

Registered No. NI 005192

**Ulster Supported Employment Limited
Annual Report and Accounts
for the year ended 31 March 2021**

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Directors and advisers

Directors

William Leathem (Chairman)
Raymond Donnelly
Dermot O'Hara
Joan Cowan
Ray Havlin
Sarah Wakfer
Damian Duffy

Chief Executive and Accounting Officer

B Atkinson

Company Secretary

S Ballentine-Kearns

Registered office

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Danske Bank Limited
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Solicitors

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Belfast
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Statutory auditor

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Galwally
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BT8 6RB

Chief Executive's Foreword

I am pleased to present our Annual Report and Financial Statements for 2020-2021.

Despite the impact of COVID 19 in March 2020 and Brexit from 1 January 2021, we have delivered on a range of key business outcomes. I am immensely proud of staff and associates across Ulster Supported Employment Limited (Usel), who have consistently produced/provided a range of goods/services that contribute to leading disability employment support across NI.

2020-21 brought significant challenges for society as a whole, Usel like all organisations felt the full force of the downturn in the wider economy.

The resulting downturn had a negative impact across our business and presented a number of challenges for our staff and customers alike. However, during the past 12 months Usel staff have been inspiring. This inspiring team of people have continued to deliver on all fronts of the business.

Employment services

Our employment services teams worked tirelessly to continue to support our clients remotely across all of our employment support and training programmes.

Delivering an excellent standard of disability employment support via the five employment programmes. A recent Education and Training Inspectorate (ETI) Inspection resulted in Usel maintaining the highest level of confidence and safeguarding outcomes possible.

Recycling and manufacturing

Our recycling and manufacturing teams worked throughout the pandemic supporting key stakeholders in recycling to support various local councils and manufacturing PPE for a range of key sectors during the height of the pandemic.

During this time, our manufacturing team produced almost 100,000 items of PPE in order to support key services within the Department for Communities.

Corporate service

Our corporate services team have supported the business greatly during the year with IT, HR and Finance all adopting to a fast-moving environment that required the entire business at one point to be operating remotely.

Their focus and energy cannot be underestimated in allowing the operational teams to continue to focus solely on delivering an exceptional service for our clients and customers.

Whilst we face unprecedented challenges during the COVID pandemic, we have seized the opportunity to review and revise our business model.

I am confident that following some necessary changes we will emerge much stronger and more resilient with our ability to adopt & overcome being testament to the people within Usel, who have demonstrated a passion & enthusiasm in the most trying of circumstances in the past 12 months.



Bill Atkinson

Chief Executive Officer, Usel

Non-Executive Board Member Report

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

The last year has seen a significant development in the business offering even with the many challenges and restrictions due to Covid 19. Over the last 12 months our teams have stepped up to the challenge and have not only met but exceeded expectations. The teams have continued to support our key stakeholders and have been monumental in providing vital services and equipment for frontline services across Northern Ireland.

Their contribution to these services has helped frontline services in their fight against COVID-19, for example, our production of:

- 5000 Scrub bags for front line workers
- 35,000 face coverings manufactured
- 25,000 face shields assembled
- 5000 Covid-19 safe sport packs for Sport NI
- 27,000 bags of paper shredding
- 643 tons of cardboard collected
- 100% attendance for all production staff (not considering any furlough/shielding periods of staff)

The Board has remained focused on the Company's key aim to help those with a disability or health related condition gain employment. To this end considerable work has been undertaken in terms of our five key strategic areas:

- Social entrepreneurship
- Business planning for a growth agenda
- Developing as a learning organisation
- Stakeholder engagement
- Good governance

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 2021.

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 Audit and Risk Assurance Committee with a new chair appointed this year Mr Dermot O'Hara taking over from Mrs Carol Magill. The Board reviews the Risk Register on a regular basis.

As a Non-Departmental Public Body (NDPB), the relationship with our parent Department is critical and it is essential that appropriate arrangements are in place to manage that relationship. 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 based on our Values framework has been developed and used in the past year to ensure there is an accountable two-way process which supports, motivates and enables the development of good practice for individual members of staff.

One Board member retired in the past year and we increased our board from six to seven members. Mrs Carol Magill - Audit and Risk Assurance Committee Chair from 2019, concluded her term on 30th November 2020. Mrs Magill was a dedicated member and made an important contribution to the Company's development during her tenure. The Board membership has changed with Mrs Sarah Wakfer and Mr Damian Duffy commencing 1st December 2020. 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 our Chief Executive and the other members of the Senior Management Team and all our staff. Their commitment and enthusiasm has 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

Performance Report

Overview

Ulster Supported Employment Limited (Usel) is an executive NDPB and operates under the direction of the Department for Communities (DfC) (formerly the Department for Employment and Learning) and in particular on a day-to-day basis the Strategic Employment Branch. The Company is a private, not for profit Company, limited by guarantee and does not have a share capital, domiciled in Northern Ireland.

The Company is a registered charity under Section 505 of the Income and Corporation Taxes Act 1988 with effect from 20 March 1996. Usel has submitted the appropriate paperwork to the CCNI. However, due to pressures within CCNI the submission has not yet been reviewed. Usel remain 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.

The Company was established in 1962 to fulfil an act of Parliament to provide supported paid employment for disabled people and in 1980 the Company expanded through the acquisition of the Workshops for the Blind (The Belfast Association for the Employment of the Industrious Blind) to become the largest employer of disabled people within Northern Ireland. At the time of the merger the Workshops for the Blind had been providing employment only for people with vision impairment as it had always done since it was established in 1871.

By special resolution, the Company changed its original incorporation name of Ulster Sheltered Employment Limited to Ulster Supported Employment Limited on 25 September 1998. There have been no changes in the Company’s activities during the year and none are anticipated in the foreseeable future.

These Financial Statements have been prepared in accordance with the accounting and disclosure requirements of the Companies Act 2006 and, in a form, directed by the Department for Communities with the approval of the Department of Finance.

Whilst Usel is a 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 maximize the benefit to our clients, and we deliver good value for money.

Results for the year

The results for the financial year are set out in the Statement of Comprehensive Net Expenditure on page 49. Net expenditure for the year was £234,833 (2019-20: £767,003). Although the Statement of Financial Position shows the Company to have a net liability position, the Directors do not consider there is a risk of the Company not being a going concern. The net liability position has one main contributing factor – the defined benefit pension. Confirmation has been received from the Department that it is reasonable for Usel to assume that Grant-in-Aid funding will continue to be provided to at least 2021-22. A deed of release was executed by the department on the 16th March 2021 which released Usel of its outstanding liability of £799,687.

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

On the issue of risk, the management team review risk as part of the monthly management team meeting. This is then, where appropriate, updated within the risk register and the Directors receive regular updates on the risk register at the Board every month. This is further augmented by the detailed reporting of the Senior Management Team on the business in the monthly Board Report. The Directors are satisfied there are robust plans and activities to manage these risks. In terms of corporate governance the Directors recognise the need to manage the various elements within that, and are satisfied the Accounting Officer discloses accurate and timely information to them and would commend the Senior Management Team for the early adoption of key governance requirements.

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.

Manufacturing and recycling department

The manufacturing department operates from the factory on our Cambrai Street site, producing bedding and industrial sewing products. At 31st March 2021, there were 38 (2019-20: 44) staff in post. Approximately 60% 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.

During 2020-21, Usel reviewed the performance of its manufacturing department. As part of a cost reducing exercise, seven roles were identified as redundant due to business improvement measures. These seven members of staff exited before 31 March 2021.

Within Usel's Circular Economy (recycling) department, mattresses, carpet and carpet tiles are recycled. At 31st March 2021, there were 23 (2019-20: 27) staff in post. Approximately 61% of those employees live with a disability or health related condition. The benefit of the department extends beyond creating employment and delivers a really positive environmental impact also.

In 2020-21, 26,278 units, equating to 719 tonnes were diverted from landfill. One of the most significant developments in 2020-21 has been the diversification into confidential paper shredding, which started in January 2020 whereby 14,075 Confidential Waste bags were collected, equating to 193,713 tonnes.

Employment Services Department

Employment Services department delivers a supported employment model to approximately 1,200 clients across Northern Ireland. Employment Services contracts are gained by tendering in open competition. As at 31st March 2021, this Department comprised 31 (2019-20: 38) 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. Details of the various employment programmes are outlined below.

One of the most significant developments in 2019-20 was the growth of Usel's "Ability" cafes. Unfortunately, due to the pandemic, several of the cafes had to close due to government restrictions. These included the catering provision with the Belfast Trust, at the acute mental health hospital; Ecos centre, Ballymena and Belfast Zoo. We were able to continue provide a catering provision at The Stables at Lady Dixon park on a take-out basis only. In April 2020 Usel secured a contract for providing a catering provision at The Foundry Café, Spectrum Centre, Belfast. We were able provide a catering provision on and off dependent upon the government guidelines.

The cafes have enabled Usel to run training academies (depending on COVID guidelines) for participants on our Stride Programme, who have an interest in working in the hospitality sector. The academies provide accredited and non-accredited training, in areas such as food preparation, customer service, teamwork and food hygiene. These academies have been a great success with over 60% of the participants who undertook training at Ability during the year progressed into supported employment.

At 31st March, 18 (2019-20: 21) staff were employed in the cafes. Approximately 50% of staff employed at the cafes have a disability or health related condition.

Corporate Services

In 2020-21, the administration and management sections delivered support in a range of functions, namely finance, ICT and compliance and HR. At 31st March 2021, 29 (2019-20: 30) staff were employed in this department. Approximately 28% have a disability or health related condition.

During 2020-21, Usel's health and well-being programme continued with monthly wellbeing sessions, covering issues such as how to improve sleep and menopause. We had staff 'spin' classes, yoga and bootcamp sessions, both on site when allowed re: government guidance due to COVID-19 and via Zoom. Usel received recognition of its health and well-being initiatives, winning Inspires "Workplace Well-Being Award" in June 2019.

One of the most significant developments in 2019-20 was the development of a new Values Framework. The rollout of the Values Framework has continued through 2020-21 and helps us to reach our organisational goals, to nurture and develop our employees. Our Values Framework outlines the skills, knowledge and behaviors that lead to great performance. Four elements were developed that represent the skills, knowledge and behaviors that are at the heart of Usel:

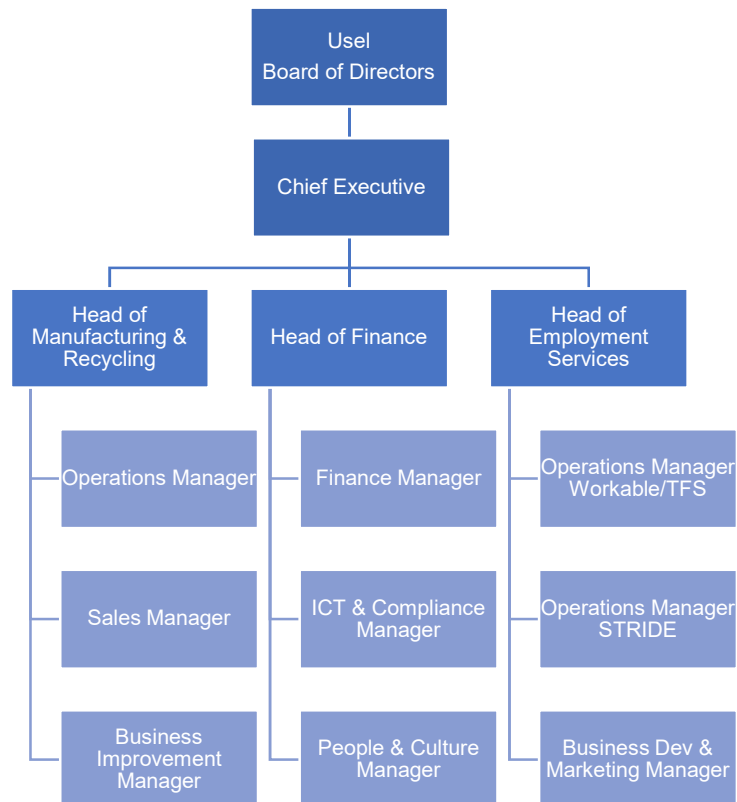
- We Champion Ability
- We Love what we do
- We Grow Together
- We Make a Difference

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.

Company Structure

The management structure of the Company is set out below:



COVID-19

In March 2020, Usel, like so many organisations across the world was impacted by COVID-19. The full impact of the pandemic changes on a daily basis, as government advice and guidance changes. Despite the impact of COVID 19 in March 2021, Usel have delivered on a range of key business outcomes. Usel has consistently produced/provided a range of goods/services that contribute to leading disability employment support across NI.

2020-21 brought significant challenges for society as a whole and Usel like all organisations felt the full force of the downturn in the wider economy.

The resulting downturn had a negative impact across our business and presented a number of challenges for our staff and customers alike. However, during the past 12 months Usel staff have been inspiring. This inspiring team of people have continued to deliver on all fronts of the business.

Brexit

Usel have carried out a review of the potential impacts of Brexit and believe this will have a minimal impact on our operations over the coming year.

Going Concern

Although the Statement of Financial Position shows the Company to have a net liability position, the Directors do not consider there is a risk of the Company not being a going concern. The net liability position has one contributing factor – the defined benefit pension. Confirmation has been received from the Department that it is reasonable for Usel to assume that Grant-in-Aid funding will continue to be provided to at least 2021-22. A deed of release was executed by the department on the 16th March 2021 which released Usel of its outstanding liability of £799,687.

Performance Analysis

Performance Measurement

This is the penultimate year of Usel's draft Corporate Plan 2017-2022. Usel continues to embed the core methodology of the balanced score card across the organisation. It cascades the core elements of the metrics system from Customers, Results, Internal Processes and Learning and Growth across the organisation.



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 which is now a key element within business activity.

Objectives and Strategies

As an arm's length body of DfC, Usel is committed to supporting the achievement of the draft Programme for Government (PfG) stated objective of *'improving wellbeing for all - by tackling disadvantage and driving economic growth'*.

Usel's Corporate Plan 2017-2022 and Business Plan for 2020-21 is aligned to the PfG Outcomes Delivery plan and the DfC Operational Strategic Priorities 2020-25.

Performance Against Programme for Government (PfG) Outcomes

Progress against the objectives are outlined in the table overleaf:

Strategic Theme	Objective	Progress to Date	RAG status
Social Entrepreneurship	We will identify one new product and one new line of business per year	<p>2017-18: 1 new product line in manufacturing; 2 new lines of business in manufacturing and 1 in recycling.</p> <p>2018-19: 3 new product lines manufactured and 1 new product line in recycling; 1 new business line in hospitality, Ability coffee shop at Knockbreda H&W Centre.</p> <p>2019-20: 3 new product lines manufactured and 3 new product lines in recycling; 4 new hospitality venues, including a café business (serving hot food). New Slumberin retail unit opened.</p> <p>New recycling hub officially opened in Ballymena in 2019-20.</p> <p>2020-21: 3 new product lines manufactured and multiple new recycling opportunities; 1 new hospitality venue (serving hot food).</p>	
Business Planning for A Growth Agenda	We will create 50 sustainable jobs for people with disabilities or health related conditions, creating £1m of new business	<p><i>Baseline income budget 2016-17: £3.3m (exc ES)</i></p> <p>2017-18: 27 jobs created and income budget of £3.7m (exc ES)</p> <p>2018-19: 13 jobs created and income budget of £4.5m (exc ES)</p> <p>2019-20: 22 (as at 31 Dec 2019) jobs created and income budget of £5.5m (exc ES)</p> <p>2020-21: Due to COVID, we have focussed on sustaining current posts therefore no job growth has occurred during the year. Income budget of £5.7m (exc ES)</p>	
Developing as A Learning Organisation	We will have increased staff satisfaction, with staff feeling valued and proud to be part of Usel	<p>2016-17, 75% of staff “would speak highly of Usel as an employer” – this increased to 89% in 2018-19.</p> <p>2016-17, 68% were satisfied to work for Usel. This increased to 86% in 2018-19.</p>	

		<p>2016-17, 40% staff agreed that morale was good at Usel. This increased to 71% in 2018-19.</p> <p>2019-20: Usel were unable to implement planned focus groups etc to measure staff satisfaction, due to COVID-19.</p> <p>2020-21: 90% of staff agreed that staff morale was good, which was an increase of 19% from 2018-19.</p>	
Stakeholder Engagement	We will work to foster trust to be the preferred partner to work with	<p>2017-18: 5 new strategic partners;</p> <p>2018-19: 2 new strategic partners;</p> <p>2019-20: 3 new strategic partners;</p> <p>2020-21: 2 new strategic partners;</p>	
Good Governance	We will ensure the right skills, capacity and resources across the business to ensure we are financially sustainable	<p>Over the last four years, Usel has invested significantly in the learning and development of its staff, for example:</p> <ul style="list-style-type: none"> - The management team completed ILM Level 5 & Level 7; - Aspiring Leaders programme; - Train the Trainer qualification; - IOSH training for supervisors; - Autism Awareness and Equality and Diversity training for all; - GDPR training; - Waste management training; <p>We have delivered unqualified Financial Statements each year. We have continued to roll out the new Values Framework from 2019-20 throughout 2020-21.</p>	

Detailed Analysis

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 295 (31 March 2020: 315 clients) remaining active on the programme at the year end. During 2019-20, Usel negotiated 8 percentage increases to employer contributions and moved two clients into open employment – no changes took place in 2020-21.

B: Support and Training to Realise Individual Development and Employment (STRIDE)

The European Social Fund (ESF) project STRIDE (Support & Training to Realise Individual Development & Employment) supports people living with a disability, who are unemployed or economically inactive, into employment or further training opportunities. Usel provides a range of support including employability training, qualifications, work placements, wellbeing support, supported employment and subsidised employment opportunities. The project completed its third of four-year delivery during 2020-21.

The project aims to support 200 participants each year and deliver 180 accredited qualifications and 20 non-accredited qualifications. In 2020-21, 142 participants were supported onto the project (2019-20: 211), the reason that the number decreased from previous years was due to the pandemic. 237 (2019-20: 298) accredited qualifications were achieved and 745 (2019-20: 308) non-accredited qualifications. Of the 200 annual participants, there are targets to get 30% into work and 15% into further education/training. Of the 78 Year 3 participants who left the project to the year end, 58% left to an employment outcome. A further 22% (21%) left the project for further education/training. An additional target is to ensure that 15% of project leavers are in work 6 months after leaving the project. For all project leavers who had left 6 months or more (306) as at 31st March 2021, 44% of these were in work. In 2020-21 we received a grade of the highest level of confidence from ETI on our ISEF report.

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 a number of 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 employment.

During 2020-21, the majority of our support was carried out remotely, due to the pandemic. Usel was able to support 241 (2019-20:339) individuals via the Workable NI programme. During the year, 78 (2019-20: 149) clients left the programme for a variety of reasons, including 70% moving into unsupported sustained employment.

The STRIDE programme has been crucial for a number of our clients, enabling us to support them as they progress into employment.

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

Usel has been working along with a number of training providers and key partners including colleges to provide specialist support to those people on the Training for Success or Apprenticeship NI programmes who face a range of barriers to their development and training.

During the year 2020-21, the Company delivered support to 313 (2019-20 340 participants) participants. The range of supports include one-to-one mentoring, classroom support and job search activities. Most of this support has been carried out remotely due to the pandemic.

E: Training for Success

In June 2017, Usel were successful in winning three contract lots (Antrim & Newtownabbey,

Belfast City and Lisburn & Castlereagh) for the Training for Success 2017 contract. Delivery commenced in September 2017 with six learners on the programme, we have now grown this provision, with 28 new starts in September 2020. We now have 43 learners on the TFS programme. Due to Covid19, we had to support our learners remotely for around 6 months of the year.

In 2020-21, the retention rate was 94% (2019-20: 94%), against an Education Training Inspectorate (ETI) “good” retention target of 80%.

Manufacturing and recycling department:

The Manufacturing and recycling department delivers three key areas:

1: Mattress and bed manufacture

Following on from a strong 2019-20, Usel has seen a decline on sales and units produced due to the impacts of Covid-19 with lockdowns being imposed throughout the year. The bedding staff were placed onto furlough throughout the 2020-21 financial year.

2: Industrial sewing

The Industrial Sewing department performed well during 2020-21 finishing in line with budget. This is a result of a concentrated sales strategy from the sales team within Usel with emphasis on targeting new customers and markets.

During 2020-21, 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 in conjunction with this have developed several additional customers within this sector, for example the production of PPE in 2020-21.

3: Circular economy

Mattress recycling

In 2020-21, Usel seen a decline for new market opportunities within a circular economy model. The mattress recycling team had a challenging year due to the impacts of Covid-19 closing Household Waste Recycling Centres (HWRC's) and retail bedding shops over the several months in the early part of 2020. Some of the mattress recycling staff were placed onto furlough throughout the 2020-21 financial year due to health conditions and shielding.

Carpet recycling

Usel commenced a carpet recycling pilot with Belfast City Council. The benefits from the pilot were realised, recycling approximately 300 tonnes of carpet. The carpet recycling project has now halted due to council's budget restraints coming from the impact of Covid-19

Confidential shredding

2020-21 witnessed a gradual start to the confidential shredding business unit with office closures due to Covid-19. However, there was a constant increase in confidential materials being collected

from commercial private sector customers and the securing of the NICS protective materials shredding contract.

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 centred, 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 environmental footprint is reduced where possible. In 2020-21, 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 2020-2021:

- 105 Supported Employment Jobs
- 882 Jobs created or sustained through Employment Support, Workable and STRIDE
- 41 Young people prevented from becoming NEET
- 649 people supported through Pre-Employment
- 600+ Employer Partnerships
- 4640 tonnes of mattresses diverted from landfill
- 591 tonnes of carpet and paper waste diverted from Landfill

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 2020-21. There were four minor non-conformances noted. All recommendations have been implemented.

Usel continues to be an active member of the National Bedding Framework. Usel was audited in February 2020 against their revised Code of Practice. Usel passed the audit and was commended on its implementation of the new mattress traceability system in place in addition to the measures introduced to assure product and customer safety.

The Environment

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

Usel will develop a cross functional Environmental Focus Group to implement environmental initiatives within the business. The Environmental Action Plan 2021-22 has been revised to include new target areas.

Within the factory and outlying offices, Usel continues to monitor consumables and as the Company refurbishes areas it is introducing more environmentally friendly substitutes, for example LED lighting rather than halogen or florescent units.

NIEA Prosperity Agreement

In 2017-18, Usel and the Northern Ireland Environment Agency (NIEA) agreed a framework based on joint business aspirations towards long term prosperity between Ulster Supported Employment Limited and the NIEA.

The parties agreed to put in place a framework based on the following joint aspirations to move their business further towards long-term prosperity through improved environmental outcomes:

1. Seeking opportunities to explore innovative solutions to implement resource efficiency and sustainability of business in Northern Ireland.
2. Working in collaboration with the supply chain, other stakeholders and the community to influence environmental outcomes and develop the circular economy.
3. Working together to promote better regulation and secure good business practice.

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').

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 spans the duration of the Corporate Plan 2017-2022 and is available on our website 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 tracking of our 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 31st March 2021, approximately 70% of Usel staff 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 ICT and Compliance 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 2020-21 (2019-20: nil).

Auditor's Remuneration

The Auditor's Remuneration is stated in Note 9 to the Financial Statements.

A handwritten signature in blue ink, appearing to be 'B Atkinson', with a long horizontal stroke extending to the right.

B Atkinson
Chief Executive and Accounting Officer
30 June 2021

Accountability Report

Directors' Report Year ended 31 March 2021

Background Information

The Directors and Advisers are listed on page 4.

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. Due to COVID-19, this has not taken place in the 2020-21 year. 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 feed back 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.

Accounting policies

The financial statements have been prepared on a going concern basis in accordance with the 2020-21 Government Financial Reporting Manual (FRoM), in a form directed by the Department for Communities, with the approval of the Department of Finance.

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 90% (2019-20: 89%) 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, 60% (2019-20: 59%) of supplier invoices were settled within this timeframe.

Fees and Charges

Usel does not have any material fees and charges.

Subsequent events

No significant events have occurred since the reporting date which affect the Company or which materially affect the financial statements of the Company.

Personal Data Related Incidents

There are no personal data related incidents to report in 2020-21 (2019-20: no incidents).

Political Donations

Usel did not make any political donations or incur any political expenditure in 2020-21 (2019-20: £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 2020-21, no complaints were logged (2019-20: 2 were logged and neither were upheld).

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

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.

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 22.

Regular Spend

There has been no irregular spend in the year – this has been subject to audit.

Gifts

No gifts were received in year.

Directors

Details of the composition of the Board during 2020-21 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 will bring to this role. Mr Leathem also holds public appointments as Vice-Chair to the Arts Council NI (ACNI), as well as being a Board Member to the General Consumer Council. He has had political activity for the DUP within the last 5 years.

Carol Magill – Director (Audit and Risk Assurance Committee Chair)

Ms Carol Magill is the key Assessor for the Communication Management Standard (CMS) for the Public Relations and Communications Association (PRCA.) Carol is also joint owner of a heritage building, the only Coastguard Boat House on Belfast Lough, which has been recognised as a leading international tourist attraction. In addition, Carol was formerly Head of Communications in the Department of Culture, Arts and Leisure and was a Head of Policy in the Department of Employment and Learning.

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 and Social Care Trust and Craigavon Borough Council and now is an independent HR/OD Consultant. He has experience across the HR spectrum, in particular the strategic issues relating to change management and improvement, including implementing training programmes. He does not hold any other public appointments.

Dermot O'Hara – Director (Appointed as Chairperson of ARAC from 24 February 2021)

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

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 and downsizing. She is a former Director of the Home-Start Charity with responsibility for governance. She does not hold any other public appointments.

Ray Havlin – Director

Mr Havlin runs a family owned business, successfully working with a wide range of suppliers, customers and strategic partner organisations, whilst overseeing the business’ activities. He is on the Board of Governors of a local primary school and is a Group Scout Leader. Mr Havlin has experience of strategy development, financial planning and risk management, skills which he will bring to the Usel Board. He does not hold any other public appointments.

Sarah Wakfer – Director (Appointed 1 December 2020, Vice-Chairperson of ARAC from 24 February 2021)

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 Arms 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.

Damian Duffy – Director (Appointed 1 December 2020)

Mr Duffy is currently Director of Development in Belfast Metropolitan College where is sits on the Resources, Audit, Quality and Governing Body Committees. Mr Duffy has extensive experience of economic development, training and employability programmes. He is currently leading on the Employability and Skills Group of the Belfast Region City Deal and sits on the Belfast Jobs and Skills Board. 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. Mr Duffy does not hold any other public appointments.

Statement of disclosure of information to auditor

So far as each of the Directors in office at the date of approval of these financial statements are aware:

- there is no relevant audit information of which the Company’s auditor is unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

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). Although the Northern Ireland Audit Office (NIAO) have contracted the work to KPMG, the audit opinion is issued by the Comptroller and Auditor General.



B Atkinson
Chief Executive and Accounting Officer
30 June 2021

Statement of Accounting Officer's Responsibility

The Department for Communities has directed Usel to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. 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, statement of financial position 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 accounts direction issued by the Department for Communities including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- prepare the Financial Statements on a going concern basis;
- confirm that the Annual Report and Financial Statements as a whole is 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.

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 2021 and up to the date of approval of the annual report and Financial Statements and accords with DoF guidance.

Capacity to Handle Risk

The Audit and Risk Assurance Committee met four times in the year and the risk register was formally presented following update. On that basis, as Accounting Officer, I receive a high degree of comfort that from Board through to managers, each individual with delegated authority is operating from a frame of reference which permits the risk management of the organisation to be handled appropriately.

The Company's 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 number of mattresses collected and 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 monthly, formal meetings with 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.

Principal Risks and Uncertainties

Key issues and risks facing Usel have been outlined in the Risk Management, see page 32.

The Governance Framework

Accounting Officer:

As Accounting Officer I discharge my responsibility through a system that is commensurate with the size and nature of the Company. I meet the Accounting Officer of our sponsoring department annually to discuss the key business issues. At that meeting, I meet the Director of the Department for Communities and the Head of the Sponsoring Branch. This is further augmented on a monthly basis with the business meeting between the sponsoring branch, 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 seven 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.

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 a written commentary from their business area within the Board pack. We meet as a Board and whole management team annually for a full day to review progress, hear from line managers 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 opportunity to explore key issues monthly. During the year the Board set aside other days to engage with the whole management team and to deal with specific topic areas outside the normal transaction business of the Board.

Attendance of Directors and Senior Managers at Board meetings:

Name of Attendee	Record of Attendance
William Leathem (Chair)	11/11
Carol Magill ¹	7/7
Dermot O'Hara	11/11
Raymond Donnelly	10/11
Joan Cowan	11/11
Ray Havlin	10/11
Sarah Wakfer	4/4
Damian Duffy	4/4
Bill Atkinson	11/11
Sarah-Jane Mowbray ²	4/5
David Cowan	11/11
Scott Jackson	11/11
Stephen Ballentine-Kearns ³	7/7

¹Carol Magill resigned in November 2020.

²Sarah Jane Mowbray resigned in October 2020.

³Stephen Ballentine-Kearns' attended his first meeting in September 2020 (appointed July 2020).

Tailored Review

Government departments should complete regular reviews of their arms-length body (ALB) to make sure they are aligned to strategic objectives, well governed and providing value for money.

The Review focuses on three key areas:

- **Continuing need:** to provide a robust challenge and assurance on the continuing need for individual organisations – both their functions and form. This includes alternative delivery models.
- **Effectiveness and efficiency:** capacity for delivering more effectively and efficiently, including identifying the potential for efficiency savings and where appropriate, ability to contribute to economic growth. It should include an assessment of the performance of the organisation or assurance that processes are in place for making such assessments.
- **Control and governance:** control and governance arrangements in place to ensure that the organisation and its sponsor are complying with recognised principles of good corporate governance. These principles will vary according to the public body under review and departments should consult the relevant guidance.

Following the Governance Review in 2017-18, the Department engaged with the Department of Finances' Business Consultancy Service (BCS) to provide a robust, independent challenge and assurance on the continuing need for Usel – both its function and form. The *Tailored Reviews: Guidance on Reviews of Public Bodies* provided the framework for the BCS review. The review focused on two key stages a) assessment of continued need for Usel's current functions and b) an assessment of alternative delivery models. The draft report was issued in August 2019.

The Review Team considered Usel to have two core functions:

1. Social enterprise – providing **direct employment** for people with a disability or health related condition. The direct employment is via product manufacturing and sales; and service provision (recycling and cafes).
2. Supported employment programmes - Providing **employability services** for people with a disability or health related condition. This is currently via programmes commissioned by DfC and DfE. Services currently focus on 'Get In, Stay In, Get on' disability employment principles.

The Review Team assessed the continued need for the two core functions across five areas:

- Legislation;
- Ministerial;
- DfC;
- Usel; and
- Other Stakeholders.

The Review Team assessed there was a continued need for Usel's two core functions.

In line with the *Tailored Review* guidance the report considered the various delivery options that Departments are recommended to consider when conducting this form of review. These are summarised below and each is considered in detail in the report:

1. Abolition;
2. Moving Out of Central Government;
3. Commercial Model;

4. Bring In-House;
5. Merger with Another Body;
6. Less Formal Structure;
7. Delivery by a New Executive Agency; and
8. Continued Delivery by a NDPB (Non-Departmental Public Body) / ALB.

The shortlisting process identified the following options as most appropriate delivery models:

- Option 3: Commercial model; and
- Option 8: Continued delivery as an ALB.

Following consultation and an independent assessment, the Review Team recommended Option 3: Commercial Model. The rationale for this assessment was primarily that current strategic fit for both DfC and Usel results in a number of risks and issues under a 'do nothing' option. A commercial model equally presents risks and issues for both DfC and Usel but in the long term it can provide greater benefits (for both DfC and Usel) by giving Usel greater scope to exploit commercial opportunities and ultimately provide the disability employment outcomes which are needed.

The Board gave full consideration to the Tailored Review and its recommendations during a Board meeting on 25 September 2019.

Whilst the Board accepted the recommendation, a number of critical issues were highlighted to DfC for resolution before the recommendation could be viable, including Usel's pension liability and the development of an agreed detailed deployment plan.

Due to restrictions brought on by Covid-19, no changes have occurred in the 2020-21 year in relation to the tailored review.

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. Three sub-groups are currently in operation:

- Audit and Risk Assurance Committee – see below;
- Health and Safety Committee - membership includes the CEO and members of appropriately qualified staff;
- Employee Forum – membership includes staff from each area of the business.

Board Effectiveness:

The Board conducted a formal and rigorous evaluation of its 2020-21 performance. Board members acknowledged that almost all members were relatively new to the Board and therefore lacked sound understanding of the business. Continued development of the Strategic Plan will strengthen this understanding. The Board was generally content with its performance, in areas such as oversight of management, understanding the Company and its business and conduct of Board meetings. One area for improvement is the composition of the Board, with regard to specific skills – which was ameliorated by the addition of 2 new members in December 2020.

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, a qualified accountant, provides secretariat support to the Board. 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 etc.

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. It was recorded in the minutes.

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, KPMG, 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.

The committee meets four times per annum as per best practice guidelines. Revised Terms of Reference and a forward Work Programme for the Committee were agreed and these were ratified by the Board in March 2021.

In 2020-21, the attendance of members at Audit and Risk Assurance Committee meetings was as follows:

Name of Attendee	Record of Attendance
Carol Magill (Chair – resigned November 2020)	3/3
Dermot O’Hara (Chair from February 2021)	3/4
Raymond Donnelly	2/4
Joan Cowan	4/4
Ray Havlin	4/4
Sarah Wakfer – (appointed December 2020, Vice-Chair from February 2021)	1/1
Damian Duffy – (appointed December 2020)	0
Bill Atkinson	4/4
Sarah-Jane Mowbray – (resigned October 2020)	2/2
Stephen Ballentine-Kearns – (appointed July 2020)	2/3

Pension Trustees:

The Company operates a dual pension provision.

1: Defined Benefit Scheme: 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 to monitor the Scheme's funding, administration and investments, keep up to date with pension legislation and make decisions that affect the future of the Scheme and its members.

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.

Risk Management:

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.

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 kept updated throughout the year. The 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 2020-21, a number of new risks were identified and managed, including:

- risks associated to the defined-benefit pension scheme, such as the ability to fund contributions for past service and future service, particularly as employer contributions increased from 22.4% to 24.8% on 6 April 2020;
- risks associated with new areas of business, such as confidential paper shredding. The risks associated were failure to deliver the service, both operationally and securely. The risks were mitigated with the relevant BSI accreditation, appropriately skilled staff and some adjustments to the building to ensure information security could be maintained.
- significant risk for Usel relating to COVID-19. Despite the downturn in several areas of the organisation, we have continued to provide support to our programme participants remotely and continued to grow throughout the 2020-21 year. Social distancing measures required staff who could work at home, to work remotely and we have continued to do this throughout the year. Those staff unable to work from home, were either placed on furlough and will be supported by the Government's job retention scheme or worked in a risk assessed capacity where required.

Demand for industrial sewing products remains constant, as there is requirement from emergency service customers. The Circular Economy team has continued to grow in size over the past 12 months.

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 allow me 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 passed to me by the Department;
- Public Sector training for areas of change;
- 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;
- 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.

These audits and reviews have all provided positive assurance of the control mechanisms within the Company for the year 2020-21. No material issues were noted, nor were any significant risks or fraud identified.

Following an internal audit review in 2020-21, we received an overall satisfactory assurance on all levels tested, details of which are included in the Assembly Accountability and Audit Report. On the foregoing basis I have a system of control which permits me to annually meet the Permanent Secretary in their capacity as Accounting Officer, and provide a six monthly assurance statement that the organisation is managed and run appropriately and is fully compliant.

On the issue of Information Assurance I can confirm that 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 1st April 2020 – 31st March 2021, I can confirm that there were no data breaches.

USEL has a whistleblowing policy, reviewed annually by the ARAC. No instances of whistleblowing took place during 2020-21.

Charitable Status

Usel has submitted the appropriate paperwork to the CCNI. However, due to pressures within CCNI the submission has not yet been reviewed. Usel remain 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.

Review of Effectiveness

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.

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, with no issues to note.

Although the Statement of Financial Position shows the Company to have a net liability position, the Directors do not consider there is a risk of the Company not being a going concern. The net liability position has one main contributing factor – the defined benefit pension. Confirmation has been received from the Department that it is reasonable for Usel to assume that Grant-in-Aid funding will continue to be provided to at least 2021-22. A deed of release was executed by the department on the 16th March 2021 which released Usel of its outstanding liability of £799,687. On this basis, the Directors consider the Company’s financial position at the year-end to be satisfactory.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors report and the Financial Statements in accordance with applicable law and regulations.

Company law and Article 8(6) of the Financial Provisions (Northern Ireland) Order 1993 require the Chief Executive and Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the income or expenditure of the Company for that period.

The Department for Communities has directed Usel to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. 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, statement of financial position and cash flows for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Chief Executive and Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In addition, in appointing the Chief Executive of Usel as Accounting Officer for the Company, the Department for Communities has placed on the Chief Executive responsibilities including the regularity and propriety of the public finances and for the keeping of proper records, which are set out in the "Accounting Officers Memorandum" issued by the Department of Finance.

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.

Remuneration of Board Members (Audited Information)

	2020-21				2019-20			
	Salary £'000	Benefit in kind £'00	Pension Benefit £'000	Total £'000	Salary £'000	Benefit in kind £'00	Pension Benefit £'000	Total £'000
C Magill	0-5	-	-	0-5	0-5	-	-	0-5
D O'Hara	0-5	-	-	0-5	0-5	-	-	0-5
R Donnelly	0-5	-	-	0-5	0-5	-	-	0-5
W Leathem	11-15	-	-	11-15	5-10	-	-	5-10
J Cowan	0-5	-	-	0-5	0-5	-	-	0-5
R Havlin	0-5	-	-	0-5	0-5	-	-	0-5
S Wakfer	0-5	-	-	0-5	-	-	-	-
D Duffy ¹	-	-	-	-	-	-	-	-
W Atkinson	70-75	-	0-5	75-80	70-75	-	-	70-75

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

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

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Director in their organisation and the median remuneration of the organisation's workforce.

The median remuneration of the staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid Director. This is based on annualised, full-time equivalent (FTE) remuneration as at the reporting period date.

“Salary” includes gross salary; there were no bonuses paid. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Total remuneration is calculated on an annualised basis to remove any fluctuations caused by employee turnover, which do not reflect changes in pay policy.

The FTE measurement of staff is specified to ensure a level of comparability that would otherwise be distorted, if a member of staff represented a whole unit, irrespective of the hours worked.

The ratio is calculated as follows:

$$\frac{\text{Midpoint in highest paid Director's pay band}}{\text{Median remuneration of Usel's staff}}$$

Highest paid official £74,785 (2019-20: £71,033)

Total remuneration ratio 4.8 (2019-20: 4.9)

The median salary during the year was £15,261 (2019-20: £14,655).

The Company operates two pension schemes. The first is a Defined Benefit scheme which is now closed to new entrants. The Scheme provides benefits on a “final salary” basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for each year of service up to 30 June 2013 and at the rate of 1/80th thereafter. The contributions to the scheme are determined by a qualified actuary based on triennial valuations. There was no change in the members’ contributions at the 5 April 2018 actuarial valuation. Members continue to pay 8% p.a of Pensionable Salary (80ths accrual) and 15% p.a of Pensionable Salary (60ths accrual). At the latest 5 April 2018 actuarial valuation date, up to 5 April 2020, Usel’s contribution reduced to 22.0% p.a. of Pensionable Salaries. From 6 April 2020, Usel’s contribution rate increased to 24.8% p.a of Pensionable Salaries.

Pensions increase annually in line with the Retail Prices Index up to a maximum of 5%. On death, pensions are payable to a surviving spouse at a rate of half the member’s pension. On death in service, the scheme pays a lump sum benefit of three times pensionable pay and a spouse’s pension equal to one half the member’s prospective pension.

The second scheme which was established to allow the Company to comply with the auto enrollment legislation as of February 2014, is a Defined 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. There are two levels of contribution, the minimum as determined by current legislation and an enhanced level of 4% employee and 8% employer.

Staff Report (Audited Information)

	2020-21	2019-20
Staff costs	£	£
Wages and salaries	5,420,752	5,772,876
Redundancy payments	43,438	23,409
Social security costs	342,719	325,739
Other pension costs	374,204	401,862
	6,181,113	6,523,886

The average number of full-time equivalent persons during the year was as follows:

	2020-21	2019-20
Average number of full time equivalent persons employed:	Number	Number
Male staff	247	275
Female staff	135	139
	382	414

	2020-21	2019-20
Average number of full-time equivalent persons employed:	Number	Number
Management and administration	59	60
Production distribution and sales	71	88
Employment support	251	266
	382	414

Further analysis of full-time equivalent employees is as follows:

	Male	Female
Senior civil servants	1	-
Senior managers	3	-
Employees	243	135

Board of Directors:	5	2
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Reporting of Civil Service and other compensation schemes – exit packages (Audited Information)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	5	-	5
£10,000-£25,000	2	-	2
£25,000-£50,000	-	-	-
£50,000-£100,000	-	-	-
£100,000-£150,000	-	-	-
£150,000-£200,000	-	-	-
Total number of exit packages	7	-	7
Total resource cost/£	(2020-21: £43,438)	-	(2020-21: £43,438)

There were seven departures of Usel core staff in 2020-21, following a compulsory redundancy process. In 2019-20, four members of staff departed, following a redundancy process. The figures contained within the brackets relate to 2020-21.

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.

Number of Senior Staff with Annual Salaries Over £60,000

Annual Salary Band	2019-20	2020-21
£60,001 - £65,000	-	-
£65,001 - £70,000	-	-
£70,001 - £75,000	1	1
£75,001 - £80,000	-	-
£80,001 - £85,000	-	-
£85,001 - £90,000	-	-

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.

Off payroll disclosures

Usel did not have any off-payroll disclosures in 2020-21 (2019-20: £nil).

Payments to past Directors (Audited Information)

Usel did not make any payments to past Directors in 2020-21 (2019-20: £nil).

Consultancy costs

Usel did not make any consultancy-related payments in 2020-21 (2019-20: £nil).

Sickness absence

The short-term sickness absence rate for the year was 0.4% (2019-20: 2%).

Staff turnover & engagement

The staff turnover percentage for 2020-21 was 12.5%.

90% of staff agreed that staff morale was good.

Best practice

USEL has an equality, diversity and inclusion policy. Staff can make disclosures through our grievance procedures. In 2020-21, there were no disclosures made.

Assembly Accountability and Audit Report

Audit and Risk Assurance Committee Membership:

The Usel Audit and Risk Assurance Committee comprises all the Company's Board members, with the exception of the Chair of the Board, as well as one other Board member. The Board members are all independently appointed which ensures a high degree of segregation between the organisation and the Committee governance and challenge function. The members are supported by the Chief Executive and the Company's Head of Finance who attend each meeting.

While the Committee has the utmost confidence in the CEO and Head of Finance, as part of our process it is now our standing protocol that the committee and auditor will meet once per year in the absence of the Chief Executive and Head of Finance. This is to facilitate any direct feedback from the auditor, the NIAO, our internal auditors, and the sponsoring branch departmental representative on any matters which may be compromised due to the attendance of the Senior Management Team.

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.

Committee Meetings:

The Audit and Risk Assurance Committee generally meets on the same day, and just prior to, the main Board meeting. The Committee met on four occasions in the year to carry out the functions as described under the Terms of Reference. Attendance at these meetings is disclosed on page 31.

Internal Audit Report:

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

The Chief Executive and Head of Finance met the internal auditor during the reporting year and agreed a schedule of works for the period. This was ratified by the Audit and Risk Assurance Committee and the schedule was approved at the February 2021 Audit and Risk Assurance Committee meeting.

The internal audit programme for this year included:

Area Reviewed	Low	Medium	High	Total Recommendations
Budgetary control and Delegated Levels of Authority	3	1	-	4
Health & Safety	3	-	-	3
Follow up	3	-	1	4
Total	9	1	1	11

Internal audit identified the need for a formal procedure around the budget setting process to be documented, to include any budget variances within the reporting period. They also highlighted that in some instances, POs were not being raised and matched to GRNs.

Some health and safety policies require updating and these have been taken care of after the year end. A business continuity plan test will also be carried out as part of the year end review.

One high priority follow up point relating to cash handling within the cafes was highlighted. Cafes were closed for the majority of 2020-21 and only 20% of payments in this time were cash related.

The overall audit opinion for 2020-21 was Satisfactory Assurance over the system of internal control within Usel.

Risk Management & 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 no such reports were applicable during the 2020-21 financial year.

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

Losses and Special Payments (Audited Information):

There were no losses in 2020-21 (2019-20: £nil).

Special Payments

	2020-21	2019-20
Total number of special payments	-	-
Total value of special payments	£nil	£nil

Conflicts of Interest:

At each meeting the members are invited to declare any known information which could pose a conflict of interest. We had 2 such interests declared during 2020-21 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.



Bill Atkinson
Chief Executive and Accounting Officer
30 June 2021

Ulster Supported Employment Limited

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

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 2021 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayer's Equity; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

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

In my opinion the financial statements:

- give a true and fair view of the state of the Ulster Supported Employment Limited company's affairs as at 31 March 2021 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects 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.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs)(UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'¹. 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 Ulster Supported Employment Limited in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, 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 opinions.

¹ Reference to Practice Note 10 is to cover the basis for the regularity opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that 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 Ulster Supported Employment Limited work I have performed, I have not disclosed in the financial statements any identified any material uncertainties that relating to events or conditions that, individually or collectively, may cast significant doubt about 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 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 directors and 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 and report. The directors and 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:

- 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 Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report has 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 Annual Report. 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 directors and Accounting Officer for the financial statements

As explained more fully in the Statements of Directors and Accounting Officer Responsibilities, the directors and the Accounting Officer are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 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 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 the 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 and any other relevant laws and regulations identified;

- making enquires of management and those charged with governance on 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 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;
- 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;
- 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;
- 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; and

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. 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.

Report

I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

*KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB*

Date 7th July 2021

**Statement of Comprehensive Net Expenditure
for the year ended 31 March 2021**

		2020-21	2019-20
	Note	£	£
Income from sale of goods and services	3	7,605,420	8,269,275
Other operating income	3a	602,342	60,878
Total operating income		8,207,762	8,330,153
Staff Costs	4	(6,181,113)	(6,523,886)
Depreciation and amortisation	10/11	(87,048)	(81,714)
Other operating expenditure	5	(1,934,764)	(2,265,401)
Total operating expenditure		(8,202,925)	(8,871,001)
Net operating income/(expenditure)		4,837	(540,848)
Pension finance costs	7	(151,000)	(137,000)
Pension administrative expenses	20	(90,000)	(90,000)
Finance income	6	1,330	845
Net expenditure for the year		(234,833)	(767,003)
Other comprehensive net expenditure			
Items that will not be reclassified to net operating costs:			
Actuarial (loss) on pension scheme	20	(2,217,000)	(1,059,000)
Net gain on revaluation of Property Plant and Equipment	10	35,000	182,000
Comprehensive net expenditure for the year		(2,416,833)	(1,644,003)

The notes on pages 53 to 74 form part of these financial statements.

Statement of Financial Position
as at 31 March 2021

	Note	2020-21 £	2019-20 £
Non-current assets:			
Property, plant and equipment	10	2,249,799	2,143,899
Intangible assets	11	5,378	1,145
Total non-current assets		<u>2,255,177</u>	<u>2,145,044</u>
Current assets			
Inventories	12	150,366	215,514
Trade receivables, financial and other assets	13	816,726	1,033,179
Cash and cash equivalents	14	1,601,336	1,651,075
Total current assets		<u>2,568,428</u>	<u>2,899,768</u>
Total assets		<u>4,823,605</u>	<u>5,044,812</u>
Current liabilities			
Trade payables, financial and other liabilities	15	(1,307,267)	(2,038,137)
Loan from the Department	15.1	-	(799,687)
Total assets less current liabilities		<u>3,516,338</u>	<u>2,206,988</u>
Non-current liabilities			
Trade payables, financial and other liabilities	15	-	(11,500)
Pension liabilities	20	(8,676,000)	(6,470,000)
Total non-current liabilities		<u>(8,676,000)</u>	<u>(6,481,500)</u>
Total assets less total liabilities		<u>(5,159,662)</u>	<u>(4,274,512)</u>
Taxpayers' equity and other reserves			
General reserve		(5,935,762)	(5,015,612)
Revaluation reserve		776,100	741,100
Total equity		<u>(5,159,662)</u>	<u>(4,274,512)</u>

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 49 to 74 were approved by the Board on 30 June 2021 and were signed on its behalf by:

	30/06/2021		30/06/2021
W Leatham	Date	B Atkinson	Date
Chairman		Accounting Officer	

Registration No. NI 005192

The notes on pages 53 to 74 form part of these financial statements.

Statement of Cash Flows
for the year ended 31 March 2021

	Note	2020-21 £	2019-20 £
Cash flows from operating activities			
Net Expenditure for the year		(234,833)	(767,003)
<i>Adjustments for non cash transactions</i>			
Depreciation and amortisation	10/11	87,048	81,714
Pension interest and administration expenses	7/20	241,000	227,000
Loss on disposal of property, plant and equipment		-	2,200
Difference between pension charge and cash contributions		(252,000)	
Decrease / (increase) in inventories	12	65,148	(11,823)
Decrease / (increase) in trade and other receivables	13	216,453	(22,830)
(Decrease) / increase in trade and other payables	15	(742,370)	842,984
Net cash inflow/(outflow) from operating activities		(619,554)	289,242
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(157,211)	(88,110)
Purchase of intangible assets	11	(4,970)	-
Proceeds of disposal of property, plant and equipment		-	2,800
Net cash outflows from investing activities		(162,181)	(85,310)
Cash flows from financing activities			
Grant from sponsoring department	22	731,996	810,473
Net financing		731,996	810,473
Net increase / (decrease) in cash and cash equivalents in the period	14	(49,739)	1,014,405
Cash and cash equivalents at the beginning of the period		1,651,075	636,670
Cash and cash equivalents at the end of the period	14	1,601,336	1,651,075

The notes on pages 53 to 74 form part of these financial statements.

**Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2021**

	General Reserve	Revaluation Reserve	Total Taxpayer's Equity
	£	£	£
Balance at 1 April 2019	(4,000,082)	559,100	(3,440,982)
IAS 19 actuarial loss	(1,059,000)	-	(1,059,000)
Grant from sponsoring department	810,473	-	810,473
Revaluation of property	-	182,000	182,000
External audit fee	(22,756)	-	(22,756)
Net Expenditure for the year	(744,247)	-	(744,247)
Balance at 31 March 2020	(5,015,612)	741,100	(4,274,512)

	General Reserve	Revaluation Reserve	Total Taxpayer's Equity
	£	£	£
Balance at 1 April 2020	(5,015,612)	741,100	(4,274,512)
IAS 19 actuarial loss	(2,217,000)	-	(2,217,000)
Grant from sponsoring department	731,996	-	731,996
Revaluation of property	-	35,000	35,000
Dfc loan write-off	799,687	-	799,687
External audit fee	(21,956)	-	(21,956)
Net Expenditure for the year	(212,877)	-	(212,877)
Balance at 31 March 2021	(5,935,762)	776,100	(5,159,662)

The notes on pages 53 to 74 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2021

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 the 2020-21 Government Financial Reporting Manual (FReM) issued by the Department of Finance NI. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Usel for the purpose of giving a true and fair view has been selected. The particular policies adopted by Usel are described below. They have been applied consistently in dealing with items that are considered material to the financial statements. The financial statements are prepared in accordance with the accounting and disclosure requirements of the Companies Act 2006.

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 2020-2021 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.

1.3 Going concern

Despite the deficit in the Statement of Financial Position arising from the IAS 19 defined benefit pension liability, these financial statements have been prepared on the going concern basis because the benefit re-design review which is currently with the Department for approval, is expected when implemented, to see a reduction in the net pension liability and cash contributions going forward. 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. A deed of release was executed by the department on the 16th March 2021 which released Usel of its outstanding liability of £799,687. Management have prepared cashflow forecasts, incorporating the above assumptions and reflecting their best estimate of trading activity post COVID, 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. Statement of accounting policies (continued)

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 Comprehensive Net Expenditure (SoCNE) 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:

Long Leasehold 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 IFRS 13.

Surpluses on revaluation are recognised in the SoCNE 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 SoCNE 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 SoCNE.

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

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. Statement of accounting policies (continued)

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 SoCNE. 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.

1. Statement of accounting policies (continued)

1.9 Financial instruments (continued)

(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.

1. Statement of accounting policies (continued)

1.9 Financial instruments (continued)

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 IFRS 15).

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.

1. Statement of accounting policies (continued)

1.10 Employee benefits (continued)

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 SoCNE.

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 Leases

The Company has operating leases and no finance leases. Lease rentals payable are charged to the SoCNE on a straight-line basis over the term of the lease.

1.12 Recognition of income

Income from activities

Income from activities relates to the operating activities of Usel, the sale of goods, provision of services 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 all VAT paid is recoverable from them.

1.13 Reserves

The 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.

Grant in Aid

All grant-in-aid, whether for revenue or capital purposes, is treated as contributions from controlling parties giving rise to financial interest in the residual interest of Usel and is credited to the General Reserve. Grant-in-aid is recognised in the financial period in which the funding is received.

1.14 Taxation status

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

1. Statement of accounting policies (continued)

1.15 Critical accounting estimates

The Company prepares its financial statements in accordance with FReM, the application of which often requires judgements to be made by management when formulating the Company's financial position and results. Under IFRS, the Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

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

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

Pension liability: The Company has a commitment to pay pension benefits to approximately 421 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 2021 and the key financial assumptions used to measure the obligation are disclosed in note 20.

There is some uncertainty around the impact that Covid-19 will have on future revenues of the Company. Management have considered this and believe it has no significant impact on the assets or liabilities reported as at 31 March 2021.

1.16 Accounting for government grants

The treatment of grants and grants-in-aid received under CJRS are in accordance with IAS 20 as interpreted by the FReM. For grants from the parent departments, receipts are accounted for as grants-in-aid, being credited to the income and expenditure reserve. For grants from other departments, receipts are treated as income.

1.17 Standards issued but not yet applied

The following standards or interpretations have been issued by the International Accounting Standards Board but have not yet been adopted:

IFRS 16 Leases replaces IAS 17 Leases and is effective for periods beginning on or after 1 January 2019. However, for bodies applying the Government Financial Reporting Manual

(FReM), HM Treasury have agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 Leases until 1 April 2021.

Management is in the process of finalising their calculation as to the amount of right of use assets and related discounted liability to be recognised on transition.

2. Statement of Operating Costs by Operating Segment

The factory operation manufactures bedding products, industrial sewing products and contracts out some employees to carry out close circuit television monitoring on behalf of third parties. The Company does not rely on any major customer in this segment.

Employment Services operate employment programmes on behalf of 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.

				2020-21
	Manufacturing and recycling	Employment services	Other	Total
	£	£	£	£
Income	1,154,890	6,450,530	602,342	8,207,762
Gross Expenditure	(2,969,106)	(5,473,489)	-	(8,442,595)
Net Expenditure	(1,814,216)	977,041	602,342	(234,833)
				2019-20
	Manufacturing and recycling	Employment services	Other	Total
	£	£	£	£
Income	1,304,133	6,965,142	60,878	8,330,153
Gross Expenditure	(3,616,007)	(5,481,149)	-	(9,097,156)
Net Expenditure	(2,311,874)	1,483,993	60,878	(767,003)

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

	2020-21	2019-20
	£	£
Trading income	1,527,667	1,451,892
Contract services	17,753	30,434
Employment support	827,108	861,897
Contract income	5,232,892	5,917,552
Training income	-	7,500
	7,605,420	8,269,275

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

3a. Other operating income

This balance relates to claims made through the Covid Job Retention Scheme within the 2020-21 year, amounting to £537,666, as well as £64,675 relating to rental support. The maximum number of staff furloughed at any one time throughout 2020-21 was 105 people. This income relates to April 2020 to March 2021. Given the nature of support that USEL provides to its staff and due to their health conditions, the majority were required to be furloughed having classified as Clinically Extremely Vulnerable individuals.

4. Staff costs

	2020-21	2019-20
	£	£
Wages and salaries	5,420,752	5,772,876
Redundancy payments	43,438	23,409
Social security costs	342,719	325,739
Other pension costs	374,204	401,862
	6,181,113	6,523,886

The above balance includes £1,749,960 (2019-20: £2,213,837) of staff costs relating to 295 (2019-20: 315) participants on the Employment Support programme as at 31 March 2021.

There were £nil agency costs included within Wages and salaries (2019-20 £15,855).

5. Other operating expenditure

	2020-21	2019-20
	£	£
Materials	335,858	481,101
TFS Disability Support	339,150	363,905
Repairs	80,308	121,168
Ability Cafe	194,632	126,652
Insurance	178,941	108,600
Travel	8,811	107,679
Waste Disposal	74,829	101,008
Rent and rates	72,839	91,421
Legal and professional fees	67,978	89,410
TFS Programme	117,853	83,310
Motor expenses	64,348	83,565
Light, heat and power	55,141	55,624
Delivery costs	13,876	53,235
Computer expenses	78,764	50,374
Tutors	32,556	44,565
Training	32,842	41,312
Advertising	22,827	35,541
Tools	30,958	36,325
Cleaning	12,685	28,281
General expenses	(11,098)	27,737
Telephone	37,678	26,043
Health & Safety Costs	17,621	23,700
Audit - external audit	21,956	22,756
Printing and stationery	8,070	13,195
Participant costs	5,264	13,276
Security	12,549	10,087
Payments to hosts and sub-contractors	294	6,925
Canteen	5,412	6,005
Audit - internal audit	4,744	4,744
Postage	2,141	4,039
Bank charges	1,212	986
Discount allowed	-	86
Packing	9,900	-
Subtotal	1,930,939	2,262,655
Non cash costs		
Bad debts written off	3,825	(23)
Loss/(Profit) on Disposal	-	2,200
Stock Provision	-	569
Subtotal	3,825	2,746
Total	1,934,764	2,265,401

6. Finance income

	2020-21	2019-20
	£	£
Bank interest receivable	1,330	845
	1,330	845

7. Pension finance costs

	2020-21	2019-20
	£	£
Expected return on pension scheme assets	465,000	531,000
Interest on pension scheme liabilities	(616,000)	(668,000)
	(151,000)	(137,000)

8. 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.

9. Auditor remuneration

	2020-21	2019-20
	£	£
Internal Audit	4,744	4,744
External Audit	21,956	22,756

To note, there was a £21,300 charge for external audit services plus £656 cost in relation to the National Fraud Initiative.

10 Property, plant and equipment

	Long Leasehold Buildings £	Plant and Office Equipment £	Motor Vehicles £	Donated Assets £	Total £
Cost or Valuation					
At 1 April 2020	1,750,000	345,027	186,718	20,000	2,301,745
Additions	-	157,211	-	-	157,211
At 31 March 2021	1,750,000	502,238	186,718	20,000	2,458,956
Depreciation					
At 1 April 2020	-	126,854	25,672	5,320	157,846
Charged in the year	35,000	36,863	12,448	2,000	86,311
Revaluations	(35,000)	-	-	-	(35,000)
At 31 March 2021	-	163,717	38,120	7,320	209,157
Net book value					
At 31 March 2021	1,750,000	338,521	148,598	12,680	2,249,799
At 31 March 2020	1,750,000	218,173	161,046	14,680	2,143,899

10.1 Property, plant and equipment

	Long Leasehold Buildings	Plant and Office Equipment	Motor Vehicles	Donated Assets	Total
	£	£	£	£	£
Cost or Valuation					
At 1 April 2019	1,600,000	829,885	186,718	20,000	2,636,603
Additions	-	88,110	-	-	88,110
Disposals	-	(572,968)	-	-	(572,968)
Revaluations	150,000	-	-	-	150,000
At 31 March 2020	1,750,000	345,027	186,718	20,000	2,301,745
Depreciation					
At 1 April 2019	-	660,210	13,224	3,320	676,754
Charged in the year	32,000	34,612	12,448	2,000	81,060
Disposals	-	(567,968)	-	-	(567,968)
Revaluations	(32,000)	-	-	-	(32,000)
At 31 March 2020	-	126,854	25,672	5,320	157,846
Net book value					
At 31 March 2020	1,750,000	218,173	161,046	14,680	2,143,899
At 31 March 2019	1,600,000	169,675	173,494	16,680	1,959,849

11. Intangible assets

	Software Licences
	£
Cost or Valuation	
At 1 April 2020	3,270
Additions	4,970
Disposals	-
At 31 March 2021	8,240
Amortisation	
At 1 April 2020	2,125
Charged in the year	737
Disposals	-
At 31 March 2021	2,862
Carrying value	
At 31 March 2021	5,378
At 31 March 2020	1,145

11.1 Intangible assets

	Software Licences
	£
Cost or Valuation	
At 1 April 2019	55,247
Disposals	(51,977)
At 31 March 2020	3,270
Amortisation	
At 1 April 2019	53,448
Charged in the year	654
Disposals	(51,977)
At 31 March 2020	2,125
Carrying value	
At 31 March 2020	1,145
At 31 March 2019	1,799

12. Inventories

	2020-21	2019-20
	£	£
Raw materials	120,902	162,488
Work in progress	12,240	18,496
Finished goods	17,224	34,530
	150,366	215,514

Raw materials, consumables, changes in finished goods and work in progress recognised as cost of sales in the year amounted to £335,859 (2019-20: £481,101).

13. Trade receivables, financial and other assets

	2020-21	2019-20
	£	£
Receivables - trade	211,095	446,540
Other receivables	207,799	174,003
Prepayments	25,367	21,726
Accrued income	372,465	390,910
	816,726	1,033,179

14. Cash and cash equivalents

	2020-21	2019-20
	£	£
Balance at 1 April	1,651,075	636,670
Net change in cash and cash equivalents	(49,739)	1,014,405
Balance at 31 March	1,601,336	1,651,075

The following balances at 31 March were held at:

Commercial banks and cash in hand	1,601,336	1,651,075
Bank overdraft	-	-
Balance at 31 March	1,601,336	1,651,075

15. Trade payables, financial and other liabilities

	2020-21	2019-20
Amounts falling due within one year:	£	£
Trade payables	357,010	365,542
Value Added Tax	124,958	227,752
Other taxation and social security	66,193	67,399
Other payables	356,895	245,544
Accruals	402,211	413,051
Deferred income	-	718,849
	<u>1,307,267</u>	<u>2,038,137</u>

Amounts falling due after more than one year:

	£	£
Other payables	-	11,500
	<u>-</u>	<u>11,500</u>

15.1 Loan from the department

	2020-21	2019-20
Amounts falling due within one year:	£	£
Loan from DfC	-	799,687
	<u>-</u>	<u>799,687</u>

A deed of release was executed by the department on the 16th March 2021 which released Usel of its outstanding liability of £799,687. There is no liability outstanding as at 31st March 2021.

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 Statement of Financial Position date.

17. Capital commitments

The Company had no contracted capital commitments at 31 March 2020 or 31 March 2021, not otherwise included in these financial statements.

18. Commitments under leases

At 31 March 2021 the Company had 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:

	2020-21	2019-20
	£	£
Buildings		
Not later than one year	39,000	67,150
Later than one year and not later than five years	-	175,500
Later than five years	-	219,375
	39,000	462,025
Other		
Not later than one year	3,303	3,699
Later than one year and not later than five years	-	3,036
Later than five years	-	-
	3,303	6,735

£62,525 (2020: £88,608) was included as an operating lease expense in the statement of comprehensive net expenditure. The “Buildings” lease will be terminated in the 2021-22 financial year, as will the “Other” leases.

19. Financial performance targets

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

20. Pension liability

The Company operates a defined benefit pension for its employees. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the Statement of Comprehensive Net Expenditure so as to spread the cost of the pension over employees' working lives with the Company at rates determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method.

The IAS 19 valuation for inclusion in the financial statements at 31 March 2021 is based on the roll forward of results of the last full funding valuation certified by the actuary as at 5 April 2018. Membership data as at 5 April 2018 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 2018 triennial funding valuation. Work on the latest funding valuation as at 5 April 2021 remains ongoing, results of which will be incorporated into the IAS 19 valuation for the year ended 31 March 2022.

20. Pension liability (continued)

An independent Trustee was appointed to Chair the Board of Trustees on 1 August 2019. Prior to this, Mr Jim Perry chaired the Board of Trustees. The Trust Board also has two members nominated by the Directors and two members nominated by the members of the Pension Scheme. 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.

Change in benefit obligation	2020-21	2019-20
	£'000	£'000
Benefit obligation at beginning of year	26,647	26,520
Current service cost	261	296
Past service cost	-	-
Interest cost	616	668
Plan participants' contributions	127	132
Benefit payments from plan	(452)	(397)
Insurance premiums for risk benefits	(31)	(34)
Actuarial (losses)/gains	5,221	(538)
Benefit obligation at end of year	32,389	26,647

Change in plan assets	2020-21	2019-20
	£'000	£'000
Fair value of plan assets at beginning of year	20,177	21,273
Expected return on plan assets	465	531
Employer contribution	513	359
Member contributions	127	132
Benefits paid	(452)	(397)
Administrative expenses paid	(90)	(90)
Insurance premiums for risk benefits	(31)	(34)
Return on plan assets (excluding interest income)	3,004	(1,597)
Fair value of plan assets at end of year	23,713	20,177

Amounts recognised in the statement of financial position

	2020-21	2019-20
	£'000	£'000
Defined benefit obligation	(32,389)	(26,647)
Fair value of plan assets	23,713	20,177
Net liability	(8,676)	(6,470)

20. Pension liability (continued)**Components of pension cost**

	2020-21	2019-20
	£'000	£'000
Current service cost	261	296
Past service cost	-	-
Total service cost	261	296
Interest cost	616	668
Interest income on plan assets	(465)	(531)
Net interest cost	151	137
Administrative expenses	90	90
Defined benefit cost included in the Statement of Net Comprehensive Expenditure	502	523
Total re-measurements included in other comprehensive income	2,217	1,059
Total defined benefit cost recognised in the Statement of Comprehensive Net Expenditure	2,719	1,582
	2020-21	2019-20
	£'000	£'000
Net defined benefit liability reconciliation		
Net defined benefit liability	6,470	5,247
Defined benefit cost included in the Statement of Comprehensive Net Expenditure	502	523
Total re-measurements included in other comprehensive income	2,217	1,059
Employer contributions	(513)	(359)
Net defined benefit liability as of end of year	8,676	6,470

Defined benefit obligation by participant status

	2020-21	2019-20
	£'000	£'000
Actives	15,820	12,212
Vested deferred	11,936	9,950
Retirees	4,633	4,485
Total	32,389	26,647

20. Pension liability (continued)

Fair value of plan assets	2020-21	2019-20
	£'000	£'000
Cash and cash equivalents	305	69
Equity instruments	6,493	4,526
Debt instruments	10,994	10,848
Investment funds	5,921	4,734
	23,713	20,177

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

	2020-21	2019-20
	%	%
Discount rate	2.1	2.3
Rate of increase in salaries	2.7	2.0
Rate of pension increases	3.0	2.4
Inflation assumption - RPI	3.1	2.4
Inflation assumption - CPI	2.7	2.0

Assumed life expectancy on retirement at age 65

	2020-21	2019-20
	Years	Years
Retiring today (member age 65)	19.9	19.9
Retiring in 20 years (member age 45 today)	21.2	21.3

Weighted average assumptions to determine defined benefit cost

	2020-21	2019-20
	%	%
Discount rate	2.3	2.5
Rate of increase in salaries	2.0	2.1

Rate of pension increases	2.4	3.0
Inflation assumption - RPI	2.4	3.1
Inflation assumption - CPI	2.0	2.1

20. Pension liability (continued)

Sensitivity Analysis	2020-21	2019-20
	£'000	£'000
<i>Present value of defined benefit obligation</i>		
Discount rate - 25 basis points	34,248	28,334
Discount rate + 25 basis points	30,690	25,489
Price inflation - 25 basis points	30,911	25,617
Price inflation + 25 basis points	33,974	28,819
Mortality assumption - 1 year	33,307	27,760
<i>Weighted average duration of defined benefit obligation (in years)</i>		
Discount rate - 25 basis points	21.9	21.3
Discount rate + 25 basis points	22.0	21.0

Other required disclosure amounts

The contributions expected to be paid to the plan during the next financial year amount to £363,000 (2019-20: £359,000).

21. Contingent liabilities

The Company did not have any contingent liabilities at 31 March 2021 or at 31 March 2020.

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

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

22. Related party transactions (continued)

Department for Communities	Balance due to/(from) DfC (ES)	Retention Monies due	Loan Outstanding	DfC loan Release	Grants received
	£	£	£	£	£
31-Mar-21	269,073	-	-	(799,687)	731,996
31-Mar-20	163,272	-	799,687	-	810,473

During 2018-19, £180,000 was secured from the Gallaher Trust, of which the former Chairman of the board of Usel is also a Trustee. The funding was secured by way of a formal application process and is being used to fund the first three years' rental expense for the new premises in Ballymena.

Key management personnel compensation

Compensation totalling £277,143 was paid to key management personnel in 2020-21 (2019-20: £256,545). Compensation of key management personnel includes salaries, non-cash benefits and contributions to defined benefit / 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

There were no events after the reporting date which would require adjustment to the financial statements.

The Accounting Officer authorised these financial statements for issue on 7th July 2021.

Appendix 1

Schedule 1

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

Companies Act 2006

- 1 The disclosure exemptions permitted by the Companies Act 2006 shall not apply to Ulster Supported Employment Limited unless specifically approved by 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 Statement of Financial Position, Ulster Supported Employment Limited shall have regard to Statement of Financial Position format prescribed in the Companies Act 2006. The Statement of Financial Position totals shall be struck at "Total assets less current liabilities";
- 5 The Foreword and Statement of Financial Position shall be signed by the Accounting Officer and dated.

Schedule 2

Additional disclosure requirements

- 1 The foreword shall, inter alia:
 - (a) state that the financial statements have been prepared in a form directed by the Department for 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.

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