

**LoYAC Private Training and Consulting Company W.L.L.  
State of Kuwait**



**Financial statements and independent auditor's report  
for the year ended 31 December 2010**

**LoYAC Private Training and Consulting Company W.L.L.**  
**State of Kuwait**

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## **Independent auditor's report**

### **The Board of Directors**

**LoYAC Private Training and Consulting Company W.L.L.  
Kuwait**

### **Report on the financial statements**

We have audited the accompanying financial statements of LoYAC Private Training and Consulting Company W.L.L. ("LoYAC"), which comprise the statement of financial position as at 31 December 2010, and the statements of comprehensive income and activities, changes in equity (net assets) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *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 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 our 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, we consider 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

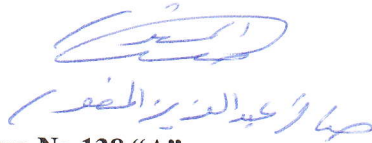
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of LoYAC as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on other legal and regulatory requirements

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the financial statements include the information required by the Kuwait Commercial Companies Law of 1960, as amended, and LoYAC's articles of association. In our opinion, proper books of account have been kept by LoYAC and an inventory count was carried out in accordance with recognized procedures. We have not become aware of any contravention, during the year ended 31 December 2010, of the Kuwait Commercial Companies Law of 1960, as amended, or of LoYAC's articles of association, that might have had material effect on LoYAC's activities or on its financial position.



License No 138 "A"  
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Member firm of KPMG International

Kuwait: 21 June 2011

صافي عبدالعزيز المطوع  
مرخص تحت رقم (١٣٨) فئة ١

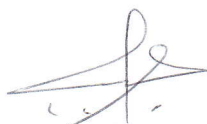
**Statement of financial position**  
*as at 31 December 2010*

	Note	2010 KD	2009 KD
<b>Assets</b>			
Cash and cash equivalents	4	347,578	373,350
Prepayments and other receivables	5	13,700	15,675
Contributions receivable	6	47,417	-
Inventories		8,499	1,873
<b>Total current assets</b>		<u>417,194</u>	<u>390,898</u>
Property and equipment	7	12,313	10,083
<b>Total non-current assets</b>		<u>12,313</u>	<u>10,083</u>
<b>Total assets</b>		<u>429,507</u>	<u>400,981</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	8	33,797	30,179
Deferred contributions	9	94,368	68,365
<b>Total current liabilities</b>		<u>128,165</u>	<u>98,544</u>
Provision for employees' end of service benefits	10	17,185	13,924
<b>Total non-current liabilities</b>		<u>17,185</u>	<u>13,924</u>
<b>Total liabilities</b>		<u>145,350</u>	<u>112,468</u>
<b>Equity (net assets)</b>			
Share capital	11	20,000	10,000
Collected for capital increase		-	10,000
Statutory reserve		16,121	16,121
Voluntary reserve		27,619	27,619
Retained earnings		220,417	224,773
<b>Total equity (net assets)</b>		<u>284,157</u>	<u>288,513</u>
<b>Total liabilities and equity (net assets)</b>		<u>429,507</u>	<u>400,981</u>

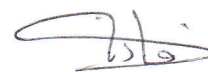
The accompanying notes form an integral part of these financial statements.



Fareah Al-Saqqaf  
*Chairperson and  
Managing Director*



Abeer Al-Essa  
*Treasurer and Executive  
Board Member*



Fadia Al-Marzouq  
*Secretary of the Board and  
Executive Board Member*



**Statement of comprehensive income and activities**  
*for the year ended 31 December 2010*

	Note	2010 KD	2009 KD
<b>Operating and support revenues</b>			
<b>Contributions</b>			
Corporate and individuals	13	237,000	188,634
Services and materials	13	78,533	78,955
<b>Total contributions</b>		<u>315,533</u>	<u>267,589</u>
Deferred contributions	9	(94,368)	(68,365)
<b>Net contributions</b>		<u>221,165</u>	<u>199,224</u>
<b>Projects and programs</b>			
Students' training programs	13	403,512	223,054
<b>Other revenues</b>	13	6,989	7,149
<b>Total operating and support revenues</b>		<u>631,666</u>	<u>429,427</u>
<b>Operating expenditure</b>			
<b>Projects and programs</b>			
Students' training programs	14	(364,474)	(182,177)
<b>Supporting services</b>			
Management and general	15	(271,548)	(254,920)
<b>Total operating expenditure</b>		<u>(636,022)</u>	<u>(437,097)</u>
<b>Results of operations for the year</b>		<u>(4,356)</u>	<u>(7,670)</u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u>(4,356)</u>	<u>(7,670)</u>

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

Statement of changes in equity (net assets)  
for the year ended 31 December 2010

	Share capital KD	Collected for capital increase KD	Statutory reserve KD	Voluntary reserve KD	Retained earnings KD	Total KD
<b>Balance as at 31 December 2008</b>	10,000	10,000	16,121	27,619	232,443	296,183
Total comprehensive income	-	-	-	-	(7,670)	(7,670)
<b>Balance as at 31 December 2009</b>	10,000	10,000	16,121	27,619	224,773	288,513
Total comprehensive income	10,000	(10,000)	-	-	(4,356)	(4,356)
Issue of share capital	20,000	-	-	-	-	-
<b>Balance as at 31 December 2010</b>	<u>30,000</u>	<u>-</u>	<u>16,121</u>	<u>27,619</u>	<u>220,417</u>	<u>284,157</u>

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



**Statement of cash flows**  
*for the year ended 31 December 2010*

	2010 KD	2009 KD
<b>Note</b>		
<b>Cash flows from operating activities:</b>		
Results of operations for the year	(4,356)	(7,670)
<i>Adjustments for:</i>		
Depreciation	7 6,865	5,959
Provision for employees' end of service indemnity	10 3,261	4,589
Gain on sale of property and equipment	(70)	(19)
	<u>5,700</u>	<u>2,859</u>
<b>Changes in:</b>		
- prepayments and other receivables	1,975	(8,698)
- inventories	(6,626)	931
- contributions receivable	(47,417)	100,000
- accounts payable and accrued expenses	3,618	3,843
- deferred contributions	26,003	24,813
Payments towards employees' end of service indemnity	10 -	(1,309)
<i>Net cash (used in) / from operating activities</i>	<u>(16,747)</u>	<u>122,439</u>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property and equipment	70	20
Purchase of property and equipment	(9,095)	(6,326)
<i>Net cash used in investing activities</i>	<u>(9,025)</u>	<u>(6,306)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(25,772)	116,133
<b>Cash and cash equivalents at the beginning of the year</b>	<u>373,350</u>	<u>257,217</u>
<b>Cash and cash equivalents at end of the year</b>	4 <u>347,578</u>	<u>373,350</u>

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





**Notes to the financial statements**  
*for the year ended 31 December 2010*

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**1. Reporting entity**

LoYAC Private Training and Consulting Company W.L.L. (“LoYAC”) is a limited liability company that was established in the State of Kuwait on 25 May 2004. LoYAC is a not-for-profit organization working towards the overall development of the youth.

LoYAC is domiciled in Kuwait and its office is at Salmiya P.O. Box 386, Salmiya 22004, State of Kuwait.

The financial statements were authorized for issue by the management on 21 June 2011.

**2. Basis of presentation**

a) Statement of compliance

The financial statements are prepared in accordance with the International Financial Reporting Standard (“IFRSs”) and the requirements of the Kuwait Commercial Companies Law of 1960, as amended, Ministerial Order No. 18 of 1990 and LoYAC’s articles of association.

b) Functional and presentation currency

The financial statements are presented in Kuwaiti Dinars (“KD”) which is LoYAC’s functional currency.

c) Basis of measurement

The financial statements are prepared on amortized or historical cost basis, except for contributed services and materials which are measured at fair value.

The statement of comprehensive income and activities is a statement of financial activity related to the current period, it is not a performance measure and it does not purport to present the net income or loss for the period as would a statement of comprehensive income for a profit oriented entity.

Net assets, expenses, revenues, gains and losses are classified based on the existence or absence of sponsor imposed restrictions. Accordingly, the net assets, revenues and expenses of LoYAC and changes therein are classified and reported in the notes to the financial statements as follows:

*Unrestricted net assets* - Net assets that are not subject to any sponsor imposed stipulations that may be designated by the board members for any program activities or purchase of equipment.

*Temporarily restricted net assets* - Net assets subject to sponsor imposed restrictions on their use that have to be met by actions of LoYAC.

*Permanently restricted net assets* – These represent transfers to the statutory reserve.



**Notes to the financial statements**  
*for the year ended 31 December 2010*

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d) Estimates and judgments

The preparation of financial statements in conformity with IFRSs require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future periods affected.

*Determining fair values*

The following accounting policy and disclosures require determination of fair value. Fair values have been determined based on following methods:

- Contributed services and materials

The fair value of contributed services and donated materials is based on what LoYAC would have paid for similar services/ materials had they not been contributed/ donated and is determined based on the assumptions that market participants would use in pricing the contributed service/ material.

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and short-term deposits with original maturities of three months or less.

b) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is recognized in the statement of comprehensive income and activities on a straight line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Furniture and fixtures	5 years
Office equipment	3 years
Computers and accessories	3 years

**Notes to the financial statements**  
*for the year ended 31 December 2010*

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c) Receivables

Receivables are amounts due from sponsors and/ or students for contributions made or services performed in the ordinary course of business. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses (Note3 (d)).

d) Impairment

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Specific provision for impairment is established if there is objective evidence that the entity will not be able to collect all amounts due. The amount of specific provision is determined as the difference between the carrying amount and the recoverable amount of the asset.

Losses are recognised in statement of comprehensive income and activities and reflected in an allowance account against receivables. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of comprehensive income and activities.

e) Employee benefits

*Kuwaiti employees*

Pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security (PIFSS) Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. LoYAC's share of contributions to this scheme, which is a defined contribution scheme, is charged to the statement of comprehensive income and activities in the year to which they relate.

*Expatriate employees*

Expatriate employees are entitled to an end of service indemnity payable under the Kuwait Labor Law and LoYAC's by-laws based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. Provision for this unfunded commitment, which represents a defined benefit plan, has been made by calculating the notional liability had all employees left at the reporting date.

f) Provisions

A provision is recognized in the statement of financial position when LoYAC 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Notes to the financial statements**  
*for the year ended 31 December 2010*

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g) Inventories

Inventories are stated at the lower of costs and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

h) Deferred contributions

Deferred contributions represent the excess balance of operating and supporting revenue, over expenditure incurred during the year on student training programs. The contributions are utilized towards the related programs/ activities during the forthcoming year.

i) Revenue recognition

*i. Contributions and donations*

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the sponsor.

LoYAC classifies contributions as temporarily restricted net assets if they are received with sponsor stipulations as to their use. When a sponsor restriction expires, that is, the purpose of restriction is accomplished; temporarily restricted net assets are released and reclassified as unrestricted net assets in the statement of comprehensive income and activities. Sponsor restricted contributions are initially recognized as temporarily restricted net assets, even if it is anticipated that such restrictions will be met in the current reporting period.

Projects and programs revenue, which arises principally from corporate contributions, individual contributions, contributed services and student training programs is recognized upon the provision of the services.

*ii. Contributed services and donated materials*

Contributed services are reported at fair value in the financial statements for voluntary donations of services. Contributed services are accounted for as income and expenses when received.

Donated materials are stated at their fair value at the date of receipt and are accounted for as income and expenses at the equivalent amount when received.

*iii. Interest income*

Interest income is recognized as it accrues in the statement of comprehensive income and activities, using the effective interest method.



**Notes to the financial statements**  
*for the year ended 31 December 2010*

j) Expenditures

Expenditures are recognized as they accrue. Expenditures for conducting key programs comprise of fees paid to program sponsors and other related expenditure incurred, which are accounted for program-wise.

k) New standards and interpretations

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements. None of these Standards and Interpretations are expected to have a significant impact on the financial statements of LoYAC.

**4. Cash and cash equivalents**

	<b>2010</b>	<b>2009</b>
	<b>KD</b>	<b>KD</b>
Cash in hand	284	728
Bank balances	347,294	372,622
	<u>347,578</u>	<u>373,350</u>

**5. Prepayments and other receivables**

	<b>2010</b>	<b>2009</b>
	<b>KD</b>	<b>KD</b>
Prepaid expenses	11,493	13,790
Refundable deposits	300	800
Others	1,907	1,085
	<u>13,700</u>	<u>15,675</u>

**6. Contributions receivable**

This represents a contribution receivable from Dow Chemicals IMEA GmbH.



**Notes to the financial statements**  
*for the year ended 31 December 2010*

**7. Property and equipment**

	<b>Furniture and fittings KD</b>	<b>Office equipment KD</b>	<b>Computers and accessories KD</b>	<b>Total KD</b>
<b>Cost</b>				
Balance at 1 January				
2009	4,487	9,530	13,645	27,662
Additions	323	1,507	4,496	6,326
Disposals	-	-	(345)	(345)
Balance 31 December				
2009	4,810	11,037	17,796	33,643
Additions	3,242	1,764	4,089	9,095
Disposals	-	-	(1,045)	(1,045)
Balance at 31 December				
2010	8,052	12,801	20,840	41,693
<b>Depreciation</b>				
Balance at 1 January				
2009	3,392	6,155	8,398	17,945
Charge for the year	443	1,850	3,666	5,959
Disposals	-	-	(344)	(344)
Balance at 31 December				
2009	3,835	8,005	11,720	23,560
Charge for the year	846	1,973	4,046	6,865
Disposals	-	-	(1,045)	(1,045)
Balance at 31 December				
2010	4,681	9,978	14,721	29,380
<b>Carrying amounts</b>				
At 31 December 2009	975	3,032	6,076	10,083
At 31 December 2010	3,371	2,823	6,119	12,313

**8. Accounts payable and accrued expenses**

	<b>2010 KD</b>	<b>2009 KD</b>
Payable to staff, students and others	22,137	17,485
Retentions from students	4,080	710
Advances received from students	1,252	1,368
Accruals and other payables	6,328	10,616
	<u>33,797</u>	<u>30,179</u>



**Notes to the financial statements**  
*for the year ended 31 December 2010*

**9. Deferred contributions**

Deferred contributions to programs and activities as at 31 December were as follows:

	<b>2010</b>	<b>2009</b>
	<b>KD</b>	<b>KD</b>
Kuwait for Kenya Project (K4K)	5,566	10,951
Drama Club (LAPA)	17,745	31,919
LoYAC Community Services	307	742
LoYAC Events (Poetry-Artizana-Music-Sports)	3,742	288
Homes Committee	1,751	6,873
7 Habits of Highly Effective Teens and College Students	941	11,280
International Internship Program - USA	8,202	1,838
English Language Course – Expressions	-	3,115
Banks in action	-	175
LoYAC branch offices	4,631	740
Football tournament	444	444
Soccer Academy	34,291	-
Aid Campaigns	3,917	-
ExxonMobile branded program	6,000	-
Professional CV writing	13	-
Electronics and communication	1,869	-
DoW Dayout Program	3,613	-
Azerbaijan Programs	1,336	-
	<u>94,368</u>	<u>68,365</u>

The movement in deferred contributions was as follows:

	<b>2010</b>	<b>2009</b>
	<b>KD</b>	<b>KD</b>
Balance at 1 January	68,365	43,552
Revenue recognized	(68,365)	(43,552)
Deferred at year end	94,368	68,365
Balance at 31 December	<u>94,368</u>	<u>68,365</u>

**10. Provision for employees' end of service benefits**

	<b>2010</b>	<b>2009</b>
	<b>KD</b>	<b>KD</b>
Balance at 1 January	13,924	10,644
Charge for the year	3,261	4,589
Payments during the year	-	(1,309)
Balance at 31 December	<u>17,185</u>	<u>13,924</u>



Notes to the financial statements  
for the year ended 31 December 2010

*Change in estimates*

During the year, LoYAC reassessed its estimate in respect of the computation of the provision for employees' end of service benefits. The cumulative effect of this was to reduce the obligation by KD 2,645 and this adjustment has been reflected in the statement of comprehensive income and activities.

**11. Equity (net assets)**

a) Share capital

Share capital comprises of 100 shares at a nominal value of KD 200 each (2009: KD 100), which are distributed among the owners as follows:

<b>31 December 2010</b>	<b>Percentage</b>	<b>Amount KD</b>
<b>Owner:</b>		
Sheikha Amal Al-Sabah	14%	2,800
Fareah Al-Saqqaf	15%	3,000
Abeer Al-Essa	15%	3,000
Mona Al-Kalouti	14%	2,800
Nadia Al-Marzouq	14%	2,800
Fadia Al-Marzouq	14%	2,800
Fetouh Al-Dalali	14%	2,800
	<u>100%</u>	<u>20,000</u>

<b>31 December 2009</b>	<b>Percentage</b>	<b>Amount KD</b>
<b>Owner:</b>		
Sheikha Amal Al-Sabah	14%	1,400
Fareah Al-Saqqaf	15%	1,500
Abeer Al-Essa	15%	1,500
Mona Al-Kalouti	14%	1,400
Nadia Al-Marzouq	14%	1,400
Fadia Al-Marzouq	14%	1,400
Fetouh Al-Dalali	14%	1,400
	<u>100%</u>	<u>10,000</u>

b) Statutory reserve

In accordance with the Kuwait Commercial Companies' Law and LoYAC's articles of association, 10% of the surplus for the year is required to be transferred to the statutory reserve. The owners may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except for payment of a dividend of 5% of paid up share capital in years when profit is not sufficient for the payment of such dividend.





**Notes to the financial statements**  
*for the year ended 31 December 2010*

c) Voluntary reserve

In accordance with LoYAC's articles of association, 10% of surplus for the year has been transferred to the voluntary reserve. Such transfers can be discontinued by a resolution from the owners in the annual general assembly meeting upon recommendation by the board members. There are no restrictions on the distribution of this reserve.

d) Classification of net assets

Unrestricted and temporarily restricted net assets represent the following as at 31 December:

	2010 KD	2009 KD
<i>Designated for the following purposes:</i>		
Share capital	20,000	10,000
Collected for capital increase	-	10,000
Voluntary reserve	27,619	27,619
	<u>47,619</u>	<u>47,619</u>
Undesignated for programs / activities	126,049	156,408
Total unrestricted net assets	<u>173,668</u>	<u>204,027</u>
Temporarily restricted net assets	94,368	68,365
	<u>268,036</u>	<u>272,392</u>

Permanently restricted net assets represent the following as at 31 December:

	2010 KD	2009 KD
Statutory reserve	<u>16,121</u>	<u>16,121</u>

**12. Analysis of net assets**

Net assets as at 31 December were as follows:

	2010 KD	2009 KD
Unrestricted	173,668	204,027
Temporarily restricted	94,368	68,365
Permanently restricted	16,121	16,121



**Notes to the financial statements**  
*for the year ended 31 December 2010*

The movement in net assets during the year ended 31 December is as follows:

2010	Unrestricted KD	Temporarily restricted KD	Permanently restricted KD
<b>Unrestricted net assets</b>			
Unrestricted operating and support revenues	228,154	-	-
Unrestricted operating expenditure	(326,878)	-	-
<b>Restricted net assets</b>			
Restricted operating and support revenues	-	403,512	-
Restricted operating expenditure	-	(309,144)	-
Change in net assets	(98,724)	94,368	-
Net assets at the beginning of the year	204,027	68,365	16,121
Transferred from temporarily restricted	68,365	(68,365)	-
Net assets at the end of the year	<u>173,668</u>	<u>94,368</u>	<u>16,121</u>
2009	Unrestricted KD	Temporarily restricted KD	Permanently restricted KD
<b>Unrestricted net assets</b>			
Unrestricted operating and support revenues	206,373	-	-
Unrestricted operating expenditure	(282,408)	-	-
<b>Restricted net assets</b>			
Restricted operating and support revenues	-	223,054	-
Restricted operating expenditure	-	(154,689)	-
Change in net assets	(76,035)	68,365	-
Net assets at the beginning of the year	236,510	43,552	16,121
Transferred from temporarily restricted	43,552	(43,552)	-
Net assets at the end of the year	<u>204,027</u>	<u>68,365</u>	<u>16,121</u>



**Notes to the financial statements**  
*for the year ended 31 December 2010*

**13. Operating and support revenues**

	Unrestricted KD	Temporarily restricted KD	2010 Total KD	2009 Total KD
<b>Contributions</b>				
Corporate contributions	237,000	-	237,000	188,634
<b>Services and materials</b>				
Contributed services of board members	72,000	-	72,000	72,000
Contributed use of printing press	2,210	-	2,210	4,340
Contributed use of media and other facilities	4,323	-	4,323	2,615
	<u>78,533</u>	<u>-</u>	<u>78,533</u>	<u>78,955</u>
<b>Projects and programs</b>				
The "7 Habits of Highly Effective Teens and College Students" Program	14,354	941	15,295	17,260
Kuwait for Kenya Project (K4K)	12,269	5,566	17,835	22,039
AC Milan programs	16,778	-	16,778	23,929
Challenger Camp – Jordan	-	-	-	61
English Language Course - British Council	-	-	-	400
English Language Course – AUK	-	-	-	17,084
LoYAC Events (Poetry-Artizana-Music-Sports)	10,733	3,742	14,475	3,704
Part – time Program	2,003	-	2,003	3,152
Summer Program	10,429	-	10,429	12,826
Drama Club (LAPA)	73,257	17,745	91,002	63,404
“Service is my Joy” Program	2,154	-	2,154	882
LoYAC Community Services	1,421	307	1,728	1,528
Global Entrepreneurship Program	1,665	-	1,665	1,003
Homes Committee	23,113	1,751	24,864	23,150
International Internship Programs	3,685	8,202	11,887	12,319
LoYAC Ambassadors Network (LAN)	-	-	-	64
Economic Forum - Jordan	-	-	-	1,050
English Language Course – Expressions	8,605	-	8,605	6,080
Football Tournament	-	444	444	2,025
Banks in action	-	-	-	178
LoYAC Branch Offices	8,109	4,631	12,740	9,400
WYSE Personal and Psychological Growth Program	-	-	-	1,516
Azerbaijan Programs	5,034	1,336	6,370	-
Lebanon Homes Committee	10,490	-	10,490	-
Help Campaigns	5,883	3,917	9,800	-
Communication Committee Youth Council	27	-	27	-
World Urban Youth Assembly	675	-	675	-
Electronics and Communication	3,208	1,869	5,077	-
Soccer Academy	88,755	34,291	123,046	-
Summer program committees	40	-	40	-
Book club	36	-	36	-
Professional CV writing	14	13	27	-
ExxonMobil branded program	-	6,000	6,000	-
Activities department programs	6,407	3,613	10,020	-
	<u>309,144</u>	<u>94,368</u>	<u>403,512</u>	<u>223,054</u>
<b>Other revenues</b>	6,989	-	6,989	7,149
	<u>631,666</u>	<u>94,368</u>	<u>726,034</u>	<u>497,792</u>



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Operating expenditure – projects and programs

	Salaries		Student training		Travel and housing		Contributed services		Media		Printing and supplies		Contractual services		Relief services		Material Cost		Others		Total		
	KD		KD		KD		KD		KD		KD		KD		KD		KD		KD		KD		
Workshop Programs	26,683		7,565		6,891		5,474		2,322		9,618		13,595		42		462		607		73,259		31,486
Milan Programs	-		820		3,593		1,135		56		3		7,391		-		44		191		13,233		15,714
Peer Academy	35,902		531		12,519		6,359		5,174		48		23,967		95		4,011		150		88,756		-
Arbajian Programs	-		75		2,699		2,000		84		78		70		-		46		513		5,565		-
Workshop Campaigns	-		-		-		450		15		60		-		4,385		973		-		5,883		-
YAC Events (Poetry-Artizana-Music-Sports-pet)	3,205		2,943		2,365		1,930		150		-		375		-		7,896		346		19,210		10,335
Arabic Language Courses	3,050		11,340		-		-		15		-		-		-		-		-		14,405		24,030
7 Habits of Highly Effective -Teens, ege, People " Programs	-		8,495		2,221		1,650		56		24		1,600		-		308		-		14,354		6,255
Wait for Kenya Project (K4K)	54		999		4,089		610		100		16		-		5,725		669		6		12,268		11,089
International Internship Programs	-		-		5,960		900		916		14		-		-		-		-		7,790		11,255
Artistic and Research Program	-		-		-		-		-		-		-		-		-		-		-		1,300
Project Management Scholarship Course Program	-		-		-		-		-		-		-		-		-		-		-		1,257
Workshop -Time Program	2,000		463		-		1,117		1,350		252		190		20		6		19		5,417		5,947
Summer Programs	4,350		921		3		5,220		3,343		590		1,110		-		228		1,132		16,897		20,184
Summer program committees	125		72		705		40		45		210		200		-		144		64		1,605		-
Workshop " My Joy " Program	2,975		1,655		800		575		697		1,035		80		-		625		632		9,074		1,889
Workshop Communication	-		5,130		-		-		-		-		-		-		-		-		5,130		5,480
Communications committee - Youth Council	-		-		-		-		-		-		-		630		-		1,288		1,918		-
International Volunteer Programs	-		-		1,020		-		-		-		-		-		-		-		1,020		1,797
SE Personal and Psychological Program	-		820		680		-		-		-		-		-		-		-		1,500		1,516
Build	-		990		675		-		20		-		-		-		-		-		20		-
Local Entrepreneurship program	-		-		-		-		-		-		-		-		-		-		1,665		1,003
YAC Ambassadors Network "LAN"	-		-		-		-		-		-		-		-		-		-		-		1,794
YAC Book Club	1,110		60		4		70		1		11		-		-		228		63		1,547		171
Workshop Committee	-		-		45		-		-		-		-		22,918		-		150		23,113		16,277
YAC Summer Camps (Challenger Camp - an and Cuisine Camp - Italy)	-		-		-		-		-		-		-		-		-		-		-		284
Workshop an Youth Assembly	-		-		951		-		-		-		-		-		-		-		951		-
Workshop electronics and communication	-		2,618		590		-		-		-		-		-		-		-		3,208		-
Workshop music course - Rome	-		258		868		-		-		-		-		-		-		-		1,126		-
Workshop Arts in action	-		-		-		-		-		-		-		-		-		-		-		3
Workshop Economic Form – Jordan	-		-		-		-		-		-		-		-		-		-		-		2,147
YAC – Jordan	-		-		1,535		-		-		-		-		-		-		-		7,904		3,958
YAC – Lebanon	-		-		1,467		-		-		-		-		-		89		17,028		18,584		6,221
YAC - Texas	-		-		-		583		-		-		-		-		-		-		583		-
Workshop Activities department programs	300		646		301		960		224		1,268		720		1,000		786		849		7,054		-
Workshop Professional CV writing	-		3		-		-		3		8		-		-		-		-		14		-
YAC Community Services	1,110		-		-		-		5		11		-		-		17		278		1,421		785
	80,864		46,404		49,981		29,073		14,576		13,246		49,298		34,815		16,532		29,685		364,474		182,177



Notes to the financial statements  
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**14. Operating expenditure – projects and programs (continued)**

Operating expenditure – projects and programs includes contributed services by board members amounting to KD 12,000 (2009: KD 13,000).

**15. Operating expenditure - supporting services**

	2010 KD	2009 KD
Salaries and benefits	121,917	114,982
Contributed services by board members and administrative staff	72,000	74,615
Board members' compensation	25,500	24,000
Office rent	8,600	9,900
Professional fees	3,050	5,817
Staff training	350	205
Printing and office stationary	3,999	5,889
Communication costs	8,018	7,564
Office and administrative expenses	1,692	2,456
Advertisement and design	12,681	1,350
Repair and maintenance costs	3,179	1,068
Depreciation	6,695	5,959
Others	3,867	1,115
	<u>271,548</u>	<u>254,920</u>

The contributed services by board members have been proportionately allocated to operating expenditure – supporting services and operating expenditure - projects and programs amounting to KD 72,000 (2009: KD 72,000) and KD 12,000 (2009: KD 13,000), respectively based on the time consumed in those activities with the corresponding equal amounts recognized as a contribution within operating and support revenues.

**16. Related party transactions**

Related parties comprise of owners and enterprises in which a substantial interest in the voting power is owned directly or indirectly by the owners or over which they are able to exercise significant influence.

Significant related party transactions during the year were as follows:

- a) Members contributed services amounting to KD 84,000 during the year (2009: KD 85,000).
- b) Members' compensation of KD 25,500 (2009: KD 24,000) for the board members of LoYAC for daily expenses incurred by them in the course of their duties.
- c) Transfers of donations received and operating expenses incurred on behalf of LoYAC Jordan amounting to KD 7,904 (2009: KD 3,958).
- d) Transfers of donations received and operating expenses incurred on behalf of LoYAC Lebanon amounting to KD 18,584 (2009: KD 6,221).
- e) LoYAC incurred operating expenses relating to LoYAC Texas amounting to KD 583 (2009: Nil).



Notes to the financial statements  
for the year ended 31 December 2010

**17. Financial instruments and risk management**

LoYAC has primary exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about LoYAC's exposure to each of the above risks, LoYAC's objectives, policies and processes for measuring and managing risk, and LoYAC's management of its capital.

The Managing Director has overall responsibility for the establishment and oversight of LoYAC's risk management framework.

LoYAC's risk management policies are established to identify and analyze the risks faced by LoYAC, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and LoYAC's activities. LoYAC, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

LoYAC in the normal course of business uses various types of financial instruments.

a) Credit risk

LoYAC is exposed to credit risk in respect of losses that would have to be recognized if counterparties fail to perform as contracted.

LoYAC's exposure to credit risk is primarily in respect of other receivables, bank balances and contributions receivable. As at the reporting date, LoYAC's maximum exposure to credit risk is equal to the carrying amounts disclosed in the statement of financial position.

The maximum exposure to credit risk as at the reporting date was:

	<b>2010</b>	<b>2009</b>
	<b>KD</b>	<b>KD</b>
Bank balances	347,294	372,622
Contributions receivable	47,417	-
Other receivables	2,207	1,885
	<u>396,918</u>	<u>374,507</u>

LoYAC limits its exposure to credit risk by only placing funds with counterparties with appropriate credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

The management believes that, as at the reporting date, there were neither past due nor impaired financial assets and accordingly no collateral in respect of receivables is required.



**Notes to the financial statements**  
*for the year ended 31 December 2010*

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b) Liquidity risk

Liquidity risk is the risk that the LoYAC will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. LoYAC's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to LoYAC's reputation.

LoYAC limits its liquidity risk by monitoring on a regular basis that sufficient funds are available to meet maturing obligations. In addition, LoYAC maintains large amount of cash and cash equivalents.

LoYAC's financial liabilities mature within one year.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect LoYAC's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

*Equity price risk*

Equity price risk is the risk that the value of an instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market.

LoYAC is not exposed to equity price risk as at the reporting date.

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments.

LoYAC is exposed to interest rate risk only on its call deposits with banks and has no interest-bearing liabilities. Interest-bearing financial assets are of a short term notice. As a result, LoYAC is subject to limited exposure to fluctuations in interest rates.

*Currency risk*

Currency risk is the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates.

LoYAC is not exposed to currency risk as at the reporting date.



**Notes to the financial statements**  
*for the year ended 31 December 2010*

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d) Fair value of financial instruments

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that LoYAC is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The estimated fair value of the financial assets and liabilities at the reporting date are not significantly different from their carrying value.

e) Capital risk management

The management's policy is to maintain a strong capital base to sustain future development of the organisation. The management monitors the income from sponsorship fees, donations, training program and other activities' fees through operating cash flow management. The management seeks to maintain a balance between the funding received from sponsors and the expenses incurred on training programs and other activities to achieve a sound capital position.

LoYAC is not subject to externally imposed capital requirements, except the requirement of Kuwait Commercial Companies Law.