

# JBDC

ANNUAL REPORT 2016-2017



15 Years of  
Building MSMEs





## MISSION STATEMENT

*"To pursue developmental policies that foster sustainable modernization and growth in the productive sector, effective modernization of the business environment, cost-effective delivery of technical and marketing services through highly committed, competent and motivated employees."*



# CORPORATE PROFILE

The Jamaica Business Development Corporation (JBDC) was established in 2001 as the premier government agency providing business development services to Jamaican Micro, Small and Medium-sized Enterprises (MSMEs)... "From Concept to Market", JBDC provides guidance for business start-ups and expansion, offering business advice and consultation, research services, business monitoring, training and capacity building, project management services, financial advice, design and product development as well as market penetration support and access. The organization which operates within the ambit of the Ministry of Industry, Commerce, Agriculture & Fisheries (MICAFA), strives to continually fuel the local economy through its services and programmes designed to support the growth and development of the MSMEs sector.

The JBDC operates from corporate offices in Kingston and satellite locations in Mandeville, Hanover, Montego Bay, Westmoreland, St. Ann and the University of the West Indies (UWI), Mona Campus. Technical support and incubation services for start-ups and established businesses are facilitated through the organization's Incubator and Resource Centre (IRC) located on Marcus Garvey Drive in Kingston. At this location, enterprises in the food processing and food service, fashion and accessories, and gift & craft sectors secure access to specialized technical services and utilize the IRC's incubator equipment and office facilities as extended support for the creation and manufacturing of their product lines. Qualified designers and industrial engineers who constitute a vital part of JBDC's team of professionals are integral to the organization's delivery of technical support services to its clients, in a range of areas such as graphic design, label and packaging design, product concept development, prototyping and packaging. Advice to new business owners in factory layout, production systems planning, energy management and other aspects vital to the creation of sustainable operations is guided by the latest industry specific research and global quality standards.

JBDC's marketing support services are delivered through its Things Jamaican retail arm which provides market access and include retailing opportunities that aim to promote and build "Brand Jamaica". JBDC has remained committed to the development and promotion of authentic Jamaican products, including handicrafts, eclectic gift lines, specialty foods and spa products, through its unifying 'Things Jamaican' umbrella brand, showcasing and retailing the best and highest quality products which Jamaica has to offer. JBDC is one of the largest purchasers, distributors and promoters of authentic Jamaican products, currently marketing brands for over 400 active suppliers island-wide. Its Things Jamaican stores are housed at the Norman Manley International Airport, the historic Devon House and JBDC's Corporate Offices, and may also be found online at the e-commerce site, [www.thingsjamaicanstores.com](http://www.thingsjamaicanstores.com).

JBDC enjoys long-standing and successful relationships with a range of international and local funding agencies through which it has secured critical support in tandem with participation from the Government of Jamaica for the implementation of innovative and far-reaching business development programmes on a national scale. Strategic partnerships, including several Public Private Partnerships (PPP) are fundamental to JBDC's approach fostering collaboration and cooperative arrangements between government agencies, the private sector as well academia and research communities.

**For more information:** Call: 1 (876) 928-5161-5, Toll Free: 1-888-232-4357

Websites: [www.jbdc.net](http://www.jbdc.net) or [www.thingsjamaicanstores.com](http://www.thingsjamaicanstores.com)

Email: [info@jbdc.net](mailto:info@jbdc.net)



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## MINISTER'S STATEMENT



The Jamaica Business Development Corporation (JBDC) plays a key role in assisting local businesses to develop, survive and grow. Today, after many years of success, the agency remains firmly committed to the development and growth of local entrepreneurs and the promotion of authentic Jamaican products.

Over the years, many Jamaicans with various business ideas have benefited from the JBDC's guidance in business planning, and in starting and expanding their businesses. Men and women, in both rural and urban areas, can today access the expert advice and consultation, research services, training and capacity building, product design and development, and a whole range of other services offered by the JBDC team.

The JBDC must also be recognized for its deliberate efforts to take its services to potential and existing entrepreneurs across the island, especially through its mobile business clinics. Today, those with good

business ideas can make use of the qualified designers and industrial engineers, the marketing team, graphic designers, and so on, who form a vital part of the JBDC's team of professionals and are central to the organization's delivery of technical support services to its clients.

We welcome also the role being played by the JBDC towards achieving the Government's growth agenda, particularly through the development of our micro, small and medium enterprise (MSME) sector, which accounts for over 90 per cent of all classified tax-paying enterprises in the island.

With its strong, visionary leadership and committed staff, I am confident that the JBDC will continue to be successful.

**Karl Samuda, CD, MP**

Minister of Industry, Commerce, Agriculture and Fisheries



## CHAIRMAN'S STATEMENT



I have observed the journey of the Jamaica Business Development Corporation (JBDC) over the past 15 years and am aware of the immense progress the organization has made in serving the Micro, Small and Medium-sized Enterprise (MSME) sector under the expert leadership of Chief Executive Officer, Valerie Veira.

It is with pride that I take this opportunity as Chairman to congratulate Miss Veira and her team for having built JBDC from the ground up to a point where it now stands as the government's premier authority on business development services. Nowhere else in Jamaica exists an organization which offers the complete suite of services to MSMEs that are found within the JBDC's incubation system.

The impact of the agency's many interventions over the years is evident in the growth of the thousands of entrepreneurs whom they have guided 'from concept to market'. Today, the business sector is abuzz with activities targeting MSMEs and public/private sector partnerships are being forged with the common goal of economic development in mind; a testament to the fact the JBDC's message has been heard. The JBDC's gentle, yet effective hand-holding procedures have left an indelible mark on the lives of entrepreneurs who once never dared to refer to their ventures as a business.

On behalf of the Board of Directors, recognizing the significance of the survival of this sector to economic growth, we stand ready to continue to offer our support to capacity building programmes geared towards yielding even greater success for the years to come.

**Cleveland Stewart**  
Chairman



## CEO'S OPERATIONAL REVIEW



The 2016-2017 financial year marked a major milestone for the Jamaica Business Development Corporation (JBDC), as the Agency marked its 15th anniversary serving the Micro, Small and Medium-sized Enterprise (MSME) sector. History will be kind to us, having taken the subject of small business development from a place where it was barely heard of to where nearly every major local organization, particularly the financial sector, demonstrated an interest in participating in its development.

Indeed, the time was ripe in 2016 to engage financiers and MSMEs in the crucial matter of financing, an area which was highlighted as among the major challenges affecting the growth of the MSME sector in the National Needs Assessment Report (2014).

As the government's premier business development support agency, it was our duty to lead this conversation and we began with the staging of the 9th Annual Small Business Expo & Conference held at the Jamaica Pegasus in May under the theme: "Opening the Door to Financing Opportunities." As the event was also used to engage youth entrepreneurs as a sub-theme, the two subject matters dominated headlines and front pages in the days leading up to the Expo and resulted in a massive turn-out of more than 800 persons, reflecting a 55% increase over the previous year. Our message had reached the desired targets.

We had come thus far through partnerships with both private and public sector entities over the years and therefore used the occasion to award our top twenty five (25) partners with an authentic Jamaican gift bearing our signature running man. The highlight of the awards was the inaugural MSME Nation Builder Award which was given to Continental Baking Company Limited for its contribution to the development of the sector through initiatives including 'A Jamaican Made Christmas' and the 'The Bold Ones.' If more large corporations adapted 'the each one, teach one' concept in nurturing smaller businesses, then we will be well on our way to realizing the true potential and economic growth impact of the sector.

In July 2016, we ended phase one of the ground-breaking Mobile Business Clinic Initiative with the final staging in Kingston. A total of twelve (12) Clinics had been executed island-wide, with more than 2400 persons registering at the venues over a near two-year period. The execution of Phase 1 also presented an opportunity to mine further data from the field which has informed critical decisions guiding for example the current review of the government's MSME Policy, as well



as strengthen our relationship with agencies important to strengthening the support framework for MSMEs. The Development Bank of Jamaica's Voucher for Technical Assistance programme is an example of important support. Plans are already underway for phase two of the MBCI to be implemented beginning in 2017.

It is also significant that during our 15th year, we exported our services to our Caribbean neighbours with the staging of the immensely popular Tapping into Donor Funds Proposal Writing Workshop® in Castries, St. Lucia in November 2016. This was a move which strengthened our thrust to focus on access to financing.

Workshop participants included primarily leaders and strategists from public & private sector entities, social enterprises and entrepreneurs from St. Lucia, St. Vincent & the Grenadines, Grenada, Dominica, Antigua & Barbuda and Jamaica. Because of our intervention, their capacity to produce strategic proposals has been strengthened significantly, they now have an increased the likelihood of accessing funding, networking opportunities, benefited from funding opportunities made available by donors, as well as collaborations birthed out of meeting persons from other countries. Mission accomplished. This has been the JBDC's impact on regional integration.

As we sought to expose our audience to alternative forms of financing, JBDC once again, shed the spotlight on the issue during its celebration of Global Entrepreneurship Week in November. In doing so, we partnered with angel investors – Alpha Angels, Link Caribbean as well as venture capitalist, the Development Bank of Jamaica. Among the highlights of the week were the Raising Capital forum focusing on equity financing, as well as the Pitch Workshop which featured a competition in which Herboo Corporation walked away with the grand prize of \$100,000 for the best one-minute pitch. JBDC also signed an official MOU with First Angels.

I take this opportunity to acknowledge our major financial sponsor for the period – National Commercial Bank; our media partners who help us in furthering the conversation, all other valued partners and our clients who continue to be our most important ally, as together we move forward.

**Valerie Veira, J.P.**

Chief Executive Officer



## DEPUTY CEO'S TECHNICAL REPORT



As we take our clients through our unique incubation system, our end goal is to see them successfully operating and competing in the marketplace locally and globally. It is part of the Jamaica Business Development Corporation's (JBDC) duty as a primary guardian of Brand Jamaica and a journey that we take immense pride in 'From concept to market.'

The signs were encouraging during the fiscal year 2016-2017 as it relates to market access, the primary function of the Marketing Services Unit which manages our Things Jamaican™ retail store chain. Sales spiraled towards JMD\$60 million by year-end. Of note, through heightened brand exposure during the period, the Unit saw a 33% increase in revenue over 2015-2016 and 20,250 customer transactions, a 27% increase over 2015-2016, thereby increasing earnings for our suppliers, the highlight being October 2016 when their total exceeded JMD\$4 million.

Similarly, the Technical Services Division through the Incubator & Resource Centre was able to provide increased incubator support to our clients. Both the Fashion and Gift & Craft Incubators were reconfigured and expanded in size, providing increased access for entrepreneurs in primarily in fashion, agro-processing and craft. Overall, MSMEs using the three incubators produced items with a combined value of \$10,950,000 for sale on the local market. The Business Advisory Services department embarked on a quest for growth with its clients who had high-growth potential.

Through partnerships, the newly formed Financial Support Services Unit embarked on its crucial Financial Literacy Programme, engaging more than 200 clients through workshops and consultation. In keeping with our system of hand-holding in the Business Monitoring Programme, the FSSU has been delivering Financial Management services including costing and pricing sessions, financial reviews, financial statement compilations, tax compliance, financial planning, strategic planning and recordkeeping. With the ultimate goal being access to financing for its clients, the Unit has established partnerships with financing entities to which clients are referred for funding once their readiness has been assessed.

The company's research agenda continued to maintain a strong presence within the MSME sector through the MSMEs Perception of Mobile Money Services Report. The core objective of the survey was to determine whether entrepreneurs are interested in conducting/facilitating financial transactions over a mobile network in their enterprises, and to provide insights to entities in the financial sector as they seek to adopt and introduce MMS to the Jamaican market (data was collected from over 1,000 MSMEs). Also of note was the ground-breaking National Employee Engagement Report in which over 500 employees from 37 private and public sector



entities participated. The findings from the survey will form the basis for a critical, yet overlooked conversation about the significance of engagement in developing a more robust workforce that will steer the country in the right direction towards economic growth. And more importantly, for heads of businesses at all levels recognize that employee disengagement comes at a financial cost. There is no dollar value of the impact of disengagement on the Jamaican economy. However, Jamaica has the lowest labour productivity rate (i.e. unit of output per worker) when compared to its major trading partners in the Caribbean and North America.

Personally, I feel a sense of fulfillment having embarked on this journey with the CEO 15 years ago to lead the development of the MSME sector comprising a large group of brave visionaries who have taken on the task of operating their own businesses, especially during times when many would want to give up. As they continue to grow, so will JBDC, developing and implementing programmes that will take Brand Jamaica beyond our borders.

### Harold Davis

Deputy CEO





## BOARD OF DIRECTORS



**Cleveland Stewart**  
Chairman



**Valerie Veira, J.P**  
C.E.O & Director



**Douglas Archibald**  
Director



**Omar Azan**  
Director





**Adonia Chin**  
Director



**Andrene Collings**  
Director



**Yvonne Davis**  
Director



**Lanville Henry**  
Director





**Hugh Johnson**  
Director



**William Lawrence**  
Director



**Raymond Villiers**  
Director



**Collin Virgo**  
Director





**Donovan Wignal**  
**Director**





## MANAGEMENT TEAM



**Valerie Veira, J.P.**  
Chief Executive Officer



**Harold Davis**  
Deputy Chief Executive Officer



**David Harrison**  
Director, Incubator & Resource Centre



**Melissa Bennett**  
Manager, Financial Support Services





**Ann-Marie Brown**  
Manager, Administration



**Suzette Campbell**  
Manager, Corporate Communications



**Michele Cowan**  
Manager, Finance



**Janine Fletcher-Taylor**  
Manager, Marketing Services





**Neville Grant**  
Manager, Information Technology



**Patricia Kitson**  
Manager, Human Resource Management & Development



**Colin Porter**  
Manager, Technical Services Division



**Lisa Taylor-Stone**  
Manager, Project Management & Research





**Althea West-Myers**  
Manager, Business Advisory Services





# OPERATIONAL DISCUSSION AND ANALYSIS





## SUMMARY OF CORE FUNCTION AREAS

Business Advisory Services	Technical Services	Project Management & Research	Marketing Services	Financial Support Services
Offer business advice and mentoring, business plan preparation and analysis, programme and project management, business training, assessment of entities and preparing clients to access financial and technical support.	Provides a wide range of technical assistance including: product design and development, business incubation, management, plant and production engineering, food technology, customised hands-on workshops, prototype and product development, branding, fashion and graphic design, patternmaking, packaging and labelling services.	Provide guidance for programme strategies, with the analysis and interpretation of industry statistics and MSME resource materials. Through strategic alliances, source local and international funding to support programmes that allow stakeholders to access training and technical upgrading.	With three (3) branches of strategically located <b>Things Jamaican</b> retail stores, clients have the opportunity to promote and sell their products to a wider market. Further marketing is provided through JBDC's participation in local and international trade fairs and expos. For this process, the Clients' products are screened and recommendations given to improve viability.	Provides support services to MSMEs aimed at building their capacity and preparing them to more effectively and efficiently navigate the existing financial market. The main goal of the unit is to foster growth and development through research, training, financial handholding, access to financing and grant disbursement.

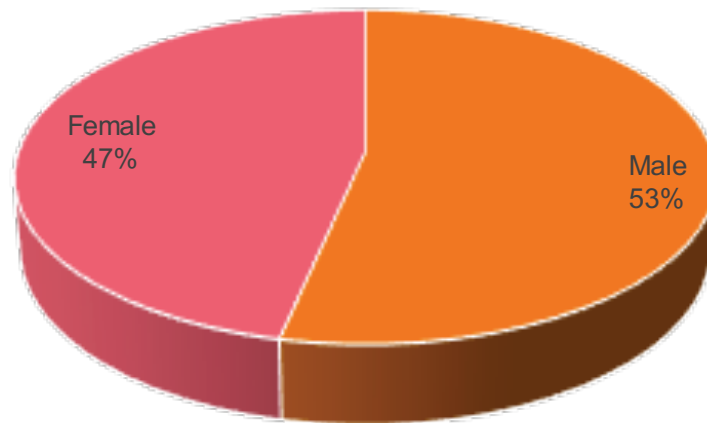


# PERFORMANCE OVERVIEW

## PROFILE OF CLIENTS

The Jamaica Business Development Corporation served approximately 2930 active clients within the Micro, Small and Medium-sized Enterprises (MSMEs) Sector as at March 31, 2017. The gender differential for this number is almost equal where 53% of clients are males and 47% are females. As it relates to the industries to which clients are aligned, most (39%) are aligned to the services sector, the second largest proportion (19%) are retailers dealers followed by 16% who are manufacturers or producers. Other sectors represented and details of which are presented in the diagram below are: agriculture, accommodation / food services, arts and entertainment, education, transportation and warehousing, among others.

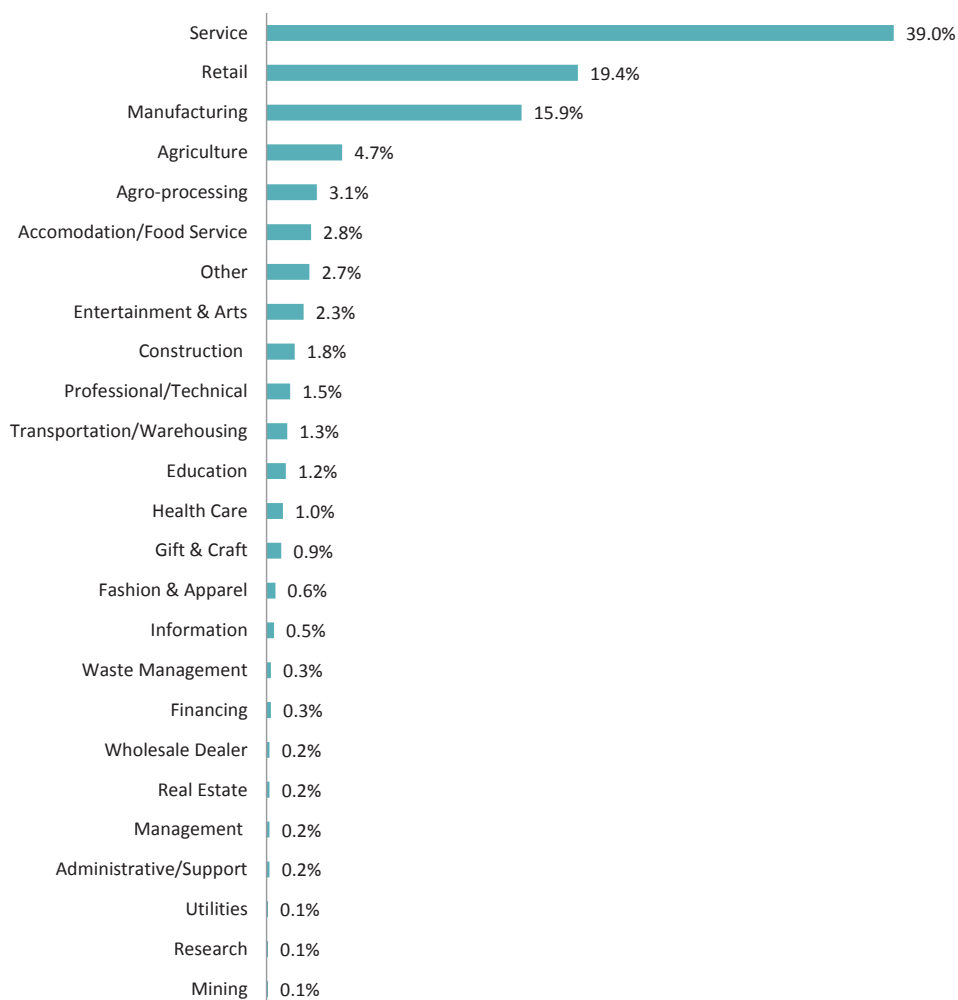
NUMBER OF CLIENTS BY GENDER



■ Male ■ Female



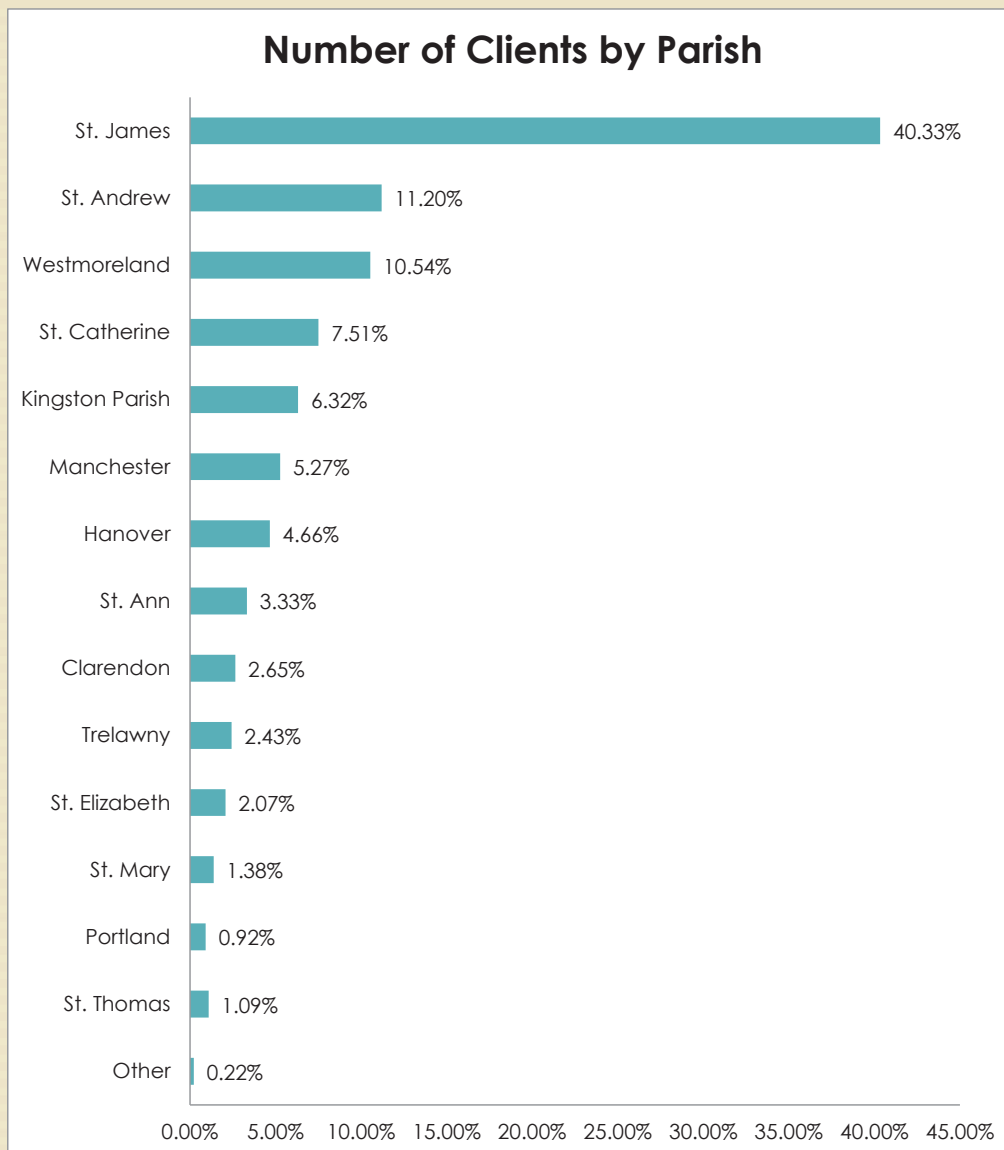
### NUMBER OF CLIENTS BY BUSINESS TYPE



<sup>1</sup> Clients registered in the Neoserra Client Relationship Management System



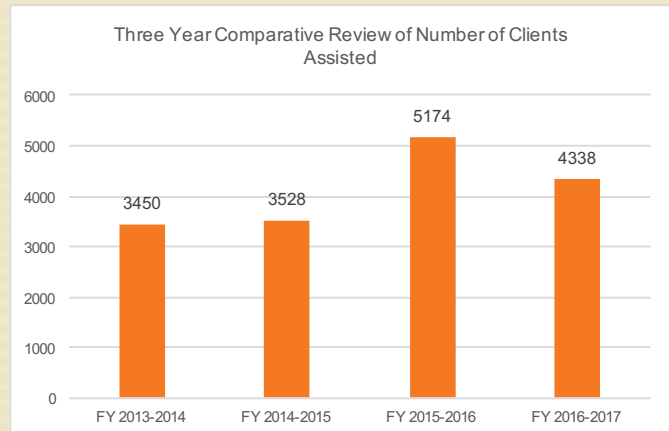
Clients are dispersed country-wide with the largest concentration of clients located in St. James (40%) followed by St. Andrew (11%), Westmoreland (11%) and St. Catherine (8%). The large proportion of clients in St. James results from the thrust of the Business Advisory Services Department to formalize MSMEs operating in this parish (i.e. registration with the Companies Office of Jamaica).





## Our Reach

JBDC assisted 4,338 MSMEs during the 2016-2017 Financial Year representing a 16.2% decrease over the previous fiscal year (2015-2016) during which 5,174 MSMEs were assisted. This reduction is largely attributed to the culmination of the Mobile Business Clinic Initiative (MBCI) Phase 1 during the fiscal year under review. Assistance was provided through approximately 6,508 interventions across the broad spectrum of JBDC's services inclusive of business advice & consultation, financial advice, incubator and technical services, product development, research, project management, proposal writing, training and development, coaching and mentoring, monitoring and handholding and marketing support.



<sup>2</sup> This figure includes clients captured on the Neoserra Client Relationship Management System as well as those captured at mass events and other interventions.

## Interventions ' Overview

The majority of JBDC's service interventions were led by its Business Advisory , Technical and Marketing Services Departments.

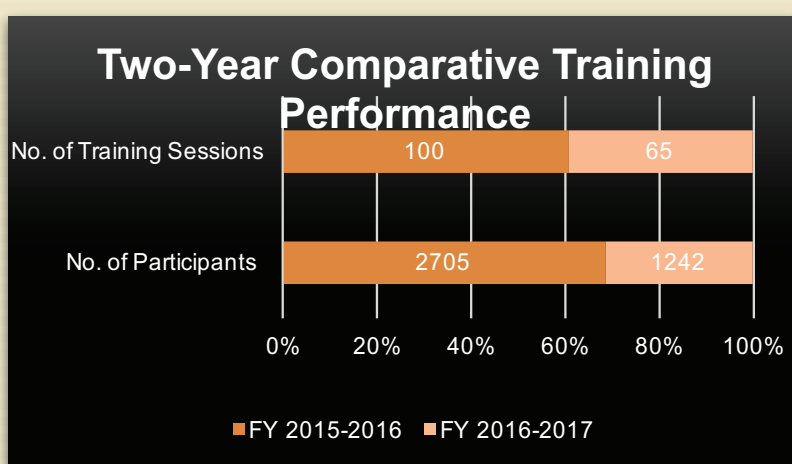
- Business Advisory Services – the department conducted interventions, accounting for the majority administered by JBDC for the review period. Core business advisory services include: business consultation, business development training, business planning and business monitoring and mentoring.
- Technical Services – The focus of JBDC's technical assistance is product development inclusive of packaging design, product design and general product and process enhancement.
- Marketing Services - Through strategic marketing, clients were provided with local and international market access via in-store and electronic promotions and participation in local and international trade shows provided by Things Jamaican™; JBDC's Marketing Unit.
- Project Management and Research - Through its specialized service solutions, the Project Management and Research Department facilitated interventions in proposal writing and applied research that are geared towards medium-size and large businesses and companies.



## Training Performance

The JBDC conducted a series of training sessions island-wide focusing on business and technical development. JBDC continued its Tapping into Donor Funds Proposal Writing Workshop ® series to strengthen the capacity of MSMEs and other clients e.g. social enterprises, government entities, foundations and NGOs to access funding which resulted in over \$127 Million being awarded in grant funding to workshop participants since inception (November 2013) to the period ending March 31, 2017.

Since the beginning of the review period (FY 2016-2017), approximately 1242 MSMEs have been trained representing a 54% decrease in the number of MSMEs trained when compared to the same period during FY 2015-2016. Likewise, the number of training sessions hosted have decreased from 100 to 65; representing a 35% decrease over FY 2015-2016. The differences in the figures is due to the implementation the Mobile Business Clinic Initiative (MBCI) during 2015-2016 where a total of 1028 MSMEs were reached by the MBCI alone through 51 workshops.



<sup>3</sup> Interventions are classified as contacts with clients which includes but limited to: consultations and counseling sessions, training, mentoring and coaching, product development or screening sessions, email, telephone and face to face contacts.

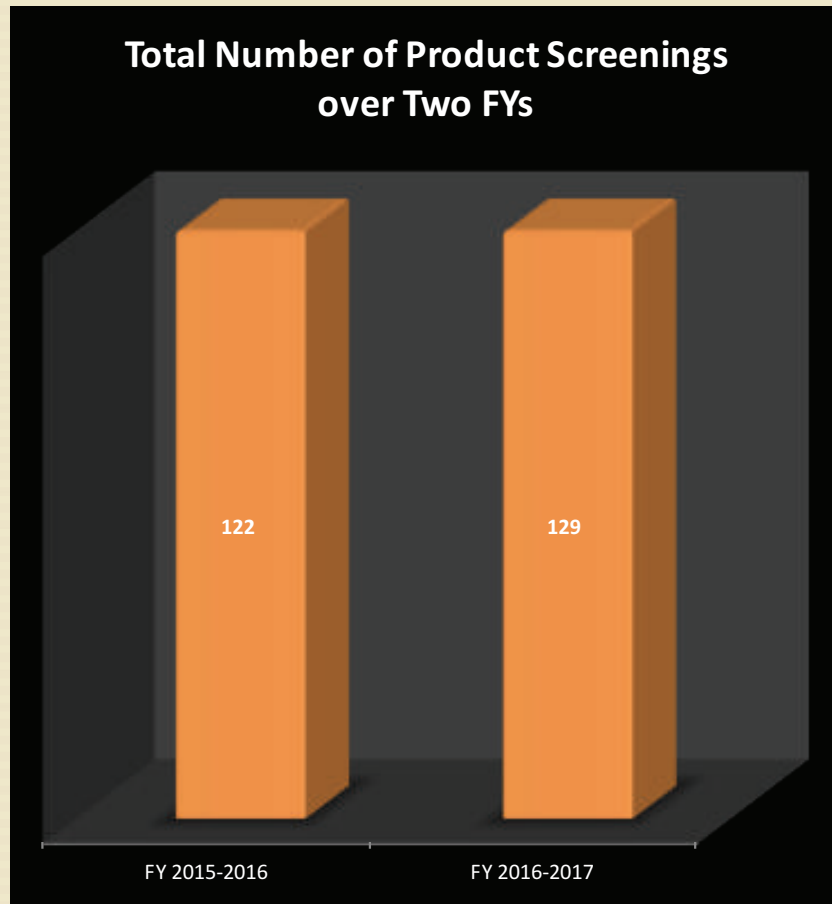
A synopsis of selected courses delivered by JBDC during the review period are included below:

- Tapping into Donor Funds Proposal Writing Workshop ®
- Applied Research Methods Workshop focusing on qualitative and quantitative research
- Lean Start-Up Strategy
- Becoming Tax Compliant
- Lunch & Learn
- Raising Capital
- Opportunity Evening



## Market Consultation

Product Screening to assess the integrity of the overall design of a product, its quality and marketability are undertaken with clients by the Technical Services and Marketing Services Units. Products screened during the period ranged from gift & craft, home accessories, and entertainment, to specialty foods, fashion and fashion accessories. The graph illustrates the number of product screenings carried out in FY2015-2016 and FY 2016-2017. There was an increase of just over 6% compared to screenings done in the FY 2015-2016.





# PROJECTS & PROGRAMMES

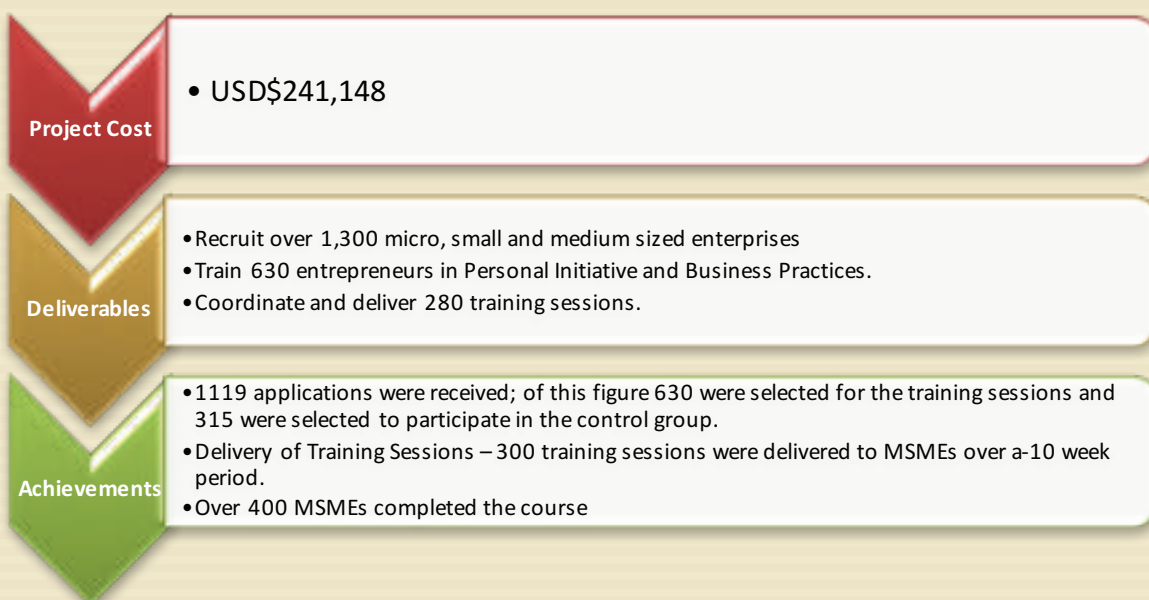




## Project Management

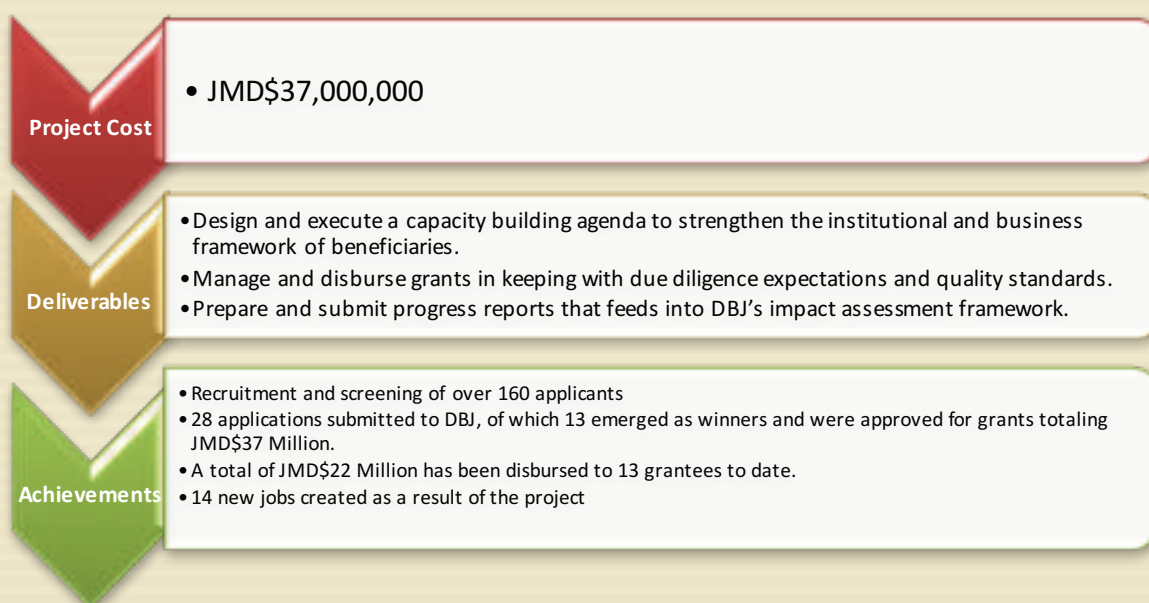
### Testing the Viability of an Innovative Business Training Methodology for Entrepreneurs in Jamaica

This initiative resulted from a joint effort between IFD's Competitiveness and Innovation Division, CCB' Regional Research Economic Unit, and the MIF Office.



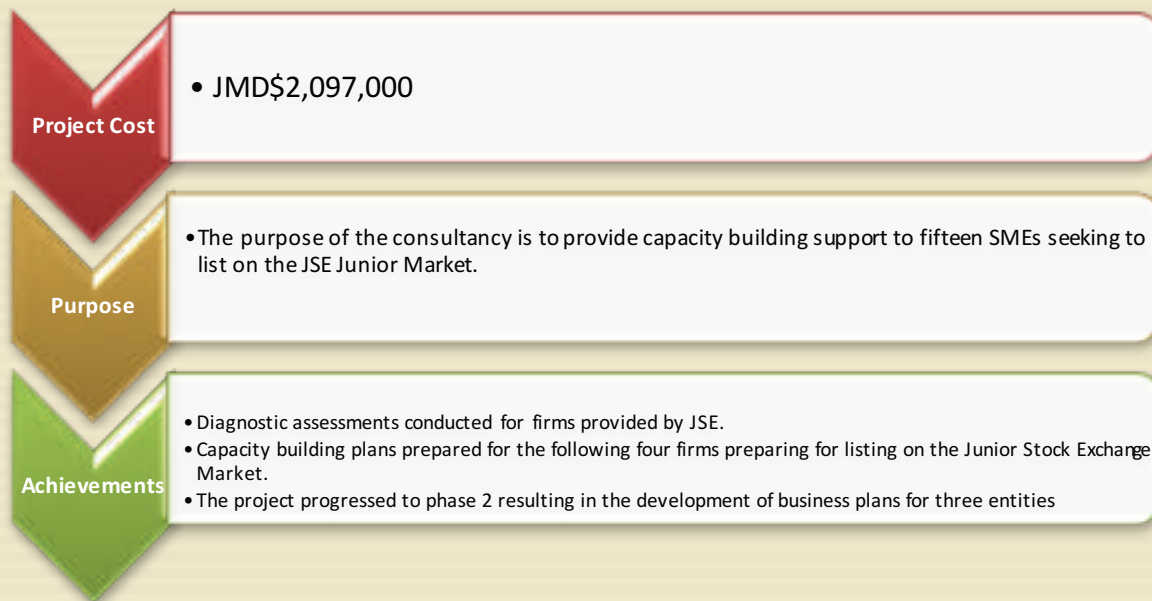
### Innovation Grant from New Ideas to Entrepreneurship (IGNITE) Project

IGNITE is a 2-year Pilot Programme designed to support the creation and growth of new innovative firms in the productive sectors. The programme operates through Business Service Intermediaries (BSIs); of which JBDC was chosen to execute in this capacity.

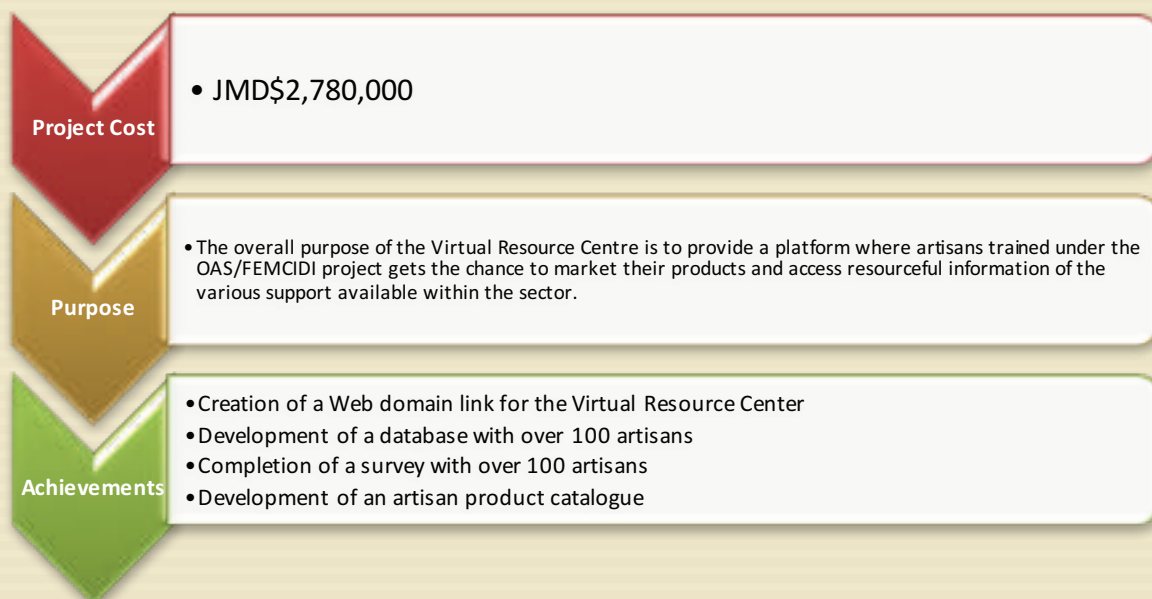




## Capacity Building Services Delivered to MSMEs under the Promoting Access to Equity Financing to SMEs through the Jamaica Stock Exchange's Junior Market Project



## TPDCo. Virtual Resource Centre Project





# BUSINESS ADVISORY SERVICES





## Business Advisory Services

The Business Advisory Services Department, as the primary project implementation unit, interfaces with over two thousand, five hundred (2,500) clients annually. The resulting interventions take place either at the level of the individual entrepreneur, or more broadly, with corporate level clients managing several entrepreneurs. While the department has programmes designed to serve persons at every level within the MSME sector, for the 2016-2017 financial year, emphasis was placed on working with entrepreneurs with high-growth potential.

Accordingly, new training programmes were designed to meet this need, the existing business monitoring programme was expanded and strengthened, and the newest product, an accelerator programme, was launched during the year.

At the service (output) level, the following results were achieved:



Beyond activity implementation, the department achieved the following economic impact results as a direct outgrowth of long-term relationships established with 162 clients currently being hand-held in a 24 month monitoring programme.

Activity	Outcome
Jobs created	91
Increase in sales	\$48,547,903.00
New loans and investments (including grants)	16
Value of new loans and investments (including grants)	\$41,105,000.00
Businesses entering new markets	37
New products entering the market	7



## Introduction of new products

In its continued thrust to target, nurture and develop high-growth potential entrepreneurs, the department introduced a series of new products and restructured existing programmes as with the following results:

<b>Programme Title</b>	<b>Programme Description</b>	<b>2016-2017 Highlights</b>
<b>Business Monitoring Programme (BMP)</b>	The BMP is the JBDC's flagship programme for facilitating the growth and development of its clients. It is an 18–24 month programme of handholding and monitoring support that aims to identify and build on the gaps in a business' capacity to grow over an agreed period of time.	<ul style="list-style-type: none"> <li>• 162 clients in BMP</li> <li>• 25 business plans completed</li> <li>• Over \$40m in grant funding accessed for clients</li> </ul>
<b>America's Small Business Development Centre (SBDC) Network</b>	The SBDC Network is a programme that combines the resources of higher education, government and the private sector to support the development of small businesses in America. The SBDC is being promoted as a model for business development across the region as part of an OAS sponsored initiative. The model fit seamlessly into the JBDCs programme of support as it mirrored the BAS' monitoring programme very closely. The greatest value being added was the online client management system, Neoserra.	<ul style="list-style-type: none"> <li>• The JBDC was charged with piloting the implementation of the SBDC model in January 2015</li> <li>• Expanded use of Neoserra platform increases the data captured for the tracking of key metrics related to economic impact that was previously missing from the JBDC.</li> </ul>
<b>Lean Start-Up Training Workshops</b>	A series of training programmes aimed at high-potential Start-Ups. Attendees are taught how to design, test and validate a business model using a minimum viable product, as well as how to successfully navigate the customer development process.	<ul style="list-style-type: none"> <li>• 2 workshops conducted</li> <li>• 40 persons trained</li> <li>*Follow-up assessments to be conducted with participants</li> </ul>
<b>Opportunity Evenings</b>	This is an intimate event that facilitates themed dialogue with experts from a range of fields and sectors with the primary objective of disseminating information about opportunities to be exploited in existing and emerging industries.	*New Programme launched in October 2016
<b>JBDC Lunch and Learn Series</b>	The JBDC Lunch and Learn series is a mentoring and networking event launched in March 2017. It is a quarterly luncheon featuring a well-known and successful entrepreneur who shares knowledge and experiences gained from their entrepreneurial journey.	*New Programme launched in March 2017
<b>JBDC Accelerator</b>	The Accelerator Programme is the only one of its kind to boast a full suite of business development services. Over the course of six (6) months, it aims to take 'high growth potential' business and fast-track their capacity to expand by way of equity investment and accessing new markets.	*New Programme launched March 2017





# FINANCIAL SUPPORT SERVICES





The Financial Support Services Unit was established in January 2016 to provide support services to Micro Small and Medium-sized Enterprises (MSMEs) aimed at building their capacity and preparing them to more effectively and efficiently navigate the existing financing market. The primary areas of focus are on improving financial literacy, improving financial management and facilitating access to finance.

### **Financial Literacy Programme**

The key activities involved in the Financial Literacy programme are research, training and consultation. During the reporting period, the Unit conducted a comprehensive study of the MSME sector and compiled 50 publicly available financial statements to derive industry ratios.

The Unit also worked with several external partners to present capacity building activities for the sector. Partners included the University of the West Indies, Mona School of Business and Management and Tax Administration Jamaica (TAJ). The activities included a three-day workshop titled '*Financial Management Made Simple*' as well as a two-day course on the concept of financing a Lean Startup. The partnership with TAJ yielded two unique workshops titled '*EZ Ways to Management your Business Finance*' and '*Becoming Tax Compliant*'.

Through these training sessions and workshops, the Unit engaged with approximately 204 clients.

### **Financial Management Programme**

While the Financial Literacy Programme is geared towards creating awareness of financial best practices, the Financial Management Programme focuses on implementing these practices.

For the reporting period, FSSU provided hands-on support to 20 clients in the Business Advisory Services' Monitoring Programme. These services include, costing and pricing sessions, financial reviews, financial statement compilations, tax compliance, financial planning, strategic planning and recordkeeping.

The Unit also facilitated the creation of approximately 15 excel based financial forms, templates and tools such as personal financial planning forms, recordkeeping, financial statement analysis, costing and pricing, breakeven analysis, financial model, business valuations, variance analysis form, tax compliance and capitalization tables.

Additionally, as part of the financial handholding programme, we registered four financial service providers. These are Chartered Accountants who will be subcontracted to deliver consultation, training and specific accounting functions for our clients.

### **Facilitate Access to Financing**

Access to financing forms a critical part of the role of the Financial Support Services Unit. As such, the following actions were undertaken:

1. Assessed the readiness of entrepreneurs for external financing and made referrals to financing partners where necessary. To assist with the assessment process we established an Advisory Panel Programme, under which 10 professionals were registered to support these assessment. These professionals included deal consultants, strategists, lawyers, accountants and investment bankers.
2. Hosted two Raising Capital forums for the period. The themes of these events were "*Equity Financing without Fear*" and "*Launch of the Accelerator Programme*". These forums help



to demystify financing related matters for our clients and launched our first cohort of 16 Accelerator clients.

3. Signed a Memorandum of Understanding with First Angels Jamaica (FAJ) as a part of our financing referrals programme. We also partnered with FAJ to host an “Angel Investing” workshop for employees in the Financial Support Services Unit and Business Advisory Services Department. This workshop was conducted primarily to improve JBDC's knowledge of the specific requirements to access funding from First Angels Jamaica.
4. We also brokered a partnership with Caribbean Export Development Agency, Link Caribbean Programme, where clients who are seeking Angel Investment can access grant and equity funding.





# PROJECT MANAGEMENT & RESEARCH





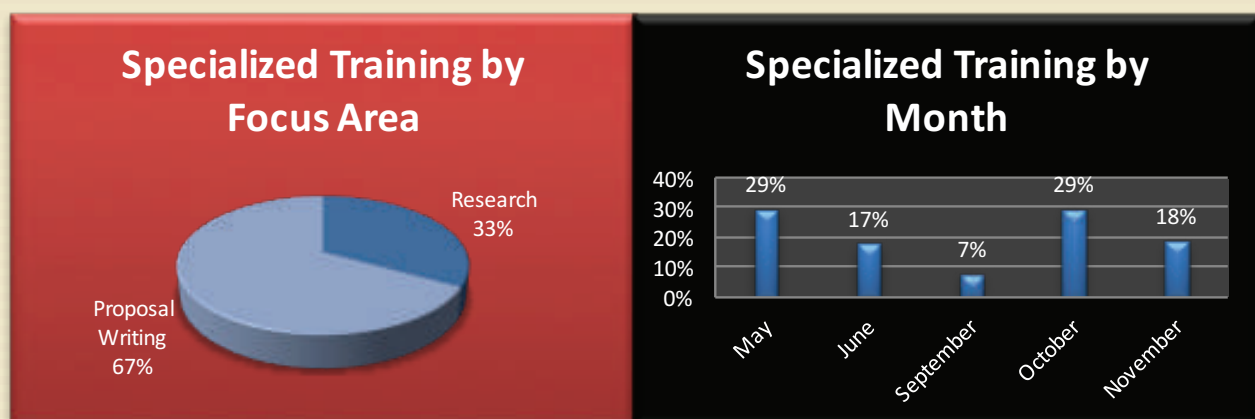
Most project management and research department's resources were focused on growing market share relative to specialized training solutions, research consultancies and proposal writing opportunities and breaking into new markets and industries. The remaining 25% of the Unit's time was consumed with offering internal support to all other Departments inclusive of the executive office and preparing proposals for development funding. The highlights of PMRD's outputs are detailed below:

### **Specialized Flagship Training Solutions Accredited by the Institute of Leadership & Management (ILM, UK)**

The Project Management and Research Department (PMRD) offers specialized training solutions in the areas of research and proposal writing. Specifically, the proposal writing capacity building solution is delivered through the Tapping into Donor Funds Proposal Writing Workshop® and the research training, through the, Research Coaching for HR Practitioners & Middle Managers®.

During the review period (FY 2016-2017), 161 leaders from the public and private sectors were trained in JBDC's specialized flagship training solutions that are accredited by the Institute of Leadership and Management, UK (ILM UK). Participating organizations, companies and businesses spanned the following sectors: education and training, information communication technology, banking and finance, professional services, general services, science and technology, medical services, whole and retail, foods and food services among others. Approximately 67% of the persons trained were trained in proposal writing and 33% in research methods. Sixty percent (60%) of persons trained represented government agencies, ministries and departments and the second largest proportion (40%) private sector entities. The most active training months were May (26%) and July (24%) since most persons attended training during these months.

PMRD was able to grow its training customer-base by 10% via the delivery of 5 workshops inclusive of 3 scheduled proposal writing and research workshops.



A synopsis of our specialized training solutions by product is presented below:

1. **Tapping into Donor Funds Proposal Writing Workshop®** – This workshop started out as a project that was part-funded by the Development Bank of Jamaica aimed at strengthening the capacity of MSMEs in proposal writing for the purpose of attracting funding to their businesses.



The project terminated in 2014 and the JBDC managed to convert this product into a sustainable service offering by re-investing funds and growing the brand of the workshop. During the review period, the Department started focusing efforts on offering customized Proposal Writing Workshop sessions to the public. A synopsis of the performance of this product follows:

- a. Five (5) workshops were held (3 scheduled) with a total of 108 leaders from the private and public sectors being trained. A total of 400 hours of post-workshop coaching and mentoring in proposal writing was conducted with 64 participants. JBDC Hosts the Tapping into Donor Funds Proposal Writing Workshop in Rodney Bay, St. Lucia - For the first time in the history of the Corporation, JBDC hosted an offshore training in proposal writing in Rodney Bay, St. Lucia during November 22-24, 2016. The event was attended by 28 representatives from St. Lucia, St. Vincent & the Grenadines, Dominica, Antigua & Barbuda, Grenada and Jamaica.
  - b. Since the inception of the Proposal Writing Workshop (November 2013) to December 31, 2016 over \$127 Million in grant funding was accessed by beneficiaries of the JBDC Tapping into Donor Funds Proposal Writing Workshop® and over 500 persons have been trained as at March 31, 2017.
  - c. The Tapping into Donor Funds Proposal Writing Workshop® is now an established trademark as the name of the product was accepted by and deposited in JIPO's registry of trademarks.
  - d. The Tapping into Donor Funds Proposal Writing Workshop® has obtained accreditation from the Institute of Leadership and Management UK (ILM UK) during July 2016. Further down in the financial year, approval was granted from ILM to offer the course in all Eastern Caribbean Countries, Trinidad & Tobago, the Bahamas and Barbados. ILM UK is a member of the City & Guilds Group and is the leading provider of accreditation services for business development courses in UK.
2. **Research Coaching for HR Practitioners & Middle Managers:** A Focus on Employee Engagement – The scope of the workshop was expanded to include middle managers within the MSME sector and large organizations based on the understanding that Employee Engagement is a function of management and this group is critical towards growing company performance through engaged employees. It aims to strengthen the capacity of learners in designing and executing research studies with the added advantage of learning industry best practices from Employers of Choice who co-presented at the workshop. Two workshops were hosted during the period with 53 HR Practitioners and Middle Managers attending. Since its inception in 2014, close to 300 persons have been trained.

The hosting of this training has resulted in the design and execution of a National Employee Engagement Survey by the JBDC in which over 500 employees representing 37 companies (within the private and public sectors) have participated as well as the design and birth of Jamaica's first Employee Engagement Conference that is scheduled to be hosted on October 31, 2017. The Research Coaching Workshop series® is now an established trademark as the name of the product was accepted by and deposited in JIPO's registry of trademarks. It also obtained accreditation from the Institute of Leadership and Management UK (ILM UK) during July 2016. Further down in the financial year, approval was granted from ILM to offer the course in all Eastern Caribbean Countries, Trinidad & Tobago, the Bahamas and Barbados. ILM UK is a member of the City & Guilds Group and is the leading provider of accreditation services for business development courses in UK.



## Research

The Department continues to support the research needs of the organization in addition to the expansion of its customer-base through the provision of research services via being engaged as a consultant to corporate Jamaica. During the review period, the following initiatives were either initiated or completed:

1. Research Consultancy Strategy aimed at expanding its customer-base through the provision of value-added research solutions that includes: social, financial, institutional and cultural research as applicable.
2. JBDC Research Agenda which resulted in the following critical studies:
  - a. MSMEs Perception of Mobile Money Services Report. The core objective of the survey was to determine whether entrepreneurs are interested in conducting/ facilitating financial transactions over a mobile network in their enterprises, and to provide insights to entities in the financial sector as they seek to adopt and introduce MMS to the Jamaican market (data was collected from over 1,000 MSMEs)
  - b. JBDC Client Satisfaction Survey to monitor and evaluate the Corporation's services against key performance indicators (data was collected from over 500 clients).
3. Contracted by a top financial institution to design, develop and implement a study on Mobile Money Services among intended end-users.
4. Completed and published the inaugural National Employee Engagement Report in which over 500 employees from 37 private and public sector entities participated. The Report was released electronically in order to facilitate access by the general public. The official launch of the Report will be done during the Employee Engagement Conference scheduled for October 31, 2017.
5. Contracted by two government entities to design, develop and implement a study on Employee Engagement at the organization level which included a triangulated approach to measuring the concept.
6. Implemented initial execution of the MSMEs Research Development Initiative (MSMEs RDI) that was designed from the previous financial year. This programme aimed to strengthen the capacity of MSMEs to design and execute research projects independently. The pilot phase of the programme included 7 small and medium-sized enterprises and was rolled out during February to March 2017. Its implementation will continue into the 2017-2018 Financial Year.



# TECHNICAL SERVICES





### Technical Services and Incubator & Resource Centre

During the FY 2016-17, the focus of the Technical Services and IRC departments was to build the capacity of our incubator services, as well as the strengthening of our ability to deliver more impactful product development services. The department also played a strong role in supporting wider JBDC programmes and events through the provision of design, décor, product development and branding services. Support was given to MSMEs primarily in **fashion, gift & craft and agro-processing** in the areas of:



### Product Development

More than one hundred (100) clients were assisted with product development services. An additional one hundred and sixty seven (167) were provided with visual communications services inclusive of logo and other graphic designs as well as screen printing and other printing services). Some of the products developed include:

- Female Garments including uniforms
- Metal jewellery
- Food products
- Leather Products; Soft furnishings and home décor items Doll clothing



The year saw a new thrust in our engineering services. Our industrial engineer conducted thirty three (33) site assessments facilitating MSMEs to improve the operations of their factories and production facilities. Some of these MSMEs were assisted with their production layouts, process flow, energy conservation awareness and the use of lean manufacturing techniques.

### Incubator Support

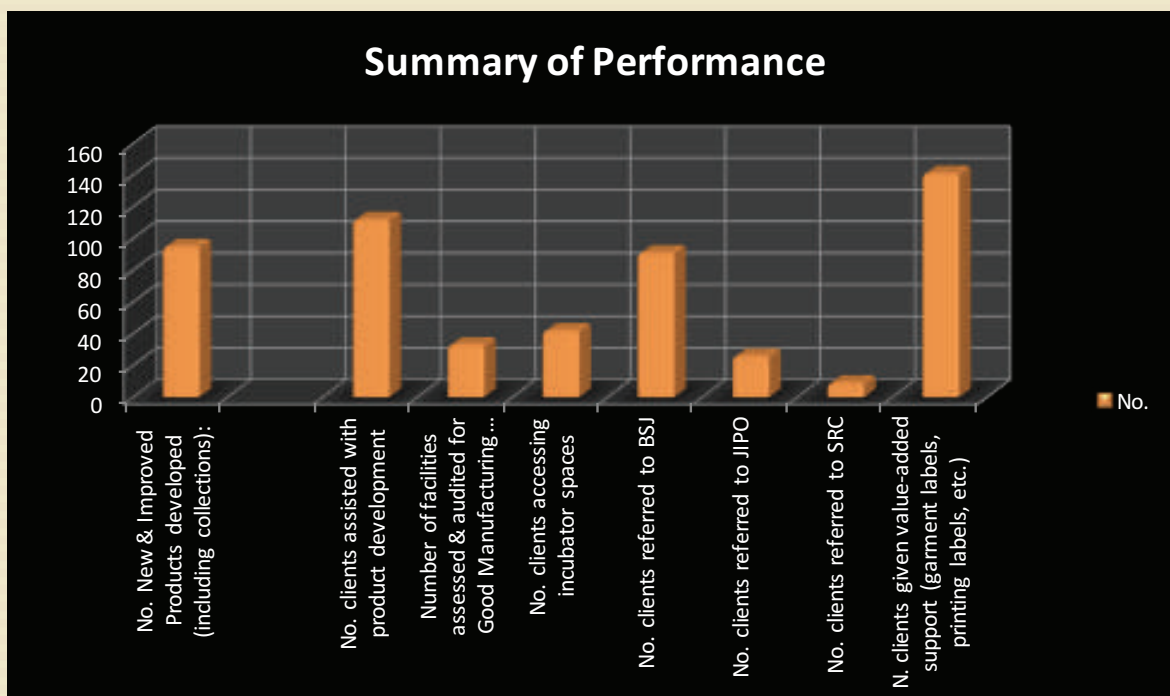
For the period, we were able to provide increased incubator support to our clients. Both the Fashion and Gift & Craft Incubators were reconfigured and expanded in size. Nineteen (19) MSMEs accessed the fashion space, including two repeat clients who have long-term contracts to supply products to the hospitality and home décor industries. Twelve (12) agro-processing clients used the kitchen facilities and eleven (11) clients, most making custom jewellery pieces used the Craft Incubator, which was largely inactive the previous year. Overall, MSMEs using the three incubators produced items with a combined value of \$10,950,000 for sale on the local market.

### Capacity Building:

This year, the department had scaled back on the number of workshops in order to develop a new strategy to increase the effectiveness of our training programmes. The new strategy will see the reformatting of our workshops to include a wider variety of training methodologies, and covering new areas of need as expressed by MSMEs with whom we had interacted in the past.

We however delivered workshops in wire jewellery-making techniques, lean manufacturing and a workshop for 'cook shop' operators, all based on client requests. . These workshops were conducted in Kingston and Central Jamaica. The 'cook shop' workshop was the first of its kind spanning five (5) weekends, including a cooking competition and was done to support the Constant Spring Police Youth Club and residents of Cassava Piece in St. Andrew.

### Summary of Performance - Technical Services/IRC:





# MARKETING SERVICES



*things jamaican*



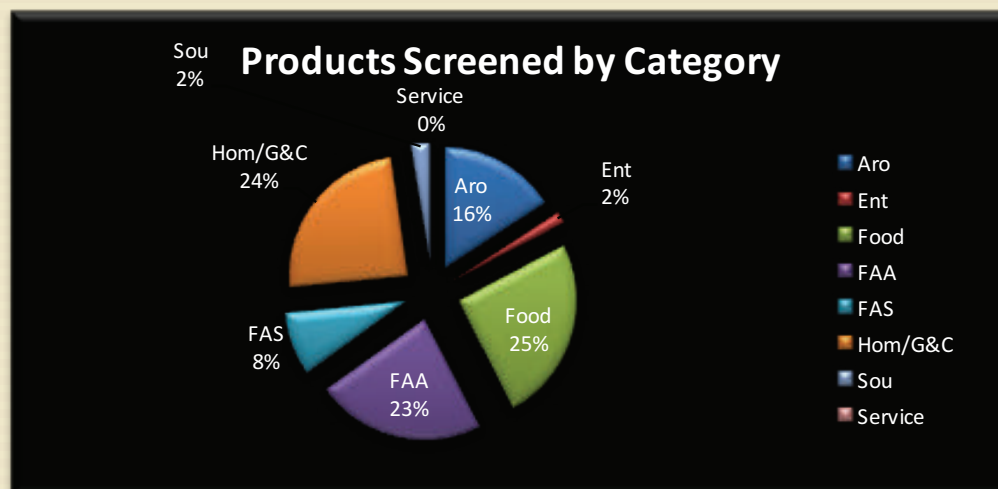


As part of the JBDC business development model, the Marketing Services Unit's prime role is that of identifying and facilitating market access opportunities that enable clients to increase market awareness, generate business revenue and penetrate markets. The services and strategies employed to facilitate clients include the following:

The following represents the performance summary for year ending March 2017:

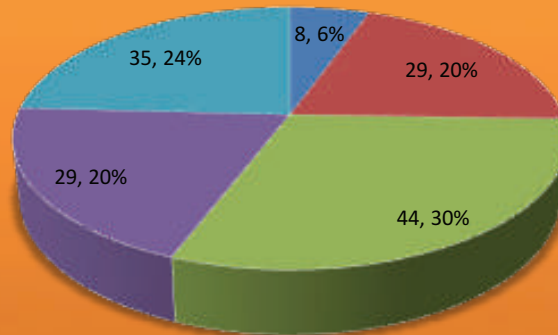
Area	RECAP
<b>Retail Market Access</b>	<ul style="list-style-type: none"> <li>• 33% increased revenue over 2015-2016</li> <li>• 20,250 customer transactions – 27% increase over 2015-2016.</li> <li>• 54,000 consumer interactions/traffic (this is an approximation)</li> <li>• 37% retail customer conversion rate</li> <li>• 3% increase in ecommerce revenue over 2016. Projected increase was 5%</li> </ul>
<b>Events Marketing</b>	<ul style="list-style-type: none"> <li>• Things Jamaican participated in <b>20 events</b>.</li> <li>• <b>Sponsorship:</b> Jamaica Stock Exchange Conference and D'oro Ensemble</li> <li>• <b>11 Pop-Up Stores</b> were erected: <ul style="list-style-type: none"> <li>- Expo Jamaica</li> <li>- JAPEX</li> <li>- Small Business Expo</li> <li>- Denbigh</li> <li>- Pegasus Artisan Village*</li> <li>- FOROMIC</li> <li>- Latin Finance Conference</li> <li>- Ska &amp; Rocksteady Music Festival</li> <li>- Jamaican T-Shirt Outlet (KMY)</li> <li>- Pegasus Artisan Village*</li> <li>- Linkages Speed Networking</li> </ul> </li> </ul>
<b>Supplier/Client Management</b>	<p><b>Clients Screened</b></p> <ul style="list-style-type: none"> <li>• 145 clients were screened: 92 female, 53 male. 41% increase over last year 103 clients: 57 female and 54 male.</li> <li>• St. Andrew recorded the highest number of clients (62), followed by the parish of St. Catherine with (31) clients, St. Ann showing (13) clients and Kingston with (9), Clarendon and Westmoreland had (5) clients each, St. Thomas had (4) the other parishes had 2 or 3 each with the exception of Hanover who had none.</li> <li>• 2 new TJ branded products were added to product mix.</li> <li>• 329 Suppliers recorded sales transactions from various events or retail outlets</li> <li>• 69 new clients added to supplier pool of which 51 were directly from market consultation (screening)</li> <li>• 629 new products were added to the product mix, of which 257 units were from new suppliers, while 372 units were from existing clients.</li> <li>• Approx. 97 man hours of marketing consultations (this excludes special screening for event participation including KMY and CIJ and telephone and walk-in interactions).</li> <li>• Supplier earnings – J\$30,966,940 – 50% increase over last yr.</li> <li>• 58,202 volume of products sold – 38% over last yr.</li> <li>• 1,870 unique products sold</li> </ul>





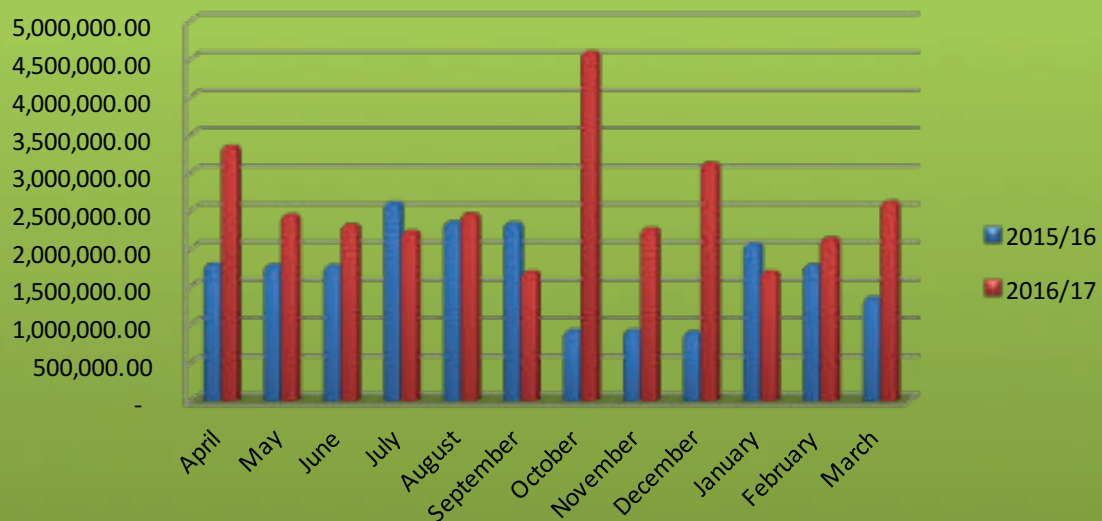


### Age Range

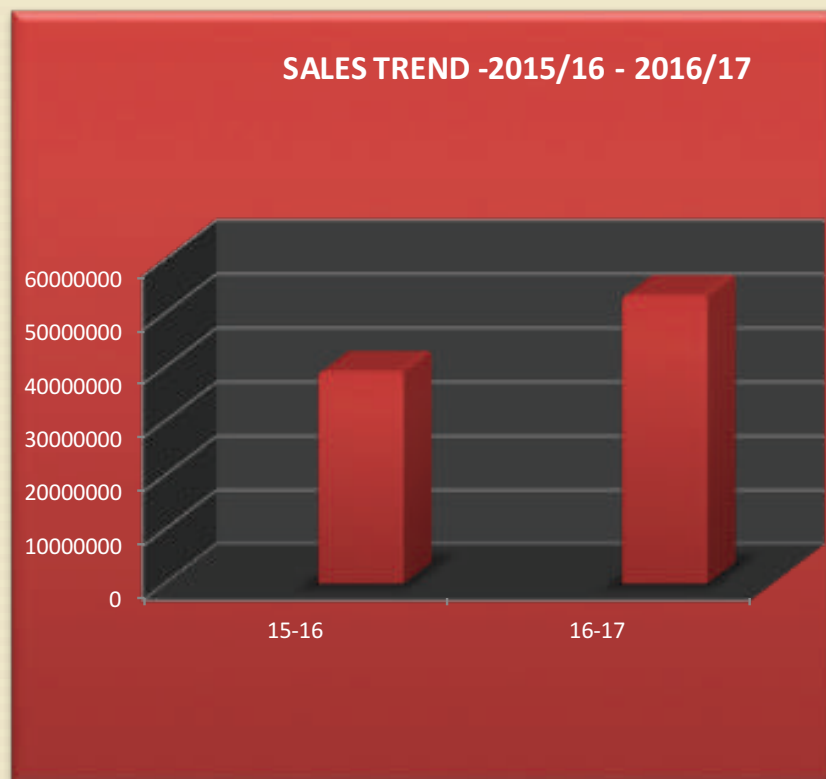


■ Age Range 18 - 24    ■ Age Range 25-34    ■ Age Range 35-44  
■ Age Range 45-54    ■ Age Range 55 and over

### Supplier Earnings Fiscal Year 2015 - 2017 - JM\$









# CORPORATE COMMUNICATIONS





The Corporate Communications Unit continues to provide support to both the internal and external image-building and brand positioning initiatives undertaken by the Jamaica Business Development Corporation.

For the reporting period, 2016-2017, the following major initiatives were undertaken by the Team:

### **9<sup>th</sup> Annual Small Business Expo & Conference**

Under the theme 'Opening the door to Financing Opportunities', JBDC's 9<sup>th</sup> Annual Small Business Expo & Conference was held at its home venue: Jamaica Pegasus on Thursday, May 11, 2016. The 2009 event saw an increase of 55% in attendance over the previous year and provided the platform for the discourse on financing through 22 workshops and seminars. A major highlight of the event was the keynote speaker, 25 year old CEO of Edufocal, Mr. Gordon Swaby. Mr. Swaby's participation attracted several young persons at the high school and tertiary levels. In recognition of the Corporation's 15<sup>th</sup> Anniversary, approximately 15 partners were presented with awards in recognition of their support to the MSME sector through partnership with JBDC-led initiatives. Additionally, Mr. Karl Hendrickson, Managing Director of National Continental Baking and conceptualizer of '*The Bold Ones*' and '*A Jamaican Made Christmas*' received the inaugural MSME Builder Award, presented to an entity which consistently contributes to the development of new and small manufacturers in Jamaica.

### **Mobile Business Clinic Initiative (Phase 1)**

The final two clinics in Phase 1 of the National Commercial Bank-sponsored Mobile Business Clinic Initiative was held in June and July 2016 in St. Catherine and Kingston & St. Andrew, respectively. These clinics brought the curtain down on an 18-month intervention which spanned the entire island and engaged approximately 2400 clients. Clients were engaged by a blend of public and private sector agencies which sought to decentralize business development services in order to reach a wider cross-section of MSMEs in new and existing industries and sectors. The initiative also addressed issues such as gender, disability and the socially excluded.

### **Global Entrepreneurship Week 2016**

JBDC recognized Global Entrepreneurship Week in 2016 under the theme '**Empower. Invest. Accelerate**'. Approximately 341 entrepreneurs benefitted from the four-day activities which included:

- B.O.S.S. Lady Business Dialogue – 70
- Raising Capital: Equity Financing without Fear – 54
- Pitch Perfect Workshop – 90
- Opportunity Evening: The Wealth in Oils – 127

Notably, all events held under this week of activities were new initiatives which targeted specific groupings of entrepreneurs.

### **B.O.S.S Lady**

The acronym B.O.S.S. means Building Opportunities for Sweet Success and specifically targeted female entrepreneurs to provide a meeting of female minds to empower inspire and recharge female entrepreneurs who make up 51% of business owners. A powerful panel of women



entrepreneurs led the event's discourse.

### **Pitch Perfect**

The Pitch Perfect Workshop was a follow-up from the MOU that was signed between the JBDC and First Angels, a group of established Jamaican entrepreneurs who invest in micro and small businesses based on the entrepreneur's ability to successfully pitch their business idea.

### **Raising Capital & Opportunity Evening**

Raising Capital & the Opportunity Evening are new initiatives of the Business Advisory Services and Financial Support Services Units and managed by the Corporate Communications Unit. These initiatives debuted in November 2016 as part of the Global Entrepreneurship Week activities and were well received by our client group.

The theme for the first **Raising Capital** event was 'Equity Financing without Fear' and sought to educate entrepreneurs in financial literacy, a major objective of the newly formed Unit. Our expert panel included executives from major financial institutions including: First Angels Investors, Development Bank of Jamaica, Jamaica Money Market Brokers, National Commercial Bank and Jamaica Stock Exchange.

Subsequently, another Raising Capital event was hosted to launch the JBDC Accelerator Programme in March 2016.

The **Opportunity Evening** is designed to bring together the brightest minds within specific industries to discuss issues facing the separate sectors and identifying ways in which these industries can experience further development and contribute to economic growth. The first staging was held in November 2016 focused on *The Wealth in Oils* and was very well received, attracting an audience of more than 100 entrepreneurs. The discussion on essential oils was led by experts from JBDC, Scientific Research Council, Bureau of Standards Jamaica, as well as entrepreneurs in the industry. Subsequently, a second Opportunity Evening was hosted in March 2016 under the theme '*The Creative Economy*' looking at dance and theatre. The event attracted notable persons in the respective fields. A total of 75 persons attended.



# INTERNAL CAPACITY BUILDING





## Human Resource Management & Development

The primary activities undertaken by the department for the period April 1, 2016 to March 31, 2017 to accomplish its key functional roles of the HR department include:

### Human Resource Planning, Recruitment, Selection & Placement

The company continued its high retention rate, as the attrition rate remained low throughout the year fluctuating between 0% and 3.4%. At the end of March 2017, the total staff count was 103 - 84 permanent employees, 4 part-time employees and 15 contract employees.

### Human Resource Development: Training & Development & Performance Management

- The HR Department facilitated four sensitization sessions and three internal training sessions: Customer Service Training themed "Through the Customer's Eyes" (April & July 2016); Workshop for Administrative Assistants, titled "The Indispensable Administrative Professional" (May, 2016) and Time & Task Management training (September 2016). 51 employees benefitted from the training.
- The management team went on (1) Managers' Retreat at the Starlight Chalet from June 16 -17, 2016; (2) Planning Retreat from March 20 – 21, 2017 at the Alhambra Inn Hotel.
- Employees attended several external local and international trainings. International highlights include:
  - "Small and Medium Enterprise Development Policies" training programme in Osaka, Japan from February 6 to March 4, 2017
  - Jamaican Study Tour of Ceramic and Gemstone Artisan Training Facilities – African Minerals and Geosciences Centre, Kunduchi, Tanzania from March 28-April 7, 2017
  - Ceramic Technology and Pottery in Tanzania from March 26 – April 26, 2017

### Compensation & Benefits

JBDC continues to ensure the welfare of its valued team members through the provision of health and accident insurance. Given that there was a significant decline in its health insurance utilization rate, employees were able to benefit from a reduction in health insurance premiums. Additionally, the Group Personal Accident insurance plan was renewed with the expiring rates under the same terms and conditions.

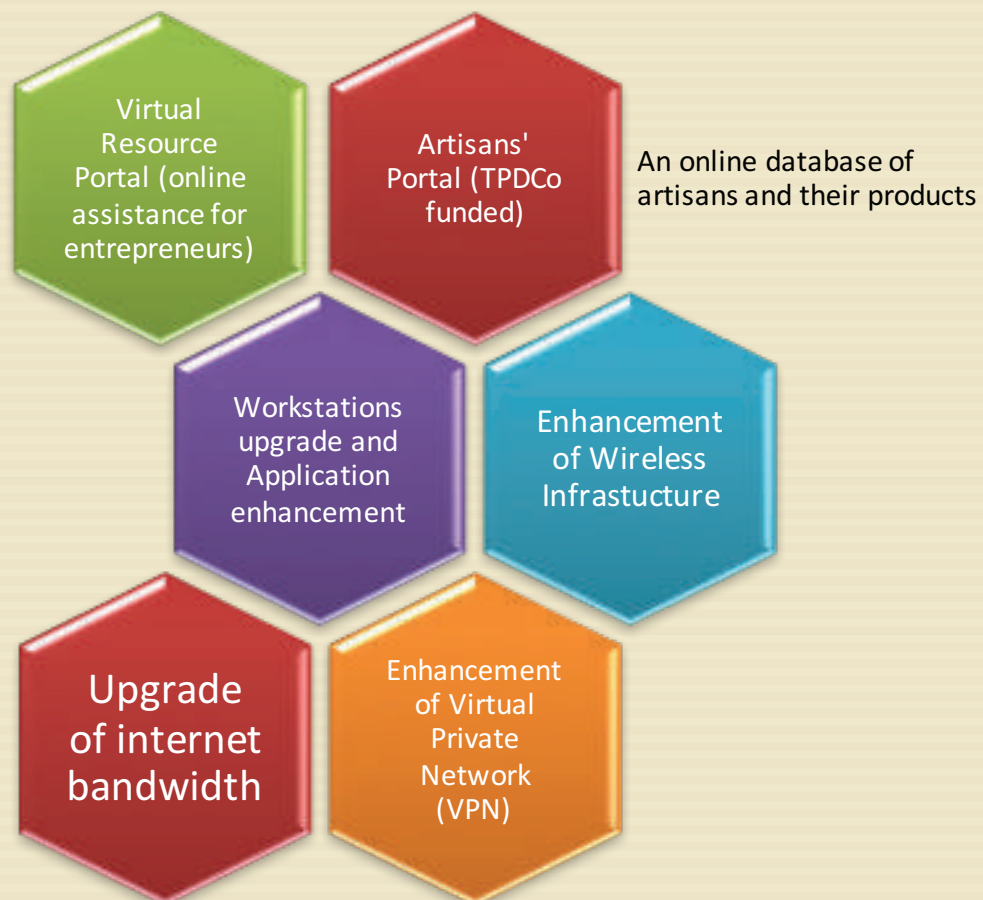
### Employee Relations & Engagement

Recognizing the significant impact of engagement on employee performance, the HR team worked feverishly and creatively to ensure that employees were given the opportunity to relax, bond and be rewarded occasionally for their dedication and hard work through seasonal events. These included: the Annual Easter Service was held on Holy Thursday, April 13, 2016, the hosting of our own JBDC Mini Olympics on August 11, 2016, the JBDC Christmas Party, "Glamorous Gold" held on December 29, 2016 and the Annual Carol Service held on Tuesday, December 13, 2016. Employees were consistently updated on relevant company matters at General Staff Meetings held on May 5, 2016, September 9, 2016, December 2, 2016 and February 10, 2017.



## Information Technology

The agency's operation is heavily hinged on its technical infrastructure, ensuring that employees are properly equipped to deliver services to clients efficiently. As such, within the fiscal year 2016 – 2017, the IT department arduously expanded the various functions of the JBDC, from physical infrastructure to Web Portal information access. We are particularly pleased that we were able to play a key role in serving external clients such as the TPDCo. Highlights are demonstrated below:







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**JAMAICA BUSINESS DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**31 MARCH 2017**



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## FINANCIAL STATEMENTS

31 MARCH 2017

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Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
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 Kingston 5, Jamaica

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
 Jamaica Business Development Corporation

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Jamaica Business Development Corporation set out on pages 4 to 48, which comprise the statement of financial position as at 31 March 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Jamaican Companies Act.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Jamaican Companies Act, 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Corporation's financial reporting process.





## INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
Jamaica Business Development Corporation

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Jamaica Business Development Corporation

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

A handwritten signature in black ink, appearing to read 'BDO', is written over a large, faint, light blue watermark of the BDO logo.

Chartered Accountants

23 August 2017



**JAMAICA BUSINESS DEVELOPMENT CORPORATION**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**YEAR ENDED 31 MARCH 2017**

	<u>Note</u>	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
REVENUE	6	312,805	288,914
Other operating income	7	<u>71,187</u>	<u>51,722</u>
		<u>383,992</u>	<u>340,636</u>
EXPENSES:			
Administrative		(339,423)	(297,683)
Selling		<u>( 6,825)</u>	<u>( 2,040)</u>
	8	<u>(346,248)</u>	<u>(299,723)</u>
OPERATING PROFIT		37,744	40,913
Finance costs	10	<u>( 2,722)</u>	<u>( 9,055)</u>
PROFIT BEFORE TAXATION		35,022	31,858
Taxation	11	<u>23,333</u>	<u>10,466</u>
NET PROFIT FOR THE YEAR		<u>58,355</u>	<u>42,324</u>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Items that may be reclassified to profit or loss -</b>			
Gain on revaluation of property		-	124,744
Gain/(loss) gain on defined benefit plan	14	47,735	( 10,531)
Deferred tax liability on revalued asset	15	<u>( 31,186)</u>	<u>-</u>
		<u>16,549</u>	<u>114,213</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>74,904</b></u>	<u><b>156,537</b></u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION

31 MARCH 2017

	<u>Note</u>	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	12	163,877	150,294
Intangible assets	13	317	-
Retirement benefit assets	14	149,890	92,288
Deferred tax assets	15	9,380	11,463
Loan receivables	16	-	608
		<u>323,464</u>	<u>254,653</u>
<b>CURRENT ASSETS:</b>			
Inventories	17	1,127	568
Receivables	18	23,258	9,085
Short term investments	19	25,958	20,129
Current portion of loans receivables	16	-	-
Taxation recoverable		11,159	9,523
Cash and bank balances	20	<u>26,855</u>	<u>16,074</u>
		<u>88,357</u>	<u>55,379</u>
		<u>411,821</u>	<u>310,032</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	21	1	1
Capital reserve	22	121,214	148,139
Retained earnings		<u>50,543</u>	<u>(55,547)</u>
		<u>171,758</u>	<u>92,593</u>
<b>NON-CURRENT LIABILITIES:</b>			
Long term loans	23	81,345	80,368
Long term - deferred income	24	<u>927</u>	<u>148</u>
		<u>82,272</u>	<u>80,516</u>
<b>CURRENT LIABILITIES:</b>			
Payables	25	88,224	70,166
Project liabilities	26	19,610	17,186
Current portion - deferred income	24	33	845
Current portion of long term loans	23	25,314	30,640
Short term loan		706	-
Bank overdraft	20	49	-
Taxation		<u>23,855</u>	<u>18,086</u>
		<u>157,791</u>	<u>136,923</u>
		<u>411,821</u>	<u>310,032</u>

Approved for issue by Board of Directors on August 23 2017 and signed on its behalf by:

  
Cleveland Stewart Chairman

  
Valente Veira Director



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## STATEMENT OF CHANGES IN EQUITY

## YEAR ENDED 31 MARCH 2017

	<u>Share Capital \$'000</u>	<u>Capital Reserve \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
BALANCE AT 1 APRIL 2015	<u>1</u>	<u>23,395</u>	<u>(87,340)</u>	<u>( 63,944)</u>
TOTAL COMPREHENSIVE INCOME				
Net profit	-	-	42,324	42,324
Other comprehensive income	<u>-</u>	<u>124,744</u>	<u>(10,531)</u>	<u>114,213</u>
	<u>-</u>	<u>124,744</u>	<u>31,793</u>	<u>156,537</u>
BALANCE AT 31 MARCH 2016	<u>1</u>	<u>148,139</u>	<u>(55,547)</u>	<u>92,593</u>
TOTAL COMPREHENSIVE INCOME				
Net profit	-	-	58,355	58,355
Other comprehensive income	<u>-</u>	<u>( 26,925)</u>	<u>47,735</u>	<u>20,810</u>
	<u>-</u>	<u>( 26,925)</u>	<u>106,090</u>	<u>79,165</u>
BALANCE AT 31 MARCH 2017	<u>1</u>	<u>121,214</u>	<u>50,543</u>	<u>171,758</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## STATEMENT OF CASH FLOWS

## YEAR ENDED 31 MARCH 2017

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit	58,355	42,324
Adjustments for:		
Depreciation	7,061	5,521
Amortisation	54	11
Loan losses recovered	-	( 4,976)
Gain on sale of property, plant and equipment	-	( 739)
Gain on foreign exchange	( 930)	( 108)
Deferred income	( 33)	( 149)
Deferred tax liability on revalued asset	(31,186)	-
Employee benefit	47,735	( 10,531)
Interest income	( 1,172)	( 3,298)
Interest expense	3,091	8,497
Deferred taxation	2,083	( 11,463)
Taxation expense	<u>5,770</u>	<u>998</u>
	90,828	26,087
Changes in operating assets and liabilities:		
Receivables	( 14,173)	19,214
Inventories	( 559)	( 58)
Taxation recoverable	( 1,636)	( 200)
Project liabilities	2,424	2,045
Loan receivables	608	6,220
Payables	15,368	( 32,699)
Retirement benefit	<u>( 57,602)</u>	<u>864</u>
Cash provided by operating activities	<u>35,258</u>	<u>21,473</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	( 16,383)	( 4,046)
Purchase of intangibles	( 371)	-
Available For-sale-investments	( 5,554)	( 20,129)
Proceeds from disposal of property, plant and equipment	-	739
Interest received	<u>1,172</u>	<u>3,303</u>
Cash used in investing activities	<u>( 21,136)</u>	<u>( 20,133)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Long term loan repaid	( 19,462)	( 56,495)
Long term loan acquired	15,113	55,875
Short term loan acquired	4,533	-
Short term loan repaid	( 3,827)	-
Interest paid	<u>( 618)</u>	<u>( 5,892)</u>
Cash used in financing activities	<u>( 4,261)</u>	<u>( 6,512)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,861	( 5,172)
Exchange gain on foreign cash balances	871	802
Cash and cash equivalents at beginning of year	<u>16,074</u>	<u>20,444</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (note 20)</b>	<u>26,806</u>	<u>16,074</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Jamaica Business Development Corporation is a limited liability company which was incorporated on 3 May 2001 and domiciled in Jamaica. The registered office of the company is 14 Camp Road, Kingston 4.
- (b) The principal activities comprise the provision of consultancy, technical and managerial services to producers of goods and services and the sale of craft items. The Corporation's operations are substantially dependent on subvention income received from the Government of Jamaica.
- (c) The shares of the Corporation are held by the Accountant General of Jamaica (90 shares), a corporation sole pursuant to the Crown Property (vesting) Act, 1960 and 10 shares by the permanent secretary in the Ministry of Industry, Commerce, Agriculture and Fisheries.

## 2. REPORTING CURRENCY:

Items included in the financial statements of the corporation are measured using the currency of the primary economic environment in which the corporation operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the corporation's functional presentation currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

## (a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention, as modified by the revaluation of certain properties. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the corporation's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (a) Basis of preparation (cont'd)

**New, revised and amended standards and interpretations that became effective during the year**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The corporation has assessed the relevance of all such new standards, interpretations and amendments and has concluded that there are no new standards, interpretations and amendments which are immediately relevant to its operations.

**New standards, amendments and interpretation not yet effective and not early adopted**

**IFRS 9, 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2018).** The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the existing guidance in *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

**IFRS 15, 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1 January 2018).** The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (a) Basis of preparation (cont'd)

New standards, amendments and interpretation not year effective and not early adopted (cont'd)

**Amendments to IAS 7, 'Statement of Cash Flows'** (effective for accounting periods beginning on or after 1 January 2017), requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

**Amendment to IAS 12, 'Income Taxes'** (effective for accounting periods beginning on or after 1 January 2017). The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendments confirm that a temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period, an entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit, where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type and that tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

**IFRS 16, 'Leases'**, (effective for accounting periods beginning on or after 1 January 2019). The standard primarily addresses the accounting for leases by lessees. The complete version of IFRS 16 was issued in January 2016. The standard will result in almost all leases being recognised on the statement of financial position, as it removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short term and low-value leases. The accounting by lessors will not significantly change.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (a) Basis of preparation (cont'd)

**New standards, amendments and interpretation not year effective and not early adopted (cont'd)**

The directors anticipate that the adoption of the standards and amendments which are relevant in future periods, is unlikely to have any material impact on the financial statements.

## (b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

## (c) Property, plant and equipment

Items of property, plant and equipment are recorded at historical or deemed cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and building is subsequently carried at fair value, based on periodic valuations by a professional qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognized in other comprehensive income and accumulated in the capital reserve except to the extent that any decrease in value in excess of the credit balances on the capital reserve or reverse of such transaction, is recognised in profit or loss.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Land is not depreciated. Other property, plant and equipment are depreciated at annual rates as follows:

Buildings	2½%
Leasehold improvements	20%
Furniture and fixtures	12.5%
Office equipment	16.67%
Computers equipment	25%
Motor vehicles	20%



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (c) Property, plant and equipment (cont'd)

Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in profit or loss. On disposal of revalued assets, amounts in capital reserves relating to these assets are transferred to retained earnings.

## (d) Intangible assets

Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life of three years.

## (e) Impairment of non-current assets

Property, plant and equipment and other non-current assets 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 assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

## (f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

**Financial assets**

## (i) Classification

The corporation's classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The corporation's loans and receivables comprise trade and other receivables, and cash and cash equivalents.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (f) Financial instruments (cont'd)-

## Financial assets (cont'd)

## (i) Classification (cont'd)

## Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial assets within 12 months of the reporting date. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

## (ii) Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the corporation commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the corporation has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The corporation assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Impairment testing of trade receivables is described in note 3(g).

## Financial liabilities

The corporation's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, trade and other payables were classified as financial liabilities.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (g) Trade receivables

Trade receivables are carried at original invoiced 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 corporation will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the effective interest rates. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

## (h) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of 90 days or less, net of bank overdraft.

## (i) Other receivables

Other receivables are stated at amortised cost less impairment losses, if any.

## (j) Current and deferred income taxes

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The corporation's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (j) Current and deferred income taxes (cont'd)

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

## (k) Employee benefits

## (i) Pension scheme costs:

**Defined benefit plans**

The corporation operates a defined benefit retirement plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plan is generally funded through payments to a trustee administered fund by employees and the corporation determined by periodic actuarial calculations.

Defined benefit plans surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Re-measurement of the net defined obligation are recognised directly within equity. The Re-measurements include actuarial gains and losses, return on plan assets (interest exclusive) and any asset ceiling effects (interest exclusive).

Service costs are recognized in profit and loss, and include current and past service cost as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period. Gains or losses arising from changes to plan benefits or plan curtailment are recognized immediately in profit or loss.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (k) Employee benefits (cont'd)

## (ii) Other employee benefits:

Employee entitlement to annual leave and other benefits are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the end of the reporting period.

## (iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Corporation recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the statement of financial position date are discounted to present value.

## (l) Loans receivables

Loans are recognized when cash is advanced to borrowers. They are initially recorded at cost which is the cash given to originate the loan including any transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

An allowance for impairment is established if there is objective evidence that the corporation will not be able to collect all amounts outstanding according to the original contractual terms of the loan. The amount of the allowance is the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of expected cash flows, including amounts recoverable from guarantees and collateral discounted at the original effective interest rate of the loans.

A loan is classified as impaired when, in management's opinion, there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. If a payment on a loan is contractually three months in arrears, the loan will be classified as impaired if not already classified as such.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (l) Loans receivables (cont'd)

Write-offs are made when all or part of a loan is deemed uncollectible. Write-offs are charged against previously established provisions for impairment losses and reduce the principal amount of the loan. Recoveries, in part or in full, of amounts previously written-off are credited to bad debt recoveries in the statement of comprehensive income.

## (m) Inventories

Inventories are stated at the lower of cost and net realizable value, cost being determined on a weighted average basis. Net realizable value is the estimate of selling price in the ordinary course of business.

## (n) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss along with regular interest charges over the period of the borrowings.

## (o) Provisions

Provisions are recognized when the corporation 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 the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

## (p) Revenue recognition

Subvention income -

Subvention income for recurrent expenditure is recognized on the accrual basis.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (p) Revenue recognition (cont'd)

Sales of goods - retail

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction can be measured reliably.
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognized when the customer is invoiced and has taken delivery of the items.

Interest income

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

## (q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognized as a deduction from equity.

## (r) Trade and other payables

Trade and other payables are stated at amortised cost.

## (s) Project liabilities

Project liabilities are stated at historical cost.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (t) Deferred income

Subvention received and used for purchase of property, plant and equipment are credited to deferred income and are amortised on a straight-line basis and the expected useful lives of the assets.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## (a) Critical judgements in applying the corporation's accounting policies

In the process of applying the corporation's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

## (b) Key sources of estimation uncertainty

The corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

## (i) Fair value estimation

A number of assets and liabilities included in the corporation's financial statements require measurement at, and/or disclosure of fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The fair value measurement of the corporation's financial and non financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique are.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

## (b) Key sources of estimation uncertainty (cont'd)

## (i) Fair value estimation (cont'd)

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfer of items between levels are recognized in the period they occur.

The corporation measures land and building (note 12) at fair value.

The fair value of financial instruments traded in active markets, such as available-for-sale investments, is based on quoted market prices at the reporting date. These instruments are included in level 1 and comprise equity instruments traded on the Jamaica Stock Exchange.

The fair values of financial instruments that are not traded in an active market are deemed to be determined as follows:

- The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and cash equivalents, receivables and payables.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

## (b) Key sources of estimation uncertainty (cont'd)

## (ii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The corporation applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

## (iii) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## (iv) Defined benefit assumptions

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The company determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the company considered interest rate of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. Other key assumptions for the retirement benefits are based on current market conditions.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 5. FINANCIAL RISK MANAGEMENT:

The corporation is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the corporation's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the corporation's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the corporation and the methods used to measure them.

There have been no substantive changes in the corporation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

## (a) Principal financial instruments

The principal financial instruments used by the corporation, from which financial instrument risk arises, are as follows:

- Loan receivables
- Receivables
- Cash and bank balances
- Short term investments
- Payables
- Long term loans
- Bank overdraft
- Short term loan

## (b) Financial instruments by category

## Financial assets

	<u>Loans and receivables</u>		<u>Available-for-sale</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and bank balances	26,855	16,074	-	-
Receivables	4,043	2,423	-	-
Short term investments	-	-	25,958	20,129
Loan receivables	-	608	-	-
<b>Total financial assets</b>	<u>30,898</u>	<u>19,105</u>	<u>25,958</u>	<u>20,129</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

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## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (b) Financial instruments by category (cont'd) -

## Financial liabilities

	Financial liabilities at amortised cost	
	2017	2016
	\$'000	\$'000
Long term loans	106,659	111,008
Short term loan	706	-
Bank overdraft	49	-
Trade and other payables	44,719	65,161
<b>Total financial liabilities</b>	<b>152,133</b>	<b>176,169</b>

## (c) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, receivables and payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, receivables and payables approximates their fair value.

## (d) Financial risk factors

The Board of directors has overall responsibility for the determination of the corporation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the corporation's finance function. The Board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The Board has established committees/departments for managing and monitoring risks, as follows:

- Finance Department

The Finance Department is responsible for managing the corporation's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the cash flow and liquidity risks of the corporation. The department identifies, evaluates and hedges financial risks in close co-operation with the corporation's operating units.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

- Audit Committee

The Audit Committee oversees how management monitors compliance with the corporation's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the corporation. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the corporation's competitiveness and flexibility. Further details regarding these policies are set out below:

## (i) Market risk

## Currency risk

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

Currency risk arises from US dollar investments, trade payables and cash and cash equivalents. The corporation manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The corporation further manages this risk by holding net foreign currency assets.

## Concentration of currency risk

The corporation is exposed to foreign currency risk in respect of US dollar as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Cash and cash equivalents	10,709	5,475
Trade payables	<u>(37,367)</u>	<u>(27,895)</u>
	<u>(26,658)</u>	<u>(22,420)</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (i) Market risk (cont'd)

## Currency risk (cont'd)

## Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated investments, trade receivables, trade payables and cash and cash equivalents, and adjusts their translation at the year-end for 6% (2016 - 6%) depreciation and a 1% (2016 - 1%) appreciation of the Jamaican dollar against the US dollar.

	Change in currency Rate <u>2017</u>	Effect on Profit before Tax 31 March <u>2017</u> <u>\$'000</u>	% Change in Currency Rate <u>2016</u>	Effect on Profit before Tax 31 March <u>2016</u> <u>\$'000</u>
Currency:				
USD	-6	( 1,599)	-6	(1,345)
USD	<u>+1</u>	<u>267</u>	<u>+1</u>	<u>224</u>

## Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The corporation is exposed to money market fund securities price risk arising from its holding of available-for-sale investments.

## Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the corporation to cash flow interest rate risk, whereas fixed rate instruments exposed the company to fair value interest rate risk.

Short term deposits and debt securities included in available-for-sale investments are the only interest bearing assets within the corporation.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (i) Market risk (cont'd)

**Cash flow and fair value interest rate risk (cont'd)****Interest rate sensitivity**

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

## (ii) 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. Credit risk arises from trade receivables and cash and bank balances.

**Trade receivables**

Revenue transactions in respect of the corporation's primary operations are settled by cash. For its operations done on a credit basis, the corporation has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

**Cash and bank balances**

Cash transactions are limited to high credit quality financial institutions. The corporation has policies that limit the amount of credit exposure to any one financial institution.

**Maximum exposure to credit risk**

The maximum exposure to credit risk is equal to the carrying amount of short term investments, long and short term loan, trade and other receivables and cash and cash equivalents in the statement of financial position.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (ii) Credit risk (cont'd)

## Trade receivables that are past due but not impaired

As at 31 March 2017, receivables of \$4,077,000 (2016 - \$2,207,000) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
1 to 30 days	3,402	1,536
31 to 60 days	142	41
61 to 90 days	83	306
Over 90 days	<u>450</u>	<u>324</u>
	<u>4,077</u>	<u>2,207</u>

## Trade receivables that are past due and impaired

As of 31 March 2017, the corporation had receivables of \$873,970 (2016 - \$662,000) that were impaired. The amount of the provision was \$873,970 (2016 - \$662,000). These receivables were aged over 90 days.

Exposure to credit risk for loans receivable:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Agriculture	7,792	9,218
Agro-processing	1,711	1,711
Manufacturing	32,175	34,292
Service	<u>18,627</u>	<u>21,117</u>
	<u>60,305</u>	<u>66,338</u>
Less: provisions for impairment	<u>(60,305)</u>	<u>(65,730)</u>
	<u>-</u>	<u>608</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (ii) Credit risk (cont'd)

## Trade receivables that are past due and impaired (cont'd)

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. Impairment estimates have been adjusted based on actual collection patterns.

Credit quality of loans

Credit quality of loans is summarized as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Neither past due nor impaired	-	-
Past due but not impaired	-	-
Impaired	<u>60,305</u>	<u>66,338</u>
	60,305	66,338
Less: Provision for impairment	( <u>60,305</u> )	( <u>65,730</u> )
	<u>-</u>	<u>608</u>

## (iii) Liquidity risk

Liquidity risk is the risk that the corporation will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (iii) Liquidity risk (cont'd)

## Liquidity risk management process

The corporation's liquidity management process, as carried out within the corporation and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity.
- (ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.

## Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	<u>Within 1</u> <u>Year</u> <u>\$'000</u>	<u>1 to 2</u> <u>Years</u> <u>\$'000</u>	<u>2 to 5</u> <u>Years</u> <u>\$'000</u>	<u>Over 5</u> <u>Years</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
<b>31 March 2017</b>					
Trade and other payables	44,719	-	-	-	44,719
Short term loan	706	-	-	-	706
Long term loans	<u>28,531</u>	<u>12,175</u>	<u>470</u>	<u>68,630</u>	<u>109,806</u>
<b>Total financial liabilities</b> <b>(contractual maturity</b> <b>dates)</b>	<u>73,956</u>	<u>12,175</u>	<u>470</u>	<u>68,630</u>	<u>155,231</u>
<b>31 March 2016</b>					
Trade and other payables	65,161	-	-	-	65,161
Long term loans	<u>43,228</u>	<u>9,362</u>	<u>-</u>	<u>60,875</u>	<u>113,465</u>
<b>Total financial liabilities</b> <b>(contractual maturity</b> <b>dates)</b>	<u>108,389</u>	<u>9,362</u>	<u>-</u>	<u>60,875</u>	<u>178,626</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (e) Capital management

The corporation's objectives when managing capital are to safeguard the corporation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the corporation defines as net operating income divided by total equity.

The corporation's has no specific capital management strategy and is not exposed to externally imposed capital requirements.

## 6. REVENUE:

This represents subvention received from the Ministry of Industry, Commerce, Agriculture and Fisheries.

## 7. OTHER OPERATING INCOME:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Fixed assets reserve	33	148
Gross profit - shops	23,034	16,256
Service income	37,908	27,190
Interest income	1,172	3,298
Miscellaneous income	<u>9,040</u>	<u>4,830</u>
	<u>71,187</u>	<u>51,722</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

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## 8. EXPENSES BY NATURE:

Total selling and administrative expenses -

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Staff costs (note 9)	250,421	227,310
Repairs and maintenance	10,345	7,863
Legal and professional fees	6,109	5,934
Auditors' remuneration	1,365	1,365
Exhibition of seminars	3,848	2,022
Insurance	1,402	1,063
Cleaning and sanitation	2,010	1,568
Occupancy costs	19,171	18,177
Security	3,277	3,295
Advertising and promotion	8,175	4,332
Utilities and telecommunication	19,024	15,671
Bad debts recovered	( 5,198)	( 4,314)
Depreciation and amortization	7,115	5,532
Travelling	2,897	1,186
Stationery and office supplies	9,174	6,354
Other expenses	<u>7,113</u>	<u>2,365</u>
	<u>346,248</u>	<u>299,723</u>

## 9. STAFF COSTS:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Salaries, commissions and related costs	223,445	205,968
Payroll taxes - employer's portion	13,709	13,859
Pension cost	( 2,704)	( 2,997)
Other	<u>15,971</u>	<u>10,480</u>
	<u>250,421</u>	<u>227,310</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 10. FINANCE COSTS:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Gain on certificate of deposit	( 761)	( 362)
Net foreign exchange gain	( 930)	( 108)
Bank charges	1,322	1,028
Interest expense	<u>3,091</u>	<u>8,497</u>
	<u>2,722</u>	<u>9,055</u>

## 11. TAXATION:

- (a) Taxation is based on the operating results for the year, adjusted for taxation purposes, and comprises: -

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Income tax @ 25%	5,770	997
Deferred taxation (note 15)	<u>(29,103)</u>	<u>(11,463)</u>
Taxation credit	<u>(23,333)</u>	<u>(10,466)</u>

- (b) Reconciliation of theoretical tax charge that would arise on profit before tax using the applicable tax rate to actual tax charge.

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Profit before taxation	<u>35,022</u>	<u>31,858</u>
Tax calculated at 25%	8,756	7,964
Adjusted for the effects of:		
Expenses not deducted for tax purposes	6,218	28,960
Net effect of other charges and allowances	<u>(38,307)</u>	<u>( 47,390)</u>

- (c) Taxation credit (23,333) ( 10,466)

Subject to agreement with the Commissioner of Taxpayer Audit and Assessment Department, the Corporation has tax losses available for offset against future taxable profit, amounting to \$161,595,053 (2016 -\$192,780,457).

Deferred tax assets on these tax losses have not been recognized in these financial statements on the basis that it is not probable that the taxable profits will be available in the foreseeable future against which the difference can be utilized.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 12. PROPERTY, PLANT AND EQUIPMENT:

	Land and Building \$'000	Leasehold Improvement \$'000	Furniture, Fixtures & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
At cost -					
1 April 2015	27,988	21,085	29,917	5,131	84,121
Additions	-	-	950	3,096	4,046
Revaluation	<u>124,744</u>	-	-	-	<u>124,744</u>
31 March 2016	152,732	21,085	30,867	8,227	212,911
Additions	-	-	10,533	5,850	16,383
Adjustment	<u>885</u>	<u>( 885)</u>	-	-	-
31 March 2017	<u>153,617</u>	<u>20,200</u>	<u>41,400</u>	<u>14,077</u>	<u>229,294</u>
Depreciation -					
1 April 2015	4,261	20,076	27,628	5,131	57,096
Charge for the year	<u>3,541</u>	<u>171</u>	<u>896</u>	<u>913</u>	<u>5,521</u>
31 March 2016	7,802	20,247	28,524	6,044	62,617
Charge for the year	3,540	-	2,207	1,314	7,061
Adjustment	<u>( 4,214)</u>	<u>( 47)</u>	-	-	<u>( 4,261)</u>
31 March 2017	<u>7,128</u>	<u>20,200</u>	<u>30,731</u>	<u>7,358</u>	<u>65,417</u>
Net Book Value -					
31 March 2017	<u>146,489</u>	<u>-</u>	<u>10,669</u>	<u>6,719</u>	<u>163,877</u>
31 March 2016	<u>144,930</u>	<u>838</u>	<u>2,343</u>	<u>2,183</u>	<u>150,294</u>

The corporation's land and building at location 14 Camp Road, Kingston 4 was revalued by National Land Agency- Land valuation division on an open market basis as at 9 September 2015. The surplus arising on revaluation has been credited to capital reserve.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 13. INTANGIBLE ASSETS:

	<u>Computer Software</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
At cost-		
1 April 2015 and 31 March 2016	2,870	2,870
Additions	<u>371</u>	<u>371</u>
31 March 2017	<u>3,241</u>	<u>3,241</u>
Depreciation -		
1 April 2016	2,870	2,870
Charge for the year	<u>54</u>	<u>54</u>
31 March 2017	<u>2,924</u>	<u>2,924</u>
Net Book Value -		
31 March 2017	<u>317</u>	<u>317</u>
31 March 2016	<u>-</u>	<u>-</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 17. POST-EMPLOYMENT BENEFIT ASSETS:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
The amounts recognized in the statement of financial position are determined as follows:		
Present value of funded obligations	(208,643)	(189,041)
Fair value of plan assets	591,792	543,597
Limitation of asset due to uncertainty of obtaining economic benefits in the plan	( 233,259)	( 262,268)
Assets in the statement of financial position	<u>149,890</u>	<u>92,288</u>

The corporation participates in a defined benefit plan, which is open to all permanent employees and administered for Jamaica Business Development Corporation by Sagicor Life Jamaica Limited. Retirement benefits are based on the average annual earnings in the last three years to retirement, and death benefits on members' accumulated contributions.

The plans are valued annually by independent actuaries using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 March 2017.

The movement in the present value of funded obligations over the year is as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Balance at beginning of year	189,041	151,637
Current service cost	6,437	6,648
Interest cost	<u>16,291</u>	<u>14,098</u>
	211,769	172,383
Re-measurements -		
(Gain)/loss from change in financial assumptions	( 14,910)	16,168
Experience losses/(gains)	<u>16,386</u>	( 3,364)
	213,245	185,187
Members' contributions	11,810	10,486
Benefits paid	( 46,428)	( 6,632)
Purchased annuities	<u>30,016</u>	<u>-</u>
Balance at the end of the year	<u>208,643</u>	<u>189,041</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

## 17. POST-EMPLOYMENT BENEFIT ASSETS (CONT'D):

The movement in the fair value of the plan assets during the year is as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Balance at beginning of year	543,597	414,279
Interest income	49,036	39,845
Re - measurements -		
Return on plan assets, excluding amounts included in interest income	( 3,402)	78,949
Members' contributions	11,810	10,486
Employer's contributions	7,163	6,670
Benefits paid	( 46,428)	( 6,632)
Purchased annuities	<u>30,016</u>	<u>-</u>
Balance at end of year	<u>591,792</u>	<u>543,597</u>

The movement on the asset ceiling during the year is as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Balance at beginning of year	262,268	169,490
Interest on asset	23,604	16,102
Change in asset ceiling, excluding amounts included in interest expense	( 52,613)	76,676
Balance at end of year	<u>233,259</u>	<u>262,268</u>

The amounts recognized in profit or loss are as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Current service cost	6,437	6,648
Interest cost	16,291	14,098
Interest income on plan assets	(49,036)	( 39,845)
Interest on effect of asset ceiling	<u>23,604</u>	<u>16,102</u>
Total included in staff costs	( 2,704)	( 2,997)



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 17. POST-EMPLOYMENT BENEFIT ASSETS (CONT'D):

The distribution of the plan assets was as follows:

	<u>2017</u> <u>\$'000</u>	<u>2017</u> <u>%</u>	<u>2016</u> <u>\$'000</u>	<u>2016</u> <u>%</u>
Pooled investment funds -				
Equity Fund	94,962	16	64,641	12
International Equity Fund	16,758	3	16,160	3
Mortgage and Real Estate Fund	212,267	36	226,245	42
Fixed Income Fund	78,204	13	70,028	13
Global Market Funds	61,446	10	59,254	10
Money Market Fund	55,860	9	64,641	12
Foreign Currency Fund	-	-	-	-
CPI-Indexed	39,101	7	37,708	7
Purchased Annuities	33,194	6	3,345	1
Other	-	-	1,575	-
Balance at end of year	<u>591,792</u>	<u>100</u>	<u>543,597</u>	<u>100</u>

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to the post employment plan for the year ending 31 March 2018 is \$18,972,000. The actual return on the plan assets was \$53,979,000 (2016 - \$125,114,000).

Movements in the amounts recognized in the statement of financial position:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Asset at beginning of year	543,597	414,279
Amounts recognized in the income statement (Note 10)	( 46,428)	( 6,632)
Re - measurements recognized in OCI	( 8,345)	( 6,320)
Value of annuities purchased	30,016	-
Actual return on plan assets	53,979	125,114
Contributions paid	<u>18,973</u>	<u>17,156</u>
Asset at end of year	<u>591,792</u>	<u>543,597</u>

Taxation in relation to the re-measurements recognized in OCI is disclosed in note 11.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 17. POST-EMPLOYMENT BENEFIT ASSETS (CONT'D):

The principal actuarial assumptions used were as follows:

	<u>2017</u>	<u>2016</u>
Discount rate	9.5%	9.0%
Inflation rate	6.5%	5.5%
Future salary increases	7.0%	5.5%
Future pension increases	<u>0.0%</u>	<u>0.0%</u>

Mortality assumptions are based on the American 1994 Group Annuitant Mortality (GAM94) table.

**Plan risks**

Through its defined benefit pension plans, the corporation exposed to a number of risks. The corporation does not use derivatives to manage its plan risks. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds. The corporation has not changed the processes used to manage its risks from previous periods.

The most significant of these plan risks are detailed below:

## (i) Investment risk

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. If plan assets underperform in this yield, this will create a deficit.

The corporation ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the pension scheme. Within this framework, the corporation's ALM objective is to match assets to the pension obligations by investing in long term assets with maturities that match the benefit payments as they fall due. The corporation actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations.

## (ii) Hanges in bond yields

A decrease in Government of Jamaica bond yields will increase plan liability, although this will be partially offset by an increase in the return on plan assets which are linked to debt investments.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 17. POST-EMPLOYMENT BENEFIT ASSETS (CONT'D):

## Plan risks (cont'd)

## (i) Salary risk

The present value of the plan liabilities is calculated in reference to the future salaries of members. Therefore an increase in the salary of members will increase the plan's liability.

## (ii) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on post-employment obligations		
	<u>Changes in Assumption</u>	<u>Increase in Assumption</u> <u>\$'000</u>	<u>Decrease in Assumption</u> <u>\$'000</u>
Discount rate	1%	(32,772)	44,418
Future salary increase	1%	28,937	(23,729)
Expected pension increase	1%	15,776	(13,820)
Life expectancy	<u>1 year</u>	<u>1,425</u>	<u>( 1,491)</u>

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statements of financial position.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 15. DEFERRED TAXATION:

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Net asset at beginning of year	11,463	
Credited to income for the year (note 11)	29,103	11,463
Debited to other comprehensive income	(31,186)	-
Net asset at end of year	<u>9,380</u>	<u>11,463</u>

Deferred income tax (liabilities)/assets are due to the following items:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Deferred income tax assets:		
Property, plant and equipment	-	9,772
Interest payable	618	651
Tax losses	40,399	-
Vacation leave	<u>3,678</u>	<u>3,458</u>
	<u>44,695</u>	<u>13,881</u>
Deferred income tax liabilities:		
Retirement benefit	( 3,628)	( 2,417)
Interest receivable	-	( 1)
Revaluation of property, plant and equipment	(31,186)	-
Property, plant and equipment	<u>( 501)</u>	<u>-</u>
	<u>(35,315)</u>	<u>( 2,418)</u>
Net assets	<u>9,380</u>	<u>11,463</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 16. LOANS RECEIVABLES:

(a) Loans and advances are comprised of:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Gross loans and advances	60,305	66,333
Provisions for loans and losses	<u>(60,305)</u>	<u>(65,730)</u>
	-	603
Loan interest receivable	<u>-</u>	<u>5</u>
-	-	608
Less: Current portion	<u>-</u>	<u>-</u>
	<u>-</u>	<u>608</u>

These represent loans disbursed to various micro and small business owners from the pool funds obtained for on-lending from Development Bank of Jamaica and the Micro Investment Development Agency (Note 23). Each loan bears interest at a rate of 10% per annum and are secured by bills of sale on items that were purchased from the proceeds of the loan.

(b) Impairment losses on loans and advances

The ageing of loans and advances and the related impairment allowances at the reporting date were as follows:

	<u>2 0 1 7</u>		<u>2 0 1 6</u>	
	<u>Gross</u> <u>\$</u>	<u>Impairment</u> <u>\$</u>	<u>Gross</u> <u>\$</u>	<u>Impairment</u> <u>\$</u>
Current	-	-	603	-
1 to 3 months past due	-	-	-	-
3 months and over past due	<u>60,305</u>	<u>60,305</u>	<u>65,730</u>	<u>65,730</u>
	<u>60,305</u>	<u>60,305</u>	<u>66,333</u>	<u>65,730</u>

No impairment allowance has been made for loans that are not past due and there were no loans renegotiated during the year.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 16. LOANS RECEIVABLES (CONT'D):

(c) Specific allowances for loan losses:	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Balance at beginning of year	65,730	70,706
Recovered during the year	( 5,425)	( 4,976)
Balance at the end of the year	<u>60,305</u>	<u>65,730</u>

## 17. INVENTORIES:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Inventory	1,621	876
Less: provision for slow moving	( 494)	(308)
	<u>1,127</u>	<u>568</u>

## 18. RECEIVABLES:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Trade receivables (net)	4,043	2,423
Prepayments	1,208	510
GCT	15,458	3,796
Sundry receivables	<u>2,549</u>	<u>2,356</u>
	<u>23,258</u>	<u>9,085</u>

Trade receivables are stated net of bad debts provision of \$873,970 (2016 - \$661,837).



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 19. SHORT TERM INVESTMENTS:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Available-for-sale at fair value		
JMMB Money Market Fund	<u>25,958</u>	<u>20,129</u>
	<u>25,958</u>	<u>20,129</u>

## 20. CASH AND CASH EQUIVALENTS:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Cash and bank balances -		
Deposits and short term investments	4,842	4,475
Local current accounts	16,038	10,498
Foreign currency current accounts	5,867	1,000
Petty cash	<u>108</u>	<u>101</u>
	26,855	16,074
Bank overdraft	( 49)	-
	<u>26,806</u>	<u>16,074</u>

## (a) Interest rate exposure -

The weighted average effective interest rates at year-end were as follows:

	<u>2017</u> <u>%</u>	<u>2016</u> <u>%</u>
Cash at bank - US\$ account	0.067	0.20
Deposits and short term investments -		
- US\$	2.7	3.16
- J\$	<u>-</u>	<u>1</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 21. SHARE CAPITAL:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Authorised, issued and fully paid - 100 ordinary shares of no par value	<u>1</u>	<u>1</u>

## 22. CAPITAL RESERVE:

This represent surplus on revaluation of land and building. These assets were donated to the Corporation by the Government of Jamaica.

## 23. LONG TERM LOANS:

Loans are comprised as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Productive Business Solutions Limited (i)	2,334	-
Ministry of Industry, Investment and Commerce (ii)	-	5,000
Development of Bank of Jamaica Limited (iii)	25,695	40,133
Micro Investment Development Agency (iv)	10,000	10,000
Ministry of Finance (v)	<u>68,630</u>	<u>55,875</u>
	106,659	111,008
Less current portion	<u>( 25,314)</u>	<u>( 30,640)</u>
	<u>81,345</u>	<u>80,368</u>

(i) This represents an agreement totally US\$ 21,901.32 to be a paid through 36 installments of US\$ 608.37 for the purchase of property, plant and equipment.

(ii) This loan was obtained from the Ministry of Industry Investment and Commerce to assist with the merchandising of Jamaica's products at the Jamaica 50<sup>th</sup> Celebrations in Birmingham. The loan is interest free with no fixed payment date.

(iii) This loan was obtained for on-lending to businesses in the productive micro and small Enterprises sectors. The principal is repayable in 12 semi-annual payments commencing December 2009 and bears interest at a rate of 7% per annum. It is secured by a Parliamentary Guarantee issued by the Government of Jamaica.

The Corporation received an additional disbursement of \$100 million in December 2010. The loan was acquired for on-lending to businesses in the productive micro and small enterprises sectors. The principal is repayable in 8 semi-annual payments commencing June 2012 and bears interest at a rate of 7% per annum. It is unsecured.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 23. LONG TERM LOANS (CONT'D):

- (iv) This loan was obtained for on-lending to businesses in the productive micro and small enterprises sector and were disbursed to the Corporation in two tranches of \$20 million in October 2010 and \$10 million in September 2012.

The Corporation refinanced the outstanding loan balance of \$22.5 million in March 2013 and an extension was obtained on the repayment. The interest rate remains at 7% and the loan will be repaid in 18 quarterly installments commencing 31 March 2013. The loan should be fully repaid by June 2017.

- (v) The Ministry of Finance and the Public Service (MOFPS) on behalf of the Corporation and in consultation with the Development Bank of Jamaica (DBJ) agreed to settle debt obligation of the secured loan of \$68M. The servicing of JBDCs debt obligations by the MOFPS was effected pursuant to section 20, subsections (2) (3) (4) of the Public Debt Management Act 2012 (PDMA). In light of the foregoing, JBDC is indebted to the Government of Jamaica and should be guided by the provisions of the PDMA.

## 24. DEFERRED INCOME:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Balance at beginning of year	993	1,142
Amortization charge (Note 7)	( 33)	( 149)
	<u>960</u>	<u>993</u>
Current portion	33	845
Long term portion	<u>927</u>	<u>148</u>
	<u>960</u>	<u>993</u>

Deferred income represents grants provided by the Government of Jamaica to acquire property, plant and equipment. These amounts were reclassified from fixed asset reserve in march 2013 to deferred income in accordance with IAS 20 Accounting for Government Grants and disclosure of Government Assistance.

## 25. PAYABLES:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Trade payable	14,256	12,896
GCT withheld payable	11,341	5,189
Other payables	4,197	3,172
Accruals	<u>58,430</u>	<u>48,909</u>
	<u>88,224</u>	<u>70,166</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 26. PROJECT LIABILITIES:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
DBJ Business Training Method	1,257	-
Development Bank of Jamaica/MSME Development Fund	2,662	2,662
Income Cluster	181	181
Inter-American Development Bank (Government of Jamaica)	9,949	8,284
Steps to Work-Ministry of Labour	1,614	4,161
Miscellaneous	3,453	613
Tourism Enhancement Fund	<u>494</u>	<u>1,285</u>
	<u>19,610</u>	<u>17,186</u>

These represent interest free funding received from multilateral organizations and government agencies. The Corporation acts as facilitator to carry out specialized projects financed from these funds. The Corporation is in compliance with the terms of the projects, which are stipulated in an established Memorandum of Understanding for each project.

## 27. RELATED PARTY TRANSACTIONS AND BALANCES:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
<u>Transactions during the year</u>		
Key management compensation -		
Key management includes executive directors		
Salaries and other short-term employee benefits	20,053	20,384
Payroll taxes - employer's portion	863	1,194
Pension contribution	<u>577</u>	<u>704</u>
	<u>21,493</u>	<u>22,282</u>
Directors' emoluments -		
Fees	503	10
Management remuneration (included in salaries above)	<u>11,938</u>	<u>11,758</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 28. LEASE COMMITMENTS:

Operating lease commitments, which are subjected to formally agreed terms at year end expire as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Within 1 year	2,479	878
Subsequent years (2-5)	<u>4,271</u>	<u>169</u>
	<u>6,750</u>	<u>1,047</u>

## 29. SEGMENT INFORMATION:

The corporation is an organization that offers consulting, technical and management services. It also operates a shop division that offers the sale of goods and craft items.

Based on other information presented to and reviewed by the CODM, the entire operations of the corporation are considered as one operating segment.

Financial information related to the operating segment results from continuing operations for the period ended 31 March 2017, can be found in the statement of profit or loss and other comprehensive income. There are no differences in the measurement of the reportable segment results and the corporation's.

Details of the segment assets and liabilities for the period ended 31 March 2017, can be found in the statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the corporation's assets and liabilities.

Entity-wide disclosures:

The revenue for operations can be found in the statement of comprehensive income.

The corporation does not have any customers from which revenue exceeds 10% of total revenue.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 30. NON-CASH TRANSACTION IN FINANCING ACTIVITIES:

	<u>\$'000</u>
Long term loan - represent payment by - MOF on behalf of JBDC	<u>12,755</u>

## 31. CONTINGENCIES:

The corporation has an outstanding legal matter involving dispute over termination of employment with an individual no provision has been made in the financial statements for this claim. The matter is to be concluded on 10 February 2017.



## DIRECTORS COMPENSATION FOR PERIOD

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Chairman	66,000	-	-	-	66,000
Director 1	45,800	-	-	-	45,800
Director 2	24,600	-	-	-	24,600
Director 3	47,200	-	-	-	47,200
Director 4	21,000	-	-	-	21,000
Director 5	34,000	-	-	-	34,000
Director 6	39,000	-	-	-	39,000
Director 7	31,600	-	-	-	31,600
Director 8	72,100	-	-	-	72,100

Director 12	15,000	-	-	-	15,000
Director 13	11,000	-	-	-	11,000
Director 14	7,000	-	-	-	7,000
Director 15	8,000	-	-	-	8,000
Director 16	4,000	-	-	-	4,000
Director 17	11,500	-	-	-	11,500
Director 18	8,000	-	-	-	8,000
Director 19	12,000	-	-	-	12,000
Director 20	15,500	-	-	-	15,500

## 1. Notes

1. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.



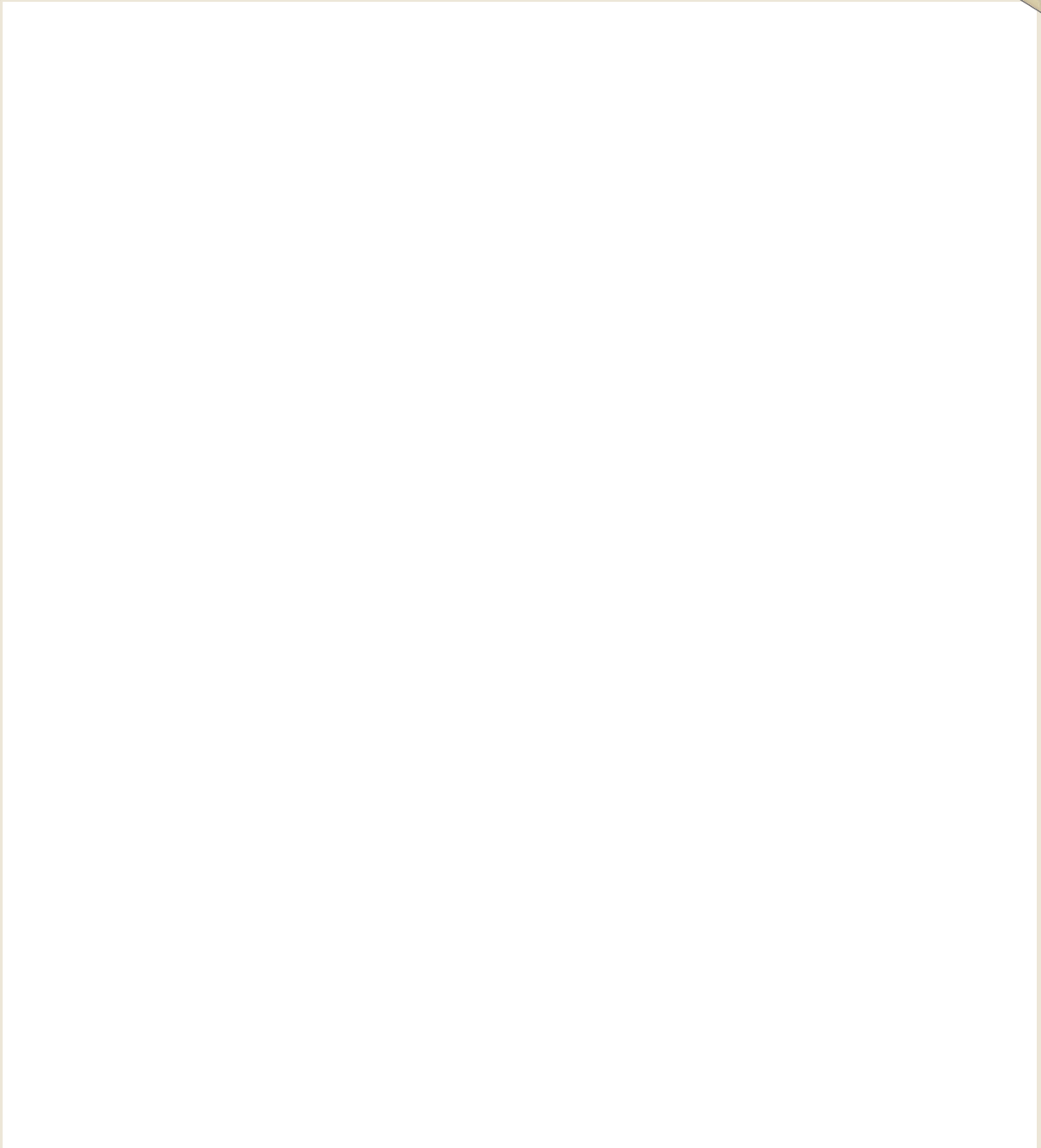
## SENIOR EXECUTIVE COMPENSATION FOR PERIOD

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non- Cash Benefits (\$)	Total (\$)
Chief Executive Officer	2016-2017	10,596,161	-	1,341,624	244,073	-	-	12,181,857
Deputy C.E.O	2016-2017	6,552,687	-	1,341,624	332,618	221,218	-	8,448,147
Finance Manager	2016-2017	4,820,400	-	1,341,624	241,020	-	-	6,403,044
Director, Incubator & Resource Centre	2016-2017	1,517,010	-	356,178	-	-	-	1,873,188
Technical Services Mgr	2016-2017	3,474,973	-	1,341,624	223,222	244,570	-	5,284,389
Human Resource Mgr	2016-2017	3,028,238	-	1,341,624	151,412	-	-	4,521,274
Mgr-Things Jamaican	2016-2017	3,474,973	-	1,341,624	179,624	117,511	-	5,113,732
Mgr-I.T	2016-2017	3,357,462	-	1,341,624	165,508	-	-	4,864,594
Mgr -Project Mgmt and Research	2016-2017	3,243,925	-	1,341,624	159,911	-	-	4,745,460
Mgr -Business Advisory Services	2016-2017	3,474,973	-	1,341,624	179,624	117,511	-	5,113,732
Mgr -Corporate Communications	2016-2017	3,243,925	-	1,341,624	159,911	-	-	4,745,460
Mgr-Financial Services Support	2016-2017	2,731,298	-	1,341,624	136,565	-	-	4,209,487
Mgr -Administration	2016-2017	2,535,000	-	707,448	125,212	-	-	3,367,660

## Notes

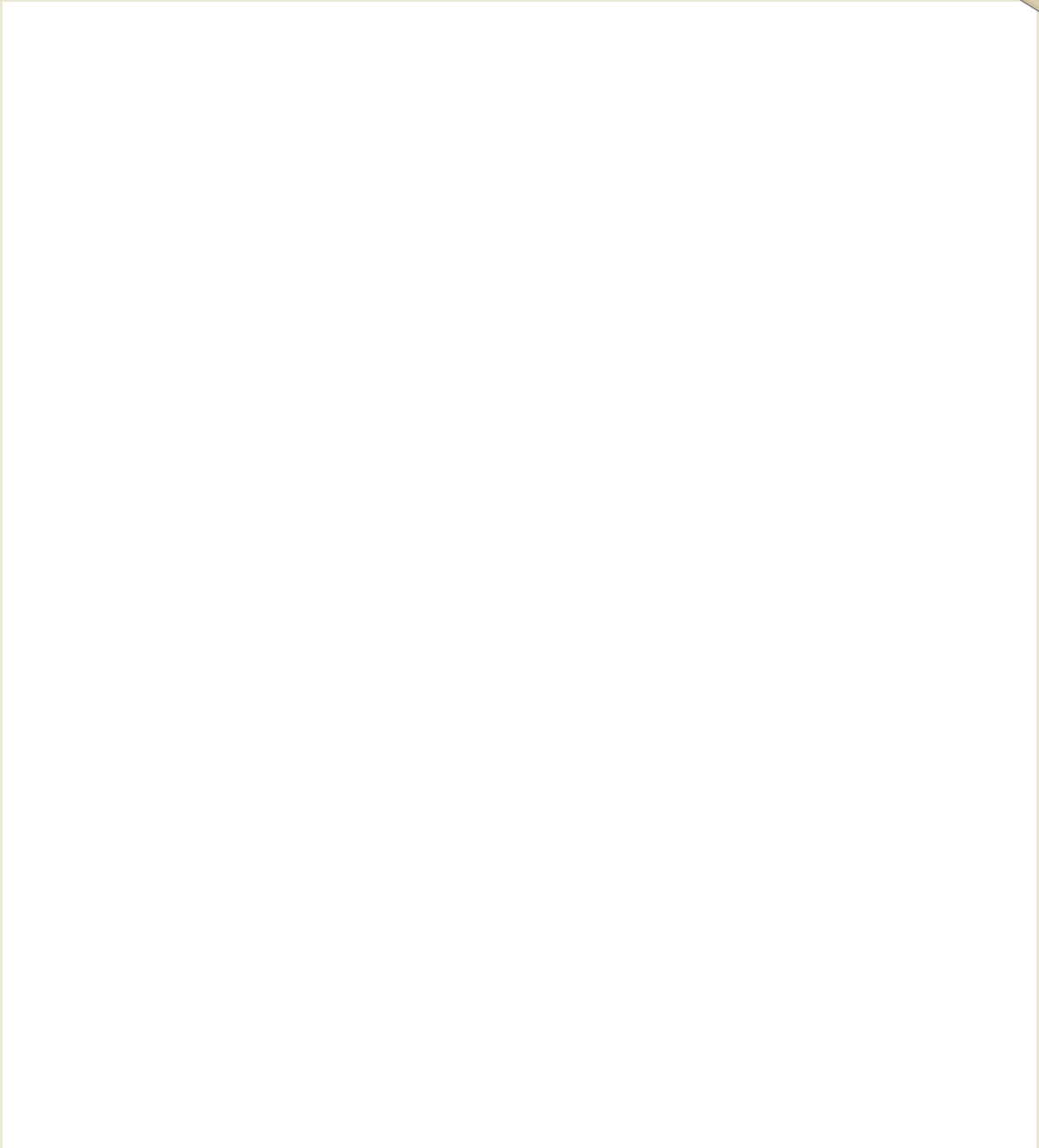
1. Where contractual obligations and allowances are stated in a foreign currency, the sum in that stated currency must be clearly provided and not the Jamaican equivalent.
2. Other Allowances (including laundry, entertainment, housing, utility, etc.)
3. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.





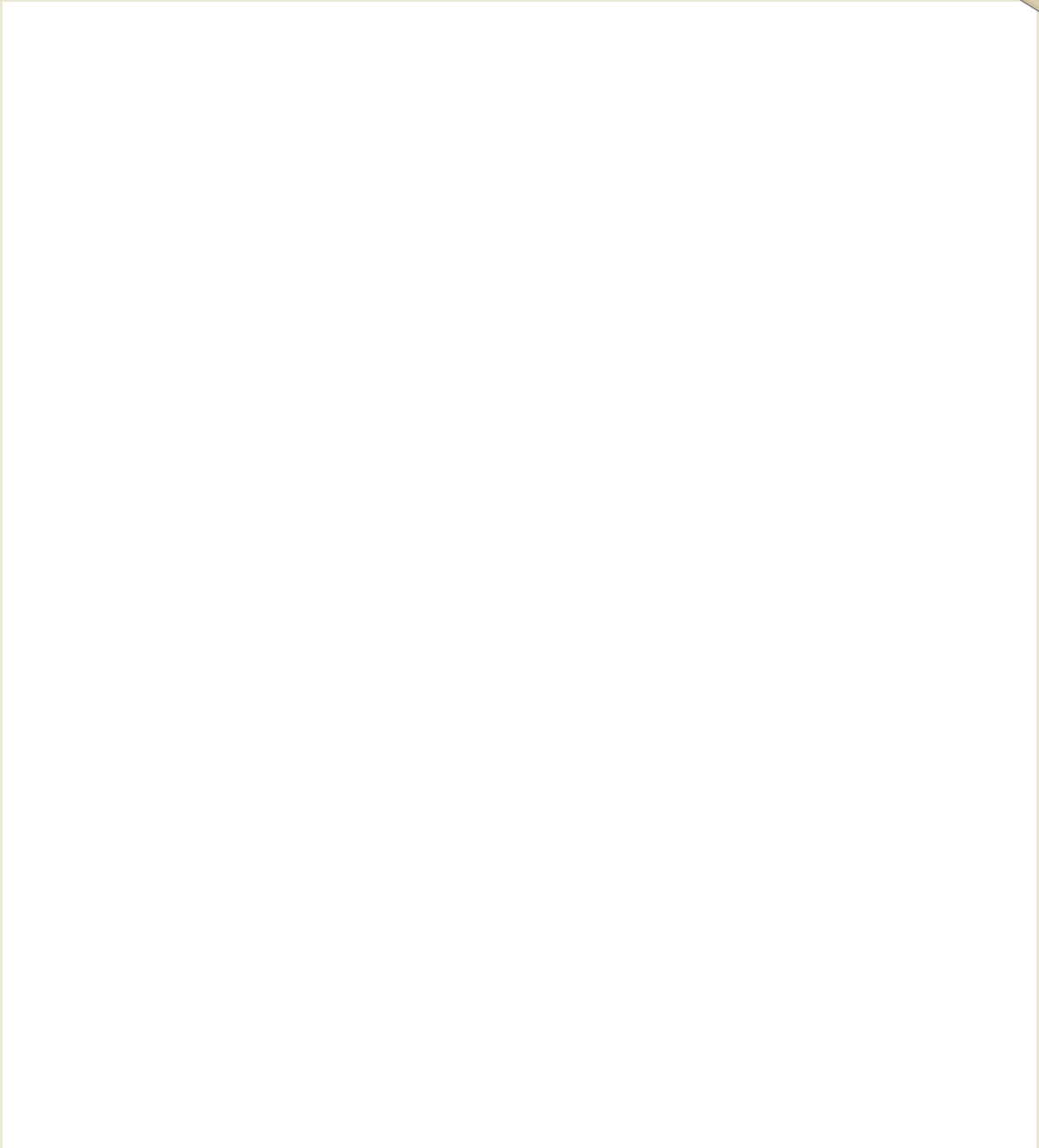
**NOTES**



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**NOTES**





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