

NATIONAL YOUTH SERVICE

FINANCIAL STATEMENTS

MARCH 31, 2008

National Youth Service
Financial Statements
Year ended March 31, 2007

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of the
National Youth Service**

Report on the Financial Statements

I have audited the accompanying Financial Statements of the National Youth Service, set out on pages 1 to 9, which comprise the Statement of Financial Position as at March 31, 2008, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Public Sector Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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

Basis for Qualified Opinion

Eighty percent (80%) of the NYS's operating expenditure relates to projects and programmes. These include the summer employment programme and the Jamaica Values and Attitudes Project for Tertiary Students (Jamvat). Additionally, stipend and transportation expenses for NYS participants are also covered under this category. I was unable to obtain sufficient appropriate audit evidence to verify certain transactions totalling \$6,399,724.52 relating to project and programme expenses because the management of the NYS reported that the relevant supporting documents could not be located. Consequently, I was unable to determine whether this amount represents bona fide transactions or whether any adjustments were necessary.

Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Financial Statements give a true and fair view of the financial position of the National Youth Service as at March 31, 2008, and of its financial performance, and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Report on Additional Requirements of the National Youth Service Act

Except as mentioned above, I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion, proper accounting records have been maintained and the Financial Statements are in agreement therewith and give the information required in the manner so required.



[Signature]
Auditor General

2014.11.24.....
Date

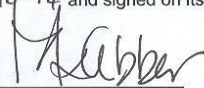
National Youth Service
Statement of Financial Position
As at March 31, 2008

	NOTE	2008 \$	2007 \$
Non-Current Assets			
Property, Plant and Equipment	4	9,463,910	5,272,180
Current Assets			
Stock	5	1,234,610	152,075
Receivables and Prepayments	6	6,658,961	37,145,256
Cash and Cash Equivalents	7	14,732,867	46,920,778
		<u>22,626,438</u>	<u>84,218,109</u>
Current Liabilities			
Payables and Accruals	8	51,293,070	29,899,559
		<u>51,293,070</u>	<u>29,899,559</u>
Net Current Assets		<u>(28,666,632)</u>	<u>54,318,550</u>
Total Assets		<u>(19,202,722)</u>	<u>59,590,730</u>
Equity and Reserves			
Capital Reserve	9	13,330,585	13,330,585
Donated Asset Reserve	10	-	428,011
General Reserve		(32,533,307)	45,832,134
Total Equity and Reserves		<u>(19,202,722)</u>	<u>59,590,730</u>

Approved for issue on behalf of the National Youth Service on 31-10-14, and signed on its behalf by:



Mr. Melvin Smith
Executive Director



Ms. Maureen Webber
Chairperson

The accompanying notes form an integral part of these financial statements.

**National Youth Service
Statement of Comprehensive Income
For the year ended March 31, 2008**

	NOTE	2008 \$	2007 \$
Revenue			
Government Subventions		650,171,000	489,984,259
Contributions	11	143,641,778	181,989,517
Miscellaneous income		410,894	750,903
		<u>794,223,672</u>	<u>672,724,679</u>
Expenses			
Staff Cost		60,822,095	57,332,298
Goods and Services		54,490,602	40,414,966
Premises Related Expenses		20,209,505	13,809,214
Project and Programme Expenses		704,164,548	477,292,846
Grants & Contributions		29,880,983	18,037,457
Depreciation		2,411,590	1,978,898
Interest and Charges		1,649,752	1,042,072
		<u>873,629,075</u>	<u>609,907,751</u>
Operating Surplus/(Deficit)		(79,405,403)	62,816,928
Transfer from Fixed Assets Reserve		428,011	259,539
Loss on Disposal of Fixed Assets		-	(514,655)
Interest Income		611,951	143,303
Net (Deficit)/Surplus for the year		<u>(78,365,441)</u>	<u>62,705,115</u>

The accompanying notes form an integral part of these financial statements.

National Youth Service
Statement of Changes in Equity
For the year ended March 31, 2008

	Capital Reserve	Donated Assets Reserves	General Reserves	Total
	\$	\$	\$	\$
Balance as at March 31, 2006	13,330,585	687,550	(16,872,981)	(2,854,846)
Additions	-	-	-	-
Release from Reserves	-	(259,539)	-	(259,539)
Surplus for the year	-	-	62,705,115	62,705,115
Balance as at March 31, 2007	13,330,585	428,011	45,832,134	59,590,730
Additions	-	-	-	-
Release from Reserves	-	(428,011)	-	(428,011)
Deficit for the year	-	-	(78,365,441)	(78,365,441)
Balance as at March 31, 2008	<u>13,330,585</u>	<u>-</u>	<u>(32,533,307)</u>	<u>(19,202,722)</u>

The accompanying notes form an integral part of these financial statements.

**National Youth Service
Statement of Cash Flows
For the year ended March 31, 2008**

	2008 \$	2007 \$
Cash Flows from Operating Activities		
Net (Deficit)/Surplus	(78,365,441)	62,705,115
Adjustments:		
Depreciation	2,411,590	1,978,898
Loss on Sale of Fixed Asset	-	514,655
(Increase)/Decrease in Current Asset	29,403,760	(28,918,545)
Increase/(Decrease) in Current Liability	21,393,511	8,680,477
Transfer from Donated Asset Reserve	(428,011)	(259,539)
Net Cash provided by Operating Activities	<u>(25,584,591)</u>	<u>44,701,061</u>
Cash Flows from Investing Activities		
Capital Expenditure	(6,603,320)	(789,182)
Proceeds from sales of fixed assets	-	1,187,500
Net Cash used in Investing Activities	<u>(6,603,320)</u>	<u>398,318</u>
Cash Flows from Financing Activities	-	-
Net Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
(Decrease)/Increase in Cash and Cash Equivalents	(32,187,911)	45,099,379
Cash and Cash Equivalents at beginning of the year	46,920,778	1,821,399
Cash and Cash Equivalents at end of the year	<u><u>14,732,867</u></u>	<u><u>46,920,778</u></u>

The accompanying notes form an integral part of these financial statements.

**National Youth Service
Notes to the Financial Statements
For the year ended March 31, 2008**

1. Identification

The National Youth Service is a corporate body established in 1998 by the Government of Jamaica to administer the National Youth Service Programme and to facilitate the provision of work experience for young persons with a view to enabling them to access future long term employment and to provide for matters connected therewith or incidental thereto. It is governed by the National Youth Service Act.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and their interpretation as adopted by the National Youth Service. IPSASs are developed and issued by the International Public Sector Accounting Standards Board (IPSASB). The IPSASB is an independent board of the International Federation of Accountants (IFAC). IPSASs are based on International Financial Reporting Standards (IFRS).

The preparation of the financial statements to conform to IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the balance sheet date and the revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known.

(b) Basis of Preparation

These financial statements are prepared under the historical cost convention and are presented in Jamaican Dollars (\$), which is the reporting currency of the agency.

(c) Significant Accounting Policies

i. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash and bank balances.

ii. Trade and other receivables

Trade and other receivables are stated at cost less impairment losses.

iii. Accounts Payable and Accrued Charges

Trade and other payables are stated at cost.

iv. Stock

The stock represents un-issued T-shirts and Polo shirts. The value is based on the cost price of the T-shirts and Polo shirts.

v. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

National Youth Service
Notes to the Financial Statements
For the year ended March 31, 2008

(c) Significant Accounting Policies (cont'd)

vi. **Depreciation**

Property, plant and equipment are depreciated on a straight-line basis at annual rates estimated to write off over their expected useful lives. The depreciation rates are as follows:

Furniture	10%
Leasehold Improvements	20%
Fixtures and Fittings	10%
Motor Vehicles	20%
Computer Hardware and Software	20%
Office Equipment	20%

vii. **Provisions**

A provision is recognised when the entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, the provisions are the realistic and prudent estimate of the expenditure required to settle the obligation that existed at the financial statements date.

viii. **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash-equivalents and trade receivables. Financial liabilities comprise accounts payable.

ix. **Revenue Recognition**

Revenue is defined as the gross inflows of economic benefits and comprise mainly of:

- Government of Jamaica monthly subventions which is recognised when actual amounts are received;
- Contributions received from organizations to make payments for stipend and to maintain projects and programmes undertaken by the NYS and interest income is accounted for on an accrual basis.

3. Financial Risk Management

Financial risks

The entity's activities expose it to a variety of financial risks: market risks (including currency risk and price risk), credit risk, liquidity risk, interest rate risk and operational risk. The agency's overall risk management policies are established to identify and analyse risk exposure and to set appropriate risk limits and controls and to monitor risk and adherence to limits. The risk management framework is based on guidelines set by management and seeks to minimise potential adverse effects on the agency's financial performance.

National Youth Service
Notes to the Financial Statements
For the year ended March 31, 2008

(i) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The NYS manages its exposure by maintaining only short-term investments.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The NYS has no foreign currency balances and no currency risk.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The NYS's interest rate risk arises from deposits.

(iv) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The NYS has the following financial assets:

	<u>2008</u>	<u>2007</u>
	\$	\$
Cash and Cash Equivalents	14,732,867	46,920,778
Accounts Receivable and Prepayments	<u>6,658,961</u>	<u>37,145,256</u>
	<u>21,391,828</u>	<u>84,066,034</u>

(v) Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in raising funds to meet its commitments associated with financial instruments. This risk is managed by maintaining sufficient cash and cash equivalents and the Government of Jamaica providing budgetary support.

2008 (\$)

<u>Financial Liabilities</u>	<u>Carrying Amount</u>	<u>Contractual Amount</u>	<u>Within 3 months</u>	<u>Within 1 Year</u>
Accounts payable and accruals	<u>51,293,070</u>	<u>51,293,070</u>	<u>45,536,576</u>	<u>5,756,494</u>

2007 (\$)

<u>Financial Liabilities</u>	<u>Carrying Amount</u>	<u>Contractual Amount</u>	<u>Within 3 months</u>	<u>Within 1 Year</u>
Accounts payable and accruals	<u>29,899,559</u>	<u>29,899,559</u>	<u>22,948,511</u>	<u>6,951,048</u>

National Youth Service
Notes to the Financial Statements
For the year ended March 31, 2008

4. Property, Plant and Equipment

	Furniture \$	Office Equipment \$	Motor Vehicles \$	Fixtures & Fittings \$	Leasehold Improvement \$	Computer \$	Total \$
At Cost or Valuation							
April 01, 2007	2,257,682	1,816,539	-	183,242	1,929,011	10,272,304	16,458,778
Acquisitions	1,071,824	1,201,819	1,964,656	-	222,340	2,142,681	6,603,320
Disposals	-	-	-	-	-	-	-
March 31, 2008	<u>3,329,506</u>	<u>3,018,358</u>	<u>1,964,656</u>	<u>183,242</u>	<u>2,151,351</u>	<u>12,414,985</u>	<u>23,062,098</u>
Depreciation							
April 01, 2007	1,069,395	1,211,508	-	83,301	1,543,208	7,279,186	11,186,598
Charge for the year	213,097	264,965	392,931	18,324	408,036	1,114,237	2,411,590
Disposals	-	-	-	-	-	-	-
March 31, 2008	<u>1,282,492</u>	<u>1,476,473</u>	<u>392,931</u>	<u>101,625</u>	<u>1,951,244</u>	<u>8,393,423</u>	<u>13,598,188</u>
Net Book Value							
March 31, 2008	<u>2,047,014</u>	<u>1,541,885</u>	<u>1,571,725</u>	<u>81,617</u>	<u>200,107</u>	<u>4,021,562</u>	<u>9,463,910</u>
March 31, 2007	<u>1,188,287</u>	<u>605,031</u>	<u>-</u>	<u>99,941</u>	<u>385,803</u>	<u>2,993,118</u>	<u>5,272,180</u>

5. Stock

	2008 \$	2007 \$
Shirts	<u>1,234,610</u>	<u>152,075</u>

6. Receivables and Prepayments

	2008 \$	2007 \$
Accounts Receivables	800,628	34,029,814
Youth Empowerment Foundation	2,563,675	-
Other Receivables	35,068	10,571
Staff Receivable	849,500	838,713
Security Deposits	450,181	307,681
General Consumption Tax and Withholding Tax	1,898,572	1,898,569
Prepayments	<u>61,337</u>	<u>59,908</u>
	<u>6,658,961</u>	<u>37,145,256</u>

**National Youth Service
Notes to the Financial Statements
For the year ended March 31, 2008**

7. Cash and Cash Equivalents

	2008	2007
	\$	\$
Balances at Bank	14,674,867	46,864,778
Cash in Hand	<u>58,000</u>	<u>56,000</u>
	<u>14,732,867</u>	<u>46,920,778</u>

8. Payables and Accruals

	2008	2007
	\$	\$
Accrued Expenses	43,352,821	12,872,523
Accounts Payable – Creditors	-	10,076,798
Accrued Gratuity	2,972,300	2,157,312
Audit Fees Payable	230,000	115,000
Other Payables	<u>4,737,949</u>	<u>4,677,926</u>
	<u>51,293,070</u>	<u>29,899,559</u>

9. Capital Reserve

This Capital amount consists of \$12M received from the Consolidated Fund to commence the operations of the National Youth Service and \$1.33M representing assets transferred from the Ministry of Local Government, Youth, Culture and Development.

10. Donated Assets Reserve

This represents funds received from the special information technology account to purchase computers for the disabled. The amount is amortised over the useful life of these assets. The balance as at March 31, 2008 is \$nil (2007: \$428,011).

11. Contributions

	2008	2007
	\$	\$
Information Technology Project	-	1,547,178
Summer Employment Programme	88,000	-
Private Sector Income	1,200,985	5,925,766
HEART/NTA	120,000,000	130,000,000
JAMVAT	5,000,000	-
Income Peace Corp	-	1,408,500
Income_Success CORP	-	11,842,899
National Health Fund	-	30,403,046
Special Intec Disability	-	862,128
CSJP	<u>17,352,793</u>	<u>-</u>
	<u>143,641,778</u>	<u>181,989,517</u>

**National Youth Service
Senior Staff Compensation
For the year ended March 31, 2008**

Emoluments - Senior Staff

The annual emoluments, including motor vehicle allowance paid to executive management staff are as follows:

	Annual Basic Salary	Motor Vehicle Allowance	Total
	\$	\$	\$
Executive Director	3,500,000	477,708	3,977,708
Human Resources Director	1,576,269	300,000	1,876,269
Director of Finance	1,359,212	72,804	1,432,016
Information Systems Manager	<u>1,054,140</u>	<u>252,000</u>	<u>1,306,140</u>
	<u>7,489,621</u>	<u>1,102,512</u>	<u>8,592,133</u>

NATIONAL YOUTH SERVICE
Detailed Expenditure Statement
Year ended March 31, 2008

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	2008	2007
Salaries and Allowances	38,268,324	35,074,849
Gratuity	8,448,705	8,940,173
Travel and Subsistence	<u>14,105,066</u>	<u>13,317,276</u>
TOTAL STAFF COSTS	<u>60,822,095</u>	<u>57,332,298</u>
Rental of other Property and Maintenance	3,782,960	3,559,169
Rental of Office	6,055,223	4,123,105
Utilities	<u>10,371,322</u>	<u>6,126,940</u>
PREMISES RELATED EXPENSES	<u>20,209,505</u>	<u>13,809,214</u>
Administration Expenses	2,475,395	576,186
Drugs and Medical Supplies	1,249,473	1,557,009
Food & Drinks	2,414,818	4,795,870
Security Services	851,302	770,710
Board Member Fees	772,601	327,560
Professional and Management Fees	136,450	93,200
Stationery and Office Supplies	4,066,406	3,313,882
Motor Vehicle Repairs	503,868	192,100
Printing, Postage and Courier Services	1,056,288	723,597
Repairs of Office Equipment and Computer	598,821	215,579
Advertisement, Subscription and Local Promotions	671,620	1,740,794
Insurance	673,322	439,346
Training Expenses	38,005,330	24,790,687
Janitorial Services	811,515	611,347
Bad debt	88,393	152,099
Audit Fees	<u>115,000</u>	<u>115,000</u>
GOODS & SERVICES	<u>54,490,602</u>	<u>40,414,966</u>
Transportation-Participants	30,669,881	22,878,420
Accommodations-Participants	107,857,837	93,154,741
JAMVAT Programme	106,110,591	69,421,643
Medical Reimbursement	797,077	-
Infotech Disability Project	-	2,217,753
Special Projects Volunteerism	-	20,000
Opportunities Fair	-	6,917,238
Summer Employment Programme	58,748,213	42,017,985
Information Technology Maintenance	-	695,886
International Youth Exchange	2,105,232	1,921,067
Netcorp and Y.A.C.E International	-	15,000
Gender Curriculum Project	-	1,614,750
Peace Facilitators Project	-	152,400
Stipend	<u>397,875,717</u>	<u>236,265,963</u>
PROJECT & PROGRAMME EXPENSES	<u>704,164,548</u>	<u>477,292,846</u>
Depreciation	<u>2,411,590</u>	<u>1,978,898</u>
DEPRECIATION	<u>2,411,590</u>	<u>1,978,898</u>
Bank Charges and Interest	<u>1,649,752</u>	<u>1,042,072</u>
BANK CHARGES & INTEREST	<u>1,649,752</u>	<u>1,042,072</u>
Financial Assistance	19,320,444	12,563,521
NHT Benefits	3,634,668	2,385,981
Grants and Contribution	<u>6,925,871</u>	<u>3,087,955</u>
GRANTS AND CONTRIBUTION	<u>29,880,983</u>	<u>18,037,457</u>
TOTAL OPERATING EXPENSES	<u>873,629,075</u>	<u>609,907,751</u>

National Youth Service
Board of Directors' Emoluments

	2008	2007
	\$	\$
• Keith Duncan (Chairman)	26,667	54,625
• Ohene Blake	19,200	19,000
• Lenworth Fulton	38,333	28,375
• Terriann Gilbert	20,000	22,000
• Peter Harding	38,333	29,125
• Robert Kerr	25,500	31,375
• Richard Sadler	1,950	21,250
• Judith Spencer-Jarrett	24,667	25,750
• Angela Chaplain	19,000	24,625
• Manley Phillips	14,500	25,375
• Valrie Veira	20,500	3,500
• Richardo Chin	5,500	8,250
• Andrew O'Kola		10,810
• Shelly's Restaurant	6,300	-
• Beryl Thompson (Caterer)	-	23,500
• Board Retreat	434,213	-
• Luncheon for Outgoing Board Members	77,939	-
TOTAL	\$772,601	\$327,560