

NATIONAL YOUTH SERVICE

FINANCIAL STATEMENTS

MARCH 31, 2007

National Youth Service  
Financial Statements  
Year ended March 31, 2007

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AUDITOR GENERAL'S DEPARTMENT  
P.O. BOX 455  
KINGSTON 10  
JAMAICA  
Email: [audgen@auditorgeneral.gov.jm](mailto:audgen@auditorgeneral.gov.jm)

## **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 11, which comprise the Statement of Financial Position as at March 31, 2007, 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**


Seventy-eight percent (78%) of the NYS's operating expenditure relates to projects and programmes. These include the summer employment programme, Jamaica Values and Attitudes Project for Tertiary Students (Jamvat) and the Infotech Disability project. Additionally, stipend and accommodation expenses for NYS participants are also covered under this category. I was unable to obtain sufficient appropriate audit evidence to verify certain transactions totalling \$76,921,375.61 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, 2007, 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**

I have obtained all the information and explanations which, to the best of our 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.

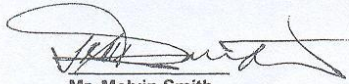
  
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**Auditor General**

20/06/19.....  
Date

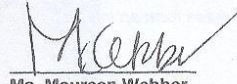
National Youth Service  
Statement of Financial Position  
As at March 31, 2007

	NOTE	2007 \$	2006 \$
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	5,272,180	8,164,051
<b>Current Assets</b>			
Stock	4	152,075	301,800
Receivables and Prepayments	5	37,145,256	8,076,986
Cash and Cash Equivalents	6	46,920,778	1,821,399
		<u>84,218,109</u>	<u>10,200,185</u>
<b>Current Liabilities</b>			
Payables and Accruals	7	29,899,559	21,219,082
		<u>29,899,559</u>	<u>21,219,082</u>
<b>Net Current Assets</b>		<u>54,318,550</u>	<u>(11,018,897)</u>
<b>Total Assets</b>		<u>59,590,730</u>	<u>(2,854,846)</u>
<b>Equity and Reserves</b>			
Capital Reserve	8	13,330,585	13,330,585
Donated Asset Reserve	9	428,011	687,550
General Reserve		45,832,134	(16,872,981)
<b>Total Equity and Reserves</b>		<u>59,590,730</u>	<u>(2,854,846)</u>

Approved for issue on behalf of the National Youth Service on April 16, 2014 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, 2007

	NOTE	2007 \$	2006 \$
<b>Revenue</b>			
Government Subventions		489,984,259	176,148,020
Contributions	10	181,989,517	164,014,123
Miscellaneous Income		750,903	50
		<u>672,724,679</u>	<u>340,162,193</u>
<b>Expenses</b>			
Staff Cost		57,332,298	47,944,452
Goods and Services		40,414,966	19,496,162
Premises Related Expenses		13,809,214	11,167,404
Project and Programme Expenses		477,292,846	269,122,478
Grants & Contributions		18,037,457	14,831,757
Depreciation		1,978,898	2,377,970
Interest and Charges		1,042,072	374,647
		<u>609,907,751</u>	<u>365,314,870</u>
<b>Operating Surplus/(Deficit)</b>		62,816,928	(25,152,677)
Transfer from Fixed Assets Reserve		259,539	1,341,647
Loss on Disposal of Fixed Assets		(514,655)	(151,848)
Interest Income		143,303	2,339,125
Net (Deficit)/Surplus for the year		<u>62,705,115</u>	<u>(21,623,753)</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, 2007

	Donated Assets			Total
	Capital Reserve	Reserves	General Reserves	
	\$	\$	\$	\$
Balance as at March 31, 2005	13,330,585	1,494,185	4,750,772	19,575,542
Additions	-	535,012	-	535,012
Release from Reserves	-	(1,341,647)	-	(1,341,647)
Deficit for the year	-	-	(21,623,753)	(21,623,753)
<b>Balance as at March 31, 2006</b>	<b>13,330,585</b>	<b>687,550</b>	<b>(16,872,981)</b>	<b>(2,854,846)</b>
Additions	-	-	-	-
Release from reserves	-	(259,539)	-	(259,539)
Surplus for the year	-	-	62,705,115	62,705,115
<b>Balance as at March 31, 2007</b>	<b>13,330,585</b>	<b>428,011</b>	<b>45,832,134</b>	<b>59,590,730</b>

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



National Youth Service  
Statement of Cash Flows  
For the year ended March 31, 2007

	2007 \$	2006 \$
<b>Cash Flows from Operating Activities</b>		
Net (Deficit)/Surplus	62,705,115	(21,623,753)
<b>Adjustments:</b>		
Depreciation	1,978,898	2,377,970
Loss on Sale of Fixed Asset	514,655	151,848
(Increase)/Decrease in Current Asset	(28,918,545)	14,620,223
Increase/(Decrease) in Current Liability	8,680,477	8,272,088
Transfer from Donated Asset Reserve	(259,539)	(1,341,647)
<b>Net Cash provided by Operating Activities</b>	<u>44,701,061</u>	<u>2,456,729</u>
<b>Cash Flow from Investing Activities</b>		
Capital Expenditure	(789,182)	(5,140,382)
Proceeds from sales of fixed assets	1,187,500	-
Contribution from Ja. Bureau of Standards	-	535,012
<b>Net Cash used in Investing Activities</b>	<u>398,318</u>	<u>(4,605,370)</u>
<b>Cash Flows from Financing Activities</b>		
Due from parent company-MEYC	-	-
<b>Net Cash Flows from Financing Activities</b>	<u>-</u>	<u>-</u>
(Decrease)/Increase in Cash and Cash Equivalents	45,099,379	(2,148,641)
Cash and Cash Equivalents at beginning of the year	1,821,399	3,970,040
<b>Cash and Cash Equivalents at end of the year</b>	<u><u>46,920,778</u></u>	<u><u>1,821,399</u></u>

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



**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 Dollar (\$), which is the reporting currency of the agency.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash and bank balances.

**(d) Trade and other receivables**

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

**(e) Accounts Payable and Accrued Charges**

Trade and other payables are stated at cost.

**(f) 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 shirt.

**(g) Property, Plant and Equipment**

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

**(h) 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%

**(i) Provisions**

A provision is recognised in the statement of financial position when the entity has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of 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.

**(j) 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.

**(k) 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 are accounted for on an accrual basis.

**(l) Financial Risk Management**

**(i) 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.



(ii) 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.

(iii) 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.

(iv) 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.

(v) 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>2007</u>	<u>2006</u>
	\$	\$
Cash and Cash Equivalents	46,920,778	1,821,399
Accounts Receivable and Prepayments	37,145,256	8,076,986
	<u>84,066,034</u>	<u>9,898,385</u>

(vi) 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 equivalent balances and GOJ providing budgetary support.

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	29,899,559	29,899,559	22,948,511	6,951,048

2006 (\$)

<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	21,219,082	21,219,082	15,631,567	5,587,515

3. Property, Plant and Equipment

	Furniture \$	Office Equipment \$	Motor Vehicles \$	Fixtures & Fittings \$	Leasehold Improvement \$	Computer \$	Total \$
<b>At Cost or Valuation</b>							
April 01, 2006	1,927,398	1,357,641	1,823,738	183,242	1,929,011	10,272,304	17,493,334
Acquisitions	330,284	458,898	-	-	-	-	789,182
Disposals	-	-	(1,823,738)	-	-	-	(1,823,738)
March 31, 2007	<u>2,257,682</u>	<u>1,816,539</u>	<u>-</u>	<u>183,242</u>	<u>1,929,011</u>	<u>10,272,304</u>	<u>16,458,778</u>
<b>Depreciation</b>							
April 01, 2006	862,894	976,362	-	64,977	1,157,406	6,267,644	9,329,283
Charge For the Year	206,501	235,146	121,583	18,324	385,802	1,011,542	1,978,898
Disposals	-	-	(121,583)	-	-	-	(121,583)
March 31, 2007	<u>1,069,395</u>	<u>1,211,508</u>	<u>-</u>	<u>83,301</u>	<u>1,543,208</u>	<u>7,279,186</u>	<u>11,186,598</u>
<b>Net Book Value</b>							
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>
March 31, 2006	<u>1,064,504</u>	<u>381,279</u>	<u>1,823,738</u>	<u>118,265</u>	<u>771,605</u>	<u>4,004,660</u>	<u>8,164,051</u>

4. Stock

	2007 \$	2006 \$
Un-issued Shirts	<u>152,075</u>	<u>301,800</u>



5. Receivables and Prepayments	2007	2006
	\$	\$
Accounts Receivables	34,029,814	5,680,530
Other Receivables	10,571	-
Staff Receivables	838,713	83,079
Security Deposits	307,681	388,395
National Housing Trust Deposits	-	800,628
General Consumption Tax and Withholding Tax	1,898,569	1,080,005
Prepayments	<u>59,908</u>	<u>44,349</u>
	<u><b>37,145,256</b></u>	<u><b>8,076,986</b></u>
6. Cash and Cash Equivalents	2007	2006
	\$	\$
Balances at Bank	46,864,778	1,768,399
Cash in Hand	<u>56,000</u>	<u>53,000</u>
	<u><b>46,920,778</b></u>	<u><b>1,821,399</b></u>
7. Payables and Accruals	2007	2006
	\$	\$
Accrued Expenses	12,872,523	6,764,413
Accounts Payable – Creditors	10,076,798	8,037,024
Accrued Gratuity	2,157,312	-
Audit Fee Payable	115,000	-
Other Payables	<u>4,677,926</u>	<u>6,417,645</u>
	<u><b>29,899,559</b></u>	<u><b>21,219,082</b></u>

8. Capital Reserve

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

9. 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.

	2007	2006
	\$	\$
Balance as at April 1	687,550	1,494,185
Additions	-	535,012
Transfer to income	(259,539)	(1,341,647)
Balance as at March 31	<u>428,011</u>	<u>687,550</u>

10. Contributions

	2007	2006
	\$	\$
Information Technology Project	1,547,178	3,789,871
Summer Employment Programme	-	133,000
Private Sector Income	5,925,766	11,857,310
Income Job Bank	-	22,000
HEART/NTA	130,000,000	135,000,000
Project Income	-	75,888
Income Peace Corp	1,408,500	2,159,000
Funds from C.U.S.O	-	1,001,295
Income_Success CORP	11,842,899	9,044,980
Canadian World Youth	-	558,679
Ministry of Health	-	372,100
National Health Fund	30,403,046	-
Special Intec Disability	862,128	-
	<u>181,989,517</u>	<u>164,014,123</u>



11. 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 Manager	1,501,196	300,000	1,801,196
Director of Finance	1,294,477	72,804	1,367,281
Corporate Services Specialist	1,463,722	180,000	1,643,722
Placement Services Manager	1,294,477	300,000	1,594,477
	<u>9,053,872</u>	<u>1,330,512</u>	<u>10,384,384</u>

**NATIONAL YOUTH SERVICE**  
**Detailed Expenditure Statement**  
**Year ended March 31, 2007**

Page 12

	2007	2006
Salaries and Allowances	35,074,849	27,778,557
Gratuity	8,940,173	5,354,858
Travel and Subsistence	13,317,276	11,659,249
Uniforms	-	3,151,788
<b>TOTAL STAFF COSTS</b>	<b><u>57,332,298</u></b>	<b><u>47,944,452</u></b>
Rental of other Property and Maintenance	3,559,169	1,925,573
Rental of Office	4,123,105	2,943,706
Utilities	6,126,940	6,298,125
<b>PREMISES RELATED EXPENSES</b>	<b><u>13,809,214</u></b>	<b><u>11,167,404</u></b>
Administration Expenses	576,186	878,116
Drugs and Medical Supplies	1,557,009	1,006,318
Food & Drinks	4,795,870	484,744
Security Services	770,710	594,643
Board Member Fees	327,560	194,375
Professional and Management Fees	93,200	18,150
Stationery and Office Supplies	3,313,882	2,264,724
Motor Vehicle Repairs	192,100	178,840
Printing, Postage and Courier Services	723,597	467,846
Repairs of Office Equipment and Computer	215,579	511,943
Advertisement, Subscription and Local Promotions	1,740,794	846,207
Insurance	439,346	236,097
Training Expenses	24,790,687	11,281,435
Janitorial Services	611,347	532,724
Audit Services	115,000	-
Bad debt	152,099	-
<b>GOODS &amp; SERVICES</b>	<b><u>40,414,966</u></b>	<b><u>19,496,162</u></b>
Transportation-Participants	22,878,420	6,142,289
Accommodations-Participants	93,154,741	50,181,015
JAMVAT Programme	69,421,643	48,589,353
Infotech Disability Project	2,217,753	3,884,615
Special Projects Volunteerism	20,000	98,990
Opportunities Fair	6,917,238	-
Summer Employment Programme	42,017,985	40,192,832
Information Technology Maintenance	695,886	-
International Youth Exchange	1,921,067	1,891,253
Netcorp and Y.A.C.E International	15,000	-
Gender Curriculum Project	1,614,750	1,001,295
Peace Facilitators Project	152,400	5,391,663
Stipend	236,265,963	111,749,173
<b>Project and Programme Expenses</b>	<b><u>477,292,846</u></b>	<b><u>269,122,478</u></b>
Depreciation	1,978,898	2,377,970
<b>DEPRECIATION</b>	<b><u>1,978,898</u></b>	<b><u>2,377,970</u></b>
Bank Charges and Interest	1,042,072	374,647
<b>BANK CHARGES &amp; INTEREST</b>	<b><u>1,042,072</u></b>	<b><u>374,647</u></b>
Financial Assistance	12,563,521	9,379,414
NHT Benefits	2,385,981	-
Grants and Contribution	3,087,955	5,452,343
<b>GRANTS AND CONTRIBUTION</b>	<b><u>18,037,457</u></b>	<b><u>14,831,757</u></b>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>609,907,751</u></b>	<b><u>365,314,870</u></b>



National Youth Service  
Financial Year 2006/2007  
Director's Emoluments

	\$
• Keith Duncan (Chairman)	54,625
• Ohene Blake	19,000
• Lenworth Fulton	28,375
• Terriann Gilbert	22,000
• Peter Harding	29,125
• Robert Kerr	31,375
• Richard Saddler	21,250
• Judith Spencer-Jarrett	25,750
• Angela Chaplain	24,625
• Manley Phillips	25,375
• Valrie Veira	3,500
• Richardo Chin	8,250
• Beryl Thompson	23,500
• Andrew O'Kola	10,810
	327,560