

→ Remploy 2005 Accounts

Real Jobs for Real People



Remploy

Directors and Advisers

as at July 15th 2005

Alan Pedder CBE Chairman (aged 67) *



Alan was appointed Non-Executive Chairman in January 2000. His other directorships include Chairman of the quoted South African Chemical Corporation AECL Ltd and a Non-Executive Director of SANS Fibres Ltd S. Africa and Baronsmead VCT plc. He has been a Governor and Director of South Bank University, Chairman of the BTC and a member of the DTI-IDAB committee. He joined Remploy after a long career in ICI plc.

Bob Warner Chief Executive (aged 54)



Bob has been Chief Executive since November 2003. He joined the Company as Finance Director in April 2002. His previous posts have included President of Operations at mm02 and Deputy Finance Director of British Coal. Previous directorships include British Interactive Broadcasting and BT Cellnet Ltd.

Jill Hill Chief Operating Officer (aged 54)



Jill joined the Company in August 2001, previously Managing Director of Rolls-Royce Materials Handling Ltd, Clarke Chapman Ltd and Chairman of Caillard SA. Jill is a Panel Member of the Competition Commission and her other current directorships include Northern Defence Industries Ltd.

Nigel Hopkins Executive Director, Finance (aged 46)



Nigel joined the Company in May 2004. Formerly Director of Administration with Comau Estil, Nigel has held previous posts with Burmah Castrol, Laporte, United Technologies, Coopers & Lybrand and Ernst & Young.

Anne Jessopp Executive Director, HR (aged 41)



Anne joined Remploy in July 2004 as Executive Director – HR. Prior to this appointment Anne was HR Director for Lex Industrial Solutions. She has held previous posts with the RAC, Thorn Electronics, Proctor and Gamble and Rolls-Royce.

Stuart Knowles Executive Director, Interwork Services (aged 46)



Stuart was appointed to the Remploy Board on 1 April 2003. He joined the Company on 29 June 1981 as a supervisor at the Leicester Remploy. He progressed to Local Manager and subsequently into a series of personnel roles, being appointed as General Manager of the newly-formed Interwork organisation in 1998.

Peter Cooke Non-Executive (aged 62) **

Peter was appointed in November 1998. He is Professor of Automotive Industries Management at the Nottingham Business School and Trustee of the Independent Living Funds.

Graham Corbett CBE Non-Executive (aged 70)

Graham was appointed to the Board in June 2004.

Previous positions include Chairman of Postcomm and Deputy Chairman of the Competition Commission, Board member and Chief Financial Officer of Eurotunnel and Senior Partner of Peat Marwick's Continental European Firm. He is currently Chairman of Trustees for RICAbility.

Ian Harley Non-Executive (aged 55) **

Ian was appointed to the Board in June 2004. He is a former Chief Executive of Abbey National having previously worked for Touche Ross & Co. Ian is a Non-Executive Director of Rentokil Initial plc and British Energy plc and Vice President of the National Deaf Children's Society and Governor of the Court of the Whitgift Foundation.

Sally Smedley Non-Executive (aged 56) *

Sally was appointed to the Board in January 2001. She is HR Director at British Energy plc. Previous positions were Director of East Midlands Electricity and Non-Executive Director of Cornwell Parker plc.

Lisa Stone Non-Executive (aged 43) **

Lisa was appointed to the Board in January 2001. She is Chief Operating Officer of HgCapital, Non-Executive Director of Newchurch Ltd, Tunstall Ltd and Iris Group Ltd.

Alan Tuffin CBE Non-Executive (aged 71) *

Alan joined the Company in January 2000 having previously held senior positions in the Trades Unions. He is a Director of the TU Fund Managers Limited and CW Management Services Ltd.

Anna Vinton Non-Executive (aged 57) *

Anna was appointed to the Board in January 2000.

Other directorships include Commercial Centre Ltd, RAP Ltd, WFT Ltd, Marie Curie Trading Ltd, Bibendum Wine Ltd and Wilton Antiques Ltd. She is also a Trustee of Vitalise.

Guy Phillips Secretary (aged 43)

A solicitor, Guy joined the Company in 1994 as Legal Adviser. Previously he held positions with John Mowlem, American Express and the Investment Management Regulatory Organisation.

Bankers

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

Auditors

Deloitte & Touche LLP
London

Registered office

Stonecourt Siskin Drive Coventry CV3 4FJ
Telephone 02476 515 800
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Remploy Limited is a private company as defined by the Companies Act 1985, limited by guarantee, without share capital.

**Registered number: 394532
(England and Wales)**

*Member of the Remuneration Committee

**Member of the Audit Committee

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Directors' Report



The aim of the company is to maximise the number of disabled people in employment in three main ways:

- Through supporting people into mainstream employment
- In our manufacturing businesses
- In our service sector businesses

The Directors present their 60th annual review, together with the audited accounts of the year ended 31 March 2005.

Remploy Limited is a private company as defined by the Companies Act 1985, limited by guarantee, without share capital.

Registered number: 394532 (England and Wales)

Appointment and retirement of Directors

In July 2004, Anne Jessopp was appointed Executive Director, HR. Brian Johnson, who was Executive Director, Operations, left the company in September 2004.

Business review and future developments

The Company was incorporated in 1945 with the principal objective of providing training and employment for registered severely disabled persons under special conditions. Its principal activities are shown in note 3 to the accounts.

A review of the business and future developments is contained in pages 4 to 28 of the review.

Results and Dividends

The result for the year amounted to a loss of £14.3m (2004: £0.0m). The Company is limited by guarantee and has no share capital and therefore does not pay dividends.

Employees and employment of disabled persons

The aim of the company is to maximise the number of disabled people in employment in three main ways:

- Through supporting people to gain employment with other employers

- In our manufacturing businesses
- In our service sector businesses

At the end of the year 5,758 disabled people were employed in Remploy's own businesses. In addition to those people directly employed in Remploy's manufacturing operations, 3,622 people were supported during the year to 31 March 2005 to pursue a career with other employers, either as employees of Remploy seconded to the other employer (780), or directly employed by the other employer, but with support from Remploy (2,842).

Progressions

The number of people who progressed to open unsupported employment during the year was 1,683

Employee involvement

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

A structured communication plan ensures that two-way communication takes place on key issues at local, business and organisational level. A variety of methods are used from team and site briefings to newsletters and conference calls. Each business has a communication plan to complement the national plan. Communication is seen as an important part of any manager's role and training is taking place to ensure everyone has the required skills. During the year an enhanced intranet has been launched, which all Remploy employees have access to, along with an investment in IT training to ensure that people have the necessary skills.

Senior managers attend functional team meetings and key training courses, to support the formal feedback process. To supplement this, a survey has been conducted with first line managers.

Involving employees in people-focussed business improvements is a key initiative. During 2004/5 this meant that 220 people attended continuous improvement training and 365 people were involved in improvement teams, with results varying from 10 –100% improvements in productivity.

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 Remploy. Local and business level consultation takes place and has been strengthened by a recent agreement.

Pension fund

The assets of the pension fund, established for the benefit of the Scheme's members, are held in trust separately from the assets of the Company. The Board of Trustees is independently chaired by Mr Alan Herbert and comprises four Trustees appointed by the Company and four Trustees elected by the members. A Trustee Report was made available to all members during the year. Funds are managed independently by UBS Global Asset Management (UK) Ltd, Schroder Investment Management Limited and Legal and General Investment Management Ltd, on behalf of the Trustees to whom they formally report each quarter.

The Scheme Actuary confirmed at the last formal actuarial valuation on 31 March 2004 that the Scheme showed a funding level of 77% on an ongoing basis (i.e. a deficit of £76m with assets of £250 million and liabilities of £326 million).

The Trustees and the Company have agreed to spread the deficit over a fifteen-year period through the payment of an additional annual contribution of £6.4m plus RPI at the start of each year. The Company has made an additional contribution of £6m in April 2004 and a further additional contribution of £6.4 million has been paid in April 2005.

The Employer's standard contribution rate required to cover future benefits on an ongoing basis was calculated as 8.6% of pensionable earnings per annum (excluding the cost of providing the death-in-service lump sum benefits). The Company has agreed to pay, for the next 15 years commencing in 2005, a combined rate of at least 16.3% of pensionable salaries to cover the deficit and the ongoing contribution rate.

The employee contribution rate remains at 7%.

Fixed assets

The total net expenditure from investing activities was £6.5m (2004: £4.9m). The majority of the expenditure was on replacing and improving properties for productive processes and training environments.

Auditors

In accordance with Section 385 of the Companies Act 1985, Deloitte & Touche LLP are deemed to be reappointed as Auditors of the Company.



Remploy is committed to providing quality work and personal development for all our employees to enable them to fulfil their potential - **Real Jobs for Real People.**

Corporate Governance

Compliance

In accordance with Treasury guidelines, the Company is subject to the revised Combined Code on corporate governance and has complied throughout the year with the provisions of the Combined Code, in so far as they are appropriate to Remploy under Government objectives for Non-Departmental Public Bodies, except as noted below. The Company offers a five year service contract, although terminable on twelve months' notice, to its Chief Executive and has not nominated a senior independent director. The Company does not consider these to be appropriate for Remploy for the reasons set out below. The Company acknowledges that it does not comply with clause B.2.1 of the revised Code as the Chairman is a member of the Remuneration Committee, the Company feels this departure is appropriate given that the Chairman and Chief Executive are appointed by the Secretary of State for the Department of Work and Pensions.

Directors

The Board of Directors and their membership of Board Committees is shown on pages 2 and 3 and comprise, a Chairman, a Chief Executive plus four Executives and seven independent Non-Executive Directors. Appointments to the Board are advertised; the Chairman and Chief Executive and Non-Executive Directors are appointed by the Secretary of State for the Department of Work and Pensions in consultation with the Chairman. Other Executive Directors are appointed by the Chairman. In all cases a committee comprising Executive and Non-Executive Directors is constituted for each appointment. The Board

considers that the Non-Executive Directors as a group are of sufficient calibre and number to bring independence to the Board and does not propose to nominate any one non-executive to be a senior independent director. Details of the terms & 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, acquisition policy, 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 Jobcentre Plus in the Annual Performance Agreement. It monitors the progress of the Company towards the achievement of budgets and targets.

Board Performance Evaluation

A process of performance evaluation of the Board, its Committees and Directors was undertaken in 2005. This process consisted of:

- One-to-one meetings between the Chairman and each of the Non-Executive Directors to assess Non-Executive Director performance and to allow any other issues to be raised;
- A senior Non-Executive Director led a collective assessment of the Chairman's performance by the Non-Executive Directors and feedback to the Chairman;
- A collective assessment of Board performance by all Non-Executive Directors and the Chief Executive who also presented input from the Executive Directors.

The areas for assessment are identified well in advance to give all Directors sufficient time to consider and develop their response. Broadly, the areas considered were:

- Board Role and agenda setting
- Monitoring performance and strategic planning
- Size, composition and independence of the Board
- Directors' roles, training and development
- Board leadership, teamwork and management relations
- Quality of Meetings
- Director and Board evaluation, compensation and ownership
- Succession planning
- Ethics
- Constituencies
- Input from the Executive Directors

Issues arising from the self-assessment evaluation were presented to the Board by the Chairman and an action plan was developed to ensure continuous improvement in the operation of the Board and its Committees.

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 given on page 3.

Audit Committee

The Audit Committee is chaired by Mr Ian Harley. The Committee also comprises two other Non-Executive Directors. The Committee reviews the Company's annual accounts prior to

submission to the Board. It also monitors the scope of external and internal audit and considers significant matters relating to management control and internal audit.

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

Remuneration Committee

The Remuneration Committee is chaired by Mrs S Smedley and includes two other Non-Executive Directors and the Chairman. The Committee reviews salaries and targets for performance pay for Executive Directors and senior managers and makes recommendations to the Secretary of State for the Department of Work and Pensions with regard to the Chief Executive. Details of the terms of reference of the Committee are available upon written request from the Company Secretary at the Company's registered office.

Nominations Committee

The work of the Nominations Committee is undertaken by the Remuneration Committee.

Open advertising was used for the appointments of Non-Executive Directors during the year.

Appointments to the Board are advertised; the Chairman and Chief Executive and Non-Executive Directors are appointed by the Secretary of State for Work and Pensions in consultation with the Chairman. Other Executive Directors are appointed by the Chairman. In all cases a committee comprising Executive and Non-Executive Directors is constituted for each appointment. The Board considers that the Non-Executive Directors as a group are of sufficient calibre and number to bring independence to the Board and

does not propose to nominate any one non-executive to be a senior independent director. Details of the terms of reference of the Committee are available upon written request from the Company Secretary at the Company's registered office.

Attendance at Meetings

	Board Meetings	Audit Committee meetings	Remuneration/ Nomination Committee meetings
Number of Meetings	10	2	3
A E Pedder CBE	10	-	3
R Warner	10	1	3
J V Hill	9	-	-
N Hopkins ***	9	2	-
S Knowles	9	-	-
A Jessop **	7	-	2
P N C Cooke	7	2	-
S Smedley	8	-	3
L Stone	8	2	-
A D Tuffin CBE	9	-	1
A M Vinton	6	-	2
I Harley *	4	1	-
G Corbett CBE **	6	-	-

* Joined the Board in July 2004 and therefore could only attend a maximum of seven Board meetings and one Audit Committee meeting.

** Joined the Board in July 2004 and therefore could only attend a maximum of seven Board meetings.

*** Joined the Board in May 2004 and therefore could only attend a maximum of nine Board meetings.



The company is constantly evolving in response to changing expectations and aspirations of the community it serves, and the changing economic landscape in which it works.

Corporate Governance continued



Remploy is using its unique understanding of employing disabled people to train, develop, prepare and support unemployed disabled people into open employment, achieving over 3,500 job entries last year.

Remploy Executive

The management of the business within the Annual Operational Plan and the three year Strategic Plan is delegated to the Executive Directors.

Accounting Officer

The Chief Executive, Mr Warner, is designated in the Agreement with the Secretary of State as the Accounting Officer. His role is to advise the Board and he is responsible for the duties set out in the Non-Departmental Public Bodies Accounting Officer memorandum. He 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;
- 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, 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 a subcommittee of the Board. In addition, the Board and management are keeping under active review the need to enhance continuously the system of control. The Board can confirm that from 1 April 2004 to the date of approval of the Annual Report and Financial Statements that there has been an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This is reviewed regularly by the Board and accords with the Turnbull guidance. 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;
- reporting on internal financial controls and procedures by Internal Audit and, for the year end, by external auditors.

Remploy has an Internal Audit Department which operates to standards defined in the Government Internal Audit Manual. The work of the Internal Audit Department 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 audit approach is endorsed by the Audit Committee and internal audit plans are approved by the Executive Directors. An annual report is issued by the Internal Audit Manager on internal audit activity which includes an independent opinion on the adequacy and effectiveness of the system of internal financial control.

The Board has reviewed the effectiveness of the system of internal controls for the period covered by the accounts. This review is informed by the work of the Internal Audit Department, the Executive Directors who have responsibility for the development and maintenance of the control framework, and the comments of the external auditors 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) Remploy complies with the central Government 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.

Related party transactions

Remploy Limited is a Non-Departmental Public Body sponsored by Jobcentre Plus, which is regarded as a related party. During the year Remploy Limited had no material transactions with Jobcentre Plus, other than normal arm's length contractor relationships for New Deal for Disabled People and other programmes, or any other entities for which Jobcentre Plus is regarded as the parent Department.

Remploy Limited 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 Ministry of Defence.

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 1 of the accounts relating to the undertaking in the main agreement.)

Payment policy

Trade creditor days for the year ended 31 March 2005 were 61 days (2004: 58 days), calculated in accordance with the requirements set down in the Companies Act 1985.

By order of the Board:

G J G Phillips

Secretary

15 July 2005



Health and Safety

Remploy has maintained its drive to improve safety – reducing both the number and severity of accidents.

- Accident statistics have improved by over 20% on last year, with the number of accidents classified as ‘major’ being zero for the last two months of the year.
- A risk assessment has been carried out for all company car drivers, which resulted in an E-learning programme for 170 drivers and on-road training for 60 drivers beginning in May 2005.

Reportable accidents in our sites have continued to decline year on year. There were 41 reportable accidents this year (9 less than last year).



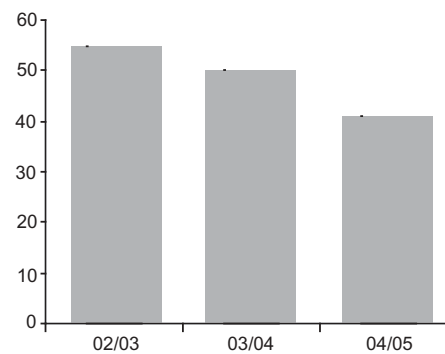
The Safety Management System (SMS) audit process continues to drive our health and safety agenda. Over the last year, several enhancements have been made to this process, including adding further criteria and raising the acceptable score threshold.

This activity has driven a change in strategy for this financial year, from monitoring the system to providing support and development. The SMS scores are helping us to prioritise attention and focus the resources of the Joint Management and Union teams on developing action plans for the lower scoring sites.

We also continue to monitor the changing priorities of the Health and Safety Executive to ensure that our own priorities correspond.

Training has continued through the company with a strong focus on implementation of procedures, behavioural safety and management education. The safe behaviour training rollout has now been completed at more than half of Remploy’s sites and we see this as a key area of focus in the coming year.

Reportable accidents



Accident statistics have improved by over 20% on last year, with the number of accidents classified as ‘major’ being zero for the last two months of the year.



Remuneration Report of the Board

Composition

The Company has a Remuneration Committee chaired by Mrs S Smedley and includes the Chairman, Mr A Pedder CBE, and two Non-Executive Directors Mr A Tuffin CBE and Mrs A Vinton. Other attendees have been Mr R Warner, Chief Executive, Mrs A Jessopp, Executive Director Human Resources and Mr R Fletcher OBE, former Director HR & External Affairs. The Company acknowledges that it does not comply with clause B.2.1 of the revised Code as the Chairman is a member of the Remuneration Committee, the Company feels this departure is appropriate given that the Chairman and Chief Executive are appointed by the Secretary of State for Work and Pensions.

Remuneration policy

The Committee aims to ensure that Remuneration Packages offered are competitive and designed to attract, retain and motivate Executive Directors and Business Managers. The Committee works within the Government policy guidelines. The main components of remuneration are:

Basic salaries

The Chairman, Chief Executive and all Non-Executive Directors are appointments by the Secretary of State for Work and Pensions and their salaries are reviewed annually by the Secretary of State. Basic salaries for Executive Directors are considered by the Committee taking into account the performance of the individual.

Bonuses

The Chairman and Non-Executive Directors do not receive a bonus.

A performance related bonus is payable to Executive Directors, based on the Annual Performance Agreement, which is agreed with the Secretary of State in consultation with the Chairman. The Chief Executive's maximum bonus is currently 35% and based on the same criteria as applied to Executive Directors.

Pensions

The Company operates a pension scheme and the Chief Executive and Executive Directors are ordinary members of the scheme. The current scheme is a defined benefit scheme whereby retirement benefits based on final remuneration and length of service 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 current Chief Executive is appointed for a fixed period of five years which is terminable on 12 months notice by the Secretary of State. This contract can be renewed subject to the agreement. Executive Directors are appointed by the Chairman of Remploy Limited. Their contracts have no fixed period and are terminable on six months notice by the Company. Non-Executive Directors are usually appointed for a fixed period of three years. The Chairman and Non-Executive Directors have a contract for a period of three years which is terminable by the Secretary of State for Work and Pensions with no notice period.



In 2005/6 we expect to continue to rebalance our own businesses towards the service sector and again to significantly increase the number of disabled people we support into open, inclusive, and life-changing employment.



Remuneration Report of the Board continued

The status of appointments is as follows:

	Date of service contract	Unexpired term	Notice period	Compensation if early termination
A E Pedder CBE	January 2003	6 months	None	None
P N C Cooke	October 2001	3 months	None	None
S Smedley	January 2004	17 months	None	None
L Stone	January 2004	17 months	None	None
A D Tuffin CBE	September 2002	5 months	None	None
A M Vinton	December 2002	5 months	None	None
J V Hill	August 2001	None	6 months	None
R Warner	November 2003	42 months	12 months	None
S Knowles	April 2003	None	6 months	None
I Harley	July 2004	24 months	None	None
G Corbett CBE	July 2004	24 months	None	None
N Hopkins	May 2004	None	6 months	None
A Jessopp	July 2004	None	6 months	None

Directors' emoluments

Total emoluments in the year were:

	2005 £000	2004 £000
Remuneration excluding costs of pension and life assurance schemes	588	647
Costs of pensions and life assurance scheme contributions	46	55
Accrued pensions benefits	44	63
Supplementation of pensions paid to former Directors in the year	57	58

All emoluments paid to present and past Directors are in connection with the management of the affairs of the Company. The bonus payable is that earned in the year although paid in the following year, and is based on performance targets set by the Secretary of State for the Department of Work and Pensions.

The accrued pensions benefits are based on the number of years of pensionable service and the basic pensionable salary.

The Company supplements the pensions of past Directors and other past employees on an annual basis as covered in note 4 to the accounts. The amount payable in the year in respect of past Directors was £57,000 (2004: £58,000).

The transfer values disclosed do not represent a sum paid or payable to the individual director, they represent a potential liability of the pension scheme.



Details of emoluments and pensions are as follows:

	Fees		Bonus		Benefits		Total		Pension Contributions		Years of service	Accrued pension	Increase in accrued pension	Transfer value of increase
	2005 £000	2004 £000	2005 £000	2004 £000	2005 £000	2004 £000	2005 £000	2004 £000	2005 £000	2004 £000				
A Pedder CBE	43.3	55.0	-	-	-	-	43.3	55.0	-	-	-	-	-	-
R Warner	120.0	108.9	8.4	-	10.9	10.1	139.3	119.0	11.6	12.4	3.0	5.0	1.7	21.5
J V Hill	88.3	84.8	6.1	-	6.9	6.7	101.3	91.5	10.0	9.6	4.0	6.3	1.8	23.1
N Hopkins	82.2	-	5.7	-	8.7	-	96.6	-	9.3	-	1.0	1.5	1.5	8.7
S Knowles	75.5	74.0	5.2	-	9.5	9.9	90.2	83.9	8.6	8.4	21.0	29.9	1.2	7.1
A Jessopp	57.3	-	3.8	-	6.7	-	67.8	-	6.5	-	1.0	1.1	1.1	5.1
P N C Cooke	7.5	7.5	-	-	-	-	7.5	7.5	-	-	-	-	-	-
S Smedley	7.5	7.5	-	-	-	-	7.5	7.5	-	-	-	-	-	-
L Stone	7.5	7.5	-	-	-	-	7.5	7.5	-	-	-	-	-	-
A D Tuffin CBE	7.5	7.5	-	-	-	-	7.5	7.5	-	-	-	-	-	-
A M Vinton	7.5	7.5	-	-	-	-	7.5	7.5	-	-	-	-	-	-
I Harley *	5.8	-	-	-	-	-	5.8	-	-	-	-	-	-	-
G Corbett CBE *	5.8	-	-	-	-	-	5.8	-	-	-	-	-	-	-
R N Fletcher OBE	-	77.1	-	-	-	9.2	-	86.3	-	8.7	7.2	-	-	-
Sandra Knowles	-	20.6	-	-	-	10.0	-	30.6	-	2.3	2.2	-	-	-
B Johnson	-	74.0	-	-	-	9.1	-	83.1	-	8.4	3.5	-	-	-
R Paffard	-	46.4	-	-	-	6.4	-	52.8	-	5.3	2.3	-	-	-
D A Boothman	-	7.5	-	-	-	-	-	7.5	-	-	-	-	-	-
Total	515.7	585.8	29.2	-	42.7	61.4	587.6	647.2	46.0	55.1		43.8	7.3	65.5

* Mr I Harley and G Corbett CBE were appointed in July 2004

The Remuneration Report is signed by Mrs S Smedley, Chair of the Remuneration Committee



This year Remploy
assisted over
3,500 disabled
people to find jobs
with a wide range of
employers – an
increase of **44%**



Directors' Responsibilities



The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1985.

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the financial results of the Company for that period. In preparing those financial statements, the Directors are required to:

- adopt suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Independent Auditors' Report

To the Members of Remploy Limited

We have audited the financial statements of Remploy Limited for the year ended 31 March 2005 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the reconciliation of net cash flow to movement in net debt and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 described in the statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' Report is

not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the Corporate Governance statement reflects the Company's compliance with those provisions of the July 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority in so far as they are appropriate to Remploy under Government objectives for Non-Departmental Public Bodies, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' Report and the other information contained in the annual report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors

in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte x Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

15 July 2005

Income and Expenditure Account

for the year ended 31st March



	Notes	2005 £000	2004 £000
Turnover	3	165,307	160,545
Other operating income:			
funding from Secretary of State	14	116,000	115,000
Total income		281,307	275,545
Materials		(98,191)	(96,522)
Staff costs	4	(137,958)	(127,045)
Operating charges		(54,394)	(45,892)
Depreciation	8	(6,049)	(6,555)
Operating result		(15,285)	(469)
Profit on sale of fixed assets		1,615	1,101
Net Interest payable	5	(653)	(611)
Result for the year before tax		(14,323)	21
Taxation	16	-	-
Result for the year after tax		(14,323)	21

The notes on pages 19 to 30 form part of these accounts.

The result for the year has been funded by a reduction in net assets.

All results are derived from continuing operations.

The Company had no recognised gains or losses other than those reflected in the above Income and Expenditure account, accordingly no Statement of Total Recognised Gains and Losses is presented.

There is no difference between the reported losses for the current or preceding year and those that would be reported under the historical cost convention.

→ Employment
in Remploy
businesses rose
to more than
5,700



Balance Sheet

as at 31st March

	Notes	2005 £000	2004 £000
Fixed Assets			
Tangible assets	8	42,821	39,491
Current assets			
Stocks	10	14,512	15,751
Debtors	11	28,802	33,536
Cash at bank and in hand		36,504	0
		79,818	49,287
Creditors			
Amounts falling due within one year	12	(93,264)	(46,301)
Net current (liabilities)/assets		(13,446)	2,986
Total assets less current liabilities		29,375	42,477
Creditors			
Amounts falling due after one year	12	(11,342)	(10,121)
Net assets		18,033	32,356
Funded by the Secretary of State for the Department of Work and Pensions			
	14	18,033	32,356

The notes on pages 19 to 30 form part of these accounts.

A E Pedder CBE
Chairman

R Warner
Chief Executive
(Accounting Officer)

N Hopkins
Financial Director

These accounts were approved by the Board of Directors on 15 July 2005.



Cash Flow Statement

for the year ended 31st March



£10.5m

Household and
Toiletries factory
at St Helens,
opened by HRH
The Princess
Royal

Notes	2005 £000	2005 £000	2004 £000	2004 £000
Operating result	(15,285)		(469)	
Depreciation charge	6,049		6,555	
Decrease in stocks	1,239		2,066	
Decrease / (increase) in debtors	4,734		(984)	
Increase / (decrease) in creditors	51,675		(601)	
Net cash inflow from operating activities		48,412		6,567
Returns on investments and servicing of finance				
Interest element of finance lease rental payments		(611)		(683)
Interest (paid)/received		(42)		71
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(9,171)		(6,056)	
Receipts from sale of tangible fixed assets	2,681		1,190	
Net cash outflow from investing activities		(6,490)		(4,866)
Financing				
Capital element of finance lease repayments		(2,531)		(2,568)
Receipts from sale and leaseback of plant and machinery		3,788		0
Increase/ (decrease) in cash	13	42,526		(1,479)
			2005 £000	2004 £000
Reconciliation of net cash flow to movement in net debt (note 13)				
Increase / (decrease) in cash		42,526		(1,479)
Cash (inflow) / outflow from movements in lease financing		(2,531)		2,568
		39,995		1,089
Net debt at 1st April		(18,364)		(19,453)
Net funds / (debt) at 31st March		21,631		(18,364)



Notes to the Accounts

1. 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.

The main agreement between the Company and the Secretary of State for the Department of Work and Pensions 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. Accounting Policies

The following accounting policies have been used throughout the current and preceding year, in dealing with items which are considered material in relation to the Company's accounts:

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

The Directors believe that the nature of the Company's cost structure and funding arrangements are such that the formats of the Income and Expenditure Account and Balance Sheet required by the Companies Act 1985 do not adequately provide a structure to portray a true and fair view of the Company's affairs. They have therefore departed from the Companies Act and adopted a structure more appropriate to the Company's main activity.

(b) Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over their estimated useful lives as follows:

(c) Stocks

Stocks are valued at the lower of cost and net realisable value. In respect of work-in-progress and finished goods, the valuation comprises the cost of materials and an estimate of the cost of direct labour and factory overheads which would have been incurred if the employees had not been disabled, in order to eliminate the additional costs arising from the primary aim of employing people with disabilities.

(d) Turnover

Turnover represents amounts invoiced by the Company to third parties in respect of products and services provided during the year, excluding trade discounts and value added tax.

Depreciation

	Years
Freehold land	-
Freehold buildings	50
Leasehold land and buildings	period of lease or 50 years, whichever is the shorter
Plant and machinery	up to 10
Other equipment	up to 10
Commercial vehicles	up to 6

Notes to the Accounts continued

(e) Pensions

The Company operates defined benefit and defined contribution schemes. The scheme's funds are administered by trustees and are independent of the Company's finances. Contributions are paid to the scheme in accordance with the recommendations of independent actuaries. Contributions are charged to the Income and Expenditure Account so as to spread the cost of pensions over employees' working lives with the Company.

In addition, the Company regularly makes ex-gratia payments to increase pensions in payment for the effects of inflation in accordance with the pension provisions generally applying to public service employees. These additional payments are not separately funded and an estimate of the unfunded cost of future payments is shown in note 4.

SSAP 24 indicates that provision normally should be made for the future cost of continuing to provide for such unfunded payments. The Directors do not consider that a provision is appropriate in the special circumstances of the Company, or necessary to show a true and fair view, since payment of these increases is only made when grants are received from the Department of Work and Pensions on an annual basis.

In November 2000 the Accounting Standards Board (ASB) issued FRS 17 'Retirement Benefits', replacing SSAP 24 'Accounting for Pension Costs'. The ASB has since then allowed an extension to the transitional arrangements of FRS 17. The Company is in the fourth year of the transitional arrangements under FRS 17 and the required disclosures are set out in note 4.

(f) Research and development

Expenditure is written off in the year in which it is incurred.

(g) Foreign currency translation

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction or at the forward contract rate if applicable. Balances outstanding at year end are translated at the year end spot rate or forward contract rate as applicable, and profits and losses taken to the Income and Expenditure Account.

(h) Financing

The Company has entered into a funding agreement with the Secretary of State for the Department of Work and Pensions regarding the financing which is provided for the Company's excess of expenditure over income and for capital expenditure. This is referred to more fully in note 14.

(i) Operating leases

Rentals payable under operating leases are accounted for on an accruals basis. Assets hired under finance leases are capitalised as fixed assets where material and depreciated over the shorter of the period of the lease or the estimated useful life of the asset.

(j) Finance leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the Income and Expenditure Account.

(k) Taxation

The Company has no liability for Corporation Tax as there are no taxable profits.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

3. Analysis of turnover and net assets

	Turnover 2005 £000	Net Assets 2005 £000	Turnover 2004 £000	Net Assets 2004 £000
Furniture	19,842	6,508	18,426	6,638
Healthcare	7,427	2,373	8,768	3,155
Textiles	24,178	5,673	18,534	4,436
Offiscope	2,509	796	3,642	1,341
Household & Toiletries	11,843	4,387	13,201	5,740
Packaging & Print	11,505	4,650	11,868	5,367
Automotive	50,504	10,698	52,387	16,636
Workscope (inc Electronics)	25,836	7,717	18,347	8,243
Ecycle	1,945	332	724	623
Contract Activities (formerly Contract Services)	2,471	633	2,787	1,226
Community Enterprise	299	58	-	-
Interwork	6,401	(1,439)	9,638	1,036
Managed Services	547	860	2,223	298
Corporate	-	(25,213)	-	(22,383)
	165,307	18,033	160,545	32,356



All of the Company's turnover and net assets relate to continuing operations within the UK. The comparative figures have been restated to reflect the transfer of some sites from one trading group to another. The operating result shown on page 16 is not allocated to the trading Groups as the cash funding from Government is received by the Company and not allocated to each Group.

Exports included in turnover amounted to £8.555m (2004: £9.603m). A geographical analysis of turnover by destination is as follows:

	2005 £000	2004 £000
Europe	7,378	6,882
USA	563	585
Other	614	2,136
	8,555	9,603

Notes to the Accounts continued



Remploy is the UK's leading provider of employment opportunities for disabled people and has (unparalleled) experience, knowledge, resources and professionalism in the field.

4. Staff numbers and costs

The average number of persons (including Directors) employed during the year was as follows:

	2005 No.	2004 No.
Furniture	813	854
Healthcare	424	437
Textiles	883	787
Offscope	312	323
Household & Toiletries	337	341
Packaging & Print	360	354
Automotive	536	586
Workscope (inc Electronics)	1,583	1,604
Ecycle	196	121
Contract Activities (formerly Contract Services)	517	739
Community Enterprise	102	-
Interwork	3,809	3,501
Managed Services	580	420
Corporate	207	202
	10,659	10,269

The total includes 2,842 (2004: 2,651) Supported Placements who are employees of 3rd party organisations where the Company is providing support.

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	116,033	111,615
Social security costs	7,458	6,944
Other pension costs	14,467	8,486
	137,958	127,045

Pension costs

Pension costs charged to the Income and Expenditure Account for the year amounted to £15.5m (2004: £9.4m) comprising:

- a) Company contributions of £14.5m (2004: £8.5m) (note 4) at 8.1% (2004: 8.1%) plus a one-off contribution of £6m (2004: Nil) of pensionable earnings for the scheme; and
- b) £1.0m (2004: £0.9m) in respect of ex-gratia increases to pensions in payment.

The capital value of unfunded ex-gratia increases paid to existing pensioners and the future liability for the existing active and deferred members including estimates of future inflation for which no provision has been made in the accounts in accordance with accounting policy note 2(e), has been actuarially estimated at £51.8m at 31st March 2005 (2004: £45.3m).

FRS17

The Company continues to account for pension costs under SSAP 24 'Accounting for Pension Costs'. The Company is in the fourth year of the transitional arrangements under FRS 17 'Retirement Benefits' and these transitional disclosures are set out below. The assets and liabilities of the Remploy Limited Pension and Assurance scheme are shown below.

The market value of assets and the actuarial value of liabilities shown are those provided by the Actuarial Valuation made at 31st March 2004 projected forward to 31st March 2005 and taking into account the requirements of FRS 17.

	2005 Expected return %	2005 £000	2004 Expected return %	2004 £000	2003 Expected return %	2003 £000
Equities	8.00%	209,600	8.00%	179,700	8.00%	136,059
Bonds	5.00%	35,900	5.00%	29,600	5.50%	26,163
Property	7.00%	21,600	7.00%	18,500	7.00%	17,528
Cash and other assets	4.50%	9,800	4.00%	8,300	4.00%	6,236
Insurance policies		20,700		21,000		24,970
AVC's		14,600		14,300		12,500
Net assets of the Scheme		312,200		271,400		223,456
Actuarial value of Liabilities		440,200		390,800		392,558
Deficit in Scheme		(128,000)		(119,400)		(169,102)
Provision for unfunded ex-gratia increases to pensions		(51,800)		(45,300)		(44,681)
		(179,800)		(164,700)		(213,783)

The financial assumptions used to calculate the Scheme liabilities are:

Nature of the Scheme: Hybrid - Final salary and money purchase

	2005 %	2004 %
Discount rate	5.50%	5.50%
Inflation rate	2.90%	2.90%
Rate of increase of pensions in payment and deferment	2.80%	2.80%
Rate of increase in salaries	3.90%	3.90%
	£000	£000
Contributions paid in the accounting period were:		
Final Salary scheme	14,543	9,400
Money purchase scheme	87	0

Under FRS 17, the Company is required to recognise the liability for funding existing and future pension increases. This is set out in note 4.

The capital value of unfunded ex-gratia increases paid to existing pensioners and the future liability for the existing active and deferred members including estimates of future inflation for which no provision has been made in the accounts in accordance with accounting policy note 2(e), has been actuarially estimated at £51.8m at 31st March 2005 (2004: £45.3m).

Notes to the Accounts continued



We are helping ever-increasing numbers of people into economically effective, sustainable employment – real jobs. These opportunities marry the aspirations of disabled people for real work with the demands of employers for reliable and committed workers.

Had the Company adopted FRS 17 in its accounts, the assets/liabilities of the Company would be:

	2005 £000	2004 £000
Net assets excluding pension assets	18,033	32,356
Pension Scheme liability	(128,000)	(119,400)
Provision for unfunded ex-gratia increases to pensions	(51,800)	(45,300)
Net liabilities including pension liability	(161,767)	(132,344)

Had the Company adopted FRS 17 early, the amounts which would have been included within the result for the year ending 31st March 2005 are:

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Current service cost	(14,800)	(13,300)

Had the Company adopted FRS 17 early, the amounts credited (charged) to other finance income would have been stated as:

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Expected return on pension scheme assets	17,800	13,800
Interest charged on pension scheme liabilities	(22,400)	(22,700)
Net charge	(4,600)	(8,900)

Had the Company adopted FRS 17 early, the amounts recognised in the Statement of Total Recognised Gains and Losses would have been:

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Actuarial return less expected return on pension scheme assets	13,200	32,900
Experience (losses) / gains arising on the scheme liabilities	(700)	5,500
Changes in assumptions underlying the present value of the scheme liabilities	(22,700)	23,500
Total actuarial (loss) / gain recognised in the Statement of Total Recognised Gains and Losses	(10,200)	61,900

Had the Company adopted FRS 17 early, the movement in the pension deficit during the year would have been:

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Deficit at 1 April 2004	(164,700)	(213,783)
Current service cost	(14,800)	(13,300)
Employer contributions	14,543	9,400
Other finance charge	(4,600)	(8,900)
Actuarial (loss) / gain	(10,200)	61,900
Deficit at 31 March 2005	(179,757)	(164,683)

Had the Company adopted FRS 17 early, the history of experience gains and losses would have been stated as:

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000	Year ended 31 March 2003 £000
Difference between the expected and actual return on the scheme assets	13,200	32,900	(66,600)
As a % of the scheme assets at the Balance Sheet stage	5%	12%	36%
Experience gains / (losses) arising on the scheme liabilities	(700)	5,500	(3,300)
As a % of the scheme liabilities at the Balance Sheet stage	1%	1%	1%
Total actuarial gain / (loss) recognised in the Statement of Total Recognised Gains and Losses	(10,200)	61,900	(95,183)
As a % of the scheme liabilities at the Balance Sheet stage	2%	14%	22%



Notes to the Accounts continued



We are a major contributor to government programmes. We match the aspirations of disabled people to find real jobs, with government policies and programmes designed to create such opportunities. We achieve this through individual assessment and tailored training programmes.

5. Net interest payable

The result for the year is arrived at after charging/(crediting) the following:

	2005 £000	2004 £000
Interest payable on finance leases	(611)	(683)
Other Interest payable	(175)	(41)
Interest receivable	133	113
	(653)	(611)

6. Result for the year

The result for the year is arrived at after charging/(crediting) the following:

	2005 £000	2004 £000
Auditors' remuneration, as auditors	103	100
Auditors' remuneration, other services	0	30
Directors' emoluments	634	702
Depreciation - owned assets	5,219	5,791
Depreciation - leased assets	830	764
Profit on sales of assets	(1,615)	(1,101)
Rentals payable under operating leases :		
Land and buildings	4,076	3,026
Plant and machinery	1,187	1,101
Commercial Vehicles	2,219	2,354

7. Directors' emoluments

Disclosures on Directors' remuneration, pensions contributions and pension entitlements required by the Companies Act 1985 are in the sections headed Pensions and Directors Emoluments within the Report of the Remuneration Committee on page 13 and form part of these audited financial statements.



8. Tangible fixed assets

	Freehold land £000	Freehold buildings £000	Long leasehold £000	Short leasehold £000	Plant and machinery £000	Other equipment £000	Commercial vehicles £000	Total £000
Cost								
At 1st April 2004	1,754	21,853	20,500	4,847	56,543	18,189	345	124,031
Additions	0	394	4,550	151	3,202	2,148	0	10,445
Disposals	(12)	(3,592)	(1,270)	(366)	(14,925)	(6,019)	(70)	(26,254)
At 31st March 2005	1,742	18,655	23,780	4,632	44,820	14,318	275	108,222
Depreciation								
At 1st April 2004	0	11,447	9,727	2,205	46,602	14,221	338	84,540
Charged in the year	0	560	557	273	2,945	1,707	7	6,049
Disposals	0	(2,697)	(1,266)	(366)	(14,825)	(5,964)	(70)	(25,188)
At 31st March 2005	0	9,310	9,018	2,112	34,722	9,964	275	65,401
Net Book Values								
At 31st March 2005	1,742	9,345	14,762	2,520	10,098	4,354	0	42,821
At 31st March 2004	1,754	10,406	10,773	2,642	9,941	3,968	7	39,491

9. Commitments

Capital expenditure contracted for which no provision has been made in these accounts was as follows:

	2005 £000	2004 £000
Contracted	115	1,488

Commitments under operating leases in the following year are as follows:

	Land and buildings		Plant and machinery		Motor cars	
	2005 £000	2004 £000	2005 £000	2004 £000	2005 £000	2004 £000
Commitments expiring						
Within one year	180	158	318	514	75	82
Between one and five years	1,055	246	753	529	292	345
More than five years	2,267	2,625	4	26	0	0
	3,502	3,029	1,075	1,069	367	427

Notes to the Accounts continued



Remploy, through its own businesses, provides quality products and services to a wide range of companies and public authorities.

10. Stocks

	2005 £000	2004 £000
Raw materials and consumables	8,458	9,650
Work-in-progress	1,405	1,684
Finished goods and goods for resale	4,649	4,417
	14,512	15,751

There is no material difference between the carrying value and replacement cost of the stock.

11. Debtors

	2005 £000	2004 £000
Trade debtors	25,888	29,354
Other debtors	109	1,015
Prepayments and accrued income	2,805	3,167
	28,802	33,536

12. Creditors

	2005 £000	2004 £000
Amounts falling due within one year		
Bank loans and overdrafts	-	6,022
Obligations under finance leases	3,531	2,221
Trade creditors	22,504	18,567
Social security	2,167	1,990
Other creditors	6,455	8,006
Accruals	7,607	9,495
Advance receipt of funding from the Department of Work and Pensions	51,000	-
	93,264	46,301

Amounts falling due after one year and within five years

Obligations under finance leases	11,342	10,121
----------------------------------	--------	--------

13. Analysis of changes in net debt

	2004 £000	Cash flow £000	2005 £000
(Overdraft) / cash	(6,022)	42,526	36,504
Finance leases	(12,342)	(2,531)	(14,873)
Total	(18,364)	39,995	21,631

14. Financial agreement with the Secretary of State for Work and Pensions

The Company has entered into agreements with the Secretary of State for Work and Pensions under which:

1. Grants-in-aid and loans have been received (secured by fixed and floating charges on Remploy's assets) to finance the purchase of fixed assets; and
2. Grants-in-aid which are not repayable have been received in respect of:
 - (a) the excess of expenditure over income (other than depreciation and profit/loss on sales of fixed assets)
 - (b) changes in working capital.

The balance of the revenue account with the Secretary of State represents amounts advanced in respect of working capital.


The loans become repayable only in the event of the Company being wound up.

The movements in the Capital and Revenue accounts during the year were as follows:

	2005 £000	2005 £000	2004 £000	2004 £000
Capital account				
Balance at 1st April	39,491		40,079	
Grants received in the year	7,764		4,866	
Depreciation charged in the year	(6,049)		(6,555)	
Profit on sales of fixed assets	1,615		1,101	
Balance at 31st March representing fixed assets		42,821		39,491
Revenue account				
Balance at 1st April	(7,135)		(7,743)	
Grants received in the year	108,236		110,133	
Transfer from Income and Expenditure Account	(125,889)		(109,525)	
Balance at 31st March representing current assets less total liabilities		(24,788)		(7,135)
Balance at 31st March representing total net assets		18,033		32,356

The amount of funding allocated in the Capital and Revenue accounts during the year was as follows:

	2005 £000	2004 £000
Capital	7,764	4,867
Revenue	108,236	110,133
Total funding as per Income and Expenditure Account	116,000	115,000



We enable individuals to fulfil their potential by providing tailored support and equipping them to progress and succeed. In Remploy, skills training and personal development planning is available to everyone.

Notes to the Accounts continued



The Directors consider that the funding which the Company receives from the Secretary of State for Work and Pensions is in nature different from the type of Government grants referred to in SSAP 4, given the Company's principal object and the nature of its relationship with the Secretary of State for Work and Pensions. Consequently, the requirements of that accounting standard have not been followed in the preparation of these accounts.

In line with Treasury guidelines, the Company is required to show the notional cost of capital. Calculated in accordance with the Treasury guidelines, the notional interest would have been £1,512,000 for the year (2004: £1,941,000) at 6% based on an average capital employed.

15. Related parties

There were no transactions with related parties during the current or prior year.

16. Taxation

Tax on loss on ordinary activities

The company has incurred losses for tax purposes which have not been recognised as a deferred tax item due to the uncertainty of its future utilisation. There is no current tax charge or credit.

Reconciliation of tax credit

There is no tax credit recognised in the financial statements. Based on a tax rate of 30%, a tax credit of £4,297k would be expected based on a loss before tax for the year of £14,323k. The difference between the actual tax credit of zero and expected credit of £4,297k is principally due to the non-recognition of tax losses arising in the accounting period.

Deferred Taxation

The company has a significant un-provided deferred tax asset in connection with tax losses and accelerated capital allowances. The amount of the un-provided deferred tax asset has not been disclosed as it is subject to agreement with HM Revenue & Customs.



We are committed to working in partnership with local communities and other disability organisations. We are an essential participant and source of expertise in debate and policy-making on the employment of disabled people.



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