



Report and Financial Statements 2015

Disabled People's Employment Corporation (GB) Limited





Richard Cowdery from south London secured his first job after successfully completing Steps into Work, a work placement programme for people with learning disabilities jointly run by Remploy, Transport for London and Barnet & Southgate College. Richard, who is employed as a customer service assistant at London Underground, is pictured with his manager Dave McRae.

Contents

Disabled People's Employment Corporation (GB) Limited Report and financial statements 2015



Registered Office

18C Meridian East
Meridian Business Park
Leicester
LE19 1WZ
Telephone: 07887 898821
Registered number: 394532
(England and Wales)

Bankers

The Royal Bank of Scotland Group plc.
Corporate & Institutional Banking
135 Bishopsgate
London
EC2M 3UR

Auditors

Deloitte LLP
4 Brindley Place
Birmingham
B1 2HZ

Solicitors

Michelmores LLP
Woodwater House
Pynes Hill
Exeter
EX2 5WR

Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW

Contents

Page

Introductory statement.....	5
Chairman's review.....	6
Strategic report	8
Directors and Advisers.....	15
Directors' report.....	18
Corporate Governance.....	21
Audit Committee report.....	25
Remuneration Committee report	29
Directors' responsibility statement.....	32
Independent auditors' report	33
Income statement.....	35
Statement of comprehensive income	36
Balance sheet	37
Cash flow statement.....	38
Notes to the financial statements.....	39



“ Yasmin Newall from Warrington was one of six Remploy candidates employed at a care village in the town. Yasmin, who had been unemployed since leaving school, received support with her job searching from her local Remploy branch.

”

Introductory Statement

The directors of the Disabled People's Employment Corporation (GB) Limited ("DPEC" or the "Company") present the annual report and financial statements for the year ended 31 March 2015.

This introductory statement sets out the change that the Company has undergone since the end of the financial year and defines certain terms used throughout this report.

DPEC was formerly known as Remploy Limited and was a provider of services to transform the lives of disabled people and those experiencing complex barriers to work by providing sustainable employment opportunities.

The Company has been undergoing transformation through restructuring over recent years. The Government announced in March 2012 that it was accepting the recommendations of the Sayce Review in full, which led to the sale or closure of the remaining 54 Remploy Enterprise Business factories, a process which was completed in the year ended 31 March 2014.

On the recommendation of the Company Board, the Government announced on 22 July 2014 that it would also exit the Remploy Employment Services ("Employment Services") business. Following an extensive and competitive commercial process, the sale of the Employment Services business was completed on 7 April 2015 (the "Transaction").

Just before the Transaction completed, certain trade assets and liabilities comprising Employment Services, including intellectual property and the "Remploy" brand, were hived down from DPEC to Remploy (2015) Limited ("Remploy 2015"), a wholly owned subsidiary created on 24 February 2015 as the vehicle for the Transaction.

On 7 April 2015, Remploy 2015 was sold to MAXIMUS Companies Limited ("MAXIMUS"), a wholly owned subsidiary of MAXIMUS Inc. MAXIMUS subsequently transferred 30% of the shares to an Employee Benefit Trust ("EBT"), held on behalf of Remploy 2015's employees. On the same day, under the terms of the Transaction, the Company changed its name to DPEC and Remploy 2015 changed its name to Remploy Limited. As part of the Transaction, Remploy 2015 entered into a contract with the Department for Work and Pensions ("DWP") to operate and deliver a national Work Choice

contract in England, Scotland and Wales until April 2017. A number of other commercial contracts delivered by Employment Services also transferred to Remploy 2015.

The Employment Services employees engaged in these areas were transferred to Remploy 2015 under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). All employees transferred to Remploy 2015 except for 17 people who remained in the employment of the Company post 7 April 2015.

Throughout this annual report and financial statements, and for the sake of clarity, the following references are used:

- DPEC or the Company - the company formerly, until 7 April 2015, known as Remploy Limited.
- Employment Services - the Employment Services business, owned and carried on by the Company until 7 April 2015 and then transferred to Remploy 2015.
- Remploy 2015 - the company formed to acquire Employment Services which was sold to MAXIMUS on 7 April 2015 and changed its name to Remploy Limited.

Chairman's Review

Exit from Government ownership

During 2014/15 the Company prepared for the final stage of its transformation following agreement between the Government and the Board that Employment Services should leave public ownership. This was successfully completed shortly after the end of the financial year.



Ian Russell, Chairman

The Government and the Board had agreed that Employment Services should become a sustainable independent specialist disability employment service provider and continue to support disabled people in finding and remaining in employment. It was anticipated that a third party investor would acquire a significant stake in the business and invest in its continued growth and development, outside Government control and with the freedom and flexibility for the business to continue to grow in line with its mission.

The Government and the Board established the following success criteria, that the business would:

- continue to operate and deliver a national Work Choice contract;
- continue to deliver the Company's mission to transform the lives of disabled people and those experiencing complex barriers to work by providing sustainable employment opportunities; and

- establish the Employment Services business, including its assets and operating infrastructure, as a private sector commercial business.

The Transaction followed an extensive and competitive commercial process in accordance with these success criteria. It was announced on 12 March 2015 that Employment Services would leave the public sector in a joint venture partnership with MAXIMUS. MAXIMUS has a history of supporting vulnerable people by delivering high performing health and employment services for governments on four continents, transforming lives and strengthening communities through more effective health, welfare, employment, child support and education programmes. It brings knowledge and expertise in service delivery and commercial development and will build on our Company's past success.

The sale was completed on 7 April 2015, which coincided with the 70th anniversary of

the formation of our Company, and ensured the continuation of the Remploy name and our history of support for disabled people. Remploy 2015's mission remains focused on helping to transform the lives of disabled people and those experiencing complex barriers to work by providing sustainable employment opportunities.

Remploy 2015's employees will have a fundamental role in the governance and strategic direction of the business with 30 per cent of that company's shares held in an Employee Benefit Trust on behalf of employees. They will also positively influence the operation of Remploy 2015 through two employee representatives on the Board and through an Employee Council.

On 7 April 2015, those Directors moving to Remploy 2015 left the DPEC Board. I and three fellow non-executive directors remained on the board of DPEC and two new directors were appointed from DWP.

Performance

Throughout 2014/15 the Company delivered the Government's Work Choice employment programme for disabled people and provided specialist support as a sub-contractor to several Prime providers on the Work Programme. During the year, the Company found 13,971 jobs for disabled and disadvantaged people and continued to develop a range of new products and services for employers to assist them in employing more disabled people.

The Company also delivered other commercial contracts including a Workplace Mental Health Support Service for the Government's Access to Work programme, which in December 2014 was extended for a further two years, and employment support for ex-service personnel and other uniformed personnel with disabilities or health conditions.

By the end of 2014/15, the Company had supported almost 100,000 disabled and disadvantaged people into mainstream employment since 2010.

Financial Results

Revenue from continuing operations in the year, which was entirely generated from Employment Services, reduced by 12% to £13.3m (2014: £15.5m). Grant-in-Aid recognised in the year was £52.4 million

(2014: £55.7 million), including £0.4m for transition costs. DWP paid an additional £33.8 million (2014: £41.5 million) Grant-in-Aid for pension scheme funding, representing £3.8m for 2014/15 costs and £30.0m paid early for the period 2015/16 to 2017/18 inclusive, all of which was paid to the pension scheme in 2014/15.

The Company's subsequent profit before tax of £37.5 million (2014: loss of £19.2 million) excludes discontinued operations (Enterprise Businesses) of £ nil (2014: £3.8 million). These results also include a provision of £2.3 million (2014: £7.6 million) for the remaining costs of transforming the Company, primarily for transition support and property exit. This provision has been fully funded by DWP and the funding received offset against the cost in the Income Statement.

Employees

I would like to thank all of our employees, both those who transferred as a result of the Transaction on 7th April 2015 and those who remained with the Company, who worked hard to secure and retain employment for disabled people, whilst at the same time transforming our organisation. I am also grateful to my colleagues on the Board and in executive and senior management for the expertise and diligence they have brought to the Company.

Board

Joe Mann and Kate Nash retired from the Board on 17th September 2014 and Ian Black and Ian Thornley retire from the Board on 30th June 2015. All four served the Company as Non-executive Directors with great distinction over many years. I am very grateful to each of them for contributing so strongly to the Company's success.

Outlook

Following Employment Services exit from government ownership into the private sector, the focus for DPEC is to deal with legacy issues. DPEC will handle outstanding issues relating to Remploy properties, contracts, warranties, employment issues, the pension scheme and other commercial matters and deliver these activities as efficiently and cost effectively as possible.



Ian Russell CBE

Chairman

23 June 2015

Strategic Report

The Directors present the Strategic Report for the Company for the year ended 31 March 2015. In preparing this Strategic Report, the Directors have complied with s414C of the Companies Act 2006.

Review of the Business

The Company is a private company without share capital and is limited by Guarantee of the Secretary of State for Work and Pensions. In addition to revenues generated from its own commercial activities, the Company receives Grant-in-aid from the Government.

During the year the Company continued as a provider of services to transform the lives of disabled people by increasing the number of sustainable employment opportunities and assisting people with a disability or other complex barriers to work into employment and supporting them when in employment.

Following the sale of the Employment Services business, the Company is now focussed on managing a small portfolio of legacy assets and liabilities with the objective of achieving best value for money in anticipation of a Members Voluntary Liquidation in accordance with the Main Agreement between the Company and the Secretary of State for Work and Pensions.

Performance

The Company made significant progress throughout the year, particularly in terms of its strategic transformation, but also in its operational performance. The sale of Employment Services, shortly after the financial year end, completed the transformation of the Company in accordance with the recommendations of the Sayce Review and consistent with the success criteria established for the purpose.

During 2014/15, the Company remained one of the largest providers of jobs for people under the Work Choice programme. Operating through the national delivery of Work Choice, as a sub-contractor to Prime contractors under the Work Programme, and through the delivery of other contracts, Employment Services placed 13,971 (2014: 18,562) people with a disability or other disadvantage into mainstream employment. In addition to

developing new products and services to assist and support people into work, the Company also continued to develop and introduce programmes designed to assist organisations in employing and sustaining disabled people in employment.

The Board continued to monitor the performance and progress of the Company by reference to the following Key Performance Indicators:

- Manage the business to deliver financial performance to annual budget;
- Manage the continuing business within the total annual operational Grant-in-aid funding allocation;
- Manage the transformation programme within the total annual Grant-in-aid funding allocated to the programme;
- Manage Work Choice delivery within the annual Work Choice Grant-in-aid funding allocation;
- Achieve the annual target for Work Choice disabled job outcomes;
- Achieve the annual target for Work Choice job retentions;
- Achieve the annual target for total disabled job outcomes;
- Achieve the annual target for commercial contract revenue and net contract contribution (non Work Choice); and
- Achieve the employee diversity goals and objectives.

Financial results

Total revenue for the year from continuing operations was £65.1m (2014: £60.2m), including revenues from commercial contracts in Employment Services of £13.2m (2014: £15.0m) and Grant-in-Aid from DWP of £52.0m (2014: £45.2m). During the year, there was no revenue from the discontinued operations of the Enterprise Businesses (2014: £54.4m) as the sale and/or closure of these operations were completed in the year ended 31 March 2014. The Company received additional Grant-in-Aid funding of £33.8m (2014: £41.5m) to contribute to the pension scheme deficit in accordance with the agreement made with the Trustees. This also covered net finance costs of £9.4m (2014: £13.3m), made up of interest costs on the pension scheme of £36.2m (2014: £36.1m) less the expected return on scheme assets of £26.9m (2014: £22.8m).

During the year, DWP waived its right to repayment of the cumulative balance of surplus Grant-in-Aid which the Company has historically carried as a current liability and classified in trade and other payables. As at 31 March 2014, the balance of surplus Grant-in-Aid stood at £19.5m. During the year, this balance reduced to £16.7m as

a result of unfunded running and transition programme costs. Waiving the right to repayment resulted in a credit to the Income Statement during the year.

The Company achieved an operating profit before pensions movements of £18.2m during the year (2014: £4.2m loss), after charging staff costs of £25.7m (2014: £24.3m), other operating charges of £18.7m (2014: £19.4m), depreciation of £0.8m (2014: £1.3m) and a loss on the sale of property, plant and equipment of £0.4m (2014: £0.0m).

Profit before tax was £37.5m (2014: £19.2m), including £62k bank interest received (2014: £128k). The profit before tax figure reflects a pension cost of £5.1m (2014: £4.9m) relating to both current and past service costs which arose as a result of amendments to the Company's pension scheme, plus the additional Grant-in-Aid of £33.8m (2014: £41.5m) towards the pension deficit.

Note 6 to the financial statements provides a schedule setting out how the Grant-in-Aid was consumed in funding the Employment Services business (£31.3m), central and support services (£10.9m), transition costs (£1.3m), pension costs (£5.1m) and pension finance costs (£9.4m). The transition costs of £1.3m (2014: £19.3m) mainly relate to property exit, legal

services and people help and support activities.

The Company incurred a total corporation tax charge during the year of £1.0m (2014: £4.0m), made up of a current tax charge of £0.0m (2014: £0.1m) and a deferred tax charge of £1.0m (2014: £3.9m). The corporation tax charge reflects corporation tax charged at 20% on the profit generated from ordinary activities generated by both continuing and discontinued operations less £0.4m (2014: £2.2m) of brought forward losses utilised in the period.

During the year, the Company employed an average of 1,038 people (2014: 1,711) including 1,016 in Employment Services (2014: 1,122) and 22 in corporate and support services (2014: 62, plus 527 in discontinued Enterprise Business operations).

Future Developments and Business Environment

Following completion of the Transaction, the Company has retained certain legacy assets and liabilities, including pension liabilities up to the date of exit on 7 April 2015. As a consequence, the Board is now focussed on managing this portfolio of legacy assets and liabilities with a view to realising the maximum value

Strategic Report (continued)

money. Longer term, the Board expects to arrange a Members Voluntary Liquidation.

The Main Agreement between the Company and the Secretary of State provides that ***“Upon a winding-up of the Company following termination of this Agreement, the Company will use its best endeavours to ensure that the Secretary of State is consulted on an orderly winding-up of the Company. Provided that the Secretary of State’s proposals for an orderly winding-up are implemented by the Company (to the extent that it is able to do so), the Secretary of State shall pay to the Company by way of a grant a sum equal to the net deficit (being the excess of liabilities over the proceeds of realisation of assets) incurred by the Company.”***

In addition to the provisions set out in the Main Agreement, the Government has committed to fund the Company through the financial year ending 31 March 2016, and has also given an

undertaking that it will continue to provide sufficient funding to ensure that any net deficit, including pension liabilities and the costs of any professional advisors or liquidators, will be fully funded until it is closed down.

Principle Risks and Uncertainties

Following the divestment of Employment Services, the range and profile of potential risks and uncertainties facing the Company has changed significantly. The Company is no longer exposed to the range and scale of risks associated with operating that business, particularly those strategic, commercial and operational risks.

Following the Transaction, the Company has retained a small number of core staff to manage the legacy assets and liabilities of the Company. In order to mitigate risks involved in this process, the Company has entered into an agreement (the “SLA”) with Remploy Limited. The SLA provides for certain continuing

services and resources to be provided to the Company to enable it to manage its affairs effectively and minimise the risk of potential financial claims and/or claw backs arising and to ensure compliance generally, including compliance with the provisions of certain legacy contracts which the Company has retained.

The Board has identified the following potential risks and uncertainties that could have a material impact on the Company and has put in place internal processes and controls which are designed to mitigate each risk. These risks and uncertainties are identified in a Strategic Risk Framework which is monitored by both the Audit Committee and the Board. The Company’s results and performance could also be affected by other factors and the risks identified below should not be regarded as a complete and comprehensive statement of all the risks and uncertainties facing the Company.

Type of risk	Risk	Risk description	Internal Processes and Controls
Strategic	Funding constrained by Government shareholder	The Government's spending plans post-election and other announcements and actions that may constrain future funding and liquidity and the impact on the Company as a going concern (see Note 2 in the financial statements)	<p>Work closely with Government shareholder</p> <p>Working capital management including continuous review of short-term liquidity and cash flow management</p> <p>Continuous review of operating costs and control over non-essential spend</p> <p>Maximise realisable value of legacy assets within established timelines</p> <p>Continuous review of liabilities to minimise funding required including, where appropriate, buy-out of future liabilities</p>
	The wind up process for the Company cannot be delivered in accordance with the objectives and/or the timetable established	The process requirements are underestimated or under resourced, potential liabilities may arise or may continue to impact for longer than anticipated (e.g. property lease disposals) or asset disposals take longer than planned causing a delay that may require the Company to continue in existence for longer than planned	<p>Work closely with Government shareholder</p> <p>Ensure effective resources are in place</p> <p>Work closely with Remploy Limited to ensure SLA deliverables are achieved</p> <p>Set clearly defined goals and objectives with realistic timetables and milestones for achievement</p>
Operational	Inability to maintain and retrieve relevant historic company data	The Company relies on corporate memory to manage some of its legacy affairs. The inability to maintain and retrieve this will inhibit its ability to manage the legacy process effectively and efficiently	<p>Maintain corporate memory, through people, systems and processes to manage legacy issues</p> <p>Historic documents and other evidential material are retained by the Company in electronic and paper form and are fully archived</p> <p>IT systems licences have been retained where appropriate to ensure continued access to data</p>
	Remploy Limited company fails to meet the requirements and commitments under the SLA	Remploy Limited does not meet its obligations under the SLA, key Remploy Limited management and staff with knowledge of the Company leave or other business priorities of Remploy Limited take precedence over the deliverables under the SLA	<p>Work closely with Remploy Limited</p> <p>Ensure that the SLA is robust, including performance penalties</p> <p>Hold regular SLA performance review meetings with Remploy Limited to hold to account, including clearly defined issues, agreed actions for resolution, identification of responsibility for actions and timetable for achievement</p>

Strategic Report (continued)

Type of risk	Risk	Risk description	Internal Processes and Controls
	Legal and other claims resulting from the Company transformation and restructuring process	<p>An increase in the number of claims received from former employees and the risk of losing claims as a result of the sale or closure of the Company's factory business, the potential outcomes of which and values have not yet been determined</p> <p>Warranty claims in relation to products manufactured by the Company</p> <p>Claims arising on certain Employment Services contracts retained by the Company including financial claw back following contract completion, close out and audit</p>	<p>Work closely with independent legal advisors retained for the purpose</p> <p>Developing and articulating robust defences to various claims</p> <p>Managing effective claims mitigation processes and strategies</p> <p>Commitment of Remploy Limited by making staff available to support the Company, including preparation for Employment Tribunal hearings and attendance at hearings</p>
	The Company's ability to defend legal claims	<p>The Company's ability to defend any legal and/or warranty claims successfully may be impacted because of loss of corporate memory causing the potential for increased financial impact and/or reputational damage to the Company and or DWP</p>	<p>Work closely with Government shareholder</p> <p>Work closely with Remploy Limited</p> <p>Retain access to professional advisers</p> <p>Retain necessary information and data, such as evidential material relating to known and potential claims</p>
	The Company's "Wellbeing" Contract is not managed to closure effectively	<p>Sufficient and experienced resources are not in place to ensure that the final claim is processed correctly and on time and the contract closure report is not completed to the requisite European Social Fund (ESF) standard causing the risk of financial claim and reputational risk upon audit by Welsh European Funding Office and ESF review</p>	<p>Sufficient skilled and experienced staff resource have been maintained</p> <p>All contract information and data has been retained and is accessible by the Company</p> <p>The SLA provides for Remploy Limited to provide ongoing support to the Company in relation to the Wellbeing contract, including continued participation on the Project Board</p>

Type of risk	Risk	Risk description	Internal Processes and Controls
	Freehold and leasehold property	<p>The Company is in the process of disposing of a small number of properties (freehold and leasehold) still remaining following the sale or closure of the factory businesses.</p> <p>In relation to freehold property, failure to complete some or all of the disposals on acceptable terms will lead to reduced cash proceeds being achieved.</p> <p>In the case of leaseholds, failure to complete some or all of the disposals or to complete them in a reasonable period of time will lead to more holding costs</p>	<p>Ensure high quality, creative and effective marketing of the properties</p> <p>Work closely with professional property advisers retained to assist the Company in the property disposal process</p> <p>Ensure thorough and detailed commercial and financial analysis to determine the effectiveness of proposals from buyers in terms of value for money</p>
Financial	Financial and business control	<p>The Company, as both a Non Departmental Public Body and a legal corporate entity subject to the Companies Act, must ensure that appropriate and robust general business and financial controls are in place and operating effectively at all times</p>	<p>Risk identification and mitigation measures maintained and continuously developed</p> <p>Robust financial internal control environment</p> <p>Internal Audit capacity made available by DWP resources</p> <p>Management controls, including authority levels</p> <p>Directors' annual confirmations</p> <p>Detailed and ongoing financial budgeting and forecasting</p> <p>External audit recommendations on the internal control environment</p> <p>Management and Director training and development</p> <p>Annual Board performance and effectiveness reviews</p>

Strategic Report (continued)

Type of risk	Risk	Risk description	Internal Processes and Controls
	Pension scheme changes and scheme funding	The Company operates Defined Benefit and Defined Contribution pension schemes. Changes in pension legislation and/or in funding requirements including actuarial assumptions employed and the scheme deficit assumptions may negatively impact the Company's financial position and ability to fund	<p>Effective liaison and management between the Company and key stakeholders including DWP and Trustees</p> <p>Monitoring of pension scheme asset values and liabilities</p> <p>Working closely with Trustees and other independent professional advisors</p> <p>Taking appropriate steps and measures to minimise pension risk and liabilities</p> <p>The Secretary of State Guarantee (see Note 2) and Letter of Support from DWP confirming its commitment to continue to fund all pension scheme liabilities and associated costs and expenses</p>

The Board confirms that both it and the Audit Committee have reviewed, and maintain under review, the effectiveness of the Company's internal controls and processes and that there are ongoing management processes for identifying, evaluating and managing the significant risks and uncertainties faced by the Company.

Approved by the Board and signed on its behalf by:



Helen John
Chief Executive Officer

23 June 2015

Directors and Advisors



Ian Russell CBE*

Chairman

(aged 62)

Ian joined the Company as Non-executive Chairman in January

2007. Ian is also Non-executive Chairman of Johnston Press. He is a Non-executive Director of British Polythene, the Mercantile Investment Trust, HICL Infrastructure Ltd, and the BlackRock Income Strategies Trust, and adviser to Clyde Bergemann Power Group. Previously, Ian was Chief Executive of Scottish Power and prior to that he worked for HSBC and Mars.



Beth Carruthers

Chief Executive

(aged 49)

Left the Board on 7 April 2015

Beth joined the Company in 2000 and has led the development of the Employment Service business. Her early career was spent in the private sector in Retail, Catering, Manufacturing and Utilities. Her responsibilities focused on HR and Training and included accountability for the UK and overseas. Beth holds a degree in Education from Glasgow University where she developed a particular interest in Special Educational Needs.



Ian Thornley**

Non-executive Director

(aged 56)

Ian was appointed to the Board as Non-executive Director in May 2006. He is also the founder

and Managing Director of Staffing Partners, a corporate finance consultancy specialising in the recruitment and staffing sector. A Chartered Accountant, Ian joined Northwest Airlines in 1992, holding a number of senior management posts with responsibility for operations in Europe, the Middle East and Africa. He joined a US-listed support services business in 1998 as Corporate Development Director before being appointed Managing Director of Right4Staff Limited, one of its UK subsidiaries. Ian led a management buy-out of Right4Staff in 2002, serving as its CEO until October 2005. Ian is a Non-executive Director and Chairman of Equal Approach, a specialist inclusive recruitment and diversity consultancy business.



Alexandra Owen FCA

Executive Director, Finance

(aged 40)

Left the Board on 7 April 2015

Alexandra joined the Company in August 2014 as Finance Director. Formerly Head of Financial Services and Reporting at United Learning, a large group of charities in the Education sector looking after both Academies and Independent Schools. Alexandra had previously held roles at Invu Plc and Saffery Champness Chartered Accountants. Alexandra is a Chartered Accountant with many years' experience in both publicly and privately funded organisations.

Directors and Advisors (continued)



Ian Black* **

Non-executive Director
(aged 62)

Ian was appointed to the Board as Non-executive Director in November 2007. Ian has worked in various business sectors with roles including IT, Quality, Marketing Services and most significantly as a commercially orientated HR Director and Change Leader. Previously, Ian spent 10 years working at BAT and Rothmans International as a senior HR Director and executive board member. Ian has held senior management positions in other leading organisations, including NCR and AT&T. In addition to his position with the Company, he is currently a Director of OFE, BSH and Arch Management Consultants where he advises boards on subjects such as organisational development, remuneration, governance and performance management. Ian is also a Non-executive Director at MLCSL and IFR.



John Osmond**

Non-executive Director
(aged 63)

John was appointed to the Board as Non-executive Director in October 2011. His 35 years' experience in the Information Technology and Services Industry encompasses senior management positions in alliance management, strategy, transformation consultancy, programme and risk management. His most recent position for IBM was as the Director leading the alliance between IBM and Cisco across Europe, Middle East and Africa, one of IBM's largest global business partnerships. In addition to his position with the Company, John is a Governor of the Westminster Foundation for Democracy, a Director of the Compaid Trust - a Kent based charity supporting disabled people - and a Justice of the Peace.



Kate Nash OBE*

Non-executive Director
(aged 52)

Left the Board on 17 September 2014

Kate was appointed to the Board as Non-executive Director in 2007. Kate is a freelance Disability Consultant having 20 years' experience in working strategically to effect long-term attitudinal and major social systems change in relation to disabled people. She works closely with Post Office Ltd, KPMG and BT. In addition, Kate runs an independent hub of best practice in the establishment of Employee Networks, across sector strands. She chaired the merger between Radar, Disability Alliance and NCIL.



Joe Mann MBE*

Non-executive Director
(aged 62)

Left the Board on 17 September 2014

Joe was appointed to the Board as Non-executive Director in May 2006. Joe was Deputy General Secretary of the Community Trade Union, with specific responsibility for politics, the regions, voluntary sector and external affairs. From 1997 until 2010, Joe was a member of the LP National Policy Forum and various Policy Commissions, and was a member of the Labour Party National Executive Committee from 2003 to 2009. Joe has been President of the Executive Committee of the General Federation of Trade Unions. From 1995 to 2000 Joe was General Secretary of the National League of The Blind and Disabled, during which time he was appointed to the Government's Disability Rights Task Force.



Helen John
Director
(aged 50)

Helen joined the Board on 7 April 2015 as Chief Executive and was also appointed as the company's Accounting Officer. Helen is a Senior Civil Servant, employed by the Department for Work and Pensions as head of the Stewardship team, responsible for the majority of DWP's 12 Arm's Length Bodies, including DPEC (GB) Ltd. Helen is a Chartered Accountant with many years' experience in both the public and private sectors: she began her career in the private sector and since then has spent more than twenty years at HM Treasury and DWP in both policy and finance roles.



Andy Hobbs **
Finance Director
(aged 32)

Andy joined the Board on 7 April 2015 as director nominated by the Department for Work and Pensions. Alongside his role on the DPEC Board, Andy holds a senior finance role for DWP, supporting and advising the strategy and policy function. Andy is a qualified accountant and has previously held finance roles at the Home Office, Foreign and Commonwealth Office, and the Audit Commission.



Jo Munns
Secretary
(aged 47)

Jo joined the Company in 2001 and has held a number of roles including National Operations Manager, Head of Specialist Services and Director of Social Enterprise and Director of Strategy and Business Change. Previously Jo worked in the Recruitment and Automotive Industries in operations and technical sales roles with Caterpillar (UK) from 1997 to 2001, Henkel and W R Grace between 1990 and 1997.

* Member of the Remuneration Committee

** Member of the Audit Committee

Directors' Report

The Directors present their 70th annual report on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31 March 2015. The Corporate Governance statement forms part of this report.

Principal activities

Disabled People's Employment Corporation (GB) Limited (DPEC) is a private company as defined by the Companies Act 2006, limited by guarantee, without share capital.

The Company was incorporated in 1945 with the principal objective of providing training and employment for registered severely disabled persons under special conditions.

Environmental matters

We recognise that our properties have an impact on the environment. We are committed to ensuring that, where practical, any adverse impact on the environment from our remaining sites awaiting disposal is being minimised.

Health and safety

The Company has continued its efforts to maintain our excellent health and safety performance. In the year 2014-2015 we reported 4 accidents under RIDDOR to the HSE (2014: 1 RIDDOR).

Going concern

In accordance with their responsibilities as Directors, the Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements and they continue to adopt the going concern basis in preparing the financial statements. Refer to note 2 of the financial statements for further details on the Directors' assessment of the going concern assumption.

Financial risk management objectives and policies

Details of risks along with actions taken by the Directors have been presented in note 20 of the financial statements.

Dividends

The Company is limited by guarantee and has no share capital and therefore does not pay dividends.

Directors

Refer to the Corporate Governance report, and the Directors' and advisers' reports within this publication.

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Information security

The Directors recognise their responsibilities under the Data Protection Act to ensure that personal and commercial information is protected against internal and external threats, loss or misuse. The Company has established a data forum to facilitate and manage this risk and has introduced specific

compliance checks into its internal audit and security programmes.

Personal data related incidents

There were no personal data related incidents in 2014/15 reported to the Information Commissioner (1 reported in 2014/15). The Information Commissioner considers the action taken by the Company reduces the likelihood of any further incidents.

Employees and employment of disabled persons

The aim of the Company is to maximise the number of disabled and disadvantaged people in employment by supporting people to gain employment with other employers. At the end of the year 402 disabled people (2014: 478 disabled people) were employed in the Company's own businesses. In addition, during the year to 31 March 2015 the Company found 13,971 jobs in mainstream employment for disabled people and those experiencing complex barriers to work (2014: 18,562 jobs).

Employee involvement

Involving all employees is an important part of how the Company operates. One of the Company's values is openness. This means not only demonstrating openness through communication but also being open to new ideas and feedback.

During the year a structured communication plan ensured that two-way communication has taken place on key issues at local, business and organisational level. A variety of methods was used from team and site briefings to newsletters and conference calls.

Communication is seen as an important part of any manager's role and training is taking place to ensure everyone has the required skills. Employees have access to an enhanced intranet and this was used extensively by all employees. There is continued investment in IT training to ensure that people have the appropriate skills.

Senior managers attend functional team meetings and key training courses, which support the formal feedback process.

Involvement of the recognised trade unions takes place through a working together partnership, which includes openly sharing information and joint working at a national level on learning, health and safety and the organisational challenges that face the Company.

Pension fund

During the relevant period, assets of the fund were vested in the Board of Trustees which comprises: an independent trustee director, Mr. Robert Gravill representing the Trustee Corporation; four trustee directors appointed by the Executive Directors of the Company; and four trustee directors elected by the members. A trustee report was made available to all members during the year. Funds are managed independently by investment managers on behalf of the Scheme to whom they report each quarter.

The Scheme actuary confirmed at the last formal actuarial valuation on 31 March 2013 that the Scheme showed a deficit of £129 million. The Company made additional contributions of £31.5m in the year. The actuarial valuation on 31 March 2015, performed in accordance with IAS 19, resulted in a deficit of £292.6 million (2014: £226.2 million) (note 24).

The Employer's standard contribution rate required to cover future benefits on an ongoing basis was calculated at 14.4% of pensionable earnings per annum (excluding the cost of providing the death-in-service lump sum benefits). The employee contribution rate remains at 7%.

Directors' Report (continued)

Auditor

Each of the Directors at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to

have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Andy Hobbs
Finance Director
23 June 2015

Daniel Riley from Leeds was one of 30 Remploy candidates recruited by Asda when it opened a new store in Middleton, West Yorkshire. Daniel is pictured with Katie Whewell, People Services manager at the store.



Corporate Governance

Compliance

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance code that was issued in 2014 by the Financial Reporting Council ('the Code').

The Company has complied throughout the year ended 31 March 2015 with the provisions set out in the Code including both the main principles and the supporting principles, insofar as they are appropriate to the Company under Government objectives for Non-Departmental Public Bodies, except as noted below. The Company has extended the terms of three of the Non-Executive Directors. The Company felt this departure was appropriate given that the Company was in a commercial process, under which the substantive part of the Business (Employment Services) would exit Government ownership.

Board of Directors

The Board of Directors (the 'Board') and their membership of Board Committees is shown below. The Board comprised a Non-executive Chairman, a Chief Executive plus one Executive, and five independent Non-executive Directors reducing to three independent Non-executive Directors during the

financial year. Appointments to the Board were advertised. The Chairman was appointed by the DWP. The Chief Executive and Non-executive Directors were appointed by the DWP in consultation with the Chairman. Other Executive Directors were appointed by the Chairman. Details of the terms and conditions of appointment of the Non-Executive Directors are available upon written request from the Company Secretary at the Company's registered office.

The Board is responsible for setting Company strategy, approval of major capital expenditure, for senior management appointments and the establishment and monitoring of internal controls. It reviews the strategic direction of the Company and the operating results in line with targets set by the DWP in the Annual Performance Agreement. It monitors the progress of the Company towards the achievement of budgets and plans.

Board performance evaluation

A process of self-assessment evaluation of the Board, its Committees and Directors takes place every year. The areas for assessment continue to be:

- assessment and performance improvement;
- clarity of purpose;
- tasks, code of practice and decision-making;
- skills, contribution and composition;
- building and management of agendas;
- content, format, relevance of information and presentations; and
- engagement, tone and style to maximise effectiveness.

Issues arising from the self-assessment evaluation are presented to the Board by the Chairman and an action plan is developed and maintained to ensure continuous improvement in the operation of the Board and its Committees and in the performance of the Directors.

Board Committees

The Board has had for many years a supporting committee structure in line with the proposals of the Cadbury Committee on the Financial Aspects of Corporate Governance. Membership of the committees is set out in the Directors and Advisers section and in the Audit Committee Report and Remuneration Committee Report.

Corporate Governance (continued)

Remuneration Committee

The Remuneration Committee is chaired by Mr Ian Black and includes three other Non-executive Directors. The Committee reviews salaries and targets for performance related pay for Executive Directors and senior managers and makes recommendations to the DWP with regard to the Chief Executive. Further details can be found in the Remuneration Committee report section.

The Remuneration Committee also undertakes the work of a Nominations Committee. Appointments to the Board are advertised. The Chairman, Chief Executive and Non-executive Directors are appointed by the DWP in consultation with the Chairman. Other Executive Directors are appointed by the Chairman.

Details of the terms of reference of the Remuneration Committee are available upon written request from the Company Secretary at the Company's registered office.

Audit Committee

The Audit Committee is chaired by Mr Ian Thornley and includes two other Non-executive Directors. The Audit Committee terms of reference include all matters indicated by the Disclosure and Transparency rule 7.1 and the UK Corporate Governance code. More detailed information can be found in the Audit Committee report section.

Details of the terms of reference of the Audit Committee are available upon written request from the Company Secretary at the Company's registered office.

Attendance at meetings during the year

	Board meetings	Audit Committee meetings	Remuneration/ Nomination Committee meetings
Number of Meetings	11	5	4
Ian Russell CBE	11	-	4
Beth Carruthers	11	-	4
Ian Thornley	11	5	2
Joe Mann MBE	5	-	2
Kate Nash OBE	5	-	2
Ian Black	8	5	4
John Osmond	11	4	2
Alexandra Owen	5	3	1

Company Executive

The management of the business within the annual operational plan and strategic plan is delegated to the Executive Directors.

Accounting Officer

The Chief Executive, Mrs Beth Carruthers, was designated in the Agreement with the Secretary of State as the Accounting Officer. Mrs Carruthers left the company on 7th April 2015 and was succeeded by Mrs Helen John. The Accounting Officer's role is to advise the Board and she is responsible for the duties set out in the Non-Departmental Public Bodies Accounting Officer memorandum. She is responsible for assuring Parliament that:

- there is due propriety and regularity in the use of resources provided to the Company by the Secretary of State;
- adequate accounting, audit and information systems exist to achieve proper financial management and control performance information and value for money and efficiency improvements; and
- appropriate standards are maintained and financial considerations are taken fully into account by the Board at all stages in framing and reaching decisions, and their execution.

Internal controls

The Directors acknowledge that they have overall responsibility for the Company's system of internal control, including suitable

monitoring procedures and for reviewing its effectiveness. The system of control is designed to ensure the maintenance of proper accounting records and the reliability of the financial information used within the business or for publication, but any such system can only provide reasonable and not absolute assurance against misstatement or loss. The Directors make commercial decisions on risk within a managed framework and against a formal procedures and ethics policy.

The Board has implemented in full the Turnbull guidance (2005), Internal Control; Guidance for Directors on The Combined Code. A review of the risk management process for significant risks was undertaken and is set out in the risk management policy document which comprises procedures, strategies and review processes. Procedures and implementation are set around an extensive Strategic Risk Framework which has been in place all year and is reviewed regularly by the Executive and the Audit Committee. In addition, the Board and management are keeping under active review the need to enhance continuously the system of internal control and risk management. This is reviewed regularly by the Board and accords with the Turnbull guidance. The Board confirms

that necessary actions are being taken to remedy any significant weaknesses identified.

The Company's internal financial control and monitoring procedures include:

- clear responsibilities on the part of line and financial management for the maintenance of good financial controls and the production of accurate and timely financial management information;
- the control of key financial risks through clearly laid down authorisation levels and proper segregation of accounting duties;
- detailed monthly budgeting and reporting of trading results, balance sheets and cash flows, with regular review by management of variances from budgets; and
- reporting on internal financial controls and procedures by Internal Audit.

The Company has carried out a number of Internal Audits operating to standards defined in the Government's Internal Audit Manual. The Internal Audit work commissioned is informed by an analysis of the risk to which the Company is exposed and the annual internal audit plans are based on this analysis. The internal audit approach is reviewed and endorsed by the Audit Committee and internal

Corporate Governance (continued)

audit plans are approved by the Executive Directors.

The Board, with the assistance of the Audit Committee, has reviewed the effectiveness of the system of internal controls for the period covered by the financial statements. This review takes into account the Internal Audit reports produced, the Executive Directors who have responsibility for the development and maintenance of the control framework and the comments of the external auditor in their management letter and other reports. All recommendations to improve controls are considered and followed up as appropriate.

Business ethics

As an executive Non-Departmental Public Body (NDPB), the Company complies with the Government's requirement to have in place a code of best practice for employees. The Code of Business Ethics draws heavily on the Government's Model Code and its underlying principles and it covers key business issues which are appropriate for a commercial Company.

At the Company, we believe in greater inclusion and equality for disabled people

through sustainable employment. This belief shapes our passion and commitment to equip disabled people with the skills and confidence they need to build enduring careers.

Related party transactions

The Company is a Non-Departmental Public Body sponsored by the Secretary of State for the Department for Work and Pensions (DWP). During the Company entered into normal arm's length contractor relationships with DWP, including Work Choice and Access to Work Mental Health. Information regarding these arrangements has been disclosed in note 25 of the financial statements.

Disabled People's Employment Corporation (GB) Limited (DPEC) has had a number of material transactions with other Government Departments and other central government bodies which arose in the normal course of trading. Most of these transactions have been with the Department for Education.



No further information has been provided on these transactions as, in the Directors' opinion, these Government Departments are not considered to meet the definition of a related party as set out in IAS 24 *Related Party Disclosures*.

By order of the Board.

Jo Munns
Company Secretary
23 June 2015

Audit Committee Report

Summary of the role of the Audit Committee

The Audit Committee is appointed by the Board from the Non-executive Directors of the Company. The Audit Committee's terms of reference include all matters indicated by the Disclosure and Transparency Rule 7.1 and the UK Corporate Governance Code. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval.

The Audit Committee is responsible for:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained therein;
- reviewing the Company's internal financial controls and, unless expressly

addressed by the Board itself, the Company's internal control and risk management systems;

- monitoring and reviewing the effectiveness of the Company's internal audit function;
- making recommendations to the Board, for their approval in the Annual General Meeting in relation to the appointment, re-appointment and removal of the external auditor and the approval of the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance

regarding the provision of non-audit services by the external audit firm and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken;

- reviewing the effectiveness of the Company's whistle blowing procedures, particularly that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up actions; and
- reviewing and monitoring information security controls and information security incidents.

The Audit Committee is required to report its findings to the Board, identify any matters in respect of which it considers that action or improvement is needed, and make recommendations as to the steps to be taken.

Composition of the Audit Committee

The members of the Audit Committee during the year were:

Name	Date of Appointment
Mr I Thornley (Chairman)*	2007
Mr I Black	2010
Mr J Osmond	2011

*A Member of the Institute of Chartered Accountants of Scotland.

Audit Committee Report (continued)

Membership of the Audit Committee is reviewed by the Chairman of the Committee and the Company Chairman, who is not a member of the Audit Committee, at regular intervals and they recommend new appointments to the Nominations Committee for onward recommendation to the Board. Appointments are for a period of three years and are extendable by no more than one additional three-year period. By exception, the Chairman's membership of the Audit Committee has been extended by the Board until 30 June 2015. The Committee is normally comprised of three independent Non-executive Directors with a minimum of two members at any time. Two members constitute a quorum. The Audit Committee structure requires the inclusion of one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies) and has at least one member that has recent and relevant financial experience. Currently, the Audit Committee Chairman fulfils this requirement. All Audit Committee members are expected to be financially literate.

The Company provides an induction programme for new Audit Committee members and ongoing training to enable all of the Committee members to carry out their duties. The induction

programme covers the role of the Audit Committee, its terms of reference and expected time commitment by members and an overview of the group's business, including the main business and financial dynamics and risks. New Committee members also meet some of the Company's staff. Ongoing training includes attendance at formal conferences, internal Company seminars and briefings by external advisers.

The Board expects the Audit Committee members to have an understanding of:

- the principles of, contents of, and developments in financial reporting including the applicable accounting standards and statements of recommended practice;
- key aspects of the Company's operations including corporate policies, company financing, products and systems, information security and internal control;
- matters that influence or distort the presentation of accounts and key figures;
- the principles of, and developments in Company law, sector specific laws and other relevant corporate legislation;
- the role of internal and external auditing and risk management;
- the regulatory framework for the Company's businesses; and
- environmental and social responsibility best practices.

Meetings

The Audit Committee is required to meet at least four times a year and has an agenda linked to events in the Company's financial calendar. The agenda is predominantly cyclical and is therefore approved by the Audit Committee Chairman on behalf of his or her fellow members. Each Audit Committee member has the right to require reports on matters of interest in addition to the cyclical items.

The Audit Committee invites the Chief Executive, Finance Director, Heads of Finance, Internal Audit and Risk Control Manager, Information Systems Director, senior representatives of the external auditor and senior representatives of the Department for Work and Pensions to attend all of its meetings in full, although it reserves the right to request any of these individuals to withdraw. Where members are unable to attend meetings they are advised of the matters to be discussed in advance of the meeting and given the opportunity to provide their views to the Chairman or another Non-executive Director who is a



member of the Audit Committee. Other senior management are invited to present such reports as are required to enable the Committee to discharge its duties.

Overview of the actions taken by the Audit Committee to discharge its duties

Since the previous Report of the Audit Committee, the Audit Committee has:

- reviewed the financial statements to the 2014/15 annual report and accounts. As part of this review the Committee received a report from the external auditor on their audit of the annual report and accounts;
- reviewed the financial impact of the Company Transition Programme and the disposal of the Employment Services division on the Company accounts;
- considered the output from the Company-wide process used to identify, evaluate and mitigate risks;
- reviewed the effectiveness of the Company's internal controls and disclosures made in the annual report and accounts on this matter;
- reviewed and agreed the scope of the audit work to be undertaken by the external auditor;
- reviewed recommendations in the external auditor's report relating to the effectiveness of controls across the Company;
- agreed the fees to be paid to the external auditor for the audit of the 2014/15 accounts;
- undertaken an evaluation of the performance of the Internal Audit function;
- agreed a programme of work for the Company's Internal Audit function;
- undertaken an assessment of the qualification, expertise and resources and independence of the external auditor and the effectiveness of the audit process. This included consideration of a report on the audit firm's own quality control procedures and the audit firm's annual transparency report;
- received reports from the Internal Audit and Risk Manager on the work undertaken by the Internal Audit function and management responses to proposals made in the audit reports issued by the Internal Audit function during the year;
- reviewed whistle blowing procedures and investigations and actions taken; and
- reviewed information security controls and information security incidents.

External Auditor

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policy on external audit. The policy assigns oversight responsibility for monitoring the independence, objectivity and compliance with ethical and regulatory requirements to the Audit Committee and day-to-day responsibility to the Finance Director. The policy states that the external auditor is jointly responsible to the Board and the Audit Committee and that the Audit Committee is the primary contact.

The Company's policy on external audit sets out the categories of non-audit services which the external auditor will and will not be allowed to provide to the Company, subject to de minimis levels and Audit Committee Chairman approval in emergency situations.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee reviewed:

- the external auditor's plan for the current year, noting the role of the senior statutory audit partner, who signs the audit report and approves any

Audit Committee Report (continued)

changes in the key external audit team;

- the arrangements for day-to-day management of the audit relationship;
- a report from the external auditor describing the arrangements to identify, report and manage any conflicts of interest; and
- the overall extent of non-audit services provided by the external auditor, in addition to their case-by-case approval of the provision of non-audit services by the external auditor.

To assess the effectiveness of the external auditor, the Audit Committee reviewed:

- the arrangements for ensuring the external auditor's independence and objectivity;
- the external auditor's fulfilment of the agreed audit plan and variations from the plan;
- the robustness and perceptiveness of the external auditor in their handling of the key accounting and audit judgements; and
- the content of the external auditor's observations on internal control.

The Committee has considered the likelihood of a withdrawal of the auditor from the market and noted that there are no

contractual obligations to restrict the choice of external auditor.

As a consequence of its satisfaction with the results of the activities outlined above, the Audit Committee has recommended to the Board that the external auditor, Deloitte LLP is re-appointed.

Internal Audit and Risk function

The Audit Committee is required to assist the Board to fulfil its responsibilities relating to the adequacy of the resourcing and plans of the Internal Audit function. To fulfil these duties, the Committee reviewed:

- Internal Audit's terms of reference, reporting lines and access to the Audit Committee and all members of the Board;
- Internal Audit's plans and its achievement of the planned activity;
- the results of key audits and other significant findings, the adequacy of management's response and the timeliness of resolution;
- the statistics on staff numbers, qualifications and experience and timeliness of reporting; and
- the level and nature of non-audit activity performed by Internal Audit.

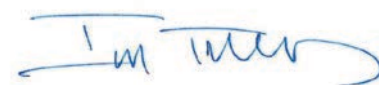
The Company's whistle blowing policy contains arrangements for the Company Internal Audit and Risk Manager to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit Committee and investigating as appropriate.

Overview

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor. The Chairman of the Audit Committee will be available at Board meetings to answer any questions about the work of the Committee.

Approval

This report was approved by the Audit Committee and signed on its behalf by:



Ian Thornley
Chairman of the Audit Committee
23 June 2015

Remuneration Committee Report

Composition

The Company has a Remuneration Committee which, from 1 April 2014 to 31 March 2015 was chaired by Mr. Ian Black. The Committee also includes Mr. Ian Russell CBE, Chairman of the Company. Other members included Non-executive Directors Mr. Joe Mann MBE and Miss Kate Nash OBE, both to the end of September 2014; Mr. Ian Thornley and Mr. John Osmond, both from September 2014. Beth Carruthers, Chief Executive, and Jean Cabena, Director Human Resources, attended the meetings, as did representatives of the DWP.

Nominations Committee

The Remuneration Committee also undertakes the work of a Nominations Committee (see the Corporate Governance report for further information). The Chairman, Chief Executive and all Non-executive Directors are appointed by the Secretary of State for Work and Pensions.

Remuneration policy

The Committee aims to ensure that remuneration offered is competitive and designed to attract, retain and motivate Executive Directors and senior managers. The Committee works within its Terms of Reference, Government policy and guidelines and business performance. The main components of remuneration are:

Basic salaries

The Chief Executive and Non-executive Directors' salaries are reviewed annually by the Secretary of State for Work and Pensions. Basic salaries for Executive Directors are considered by the Committee taking into account the performance of the individual, the Company, market remuneration and relevant Government policy or guidelines. The Chairman has elected not to receive a salary. As prescribed by HM Treasury Pay Remit Guidance,

the Executive Directors of the business were eligible for a 1% salary increase in 2014-15, though none of the Executive Directors received this increase. Payments to Non-executive Directors were unchanged.

Performance Incentive Payments

The Chairman and Non-executive Directors do not participate in a performance-related incentive scheme and as such do not receive a performance payment. A performance-related incentive payment is payable to Executive Directors based on the Performance and Resources Agreement and other defined objectives. Payments are determined by the Committee in conjunction with the Secretary of State and the Chairman of the Company. The standard performance incentive range is 0% to 20% of salary but is discretionary. Normally all performance incentive payments are subject to maximum caps in line with DWP policy on public sector pay.

Pensions

The Company operates defined benefit and defined contributions pension schemes. For the defined benefit scheme, retirement benefits are based on final remuneration and length of service and are funded through a separate trustee-administered scheme. The scheme is contributory with members paying 7% of salary. The Company pays contributions to the scheme based on the recommendations of the independent actuary who carries out a valuation of the scheme every three years.

Service contracts

The Chief Executive is normally appointed for a fixed period of five years which is terminable on six months' notice by the Secretary of State. This contract can be renewed subject to the agreement of the Secretary of State. Executive Directors are appointed by the Chairman of the Company. Their contracts have no fixed period

Remuneration Committee Report (continued)

Service contracts (continued)

and are terminable on six months' notice by the Company. The Chairman's term of office is five years and Non-executive Directors are normally appointed for a period of three years. These contracts are renewable but can be terminated on 3 months' notice.

The status of appointments as at 31 March 2015 is as follows

	Date of service contract	Unexpired term	Notice period	Compensation if early termination
I Russell CBE	January 2012	22 months	3 months	None
B Carruthers	January 2014	9 months*	6 months	Per contract terms
I Thornley	May 2009	12 months	3 months	None
I Black	November 2010	12 months	3 months	None
J Osmond	October 2011	12 months	3 months	None
A Owen	October 2014	None	6 months	Per contract terms

The dates of service contracts for Non-executive Directors above are from the second normal extension period and the unexpired terms reflect currently agreed extension dates.

*Beth Carruthers left the Company on 7 April 2015.

Ian Thornley and Ian Black cease to be Non-executive Directors on 30 June 2015.

Audited information

Directors' emoluments

Total emoluments in the year were:

	2015 £000	2014 £000
Remuneration excluding costs of pension and life assurance schemes	208	297
Costs of pensions and life assurance scheme contributions	23	13
Supplementation of pensions paid to former Directors in the year	115	108

All emoluments paid to present and past Directors are in connection with the management of the affairs of the Company.

Details of emoluments and pensions are as follows:

	Salary		Performance Incentive		Benefits		Pension contributions		Total		Increase in Pension related benefits		Accrued Pensions	Years of service
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	No
I Russell CBE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
T Matthews	-	116.6	-	17.5	-	11.2	-	-	-	145.3	-	-	-	5.3
B Carruthers*	125.0	31.3	8.2	-	1.7	0.5	18.0	4.6	152.9	36.4	166.8	7.8	-	1.3
A Owen**	39.4	-	-	-	3.3	-	5.0	-	47.7	-	-	-	-	0.5
N Hopkins*	-	62.3	-	12.5	-	6.9	-	8.4	-	90.1	-	63.7	-	9.4
J Mann MBE**	3.8	7.7	-	-	-	-	-	-	3.8	7.7	-	-	-	-
I Thornley	7.7	7.7	-	-	-	-	-	-	7.7	7.7	-	-	-	-
K Nash OBE**	3.8	7.7	-	-	-	-	-	-	3.8	7.7	-	-	-	-
I Black	7.7	7.7	-	-	-	-	-	-	7.7	7.7	-	-	-	-
I Black	7.7	7.7	-	-	-	-	-	-	7.7	7.7	-	-	-	-
Total	195.1	248.7	8.2	30.0	5.0	18.6	23.0	13.0	231.3	310.3	166.8	71.5	31.1	

*these figures represent part year payments in 2014

**these figures represent part year payments in 2015

Notes:

Mr. Matthews' term of office ended on 31st December 2013, Mrs Carruthers was appointed as Chief Executive on 1st January 2014.

Mr. Hopkins' term of office ended on 30th September 2013, Mrs Owen's term of office commenced on 7th October 2014.

Mr Mann and Mrs Nash's terms of office ended on 17th September 2014.

The accrued pension figure is calculated on a similar basis to the Pension Input Amount used for assessing member benefits against the Annual Allowance for tax purposes, but using a factor of 20 rather than 16. The Company supplements the pensions of past Directors and other past employees on an annual basis. The amount

payable in the year in respect of past Directors was £115,000 (2014: £108,000).

This report was approved by the Board of Directors and signed on its behalf by:



Ian Black

Non-executive Director

23 June 2015

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and



Ian Russell CBE

By Order of the Board

- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.



Helen John

Independent Auditors' Report

We have audited the financial statements of Disabled People's Employment Corporation (GB) Limited (DPEC) for the year ended 31 March 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors'

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation

of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors'.

Scope of an audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially

incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

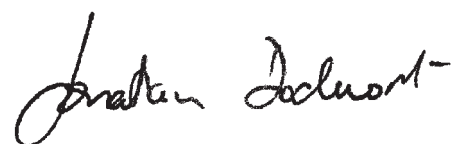
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matters

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provision of the Companies Act 2006 that would have applied were the Company a quoted company.

Although not required to do so, the Directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the UK Corporate Governance code issued in 2012 by the FRC. We reviewed:

- the directors' report in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board of Directors' remuneration.



Jonathan Dodworth (Senior Statutory Auditor)

**For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom**

23 June 2015

Income Statement

Year ended 31 March 2015

	Note	2015 Total £000	2014 Restated £000
Continuing operations			
Revenue	6	13,155	14,986
Grant-in-aid: Operational support	5	51,976	45,167
Total revenue		65,131	60,153
Staff costs	10	(25,699)	(24,349)
Operating charges		(18,693)	(19,390)
Depreciation	13	(782)	(1,273)
Transition Programme Expenses	9	(1,344)	(19,292)
Loss on sale of property, plant and equipment		(443)	(43)
Operating (loss)/profit before pension movements	7	18,170	(4,195)
Past service cost and gain/(loss) due to scheme amendment	24	(5,092)	(4,867)
Funding from Secretary of State; pension scheme deficit		33,754	41,500
Finance income	11	62	128
Finance costs	11	(9,384)	(13,345)
Profit before tax		37,510	19,221
Taxation (expense)/credit	12	(1,011)	(3,973)
Profit for the year from continuing operations		36,500	15,249
Profit/(loss) for the year from discontinued operations	9	-	3,824
Profit/(loss) for the year		36,500	19,073

Notes 1 to 26 are an integral part of these financial statements.

Statement of Comprehensive Income - Year ended 31 March 2015

	2015 £000	2014 £000
Actuarial (loss)/profit on defined benefit scheme b/f	(89,110)	83,150
Net (loss)/profit recognised directly in reserves	(89,110)	83,150
Profit for year	36,500	19,073
Total comprehensive (loss)/profit for the year	(52,610)	102,223

Notes 1 to 26 are an integral part of these financial statements.

Balance Sheet

As at 31 March 2015

	Note	2015 £000	2014 £000
Non-current assets			
Property, plant and equipment	13	874	1,307
Current assets			
Trade and other receivables	15	4,071	7,888
Cash and cash equivalents	17	12,510	18,604
Assets held for sale	16	789	5,127
Deferred tax assets	12	-	1,031
		17,370	32,650
Total assets		18,244	33,958
Current liabilities			
Trade and other payables	19	(12,215)	(34,380)
Current tax liabilities	12	(13)	(59)
Provisions	23	(3,069)	(10,136)
		(15,297)	(44,575)
Net current liabilities		2,073	(11,924)
Non-current liabilities			
Retirement benefit obligation	24	(292,399)	(226,225)
Total liabilities		(307,696)	(270,800)
Net liabilities		(289,452)	(236,842)
Reserves			
Funded by the Secretary of State for the Department for Work and Pensions	5	(289,452)	(236,842)

Notes 1 to 26 are an integral part of these financial statements.

These financial statements of Disabled People's Employment Corporation (GB) Limited, registered number 394532 were approved by the Board of Directors on 23 June 2015.

Signed on behalf of the Board of Directors

Ian Russell CBE
Chairman

Helen John
Chief Executive
(Accounting Officer)

Andy Hobbs
Finance Director

Cash Flow Statement

Year ended 31 March 2015

	Notes	2015 £000	2014 £000
Profit for the year		36,500	19,073
Adjustments for:			
Depreciation on property, plant and equipment	13	782	1,988
Loss on disposals		443	3,079
Interest paid		(62)	(128)
Impairment of property, plant and equipment	13	-	178
Other PPE adjustments		(266)	(2,167)
Deferred tax asset		1,031	3,914
Retirement benefit scheme adjustment		(22,936)	(31,754)
Operating cash flows before movement in working capital		15,492	(5,816)
Decrease in inventories		-	2,640
Decrease in trade and other receivables		3,817	31,199
Increase in trade and other payables		(22,243)	(23,713)
Increase in provisions for other liabilities and charges		(7,067)	(44,154)
Net cash from operating activities		(10,001)	(39,844)
Investing activities			
Proceeds of disposal of plant and equipment		4,195	10,297
Interest received		62	128
Currency movement		-	(370)
Purchase of property, plant and equipment	13	(350)	(1,289)
Net cash used in investing activities		3,907	8,765
Net decrease in cash and cash equivalents		(6,094)	(31,080)
Cash or cash equivalents at 1 April	17	18,604	49,684
Cash or cash equivalents at 31 March	17	12,510	18,604

Retirement benefit scheme adjustment includes cash contributions from the Company of £37.4 million (2014: £49.9 million) made during the year (note 24).

Notes 1 to 26 are an integral part of these financial statements.

Notes to the financial statements

1. General information

Disabled People's Employment Corporation (GB) Limited (DPEC or "the Company") is a company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is given in the Directors and Advisers section.

These financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

Liability of members

The Company is limited by guarantee and has no share capital. The members of the Company are the Directors who have each undertaken to contribute to the assets of the Company in the event of the same being wound up during the time he or she is a member or within one year after he or she ceases to be a member, such amount as may be required not to exceed one pound. Refer to note 5.

The main agreement between the Company and the Secretary of State for the Department for Work and Pensions (DWP) provides the following in paragraph 12.3:

"Upon a winding-up of the Company following termination of this Agreement, the Company will use its best endeavours to ensure that the Secretary of State is consulted on an orderly winding-up of the Company. Provided that the Secretary of State's proposals for an orderly winding-up are implemented by the Company (to the extent that it is able to do so), the Secretary of State shall pay to the Company by way of a grant a sum equal to the net deficit (being the excess of liabilities over the proceeds of realisation of assets) incurred by the Company."

2. Adoption of new and revised standards

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) which have been adopted by the European Union, and therefore the financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for certain items which are measured at fair value as required by IFRS. The principal accounting policies adopted are set out below. The accounting policies adopted are consistent with those of the previous financial year.

Standards and interpretations in issue, not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations have been adopted but none of them have had a significant effect on the results of the Company.

- IFRS 10
Consolidated financial statements
- IFRS 11
Joint arrangements
- IFRS 12
Disclosure of interests in Other Entities
- IFRIC 21
Levies
- IAS 27
(revised) Separate financial statements
- IAS 28
(amended) impairment of assets
- IAS 39
(amended) financial instruments; Recognition and measurement

Notes to the financial statements

2. Adoption of new and revised standards (continued)

Standards and interpretations in issue, not yet adopted

The following Standards and Interpretations which have not been applied in these financial statements were in issue but have not yet come into effect:

- IFRS 9
(revised) Financial Instruments
- IFRS 10
(amended) consolidated financial statements
- IFRS 11
(amended) Joint arrangements
- IFRS 15
Revenue from contracts with customers
- IAS 16
Property, Plant and Equipment
- IAS 19
(revised) Employee Benefits
- IAS 27
(amended) Separate Financial Statements
- IAS 28
(amended) Investments in associates and joint ventures
- IAS 38
(amended) Intangible assets

Going concern

The company made a profit before tax of £37.5 million in 2014/15 (2014: £23.0 million), and has net current assets of £3.1 million (2014: liabilities of £11.9 million). The Company is reliant on funding from the DWP and the Directors have received a letter from the DWP confirming on-going support in the form of Grant-in-Aid and that it will fund the pension's deficit. In addition, the Company has an overdraft facility of £5 million which is on a rolling basis and guaranteed by the DWP.

The Directors have prepared cash flow forecasts on the basis of this support and current business plans for the foreseeable future including the changes to the Company referred to in the Chairman's Report to assess the going concern assumption. The cash flow forecasts show that Company is expected to operate within the approved funding from the DWP.

After making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Year ended 31 March 2015

3. Significant accounting policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT.

Sales of services and products are recognised when goods and services are delivered and title has passed.

Sales of services rendered in relation to recruitment services are accrued to delivery of service, except where part of the contract is paid on the basis of a service fee which is accounted for on a straight-line basis.

Revenue in respect of funding is recognised when the service has been performed and meets the criteria for collection as set out in the funding agreement. Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Following on from the transition programme, all of the remaining properties are classified as short-term leases and accounted for as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Notes to the financial statements

3. Significant accounting policies (continued)

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included as a profit or loss for the period.

Government Grant-in-Aid

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised as income or matched against the specific costs which they relate to in the period in which they become receivable. Other grants are recognised as income over the periods necessary to match them with the related costs for which they are intended to compensate, on a systematic basis. Grant-in-Aid is drawn down from the DWP as required by way of monthly funding requests, and is accounted for in accordance with IAS 20 "accounting for Government Grants".

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is calculated in accordance with IAS 19, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside of the income statement and presented in the statement of comprehensive income.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any assets resulting from this calculation are limited to past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

Taxation

The tax expense represents the deferred tax recognised.

Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Year ended 31 March 2015

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the assets is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Grants received to fund acquisition

of assets are offset against the cost of the asset and amortised over the life of the asset.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings

50 years

Leasehold land and buildings

Period of lease or 50 years whichever shorter

Fixtures and equipment

Between 2 and 10 years

Branch fit-outs

Period of lease between 1-7 years

Computer Hardware

Between 1 and 7 years

Computer Software

3 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Notes to the financial statements

3. Significant accounting policies (continued)

Impairment of tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried

at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Assets held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Loan and receivables

Trade receivables, loans and others receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Year ended 31 March 2015

Impairment of financial assets

Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exceptions of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the financial statements

Trade payables

Trade payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Provisions are made for legal costs in respect of expected costs and for estimated damages where it is judged probable that damages will be payable.

4. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in note 3, the Directors have made the following judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of fixed assets

The Directors have performed an impairment review of the carrying value of fixed assets as required under IAS 36 *Impairment of Assets*.

The land and buildings were revalued to market value at the IFRS transition date, all properties were either disposed of or held for sale at the balance sheet date.

Year ended 31 March 2015

Impairment of receivables

The Directors have reviewed the trade receivables to assess the need for a provision for the impairment of receivables. In determining whether an impairment loss should be recorded in the income statement, the Directors have made judgements based on prior experience and the current economic environment.

Accordingly, a provision for the impairment of receivables is made where there is an identified loss event, or condition which, based on previous experience and the current economic environment, is evidence of a reduction in the recoverability of the cash flow.

Self insurance

The Company has provided for partial self-insurance arrangements in respect of employer's liability based on estimates received from independent claims administrators. The Company has also included an estimate of claims incurred but not recorded. This has been based on the historical lead time in days between the accident and the claim being reported. The Company has been fully insured for this risk since 1 April 2013.

Defined benefit obligation

The Company operates a defined benefit pension scheme. The retirement benefit obligation recorded is based on actuarial assumptions, including discount rates, inflation and mortality rates. The assumptions are based on current market conditions, historical information and consultation with and input from actuaries. The Directors review the assumptions annually. If they change, or actual experience is different from the assumptions, the retirement benefit obligation will be adjusted accordingly.

Impairment of assets held for sale

The Directors have performed an analysis of the fair value less cost to sell of land and buildings classified as assets held for sale as required under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The Directors have used either agreed selling price or independent valuations performed to determine the fair value of assets held for sale. The cost to sell these assets has been estimated by the Directors based on the complexity of the asset to be sold and an estimate of the legal and other related expenses to be incurred.

Notes to the financial statements

5. Financial agreement with the DWP

The Company has entered into agreements with the DWP under which:

1. Grant-in-Aid and loans have been received (secured by fixed and floating charges on the Company's assets) to finance the purchase of fixed assets; and
2. Grant-in-aid has been received in respect of:
 - (a) forecast cash requirements from operations;
 - (b) forecast changes in working capital; and
 - (c) funding for the pension scheme deficit.

Surplus Grant-in-Aid for (a) above has been allocated as payables owing to the DWP under the terms of the 1996 DWP/Company Agreement in 2014. For 2015, DWP has waived any repayment due (see note 18).

The movements in the reserve account during the year were as follows:

In line with Treasury guidelines, the Company is required to disclose the notional cost of capital. The notional interest would have been a charge of £5.8 million for the year (2014: £6.1 million) at 2.2 % (2014: 2.2%) based on an average capital employed.

	2015 £000	2014 £000
Reserves		
Balance b/f	(236,842)	(339,065)
Grant in Aid		
funding received for ongoing operations	51,976	45,167
funding received for transition programme	443	-
funding received for discontinued operations	-	10,500
funding received for pensions contributions	33,754	41,500
Net results before Grant-in-aid received	(49,673)	(78,094)
Transfer from income statement	36,500	19,073
Transfer from statement of comprehensive loss	(89,110)	83,150
Balance at 31 March	(289,452)	(236,842)

Year ended 31 March 2015

6. Business segments

IFRS 8 Operating Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance.

Products and services from which reportable segments derive their revenue

Information regarding the Group's operating segments is reported below.

Revenue	2015 £000		2014 £000	
	External sales	Inter-segment sales	External sales	Inter-segment sales
Employment Services	13,087	-	14,986	-
Central and support services	68	-	-	-
Transition	23	-	-	-
Income statement total revenue from Continuing Operations	13,087	-	14,986	-
Discontinued Operations	-	-	54,412	380
	13,087	-	69,397	380

The inter-segment sales are internal sales between business segments, which eliminate at Company level. Inter-segment sales are all priced on an arm's length basis.

Profit before tax from continuing operations	2015 £000	2014 £000
Revenue from Grant-in-Aid	51,976	45,167
Employment Services	(31,279)	(34,094)
Central and support services	(10,505)	(9,192)
Transition	(1,344)	(19,293)
Pensions	28,662	36,633
	37,510	19,221

Assets	2015 £000	2014 £000
Discontinued Operations	-	841
Employment Services	15,567	4,843
Central and support services	3,675	28,274
	19,242	33,958

Notes to the financial statements

6. Business segments (continued)

Liabilities	2015 £000	2014 £000
Discontinued Operations	-	(1,986)
Employment Services	(9,523)	(10,591)
Central and support services	(5,761)	(31,998)
Pensions	(292,620)	(226,225)
	(307,904)	(270,800)

Capital Expenditure	2015 £000	2014 £000
Employment Services	350	268
Central and support services	-	1,021
	350	1,289

Depreciation	2015 £000	2014 £000
Discontinued Operations	-	260
Employment Services	782	1,012
Central and support services	-	261
	782	1,533

Impairment of non-current assets	2015 £000	2014 £000
Central and support services	-	124
	-	124

Impairment on Property, Plant and Equipment	2015 £000	2014 £000
Employment Services	-	178
	-	178

Year ended 31 March 2015

7. Operating (profit)

The operating profit from continuing operations has been arrived at after charging/(crediting) the following:

	2015 £000		2014 £000	
	continuing operations	discontinued operations	continuing operations	discontinued operations
Net foreign exchange losses	-	-	1	369
Research and development costs	-	-	-	140
Depreciation of property, plant and equipment	782	-	1,728	260
Impairment of other fixed assets	-	-	178	-
Impairment of assets held for sale	0	-	124	-
Gain on disposal of property, plant and equipment	743	-	43	-
Movement on provision for impairment of trade receivables	(72)	-	(89)	(656)
Release of provision for retentions on commercial contracts	(1,028)	-	(1,260)	-

8. Auditors' remuneration

	2015 £000	2014 £000
Audit services		
Fees payable to the Company's auditors' for the audit of the company's annual accounts	148	150
Other Audits services	3	13
Non-audit services		
Tax compliance	33	19
Tax advisory	62	44
Tax advisory - restructuring (Employment Services exit and Enterprise Business property sales)	48	161
	294	386

The movement in fees reflects a reduction in work as a result of the Company's transition programme.

Notes to the financial statements

9. Discontinued operations

Discounted Operations	2015 £000	2014 £000
Revenue	-	54,412
Grant-in-Aid	-	10,500
Total revenue	-	64,912
Materials	-	(41,456)
Staff costs	-	(12,145)
Operating charges	-	(6,857)
Depreciation	-	(260)
Loss on sale of property, plant and equipment	-	-
Operating profit	-	4,194
Finance costs	-	(370)
Profit before tax	-	3,824
Profit for the year	-	3,824

The net cash flows relating to discontinued operations were operating activities £nil (2014: £7,834,000), and investing activities £nil (2014: £(365,000)).

Transition Programme	2015 £000	2014 £000
Revenue	23	(42)
Grant-in-Aid	443	0
Total revenue	466	(42)
Materials	(218)	(312)
Staff costs	(884)	(28,086)
Operating charges	(708)	12,639
Depreciation	-	(455)
Loss on sale of property, plant and equipment	-	(3,037)
Operating profit	(1,344)	(19,293)
Finance costs	-	-
Profit before tax	(1,344)	(19,293)

Year ended 31 March 2015

10. Staff costs

The average monthly number of employees (including executive Directors) was as set out in table below:

Average Staff Numbers	2015	2014
Discontinued operations	-	527
Employment Services	1,016	1,122
Corporate and support services	22	62
	1,038	1,711

The aggregate payroll costs were as follows:

	2015 £000 ongoing	2015 £000 discontinued	2014 £000 ongoing	2014 £000 discontinued
Wages and Salaries	23,647	-	27,131	11,415
Social Security Costs	2,053	-	2,085	729
	25,699	-	29,216	12,145

Contractors and off-payroll arrangements

DPEC is required by HM Treasury guidance to report on its use of contractors who:

- have off-payroll tax arrangements;
- earn more than £220 per day; and
- are in engagements that last for longer than six months.

No. of existing engagements as of 31 March 2015	18
No. that have existed for less than one year at time of reporting.	2
No. that have existed for between one and two years at time of reporting.	3
No. that have existed for between two and three years at time of reporting.	10
No. that have existed for between three and four years at time of reporting.	3
No. that have existed for four or more years at time of reporting.	0

Of the 18 contractors at 31 March 2015, only 5 now remain with DPEC. The rest have either transferred to Remploy 2015 as part of the Transaction or have left the Company. For the remaining 5 contractors, in line with HM Treasury guidance, we have sought assurance in relation to their income tax and National Insurance obligations.

Notes to the financial statements

11. Finance income and costs

	2015 £000	2014 £000
Finance income		
Bank income receivable on cash and cash equivalents	62	128
Finance costs		
Interest costs on pension scheme	36,235	36,050
Expected return on pension scheme assets	(26,887)	(22,763)
Net pension scheme costs	9,348	13,287
Bank charges payable	36	58
Total Finance costs	9,384	13,345

Year ended 31 March 2015

12. Taxation

	2015 £000	2014 £000
Current tax		
Current year charge	13	59
Prior year adjustment	(33)	-
	(20)	59
Deferred tax debit	1,031	3,914
total tax charge	1,011	3,973
Profit/(loss) from continuing operations	37,510	19,221
Profit/(loss) from discontinued operations	-	3,824
Total profit/(loss)	37,510	23,045
Income tax expense calculated at 20% (2014: 20%)	7,502	4,609
Prior year adjustment	(33)	-
Effect of expenses that are not deductible in determining taxable profit	350	988
Timing differences on which no deferred tax is recognised	(7,164)	764
Accelerated capital allowances on which no deferred tax is recognised	(249)	(165)
Brought forward losses utilised in period	(426)	(2,223)
Income tax credit/(expense) recognised in the income statement	(20)	3,973
Deferred tax assets at 20% (2014: 21%)		
Pensions deficit	-	1,031

	2015 £000	2014 £000
Unrecognised deferred tax assets		
On pension deficit	61,053	49,952
Tax losses – trade	382	-
Tax losses – capital	417	1,082
Fixed assets timing differences	1,669	2,210
Other temporary differences	179	568
	63,700	53,812

Notes to the financial statements

13. Property, plant and equipment

	Note	Land and buildings £000	Plant and machinery £000	Computer Hardware and software £000	Fixture, Fittings and Fit-outs	Assets under construction £000	Total £000
Cost							
As at 1st April 2013		24,203	14,916	16,051	4,262	29	59,461
Transfers		(6,047)	-	-	6,075	(28)	-
Additions		1,075	-	29	6	179	1,289
Disposals		(6,253)	(14,916)	(14,247)	(3,768)	-	(39,184)
Reclassified as held for sale		(12,978)	-	-	-	-	(12,978)
As at 31st March 2014		-	-	1,833	6,575	179	8,587
Transfers		-	-	179	-	(179)	-
Additions		-	-	312	37	-	349
Disposals		-	-	-	-	-	-
Reclassified as held for sale		-	-	-	-	-	-
As at 31st March 2015		-	-	2,324	6,612	-	8,936
Accumulated depreciation and impairment							
As at 1st April 2013		(16,138)	(14,294)	(14,798)	(3,994)	-	(49,224)
Transfers		5,091	-	-	(5,091)	-	-
Charge for the year	7	(1,046)	(254)	(607)	(80)	-	(1,987)
Impairment loss	7	-	-	-	(178)	-	(178)
Elimination on disposals		5,405	14,548	13,831	3,637	-	37,421
Assets reclassified as held for sale		6,688	-	-	-	-	6,688
As at 31st March 2014		-	-	(1,574)	(5,706)	-	(7,280)
Transfers		-	-	-	-	-	-
Charge for the year	7	-	-	(219)	(563)	-	(782)
Impairment loss	7	-	-	-	-	-	-
Elimination on disposals		-	-	-	-	-	-
Assets reclassified as held for sale		-	-	-	-	-	-
As at 31st March 2015		-	-	(1,793)	(6,269)	-	(8,062)
Net book value							
As at 31st March 2015		-	-	531	343	-	874
As at 31st March 2014		-	-	259	869	179	1,307

Only assets for ongoing operations remain at 31 March 2015, except for assets held for resale. There are no current-year impairment provisions included in the totals above (2014: £178,000) for other assets.

At 31 March 2015, the Company had not entered into any contractual commitments for the acquisition of property, plant and equipment. (2014: £Nil).

Year ended 31 March 2015

14. Trade and other receivables

	2015 £000	2014 £000
Trade receivables	2,222	4,906
Provision for impairment of trade receivables	(20)	(91)
Provision for credit notes	(12)	(495)
Net trade receivables	2,190	4,319
Other receivables	967	1,118
Prepayments	914	2,451
	4,071	7,888

Management have taken into account the current economic environment and performed a detailed analysis of the recoverability of trade receivables and made provisions as considered appropriate.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers are reviewed on an on-going basis if active but also annually with the Board approval for all accounts with an increase in credit limit of £1,000,000 and above.

There are no customers who represent more than 25% (2014: nil) of the total balance of trade receivables.

Ageing of past due but not impaired receivables	2015 £000	2014 £000
Up to 6 months	110	228
6-12 months	16	2
Over 12 months	-	67
	126	297

The Company has not provided for the above trade receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances. The average age of these receivables is 50 days (2014: 61 days).

Notes to the financial statements

14. Trade and other receivables (continued)

	2015 £000	2014 £000
Provision for Impairment of receivables		
As at 1st April	(91)	(837)
Impairment losses recognised	11	479
Impairment released	57	-
Amount written off as uncollectible	2	267
As at 31st March	(20)	(91)

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that no further provision is required in excess of the allowance for doubtful debts.

A 100% provision is held for any accounts in liquidation.

	2015 £000	2014 £000
Ageing of impaired receivables		
Up to 6 months	6	-
6-12 months	14	21
Over 12 months	-	88
Total	20	109

No receivables have been renegotiated in the current or prior year. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Year ended 31 March 2015

15. Assets classified as held for sale

The assets held for sale represents land and buildings which the Company expects to sell within the next 12 months.

	Net book value £000	Impairment £000	Net carrying value £000
As at 1 April 2014	8,873	(3,746)	5,127
Disposed during Year	(7,757)	3,419	(4,338)
	1,116	(327)	789

16. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

	2015 £000	2014 £000
Cash in hand and at bank	12,510	18,604

17. Obligations under finance leases

The Company did not lease any fixtures or equipment under finance leases for the year ended 31 March 2015.

Notes to the financial statements

18. Trade and other payables

Grant-in-Aid represents amounts received from the DWP for the excess of expenditure over income (see note 5) technically repayable under the terms of the 1996 Agreement between the Company and the DWP. From the current year DWP has waived any repayment due.

	2015 £000	2014 £000
Trade payables	1,440	3,497
Accrued expenses	3,890	2,969
Employment payables	2,678	3,192
Social security and other taxes	815	810
Grant in Aid (GIA)	-	19,520
Deferred income	626	2,058
Other payables	2,766	2,333
	12,215	34,380

Included within other payables is £2.3m (2014: £2.1m) for expected excess payments on insurance claims.

Trade payables and accrued expenses principally comprise amounts outstanding for trade purchases and ongoing costs. Employment payables relate to costs of staff including salary-related costs.

The Company generally does not pay any interest to its trade suppliers for the first 60 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Directors consider that the carrying amount of trade payables and other payables approximates to their fair value.

19. Bank facilities

The average effective interest rate on the bank overdraft for the year approximated to 1.5% per annum (2014: 1.5%).

The Directors estimate the fair value of the Company's borrowings to approximate to the book value.

At 31 March 2015 the Company had a £5.0 million (2014: £3.7 million) committed borrowing facility in respect of which all conditions precedent had been met. This facility was undrawn at the balance sheet date.

Year ended 31 March 2015

20. Financial instruments

(a) Financial risk management

The Company has exposures to the following risks from its use of financial instruments:

- Capital risk management;
- Credit risk;
- Liquidity risk; and
- Cash flow and interest rate risk.

This note presents information about the Company's exposure to each of the above risks, the Company's management of the Grant-in-Aid provided by the DWP, and the Company's objectives, policies and procedures for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has put in place policies that have been established to identify and analyse risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Board is assisted in its oversight role by the Internal Audit function, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Capital risk management

The Company's objectives when managing Grant-in-Aid are to safeguard the Company's ability to continue as a going concern.

The Company is a private Company as defined by the Companies Act 2006, limited by guarantee, without share capital and therefore meets its capital requirements by way of funding from the DWP. The details of Grant-in-Aid movements and the purpose for which these are received have been provided in note 5.

The capital structure of the Company consists of a bank overdraft presented in note 20, cash and cash equivalents presented in note 16 and reserves which are funded by the DWP presented in note 5.

(b) Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3 to the financial statements.

(c) Credit risk management

The Company's principal financial assets are bank balances, cash and trade and other receivables, which represent the Company's maximum exposure to credit risk in relation to financial assets. The Company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and their assessment of the current economic environment.

Notes to the financial statements

20. Financial instruments (continued)

(d) Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Company agrees an annual funding plan with the DWP. The Company continues to operate within the agreed funding envelope.

The Company manages liquidity risk by maintaining adequate banking facilities with Government approved banks and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 20 is a summary of an additional undrawn bank borrowing facility that the Company has at its disposal to further reduce liquidity risk.

The table below has been drawn up based on the contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period and financial liabilities have been presented based on the earliest date on which the Company can settle the debt.

	Note	2015 £000	2014 £000
Financial assets			
Trade and other receivables			
trade receivables	15	2,190	4,319
other receivables	15	1,881	1,118
Cash and cash equivalents	17	12,510	18,604
		16,581	24,041
Financial liabilities			
Trade and other payables			
trade payables	19	1,440	3,497
employment payables	19	2,678	3,192
social security and other taxes	19	815	810
accrued expenses	19	3,890	2,969
other payables	19	2,767	21,853
Current tax liability	12	13	59
		11,603	32,381

Year ended 31 March 2015

	Carrying amount £000	Contractual cash flow £000	Due less than one year £000	Between 1 and 2 years £000
As at March 2015				
Financial assets				
Trade and other receivables				
trade receivables	2,190	2,190	2,190	-
other receivables	1,881	1,881	1,881	-
Cash and cash equivalents	12,510	12,510	12,510	-
	16,581	16,581	16,581	-
Financial liabilities				
Trade and other payables				
trade payables	1,440	1,440	1,440	-
employment payables	2,678	2,678	2,678	-
social security and other taxes	815	815	815	-
accrued expenses	3,890	3,890	3,890	-
other payables	2,767	2,767	2,767	-
Current tax liability	13	13	13	-
	11,603	11,603	11,603	-
As at March 2014				
Financial assets				
Trade and other receivables				
trade receivables	4,319	4,319	4,319	-
other receivables	1,118	1,118	1,118	-
Cash and cash equivalents	18,604	18,604	18,604	-
	24,041	24,041	24,041	-
Financial liabilities				
Trade and other payables				
trade payables	3,497	3,497	3,497	-
employment payables	3,192	3,192	3,192	-
social security and other taxes	810	810	810	-
accrued expenses	2,969	2,969	2,969	-
other payables	21,853	21,853	21,853	-
Current tax liability	59	59	59	-
	32,381	32,381	32,381	-

Notes to the financial statements

20. Financial instruments (continued)

(e) Cash flow and interest rate risk management

The Company has no significant interest bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate arises from bank overdraft borrowing and finance leases. The interest arising on the bank overdraft is a floating interest rate and therefore exposes the Company to cash flow and interest rate risk. The interest arising on finance leases is a fixed interest rate.

Management prepares regular cash flow forecasts to minimise the use of the bank overdraft facility. As the bank overdraft facility is not currently drawn down, the Directors do not consider this risk to be material.

(f) Fair value of financial instruments

The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value.

The fair values of financial assets and financial liabilities are determined as follows;

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values due to the short maturity of the instruments or because they bear interest at rates approximate to the market.

Year ended 31 March 2015

21. Operating leases

The majority of the operating lease commitments relate to property. Other lease arrangements relate to vehicles and plant and equipment.

	2015 £000	2014 £000
Lease expenses under operating leases recognised in profit for the year:		
Plant and Machinery	-	531
Other	3,450	4,906
	3,450	5,437
Total of future minimum lease payments under non-cancellable operating leases for each of the following periods:		
Within one year	344	3,608
Between two and five years	1,897	9,113
More than five years	961	5,396
	3,202	18,117

22. Provisions

Onerous contracts and contract cancellation relates to contractual obligations on operating leases affected by the Transition programme (note 9).

	Redundancy and other payments to employees £000	Onerous contracts and contract cancellation £000	Total £000
as at 1 April 2014	1,087	9,049	10,136
Additional provision	-	1,438	1,438
Provision released	(81)	(891)	(972)
utilised	(1,007)	(6,527)	(7,533)
as at 31 March 2015	-	3,069	3,069

Notes to the financial statements

23. Retirement benefit schemes

The Company operates defined benefit and defined contribution pension schemes. The schemes' funds are administered by trustees and are independent of the Company's finances.

Defined contribution scheme

The Company made contributions of £491,000 (2014: £379,000) to the defined contribution scheme. There are no amounts owed to this pension scheme by the Company at the year end (2014: £nil).

Defined benefit scheme

The Company's defined benefit scheme is the "Remploy Limited Pension and Assurance Scheme" which is a funded final salary pension scheme. The scheme is trustee administered and is a separate legal entity. The scheme exposes the Company to actuarial risks such as longevity risk, currency risk, inflation risk, interest risk and market (investment) risk.

The most recent full actuarial valuation of the scheme was carried out at 31 March 2013 by Barnett Waddingham LLP. For the purposes of the financial statements Barnett Waddingham have also prepared calculations under IAS19 of the assets and liabilities of the pension scheme as at 31 March 2015.

	2015	2014
Key assumptions		
Discount rate *	3.4%	4.5%
Salary increase	2.3%	2.6%
Inflation (RPI)	3.1%	3.4%
Inflation (CPI)	2.3%	2.6%
Discretionary pension increases	2.3%	2.6%
Pre 1 April 1997 (excess over GMP) Based on CPI Pension increases	2.3%	2.6%
1 April 1997 – 1 April 2005 LPI based on CPI Pension increases	3.0%	3.3%
1 April 2005 onward LPI based on RPI Revaluation in deferment	2.3%	2.6%

Year ended 31 March 2015

Pre and post-retirement mortality table – 2014	Company specific table based on the Company experience between 2007 and 2012 with allowance for improvements in life expectancy in line with Continuous Mortality Investigation (CMI) 2012 projections to a minimum rate of improvement of 1.5% per annum.
Pre and post-retirement mortality table – 2015	Company specific table based on the Company experience between 2007 and 2012 with allowance for improvements in life expectancy in line with CMI 2013 projections to a minimum rate of improvement of 1.5% per annum.

* The discount rate used above is based with reference to AA-rated corporate bonds at year end.

Under the adopted mortality tables, the projected life expectancy assumed for those aged 65 is as follows:

	2015		2014	
	Currently aged 45	Currently aged 65	Currently aged 45	Currently aged 65
Male	22.5	19.6	22.7	19.7
Female	25.4	22.5	25.8	22.7

The deterioration in the financial position over the year is mainly due to the use of a lower discount rate owing to the fall in corporate bond yields over the period. However, this has been offset to some degree by the additional contributions paid by the Company, the Scheme's assets performing better than assumed and a fall in future inflation expectations.

Sensitivity of the value placed on the liabilities

Adjustments to assumptions	Approximate effect on liabilities
Discount rate	
Plus 0.50% pa	(£89,688,000)
Minus 0.50% pa	£103,918,000
Inflation	
Plus 0.50% pa	£89,309,000
Minus 0.50% pa	(£77,503,000)
Mortality	
Decrease mortality rates by a factor of 10%	£31,034,000
Increase mortality rates by a factor of 10%	(£27,500,000)

Note that the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

The sensitivity analysis shown above was determined using the same method as per the calculation of liabilities for the balance sheet disclosures, but using assumptions adjusted as detailed above.

Notes to the financial statements

23. Retirement benefit schemes (continued)

Included in profit before tax	2015 £000	2014 £000
Current service cost	4,887	9,694
Past service cost	205	1,973
Net Interest cost	9,348	13,287
Total pension cost	14,440	24,954

Actuarial losses amounting to £89,331,000 (2014: gain of £83,150,000) have been reported in the statement of comprehensive income reflecting the reduction in the discount rate assumed, changes to the assumed retirement age and lower asset returns offset by an experience gain. The cumulative recognised losses are £206,064,000.

The amount included in the balance sheet arising from the Company's obligations in respect of its defined retirement benefit scheme is as follows:

	2015 £000	2014 £000
Present value of funded obligations	982,517	836,294
Present value of unfunded obligations	-	-
Fair value of scheme assets	(690,118)	(610,069)
Retirement benefits obligation	292,399	226,225

Year ended 31 March 2015

Movements in the present value of defined benefit obligations were as follows:

	2015 £000	2014 £000
as at 1 April	818,921	872,455
Current service cost	4,887	9,694
Interest on defined benefit scheme liabilities	36,235	36,050
Scheme amendments	205	1,973
Net remeasurement gains due to experience	(9,969)	(17,562)
Net remeasurement (gains)/losses due to financial assumption changes	147,406	(50,437)
Net remeasurement gains due to demographic assumptions	(3,909)	(4,651)
Contributions from scheme members	1,117	1,900
Benefits paid	(28,927)	(30,501)
As at 31 March	965,966	818,921
Money purchase – deferred members	5,673	5,160
Additional Voluntary Contributions	10,878	12,213
As at 31 March	982,517	836,294

Movements in the fair value of scheme assets were as follows:

	2015 £000	2014 £000
As at 1 April	592,696	531,322
Interest income on plan assets	44,418	17,300
Return on scheme assets excluding interest income	26,887	22,763
Contributions from sponsoring Company	37,376	49,912
Contributions from scheme members	1,117	1,900
Benefits paid	(28,927)	(30,501)
Age-related rebates		-
As at 31 March	673,567	592,696
Money purchase – deferred members	5,673	5,160
Additional Voluntary Contributions	10,878	12,213
As at 31 March	690,118	610,069

Notes to the financial statements

23. Retirement benefit schemes (continued)

The overall expected rate of return has been calculated by Barnett Waddingham LLP, independent actuaries, based on assets held at 31 March 2015.

The Company regularly makes ex-gratia payments to the scheme for the effects of inflation in accordance with the pension provisions generally applying to public service employees. These additional payments are not separately funded. A liability in respect of the present value of these unfunded obligations has been recognised within the pension scheme liabilities.

During the year the Company made any additional contributions to the pension scheme of £31,500,000 (2014: £41,500,000). An additional £2,154,000 (2014: £2,052,000) was paid in respect of ex-gratia increases to pensions in payment.

History of movements

The historical movement in defined benefit pension schemes assets and liabilities are as follows:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligations	982,517	836,294	889,460	778,108	646,783
Fair value of scheme assets					
Equity instruments	(264,315)	(229,730)	(229,730)	(176,330)	(186,107)
Debt instruments	(109,039)	(102,244)	(102,244)	(92,119)	(104,487)
Property	(57,970)	(50,265)	(50,265)	(44,828)	(43,026)
Other assets	(258,794)	(227,830)	(227,830)	(198,883)	(135,386)
Retirement benefit obligation	292,399	226,225	279,391	265,948	177,777

Net re-measurement (gains)/losses due to:	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Experience	(9,969)	(17,562)	(1,071)	878	(5,002)
Demographic assumption changes	(3,909)	(4,651)	-	-	-
Financial assumption changes	147,406	(50,437)	90,175	130,956	(16,452)
Return on scheme assets excluding interest	(44,418)	(17,300)	(27,911)	18,536	6,249

The fair value of plan assets by class of asset and the asset category is as follows:

Year ended 31 March 2015

	2015 £000	2014 £000
Fair value of assets		
Equity instruments	264,315	229,730
Debt instruments	109,039	102,244
Property	57,970	50,265
Other assets	258,794	227,830
As at 31 March	690,118	610,069

	2015 %	2014 %
Asset Categories		
UK Equities	3.2	3.1
Overseas Equities	35.1	34.6
Bonds	15.9	16.8
Property	8.4	8.2
Gilts	15.6	10.5
Hedge Funds	16.8	18.0
Cash/net current assets	0.6	3.8
Insurance policies	2.0	2.2
AVC Investments	1.6	2.0
Money purchase assets	0.8	0.8
Total	100	100

Expected contributions

The amount of contributions paid to the scheme by the Company for the year beginning 1 April 2015 was £10.0 million. This has been paid in advance in the current year and includes £1.0 million to cover the cost of running the scheme and £9.0 million towards eliminating the deficit.

Notes to the financial statements

24. Related parties

Transactions with related parties during the current or prior year are set out below. These were made on terms equivalent to those that prevail in arm's length transactions.

Transactions with the Department for Work and Pensions (DWP)

Please refer to note 5 for details of the relationship with the DWP. Other than the Grant-in-Aid disclosed in note 5, the Company has the following transactions with DWP:

	2015 £000	2014 £000
Revenue	1,262	2,176

Other than accrued income related to Grant-in-Aid, the Company has the following balance with the DWP:

	2015 £000	2014 £000
Amount owed by DWP	163	523

Investment in Subsidiary

A subsidiary company, Remploy (2015) Ltd, was created on 24 February 2015 for the future hive down of assets and liabilities. At the 31 March 2015, the Company owned 100% of the issued share capital of 100 shares with a nominal value of £1 each. As this amount is immaterial it is not recorded on the Balance Sheet as at 31 March 2015. Remploy 2015 was sold on 7 April 2015.

Remuneration of key management personnel

The remuneration of the key management personnel (excluding Directors) of the Company is set out below in aggregate for each one of the categories specified in IAS 24 Related Parties' Disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' remuneration report.

	2015 £000	2014 £000
Short-term employee benefits	208	404
Post-retirement benefits	48	46
Total Benefits	256	450

Year ended 31 March 2015

25. Contingent liabilities

In the normal course of business the Company receives employment tribunal claims from employees. A number of claims have been made, but at this stage the Company is unable to assess the potential value of these claims, or likelihood of success in defending them. A provision has been made at the balance sheet date for the potential legal costs of defending these claims.

At the balance sheet date the Company was also in discussion with HMRC in relation to historic VAT liabilities. The Company has subsequently agreed that VAT should have been charged to DWP on Work Choice activity and then repaid to HMRC. DWP has now paid the Company the VAT they should have been charged and the Company has settled the matter with HMRC.

26. Post Balance sheet events

On 7 April 2015, the Company changed its name to Disabled People's Employment Corporation (GB) Ltd (DPEC) and sold 100% of its shares held in its subsidiary, Remploy 2015 to MAXIMUS Companies Ltd for a total consideration of £2 million. On the same day Remploy (2015) Ltd changed its name to Remploy Ltd. DPEC retains the remaining legacy business, including the pension scheme deficit, any contracts which are onerous or planned to end, and the remaining assets held for sale. DWP has guaranteed to provide ongoing financial support to DPEC and to meet all of its pension scheme liabilities.



James Howden from Lincolnshire secured his first-ever job thanks to Remploy and The Sun newspaper. His employment advisor at Remploy's Hull branch suggested James attended a Sun-sponsored jobs roadshow in the city and within weeks he had been recruited by a local McDonald's restaurant in Willerby.

**Disabled People's Employment
Corporation (GB) Limited
18c Meridian East
Meridian Business Park
Leicester
LE19 1WZ**

Telephone: 07887 898821

Email: info@dpecgb.co.uk

www.dpecgb.co.uk

If you require this information in an
alternative format or language please
contact info@dpecgb.co.uk or call
07887 898821

Our Mission

To transform the lives of disabled people and those with complex barriers to work by
providing sustainable employment opportunities.

