



**Youth Training and Employment Partnership
Programme (YTEPP) Limited**

Financial statements

30 September 2014

Youth Training and Employment Partnership Programme (YTEPP) Limited

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Auditors' Report

To the shareholders of
Youth Training and Employment Partnership Programme (YTEPP) Limited

Report on the financial statements

We have audited the accompanying financial statements of Youth Training and Employment Partnership Programme (YTEPP) Limited as at 30 September 2014, which comprises the statement of financial position, the statement of comprehensive income, changes in equity and 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 the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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 auditors consider internal controls 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying financial statements present fairly, in all material respects the financial position of Youth Training and Employment Partnership Programme (YTEPP) Limited as at 30 September 2014, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.



Chartered Accountants
Port of Spain
Trinidad, West Indies
20 January 2016


Youth Training and Employment Partnership Programme (YTEPP) Limited

Statement of financial position

	Notes	As at	
		2014	2013
		\$	\$
ASSETS			
Non-current assets			
Land and building	2	24,656,074	24,718,756
Plant and equipment	2	21,239,447	21,085,268
Construction Work in Progress	3	<u>6,067,837</u>	<u>303,399</u>
		<u>51,963,358</u>	<u>46,107,423</u>
Current assets			
Inventories	4	550,464	400,717
Receivables and prepayments	5	2,482,193	2,370,260
Cash at bank	6	<u>32,754,333</u>	<u>39,315,585</u>
		<u>35,786,990</u>	<u>42,086,562</u>
Total assets		<u>87,750,348</u>	<u>88,193,985</u>
EQUITY AND LIABILITIES			
Capital			
Share capital	7	646,313	646,313
Capital contributions		1,216,068,153	1,062,305,658
Deficit		<u>(1,147,209,764)</u>	<u>(1,019,412,615)</u>
		<u>69,504,702</u>	<u>43,539,356</u>
Current liabilities			
Trade and other payables	8	17,038,686	44,644,995
Bank overdraft	6	1,197,047	-
Corporation tax payable		<u>9,913</u>	<u>9,634</u>
		<u>18,245,646</u>	<u>44,654,629</u>
Total equity and liabilities		<u>87,750,348</u>	<u>88,193,985</u>

The accounting policies on pages 7 to 9 and the notes set out on pages 10 to 16 form an integral part of these financial statements. On 20th January 2016, the Board of Directors of Youth Training and Employment Partnership Programme (YTEPP) Limited authorised these financial statements for issue.

 Director

 Director

Youth Training and Employment Partnership Programme (YTEPP) Limited
Statement of comprehensive income

	Notes	Year Ended 30 September	
		2014 \$	2013 \$
Revenue			
Enrolment fees		773,755	730,153
Direct costs of operations		(116,451,552)	(146,361,205)
Gross loss of operations		(115,677,797)	(145,631,052)
Other operating income	10	<u>3,987,350</u>	<u>3,985,658</u>
		(111,690,447)	(141,645,394)
Expenses			
Administrative		<u>(16,584,925)</u>	<u>(11,770,199)</u>
Operating loss	11	(128,275,372)	(153,415,593)
Net finance income	12	<u>33,599</u>	<u>12,784</u>
Loss before taxation		(128,241,773)	(153,402,809)
Taxation charge	13	<u>(4,232)</u>	<u>(3,953)</u>
Loss after taxation		<u>(128,246,005)</u>	<u>(153,406,762)</u>

The accounting policies on pages 7 to 9 and the notes set out on pages 10 to 16 form an integral part of these financial statements.

Youth Training and Employment Partnership Programme (YTEPP) Limited

Statement of changes in equity

	Share capital \$	Capital contributions \$	Accumulated deficit \$	Total \$
Year ended 30 September 2013				
Balance at 1 October 2012	646,313	901,293,645	(866,005,853)	35,934,105
Capital contribution	--	161,012,013	--	161,012,013
Net deficit for year ended 30 September 2013	--	--	(153,406,762)	(153,406,762)
Balance at 30 September 2013	<u>646,313</u>	<u>1,062,305,658</u>	<u>(1,019,412,615)</u>	<u>43,539,356</u>
Year ended 30 September 2014				
Balance at 1 October 2013	646,313	1,062,305,658	(1,019,412,615)	43,539,356
Capital contribution	--	153,762,495	--	153,762,495
Prior year adjustment			448,856	448,856
Net deficit for year ended 30 September 2014	--	--	(128,246,005)	(128,246,005)
Balance at 30 September 2014	<u>646,313</u>	<u>1,216,068,153</u>	<u>(1,147,209,764)</u>	<u>69,504,702</u>

The accounting policies on pages 7 to 9 and the notes set out on pages 10 to 16 form an integral part of these financial statements.

Youth Training and Employment Partnership Programme (YTEPP) Limited
Statement of cash flows

	Note	Year Ended 30 September	
		2014 \$	2013 \$
Cash flows from operating activities			
Operating loss		(128,275,372)	(153,415,593)
Adjustments for items not requiring an outlay of funds:			
Depreciation	2	3,900,402	3,946,356
Loss on disposal of equipment		1,146,494	-
Non-cash item	20	<u>448,856</u>	<u>-</u>
Operating loss before changes in working capital		(122,779,620)	(149,469,237)
(Increase)/ decrease in inventories		(149,747)	102,916
(Increase)/ decrease in receivables and prepayments		(111,933)	341,033
(Decrease)/ increase in trade and other payables		<u>(27,606,309)</u>	<u>24,602,774</u>
Cash used in operations		(150,647,609)	(124,422,514)
Interest paid		(43,058)	(65,315)
Interest received		76,657	78,100
Taxation		<u>(3,953)</u>	<u>(45,554)</u>
Net cash used in operating activities		<u>(150,617,963)</u>	<u>(124,455,283)</u>
Investing activities			
Proceeds from disposals of assets		100	-
Purchase of property, plant and equipment	2, 3	<u>(10,902,931)</u>	<u>(8,598,866)</u>
Net cash used in investing activities		<u>(10,902,831)</u>	<u>(8,598,866)</u>
Financing activities			
Capital contributions		<u>153,762,495</u>	<u>161,012,013</u>
Net cash from financing activities		<u>153,762,495</u>	<u>161,012,013</u>
(Decrease)/ increase in cash and cash equivalents		(7,758,299)	27,957,864
Cash and cash equivalents at beginning of year		<u>39,315,585</u>	<u>11,357,721</u>
Cash and cash equivalents at end of year	6	<u>31,557,286</u>	<u>39,315,585</u>

The accounting policies on pages 7 to 9 and the notes set out on pages 10 to 16 form an integral part of these financial statements.

Youth Training and Employment Partnership Programme (YTEPP) Limited

Accounting policies

30 September 2014

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention.

b Use of estimates

The preparation of financial statements in conformity with the International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

c Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, accounts receivable and accounts payable and are stated at their approximate fair values determined in accordance with the policy statements disclosed.

d Property, plant and equipment

Property, plant and equipment are stated at historical cost and are depreciated on the reducing balance basis, at rates estimated to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Buildings	-	2%
Furniture, fittings and equipment	-	10 - 20%
Motor vehicles	-	25%

Profits or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

e Inventories

Inventories are stated at cost determined using the average basis, less provisions for obsolescence.

Youth Training and Employment Partnership Programme (YTEPP) Limited

Accounting policies (continued)

30 September 2014

f Cash and cash equivalents

Cash and cash equivalents are carried on the balance sheet at cost and comprise cash in hand, cash at bank and funds held in the Unit Trust Corporation's Money Market Fund. Bank overdrafts are included within borrowings in current liabilities on the balance sheet. For the purposes of the cash flow statement, cash and cash equivalents also include the bank overdraft.

g Capital contributions

Capital contributions are recognized in the Statement of Changes in Equity when received.

h Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due outstanding relating to the original receivable. The amount of the provision is the difference between the carrying amount and the recoverable amount.

i Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Trinidad and Tobago dollars ("TT\$"), which is the company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

j Income taxes

Current tax

Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Youth Training and Employment Partnership Programme (YTEPP) Limited
Accounting policies (continued)
30 September 2014

j Income taxes (continued)

Deferred tax

Deferred income taxes are provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

Under this method, a provision is made for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net asset acquired and their tax bases.

k Revenue recognition

Enrolment fees are recognized on a cash received basis.

Other revenues earned by the company are recognized on the following bases:

Sponsorship funding and donations – on a cash received basis
Interest income – on an effective yield basis

l Pensions

The company pays contributions to a defined contribution pension scheme. A defined contribution pension scheme is a plan in which the company pays fixed contributions into a separate fund. Once the contributions have been paid, the company has no further payment obligations. The regular pension contributions are included in staff costs in the period in which they are due.

m Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

n Impairment of financial assets

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired when the carrying amount is greater than the recoverable amount and there is objective evidence of impairment.

o Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.

Youth Training and Employment Partnership Programme (YTEPP) Limited

Notes to the financial statements

30 September 2014

1 Incorporation and Principal Business Activity

The company is incorporated and domiciled in the Republic of Trinidad and Tobago. The address of the company's registered office is 1-13 Mulchan Seuchan Road, Chaguanas. The principal activity of the company is to provide persons between the ages of 15 and 60 years with the necessary skills through training, to become employable or self-employed.

2 Property, plant and equipment

	Land, building & leasehold property \$	Equipment \$	Furniture & fixtures \$	Motor vehicles \$	Total \$
Year ended 30 September 2013					
Opening net book amount	21,310,036	12,180,358	5,504,967	1,147,783	40,143,144
Additions	4,264,456	4,074,074	1,268,706	--	9,607,236
Depreciation charge	(855,736)	(2,186,331)	(625,838)	(278,451)	(3,946,356)
Closing net book amount	<u>24,718,756</u>	<u>14,068,101</u>	<u>6,147,835</u>	<u>869,332</u>	<u>45,804,024</u>
At 30 September 2013					
Cost	27,349,552	37,389,598	11,428,814	3,547,892	79,715,856
Accumulated depreciation	(2,630,796)	(23,321,497)	(5,280,979)	(2,678,560)	(33,911,832)
Net book amount	<u>24,718,756</u>	<u>14,068,101</u>	<u>6,147,835</u>	<u>869,332</u>	<u>45,804,024</u>
Year ended 30 September 2014					
Opening net book amount	24,718,756	14,068,101	6,147,835	869,332	45,804,024
Additions	602,704	2,000,446	748,973	1,786,370	5,138,493
Disposals	--	(862,514)	(284,080)	--	(1,146,594)
Depreciation charge	(665,386)	(2,211,245)	(628,870)	(394,901)	(3,900,402)
Closing net book amount	<u>24,656,074</u>	<u>12,994,788</u>	<u>5,983,858</u>	<u>2,260,801</u>	<u>45,895,521</u>
At 30 September 2014					
Cost	27,952,256	29,639,667	10,477,389	5,334,262	73,403,574
Accumulated depreciation	(3,296,182)	(16,644,879)	(4,493,531)	(3,073,461)	(27,508,053)
Net book amount	<u>24,656,074</u>	<u>12,994,788</u>	<u>5,983,858</u>	<u>2,260,801</u>	<u>45,895,521</u>

Youth Training and Employment Partnership Programme (YTEPP) Limited
Notes to the financial statements (continued)
30 September 2014

3 Construction Work in Progress

	2014 \$	2013 \$
Balance brought forward	303,399	1,311,769
Expenses during the year	5,764,438	1,789,717
Transferred to fixed assets	<u>---</u>	<u>(2,798,087)</u>
	<u>6,067,837</u>	<u>303,399</u>

4 Inventories

Inventories at cost	1,653,011	1,702,910
Provision for obsolete inventory	<u>(1,102,547)</u>	<u>(1,302,193)</u>
	<u>550,464</u>	<u>400,717</u>

5 Receivables and prepayments

Prepayments and deposits	1,605,505	1,746,474
Trade receivables	558,900	335,100
Employee loans and advances	523,651	495,614
Other receivables	<u>472,217</u>	<u>471,152</u>
	3,160,273	3,048,340
Less: Provision for doubtful debts	<u>(678,080)</u>	<u>(678,080)</u>
	<u>2,482,193</u>	<u>2,370,260</u>

Trade receivables are non-interest bearing and are due upon receipt of invoice or 30 day terms.

As at 30 September, the ageing analysis of trade receivables is as follows:

	Total \$'000	Neither past due nor impaired \$'000	Past due but not impaired			
			<30 days \$'000	30-60 days \$'000	60-90 days \$'000	>90 days \$'000
2014	559	--	262	--	--	297
2013	335	--	2	--	--	333

Youth Training and Employment Partnership Programme (YTEPP) Limited
Notes to the financial statements (continued)
30 September 2014

6 Cash at bank

For the purposes of the cash flow statement, cash and cash equivalents consist of:

	2014	2013
	\$	\$
Cash at bank	26,999,815	32,034,912
Money Market Fund	5,713,336	7,246,604
Cash in hand	<u>41,182</u>	<u>34,069</u>
Cash at bank	32,754,333	39,315,585
Bank Overdraft	<u>(1,197,047)</u>	<u>—</u>
Cash at bank	<u>31,557,286</u>	<u>39,315,585</u>

7 Share capital

Authorised:

Unlimited number of ordinary shares of no par value	<u>Unlimited</u>	<u>Unlimited</u>
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Issued and fully paid:

646,313 ordinary shares of no par value	<u>646,313</u>	<u>646,313</u>
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8 Trade and other payables

	2014	2013
	\$	\$
Due to Ministry of Science, Technology & Tertiary Education	7,651,886	7,655,071
Trade payables	3,161,019	4,226,950
Payroll	3,156,748	31,627,859
Accrued liabilities	<u>3,069,033</u>	<u>1,135,115</u>
	<u>17,038,686</u>	<u>44,644,995</u>

Trade and other payables are non – interest bearing.

Youth Training and Employment Partnership Programme (YTEPP) Limited
Notes to the financial statements (continued)
30 September 2014

9 Maturity profile

At 30 September the maturity profile of the company's financial liabilities are as follows:

2014	Less than 3 months	3-12 months	Total
Due to Ministry of Science, Technology & Tertiary Education	--	7,651,886	7,651,886
Trade payables	1,875,989	1,285,030	3,161,019
Payroll	2,456,325	700,423	3,156,748
Accrued liabilities	2,509,602	559,431	3,069,033
	<u>6,841,916</u>	<u>10,196,770</u>	<u>17,038,686</u>
2013	Less than 3 months	3-12 months	Total
Due to Ministry of Science, Technology & Tertiary Education	--	7,655,071	7,655,071
Trade payables	1,540,587	2,686,363	4,226,950
Payroll	30,843,470	784,389	31,627,859
Accrued liabilities	735,856	399,259	1,135,115
	<u>33,119,913</u>	<u>11,525,082</u>	<u>44,644,995</u>

10 Other operating income

Sundry income	<u>3,987,350</u>	<u>3,985,658</u>
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Sundry income comprises mainly of other receipts which totalled \$636,120 (2013 – 521,855) that related to income outside of the entity's core business activity including garments and the client's pre-school.

Youth Training and Employment Partnership Programme (YTEPP) Limited
Notes to the financial statements (continued)
30 September 2014

11	Operating loss	2014	2013
		\$	\$
	The company's operating loss includes the following items:		
	Staff costs (note 14)	58,180,732	79,843,207
	Rental of properties	10,307,470	10,188,127
	Security	6,838,533	7,261,123
	Cost of inventories recognized as expense (Included in 'Direct costs of operations')	2,278,878	4,333,488
	Depreciation	3,900,402	3,946,356
	Repairs and maintenance	2,036,918	2,490,181
	Directors' fees and expenses	711,000	622,125
12	Net finance income		
	Interest expense:		
	- bank charges	(43,058)	(65,316)
	- Interest income earned	<u>76,657</u>	<u>78,100</u>
		<u>33,599</u>	<u>12,784</u>
13	Taxation		
	Business levy	(2,791)	(2,671)
	Green fund levy	<u>(1,441)</u>	<u>(1,282)</u>
	Total taxation credit for the year	<u>(4,232)</u>	<u>(3,953)</u>
14	Staff costs		
	Wages and salaries	51,200,812	73,691,156
	Social security costs	4,987,392	4,446,476
	Pension contributions	<u>1,992,528</u>	<u>1,705,575</u>
		<u>58,180,732</u>	<u>79,843,207</u>

At 30 September 2014, the company had 710 employees (2013 - 593).

Youth Training and Employment Partnership Programme (YTEPP) Limited

Notes to the financial statements (continued)

30 September 2014

15 Related party transactions

The company's key management compensation earned total remuneration of \$871,455 (2013 – \$405,600) and directors' fees and costs totalled \$711,000 (2013 – \$622,125).

16 Capital Reserves

This relates to 2 parcels of land situated in Valencia given to YTEPP by the Government for the construction of a training centre:

	\$
1 parcel -21,000 sq ft	495,000
1 parcel -17,227 sq ft	<u>405,000</u>
	<u>900,000</u>

17 Capital Commitments

Total capital commitments as at 30th September 2014 pertaining to contracts not yet completed are as follows:

Total contract costs	10,877,034
Total payments	<u>(5,198,531)</u>
	<u>5,678,503</u>

18 Leases

The company was engaged in eight (8) leases as at the financial year end. The future aggregate minimum lease payments of operating leases are as follows:

	\$	\$	\$	\$
	12 months	1-5 years	Over 5 years	Total
September 30th 2014	7,426,684	9,305,056	--	16,731,740
September 30th 2013	7,627,036	12,566,712	--	20,193,748

19 Transactions undertaken on behalf of the Ministry of Science, Technology & Tertiary Education (MSTTE)

YTEPP Limited processed the payment of stipends of \$18,268,320 for On the Job Trainees (OJT's) on behalf of the Ministry of Science, Technology & Tertiary Education (MSTTE) during the financial year 2012. This was discontinued in December 2011.

As at September 2014, there was an amount due to MSTTE of \$7,651,886.

Youth Training and Employment Partnership Programme (YTEPP) Limited

Notes to the financial statements (continued)
30 September 2014

20 Prior period adjustment

The adjustment is due to the clearing of un-reconciled items in the payables subledger relating to prior period expenses. This had no effect on the statement of comprehensive income however; it did lead to an adjustment in retained earnings.

Youth Training and Employment Partnership Programme (YTEPP) Limited

Schedules to the financial statements

For the year ended 30 September 2014

1	Direct costs of operations	2014	2013
		\$	\$
	Salaries and wages	58,180,732	79,843,207
	Stipends	22,531,702	26,635,739
	Rent	10,307,470	10,188,127
	Security	6,838,533	7,261,123
	Depreciation	3,900,402	3,946,356
	Utilities and telephone	3,224,417	2,720,199
	Materials and inventories consumed	2,278,878	4,333,488
	Travelling	2,139,764	2,358,025
	Repairs and maintenance	2,036,918	2,490,181
	Advertising and promotion	1,523,876	2,370,438
	Insurance	1,505,833	1,744,390
	Validators' fees	615,325	712,599
	Meetings, conferences & workshops	574,632	631,770
	Motor vehicle costs	503,191	520,656
	Graduation expenses	278,629	458,377
	Bad debts	11,250	146,530
		<u>116,451,552</u>	<u>146,361,205</u>
2	Administrative expenses		
	Legal, professional & consultancy fees	10,738,855	7,255,485
	Office expenses	1,474,397	1,368,616
	Entertainment	1,263,349	830,042
	Loss on disposals	1,146,494	--
	Directors' fees and expenses	711,000	622,125
	Printing and stationery	655,179	852,615
	Staff benefits	265,320	490,823
	Accounting and audit fees	160,000	160,000
	Computer costs	74,472	66,864
	Donations	54,250	49,955
	Subscriptions	41,609	41,465
	Penalties	--	32,209
		<u>16,584,925</u>	<u>11,770,199</u>

