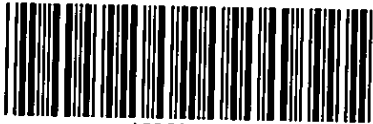


Registered No. NI 005192

Ulster Supported Employment Limited
Annual Report and Accounts
for the year ended 31 March 2022

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Annual Report and Accounts for the year ended 31 March 2022

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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 (resigned 16 May 2022)
B Atkinson (appointed 26 April 2022)

Registered office

182-188 Cambrai Street
Belfast
BT13 3JH

Bankers

Danske Bank Limited
235 Shankill Road
Belfast
BT13 1FE

Solicitors

Johns Elliot & Co
40 Linenhall Street
Belfast
BT2 8BA

Statutory auditor

Comptroller & Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
Belfast
BT8 6RB

Chief Executive's Foreword

I am pleased to present our Annual Report and Financial Statements for 2021-2022.

As we continue to develop Usel as an organisation, I am immensely proud of staff across Ulster Supported Employment Limited (Usel), who throughout the past 12 months have consistently produced/provided a range of goods/services that contribute to Usel being an outstanding provider of disability employment support across NI.

2021-22 continued to bring significant challenges for society, Usel like all organisations felt the impact of the downturn in the wider economy. However, we have also identified several new opportunities in this time that will support Usel in strengthening our delivery outcomes in the future.

Despite the challenging past 12 months Usel staff have been inspiring. This inspiring team of people have continued to deliver on all fronts of the business, and we look forward to continuing to deliver high quality outcomes for the people we support.

Employment services

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

Delivering an excellent standard of disability employment support via the five employment programmes.

Recycling and manufacturing

Our recycling and manufacturing teams worked tirelessly throughout the past 12 months supporting stakeholders, providing recycling support to various local councils and our manufacturing customers.

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.

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.

Despite the various challenges we have faced in 2021/22 I am confident that Usel will continue to push forward as an organisation, this continued drive rests solely with the excellent team of people we have within Usel, who have continued to demonstrate a passion & enthusiasm in challenging circumstances over 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).

For over 150 years from 1871-2022 we have been providing employment opportunities for people living with a disability or health condition at our sites in Belfast and across Northern Ireland. Over the years we have provided job opportunities across a range of sectors and industries.

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

The last year has been a special year for our board of directors and staff to reach this milestone of 150 years particularly following the challenging times we have all faced during the pandemic.

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

Usel Staff have continued to support our key stakeholders and have been monumental in providing vital services and equipment for frontline services across Northern Ireland. Their contribution to these services has helped in the fight against COVID-19, for example, our production of:

- 40,000 Face coverings;
- 25,000 Face Shields;
- 5,000 Healthcare Scrub Bags; and
- 5,000 Covid Safe Sports Packs for Sport NI.

We were recognised on the Social Enterprise UK Roll of Honour 2020 for our outstanding work during the pandemic supporting front line workers with essential PPE.

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

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

Non-Executive Board Member Report (continued)

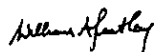
The Chief Executive's Performance Report sets out the key business achievements over the last 12 months with growth in business activity being undertaken up to the end of March 2022.

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 committee, the Audit and Risk Assurance Committee under the chair of Mr Dermot O'Hara. We have changed the committee structure with two other sub committees in the last year, Finance subcommittee under the chair of Mr Damian Duffy and our People and Organisational Design (POD) committee under the chair of Mrs Joan Cowan. Both committees have worked well and have a work plan in place for the next year.

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

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



William Leathem
Chair of Usel Board

Performance Report

Overview

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

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 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. Risk is managed via the Risk Register which is reviewed monthly at the Board meeting and quarterly at the Audit and Risk Assurance Committee. The Risk Management section within the Governance Statement provides further information on how risks were managed during the year.

Results for the year

The results for the financial year are set out in the Statement of Comprehensive Net Expenditure on page 56. Net expenditure for the year was £773,607 (2020-21: £234,833). Although the Statement of Financial Position shows the Company to have a net liability position, the Directors

Performance Report (continued)

Results for the year (continued)

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 2022-23.

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 central risks are mainly workforce related, ensuring adequate workforce planning, and managing increased costs. Additionally there is a sizeable pension deficit. These risks are ongoing, considered likely with a significant impact, and the pension deficit has experienced a substantial reduction this year upon revaluation. They are mitigated by the Board's Strategic Plan to align workforce planning to future income streams. A project is underway to look at options to address the pension deficit. The new People and Organisational Development committee (POD) has been setup in 2022-23 and will manage risks within the company. 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.

74.4% (2020-21: 78.4%) of staff employed in the company have a disability.

Manufacturing and recycling department

Following a business review in 2021-22 a decision was made to cease manufacture of bedding products due to economic factors.

The manufacturing department operates from the factory on our Cambrai Street site, producing bedding and industrial sewing products. At 31st March 2022, there were 25 (2020-21: 38) staff in post. Approximately 60% (2020-21: 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

Performance Report (continued)

Business review (continued)

are sold through a wide range of sources, with all surplus generated being reinvested into the organisation.

Within Usel's Circular Economy (recycling) department, mattresses, carpet, and cardboard are recycled. At 31st March 2022, there were 24 (2020-21: 23) staff in post. Approximately 61% (2020-21: 61%) of those employees live with a disability or health related condition. The benefit of the department extends beyond creating employment and delivers a positive environmental impact.

In 2021-22, 21,250 units (2020-21: 26,278 units), equating to 561 tonnes (2020-21: 719 tonnes) were diverted from landfill. The decrease in numbers is due to Mid and East Antrim Borough Council (MEABC) taking the decision to no longer recycle mattress in this council area.

One of the most significant developments in 2021-22 has seen further diversification into confidential paper shredding and uniform destruction for other Government departments, whereby 48,275 Confidential Wastepaper bags were collected (2020-21: 14,075), equating to 682 tonnes (2020-21: 194 tonnes) which is 100% recycled. Uniforms shredded and diverted during 2021-22 equating to 12 tonnes (2020-21: nil).

During 2021-22 USEL recycling department saw the installation of a new Presona automatic baler to support with processing tonnage coming from the confidential waste shredding. During the same period the Recycling department 100% recycled 13 tonnes (2020-21: nil)

During 2021-22 USEL Recycling department diverted 85 tonnes (2020-21: nil) of carpet from landfill.

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 of 31st March 2022, this Department comprised of 32 (2020-21: 31) 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.

One of the most significant developments in 2021-22 was the growth of Usel's "Ability" cafes. We employed over 40 staff in The Belfast Zoo, with over 50% of staff employed having a disability. We achieved excellent sales of over £420,000 (2020-21: £195,158). The Zoo had over 300,000 visitors during 2021-22.

The Stables at Lady Dixon Park also had a fantastic year of sales with over £245,000 (2020-21: £130,806) achieved. This helped us employ 12 staff, with over 70% having a disability. The Foundry Café, Spectrum Centre, Belfast, provided a catering service that was subject to Government Covid guidelines.

Performance Report (continued)

Business review (continued)

The cafés have enabled Usel to train participants on our Stride Programme and TFS Programme, who have an interest in working in the hospitality sector. The training provided accredited and non-accredited training, in areas such as food preparation, customer service, teamwork and food hygiene. This training has been a great success and over 70% (2020-21: over 60%) of the participants who undertook training at Ability during the year progressed into supported employment. All of the participants that gained employment and who met the criteria then moved on to our Workable Programme.

On 31st March 2022, over 40 (2020-21: 18) staff are employed in the cafes. Approximately 50% (2020-21: 50%) of staff employed at the cafes have a disability or health related condition.

Corporate Services

In 2021-22, the administration and management sections delivered support in a range of functions, namely finance, ICT and compliance, and HR. At 31st March 2022, 30 (2020-21: 29) staff were employed in this department. Approximately 20% (2020-21: 28%) have a disability or health related condition.

During 2021-22, Usel's health and well-being program continued with monthly wellbeing sessions, covering issues such as how to improve sleep, a menopause drop-in café, and Action Cancer Wellbeing check-ups. We had staff 'spin' classes and access to reduced gym membership at various gyms across Northern Ireland. Staff got involved in a 'Sunrise Swim' and 'Sunrise Walks' raising money for Usel's dedicated charity.

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 throughout 2021-22 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

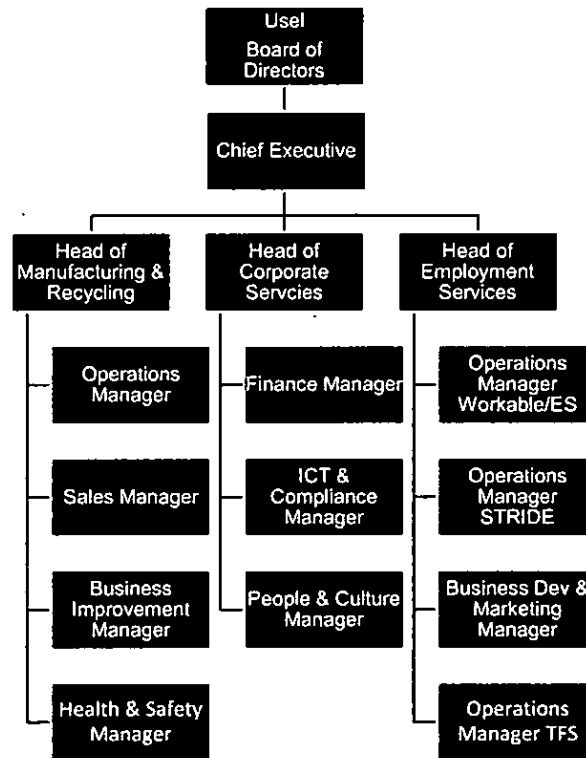
Purpose

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.

Performance Report (continued)

Company Structure

The management structure of the Company is set out below:



The structure was bolstered during the year with the addition of a Health & Safety Manager and an Operations Manager.

COVID-19

Despite the continued impact of COVID 19 throughout 2021-22, 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.

2021-22 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 several 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 and the people we support. The easing of restrictions has facilitated growth in the Ability cafes.

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.

Performance Report (continued)

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 Grant-in-Aid funding will continue to be provided to at least March 2023 and there are no indications that this will not continue for 2023/24 and beyond.

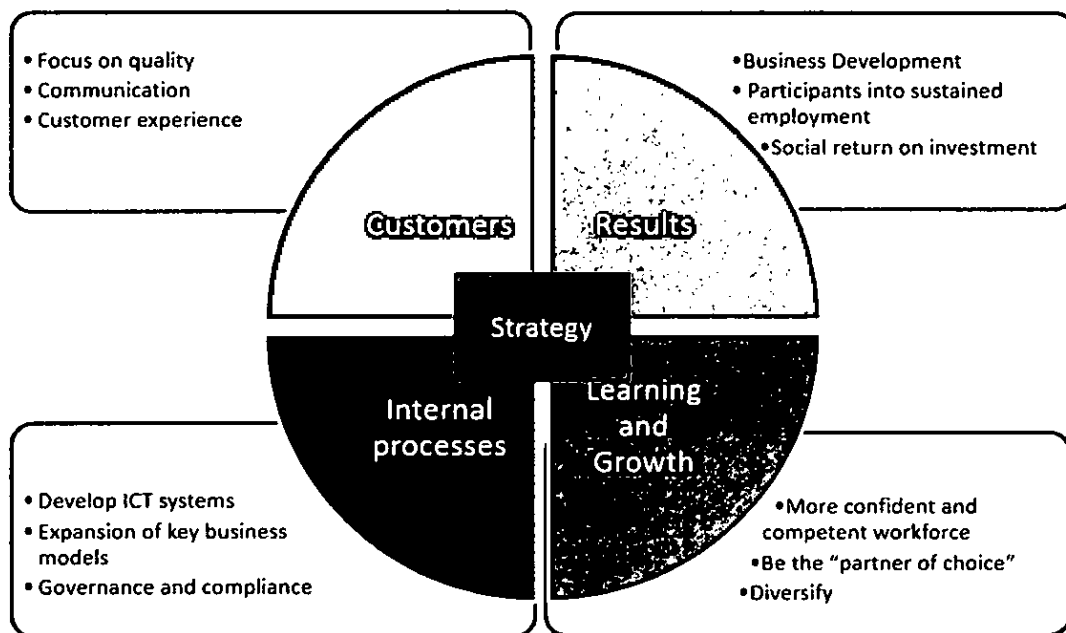
Performance Report (continued)

Performance Analysis

This section of the report presents the corporate perspective on the company's performance over the period 2021-22. It also summarises the purpose and activities of the company.

This is the final 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.

Our vision is to be the lead provider in helping people with disabilities gain employment



As Usel continues to focus efforts on growing, the business' ability to network and partner effectively is a critical skill. The need to identify strategic partners and partners who have a desire to collaborate is now a key business driver. Usel's ability to develop sustainable business relationships with partners across the various geographies including within NI, outside NI and across the main sectors in which the Company operates (private, public, voluntary and community sectors), specifically in relation to social enterprise, is now a key element within business activity. The Corporate Plan 2022-2027 has been prepared and is expected to be implemented with effect from April 2022.

Performance Report (continued)**Performance Analysis (continued)****Performance against Programme for Government (PfG) Outcomes (continued)****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 2021-22 is aligned to the PfG Outcomes Delivery plan and the DfC Operational Strategic Priorities 2020-25.

Progress against the objectives are outlined in the table below.

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> <p>2021-22: 1 new product line, 1 new recycling opportunity, 1 new service line. Bedding and satchels have been discontinued during the year.</p>	

Performance Report (continued)

Performance Analysis (continued)

Performance against Programme for Government (PfG) Outcomes (continued)

Objectives and Strategies (continued)

Strategic Theme	Objective	Progress to Date	RAG status
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> <p>2021-22: 14 roles created through government Job Start programme. Income budget of £6.8m (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> <p>2021-22 88% of staff agreed that staff morale was good, which is a slight decrease from 2020-21.</p>	

Performance Report (continued)

Performance Analysis (continued)

Performance against Programme for Government (PfG) Outcomes (continued)

Objectives and Strategies (continued)

Strategic Theme	Objective	Progress to Date	RAG status
Stakeholder Engagement	We will work to foster trust to be the preferred partner to work with	<p>2017-18: 5 new strategic partners; 2018-19: 2 new strategic partners; 2019-20: 3 new strategic partners; 2020-21: 2 new strategic partners; 2021-22: 3 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 five 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 2021-22.</p>	

Performance Report (continued)

Performance Analysis (continued)

Detailed Analysis

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

Employment Services Department:

A: Employment Support Scheme

The Employment Support Programme (ES) provides long term support for people with disabilities and health related conditions to enable them to sustain employment and overcome any barriers or difficulties in relation to their disability. Usel remains the largest provider of this programme in Northern Ireland with 271 (2020-21: 295) clients remaining active on the programme at the year-end and a total of 295 (2020-21: 315) supported over the year. During 2021-2022, Usel negotiated 7 percentage increases to employer contributions and moved two clients into open employment. No change 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 final of four-year delivery for Call 2 of funding during 2021-22. Call 3 of funding for a one year duration commences on 1st April 2023.

The project aims to support 200 participants each year and deliver 180 accredited qualifications and 20 non-accredited qualifications. In 2021-22, 211 participants were supported onto the project (2020-21: 142). 302 (2020-21: 237) accredited qualifications were achieved and 572 (2020-21: 745) non-accredited qualifications. Of the 200 annual participants, there are targets to get 30% into work and 15% into further education/training. All participants were required to leave the project by 31.03.22 due to the funding ending for Call 2 on that date, this meant that anyone remaining on the project received a FE/Training outcome as they were to transfer to Call 3. Of the 211 Year 4 participants who left the project to the year end, 52% left to an employment outcome. A further 39% (2020-21: 22%) 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 (178) (2020-21: 306) as at 31st March 2022, 59% (2020-21: 44%) of these were in work. In 2021-22 we received a grade of the highest level of confidence from ETI on our ISEF report.

Performance Report (continued)

Detailed Analysis (continued)

Employment Services Department (continued)

C: Workable NI

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

During 2021-22, most of our support was carried out using a hybrid model, due to the pandemic. Usel was able to support 241 (2020-21: 241) individuals via the Workable NI programme. During the year, 106 (2020-21: 78) clients left the programme for a variety of reasons, including 73% (2020-21: 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 2021-22, the Company delivered support to over 300 (2020-21: 313) participants. The range of supports included one-to-one mentoring, classroom support and job search activities. Training for Success Disability Support ended in January 2022.

E: Training for Success

In April 2021, Usel had 46 learners on the TFS programme, this cohort increased when 13 learners joined in September 2021 for the new Skills for Life & Work programme.

As of March 22, there are currently 44 learners currently on programme, of the 15 who left 47% completed and progressed to FE/STRIDE, 20% moved to another provider, 33% left due to illness/absence

74% of eligible participants have attended work placement, the remaining 26% take part in social enterprise initiatives and world of work activities.

40 accredited qualifications were completed within this period, these included Essential Skills, Vocational, Employability and Personal Development related subjects

In 2021-22, the retention rate is 89% (2020-21: 94%) against an Education Training Inspectorate (ETI) "Outstanding" retention target of 85% (2020-21: "Good" retention target of 80%).

Performance Report (continued)

Detailed Analysis (continued)

Manufacturing and recycling department:

The Manufacturing and recycling department delivers three key areas:

1: Mattress and bed manufacture

Usel has seen a decline on sales and units produced due to the impacts of Covid-19, alongside an increase in raw material costs due to Brexit and logistics of materials coming from mainland UK. From the 1st of April 2022 Mattress and bed manufacturing has ended with staff being redeployed throughout Industrial Sewing and Recycling operations.

2: Industrial sewing

The Industrial Sewing department performed well during 2021-22 finishing in line with budget.

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

During 2021-22, 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, for example the production of sewing products for Ulster Weavers in 2021-22.

3: Circular economy

Mattress recycling

In 2021-22, The mattress recycling team continued to collect mattresses from various council Household Works Recycling Centres (HWRC) throughout Northern Ireland. During this period mattress recycling ended with MEABC due to council budget restraints.

Carpet recycling

The carpet recycling project was halted during Q1 & Q2 of 2021-2022, due to council's budget restraints, coming from the impact of Covid-19 and funding for specialised containers used to transport the carpet from HWRC's. The project however did start at the beginning of Q3 and has continued steadily with 100% of carpet being diverted from landfill.

Confidential shredding

2021-22 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 start of the Northern Ireland Civil Service (NICS) protective materials shredding contract.

Performance Report (continued)

Detailed Analysis (continued)

Corporate social responsibility

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

The Company ensures its impact on the community locally and nationally is positive and its environmental footprint is reduced where possible. In 2021-22, 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 2021-2022:

- 76 Supported employment jobs
- 729 Jobs created or sustained through Employment Support, Workable & STRIDE & 115 work placements accessed
- 157 young people prevented from becoming Not in Employment, Education or Training (NEET)
- 607 people supported through Pre-Employment
- 661 people supported in work
- 190 additionally supported with short term advice, guidance & mental health workshops
- 21,250 Mattresses saved from landfill
- 682 tonnes of paper waste diverted
- Launch of Foundry Café – Ability Café's 5th location
- Significant social value created

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 2021-22 (2020-21: none). There were four minor non-conformances noted (2020-21: four). All recommendations have been implemented.

During 2021-22 the company secured 45001 Health & Safety accreditation which is an international standard for health and safety at work with the aim to prevent workplace accidents, illnesses and fatalities.

Performance Report (continued)

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 proposing to introduce more environmentally friendly substitutes, for example solar panels lighting rather than rely on electricity for the national grid.

Disability Discrimination (Northern Ireland) Order 2006

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

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

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 2022, approximately 70% of Usel staff within our operational teams live with a disability or health condition.

Section 75 Duties

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

Performance Report (continued)

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 2021-22 (2020-21: nil).

Auditor's Remuneration

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



B Atkinson
Chief Executive and Accounting Officer
29 June 2022

Accountability Report

Directors' Report Year ended 31 March 2022

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

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

Accountability Report (continued)

Directors' Report (continued)

Statement of Directors' Responsibilities (continued)

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.

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 2021-22 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 feedback their perspective on changes.

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

Details of the Company's policies and procedures regarding training and employment of individuals with disabilities are available on Usel's website www.usel.co.uk.

Accounting policies

The financial statements have been prepared on a going concern basis in accordance with the 2021-22 Government Financial Reporting Manual (FRM), 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 97% (2020-21: 90%) 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% (2020-21: 60%) of supplier invoices were settled within this timeframe.

Accountability Report (continued)

Directors' Report (continued)

Fees and Charges

Usel does not have any material fees and charges (2020-21: nil).

Subsequent events

There is ongoing formal consultation with members to close the Defined Benefit pension scheme, which is due to complete on 25th June 2022. At which time Usel will consider any output from the consultation and make a formal decision on the possible closure of the scheme. Should a decision be made to close the scheme the scheme will formally close to future accrual from the 1st August 2022. 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 2021-22 (2020-21: no incidents).

Political Donations

Usel did not make any political donations or incur any political expenditure in 2021-22 (2020-21: £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 2021-22, no complaints were logged (2020-21: no complaints were logged).

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

Accountability Report (continued)

Directors' Report (continued)

Register of Interests (continued)

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 (2020-21: none).

Gifts

No gifts were received in year (2020-21: none).

Directors

Details of the composition of the Board during 2021-22 are disclosed below:

William Leathem – Chairman

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

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

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.

Accountability Report (continued)

Directors' Report (continued)

Directors (continued)

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

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

Damian Duffy – Director

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.

Accountability Report (continued)

Directors' Report (continued)


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).



B Atkinson
Chief Executive and Accounting Officer
29 June 2022

Accountability Report (continued)

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; and
- 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.

Accountability Report (continued)

Governance Statement

Scope of Responsibility

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

Purpose

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

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

My governance statement is issued on the basis of an on-going process, rather than a snapshot in time. It is given within the parameters of a system designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of governance has been in place in Usel for the year ended 31 March 2022 and up to the date of approval of the annual report and Financial Statements and is in accordance 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. The register is also reviewed and if necessary updated at each Board meeting. 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. 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 the number of mattresses collected for recycling and the number of participants on programmes etc which are tracked against targets, agreed at the start of the financial year.

Accountability Report (continued)

Governance Statement (continued)

Capacity to handle risk (continued)

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 section, see page 37.

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

Accountability Report (continued)**Governance Statement (continued)****The Governance Framework (continued)****Board (continued)**

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
Dermot O'Hara	11
Raymond Donnelly	9
Joan Cowan	11
Ray Havlin	10
Sarah Wakfer	10
Damian Duffy	9
Bill Atkinson	11
David Cowan	11
Scott Jackson	11
Stephen Ballentine-Kearns	10

Accountability Report (continued)

Governance Statement (continued)

The Governance Framework (continued)

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.

Accountability Report (continued)

Governance Statement (continued)

The Governance Framework (continued)

Tailored Review (continued)

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 2021-22 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:

Accountability Report (continued)

Governance Statement (continued)

The Governance Framework (continued)

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

The Company Secretary in office during the year, a qualified accountant, provides secretariat support to the Board. 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.

Accountability Report (continued)**Governance Statement (continued)****The Governance Framework (continued)****Audit and Risk Assurance Committee (continued)**

In 2021-22, the attendance of members at Audit and Risk Assurance Committee meetings was as follows:

Name of Attendee	Record of Attendance
Dermot O'Hara (Chair)	4
Raymond Donnelly	2
Joan Cowan	4
Ray Havlin	4
Sarah Wakfer – (Vice-Chair)	4
Bill Atkinson *	4
Stephen Ballentine-Kearns *	4

*these individuals were attendees but not Committee members.

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.

Accountability Report (continued)

Governance Statement (continued)

The Governance Framework (continued)

Risk Management (continued)

While the risk register is formally reviewed prior to the Audit and Risk Assurance Committee meetings, with any revisions made following discussions at that meeting, the register is also reviewed and if necessary updated at each Board meeting. The 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 2021-22, a number of new risks were identified and managed, including:

- risks associated with the poor state of repair of the roof of an outbuilding at the rear of the Cambrai Steet property. The building has been flagged as condemned and currently seeking business case approval for demolition.
- risks associated with the gable wall collapsing at the rear of the building. The condition of the site was closely monitored whilst procurement arrangements were progressed to appoint a supplier to redress the wall and secure the site.
- risks associated with the increasing costs related to the National Living Wage. The relevant rates were implemented from 1 April 2022.
- risks associated with the Covid-19 pandemic in terms of reduced income, health, safety and well-being of staff and business disruption. These risks were mitigated by adherence to Government guidelines and the formulation of business continuity plans.

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;

Accountability Report (continued)

Governance Statement (continued)

The Governance Framework (continued)

Risk Management (continued)

- 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 2021-22. No material issues were noted, nor were any significant risks or fraud identified.

Following an internal audit review in 2021-22, 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 2021 – 31st March 2022, I can confirm that there were no data breaches.

Accountability Report (continued)

Governance Statement (continued)

The Governance Framework (continued)

Risk Management (continued)

USEL has a whistleblowing (Raising Concerns) policy, reviewed annually by the ARAC. No instances of whistleblowing took place during 2021-22.

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 2022-23.

Accountability Report (continued)**Remuneration and Staff Report****Remuneration Policy**

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

Remuneration of Board Members (Audited Information)

	2021-22				2020-21			
	Salary £'000	Benefit in kind £'000	Pension Benefit £'000	Total £'000	Salary £'000	Benefit in kind £'000	Pension Benefit £'000	Total £'000
C Magill ¹	-	-	-	-	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 (Chair)	11-15	-	-	11-15	11-15	-	-	11-15
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	0-5	-	-	0-5
D Duffy ²	-	-	-	-	-	-	-	-
W Atkinson (CEO)	70-75	-	5-10	80-85	70-75	-	0-5	75-80

¹Carol Magill resigned in November 2020.

²Damian 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.

Accountability Report (continued)**Remuneration and Staff Report (continued)****Remuneration of Board Members (Audited Information) (continued)**

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.

These figures do not include zero hour contracts and the figures are calculated using contracted salaries (2020-21: calculated using actual hours).

	2021-22	2020-21
	£	£
Midpoint in highest paid Director's pay band	72,500	72,500
Median remuneration of USEL's staff	18,545	15,261

Percentage change in remuneration for the highest paid Director		2021-22	2020-21
		£	£
Salary and allowances	nil% change	72,500	72,500

Percentage change in mean remuneration for employees		2021-22	2020-21
		£	£
Salary and allowances	32% change	20,964	15,854

The remuneration ratio is calculated as follows:

	2021-22	2020-21
<u>Midpoint in highest paid Director's pay band</u> Median remuneration of Usel's staff		
Total remuneration ratio	3.9	4.8

Accountability Report (continued)**Remuneration and Staff Report (continued)**

25th Percentile Remuneration	2021-22	2020-21
	£	£
Midpoint in highest paid Director's pay band	72,500	72,500
25 th percentile remuneration of USEL's staff	16,216	9,472
Ratio	4.5	7.7
75th Percentile Remuneration	2021-22	2020-21
	£	£
Midpoint in highest paid Director's pay band	72,500	72,500
75 th percentile remuneration of USEL's staff	23,232	20,144
Ratio	3.1	3.6

Explanation for movement in Ratios and Median salary

The ratios above have decreased due to the increase in minimum wage and a reduction in the number of lower paid staff on employment programmes during 2021-22. There is no change in the pay of the highest paid employee from last year. The median pay ratio for 2021-22 is consistent with the pay, reward and progression policies for the entity's employees taken as a whole.

Range of Remuneration

During the year the remuneration ranged from band £5k - £10k to £70k - £75k (2020-21: £0-£5k to £70k - £75k).

Pensions

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 31 March 2022 actuarial valuation date, Usel's contribution rate remained at 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 enrolment legislation as of February 2014, is a Defined Contribution Scheme operated externally by the NOW Pensions Scheme. This was approved by the sponsoring department following consultation with the Department of Finance in 2014. There are two levels of contribution, the minimum as determined by current legislation and an enhanced level of 4% employee and 8% employer.

Accountability Report (continued)**Remuneration and Staff Report (continued)****Staff Report (Audited Information)**

	2021-22	2020-21
	£	£
Staff costs		
Wages and salaries	5,766,116	5,420,752
Redundancy payments	11,565	43,438
Social security costs	356,119	342,719
Other pension costs	535,547	374,204
	6,669,347	6,181,113

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

	2021-22	2020-21
	Number	Number
Average number of full time equivalent persons employed:		
Male staff	221	247
Female staff	126	135
	347	382

	2021-22	2020-21
	Number	Number
Average number of full-time equivalent persons employed:		
Management and administration	34	59
Production distribution and sales	104	72
Employment support	209	251
	347	382

	2021-22	2021-22
	Male	Female
Further analysis of full-time equivalent employees is as follows:		
Senior civil servants	1	-
Senior managers	3	-
Employees	212	124
Board of Directors:	5	2

Accountability Report (continued)**Remuneration and Staff Report (continued)****Staff Report (Audited Information) (continued)**

	2020-21	2020-21
	Male	Female
Senior civil servants	1	-
Senior managers	3	-
Employees	238	133
Board of Directors:	5	2

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	3 (5)	- (-)	3 (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	3 (7)	- (-)	3 (7)
Total resource cost/£	£11,565 (2020-21: £43,438)	- (2020-21: -)	£11,565 (2020-21: £43,438)

There were 3 departures of Usel staff in 2021-22, following a compulsory redundancy process. In 2020-21, seven 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.

Accountability Report (continued)**Remuneration and Staff Report (continued)****Staff Report (Audited Information) (continued)****Number of Senior Staff with Annual Salaries Over £60,000**

Annual Salary Band	2020-21	2021-22
£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 2021-22 (2020-21: £nil).

Payments to past Directors (Audited Information)

Usel did not make any payments to past Directors in 2021-22 (2020-21: £nil).

Consultancy costs

Usel did not make any consultancy-related payments in 2021-22 (2020-21: £nil).

Sickness absence

The short-term sickness absence rate for the year was 1.39% (2020-21: 0.4%).

Staff turnover & engagement

The staff turnover percentage for 2021-22 was 7.18% (2020-21: 12.5%).

The 2021 Staff Survey covered the areas of communication, performance management, development, management, health and safety, diversity and working at Usel. 88% of staff agreed that staff morale was good (2020-21: 90%).

Accountability Report (continued)

Remuneration and Staff Report (continued)

Staff Policies (continued)

Diversity and Inclusion

USEL has an equality, diversity and inclusion policy. Staff can make disclosures through our grievance procedures. In 2021-22, there were no disclosures made (2020-21: none).

Accountability Report (continued)

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 37.

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.

Accountability Report (continued)**Assembly Accountability and Audit Report (continued)****Internal Audit Report (continued)**

The Chief Executive and Head of Finance met the internal auditor during the reporting year and agreed a schedule of works for the year. 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
GDPR	2	-	-	2
Employment Programmes	1	-	-	1
Follow up	4	1	-	5
Total	7	1	-	8

The key findings from this review were:

- The Information Asset Register allows for blank cells which increases the risk that accidental deletions from the register won't be easily identified.
- In 11 out of 51 instances the USEL owner on the Information Asset Register is an entire department or team rather than a specific individual or job role.
- USEL's Conflicts of Interest Policy is overdue for review.
- As a follow up action to a previous audit finding under Health & Safety, the Board should receive biannually a written update of Health and Safety compliance, including a schedule of work to ensure all statutory inspection and testing is currently up to date.

The overall audit opinion for 2021-22 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 2021-22 financial year (2020-21: none).

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.

Accountability Report (continued)

Assembly Accountability and Audit Report (continued)

Losses and Special Payments (Audited Information):

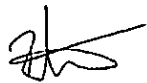
There were no losses in 2021-22 (2020-21: £nil).

Special Payments

	2021-22	2020-21
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 no such interests declared during 2021-22 (2020-21: two) 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
29 June 2022

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 2022 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 UK adopted international accounting standards.

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 2022 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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'. 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 that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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, the financial statements have not identified any material uncertainties that relate to events or conditions that, individually or

collectively, may cast significant doubt about 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 is 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 Statement of Accounting Officer Responsibilities, the Accounting Officer is 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 the governing legislation;
- 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.

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, appearing to read 'K J Donnelly', with a large, stylized flourish extending from the end of the name.

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

Date 5th July 2022

**Statement of Comprehensive Net Expenditure
for the year ended 31 March 2022**

	Note	2021-22 £	2020-21 £
Income from sale of goods and services	3	8,813,794	7,605,420
Other operating income	3a	199,938	602,342
Total operating income		9,013,732	8,207,762
Staff Costs	4	(6,669,347)	(6,181,113)
Depreciation and amortisation	10/11	(100,518)	(87,048)
Other operating expenditure	5	(2,742,789)	(1,934,764)
Total operating expenditure		(9,512,654)	(8,202,925)
Net operating (expenditure)/income		(498,922)	4,837
Pension finance costs	7	(185,000)	(151,000)
Pension administrative expenses	20	(90,000)	(90,000)
Finance income	6	315	1,330
Net expenditure for the year		(773,607)	(234,833)
Other comprehensive net income/ (expenditure)			
Items that will not be reclassified to net operating costs:			
Actuarial gain/(loss) on pension scheme liabilities	20	3,288,000	(2,217,000)
Net gain on revaluation of Property, Plant and Equipment	10	35,000	35,000
Comprehensive net income/(expenditure) for the year		2,549,393	(2,416,833)

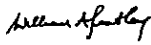

The notes on pages 60 to 81 form part of these financial statements

**Statement of Financial Position
as at 31 March 2022**

	Note	2021-22 £	2020-21 £
Non-current assets:			
Property, plant and equipment	10	2,208,178	2,249,799
Intangible assets	11	3,893	5,378
Total non-current assets		<u>2,212,071</u>	<u>2,255,177</u>
Current assets			
Inventories	12	47,738	150,366
Trade receivables, financial and other assets	13	1,065,674	816,726
Cash and cash equivalents	14	1,402,619	1,601,336
Total current assets		<u>2,516,031</u>	<u>2,568,428</u>
Total assets		<u>4,728,102</u>	<u>4,823,605</u>
Current liabilities			
Trade payables, financial and other liabilities	15	(1,168,375)	(1,307,267)
Total assets less current liabilities		<u>3,559,727</u>	<u>3,516,338</u>
Non-current liabilities			
Retirement Benefit Obligations	20	(5,296,000)	(8,676,000)
Total non-current liabilities		<u>(5,296,000)</u>	<u>(8,676,000)</u>
Total assets less total liabilities		<u>(1,736,273)</u>	<u>(5,159,662)</u>
Taxpayers' equity and other reserves			
General reserve		(2,547,373)	(5,935,762)
Revaluation reserve		811,100	776,100
Total equity		<u>(1,736,273)</u>	<u>(5,159,662)</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 56 to 81 were approved by the Board on 29 June 2022 and were signed on its behalf by:

			
29/06/2022	29/06/2022		
W Leatham Chairman	B Atkinson Accounting Officer	Date	Date

Registration No. NI 005192

The notes on pages 60 to 81 form part of these financial statements.

**Statement of Cash Flows
for the year ended 31 March 2022**

	Note	2021-22 £	2020-21 £
Cash flows from operating activities			
Net Operating Expenditure for the year		(773,607)	(234,833)
<i>Adjustments for non cash transactions</i>			
Depreciation and amortisation	10/11	100,518	87,048
Pension interest and administration expenses	7/20	275,000	241,000
Difference between pension charge and cash contributions		(367,000)	(252,000)
Decrease in inventories	12	102,628	65,148
(Increase)/decrease in trade and other receivables	13	(248,948)	216,453
Decrease in trade and other payables	15	(138,892)	(742,370)
Net cash outflow from operating activities		(1,050,301)	(619,554)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(22,412)	(157,211)
Purchase of intangible assets	11	-	(4,970)
Net cash outflows from investing activities		(22,412)	(162,181)
Cash flows from financing activities			
Grant from sponsoring department	22	873,996	731,996
Net financing		873,996	731,996
Net decrease in cash and cash equivalents in the period	14	(198,717)	(49,739)
Cash and cash equivalents at the beginning of the period		1,601,336	1,651,075
Cash and cash equivalents at the end of the period	14	1,402,619	1,601,336

The notes on pages 60 to 81 form part of these financial statements.

**Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2022**

	General Fund £	Revaluation Reserve £	Taxpayer's Equity £
Balance at 31 March 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
Auditors Remuneration	(21,956)	-	(21,956)
Net Comprehensive Expenditure for the year	(212,877)	-	(212,877)
Balance at 31 March 2021	(5,935,762)	776,100	(5,159,662)
	£	£	£
Balance at 31 March 2021	(5,935,762)	776,100	(5,159,662)
IAS 19 actuarial gain	3,288,000	-	3,288,000
Grant from sponsoring department	873,996	-	873,996
Revaluation of property	-	35,000	35,000
Auditors Remuneration	(22,294)	-	(22,294)
Net Comprehensive Expenditure for the year	(751,313)	-	(751,313)
Balance at 31 March 2022	(2,547,373)	811,100	(1,736,273)

The notes on pages 60 to 81 form part of these financial statements

Notes to the financial statements for the year ended 31 March 2022

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 2021-22 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 2021-2022 and which are relevant to its operations. These have not had a significant impact on the Company's financial position or results.

1.2 Measurement convention

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

1.3 Going concern

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. 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:

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. Use 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

1. Statement of accounting policies (continued)

1.9 Financial instruments (continued)

(ii) Financial liabilities (continued)

and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Impairment

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

1. Statement of accounting policies (continued)

1.10 Employee benefits (continued)

Defined benefit plans

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

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

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

1.14 Taxation status

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

1.15 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 410 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 2022 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 2022.

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. Statement of accounting policies (continued)**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 (FRm), HM Treasury have agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 Leases until 1 April 2022. The company has £2k of commitments under operating leases. The impact of implementing IFRS 16 will be immaterial.

2. Statement of Operating Expenditure by Operating Segment

The factory operation manufactures bedding products, although this has ceased from 1st April 2022, industrial sewing products, recycles mattresses and carpets, and processes confidential shredding. The Company does not rely on any major customer in this segment.

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

	2021-22			
	Manufacturing and recycling	Employment services	Other	Total
	£	£	£	£
Income	1,125,386	7,688,408	199,938	9,013,732
Gross Expenditure	(3,795,479)	(5,991,860)	-	(9,787,339)
Net Expenditure	(2,670,093)	1,696,548	199,938	(773,607)
				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)

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

	2021-22	2020-21
	£	£
Trading income	1,862,545	1,527,667
Contract services	-	17,753
Employment support	903,835	827,108
Contract income	6,047,414	5,232,892
	8,813,794	7,605,420

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

The Performance Report and Performance Analysis from pages 8 to 23 provide further information on the income generating activities of the company.

3a. Other operating income

This total includes rental support of £25,000 (2020-21: £64,675), income associated with the Job Start Programme of £109,109 (2020-21: £nil), claims made through the Covid Job Retention Scheme within the 2021-22 year amounting to £60,661 (2020-21: £537,666) as well as miscellaneous income of £5,168 (2020-21: £nil). The maximum number of staff furloughed at any one time throughout 2021-22 was 24 people (2020-21:105). 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

	2021-22	2020-21
	£	£
Wages and salaries	5,766,116	5,420,752
Redundancy payments	11,565	43,438
Social security costs	356,119	342,719
Other pension costs	535,547	374,204
	6,669,347	6,181,113

The above balance includes £1,873,242 (2020-21: £1,749,960) of staff costs relating to 283 (2020-21: 295) participants on the Employment Support programme as at 31 March 2022.

There were £nil agency costs included within Wages and salaries (2020-21 £nil).

5. Other operating expenditure

	2021-22	2020-21
	£	£
Materials	343,091	335,858
TFS Disability Support	384,217	339,150
Repairs	184,961	80,308
Ability Cafe	312,074	194,632
Insurance	166,647	178,941
Travel	17,079	8,811
Waste Disposal	109,803	74,829
Rent and rates	26,362	72,839
Legal and professional fees	170,657	67,978
TFS Programme	178,690	117,853
Motor expenses	96,723	64,348
Light, heat and power	85,631	55,141
Delivery costs	15,217	13,876
Computer expenses	190,456	78,764
Tutors	38,388	32,556
Training	43,164	32,842
Advertising	23,008	22,827
Tools	28,789	30,958
Cleaning	11,239	12,685
General expenses	67,253	(11,098)
Telephone	36,870	37,678
Health & Safety Costs	29,557	17,621
Audit - external audit	22,294	21,956
Printing and stationery	10,207	8,070
Participant costs	18,659	5,264
Security	20,693	12,549
Payments to hosts and sub-contractors	3,482	294
Canteen	7,278	5,412
Audit - internal audit	4,744	4,744
Postage	1,698	2,141
Bank charges	1,721	1,212
Discount allowed	14	-
Packing	-	9,900
Subtotal	2,650,666	1,930,939
Non cash costs		
Bad debts written off	-	3,825
Loss/(Profit) on Disposal	-	-
Stock Provision	92,123	-
Subtotal	92,123	3,825
Total	2,742,789	1,934,764

6. Finance income

	2021-22	2020-21
	£	£
Bank interest receivable	315	1,330
	<u>315</u>	<u>1,330</u>

7. Pension finance costs

	2021-22	2020-21
	£	£
Expected return on pension scheme assets	500,000	465,000
Interest on pension scheme liabilities	(685,000)	(616,000)
	<u>(185,000)</u>	<u>(151,000)</u>

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

	2021-22	2020-21
	£	£
Internal Audit	4,744	4,744
External Audit	22,294	21,956

10 Property, plant and equipment

	Buildings	Plant and Office Equipment	Motor Vehicles	Donated Assets	Total
	£	£	£	£	£
Cost or Valuation					
At 1 April 2021	1,750,000	502,238	186,718	20,000	2,458,956
Additions	-	22,412	-	-	22,412
At 31 March 2022	1,750,000	524,650	186,718	20,000	2,481,368
Depreciation					
At 1 April 2021	-	163,717	38,120	7,320	209,157
Charged in the year	35,000	49,585	12,448	2,000	99,033
Revaluations	(35,000)	-	-	-	(35,000)
At 31 March 2022	-	213,302	50,568	9,320	273,190
Net book value					
At 31 March 2022	1,750,000	311,348	136,150	10,680	2,208,178
At 31 March 2021	1,750,000	338,521	148,598	12,680	2,249,799

10.1 Property, plant and equipment

	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

11. Intangible assets

	Software Licences
	£
Cost or Valuation	
At 1 April 2021	8,240
Additions	-
Disposals	-
At 31 March 2022	<u>8,240</u>
Amortisation	
At 1 April 2021	2,862
Charged in the year	1,485
Disposals	-
At 31 March 2022	<u>4,347</u>
Carrying value	
At 31 March 2022	<u>3,893</u>
At 31 March 2021	<u>5,378</u>

11.1 Intangible assets

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

12. Inventories

	2021-22	2020-21
	£	£
Raw materials	19,955	120,902
Work in progress	13,827	12,240
Finished goods	13,956	17,224
	<u>47,738</u>	<u>150,366</u>

Raw materials, consumables, changes in finished goods and work in progress recognised as cost of sales in the year amounted to £343,091 (2020-21: £335,859).

13. Trade receivables, financial and other assets

	2021-22	2020-21
	£	£
Receivables - trade	450,178	211,095
Other receivables	128,867	207,799
Prepayments	125,556	25,367
Accrued income	361,073	372,465
	<u>1,065,674</u>	<u>816,726</u>

14. Cash and cash equivalents

	2021-22	2020-21
	£	£
Balance at 1 April	1,601,336	1,651,075
Net change in cash and cash equivalents	(198,717)	(49,739)
Balance at 31 March	<u>1,402,619</u>	<u>1,601,336</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	1,402,619	1,601,336
Bank overdraft	-	-
Balance at 31 March	<u>1,402,619</u>	<u>1,601,336</u>

15. Trade payables, financial and other liabilities

	2021-22	2020-21
	£	£
Amounts falling due within one year:		
Trade payables	379,200	357,010
Value Added Tax	169,344	124,958
Other taxation and social security	61,658	66,193
Other payables	187,447	356,895
Accruals	370,726	402,211
	<u>1,168,375</u>	<u>1,307,267</u>

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 2021 or 31 March 2022, not otherwise included in these financial statements.

18. Commitments under leases

At 31 March 2022 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:

	2021-22	2020-21
	£	£
Buildings		
Not later than one year	-	39,000
Later than one year and not later than five years	-	-
gLater than five years	-	-
	<u>-</u>	<u>39,000</u>
Other		
Not later than one year	1,138	3,303
Later than one year and not later than five years	1,138	-
Later than five years	-	-
	<u>2,276</u>	<u>3,303</u>

18. Commitments under leases (continued)

£27,557 (2020-21: £62,525) was included as an operating lease expense in the statement of comprehensive net expenditure. The "Buildings" lease was terminated in the 2021-22 financial year.

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 2022 is based on the roll forward of results of the last full funding valuation certified by the actuary as at 31 March 2021. Membership data as at 31 March 2021 has been updated using cashflow data in the intervening period as a proxy for membership movement. Key financial assumptions including discount rate and inflation are updated as at the current year end date. The remaining demographic assumptions are consistent with those applied to the 2021 triennial funding valuation.

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

20. Pension liability (continued)

Change in benefit obligation	2021-22	2020-21
	£'000	£'000
Benefit obligation at beginning of year	32,389	26,647
Current service cost	412	261
Past service cost	-	-
Interest cost	685	616
Plan participants' contributions	112	127
Benefit payments from plan	(580)	(452)
Insurance premiums for risk benefits	(24)	(31)
Actuarial (gains)/losses	(3,182)	5,221
Benefit obligation at end of year	29,812	32,389

Change in plan assets	2021-22	2020-21
	£'000	£'000
Fair value of plan assets at beginning of year	23,713	20,177
Expected return on plan assets	500	465
Employer contribution	779	513
Member contributions	112	127
Benefits paid	(580)	(452)
Administrative expenses paid	(90)	(90)
Insurance premiums for risk benefits	(24)	(31)
Return on plan assets (excluding interest income)	106	3,004
Fair value of plan assets at end of year	24,516	23,713

Amounts recognised in the statement of financial position

	2021-22	2020-21
	£'000	£'000
Defined benefit obligation	(29,812)	(32,389)
Fair value of plan assets	24,516	23,713
Net liability	(5,296)	(8,676)

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

	2021-22	2020-21
	£'000	£'000
Current service cost	412	261
Past service cost	-	-
Total service cost	412	261
Interest cost	685	616
Interest income on plan assets	(500)	(465)
Net interest cost	185	151
Administrative expenses	90	90

Defined benefit cost included in the Statement of Net Comprehensive Expenditure	687	502
Total re-measurements included in other comprehensive income	(3,288)	2,217
Total defined benefit cost recognised in the Statement of Comprehensive Net Expenditure	(2,601)	2,719

	2021-22	2020-21
	£'000	£'000
Net defined benefit liability reconciliation		
Net defined benefit liability	8,676	6,470
Defined benefit cost included in the Statement of Comprehensive Net Expenditure	687	502
Total re-measurements included in other comprehensive income	(3,288)	2,217
Employer contributions	(779)	(513)
Net defined benefit liability as of end of year	5,296	8,676

Defined benefit obligation by participant status	2021-22	2020-21
	£'000	£'000
Actives	11,771	15,820
Vested deferred	12,331	11,936
Retirees	5,710	4,633
Total	29,812	32,389

20. Pension liability (continued)

Fair value of plan assets	2021-22	2020-21
	£'000	£'000
Cash and cash equivalents	528	305
Equity instruments	6,776	6,493
Debt instruments	11,060	10,994
Investment funds	6,152	5,921
	24,516	23,713

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

	2021-22	2020-21
	%	%
Discount rate	2.8	2.1
Rate of increase in salaries	3.1	2.7
Rate of pension increases	3.1	3.0
Inflation assumption - RPI	3.5	3.1
Inflation assumption - CPI	3.1	2.7

Assumed life expectancy on retirement at age 65**Female**

	2021-22	2020-21
	Years	Years
Retiring today (member age 65)	22.7	22.0
Retiring in 20 years (member age 45 today)	24.1	23.5

Male

Retiring today (member age 65)	20.5	20.1
Retiring in 20 years (member age 45 today)	21.8	21.5

20. Pension liability (continued)**Weighted average assumptions to determine defined benefit cost**

	2021-22	2020-21
	%	%
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

Sensitivity Analysis	2021-22	2020-21
	£'000	£'000
<i>Present value of defined benefit obligation</i>		
Discount rate - 25 basis points	31,401	34,248
Discount rate + 25 basis points	28,333	30,690
Price inflation - 25 basis points	29,114	30,911
Price inflation + 25 basis points	30,545	33,974
Mortality assumption - 1 year	30,715	33,307

Other required disclosure amounts

The contributions expected to be paid to the plan during the next financial year amount to £384,000 (2020-21: £363,000).

21. Contingent liabilities

The Company did not have any contingent liabilities at 31 March 2022 or at 31 March 2021.

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 DfC (ES)	Balance due from DfC	Loan Outstanding	DfC loan Release	Grants received
	£	£	£	£	£
31-Mar-22	93,342	22,881	-	-	873,996
31-Mar-21	269,073	-	-	(799,687)	731,996

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. Final payments totalling £25,000 (2020-21: £65,000) were received from the Gallaher Trust during the 2021-22 year.

Key management personnel compensation

Compensation totalling £277,093 was paid to key management personnel in 2021-22 (2020-21: £277,143). 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 .

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.