

ANNUAL REPORT 2011-2012



FIREARM LICENSING AUTHORITY

PROMOTING FIREARM SAFETY & RESPONSIBILITY.

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VISION STATEMENT

To foster public confidence in the integrity of the systems and procedures for the granting and renewal of firearm licenses, and to promote their responsible use.



MISSION STATEMENT

The Firearm Licensing Authority has as its mandate the accomplishment of the following objectives:

- The maintenance of integrity, transparency, accountability and objectivity throughout the process of the issuance of firearm licences.
- The ensuring of an efficient professional, rigorous and timely procedure for the application and issuing of firearm licences and the review, in instances where licenses are refused or revoked.
- The conduct of regular audits and security reviews of gun clubs, private security companies, facilities and private gun licence holders and their weapons.
- The development and maintenance of an inventory of all licences issued to private citizens and security firms, combining information on both the firearm holder and the weapon.
- The utilization of modern technology to capture for inclusion within an electronic database, the initial ballistic signature of new weapons as well as to undertake the regular testing of weapons.
- The collection of and accounting for fees payable in relation to the granting of new licenses and permits, and for the renewal of existing licenses and permits.

CORPORATE PROFILE

“ There is hereby established for the purposes of this Act, a body to be known as the Firearm Licensing Authority” –
Firearms Act, Part V, Section 26A. 1 ”

Cabinet Decision 7/04 gave approval for the revision of the policy and procedures relating to the issuing and renewing of the firearm licenses, the establishment of the Firearm Licensing Authority for carrying out related functions, the allocation of funds for the acquisition of new technology for the operation of the Authority, and the issuance of the drafting instructions to the Chief Parliamentary Counsel to amend the Firearms Act accordingly.

The Firearms Act in its previous form came into being in 1947 (revised 1967) in a vastly different environment than obtains today. Its objective was primarily to control the manufacture, sale, purchase, importation, exportation, transshipment, disposal, possession and use of firearms and ammunition.

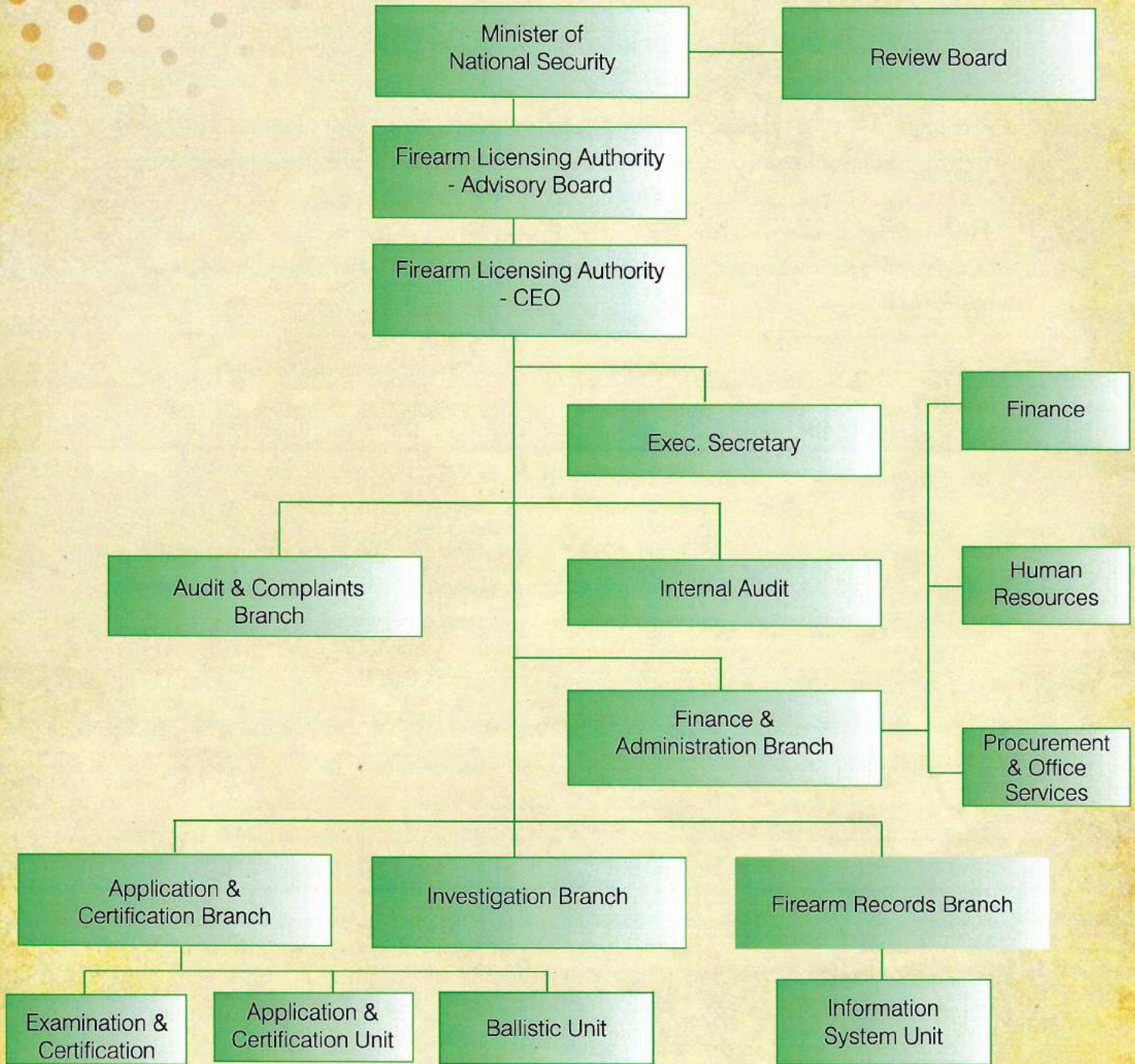
Under the Act, individuals were permitted to own and use firearms and ammunition after applications to the Superintendent were approved. Unsuccessful applicants had the right to appeal to the Minister of National Security who would convene a hearing on the matter.

The decision of the government to establish the Firearm Licensing Authority comes in the wake of allegations of corruption in the previous licensing regime.

On March 1st, 2006 the Firearm Amendment Act (2005) came into operation, and with it, the Firearm Licensing Authority was established as a statutory organization within the Ministry of National Security.

The main objective of the new policy, implemented through the Firearm Licensing Authority, is the reduction of corruption from the process of granting firearm licences and the introduction of a regime that will allow for a professional, careful and timely procedure to facilitate the application and issuing of firearm licenses.

FLA'S ORGANIZATIONAL STRUCTURE



MESSAGE FROM THE MINISTER OF NATIONAL SECURITY

“ I am looking forward to working with you to ensure even greater performance in the next reporting period. ”



Peter Bunting, MP

Congratulations on completing another successful year.

The Firearm Licensing Authority (FLA) has distinguished itself as an agency characterized by innovation and high levels of professionalism. The past year has been an exciting one in the development of the Authority, witnessing an accelerated modernization process and timely organizational restructuring. The appointment of a new Board of Directors and CEO proved to be effective in streamlining the focus of the Authority, and the establishment of the Western regional office will serve to strengthen institutional capacity.

With a constantly changing global landscape and the rapid proliferation of technology, the Ministry of National Security has made a concerted effort to ensure that the most advanced equipment are incorporated into the processes carried out by its agencies and departments. The FLA forms an important part of the law enforcement machinery and if effectively used, can be an essential repository of data that can have a significant impact on the wider crime fighting effort. I am therefore pleased with the progress that has been made in the use of new technologies to track the ballistic signatures of privately held firearms. This will undoubtedly aid the law enforcement process.

The Ministry of National Security reaffirms its commitment to develop the necessary policies and to influence the legislative process to ensure that its agencies and departments are positioned for success. As it relates to the FLA, the Ministry has initiated the process of creating a Small Arms Policy as part of a Crime Prevention and Community Safety Strategy. A review of the Firearms Act is also imminent; this will seek to ensure that the FLA remains a viable service entity, while providing it with the necessary authority to effectively discharge its mandate.

As we move into a new year, let us continue on this path of transformation to meet the demands of the present realities. Most importantly, the FLA must maintain efficient business processes to ensure that public confidence is restored in the Ministry's ability to safeguard the interest of law-abiding citizens.

I am looking forward to working with you to ensure even greater performance in the next reporting period.

Sincerely
Peter Bunting, MP

FLA BOARD

(REFERRED TO AS THE 'AUTHORITY')

MAY 1, 2012 TO PRESENT



FROM LEFT TO RIGHT: PASTOR MICHAEL HARVEY, ROSALIE McDONALD-BARKER, ROBERT GREGORY - CHAIRMAN AND GILBERT H. SCOTT, JP. FRONT: JUSTICE (RET'D) MARVA MCINTOSH.

JULY 12, 2010 TO APRIL 30, 2012



STANDING FROM LEFT, KHALEEL AZAN, ERROL STRONG- CHAIRMAN, LINCOLN ALLEN, HERBERT HAMILTON, SEATED JUSTICE MARVA MCINTOSH (RET'D).

CORPORATE GOVERNANCE

The selection of the Board as stated in the Firearms Act is as follows:

"The Authority shall consist of the following persons-

- (a) A person who has retired from the post of-
 - (i) Director of Public Prosecutions; or
 - (ii) Senior Civil Servant
- (b) A retired Judge of the Court of Appeal or the Supreme Court;
- (c) A retired Police Officer not below the rank of Senior Superintendent at the time of retirement; and
- (d) Two other persons who the Minister is satisfied are of high integrity and able to exercise sound judgment in fulfilling their responsibilities under this Act."

-Firearms Act Part V, Section 26 A. 1

The selection of the Review Board as stated in the Firearms Act is as follows:

The Review Board shall consist of-

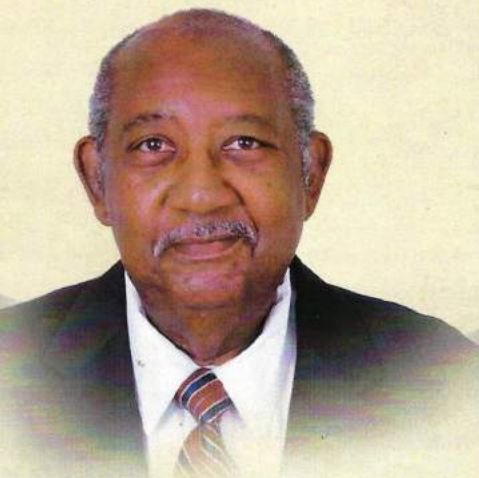
- a) a person who has served in the post of-
 - (i) Director of Public Prosecutions or;
 - (ii) A Senior member of staff of the Office of the Director of Public Prosecutions;
- b) a person who has served as a judge of the Court of Appeal or the Supreme Court;
- c) a person who served as an Officer of the Jamaica Constabulary Force not below the rank of Superintendent

The Review Board has received and processed one-hundred and eight (108) appeals for the financial period 2009/2010.

REVIEW BOARD PROFILE



Frank Phipps, (Q.C.)



Justice Clarence Walker (ret'd) - Chairman



Isadore Hibbert (D.C.P. ret'd)

MESSAGE FROM THE CHAIRMAN - FLA BOARD



This year under review the FLA has laid the platform and provided the vision and orientation for the success which is to follow in the years ahead.

The six members of the new FLA Board assumed office mid 2012 imbued with the mandate and charge of the Hon. Minister of National Security, as a critical component of Jamaica's National Security Infrastructure. Its membership consists of a retired Judge, a Senior Police Officer, a former Permanent Secretary of National Security, a senior member of the Clergy and a former public and private sector Chief Executive is very well equipped to meet the challenge of transforming the FLA with enthusiasm and creativity.

The acquired unfavorable public reputation of the Authority, for non-responsiveness and delay in its customer service delivery had casted a cloud of doubt in the Public's mind as to the professionalism, competence and integrity of the Authority's management, systems and processes.

The Authority has since 2012 set out to positively engage all of its key Stakeholders in a process to reposition the FLA as a world-class, professional, responsive, transparent, customer-centred Public Sector Service provider.

The demonstrated commitment of the FLA staff to the transformation process has been phenomenal, resulting in the positive feedback received from our customers, even in these early stages of the transformation, for this the FLA's Staff are to be congratulated and encouraged.

Having secured the services of a new CEO, sourced from the private sector, with a passion and track record in customer-centred business process design and technology management, we expect an accelerated roll out of a number of exciting initiatives which will greatly enhance the customer service experience of our clients and rehabilitate the reputation of the FLA.

This year under review the FLA has laid the platform and provided the vision and orientation for the success which is to follow in the years ahead.

Robert L. Gregory, CD, JP
Chairman, FLA

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

It was a great delight and honour to be given the opportunity to serve in the capacity of Acting Chief Executive Officer of the Firearm Licensing Authority (FLA) while a permanent replacement was sought.

My tenure was one that allowed me to provide guidance and leadership to a cadre of skilled, professional and dedicated staff. In addition to piloting the regular functions of the Authority there were three (3) major tasks that were being pursued: High Security Identification Card System (HSICS), Montego Bay Regional Office and Recertification.

The project team for the HSICS continued to work feverishly to successfully complete and implement this new licensing system, which is aimed at improving service delivery and increasing confidence in the security of the licensing tools. Based on the progress to date, this system is now scheduled to be operational by the end of the first quarter in the new year.

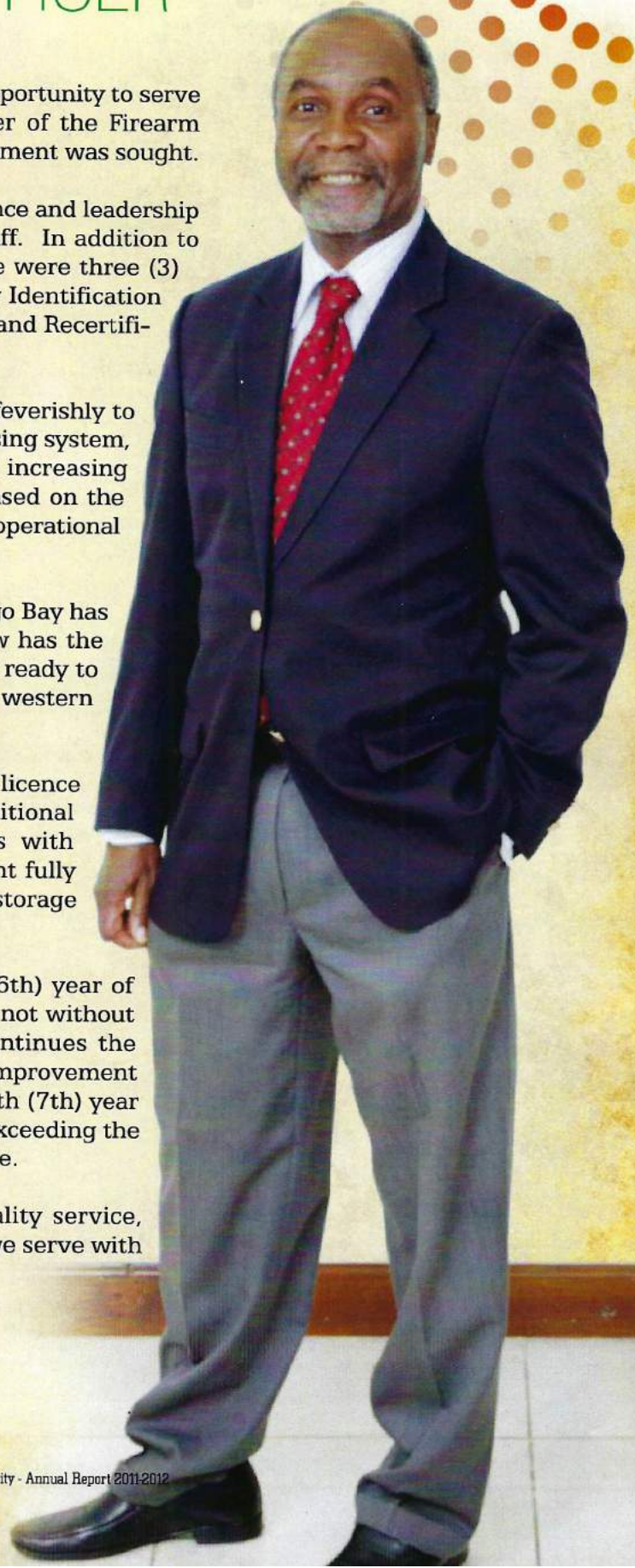
Planning for the FLA's first Regional Office in Montego Bay has been pursued as a matter of priority. The office now has the required infrastructure in place and an interim staff ready to provide equally quality service to the residents of the western region.

A major focus of the FLA is the increased number of licence holders recertified. To achieve this objective, additional resources were dedicated to ensure that holders with licences approved five (5) years or more, are brought fully onto the FLA's database, including the capture and storage of the ballistic signatures of these related firearms.

The Firearm Licensing Authority was in its sixth (6th) year of operation in 2011/2012. The entity has grown, but not without its fair share of challenges. The FLA however continues the pursuit of the modernization of its processes and improvement in the quality of its services. As we enter the seventh (7th) year we are excited about the prospects of meeting and exceeding the demands of our customers and fulfilling our mandate.

As a team we recommit to provide consistent quality service, motivating and recognizing our staff and to ensure we serve with professionalism and integrity.

Gilbert H. Scott
Chief Executive Officer (Actg.)



FLA's Organizational Constitution

The Firearm Licensing Authority in order to effectively carry out its functions and to fulfill its mandate has the support and commitment of its employees assigned to its six (6) branches; General Administration, Finance & Administration, Applications and Certification, Investigations, Records & Information Systems

and Audit & Complaint. Each branch is headed by a Director and ably assisted by a cadre of bright and ambitious managers, who provides the requisite quality leadership; to motivate, inspire and guide a cadre of skilled and knowledgeable employees to full the FLA's strategic objectives.

Directors



*Rear from Left: Alric Lecky Lessept Cummings and Roxroy Linton.
Absent: Maurice Goodgame and Michael Dixon*

Managers



The Investigation Branch



The Investigations branch is guided by quality and ethical standards to produce accurate, unbiased and timely reports to support each application that is made to the Authority. The branch conducts detailed background investigations as it relates to applicants with

support from agencies within the Jamaica Constabulary Force (JCF) and the Jamaica Defense Force (JDF) and if necessary International Police Organizations in an effort to obtain information that will ensure the highest level of integrity and equity in the issuing of firearm licenses.

The Audit & Complaints Branch



The Audit and Complaints Branch under the leadership and guidance of a Director is mandated to conduct frequent audits of ALL security companies, approved Ranges, Dealers, Trainers and Gun Clubs. The branch also investigates complaints by and against Licensed Firearm Holders.

As part of the audit process the team recommends policy changes to ensure more efficient controls in the discharge of the FLA mandate. Guidance is given to the security companies, approved range operators, dealers & trainers to increase compliance and adherence to the Firearm's Act and FLA regulations.

The Firearm Records & Information Systems Branch



This branch has responsibility for the establishment and maintenance of; all electronic records, all software systems, all computer hardware and network systems/devices, communication systems through IP and private Branch Exchange telephone systems and the

FLA website. Additionally, with increasing technological advances and with the growth and development of the entity the responsibility of the Records and Information Branch to provide leadership, guidance and support in the area of Information Technology.

The Finance & Administration Branch



This Finance & Administration Branch comprises of three (3) units; Finance, Human Resources and Procurement and is guided by a Director. This branch has responsibility for managing the human, financial and physical

resources of the authority. They also provide guidance for senior management in keeping with the strategic objectives and mandate of the Authority.

The Finance and Administration Branch (continued)

The Finance unit ensures the accurate and timely preparation of payroll for all staff. They also provide financial advice to senior management and all matters to ensure conformance with legal and budgetary requirements. The Human Resources Unit ensures the meticulous, caring and expedient managing of the Authority's Human Capital through advice, administration and Training & Development. The Procurement Unit ensures the efficient distribution and use of the Authority's, assets. Additionally the Procurement Unit provides critical support services, to include transportation and other ancillary services.

The primary objective of the Finance & Administration Branch is prudent management of the organization's finances to ensure viability of the Authority to meet the fiscal targets set by Ministry of Finance & the Public Service.

The second objective is to provide internal support to the other departments of the organisation in achieving the overall objectives of the Authority.

The Application & Certification Branch



The first point of contact for most of the FLA's customers is the Application & Certification Branch which is comprised of the following units; Application Processing, Renewals and Firearm Examination. This branch is responsible for the collection and processing of applications, including new appli-

cations, renewals, and administering of firearm competence. The Branch is vital to the first and final stages of the application process which includes conducting interviews, fingerprinting, administering firearm licence competence assessment and issuance of the relevant licence.

General Administration Branch

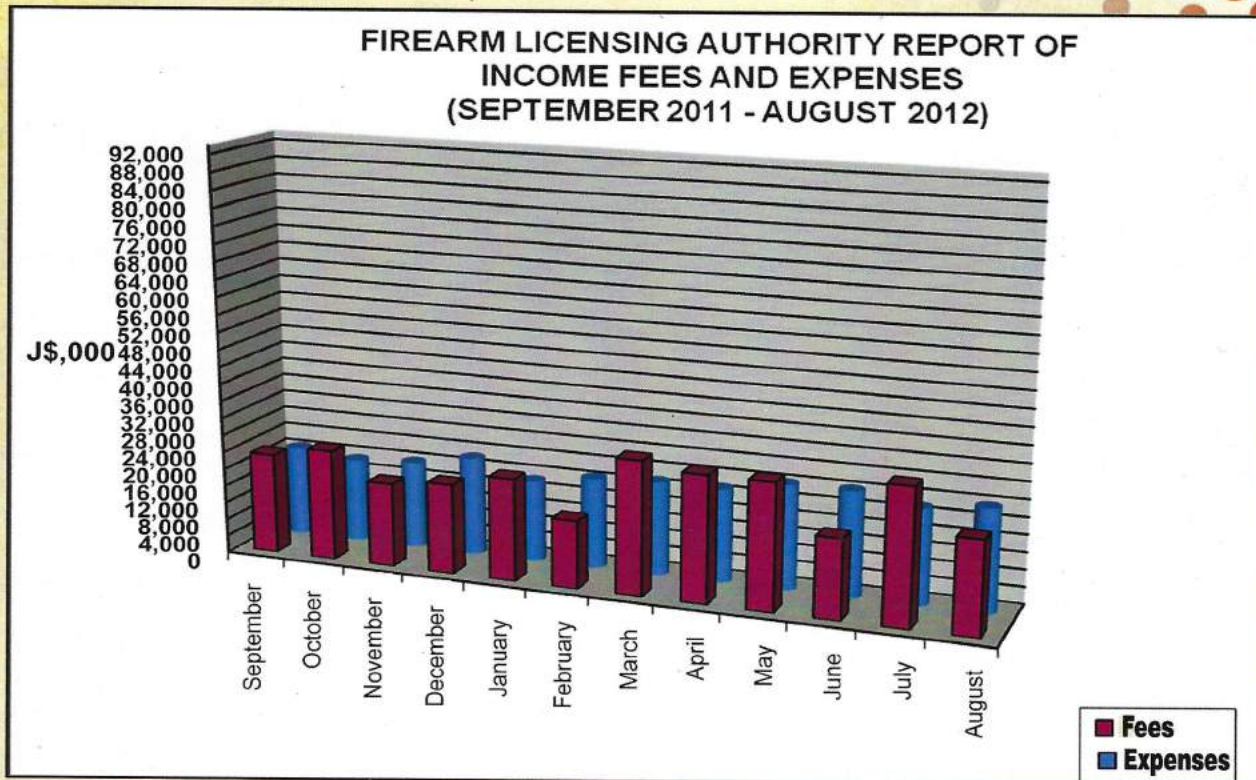


The Chief Executive Officer and staff of the General Administration Department coordinates the activities of the other five (5) branches and work in tandem with the Board of the Authority and the Review Board in executing the functional responsibilities of the Authority as specified in the Firearms Act.

The branch has responsibility for ensuring that the operational plans of each branch are in line with the strategic objectives of the Authority. Additionally they develop and ensure the effective monitoring & evaluation of each branch to ensure that targets are achieved, for the success of the Authority.

Internal Audit Unit: is responsible for monitoring and evaluation of internal processes to ensure that the integrity and intended purpose of procedures are being maintained. Additionally this branch provides support to senior management in recommending [as a result of audits] new or amended procedures that will assist in increasing efficiency and mitigating risk.

Review of Operations



At the end of the financial year 2011/2012 the Firearm Licensing Authority made a net surplus of Forty-Four Million Nine Hundred Thousand Eight Hundred and Ninety-Seven Dollars (\$44,900,897.00). The Retained Earnings at the end of the financial year 2011/2012 was Two Hundred & Fifty-Three Million One Hundred and Sixty-Five Thousand Three Hundred and Nineteen Dollars (\$253,165,319).

Income for the Firearm Licensing Authority was generated from revenue received in respect of services with gazetted cost stated below:

CORE SERVICES	FEES
Firearm User's License	\$8,000.00
Firearm User's (Employees)Certificate	\$4,000.00 (+\$400.00 per additional firearm)
Firearm User's (Special) License	\$4,000.00
Firearm User's (Restricted)License	\$4,000.00
Firearm Dealers' License	\$100,000.00
Approved Ranges	\$50,000.00
Gunsmith License	\$20,000.00

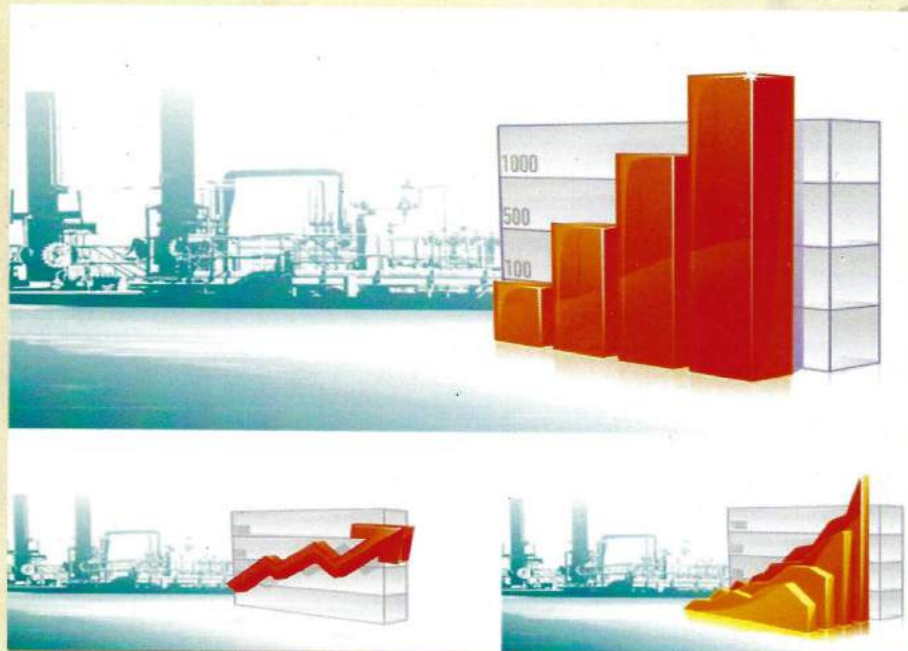
COMPENSATION

Board of Directors and Senior Executives

POSITION	BASIC SALARY/PER ANNUM	MOTOR VEHICLE ALLOWANCE/UPKEEP
BOARD OF THE AUTHORITY		
Chairman	\$1,170,000.00	
Deputy Chairman	\$1,040,00.00	
Board Member	\$ 910,500.00	
REVIEW BOARD		
Chairman	\$1,200,000.00	
Board Members	\$1,000,000.00	
SENIOR EXECUTIVES		
Chief Executive Officer	\$3,252,897.00	\$796,500.00
Director of Investigations	\$2,743,546.00	\$796,500.00
Director of Audit & Complaint	\$2,743,546.00	\$796,500.00
Director of Finance and Administration	\$2,208,993.00	\$420,000.00
Director of Application and Certification	\$2,001,239.00	\$420,000.00
Director of Firearm Records and Information Systems	\$1,842,974.00	\$420,000.00

Board Members are reimbursed for travelling (at a rate of \$35.00 per kilometer) to and from meetings or on business directly related to the Board.

THE RESULTS ARE IN . . .



The data below provides a snapshot of the main outputs of the Firearm Licensing Authority for the period, September 1, 2011 to August 31, 2012.

FIREARM USER'S LICENCE APPLICATIONS RECEIVED, APPROVED & DENIED

MONTH	APPLICATIONS			
	RECEIVED	PROCESSED	APPROVED	DENIED
September 2011	350	175	148	27
October 2011	242	168	153	15
November 2011	257	185	167	18
December 2011	284	51	40	11
January 2012	246	84	73	11
February 2012	282	168	147	21
March 2012	319	209	189	20
April 2012	265	168	139	29
May 2012	314	225	190	35
June 2012	319	109	98	11
July 2012	288	256	233	23
August 2012	219	259	216	43
TOTAL	3385	2057	1793	264

Regional Office



Interim Staff

The FLA was able to satisfactorily complete all hardware and other requirements for the opening of its first regional office in Montego Bay.

In order to provide the equivalent high level of quality customer service, an interim staff was identified. These employees from the head office served the residents of the western region and provided coaching and training to the new staff for that office.

RECERTIFICATION

In the year 2011/12 the FLA had as one of its major tasks the Recertification of Firearm Holders. The Firearms Act states that a holders' licence stays in force for five (5) years, subject to annual renewals. Prior to the inception of the FLA there were several holders whose complete documentary information and ballistics signatures are not on file. In an effort to ensure that this critical information is captured, increased focus was placed on Recertification of firearm holders.

Firearm Holders who have been granted a licence for five (5) years or more are required to provide the following:

- Two (2) recommendations
- Proof of Age – Birth Certificate or passport
- Receipt for fingerprint payment
- Completed application form

The holder is then required to call the FLA and make an appointment for processing.

The FLA hopes to complete the processing of outstanding holders within the next twelve (12) months.

HIGH SECURITY IDENTIFICATION CARD SYSTEM (HSICS)



The FLA continued to work closely with 3M towards the implementation of the High Security Identification Card System (HSICS). This was projected to be installed and operational for September 2012. In anticipation of and to ensure that the system met the specified requirements, the project team participated in a Factory Acceptance Test (FAT) at 3M in Ottawa Canada. The FAT was very instructive and enlightening as it revealed 54 critical errors/bugs/omissions. In order to have these issues resolved the date for implementation was delayed.

The new implementation date is projected during the 3rd quarter (March to May 2013) of the FLA year, September 1, 2012 to August 31, 2013.

Human Resource

TRAINING & DEVELOPMENT

The Firearm Licensing Authority continued its emphasis and dedication of resources to the training and development of its staff. During this period several critical skill areas were of focus to:

- Increase skill
- Improve productivity and efficiency
- Boost morale and marketability

Resources were committed to the training of approximately thirty nine percent (39%) of staff in the following areas:

- Records and Information Management
- Supervisory Management
- Delivering Enhanced Customer Service
- State Protocol and Business Etiquette
- Government Accounting Level 1, Module 1
- Service Skill for Ancillary Workers
- Fire Warden Training
- Project Design Implementation

F.L.A
Children's Day
2011



Mixology 2012




Church Service and Staff Brunch 2012

SOCIAL HIGHLIGHTS



FIREARM LICENSING AUTHORITY

FINANCIAL STATEMENTS
AUGUST 31, 2012



Firearm Licensing Authority

Financial Statements

Year ended August 31, 2012

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AUDITOR GENERAL'S DEPARTMENT
P.O. BOX 455
KINGSTON 10
JAMAICA

Email:
audgen@auditorgeneral.gov.jm

INDEPENDENT AUDITOR'S REPORT

**To the Chief Executive Officer
Firearm Licensing Authority**

Report on the Financial Statements

I have audited the accompanying Financial Statements of the Firearm Licensing Authority, set out on pages 1 to 14, which comprise the Statement of Financial Position as at August 31, 2012, Statement of Financial Performance, 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. 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 audit opinion.



Opinion

In my opinion the Financial Statements give a true and fair view of the financial position of the Firearm Licensing Authority as at August 31, 2012, and of its financial performance, and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Report on Additional Requirements of the Firearms 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.



.....
Pamela Monroe Ellis (Mrs.)
Auditor General

2013/02/26...

Date

FIREARM LICENSING AUTHORITY

Statement of Financial Position

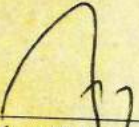
As at August 31, 2012

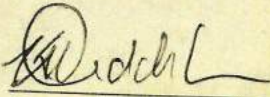


	Note	<u>2012</u>	<u>2011</u>
		\$	\$
NON-CURRENT ASSETS			
Property, plant and equipment	4	<u>52,565,686</u>	<u>38,141,927</u>
CURRENT ASSETS			
Receivables and prepayments	5	33,168,298	49,923,990
Cash and cash equivalents	6	<u>231,143,275</u>	<u>215,538,144</u>
		<u>264,311,573</u>	<u>256,462,134</u>
CURRENT LIABILITIES			
Accounts payable and accruals	7	24,800,582	49,120,805
Employee benefits	8	<u>35,355,525</u>	<u>31,153,001</u>
		<u>60,156,107</u>	<u>80,273,806</u>
Net Current Assets		204,155,466	176,188,328
Total Assets		<u><u>256,721,152</u></u>	<u><u>214,330,255</u></u>
EQUITY			
Donated assets reserve		3,555,833	6,065,833
Retained earnings		<u>253,165,319</u>	<u>208,264,422</u>
		<u><u>256,721,152</u></u>	<u><u>214,330,255</u></u>

The accompanying notes on pages 5 - 14 form an integral part of the financial statements.

Approved for issue on behalf of the Firearm Licensing Authority on Feb 26, 2013 and signed on its behalf by:


 Robert Gregory (Mr.)
 Chairman of the Board


 Kenroy Wedderburn (Dr.)
 Chief Executive Officer

FIREARM LICENSING AUTHORITY
 Statement of Financial Performance
 For the year ended August 31, 2012

	Note	2012 \$	2011 \$
Income			
Licence fees		500100	
		<u>314,748,501</u>	<u>284,537,224</u>
Total Income		<u>314,748,501</u>	<u>284,537,224</u>
Expenses			
Staff emoluments			
Relocation expenses	9	155,471,568	118,088,331
Property related expenses		-	2,825,305
Travelling		276,275 ✓	-
Office rental		29,513,632 ✓	28,145,997
Utilities		23,112,639	20,449,631
Board expenses		17,424,050 ✓	14,892,186
Security		8,279,034 ✓	8,297,344
Depreciation		12,404,597 ✓	11,137,855
Motor vehicles expenses		11,870,425 ✓	5,927,209
Software maintenance		3,565,363 ✓	3,126,561
Audit fees	10	3,427,532	1,428,138.00
Other expenses		39,675 ✓	39,675
		<u>16,454,795</u>	<u>14,283,110</u>
Total Expenses		<u>281,839,585</u>	<u>228,641,342</u>
Operating surplus		<u>32,908,916</u>	<u>55,895,882</u>
Interest income			
Miscellaneous income		9,421,981	9,663,754
Amortisation of donated asset reserve		60,000	24,000
		<u>2,510,000</u>	<u>2,510,000</u>
Net operating surplus		<u>44,900,897</u>	<u>68,093,636</u>

The accompanying notes on pages 5 - 14 form an integral part of the financial statements.

FIREARM LICENSING AUTHORITY
Statement of Changes in Equity
For the year ended August 31, 2012

	Retained Earnings \$	Donated Asset Reserve \$	Total \$
Balance as at August 31, 2010	140,170,786	8,575,833	148,746,619
Transfer from donated asset reserve		(2,510,000)	(2,510,000)
Deficit for the year	68,093,636	-	68,093,636
Balance as at August 31, 2011	<u>208,264,422</u>	<u>6,065,833</u>	<u>214,330,255</u>
Transfer from donated asset reserve	-	(2,510,000)	(2,510,000)
Surplus for the year	44,900,897	-	44,900,897
Balance as at August 31, 2012	<u><u>253,165,319</u></u>	<u><u>3,555,833</u></u>	<u><u>256,721,152</u></u>

The accompanying notes on pages 5 - 14 form an integral part of the financial statements.

FIREARM LICENSING AUTHORITY
Statement of Cash Flows
For the year ended August 31, 2012

	<u>2012</u>	<u>2011</u>
	\$	\$
Cash flows from operating activities		
Operating surplus/(deficit) for the year	44,900,897	68,093,636
Adjustments:		
Depreciation	11,870,425	5,927,209
Amortisation of donated assets reserve	(2,510,000)	(2,510,000)
(Increase)/decrease in current assets	7,755,692	(18,332,415)
Increase/(decrease) in current liabilities	(20,117,699)	21,019,413
Net cash provided by operating activities	<u>41,899,315</u>	<u>74,197,843</u>
Cash flows from investing activities		
Acquisition of assets	<u>(26,294,184)</u>	<u>(23,661,699)</u>
Net cash used in investing activities	<u>(26,294,184)</u>	<u>(23,661,699)</u>
Cash flows from financing activities	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	15,605,131	50,536,144
Cash and cash equivalents beginning of year	<u>215,538,144</u>	<u>165,002,000</u>
Cash and cash equivalents at end of year	<u><u>231,143,275</u></u>	<u><u>215,538,144</u></u>

The accompanying notes on pages 5 - 14 form an integral part of the financial statements.

FIREARM LICENSING AUTHORITY

Notes to the Financial Statements

For the year ended August 31, 2012

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1. Identification

The Firearm Licensing Authority (FLA) was established in 2005 by an Act of Parliament as a statutory organisation within the Ministry of National Security. The Act (1967 and amendments, Jamaica) to which the Authority complies to allows the Authority to control the manufacture, sale, purchase, importation, exportation, trans-shipment, disposal, possession and use of firearms and ammunition.

The Authority will streamline and standardize the granting, renewal, and revocation of firearm licenses and all the attendant processes thereof.

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

a) Statement of compliance

- i. These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). IPSAS's are developed by the International Public Sector Accounting Standards Board (IPSASB), an independent standard setting Board of the International Federation of Accountants (IFAC). IPSASs are based on the International Financial Reporting Standards (IFRSs). IPSAS deal with public sector reporting issues not dealt with in IFRSs.
- ii. 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

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

FIREARM LICENSING AUTHORITY
 Notes to the Financial Statements
 For the year ended August 31, 2012

c) Significant accounting policies

i. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, and short term deposits.

ii. Receivables

Trade receivables are carried at original invoice amounts less provision made for impairment losses. A provision for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

iii. Accounts payable and accrued charges

These are stated at cost.

iv. Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Depreciation on assets is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates or period over which depreciation is charged are as follows:

	%
Computers	20
Furniture, Fixtures	10
Office Equipment	20
Motor Vehicles	20
Leasehold Improvement	Duration of Lease



FIREARM LICENSING AUTHORITY

Notes to the Financial Statements

For the year ended August 31, 2012

c) Significant accounting policies (Cont'd)

iv. Property, plant and equipment

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

v. Employee benefits

The Authority does not participate into any pension scheme as engagements with employees are on a contractual basis. Therefore employee benefits that are earned as a result of past or current service are recognized as follows:

a. General benefits

A provision is made for the estimated liability for annual leave earned, for employees, that is not taken and gratuity not paid as at the date of the statement of financial position. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave.

vi. Provisions

Provisions are recognized when the Authority has a present legal or constructive obligation as a result of past events, 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 of the obligation can be made.

vii. Impairment and reversals of impairment

At the date of authorization of the financial statements, there were no impairment reviews by the Authority. This lack of review is not expected to have a material impact on the financial statements.

viii. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The Authority's financial instruments at August 31, 2012 were receivables and payables.

FIREARM LICENSING AUTHORITY

Notes to the Financial Statements

For the year ended August 31, 2012

c) Significant accounting policies (Cont'd)**ix. Revenue recognition**

License fees are recognised in the income statement whenever an application is approval by the Board of Directors and all requirements by the Authority had been met.

Interest income is recognized in the income statement for all interest bearing instruments on an accrual basis unless collectability is doubtful.

x. Donated assets reserve

The cost of assets wholly or partly funded by an external donor agency (including Government of Jamaica) with no loan attached is credited to the donated assets reserve and written off to the income statement on a straight line basis over the expected useful life of the related asset.

3. Financial Risk Management

The Authority'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 Authority'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 limits. The risk management framework is based on guidelines set by management and seeks to minimize potential adverse effects on the Authority's financial performance.

a) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. Accounts receivable and payable would be affected by this risk.

b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority will not be affected by this risk.



FIREARM LICENSING AUTHORITY
 Notes to the Financial Statements
For the year ended August 31, 2012

3. Financial risk management (cont'd)

c) Interest rate risk

Interest rate risk is the risk that the interest earned on interest bearing bank account balances will fluctuate due to changes in market interest rate. Income and operating cash flows are substantially independent of changes in market interest rates. The Authority's interest rate risk arises from deposits.

	2012	2011
	\$	\$
Cash and cash equivalents	228,077,401	209,998,175
	228,077,401	209,998,175

d) Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The risk is managed by maintaining sufficient cash and cash equivalent balances and periodical monitoring and reporting by the Finance Branch.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The tables below summarize the maturity profile of the Authority's financial liabilities at August 31, 2011 based on the contractual undiscounted payments.

FIREARM LICENSING AUTHORITY

Notes to the Financial Statements

For the year ended August 31, 2012
3. Financial risk management (cont'd)
d) Liquidity risk (cont'd)

Financial Liabilities	Carrying Amount \$	<u>2012</u>		Due within 1 year \$
		Contract Amount \$	Due within 3 months \$	
Accounts payable and accruals	24,800,582	24,800,582	2,608,582	22,192,000
Provision for employee benefits	<u>35,355,525</u>	<u>35,355,525</u>	<u>-</u>	<u>35,355,525</u>
	<u>60,156,107</u>	<u>60,156,107</u>	<u>2,608,582</u>	<u>57,547,525</u>

Financial Liabilities	Carrying Amount \$	<u>2011</u>		Due within 1 year \$
		Contract Amount \$	Due within 3 months \$	
Accounts payable and accruals	49,120,805	49,120,805	2,824,805	46,296,000
Provision for employee benefits	<u>31,153,001</u>	<u>31,153,001</u>	<u>-</u>	<u>31,153,001</u>
	<u>80,273,806</u>	<u>80,273,806</u>	<u>2,824,805</u>	<u>77,449,001</u>

e) 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 Authority has the following financial assets:

	<u>2012</u>	<u>2011</u>
	\$	\$
Cash and cash equivalents	231,143,275	215,538,144
Accounts receivable (excluding prepayments)	<u>23,558,608</u>	<u>35,974,111</u>
	<u>254,701,883</u>	<u>251,512,255</u>

FIREARM LICENSING AUTHORITY

Notes to the Financial Statements

For the year ended August 31, 2012

4. Property, plant and equipment

	Motor vehicle \$	Office equipment \$	Furniture and fixtures \$	Computer hardware and software \$	Leasehold improvement \$	Total \$
Cost						
At 1 September 2011	12,550,000	2,354,046	1,229,309	3,969,070	28,268,660	48,371,085
Additions	4,200,000	7,711,799	3,373,271	7,185,719	3,823,395	26,294,184
Disposals	-	-	-	-	-	-
At August 31, 2012	16,750,000 ✓	10,065,845 ✓	4,602,580 ✓	11,154,789 ✓	32,092,055 ✓	74,665,269
Depreciation						
At 1 September 2011	6,484,166	481,965	145,446	605,857	2,511,724	10,229,158
Charge for the year	2,790,000	1,569,936	213,732	1,643,025	5,653,732	11,870,425
Disposal	-	-	-	-	-	-
At 31 August 2012	9,274,166 ✓	2,051,901 ✓	359,178 ✓	2,248,882 ✓	8,165,456 ✓	22,099,583
Net Book Value:						
31 August 2012	7,475,834	8,013,944	4,243,402	8,905,907	23,926,599	52,565,686
31 August 2011	6,065,834	1,872,081	1,083,863	3,363,213	25,756,936	38,141,927

The Leasehold improvement represents modifications done to the offices at 12-14 Worthington Terrace, Kingston 5, and the regional office at Shop # 9 Bogue City Centre Montego Bay.

FIREARM LICENSING AUTHORITY

Notes to the Financial Statements

For the year ended August 31, 2012

5. Receivables and prepayments

	2012	2011
	\$	\$
Accounts receivable	22,077,889	24,998,864
Other receivables ^{301006, 301005, 301029}	382,618 ✓	891,116
Interest receivable ³⁰¹⁰²⁸	1,098,101 ✓	1,229,673
Prepaid expenses ^{301009, 301013, 301027}	9,609,690 ✓	13,804,337
	<u>33,168,298</u>	<u>40,923,990</u>

6. Cash and cash equivalents

	2012	2011
	\$	\$
Investments (i) ^{302005, 302004}	228,077,401 ✓	209,998,175
Cash at Bank ^{302006, 302001, 302002, 302003}	3,065,874 ✓	5,539,969
	<u>231,143,275</u>	<u>215,538,144</u>

(i) These are short term deposits (30 - 90 days) at interest rates varying from 2.57% to 6.30% per annum.

7. Accounts payable and accruals

	2012	2011
	\$	\$
Creditors ^{401001, 401123}	814,676	1,939,083
Statutory deductions ⁴⁰¹¹⁹	208	81,159
Accruals ⁴⁰¹⁰⁰³	1,793,698	804,563
Customer deposits ⁴⁰¹⁰⁰⁴	22,192,000	46,296,000
	<u>24,800,582</u>	<u>49,120,805</u>

8. Employee benefits

FIREARM LICENSING AUTHORITY

Notes to the Financial Statements

For the year ended August 31, 2012

	2012	2011
	\$	\$
Provision for gratuity 40118	22,668,403 ✓	27,496,133
Provision for vacation leave 40112	4,188,484 ✓	3,656,868
Provision for salary arrears 40115	8,498,638 ✓	-
	<u>35,355,525</u>	<u>31,153,001</u>

9. Salaries and related costs

	2012	2011
	\$	\$
Salaries and wages	122,966,623	96,969,476
Gratuity 211203 & 211700	24,859,615 ✓	15,144,880
Vacation 210105 & 211202	2,076,892 ✓	1,266,759
Employer's statutory contribution 257108, 211300 & 211800	5,568,438 ✓	4,707,216
	<u>155,471,568</u>	<u>118,088,331</u>

- a) Staff members are employed on contract for a period of three years. Gratuity is twenty-five percent of salary earned during the contract period and is payable on the successful completion of the contract.
- b) At August 31, 2012, there were 97 (2011 – 86) employees on staff at the Authority, 32 (2011 – 24) of which were temporarily employed. *(2013-112) 46 Temporary*
- c) **Executive salaries:**

	2012		2011	
	Salary	Travelling	Total	Total
	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	3,253	797	4,050	4,050
Director - Finance and Administration	2,208	420	2,628	2,628
Director - Records and Information Systems	1,843	420	2,263	2,263
Director - Audit and Complaints	2,744	797	3,541	3,541
Director - Application and Certification	2,001	420	2,421	2,421
Director - Investigations	2,744	797	3,541	3,541

10. Software maintenance

FIREARM LICENSING AUTHORITY

Notes to the Financial Statements

For the year ended August 31, 2012

This amount represents the current year charge for the Safeguard extended warranty for three years (April 1, 2011-March 31, 2014) for use of the correlation server located at the Jamaica Constabulary Force site for the period. The total cost of the warranty is CDN\$115,736.

11. Income and other taxes and duties

Under Section 12 of the Income Tax Act, the income of the Authority is exempt from income tax and property tax.

In addition it is exempt from stamp duties and transfer taxes, as well as customs duty and general consumption tax with respect to articles imported into the country or taken out of bond in Jamaica.





FIREARM LICENSING AUTHORITY

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