b>Record of Attendance</b>
William Leathem (Chair)	13
Dermot O'Hara	12
Raymond Donnelly	11
Joan Cowan*	4
Ray Havlin	11
Sarah Wakfer	13
Damian Duffy	10
David Cowan	13
Scott Jackson	13
Michelle Hegarty	11

*\*resigned 31/07/2023*

**Audit and Risk Assurance Committee:**

The Audit and Risk Assurance Committee meeting is attended by the Chief Executive and Head of Finance along with External Audit representation from the NIAO and its subcontractor, Ross Boyd Chartered Accountants (RBCA). (RBCA was appointed as the external auditors by the Northern Ireland Audit Office (NIAO) in February 2024), the sponsoring branch representative and the Internal Audit service provider representative. In addition, the Directors of Usel, except for the Chair of the Board and one other member of the Board, are members of the Audit and Risk Assurance Committee.

While the Committee has the utmost confidence in the CEO and Head of Finance, as part of our process, our standing protocol is that the Chair and Vice Chair meet directly with the external attendees at once a year.

**Terms of Reference:**

The Audit and Risk Assurance Committee advise the Accounting Officer and Board on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the Financial Statements, and the annual report of the organisation, including the process for review of the Financial Statements prior to submission for audit, levels of error identified, and management's letter of representation to the External Auditors;
- the planned activity and results of both Internal and External Audit;
- adequacy of management response to issues identified by audit activity, including External Audit's management letter;
- assurances relating to the management of risk and corporate governance requirements for the organisation;
- (where appropriate) proposals for tendering for either Internal or External Audit services;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
- the Audit and Risk Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board.

**ACCOUNTABILITY REPORT (CONTINUED)****Committee Meetings:**

The committee meets at least four times per annum as per best practice guidelines. The Committee agenda was drawn from the Terms of Reference and annual work programme and included any current issues that arose.

In 2023-24, there were 6 meetings of the Audit and Risk Assurance Committee. The attendance of members at meetings was as follows:

<b>Name of Attendee</b>	<b>Record of Attendance</b>
Dermot O'Hara (Chair)	6
Raymond Donnelly	5
Joan Cowan	2
Ray Havlin	6
Sarah Wakfer – (Vice-Chair )	6
CEO*	6
Head of Finance*	6
NIAO*	5
External Auditors*	4
Internal Auditors*	4
Sponsor branch*	5

*\*These individuals were attendees but not Committee members.*

In addition, there were 2 separate meetings of the Fraud Assessment Working Group, attendance as follows:

<b>Name of Attendee</b>	<b>Record of Attendance</b>
Dermot O'Hara (Chair)	2
Ray Havlin	2
Sarah Wakfer – (Vice-Chair)	1
CEO*	2
Head of Finance*	2
Finance Manager*	2

*\*These individuals were attendees but not working group members.*

**Pension Trustees:****1: Defined Benefit Scheme**

Although Usel's Defined Benefit Pension Scheme was closed on 31 December 2022 and all members transferred to a Defined Contribution Scheme from 1 January 2023, the Trustee Board remains in place to monitor the Scheme's funding, administration and investments, keep up to

## ACCOUNTABILITY REPORT (CONTINUED)

date with pension legislation and make decisions that affect the future of the Scheme and its members.

The Trustee Board comprises five members, two elected from Scheme members and two appointed by the Company. From 1 August 2019, an independent Trustee was appointed as the Chair of the Pension Trustee Board. The Trustees meet on at least three occasions per annum with other ad-hoc meetings as required.

### 2: Defined Contribution Scheme

The Company selected NOW Pensions as the provider of choice for this new auto-enrolment vehicle. It is governed externally and because it is proprietary in nature it does not require an internal pension trustee group to be established.

### **Board Effectiveness:**

The Chair of the Board completed a performance review for each Board member. The performance of the Chair was reviewed by a Senior Civil Servant in the Department for Communities.

The Company Secretary in office during the year, a qualified accountant, provides secretariat support to the Board and ensures the company complies with financial and legal requirements. It is the responsibility of the Company Secretary to ensure an appropriate Agenda and supporting papers are circulated to the Board in a timely manner; that Board decisions are recorded accurately, and action points are followed up; to challenge the quality of, and information in, the Board papers.

At the start of each Board meeting, the Chair requires all Board members to declare all conflicts, perceived or actual. This is a standard item on the agenda of the meeting. Throughout the course of the year, a perceived conflict was declared by the SMT in relation to the pension benefit re-design and honorariums. They were recorded in the minutes.

### **Internal Audit:**

I would like to thank PGM who have carried out our internal audit function with due diligence, probity and objectivity.

The Chief Executive, Head of Finance, Chair and Vice Chair of the ARAC met the internal auditor during the reporting year and agreed a schedule of work for the year. This was ratified by the Audit and Risk Assurance Committee and the schedule was approved.

The internal audit programme for this year included:



## ACCOUNTABILITY REPORT (CONTINUED)

Area Reviewed	Operating Effectiveness Assurance	Design Effectiveness Assurance	Total Recommendations
<b>Review of open Audit Issues</b>			
Budgetary Control & Delegated Authority	Satisfactory	Satisfactory	Recommendation to close
H&S Policy Compliance	Satisfactory	Satisfactory	Recommendation to close
Procurement Policy	n/a	n/a	Issue to remain open
Cyber – Risk Assessment	Satisfactory	Satisfactory	Recommendation to close
Cyber – IT Sub-Committee	Satisfactory	Satisfactory	Recommendation to close
Cyber – Backups/Insurance/USBs	Satisfactory	Satisfactory	Recommendation to close
Cyber – Cyber Essentials Plus	n/a	n/a	Issue to remain open
Cyber – IT Security Policy	Satisfactory	Satisfactory	Recommendation to close
Cyber – Staff Internet Access	n/a	n/a	Issue to remain open
Microsoft Dynamics – POs	Satisfactory	Satisfactory	Recommendation to close
Microsoft Dynamics- Risk Assessment – Data Protection and Fraud	n/a	n/a	Issue to remain open
<b>Cash Management</b>			
Cash Management in the Ability Cafes	Satisfactory	Satisfactory	1 x Priority 3 3 x Added Value

The key findings from this review were:

- Internal Audit reviewed 14 open issues and was satisfied the action plans had been implemented for 10 issues and recommended closure. The action plans for the remaining 4 issues were ongoing and recommended these remain open.
- Internal Audit was satisfied the revision of Cash Handling procedures and supporting training for cafe managers had strengthened cash management processes, with increased segregation of duties and oversight provided by the Finance and Operations teams.

The overall audit opinion for 2023-24 was Satisfactory Assurance over the system of internal control within Usel.

## ACCOUNTABILITY REPORT (CONTINUED)

### Risk Management:

While the risk register is formally reviewed prior to the Audit and Risk Assurance Committee meetings, with any revisions made following discussions at that meeting, the register is also reviewed and if necessary updated at each Board meeting. The Senior Management Team identify risks at each monthly meeting, where appropriate these risks are either subsumed into the main risk register or established as a separate line entry on the register for deeper discussion and management action.

Through this process the Board and Audit and Risk Assurance Committee have agreed a low to medium risk appetite overall for the organisation. That said, due to the commercial nature of the Company there are times when the risk appetite for a specific element is higher as commercial risk is a day-to-day feature of this entity. The Board are content that such risks are mitigated as much as possible and well managed on a day to day and longer-term basis.

There are a number of key risks which an organisation operating commercially will face. During 2023-24, a number of new risks were identified and managed, including:

- Risks associated with the closure of the European Social Fund (ESF) and the loss of key employment programmes which has an impact on our income generation and staffing levels.
- Risks associated with the poor state of repair of the roof of an outbuilding at the rear of the Cambrai Steet property. The building was flagged as condemned and was successfully demolished during the year.
- Risks associated with the gable wall collapsing at the rear of the building. The condition of the site was closely monitored and a supplier was appointed to redress the wall and secure the site during the year.

We consider there are sufficient mitigating controls in place to reduce the risks identified. Each risk has a management plan and to date these plans have successfully navigated the Company through the economic landscape in which we operate.

We use other areas of input to provide the Audit and Risk Assurance Committee, the Board, the Department and the Accounting Officer of our sponsoring department with assurances.

These include but are not limited to:

- ISO 9001-2015 Quality Management system six-monthly external audit;
- ISO 14001 Environmental Management system six-monthly external audit;
- BS5713 Confidential Shredding;
- Internal Audit findings and recommendations;
- Dear Accounting Officer / Dear Finance Officer letters and guidance from the Department;
- External auditor reports for programmes delivered on behalf of the Department for Communities;
- External auditor reports for European Social Fund funded programmes;
- Audits from ESF match funders;
- External reviews of the Company's Health and Safety and Fire risk;

## **ACCOUNTABILITY REPORT (CONTINUED)**

- External reviews and assessments of our insurance risks by insurance assessors;
- Participation in the National Fraud Initiative;
- ALB review process, including the Triennial Governance review and ongoing Tailored Review;
- Education and Training Inspectorate report.

### **Capacity to Handle Risk:**

The Audit and Risk Assurance Committee met six times in the year and the risk register was formally presented following an update. The register is also reviewed and if necessary updated at each Board meeting. The Senior Management Team identify risks at each monthly meeting, where appropriate these risks are either subsumed into the main risk register or established as a separate line entry on the register for deeper discussion and management action. On that basis, as Accounting Officer, I receive a high degree of comfort that from Board through to managers, that each individual with delegated authority is operating from a frame of reference which permits the risk management of the organisation to be handled appropriately.

The Company's values are based in the provision of paid, supported employment for people with disabilities or health conditions in Northern Ireland. The Company operates on strict commercial business lines with each manager held fully responsible for achieving his/her budget and targets. A key performance indicator system is utilised to ensure budgetary control and targets are delivered. Key performance indicators include the number of mattresses collected for recycling and the number of participants on programmes etc which are tracked against targets, agreed at the start of the financial year.

The Director with responsibility for Usel within the Department for Communities, liaises with the Usel Chairman. The Sponsoring Branch hold quarterly accountability meetings with the Chairman, the Chief Executive and the Head of Finance.

The Senior Management Team communicate with the branch on a regular basis from operational matters to corporate matters, usually by e-mail or telephone contact. Other ad-hoc meetings are arranged as and when required.

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

### **Fraud Awareness:**

The Senior Management Team is tasked with reporting any frauds or suspected frauds to the Board and Audit and Risk Assurance Committee and I can confirm that there was one incident during the 2023-24 financial year, (2022-23: none). This incident involved a £200 cash shortfall. An investigation of existing controls around cash handling was conducted by HR who concluded that no disciplinary action of staff was required, but recommendations and retraining were implemented from an 8-point list of potential areas for improvement identified. All reporting procedures to the Department were followed in a timely manner.

**ACCOUNTABILITY REPORT (CONTINUED)****Whistleblowing/ Raising Concerns:**

Usel has a whistleblowing (Raising Concerns) policy, reviewed annually by the ARAC and currently under review by the Department. One instance of whistleblowing took place during 2023-24 which is currently being investigated.

**Qualification of Prior Year Annual Report and Accounts**

The receipt of the regularity opinion qualification for the 2022-23 financial year has significant implications for subsequent years, particularly concerning governance practices in line with Managing Public Money Northern Ireland (MPMNI) and the measures Usel takes in the procurement of goods and services. These processes must not only benefit the organisation but also demonstrate value for the public purse.

During the period leading up to the qualification, the role of Accounting Officer was alternated between the Head of Manufacturing/Recycling and the Head of Employment Services. Following the receipt of the regularity opinion, the then-Accounting Officer, with the support of the Board, initiated a thorough review of procurement and governance practices within Usel. A key action taken during this process was the recruitment of a Procurement Manager in September 2023. The Procurement Manager was tasked with implementing a comprehensive Contract's Register that ensures alignment between Usel's income contracts and procurement activities for goods and services. Additionally, the Procurement Manager conducted a detailed review of Usel's business case procedures, providing management with essential training on the correct processes for completing and submitting business cases in compliance with governance standards. In response to the qualification, an internal investigation was conducted into the underlying governance and procurement issues. This investigation identified a lack of documentary evidence to confirm that certain expenditures had appropriate approvals in place, contributing to the qualified regularity opinion. The investigation findings were subsequently considered by the Board, and the previous Accounting Officer resigned in September 2023.

These actions, while challenging, have been crucial in addressing the governance issues raised and reinforcing Usel's commitment to improving its procurement, financial, and governance frameworks. Usel will continue to strengthen these areas to safeguard the organisation's future operations and compliance.

In 2023-24 there continues to be a regularity opinion qualification as a result of the continuing impact of the issues noted above. An attempt was made to seek retrospective business case approval from DfC for a number of items of expenditure, however this was not successful. Progress has instead been made on procedures to ensure that new expenditure complies with the relevant governance procedures.

**VAT Compliance and Adjustments**

In early February 2024, during discussions with the newly appointed external audit contractors, RBCA, it became evident that Usel faced a significant VAT liability. This issue stemmed from historical misapplication of the correct VAT treatment across various income streams. The potential ramifications of this misstep were substantial, raising concerns about a significant repayment obligation.

## **ACCOUNTABILITY REPORT (CONTINUED)**

In response to this, Usel took immediate action by engaging an external VAT specialist to thoroughly assess the implications of the VAT treatment and clarify the extent of the potential liability. This process is still being worked through with HMRC, however the current estimate of the liability is £132,000, with a potential additional £58,000 due in penalties and interest (these amounts include a post year end element of £13k liability and £5k penalties and interest).

This development has highlighted the critical importance of adhering to proper VAT treatment procedures, and Usel is actively working with HMRC to mitigate the potential financial and operational impact. All necessary measures are being taken to ensure that VAT compliance processes are fully aligned with best practices moving forward.

### **Personnel Matters**

In February 2024, Usel's incumbent Head of Finance resigned, leaving the organisation without the necessary expertise and experience in financial processes. Despite concerted efforts throughout the first half of 2024 to recruit a suitable replacement, these attempts were unsuccessful. However, after reevaluating the recruitment strategy, the position was re-advertised in early October 2024, and a new Head of Finance started in early November 2024.

### **Charitable Status**

Usel has submitted the appropriate paperwork to the Charities Commission for Northern Ireland (CCNI) and is waiting to be called forward for assessment. Usel remains on the CCNI "deemed list", pending resolution of this issue. Whilst there is no deadline for a conclusion, financially, the successful application and acceptance of the Company as a registered charity is a key area of focus.

Following discussions with the auditor in relation to Usel's status on the deemed charities list, it was decided that the Charities SORP reporting was required and that this would be adopted in this year's annual report and accounts.

### **Compliance with the Code of Conduct**

The Corporate Governance in Central Government Departments: Code of Good Practice (NI) has been complied with.

### **Conclusion**

As Accounting Officer, my review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Senior Management Team who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. The Board and the Audit and Risk Assurance Committee address weaknesses and ensure continuous improvement of the system in place and advise me on the implications of the results of reviews of the effectiveness of the system of internal control.

**ACCOUNTABILITY REPORT (CONTINUED)**

The full engagement of the Audit and Risk Assurance Committee and Directors in all matters through the open and transparent nature of information passage to the Board and the sponsoring branch allows me to denote the effectiveness of our governance arrangements. Compliance with our published codes of practice and guides on the Board and Audit and Risk Assurance Committee was achieved, which permits me the opportunity to present and endorse this governance statement.

**ACCOUNTABILITY REPORT (CONTINUED)****REMUNERATION AND STAFF REPORT****Remuneration Policy**

The Non-Executive Directors hold appointments which last for four years, and the Minister for the Department for Communities has the option of re-appointing for a further three years after consideration of a performance assessment. The Chief Executive is appointed by the Board of Directors and holds an open-ended contract. The remuneration of the Directors is directed by the Department for Communities. The remuneration of the Chief Executive is agreed by the Chairman of the Board, in consultation with the Department of Finance. All other remunerations are decided by the Chief Executive. The overall annual pay remit is approved by the Department for Communities and the Department of Finance.

Board member remuneration is dependent on the number of hours attending, or preparing for, meetings.

**Remuneration of Board Members (Audited Information)**

	<b>2023-24</b>					<b>2022-23</b>			
	<b>Salary</b>	<b>Benefit in kind</b>	<b>Pension Benefit</b>	<b>Total</b>	<b>Salary (restat ed)</b>	<b>Benefit in kind</b>	<b>Pension Benefit</b>	<b>Total</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
D O'Hara	0-5	-	-	0-5	0-5	-	-	0-5	
R Donnelly	5-10	-	-	5-10	0-5	-	-	0-5	
W Leathem (Chair)	15-20	-	-	15-20	11-15	-	-	11-15	
J Cowan (resigned 31/07/2023)	0-5	-	-	0-5	0-5	-	-	0-5	
R Havlin	0-5	-	-	0-5	0-5	-	-	0-5	
S Wakfer	0-5	-	-	0-5	0-5	-	-	0-5	
D Duffy <sup>1</sup>	-	-	-	-	-	-	-	-	

<sup>1</sup> Damian Duffy is employed by a separate NDPB and therefore receives no remuneration from Usel.

## ACCOUNTABILITY REPORT (CONTINUED)

## Remuneration of Senior Management Team (Audited Information)

	2023-24				2022-23			
	Salary	Benefit in kind	Pension Benefit	Total	Salary (restated)	Benefit in kind	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>B Atkinson</b> (CEO until 22 November 2023)	35-40 (75-80 full year equivalent)	-	0-5 (0-5 full year equivalent)	35-40 (75-80 full year equivalent)	80-85*	-	5-10	85-90
<b>S Jackson</b> (Interim CEO from 15 January 2024)	10-15 (60-65 full year equivalent)	-	0-5 (0-5 full year equivalent)	10-15 (60-65 full year equivalent)	-	-	-	-
<b>D Cowan</b> (Head of Employment Services)**	55-60	-	0-5	60-65	55-60	-	0-5	55-60
<b>S Jackson</b> (Head of Operations to 14 January 2024)**	45-50 (55-60 full year equivalent)	-	0-5	50-55 (60-65 full year equivalent)	55-60	-	0-5	55-60
<b>N Donnelly</b> (Interim Head of Operations from 22 January 2024)	10-15 (50-55 full year equivalent)	-	0-5 (0-5 full year equivalent)	10-15 (50-55 full year equivalent)	-	-	-	-
<b>M Hegarty</b> (Head of Finance to 23 February 2024)	50-55	-	0-5	50-55	45-50 (50-55 full year equivalent)	-	0-5	45-50 (50-55 full year equivalent)
<b>J Davey</b> (Acting Head of Finance from 28 February 2024)	10-15 (50-55 full year equivalent)	-	0-5 (0-5 full year equivalent)	10-15 (50-55 full year equivalent)	-	-	-	-

\*2022-23 Salary figure for BW Atkinson was carried forward incorrectly and has been amended accordingly

\*\* During 2023-24 both D Cowan and S Jackson's salaries were increased to reflect a period of Acting up as CEO alongside their respective roles as Head of Employment Services and Head of Operations

"Salary" includes gross salary; there were no bonuses paid. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The full costs of all employees are included in the staff report and Note 3 to the Accounts. This report is based on accrued payments made by Usel and thus recorded in these accounts.



## Fair Pay Disclosures (Audited Information)

### Pay Ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in Usel as at 31 March 2024 was £60,000-£65,000 (2022-23, £80,000 - £85,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed as follows.

2023-24	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total Remuneration	18,360	19,778	21,843
Pay Ratio	3.4:1	3.2:1	2.9:1

2022-23	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total Remuneration	13,679	17,290	18,746
Pay Ratio	6:1	4.8:1	4.4:1

For 2023-24 and 2022-23, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

### Explanation for movement in Ratios and Median salary

During 2023-24, a number of factors contributed to the rises in median salaries and indeed the rises across the three salary percentiles among Usel Staff. The raising of the Living Wage by the UK Government was implemented within Usel, contributing to the larger increases within the 25<sup>th</sup> percentile. Usel took over operations of two additional cafés during the period, at Belfast Castle and Ballycopeland, for which additional counter staff, kitchen staff and managers were required. The commencement of the Empower Programme in April 2023 and the increase in provision for Disability Support, saw the hiring of additional support staff and managers for these programmes. Furthermore, there have been a number of changes within senior management positions, in particular, within the Chief Executive post which was vacated during the year and subsequently reappointed at a lower point of the scale. These increases across the percentiles, coupled with the changes within the Chief Executive position have resulted in the Pay Ratios for 2023-24 reducing in comparison to those disclosed in 2022-23.

### Range of Remuneration

During the year the remuneration ranged from band £0k - £5k to £75k - £80k (2022-23: £0k - £5k to £80k - £85k).

**ACCOUNTABILITY REPORT (CONTINUED)****Percentage Change in Remuneration**

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

- a) salary and allowances, and
- b) performance pay and bonuses

of the highest paid director and of their employees as a whole. The percentage changes in respect of Usel are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

<b>Percentage change for:</b>	<b>2023-24 v 2022-23</b>	<b>2022-23 v 2021-22</b>
Average employee salary and allowances	15%	(21%)
Highest paid director's salary and allowances	(24%)	14%

No performance pay or bonuses were payable in these years.

**Pensions (Audited Information)**

Following departmental approval of a pension benefit re-design business case and a formal consultation process during 2022, Usel's Defined Benefit Scheme was closed on 31 December 2022 and all members were transferred to the Defined Contribution Scheme from 1 January 2023. At the latest actuarial valuation date of 31 March 2022, the scheme was valued as being in a considerable deficit position and Usel entered into a deficit recovery plan for the scheme from 1 September 2022 to 5 April 2034.

Usel's current pension scheme which was established to allow the Company to comply with the auto enrolment legislation as of February 2014, is a Defined Contribution Scheme operated externally by the NOW Pensions Scheme. This was approved by the sponsoring department following consultation with the Department of Finance in 2014.

**ACCOUNTABILITY REPORT (CONTINUED)****STAFF REPORT****Number of Senior Staff with Annual Salaries Over £60,000**

<b>Annual Salary Band</b>	<b>2023-24</b>	<b>2022-23</b>
£60,001 - £65,000	1	-
£65,001 - £70,000	-	-
£70,001 - £75,000	-	-
£75,001 - £80,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	-	-

**Staff Numbers and Related Costs (Audited Information)**

The staff costs of Usel during 2023-24 was as follows:

	<b>Permanent</b>	<b>Other</b>	<b>2023-24 £</b>	<b>2022-23 £</b>
Wages and salaries	5,167,629	1,247,339	6,414,968	5,752,120
Redundancy payments	16,327		16,327	-
Social security costs	291,658	77,457	369,115	328,674
Other pension costs	140,317	37,112	177,429	325,612
			<b>6,977,839</b>	<b>6,406,406</b>

**Average Number of Persons Employed (Audited Information)**

The table below shows the average number of full-time equivalent persons employed during the year, including directors:

<b>Activity</b>	<b>Permanently Employed Staff</b>	<b>Others</b>	<b>2023-24 Number Total</b>	<b>2022-23 Number Total</b>
Management and administration	32	-	32	37
Production distribution and sales	47	16	63	68
Employment support	239	18	257	260
	<b>318</b>	<b>34</b>	<b>352</b>	<b>365</b>

**ACCOUNTABILITY REPORT (CONTINUED)**

The table below shows Usel staff broken down by gender:

	<b>2023-24</b>	<b>2023-24</b>	
	<b>Male</b>	<b>Female</b>	<b>Total</b>
Senior civil servants	1	0	1
Senior managers	2	1	3
Employees	213	128	341
Board of Directors:	5	2	7
	<b>221</b>	<b>131</b>	<b>352</b>

	<b>2022-23</b>	<b>2022-23</b>	
	<b>Male</b>	<b>Female</b>	<b>Total</b>
Senior civil servants	1	-	1
Senior managers	2	1	3
Employees	221	133	354
Board of Directors:	5	2	7
	<b>229</b>	<b>136</b>	<b>365</b>

**Reporting of Civil Service and other compensation schemes – Exit packages (Audited Information)**

<b>Exit package cost band</b>	<b>Number of compulsory redundancies</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band</b>
<£10,000	- (-)	- (1)	- (1)
£10,000-£25,000	- (-)	- (1)	- (1)
£25,000-£50,000	- (-)	- (-)	- (-)
£50,000-£100,000	- (-)	- (-)	- (-)
£100,000-£150,000	- (-)	- (-)	- (-)
£150,000-£200,000	- (-)	- (-)	- (-)
<b>Total number of exit packages</b>	<b>- (-)</b>	<b>- (2)</b>	<b>- (2)</b>
<b>Total resource cost/£</b>	<b>£- (2022-23: £-)</b>	<b>£16,327 (2022-23: £- )</b>	<b>£16,327 (2022-23: £-)</b>

There were no departures of Usel staff in 2023-24 from a compulsory redundancy process. In 2023-24, no members of staff departed following a redundancy process.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure.

## **ACCOUNTABILITY REPORT (CONTINUED)**

### **Compensation for Loss of Office (Audited Information)**

No compensation for loss of office was paid in 2023-24 (2022-23: £nil).

### **Off payroll disclosures**

Usel did not have any off-payroll disclosures in 2023-24 (2022-23: £nil).

### **Payments to past Directors (Audited Information)**

Usel did not make any payments to past Directors in 2023-24 (2022-23: £nil).

### **Consultancy costs**

Usel made £12,000 consultancy-related payments in 2023-24 (2022-23: £2,838).

### **Sickness absence (Audited Information)**

The short-term sickness absence rate for the year was 4.93% (2022-23: 1.26%).

### **Staff turnover & engagement**

The staff turnover percentage for 2023-24 was 17.30% (2022-23: 17.8%).

The 2023 Staff Survey covered the areas of communication, performance management, development, management, health and safety, diversity and working at Usel. 74.2% of staff agreed that they are satisfied working with Usel (2022-23: 79%).

### **Staff Policies**

#### **Employee Policy**

The Company is committed to providing equality of opportunity. It is our policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. Everyone has a right to equality of opportunity and to a good and harmonious working environment and atmosphere in which all staff are encouraged to apply their diverse talents and in which no worker feels under threat or intimidated. This right is protected in many instances by legislation.

#### **Diversity and Inclusion**

Usel has an equality, diversity and inclusion policy. Staff can make disclosures through our grievance procedures. In 2023-24, there were no disclosures made (2022-23: none).

**ACCOUNTABILITY REPORT (CONTINUED)****ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT****Losses and Special Payments (Audited Information):**

There were no losses in 2023-24 (2022-23: £nil).

Special Payments

	2023-24	2022-23
Total number of special payments	1	1
Total value of special payments	£4k	£6k

**Fees and Charges (Audited Information)**

This note is provided for fees and charges purposes only.

Business Activity	Income £	Cost £	Surplus/ deficit £	Financial Objective
Empower Admin Fee	91,996	91,996	-	To recover costs of services provided to administer and deliver the Empower consortium - achieved
ES Admin Fee	326,944	326,944	-	To recover costs of services provided to administer and deliver the ES programme - achieved
Jobstart Broker Role Fee	19,615	19,615	-	To recover costs of services provided to administer and deliver the Jobstart programme - achieved

**Regularity of Spend (Audited Information)**

There has been £1,160k of irregular spend in the year – this has been subject to audit (2022-23: £1,768k).



**Scott Jackson**  
**Chief Executive and Accounting Officer**  
**Date: 19 May 2025**

## **THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

### **Qualified opinion on financial statements**

I certify that I have audited the financial statements of the Ulster Supported Employment Limited for the year ended 31 March 2024 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Ulster Supported Employment Limited financial statements is applicable law and the United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, except for the possible effects of the matter described in the Basis for qualified opinions section below, the financial statements:

- give a true and fair view of the state of the Ulster Supported Employment Limited's affairs as at 31 March 2024 and of its net income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

### **Qualified opinion on regularity**

In my opinion, except for the effects of the matters described in the Basis for qualified opinions section below, in all material respects the expenditure and income recorded in the financial statements have been applied for the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Basis for qualified opinions**

The Ulster Supported Employment Limited was unable to provide sufficient evidence to enable me to conclude that the Value Added Tax liabilities of £248,054 at 31 March 2024 and £30,976 at 31 March 2023 were correctly stated. There were no alternative audit procedures that I could perform to provide me with assurance over the accuracy and valuation of these liabilities. Consequently, the scope of my audit was therefore limited in this respect, and I was unable to determine whether any adjustment to the VAT liabilities was necessary.

Significant weaknesses in procurement practices in the Ulster Supported Employment Limited were identified in 2023 as a result of whistle-blower allegations. It was identified that significant exceptions had arisen with the application of internal controls over procurement, with the Ulster Supported Employment Limited not preparing business cases and seeking required approvals from the Department for Communities before expenditure was incurred.

During 2023-24, the Ulster Supported Employment Limited incurred £1.16 million of other operating expenditure which did not have the required Department for Communities' approvals. This expenditure is irregular as the transactions do not conform to the authorities which govern them and I have qualified my regularity opinion on this basis.

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of the Ulster Supported Employment Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified opinions.

### **Emphasis of Matter – Prior period adjustments for VAT liabilities**

I draw attention to Notes 1.17, 5.1, 14, 15 and 23 to the financial statements, which describe prior period adjustments made to restate 2022-23 expenditure streams and balances within the financial statements arising from the Ulster Supported Employment Limited's failure to apply partial exemption VAT regulations. VAT liabilities have been captured in the financial statements for both the current and prior year in relation to VAT arrears, and associated penalties and interest, owing to HMRC as a consequence. The VAT liabilities are based on the most likely outcome of ongoing discussions between USEL and HMRC. My opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded Ulster Supported Employment Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may



cast significant doubt on the Ulster Supported Employment Limited 's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for the Ulster Supported Employment Limited is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

### **Other Information**

The other information comprises the information included in the Annual Report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate. The Board and the Accounting Officer are responsible for the other information included in the Annual Report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Performance Report and Accountability Report have been prepared in accordance with applicable legal requirements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Ulster Supported Employment Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

Except for the lack of sufficient appropriate audit evidence to enable me to conclude that the Value Added Tax liabilities reported as of 31 March 2024 and 31 March 2023 were correctly stated, which has led to the qualified audit opinion on financial statements detailed above, I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of the Board and Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with the Companies Act 2006;
- the preparation of the financial statements in accordance with the Companies Act 2006 and for being satisfied that they give a true and fair view;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Ulster Supported Employment Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Ulster Supported Employment Limited will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to examine, certify and report on the financial statements in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 2013.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to Ulster Supported Employment Limited through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included governing legislation, Companies Act 2006 and any other relevant laws and regulations identified;
- making enquires of management and those charged with governance on the Ulster Supported Employment Limited's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Ulster Supported Employment Limited's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals, and business transaction streams that may be susceptible to material misstatement due to fraud;

- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and making enquiries to the Ulster Supported Employment Limited and relevant third parties; and
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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

My report on the matters subject to qualification, along with further detailed observations, is attached to these financial statements.

A handwritten signature in black ink, reading 'Dorinnia Carville'. The signature is written in a cursive style with a large initial 'D'.

Dorinnia Carville  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU

30th May 2025

**Statement of Financial Activities  
for the year ended 31 March 2024**

		<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2023-24</b>	<b>Total 2022-23 (Restated)</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income &amp; Endowments from:</b>	Note				
Donations & legacies	3	-	1,763,723	1,763,723	1,796,066
Other trading activities	3	2,176,820	-	2,176,820	2,105,857
Contract Income	3	2,701,963	3,969,112	6,671,075	4,986,620
Investments	3	86,067	-	86,067	34,819
Other operating income	3	4,675	171,088	175,763	164,710
<b>Total Income</b>		<b>4,969,525</b>	<b>5,903,924</b>	<b>10,873,449</b>	<b>9,088,072</b>
<b>Expenditure on:</b>					
Staff Costs	4	(2,329,045)	(4,648,792)	(6,977,837)	(6,406,406)
Other operating expenditure	5.2	(2,239,378)	(1,255,132)	(3,494,509)	(2,221,739)
Exceptional Expenditure	5.1	(66,281)	-	(66,281)	(43,641)
<b>Total Expenditure</b>		<b>(4,634,704)</b>	<b>(5,903,924)</b>	<b>(10,538,628)</b>	<b>(8,671,786)</b>
<b>Net income/ (expenditure) after tax before investment gains/ (losses)</b>		<b>334,821</b>	<b>-</b>	<b>334,821</b>	<b>416,286</b>
Net gains/ (losses) on investments	6	(127,000)	-	(127,000)	(637,000)
<b>Net Income/ (Expenditure)</b>		<b>207,821</b>	<b>-</b>	<b>207,821</b>	<b>(220,714)</b>
<b>Other recognised gains/ (losses):</b>					
Actuarial gain / (loss) on pension scheme	20	(103,004)	-	(103,004)	5,362,000
Net gain / (loss) on revaluation of Property Plant and Equipment	9	33,800	-	33,800	(205,557)
<b>Net Movement in Funds</b>		<b>138,618</b>	<b>-</b>	<b>138,618</b>	<b>4,935,729</b>
<b>Reconciliation of Funds</b>					
Total Funds Brought Forward		<b>3,136,937</b>	<b>-</b>	<b>3,136,937</b>	<b>(1,798,792)</b>
<b>Total Funds Carried Forward</b>		<b>3,275,555</b>	<b>-</b>	<b>3,275,555</b>	<b>3,136,937</b>

**Balance Sheet  
as at 31 March 2024**

		2023-24	2022-23 (Restated)
	Note	£	£
<b>Fixed assets:</b>			
Property, plant and equipment	9	2,038,077	2,081,485
Intangible assets	10	1,901	2,897
<b>Total Fixed assets</b>		<b>2,039,978</b>	<b>2,084,382</b>
<b>Current assets</b>			
Inventories	11	71,161	54,731
Trade receivables, financial and other assets	12	1,324,117	1,082,463
Cash and cash equivalents	13	1,516,283	1,535,430
<b>Total current assets</b>		<b>2,911,561</b>	<b>2,672,624</b>
<b>Creditors: amounts falling due within one year</b>	14	(1,582,888)	(1,314,194)
<b>Net current assets</b>		<b>1,328,673</b>	<b>1,358,430</b>
<b>Total assets less current liabilities</b>		<b>3,368,651</b>	<b>3,442,811</b>
<b>Creditors: amounts falling due after one year</b>	20	-	(270,000)
<b>Provisions for liabilities</b>	15	(93,096)	(35,875)
<b>Total net assets</b>		<b>3,275,555</b>	<b>3,136,937</b>
<b>Funds of the Charity</b>	24		
Unrestricted funds		2,636,212	2,531,394
Restricted funds		-	-
Revaluation reserve		639,343	605,543
<b>Total equity</b>		<b>3,275,555</b>	<b>3,136,937</b>

In the view of the Board an exemption from the audit requirements of Part 16 of the Companies Act 2006 is available under section 482 of that Act, since the Company meets the Department of Finance's definition of a non-profit-making Company and is subject to a public sector audit under the Companies (Public Sector Audit) Order (Northern Ireland) 2013, being an order issued under Article 5(3) of the Audit and Accountability (Northern Ireland) Order 2003. The Board therefore claims this exemption.

The financial statements on pages 54 to 56 were approved by the Board on 19 May 2025 and were signed on its behalf by:

*William Leatham*

*S Jackson*

**W Leatham**      **Date** 19/05/2025  
**Chairman**

**S Jackson**      **Date** 19/05/2025  
**Accounting Officer**

Registration No. NI 005192

The notes on pages 57 to 81 form part of these financial statements.

**Statement of Cash Flows**  
**for the year ended 31 March 2024**

	<b>Note</b>	<b>2023-24</b> <b>£</b>	<b>2022-23</b> <b>(Restated)</b> <b>£</b>
<b>Cash flows from operating activities</b>			
Net Income/(Expenditure)		<b>207,821</b>	<b>(220,714)</b>
<i>Adjustments for non cash transactions</i>			
Depreciation and amortisation	9/10	93,832	91,929
Pension interest and administration expenses		127,000	637,000
Loss on disposal of property, plant and equipment		-	1,889
Difference between pension charge and cash contributions		(500,003)	(301,000)
(Increase) / decrease in Inventories	11	(16,430)	(6,993)
(Increase) / decrease in trade and other receivables	12	(241,654)	(16,789)
Increase / (decrease) in trade and other payables	14	329,416	44,934
Increase / (decrease) in provisions	15	57,221	13,519
<b>Net cash inflows from operating activities</b>		<b>57,203</b>	<b>243,775</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(76,350)	(125,895)
Adjustment to opening PPE		-	1,603
Purchase of intangible assets	10	-	-
Purchase of Invest Property		-	-
Proceeds of disposal of property, plant and equipment		-	13,328
<b>Net cash outflows from investing activities</b>		<b>(76,350)</b>	<b>(110,964)</b>
<b>Cash flows from financing activities</b>			
Grant from sponsoring department		-	-
<b>Net financing</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents in the period</b>	13	<b>(19,147)</b>	<b>132,811</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1,535,430</b>	<b>1,402,619</b>
<b>Cash and cash equivalents at the end of the period</b>	13	<b>1,516,283</b>	<b>1,535,430</b>



**Notes to the financial statements for the year ended 31 March 2024**

**1 Statement of Accounting Policies**

Ulster Supported Employment Limited (“Usel” or “the Company”) is a Company limited by guarantee, domiciled and registered in Northern Ireland. The registered number is NI005192, and the registered address is 182-188 Cambrai Street, Belfast, BT13 3JH.

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements also meet the disclosure requirements of the Government Financial Reporting Manual (FrM) and those issued by the Department of Finance in so far as those requirements are appropriate.

Financial figures reported in these financial statements are in pounds sterling except for note 20 which are in thousand pounds sterling.

**1.1 Newly adopted standards**

Usel has reviewed the standards, interpretations and amendments to published standards that became effective during 2023-24 and which are relevant to its operations. These have not had a significant impact on the Company’s financial position or results.

**1.2 Measurement convention**

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and donated assets. Retirement Benefit Obligations are stated at fair value.

**1.3 Going concern**

These financial statements have been prepared on the going concern basis. The Department considers it reasonable for Usel to assume that Grant-in-Aid funding will continue to be provided, as necessary, to allow Usel to discharge its liabilities as they fall due in the normal course of business. Management have prepared cashflow forecasts, incorporating the above assumptions and reflecting their best estimate of trading activity, which support Usel’s ability to continue as a going concern. Management do not consider these matters to cast significant doubt upon the entity’s ability to continue as a going concern.

**1.4 Property, plant and equipment**

Property, plant and equipment are stated at net current replacement cost less accumulated depreciation and accumulated impairment losses, with the exception of land and buildings which are stated at fair value.

#### 1.4 Property, plant and equipment (continued)

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the Statement of Financial Activities (SoFA) on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	-	50 years
Plant and office equipment	-	10 years
Motor vehicles	-	4 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Non-Current Assets are capitalised if they are capable of being used for a period which exceeds one year, and they individually cost at least £1,000. We do not capitalise the criteria of a grouped asset i.e. collectively have a cost of at least £1,000 and are functionally interdependent.

Buildings are stated at open market value and other non-current assets are stated at net current replacement cost.

Land and buildings are revalued by qualified valuers on a regular basis using open market value (which reflects a highest and best use basis) so that the carrying value of an asset does not materially differ from its fair value at the reporting date. External revaluations of the Company's land and buildings have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards and FRS 102.

Surpluses on revaluation are recognised in the SoFA and accumulated in equity in the revaluation reserve, except to the extent that they reverse impairment losses previously charged to profit or loss, in which case the reversal is recorded in profit or loss. Decreases in value are charged against SoFA and the revaluation reserve to the extent that a previous gain has been recorded there and thereafter are charged through profit or loss.

#### 1.5 Donated assets

Donated fixed assets are capitalised at their fair value on receipt and this value is credited to the SoFA.

Donated fixed assets are valued and depreciated in line with property, plant and equipment. Gains and losses on revaluations are also taken to the SoFA and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset charged to the SoFA. Any impairment on donated assets is charged to the SoFA.

#### 1.6 Intangible assets

Intangible assets comprise software licenses which are stated at net current replacement cost. Intangible assets are amortised on a straight-line basis over 5 years.

### 1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost comprises direct materials, direct labour and, if appropriate, direct overheads.

### 1.8 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the SoFA. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 1.9 Financial instruments

Usel does not hold any complex financial instruments.

#### (i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Classification and subsequent measurement****Financial assets*****(a) Classification***

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – equity investment or debt investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

***(b) Subsequent measurement and gains and losses***

***Financial assets at FVTPL*** - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

***Financial assets at amortised cost*** - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**(iii) Impairment**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in FRS 102).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

*Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

**1.10 Employee benefits***Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary. When calculations result in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in the SoFA.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past services or the gain or loss on curtailment is recognised in profit or loss. The Company recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

### **1.11 Recognition of income**

#### *Incoming Resources*

Incoming resources relates to the operating activities of Usel, the sale of goods, provision of services, Grant in Aid income from Department for Communities (DfC) and other funding income received from formally tendered contractual arrangements. All income is recognised in the period in which goods are sold or services provided.

Income and expenditure excludes VAT, as all VAT collected is payable to HM Revenue and Customs and VAT paid is recoverable from them subject to partial exemption rules.

#### *Grant-in-Aid*

Grant-in-aid from the Department for Communities is shown in the Statement of Financial Activities in the year in which it is receivable. Undrawn grant-in-aid is not available to be carried forward from one year to the next.

#### *Other Government Grants*

Other government grant income is recognised as and when the conditions for its receipt have been met.

### **1.12 Reserves**

#### *Fund accounting*

Usel receives various types of funding which require separate disclosure. These are as follows:

- Unrestricted funds: funds which may be expended at the discretion of management in furtherance of the objectives of Usel; and
- Restricted funds: funds which are earmarked for specific purposes.

Usel forecasts to operate on an annual basis within a balanced funding formula of grant-in-aid and self-generated income. Annual operating surpluses (or deficits) are kept to a minimum and transferred to the Unrestricted General Fund at 31 March each year.

The Unrestricted General Fund represents the accumulated financial position of Usel.

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments to PPE and intangible assets.

### **1.13 Taxation status**

The Company has been granted exemption from Corporation Tax on the basis that it is a not-for-profit organisation.

#### **1.14 Critical accounting estimates**

The preparation of financial statements in conformity with FRS 102 requires the use of accounting estimates and assumptions, which often requires judgements to be made by management when formulating the Company's financial position and results. Under FRS 102, the Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimate and assumptions discussed below to be its critical accounting estimates and, accordingly, provides an explanation. Management has discussed its critical accounting estimates and associated disclosures with the Company's Audit and Risk Assurance Committee.

**Pension liability:** The Company has a commitment to pay pension benefits to approximately 404 people. The cost of these benefits and the present value of pension liabilities depend on such factors as the life expectancy of the members, the salary progression of current employees, the return that the pension fund assets will generate in the time before they are used to fund the pension payments, price inflation and the discount rate used to calculate the net present value of the future pension payments. We use estimates provided by independent experts for all of these factors in determining the pension costs and liabilities incorporated in our financial statements. The assumptions reflect historical experience and judgement regarding future expectations.

The value of the net pension obligation at 31 March 2024 and the key financial assumptions used to measure the obligation are disclosed in note 21.

#### **1.15 Liabilities and Provisions**

Liabilities and provisions are recognised as resources expended as soon as there is a legal or constructive obligation committing the Company to expenditure.

#### **1.16 Standards issued but not yet applied**

Management consider that there are no standards issued but not yet adopted that are likely to have significant impact on these financial statements.

**1.17 Prior period adjustments**

During the year, it was identified that the application of partial exemption VAT needed to be applied in respect of VAT submissions submitted to HMRC in the current and prior periods. The Company has been working with HMRC on this issue on an ongoing basis but identified the following amounts which required correction in the prior period in respect of Expenditure in the SoFA and the opening and closing balance of the Unrestricted Fund:

<b>Adjustments made to SoFA &amp; Unrestricted General Fund</b>	<b>2022-23</b>	<b>Prior periods</b>	<b>Total prior period adjustment</b>
Additional VAT liability	30,123	40,163	70,285
Interest on VAT liability provision	4,482	10,307	14,789
Penalty charge provision	9,037	12,049	21,086
<b>Total</b>	<b>43,641</b>	<b>62,519</b>	<b>106,160</b>



## 2. Statement of Operating Expenditure by Operating Segment

The factory operation manufactures industrial sewing products, recycles mattresses and carpets, and processes confidential shredding. The Company does not rely on any major customer in this segment.

Employment Services operate employment programmes on behalf of the Department for Communities (DfC) and Department for Economy (DfE); these programmes are awarded through commercial tenders. In this segment the Company relies on DfC, being a major customer. The Chief Operating Decision Maker is the Chief Executive, reporting to the non-executive Board of Directors.

				<b>2023-24</b>
	<b>Manufacturing and recycling £</b>	<b>Employment services £</b>	<b>Other £</b>	<b>Total £</b>
Income	1,104,120	8,679,255	1,090,074	10,873,449
Gross Expenditure	(484,158)	(10,075,189)	(106,281)	(10,665,628)
<b>Net Expenditure</b>	<b>619,962</b>	<b>(1,385,332)</b>	<b>983,793</b>	<b>207,821</b>

				<b>2022-23 (Restated)</b>
	<b>Manufacturing and recycling £</b>	<b>Employment services £</b>	<b>Other £</b>	<b>Total £</b>
Income	1,266,504	6,643,648	1,177,920	9,088,072
Gross Expenditure	(2,214,942)	(6,934,708)	(159,136)	(9,308,786)
<b>Net Expenditure</b>	<b>(948,438)</b>	<b>(291,060)</b>	<b>1,018,784</b>	<b>(220,714)</b>

The net assets at segment level are not separately reported to the Chief Operating Decision Maker and therefore have not been disclosed above.

**3. Income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2023-24 £</b>	<b>2022-23 (restated) £</b>
<b>Donations &amp; legacies:</b>				
GIA income	-	1,004,007	1,004,007	978,391
Employment support	-	759,717	759,717	817,675
<b>Other trading activities</b>	2,176,820	-	2,176,820	2,105,857
<b>Contract income</b>	2,701,963	3,969,112	6,671,075	4,986,620
<b>Investments: Bank interest</b>	86,067	-	86,067	34,819
<b>Other operating income:</b>				
Job Start Programme	-	76,414	76,414	114,889
ES income (Host Pension Deficit Cont.)	4,675	94,674	99,349	49,821
	<b>4,969,525</b>	<b>5,903,924</b>	<b>10,873,449</b>	<b>9,088,072</b>

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

The Performance Report and Performance Analysis from pages 12 to 22 provide further information on the income generating activities of the company.

**4. Staff costs**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2023-24 £</b>	<b>2022-23 £</b>
Wages and salaries	1,993,764	4,421,203	6,414,967	5,752,120
Redundancy payments	-	16,327	16,327	-
Social security costs	230,322	138,792	369,114	328,674
Other pension costs	104,959	72,470	177,429	325,612
	<b>2,329,045</b>	<b>4,648,792</b>	<b>6,977,837</b>	<b>6,406,406</b>

The above balance includes £2,844,069 (2022-23: £2,626,500) of staff costs relating to 247 (2022-23: 264) participants on the Employment Support programme as at 31 March 2024.

There were £3,706 agency costs included within Wages and salaries (2022-23 £452).

**5.1 Exceptional Expenditure**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2023-24 £</b>	<b>2022-23 £</b>
VAT Declaration	49,060	-	49,060	30,123
Provision for penalties and interest	17,221	-	17,221	13,519
	<b>66,281</b>	<b>-</b>	<b>66,281</b>	<b>43,641</b>

**5.2 Other Operating Expenditure**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2023-24 £</b>	<b>2022-23 £</b>
Empower Partner Costs	-	1,088,146	1,088,146	-
TFS Disability Support	-	-	-	912
Materials	171,152	-	171,152	232,811
Ability Cafe	447,562	-	447,562	407,790
Computer expenses	13,220	14,199	27,419	82,666
TFS Programme	88,520	-	88,520	225,883
Repairs	77,889	-	77,889	109,484
Insurance	233,359	-	233,359	170,874
Legal and professional fees	241,220	-	241,220	84,337
Compensation payment	-	-	-	6,250
Waste Disposal	95,626	-	95,626	68,429
Motor expenses	98,959	-	98,959	113,181
Light, heat and power	152,852	-	152,852	182,404
General expenses	22,864	12,616	35,480	34,653
Training	21,292	-	21,292	26,002
Telephone	47,997	-	47,997	38,414
Tutors	124,044	40,980	165,024	33,288
Tools	-	-	-	36,365
Health & Safety Costs	4,857	-	4,857	22,529
Audit	37,500	-	37,500	35,800
Rent and rates	39,743	-	39,743	26,220
Advertising	24,400	24,670	49,071	20,171
Participant costs	122,164	35,552	157,716	37,190
Travel	30,025	38,969	68,994	60,105
Delivery costs	6,358	-	6,358	26,609
Cleaning	7,291	-	7,291	13,887
Security	-	-	-	3,438
Printing and stationery	6,059	-	6,059	16,526
Canteen	5,578	-	5,578	7,056
Payments to hosts and sub-contractors	-	-	-	-
Postage	694	-	694	1,518
Bank charges	2,999	-	2,999	3,149
Discount allowed	(6)	-	(6)	(20)
Equipment	20,380	-	20,380	-
<b>Subtotal</b>	<b>2,144,598</b>	<b>1,255,132</b>	<b>3,399,729</b>	<b>2,127,921</b>
<b>Non Cash costs</b>				
Depreciation	93,832	-	93,832	91,929
Bad debts written off	948	-	948	-
Loss on Disposal	-	-	-	1,889
<b>Subtotal</b>	<b>94,780</b>	<b>-</b>	<b>94,780</b>	<b>93,828</b>
<b>Total</b>	<b>2,239,378</b>	<b>1,255,132</b>	<b>3,494,509</b>	<b>2,221,739</b>

All of the 'Other operating expenditure' is classified as support costs, except for Empower Partner costs of £1,088,146 which is funding received from the Empower programme on behalf of the consortium partners and directly paid to them.

## 6. Net gains/ (losses) on investment

	Unrestricted Funds £	Restricted Funds £	2023-24 £	2022-23 £
Expected return on pension scheme assets	988,000	-	988,000	679,000
Interest on pension scheme liabilities	(992,000)	-	(992,000)	(835,000)
Total net interest cost	(4,000)	-	(4,000)	(156,000)
Administrative expenses	(123,000)	-	(123,000)	(481,000)
<b>Total</b>	<b>(127,000)</b>	<b>-</b>	<b>(127,000)</b>	<b>(637,000)</b>

## 7. Financial instruments

As some of the cash requirements of Usel are met through Grant-in-aid provided by DfC, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body.

The majority of financial instruments relate to contracts to buy non-financial items in line with Usel's expected purchase and usage requirements and Usel is therefore exposed to little credit, liquidity or market risk.

Details of pension liabilities are included within note 20 below.

## 8. Auditor remuneration

	Unrestricted Funds £	Restricted Funds £	2023-24 £	2022-23 £
Internal Audit	4,500	-	4,500	3,800
External Audit	33,000	-	33,000	32,000
	<b>37,500</b>	<b>-</b>	<b>37,500</b>	<b>35,800</b>

**9. Property, plant and equipment**

	<b>Long Leasehold Buildings</b>	<b>Plant and office Equipment</b>	<b>Fixtures &amp; Fittings</b>	<b>Motor vehicles</b>	<b>Donated Assets</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or Valuation</b>						
At 1 April 2023	1,690,000	502,855	-	186,718	12,300	2,391,873
Additions	-	7,500	8,128	-	-	15,628
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>1,690,000</b>	<b>510,355</b>	<b>8,128</b>	<b>186,718</b>	<b>12,300</b>	<b>2,407,501</b>
<b>Depreciation</b>						
At 1 April 2023	-	240,171	-	62,940	7,277	310,388
Charged in the year	33,800	45,170	340	12,296	1,230	92,836
Disposals	-	-	-	-	-	-
Revaluation	(33,800)	-	-	-	-	(33,800)
<b>At 31 March 2024</b>	<b>-</b>	<b>285,341</b>	<b>340</b>	<b>75,236</b>	<b>8,507</b>	<b>369,424</b>
<b>Net book value</b>						
<b>At 31 March 2024</b>	<b>1,690,000</b>	<b>225,014</b>	<b>7,788</b>	<b>111,482</b>	<b>3,793</b>	<b>2,038,077</b>
At 31 March 2023	1,690,000	262,684	-	123,778	5,023	2,081,485

## 9.1 Property, plant and equipment

	Long Leasehold Buildings	Plant and office Equipment	Motor vehicles	Donated Assets	Total
	£	£	£	£	£
<b>Cost or Valuation</b>					
At 1 April 2022	1,750,000	524,650	186,718	20,000	2,481,368
Additions	180,557	6,060	-	-	186,617
Disposals	-	(26,252)	-	(7,700)	(33,952)
Revaluation	(180,557)	-	-	-	(180,557)
Impairments	(60,000)	-	-	-	(60,000)
Transfers	-	(1,603)			(1,603)
<b>At 31 March 2023</b>	<b>1,690,000</b>	<b>502,855</b>	<b>186,718</b>	<b>12,300</b>	<b>2,391,873</b>
<b>Depreciation</b>					
At 1 April 2022	-	213,302	50,568	9,320	273,190
Charged in the year	35,000	42,139	12,372	1,422	90,933
Disposals	-	(15,270)	-	(3,465)	(18,735)
Revaluation	(35,000)	-	-	-	(35,000)
<b>At 31 March 2023</b>	<b>-</b>	<b>240,171</b>	<b>62,940</b>	<b>7,277</b>	<b>310,388</b>
<b>Net book value</b>					
<b>At 31 March 2023</b>	<b>1,690,000</b>	<b>262,684</b>	<b>123,778</b>	<b>5,023</b>	<b>2,081,485</b>
At 31 March 2022	1,750,000	311,348	136,150	10,680	2,208,178

## 10. Intangible assets

	Software Licences £
<b>Cost or Valuation</b>	
At 1 April 2023	8,240
Additions	-
Disposals	-
<b>At 31 March 2024</b>	<b>8,240</b>
<b>Amortisation</b>	
At 1 April 2023	5,343
Charged in the year	996
Disposals	-
<b>At 31 March 2024</b>	<b>6,339</b>
<b>Net book value</b>	
<b>At 31 March 2024</b>	<b>1,901</b>
At 31 March 2023	2,897

## 10.1 Intangible assets

	Software Licences £
<b>Cost or Valuation</b>	
At 1 April 2022	8,240
Additions	-
Disposals	-
<b>At 31 March 2023</b>	<b>8,240</b>
<b>Amortisation</b>	
At 1 April 2022	4,347
Charged in the year	996
Disposals	-
<b>At 31 March 2023</b>	<b>5,343</b>
<b>Net book value</b>	
<b>At 31 March 2023</b>	<b>2,897</b>
At 31 March 2022	3,893

**11. Inventories**

	<b>2023-24</b>	<b>2022-23</b>
	<b>£</b>	<b>£</b>
Raw materials	71,161	39,215
Work in progress	-	10,384
Finished goods	-	5,132
	<b>71,161</b>	<b>54,731</b>

**12. Trade receivables, financial and other assets**

	<b>2023-24</b>	<b>2022-23</b>
	<b>£</b>	<b>(Restated)</b>
	<b>£</b>	<b>£</b>
Receivables - trade	415,761	379,295
Other receivables	36,125	151,159
Prepayments	52,015	90,807
Accrued income	820,216	461,202
	<b>1,324,117</b>	<b>1,082,463</b>

All receivables are due within one year.

**13. Cash and cash equivalents**

	<b>2023-24</b>	<b>2022-23</b>
	<b>£</b>	<b>£</b>
<b>Balance at 1 April</b>	1,535,430	1,402,619
Net change in cash and cash equivalents	(19,147)	132,810
<b>Balance at 31 March</b>	<b>1,516,283</b>	<b>1,535,430</b>

**The following balances at 31 March were held at:**

Commercial banks and cash in hand	1,516,283	1,535,430
Bank overdraft	-	-
<b>Balance at 31 March</b>	<b>1,516,283</b>	<b>1,535,430</b>



**14. Trade payables, financial and other liabilities**

	<b>2023-24</b>	<b>2022-23 (Restated)</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade payables	173,006	343,529
Value Added Tax	248,054	30,976
Other taxation and social security	91,693	91,685
Other payables	503,160	311,788
Accruals and deferred income	566,974	536,216
	<b>1,582,888</b>	<b>1,314,194</b>

**15. Provision for liabilities**

	<b>2023-24</b>	<b>2022-23 (Restated)</b>
	<b>£</b>	<b>£</b>
Provision for penalties and interest on VAT declaration	53,096*	35,875
Provision for legal fees	40,000	-
	<b>93,096</b>	<b>35,875</b>

\*This amount includes the 2022-23 provision of £35,875 as this was not utilised in year

The provision for penalties and interest on VAT declaration forms part of the VAT Compliance and Adjustment issue disclosed under 'Events after the Reporting Period' in Note 24. The timing of the obligation is currently uncertain as Usel are still working through the issue with HMRC. The amount of the obligation is also to be determined Usel have applied to HMRC for a suspension of the penalty which is contingent upon meeting agreed conditions during the suspension period.

The provision for legal fees relates to the Industrial Tribunal claim which is expected to be progressed during 2025. An estimate of the obligation was provided by Usel's legal team as at 31 March 2024, however this is subject to increase as the requirements of the Tribunal case become more apparent.

**16. Members' liability**

Each member of the Company is liable to contribute, in the case of a winding up, a sum not exceeding £1. There were 7 members at the Balance Sheet date.

**17. Capital commitments**

The Company had no contracted capital commitments at 31 March 2024 or 31 March 2023, not otherwise included in these financial statements.

**18. Commitments under leases**

At 31 March 2024 the Company had no annual commitments under non-cancellable operating leases. Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2023-24 £	2022-23 £
<b>Buildings</b>		
Not later than one year	-	-
Later than one year and not later than five years	-	-
later than five years	-	-
	<hr/>	<hr/>
	-	-
<b>Other</b>		
Not later than one year	-	2,898
Later than one year and not later than five years	-	-
later than five years	-	-
	<hr/>	<hr/>
	-	<b>2,898</b>

£nil (2022-23: £2,898) was included as an operating lease expense in the statement of comprehensive net expenditure.

**19. Financial performance targets**

The Department for Communities does not consider it appropriate to set financial targets for Usl.

**20. Pension liability**

The Company operates a defined benefit pension for its employees which was closed to new entrants in January 2014. Following departmental approval of a pension benefit re-design business case and a formal consultation process during 2022 the Defined Benefit Scheme was closed on 31 December 2022 and all members transferred to the Defined Contribution Scheme from 1 January 2023. The company entered a deficit recovery plan for the Defined Benefit Scheme from 1 September 2022 to 5 April 2034. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the Statement of Financial Activities to spread the cost of the pension over employees' working lives with the Company at rates determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method.

**20. Pension liability (continued)**

The IAS 19 valuation for inclusion in the financial statements at 31 March 2024 is based on the roll forward of results of the last full funding valuation certified by the actuary as at 31 March 2021. Membership data as at 31 March 2021 has been updated using cashflow data in the intervening period as a proxy for membership movement. Key financial assumptions including discount rate and inflation are updated as at the current year end date. The remaining demographic assumptions are consistent with those applied to the 2021 triennial funding valuation.

An independent Trustee was appointed to Chair the Board of Trustees on 1 August 2019. The Trust Board also has two members nominated by the Directors and two members nominated by the members of the Pension Scheme. Mercer manage the investment of funds on behalf of the Trustees. Mercer Limited has been appointed by the Trustees to act as their Administrators and Advisors on the operation of the Scheme.

<b>Change in benefit obligation</b>	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Benefit obligation at beginning of year	20,978	29,812
Current service cost	-	188
Past Service cost	-	-
Interest costs	992	835
Plan participants' contributions	-	94
Benefit payments from plan	(631)	(536)
Insurance premiums for risk benefits	-	(16)
Actuarial losses / (gains)	(616)	(9,399)
Benefit obligation at end of year	<b>20,723</b>	<b>20,978</b>

<b>Change in plan assets</b>	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets at beginning of year	20,708	24,516
Expected return on plan assets	988	679
Employer contribution	500	489
Member contributions	-	94
Benefits paid	(631)	(536)
Administrative expenses paid	(123)	(481)
Insurance premiums for risk benefits	-	(16)
	(451)	(4,037)
Return on plan assets (excluding interest income)		
Fair value of plan assets at end of year	<b>20,991</b>	<b>20,708</b>

**20. Pension liability (continued)****Amounts recognised in the Balance Sheet**

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit obligation	(20,723)	(20,978)
Fair value of plan assets	20,991	20,708
Funded status - net asset (liability)	268	(270)
Unrecognised asset*	(268)	
Asset/ (liability) recognised in the Balance Sheet	<b>-</b>	<b>(270)</b>

\*Asset not recognised under IFRIC 14 as it is not anticipated that there will be any economic benefit to the Company from the asset

**Components of pension cost**

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	-	188
Past service cost	-	-
<b>Total service cost</b>	<b>-</b>	<b>188</b>
Interest cost	992	835
Interest (income) on plan assets	(988)	(679)
<b>Total net interest cost</b>	<b>4</b>	<b>156</b>
<b>Administrative expenses and taxes</b>	<b>123</b>	<b>481</b>
Defined benefit cost included in the Statement of Financial Activities	127	825
Total re-measurements included in other recognised (gains)/ losses	103**	(5,362)
<b>Total defined benefit cost recognised in the Statement of Financial Activities and other recognised gains/ (losses)</b>	<b>(230)</b>	<b>(4,537)</b>

\*\*includes unrecognised asset amount of £268k

**20. Pension liability (continued)**

<b>Net defined benefit liability / (asset) reconciliation</b>	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability / (asset)	270	5,296
Defined benefit cost included in the Statement of Net Comprehensive Expenditure	127	825
Total re-measurements included in other comprehensive income	103	(5,362)
Employer contributions	(500)	(489)
Net defined liability as of end of year	<u>-</u>	<u>270</u>

<b>Defined benefit obligation by participant status</b>	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Actives	7,588	7,486
Vested deferred	8,886	8,903
Retirees	4,249	4,589
<b>Total</b>	<u><b>20,723</b></u>	<u><b>20,978</b></u>

<b>Fair value of plan assets</b>	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	203	436
Equity instruments	5,593	6,176
Debt instruments	6,447	6,323
Derivatives	7,694	5,750
Investment funds	1,054	2,023
<b>Total</b>	<u><b>20,991</b></u>	<u><b>20,708</b></u>

**Significant actuarial assumptions****Weighted average assumptions to determine benefit obligations**

	<b>2023-24</b>	<b>2022-23</b>
	<b>%</b>	<b>%</b>
Discount rate	4.90	4.80
Rate of increase in salaries	2.70	2.70
Rate of pension increases	2.50	2.80
Inflation assumption - RPI	3.10	3.10
Inflation assumption - CPI	2.70	2.70

**20. Pension liability (continued)****Assumed life expectancy on retirement at age 65**

	<b>2023-24</b>	<b>2022-23</b>
	<b>Years</b>	<b>Years</b>
<b>Female</b>		
Retiring today (member age 65)	22.2	22.8
Retiring in 20 years (member age 45 today)	23.6	24.2
<b>Male</b>		
Retiring today (member age 65)	19.8	20.5
Retiring in 20 years (member age 45 today)	21.1	21.8

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

	<b>2023-24</b>	<b>2022-23</b>
	<b>%</b>	<b>%</b>
Discount rate	4.80	2.80
Rate of increase in salaries	2.70	3.10
Rate of pension increases	2.50	3.10
Inflation assumption - RPI	3.10	3.50
Inflation assumption - CPI	2.7	3.10

**Sensitivity Analysis**

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
<i>Present value of defined benefit obligation</i>		
Discount rate - 25 basis points	22,474	21,874
Discount rate + 25 basis points	19,166	20,135
Price inflation - 25 basis points	20,206	20,464
Price inflation + 25 basis points	21,242	21,707
Mortality assumption - 1 year	21,167	21,448

**Other required disclosure amounts**

The contributions expected to be paid to the plan during the next financial year amount to £500,000 (2022-23: £500,000)

## 21. Contingent liabilities

The Company is contesting 2 legal claims in respect of an employment tribunal claim and a personal injury claim. Both cases have been reviewed by our solicitors and are expected to be progressed in 2025. Any potential financial impact in respect of either case is currently unquantifiable (2022-23: £Nil).

## 22. Related party transactions

Usel is a Non-Departmental Public Body (NDPB) sponsored by the Department for Communities, which is regarded as a related party. During the year, Usel has had various transactions with the Department and with other entities for which the Department is regarded as the sponsoring department.

None of the Board members, members of the management staff or other related parties have undertaken any material transactions with Usel during the year. A copy of related parties information is available on request at [www.usel.co.uk](http://www.usel.co.uk)

The following balances included in Usel's Financial Statements relate to transactions with the Department for Communities.

Department for Communities	Balance due to DfC (ES) £	Balance due from DfC (ES)	Retention Monies due £	DfC Loan £	DfC Loan write-off £	Grants received £
31-Mar-24	333,508	575,858	-	-	-	964,034
31-Mar-23	198,665	373,460	-	-	-	978,391

## Key management personnel compensation

Compensation totalling £262,207.06 was paid to key management personnel in 2023-24 (2022-23: £280,458). Compensation of key management personnel includes salaries, non-cash benefits and contributions to defined contribution pension plans. This includes amounts paid to the Chief Executive. Amounts paid to all other board members are disclosed in the remuneration and staff report.

## 23. Events after the reporting date

The following issues were identified after the reporting date:

**VAT Compliance and Adjustments:** Usel identified that the partial exemption VAT rules were applicable and subsequently made a self-declaration to HMRC regarding this. A retrospective application of these rules was conducted for the previous four-year period, as required by HMRC. This exercise led to the restatement of prior period comparatives to account for estimated VAT corrections, associated interest, and potential penalties. While working collaboratively with HMRC to resolve the historic VAT liability issue, Usel has already implemented the necessary partial exemption calculations for the 2024-25 period to ensure compliance with VAT regulations moving forward.

Charities SORP Reporting: Following discussions with the auditor in relation to Usel's status on the deemed charities list, it was decided that the Charities SORP reporting was required and that this would be adopted in this year's annual report and accounts.

Board members: a new Board member, Ellen Finlay was appointed to the Board on 1 December 2024 and Michelle Corkey was appointed to the Board on 10 January 2025. Dermot O'Hara resigned from the Board on 10 December 2024.

## 24. Statement of Funds

	Balance at 1 April 2023	Incoming Resources	Outgoing Resources	Transfer between Funds	Balance at 31 March 2024
	£	£	£	£	£
Unrestricted income funds	3,136,937	4,814,255	(4,675,637)	-	3,275,555
Total	3,136,937	4,814,255	(4,675,637)	-	3,275,555

	Balance at 1 April 2022	Incoming Resources	Outgoing Resources	Transfer between Funds	Balance at 31 March 2023
	£	£	£	£	£
Unrestricted income funds	(1,798,792)	9,650,297	(4,665,035)	(49,533)	3,136,937
Total	(1,798,792)	9,650,297	(4,665,035)	(49,533)	3,136,937

Restricted Income Funds	Balance at 1 April 2023	Incoming Resources	Outgoing Resources	Transfer between Funds	Balance at 31 March 2024
	£	£	£	£	£
Empower Program	-	1,843,650	(1,843,649)	-	-
Employment Support	-	2,945,719	(2,945,719)	-	-
Jobstart	-	76,794	(76,794)	-	-
Move into Work	-	33,755	(33,755)	-	-
GIA	-	1,004,007	(1,004,007)	-	-
	-	5,903,925	(5,903,924)	-	-



<b>Restricted Income Funds</b>	<b>Balance at 1 April 2022</b>	<b>Incoming Resources</b>	<b>Outgoing Resources</b>	<b>Transfer between Funds</b>	<b>Balance at 31 March 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Stride	-	757,239	(757,239)	-	-
Employment Support	-	2,825,942	(2,874,868)	48,926	
Jobstart	-	114,889	(115,495)	607	-
Move into Work	-	-	-	-	-
GIA	-	861,330	(861,330)	-	-
	-	4,559,399	(4,608,932)	49,533	-

The Accounting Officer authorised these financial statements for issue on 30 May 2025.

## Appendix 1

### Additional disclosures required by FreM

Usel, as a charitable arm's length body, is required to account for grant-in-aid received under the Charities SORP and accordingly include it within incoming resources in the Statement of Financial Activities.

For all other ALB's, the FreM requires grant-in-aid to be regarded as contributions from controlling parties giving rise to a financial interest in the residual interest of the body and hence accounted for as financing i.e. by crediting them to the income and expenditure reserve.

In addition FreM requires grant-in-aid to be accounted for on a cash basis.  
Were Usel to prepare its accounts on these bases, the results would be as follows:

### Statement of Financial Activities prepared under FReM

	<b>Total 2023-24 £</b>	<b>Total 2022-23 (Restated) £</b>
<b>Income &amp; Endowments from:</b>		
Donations & legacies	759,716	817,675
Other trading activities	2,176,820	2,105,857
Contract Income	6,671,075	4,986,620
Investments	86,067	34,819
Other operating income	175,763	164,710
<b>Total Income</b>	<b>9,869,442</b>	<b>8,109,681</b>
<b>Expenditure on:</b>		
Staff Costs	(6,977,837)	(6,406,406)
Other operating expenditure	(3,494,509)	(2,221,739)
Exceptional Expenditure	(66,281)	(43,641)
<b>Total Expenditure</b>	<b>(10,538,628)</b>	<b>(8,671,786)</b>
<b>Net income/ (expenditure) after tax before investment gains/ (losses)</b>	<b>(669,186)</b>	<b>(562,105)</b>
Net gains/ (losses) on investments	(127,000)	(637,000)
<b>Net Income/ (Expenditure)</b>	<b>(796,186)</b>	<b>(1,199,105)</b>
<b>Other recognised gains/ (losses):</b>		
Actuarial gain / (loss) on pension scheme	(103,004)	5,362,000
Net gain / (loss) on revaluation of Property Plant and Equipment	33,800	(205,557)
<b>Amount transferred to reserves</b>	<b>(865,389)</b>	<b>3,957,338</b>

	Total 2023-24	Total 2022-23 (Restated)
<b>Analysis of Reserves prepared under FReM</b>		
Balance at 1 April	3,136,937	(1,798,792)
Grant in Aid Received in Year	1,004,007	978,391
Net Operating Expenditure	(865,389)	3,957,338
<b>Balance at 31 March</b>	<b>3,275,555</b>	<b>3,136,937</b>

**Appendix 2**

**Schedule 1**

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

**Companies Act 2006**

- 1 The disclosure exemptions permitted by the Companies Act 2006 shall not apply to Ulster Supported Employment Limited unless specifically approved by Department of Finance (DoF);
- 2 The Companies Act 2006 requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to Ulster Supported Employment Limited shall be contained in the Foreword;
- 3 When preparing its income and expenditure account, Ulster Supported Employment Limited shall have regard to the profit and loss account format prescribed in the Companies Act 2006;
- 4 When preparing its Balance Sheet, Ulster Supported Employment Limited shall have regard to Balance Sheet format prescribed in the Companies Act 2006. The Balance Sheet totals shall be struck at "Total assets less current liabilities";
- 5 The Foreword and Balance Sheet shall be signed by the Accounting Officer and dated.

**Schedule 2**

**Additional disclosure requirements**

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

## Report of the Comptroller and Auditor General to the Northern Ireland Assembly

### Introduction

1. The Ulster Supported Employment Limited (USEL) is a Non-Departmental Public Body, established in 1962. The USEL's core focus is 'supporting people who live with disabilities or health related conditions and moving them closer to, into and within employment, training and further education'. It is sponsored by the Department for Communities (the Department).
2. This report reviews the results of my audit of the USEL 2023-24 financial statements and sets out the reasons and context for my qualified opinion on the financial statements due to insufficient evidence available to support the Value Added Tax (VAT) balances, and my qualified opinion on regularity due to unapproved expenditure.

### Limitation in scope arising from insufficient evidence to support the estimate of VAT liabilities reported at 31 March 2024 and 31 March 2023

3. I qualified my opinion on the financial statements due to the USEL being unable to provide sufficient evidence to enable me to conclude that the VAT liabilities reported as of 31 March 2024 and 31 March 2023 were correctly stated.
4. When testing the VAT liability of £248,054 included in the USEL 2023-24 financial statements, my engagement team were made aware that the USEL had been experiencing issues with VAT within its financial reporting platform. In April 2025, this was investigated by the USEL and it was found that a number of prior VAT quarters had not been properly closed in the financial reporting platform.
5. Separate to the partial exemption VAT matter reported at paragraph 14 below, subsequent reconciliations performed by the USEL identified the following variances within the financial reporting platform between the trial balance and the VAT return reports at each year-end:

Year	Trial Balance (£)	VAT return report for year- end quarter (£)	Variance (£)
<b>31 March 2023</b>	(39,344)	68,575	107,919
<b>31 March 2024</b>	128,709	128,520	(189)

6. The USEL was unable to provide audit evidence to substantiate the variance at 31 March 2023 and to demonstrate whether or not the variance had subsequently been resolved during 2023-24. The variances also appear to have continued into the 2024-25 reporting year. In the absence of evidence to substantiate the variances, it is not possible to conclude on the accuracy and

valuation of the VAT balances recorded in the financial statements for the current and prior year. There were no alternative audit procedures which I could perform to obtain sufficient appropriate audit evidence.

7. The value of the reconciliation variance for the VAT return at year end 31 March 2023 is material to the financial statements. Furthermore, the latest figures available for the 2024-25 reporting year demonstrates that the problems giving rise to this matter are ongoing. I have subsequently concluded that I do not have sufficient audit assurance over the accuracy and valuation of the current year (£248,054) and prior year (£30,976) VAT liabilities reported in the 2023-24 financial statements and have qualified my opinion on the financial statements in this regard.
8. The USEL has outlined it is engaging with external support to reconfigure the VAT module within the financial reporting platform and correct historical mis postings, following which monthly reconciliations between VAT return reports and the trial balance will be performed and reported to the Financial Controller. The USEL expects full resolution by late 2025 and I will examine the outcome from this as part of my audit work in the future.

#### Qualified opinion on the regularity of other operating expenditure

9. I have qualified my opinion on the regularity of transactions included within the USEL 2023-24 financial statements due to the material value of other operating expenditure incurred without the required approvals from the Department.
10. Significant weaknesses in procurement practices in the USEL were identified in 2023 following on from concerns raised under its whistleblowing procedures. Procedures subsequently performed by my engagement team during the 2022-23 audit identified significant exceptions had arisen with the application of internal controls over procurement, with the USEL not preparing business cases and seeking required approvals from the Department before expenditure was incurred. As a consequence, I qualified my 2022-23 regularity opinion on this basis.
11. In response, the USEL actively identified and addressed a series of oversight and procedural internal control weaknesses related to approvals in 2024 and implemented a series of measures to prevent recurrences. The USEL told us these included:
  - the appointment of a Procurement and Contracts Manager to oversee procurement compliance and support business case preparation;
  - the introduction of a comprehensive Contracts Register and Business Case Tracker, both of which are updated regularly and reviewed as standing items at each quarterly Audit and Risk Assurance Committee meeting;
  - the submission of retrospective business cases to the Department for a number of legacy contracts entered into without prior approval. These contracts were assessed for value for money and allowed to continue until expiry; and
  - embedding strengthened internal procurement controls, including a "no purchase order, no pay" policy, and enhanced staff communication and oversight protocols.

12. The Department did not provide approval for retrospective business cases subsequently submitted by the USEL during 2024 for the legacy contracts entered into without prior approval. This was because the USEL was unable to demonstrate it followed a process to approve this expenditure internally in prior years before it was incurred. As a consequence, all expenditure incurred on contracts established in prior years which are beyond the USEL Accounting Officer's delegated authority remains unapproved for 2023-24 and subsequent years.
13. During 2023-24, the USEL incurred £1.16 million of other operating expenditure which did not have the required approvals from the Department. This expenditure is irregular as the transactions do not conform to the authorities which govern them, and I have qualified my regularity opinion on this basis.

#### Other reporting matters arising from my audit

14. During my audit of the USEL 2023-24 financial statements, it was identified that the USEL had not correctly applied partial exemption VAT in the current and prior periods. As a number of the USEL's income streams are exempt from VAT, the USEL was not permitted by VAT regulations to recover VAT in full on purchases.
15. In response, the USEL engaged tax specialists and HMRC to determine their partial exemption VAT and the proportion of VAT which it can recover on affected expenditure streams. Based on this engagement, the USEL has estimated it has recovered VAT of £119,345 in error from HMRC over the last four years. In addition, the USEL has estimated penalties and accrued interest of £53,096 associated with the VAT recovered in error.
16. These amounts have been included in the USEL 2023-24 financial statements as VAT liabilities and provisions as appropriate. Prior period adjustments have been processed by USEL to restate and correct material misstatements in the 2022-23 expenditure streams and balances impacted by VAT recovered in error, including the associated penalties and accrued interest. I have included an Emphasis of Matter paragraph in my audit certificate to draw users' attention to the prior period adjustments made to the restate 2022-23 expenditure streams and balances presented within the USEL 2023-24 financial statements.
17. The USEL made a voluntary disclosure to HMRC in August 2024 regarding the partial exemption VAT error and it is expected that all amounts due to HMRC will be paid by late 2025. I will monitor progress as part of my audit of the USEL 2024-25 financial statements. The USEL also told me that all VAT returns made to HMRC since June 2024 have correctly applied partial exemption VAT and controls have been embedded to ensure continued compliance.

#### Recommendations for the Future

18. While I am encouraged by the actions taken by the USEL to identify and address fundamental procurement internal control deficiencies, it is important it continues to demonstrate robust

monitoring, oversight and reporting procurement and contract management arrangements to prevent additional regularity issues.

19. The USEL has told me it is committed to a programme of further actions to strengthen its business case development, procurement oversight, and compliance with delegated authorities. These include:

- revised business case templates to improve the quality and consistency of internal approvals;
- structured training for all relevant budget holders and senior managers;
- a new Procurement and Business Case Manual, reflecting recent audit recommendations and internal lessons learned;
- embedding real-time procurement oversight into monthly financial reporting to enable early identification of any contract or spend commitments requiring business case development; and
- an internal escalation protocol for non-compliance.

20. The qualification matters outlined above will be tested as part of my audit of the USEL 2024-25 financial statements. I will keep progress made by the USEL under review and will consider implications for my audit opinions from matters arising, including evidence available to support VAT balances and unapproved expenditure which continues to be incurred on contracts established before 2024.



Dorinnia Carville  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU

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