

# **Report and Financial Statements**

**2017**

**Disabled People's Employment  
Corporation (GB) Limited  
– in members' voluntary liquidation**

**Report and financial statements  
for the period 1 April to 6 October 2017**

5 New Street Square  
London  
EC4A 3TW

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**Disabled People’s Employment Corporation (GB) Limited – in members’ voluntary liquidation**

**Report and financial statements for the period 1 April to 6 October 2017**

## Registered Office

5 New Street Square  
London  
EC4A 3TW

Registered number: 394532 (England and Wales)

## Liquidators

Laura Waters and Rob Lewis  
PricewaterhouseCoopers LLP  
7 More London  
Riverside  
London  
SE1 2RT

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# Directors' Report

Disabled People's Employment Corporation (GB) Limited ("DPEC" or the "Company") entered (solvent) Members' Voluntary Liquidation on 7 October 2017, bringing an end to the accounting period.

The Directors present the 73rd report on the affairs of the Company, together with the financial statements for the period from 1 April to 6 October 2017.

These financial statements have not been prepared on the going concern basis and do not require an audit opinion.

## ***Introductory Statement***

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

The Company is a private company without share capital and is limited by guarantee of the Secretary of State for Work and Pensions (the "Secretary of State"). It is sponsored by the Department for Work and Pensions ("DWP" or "the Department") and is wholly funded by DWP.

## ***Closure***

Since selling the Company's Employment Service business in April 2015, the Directors have been focused on the goal of a solvent winding-up. The Company has disposed of legacy assets and liabilities with the objective of achieving best value for money for the taxpayer.

The majority of these issues were concluded during the previous financial year, significantly simplifying the Company's affairs.

The Directors also made arrangements for on-going requirements, for example through insurance or through transferring the Company's records to DWP for safe-keeping.

The sale of the final factory property in Porth, Wales in September 2017 completed the closure work.

## ***Liquidation***

Following that sale, the Directors reviewed the Company's financial position, and were able to give the necessary assurances that it was solvent.

On 7 October 2017, the Company entered (solvent) Members' Voluntary Liquidation (MVL). Laura Waters and Rob Lewis of PricewaterhouseCoopers LLP have been appointed as the Company's Liquidators.

Any remaining assets of the Company will ultimately be repaid or returned to the Department. The Department has also given an undertaking that it will settle, on a non-recourse basis, all liabilities (including, but not limited to, the costs of the MVL process and interest on claims) that exist at the point of entering MVL or arise in the course of the liquidation, to the extent that the Company has insufficient funds to do so itself.

## **Financial results**

DPEC no longer trades. During this period, the Company received sales proceeds of £1.15m for the disposal of land and buildings.

In the prior year (2016-17) the Company received total revenue of £900k as Grant-in-aid provided by DWP. In this period, the Company returned net £500k to DWP and the Department will also receive any residual value during the winding up.

The Board made considerable efforts to limit operating and finance costs. The operating loss for the period up to 6 October 2017 was £719k, including the £500k net repayment, against an operating loss of £153k for the twelve month period up to 31 March 2017.

The Company incurred no tax charge for the year. Since 2015, the Company has no longer had any directly employed staff. It has not paid any pension costs since DWP took over direct responsibility as principal employer for the Remploy Ltd Pension and Assurance Scheme on 1 April 2016.

As at the date of entering MVL, the Company had net current assets of £460k (2017: £1.184m).

## **Risk Management**

The Board recognised the importance of strong corporate and information governance. Throughout the closure period, the Board kept the Company's risks under review and ensured that there were appropriate mitigations in place.

## **Information security**

The Directors, the Department and the Liquidators 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.

There were no personal data related incidents in this period that would require reporting to the Information Commissioner (none reported in 2016-17).

## **Outlook**

The Liquidators are now focused on winding up the Company, returning any surplus assets to the Secretary of State for Work and Pensions. Since entering liquidation, the Company has returned a further £420k to the Department and the Department will settle relevant invoices directly.

## **Thanks**

The Board would like to thank those advisors, contractors and DWP staff who contributed to the closure work.

Approved by the Board, and signed on its behalf by:



**Helen John**  
Chief Executive



**Ian Russell CBE**  
Chairman

**23 October 2017**

## **Board of Directors**

Throughout the period to MVL, the Board of Directors (the “Board”) comprised a non-executive chairman, a chief executive, a finance director and a further independent non-executive director. The chief executive and finance director act as executive directors.

The four directors were appointed by the Secretary of State.

The chief executive and finance director are civil servants and received no remuneration for their role on the Board. The chairman only receives expenses and the other non-executive receives expenses and, until 30 September 2017, a small fee. Aggregate directors’ remuneration was £4k in the period (£8k in 2016-17).

The Company made qualifying third-party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

## **Board Committees**

The Board itself discharged the functions previously undertaken by the former Audit and Remuneration Committees. Separate agenda items for audit and accounts were incorporated into the April, May, June and October 2017 Board meetings.

## **Attendance at meetings**

All directors were in attendance, either in person or by phone at all Board meetings throughout the period, including those meetings in which Audit matters were discussed.

## **Accounting Officer**

The Chief Executive, Helen John, remains the Accounting Officer. 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. The Accounting Officer 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.

## **Related Party Transactions**

During the year there were no transactions with related parties in line with the definition of a related party as set out in IAS 24 *Related Party Disclosures*.

## ***Members of the Board***

<p><b>Ian Russell CBE</b> Chairman</p>	<p>Ian joined the Company as Non-executive Chairman in January 2007. He is also chairman of HICL Infrastructure Company and Scottish Futures Trust, and a Non-executive Director of The Mercantile Investment Trust and Aberdeen Diversified Income and Growth Trust. Previously Ian worked for Scottish Power, HSBC and Mars.</p>
<p><b>John Osmond</b> Non-executive Director</p>	<p>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. In addition to his position with the Company, John is a Director of the Compaid Trust - a Kent-based charity supporting disabled people - and a Justice of the Peace.</p>
<p><b>Helen John FCA</b> Chief Executive</p>	<p>Helen joined the Board on 7 April 2015 as Chief Executive. Helen is a Senior Civil Servant, employed by the Department for Work and Pensions as head of the team responsible for DWP's Arm's Length Bodies. Helen is a Chartered Accountant with many years' experience in both the public and private sectors, including more than twenty years at HM Treasury and DWP in policy and finance roles. Helen is also an independent member of the Audit Committee for the Driver and Vehicle Licensing Agency, a Non-executive Director of BPDTS Ltd and a trustee of Avenues Group - a charity supporting people with learning disabilities.</p> <p>Helen was appointed as the Company's Accounting Officer from 7 April 2015.</p>
<p><b>Iain Bagwell GCMA</b> Finance Director</p>	<p>Iain joined the Board on 1 March 2016 as Finance Director. Iain is a qualified accountant and is the Finance Business Partner lead for the Government Finance Reform programme. He has previously held roles for the National Offender Management Service and various roles within DWP.</p>

Disabled People's Employment Corporation (GB) Limited – in liquidation

Income Statement  
Period ended 6 October 2017

		<b>6 October 2017 £'000</b>	<b>31 March 2017 £'000</b>
Grant-in-aid: operational support/(refund)	5	(500)	900
<b>Total revenue</b>		<u>(500)</u>	<u>900</u>
Staff costs	8	(5)	(704)
Operating (charges)/income		(336)	(736)
Fair value increase of asset held for sale		-	387
Gain on disposal of assets held for sale	6	124	-
Finance income		-	4
Finance costs	10	(2)	(4)
<b>Loss before tax</b>		<u>(719)</u>	<u>(153)</u>
Taxation (expense)/credit		<u>-</u>	<u>-</u>
<b>Loss for the period</b>		<u>(719)</u>	<u>(153)</u>

All operations are discontinued.

Notes 1 to 17 are an integral part of these financial statements.

Disabled People's Employment Corporation (GB) Limited – in liquidation

Statement of Comprehensive Income  
Period ended 6 October 2017

	<b>6 October 2017 £'000</b>	<b>31 March 2017 £'000</b>
Other comprehensive income	-	-
Loss for period	(719)	(153)
Total comprehensive (expense)/income for the period	(719)	(153)

Notes 1 to 17 are an integral part of these financial statements.



Disabled People's Employment Corporation (GB) Limited – in liquidation

Statement of Financial Position  
As at 6 October 2017

	Note	6 October 2017 £'000	31 March 2017 £'000
<b>Non-current assets</b>			
Property, plant and equipment	11	5	-
<b>Current assets</b>			
Trade and other receivables	12	244	51
Cash and cash equivalents	14	421	190
Assets held for sale	13	-	1,026
		665	1,267
<b>Total assets</b>		<b>670</b>	<b>1,267</b>
<b>Current liabilities</b>			
Trade and other payables	15	(205)	(83)
Total liabilities		<b>(205)</b>	<b>(83)</b>
<b>Net current assets</b>		460	1,184
 <b>Net assets</b>		 <b>465</b>	 <b>1,184</b>
<b>Reserves</b>			
Funded by the Secretary of State for Work and Pensions	5	465	1,184

Notes 1 to 17 are an integral part of these financial statements.

Disabled People's Employment Corporation (GB) Limited – in liquidation

Statement of Changes in Equity  
Period ended 6 October 2017

	<b>6 October 2017 £'000</b>	<b>31 March 2017 £'000</b>
	<b>Notes</b>	
<b>Balance at 1 April</b>	1,184	(242,138)
Loss for the period	(719)	(153)
Other comprehensive income for the year	-	-
Capital contribution from DWP (transfer of pension scheme)	-	243,475
	<hr/>	<hr/>
<b>Balance at 6 October 2017 / 31 March 2017</b>	465	1,184

Disabled People's Employment Corporation (GB) Limited – in liquidation

Statement of Cash Flows  
Period ended 6 October 2017

	Notes	6 October 2017 £'000	31 March 2017 £'000
<b>Loss for the year</b>		(719)	(153)
Adjustments for			
Gain on disposal of assets held for sale	6	(124)	-
Finance charges	10	2	4
Fair value increase of asset held for sale	13	-	(387)
		<hr/>	<hr/>
<b>Operating cash flows before movement in working capital</b>		(841)	(536)
		<hr/>	<hr/>
Decrease in trade and other receivables	12	(193)	466
Decrease in trade and other payables	15	122	(1,561)
Decrease in provisions for other liabilities and charges		-	(173)
		<hr/>	<hr/>
<b>Cash generated from operations</b>		<b>(912)</b>	<b>(1,804)</b>
		<hr/>	<hr/>
<b>Investing activities</b>			
Proceeds of disposal of assets held for sale		1,150	-
Purchase of property, plant and equipment	11	(5)	-
Finance charges	10	(2)	(4)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>1,143</b>	<b>(4)</b>
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>231</b>	<b>(1,808)</b>
<b>Cash or cash equivalents at 1 April 2017</b>	<b>14</b>	190	1,998
		<hr/>	<hr/>
<b>Cash or cash equivalents at 6 October 2017</b>	<b>14</b>	<b>421</b>	<b>190</b>
		<hr/>	<hr/>

Notes 1 to 17 are an integral part of these financial statements.

These financial statements of Disabled People's Employment Corporation (GB) Limited – in liquidation, registered number 394532 were approved by the Board of Directors on 23 October 2017.

Signed on behalf of the Board of Directors



Ian Russell CBE  
Chairman



Helen John  
Chief Executive



Iain Bagwell  
Finance Director

# Disabled People's Employment Corporation (GB) Limited – in liquidation

## Notes to the financial statements Period ended 6 October 2017

### 1. General information

Disabled People's Employment Corporation (GB) Limited – in liquidation (DPEC or "the Company") is a company incorporated in England under the Companies Act 2006.

#### Liability of members

The Company is limited by guarantee and has no share capital. The members of the Company are three of 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 Work and Pensions provides the following:

*"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.

#### Going concern

The Company entered solvent Members' Voluntary Liquidation on 7 October 2017, so the Directors no longer consider the Company as a going concern. The accounts have been prepared on a basis other than going concern; however, no adjustments were required.

In preparation for entering MVL, the Directors made full enquiries into the Company's affairs and formed the opinion that the Company would be able to pay its debts in full within twelve months of entering liquidation.

After entering MVL, with the Liquidators' agreement, the Company paid the majority of its bank balance over to DWP, and the Department will settle relevant invoices directly.

## Disabled People's Employment Corporation (GB) Limited – in liquidation

### Notes to the financial statements Year ended 31 March 2017

#### 3. Significant accounting policies

##### **Revenue recognition**

Grant-in-aid is obtained from DWP as required by way of funding requests, and is accounted for in accordance with IAS 20 "accounting for Government Grants". In the prior year £0.9m of Grant-in-aid was received from DWP, this was required due to a delay in the completion of the disposal of the asset held for sale. In the current period a net £0.5m of Grant-in-aid has been repaid to DWP.

##### **Taxation**

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

##### **Assets held for sale**

Assets classified as held for sale are measured at 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. All assets that were held for sale have now been sold.

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

##### **Financial assets**

##### ***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.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets.

##### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand.

##### ***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.

**3. Significant accounting policies (continued)**

**Financial liabilities**

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

***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.

**4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

**Critical judgements in applying the Company's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

**Valuation 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 agreed selling price 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.

**Key Sources of Estimation Uncertainty**

The Directors do not consider there to be any key sources of estimation uncertainty other than those included within the critical judgement above, at the Statement of Financial Position date.

# Disabled People's Employment Corporation (GB) Limited – in liquidation

## Notes to the financial statements Period ended 6 October 2017

### 5. Financial agreement with DWP

#### Grant-in-aid

The Company has entered into agreements in the past with DWP under which Grant-in-Aid has been received:

- to finance the purchase of fixed assets (secured by fixed and floating charges on the Company's assets); and
- in respect of forecast changes in working capital.

The charges were released during this period.

#### Reserves

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

	<b>6 October 2017 £'000</b>	<b>31 March 2017 £'000</b>
<b>Reserves</b>		
Balance at 1 April	1,184	(242,138)
<u>Grant-in-aid</u>		
Funding received/(repaid)	(500)	900
Net results before Grant-in-aid received/(repaid)	(219)	(1,053)
Income statement	(719)	(153)
Capital contribution from DWP (transfer of pension scheme)	-	243,475
Balance at 6 October 2017 and 31 March 2017	<u><b>465</b></u>	<u><b>1,184</b></u>

### 6. Operating loss

The operating loss has been arrived at after charging/ (crediting) the following:

	<b>6 October 2017 £'000</b>	<b>31 March 2017 £'000</b>
Fair value increase of asset held for sale	-	(387)
Employment tribunal settlements dating from 2013	-	698
Gain on disposal of assets held for sale	(124)	-
Release of provision for retentions on commercial contracts and legal costs	-	(173)

## Disabled People's Employment Corporation (GB) Limited – in liquidation

### Notes to the financial statements Period ended 6 October 2017

#### 7. Auditor's remuneration

	6 October 2017 £'000	31 March 2017 £'000
<b>Audit services</b>		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	-	42
<b>Non-audit services</b>		
Tax compliance	11	16
	<u>11</u>	<u>58</u>

No audit was required for the period ended 6 October 2017.

#### 8. Staff costs and Directors' remuneration

The aggregate staff costs were as follows:

	6 October 2017 £'000	31 March 2017 £'000
Tribunal settlements from 2013	-	698
Salaries	4	8
Social Security Costs	1	(2)
	<u>5</u>	<u>704</u>

#### Directors' remuneration

	6 October 2017 £'000	31 March 2017 £'000
Aggregate remuneration	<u>4</u>	<u>8</u>

The Company has four directors. There are two executive directors who are civil servants and receive no additional remuneration. There are also two non-executive directors (the Chairman who only receives expenses and another non-executive who receives expenses and a small fee).

#### 9. Contractors and off-payroll arrangements

The Company 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 at 6 October 2017	2
No. that have existed for four or more years at time of reporting	2

In line with HM Treasury guidance, the Company has sought assurance in relation to their income tax and National Insurance obligations.



Disabled People's Employment Corporation (GB) Limited – in liquidation

Notes to the financial statements  
Period ended 6 October 2017

**10. Finance income and costs**

	<b>6 October 2017 £'000</b>	<b>31 March 2017 £'000</b>
<b>Finance Income</b>		
Bank income receivable on cash and cash equivalents	-	4
<b>Finance Costs</b>		
Bank charges payable	2	4
Total Finance Costs	<u>2</u>	<u>4</u>

**11. Property, plant and equipment**

	Computers £'000's	Total £'000's
<b>Cost</b>		
As at 1 April 2016	-	-
As at 31 March 2017	-	-
Additions	5	5
As at 6 October 2017	<u>5</u>	<u>5</u>
<b>Accumulated depreciation</b>		
As at 1 April 2016	-	-
As at 31 March 2017	-	-
As at 6 October 2017	-	-
<b>Net Book Value</b>		
As at 31 March 2017	-	-
As at 6 October 2017	<u>5</u>	<u>5</u>

At 6 October 2017, the Company had not entered into any contractual commitments for the acquisition of property, plant and equipment. (2017: £Nil).

**12. Trade and other receivables**

	<b>6 October 2017 £'000</b>	<b>31 March 2017 £'000</b>
Other receivables	230	48
Prepayments	14	3
	<u>244</u>	<u>51</u>

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

## Disabled People's Employment Corporation (GB) Limited – in liquidation

### Notes to the financial statements Period ended 6 October 2017

#### 13. Assets classified as held for sale

The assets held for sale represented land and buildings which the Company expected to sell within 12 months. During the period the remaining asset was sold.

	Net book value £'000's	(Impairment)/ Revaluation £'000's	Net Carrying Value £'000's
Assets held for sale			
As at 1 April 2017	966	60	1,026
Disposal	(966)	(60)	(1,026)
<b>As at 6 October 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 14. 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.

	6 October 2017 £'000	31 March 2017 £'000
Cash in hand and at bank	421	190

#### 15. Trade and other payables

	6 October 2017 £'000	31 March 2017 £'000
Accrued expenses	22	83
VAT due to HMRC	183	-
	<u>205</u>	<u>83</u>

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

#### 16. Financial instruments

##### 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.

## Disabled People's Employment Corporation (GB) Limited – in liquidation

### Notes to the financial statements

Period ended 6 October 2017

#### 16. Financial instruments (continued)

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 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.

#### Capital risk management

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 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 cash and cash equivalents presented in note 14 and reserves which are funded by DWP presented in note 5.

#### 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.

#### Credit risk management

The Company's principal financial assets are bank balances, cash and other receivables, which represent the Company's maximum exposure to credit risk in relation to financial assets.

#### 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 the Company reports forecast funding requirements monthly to DWP.

The following table 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.

		6 October 2017 £'000	31 March 2017 £'000
<b>Financial Assets</b>	Note		
Trade and other receivables			
Other receivables	12	244	51
Cash and cash equivalents	14	421	190
		<u>665</u>	<u>241</u>
<b>Financial Liabilities</b>			
Trade and other payables			
VAT due to HMRC	15	183	-
Accrued expenses	15	22	83
		<u>205</u>	<u>83</u>

## Disabled People's Employment Corporation (GB) Limited – in liquidation

Notes to the financial statements  
Period ended 6 October 2017

### 16. Financial instruments (continued)

As at 6 October 2017	Carrying amount £'000's	Due less than 1 year £'000's
<b>Financial assets</b>		
Trade and other receivables		
Other receivables	244	244
Cash and cash equivalents	421	421
	<u>665</u>	<u>665</u>
<b>Financial liabilities</b>		
Trade and other payables		
VAT due to HMRC	183	183
Accrued expenses	22	22
	<u>205</u>	<u>205</u>
As at 31 March 2017	Carrying amount £'000's	Due less than 1 year £'000's
<b>Financial assets</b>		
Trade and other receivables		
Other receivables	51	51
Cash and cash equivalents	190	190
	<u>241</u>	<u>241</u>
<b>Financial liabilities</b>		
Trade and other payables		
Accrued expenses	83	83
	<u>83</u>	<u>83</u>

### 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 no longer has any interest rate risk as it has no bank overdraft borrowing or finance leases. Management prepares regular cash flow forecasts and requests further funding from DWP if required.

### 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 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.

### 17. Contingent liabilities

In the current period the Company received a claim from the Scottish Government for a partial funding recovery of £88k. The Company is disputing this and does not believe the amount is due.