



CHANGING GEARS



# JBDC ANNUAL REPORT 2017-2018

## 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 and Fisheries (MICAFA), strives to continually fuel the local economy through its services and programmes designed to support the growth and development of the MSME 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 manufacture 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.

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## MINISTER'S STATEMENT



The Ministry of Industry, Commerce, Agriculture and Fisheries continues to advocate for and pilot legislative and policy changes that drive economic growth and job creation, leading to the transformation of the Jamaican economy and its integration into the global economy.

The updated MSME & Entrepreneurship Policy 2018 is an example of this drive. This policy recognizes the need to stimulate interest in entrepreneurship among traditionally marginalized groups such as women, youth and the disabled. It also addresses structural weaknesses that hinder entrepreneurship and the MSME sector from making a stronger contribution to the local economy.

Recognizing also that small businesses are the engine of growth and job creation, the Ministry sees the role of the Jamaica Business Development Corporation (JBDC) as critical to the achievement of its goals. The JBDC continues to support the Micro Small and Medium-sized Enterprise (MSME) sector through a wide range of training and capacity building programmes, enabling the sector's dynamic and robust development and its ultimate contribution to nation building.

As Government, we are aware that one of the major impediments to the growth and development of the sector is the lack of access to capital. This is in addition to other critical needs of MSMEs such as general business management and marketing skills, information technology support, and international trade opportunities.

It is clear, therefore, that we will have to intensify our efforts to not only develop new strategies for improving access to capital but to also improve upon the capacity and business management skills of our MSMEs. To this end, we welcome the role being played by the JBDC, by way of business development and advisory services to our MSMEs and, in providing solutions to the many issues being faced daily within the sector.

The Ministry has therefore increased allocations to the JBDC to support the strategic objectives of the agency as it continues its mandate of supporting the national growth agenda. It is hoped that the improved allocation will redound to greater support for our MSMEs and contribute to the achievement of our National Development Plan, Vision 2030.

As I commend the JBDC for its role, let me use this occasion also, to applaud our small business owners for their continued hard work and contribution to our national growth.

**Hon. Audley Shaw, CD, MP**

Minister of Industry, Commerce, Agriculture & Fisheries



## CHAIRMAN'S STATEMENT



The Jamaica Business Development Corporation's (JBDC) 2017-2018 annual report is aptly themed 'Changing Gears' as these words encapsulate the agency's mission and subsequent performance during the period. The time was ripe for change as the agency entered its sixteenth year serving the Micro, Small and Medium-Sized Enterprise (MSME) sector.

JBDC had the Board's full support as it invested in the acquisition of modern systems to improve its capacity to serve its clients and successfully track the results of interventions which is key to continuous assessment and reporting. To this end, it is pleasing to see a positive shift in the way results are being reported with the aid of Neoserra.

Neoserra is the latest customer relationship management (CRM) system offered by OutreachSystems and designed specifically for non-profit economic development programs. Neoserra tracks detailed demographic and economic information about your clients, as

well as the assistance you provide to these clients. Once the data is entered in the database, Neoserra offers a robust reporting module. Neoserra offers both built-in reports as well as the ability to generate your own custom report.

While JBDC implemented several new initiatives over the period, special note must be made of the Accelerator Programme and the Employee Engagement Conference. With these two initiatives, JBDC effectively took the lead in the development of people, particularly at the leadership level. One of the main pillars of entrepreneurial success is the individual behind the business. We are particularly heartened by the heightened interest in these programmes and take this opportunity to thank all partners and sponsors for joining JBDC in the execution of these initiatives.

On behalf of the Board of Directors, congratulations to the JBDC and its clients on changing gears, as we accelerate towards economic growth.

**Cleveland Stewart**  
Chairman

## CEO'S OPERATIONAL REVIEW



Following on the heels of the celebration of its 15th anniversary, Jamaica Business Development Corporation (JBDC) continued its thrust of improvement to internal operating procedures which are critical to monitoring the progress of the MSME sector. The agency began the process of streamlining data on the Neo Serra Client Relationship Management System, from which we were able to garner economic impact indicators.

Some of the most significant findings from Neo Serra included: 117 jobs created, J\$29.4 million growth in sales, J\$10.2 million in total profits and J\$183 million in grants. The data remains a work in progress pending the completion of the streamlining process. However, the signs are encouraging, as we continue to develop and implement programmes like the Accelerator Programme to propel growth stage entrepreneurs to the next level which encompasses job creation,

export, increased sales and profit-making.

As we sought to ensure that our 'next level' message resonated with the audience, the theme for our 10th Annual Small Business Expo & Conference held on May 11, 2017 was 'Think Big. Scale Up. Go Global'. The aim of the expo was to target growth stage businesses that are at the stage of development where they can be engaged in conversation about production expansion, regional and international export and increased employment. A Total of 382 entrepreneurs attended including industries such as Construction, Engineering, Software, Marketing, Sales, Distribution, Cosmetic Development, Fashion, Accounting, Advertising, Sales and Transportation.

Phase 2 of the Mobile Business Clinic Initiative (MBCI) was implemented with a more specialized focus during the reporting period under the theme Converting Capacity to Currency. A total of five clinics were held in the parishes of Manchester, St. Ann, Westmoreland, Kingston & St. Andrew and St. James. Approximately 361 entrepreneurs have benefitted from this phase of the project so far. Areas of focus during this phase included: Policy Framework, Financial Literacy, Understanding the Laws applicable to MSMEs, Trade Policy, Value Chain, New Business Opportunities, Family-Owned Businesses and Youth Entrepreneurship.

JBDC draws inspiration from the fact that Jamaicans are a dynamic, creative and talented people with a unique charm and spirit. Our rich culture is a major selling point for tourism and is often what sets us apart from the ordinary island with just sun, sand and sea. As we are also an entrepreneurial people, over the years we have found ways to make aspects of our culture a business, commanding international acclaim on the way to stardom. In 2017-2018, JBDC, through partnership with local and international stakeholders, staged the National Workshop on Effective Management of Intellectual Property Assets for SMEs on June 13 – 15, 2017 in Kingston. The Workshop was staged in collaboration with the World Intellectual Property Organization (WIPO) and the Jamaica Intellectual Property Organization (JIPO).

Indeed, Brand Jamaica has reached the four corners of the earth. But there is much more we can do to squeeze all the juice from this powerful brand to a point where it's leveraged for economic growth. And in doing so, it is critical that we ensure that our Intellectual Property Rights are protected. The matter of geographical indication is an essential aspect of the discourse as we take steps in this direction. A geographical indication right enables those who have the right to use the indication to prevent its use by a third party whose product does not conform to the applicable standards. Brands such as Blue Mountain Coffee, Portland Jerk, among others, are pieces of Jamaica that ought to be owned by Jamaicans. They're not only good products, but they tell stories about our history and culture.

There is immense potential globally for MSMEs who use geographical indication as a marketing tool, particularly those in the creative industries, as they seek to launch or grow their businesses. No longer should culinary artists, dancers, musicians, actors, poets, artists, designers, writers, etc. view their craft/talent as a hobby, but rather a sustainable business.

Every innovative entrepreneur should truly own a piece of Jamaica. The Orange Economy is a business with immense potential. Let's squeeze it for all it's worth.

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



## DEPUTY CEO'S TECHNICAL REPORT



The Government of Jamaica's MSME & Entrepreneurship Policy serves as a critical guide to the operations of the Jamaica Business Development Corporation (JBDC) as the agency seeks to fulfil its mandate to provide business development support services to the MSME sector. During the reporting period FY 2017-2018, the JBDC sought to fulfill the Policy's six key priorities as follows:

**1. Creating an Enabling Business Environment** - JBDC conducted consultations with 4469 clients through almost 18,000 consultation contact hours during the period. In the period JBDC launched its Accelerator Programme. Unique in the Caribbean region in its construct, the main objectives of the programme are: (1) to facilitating domestic market access and global market development (2) to create accessible pathways to funding; (3) to develop a new generation of entrepreneurial thinkers and (4) to increase connectivity and networking. Cohort 1 consisted of 17 participants, some of whom have already begun

to reap the successes of the programme. One business, which was valued at JMD\$90 million, is currently in negotiation for a JMD\$70 million investment. Two participants have partnered with an established manufacturing company and eight new jobs were created by two participants. Additionally, as a result of the external exposure, one participant is now exporting to the Dominican Republic

**2. Increasing Finance to the Sector** – Nearly \$300 Million in financing was accessed by direct beneficiaries of JBDC's programmes as follows:

- **\$100 million in public equity financing**
- **\$183 million in grant funding**
- **\$7 million loans**
- **Additionally, there is over \$70 million under negotiation for private equity financing.**

The Proposal Writing Workshop is JBDC's response to organizations' need to access funding to implement critical developmental projects geared towards national development. Two (2) workshops have been conducted FYTD benefiting 78 persons. Over \$177 Million in Grant Funding have been received by participants participating in JBDC's Proposal Writing Workshops since November 2013. \$37 Million in grant funding was awarded to thirteen entrepreneurs under the IGNITE Project.

The newly formed Financial Support Services Unit provided the following financial support services FYTD:

- Two Hundred and Ninety-five (295) clients were trained in Financial Literacy;
- Six hundred and Seventy-four (674) hours were spent in financial consultation hours;

- Three hundred and forty-three (343) clients received financial handholding;
- Four hundred and sixty-three (463) clients were sensitized in areas of: QuickBooks, Business Valuation, JSE Pitch Competition, Business Model Review and Financial Statement preparation
- Enhancing Business & Development Support - Fifty-six (56) training workshops have been completed year to date (YTD) reaching 1,552 persons.

**4. Fostering a Culture of Entrepreneurship** – Youth Entrepreneurship featured significantly in Phase 2 of the Mobile Business Clinic Initiative, with topics designed specifically for the youth audience such as Youth in Agriculture: Ready, Tech, Grow. The profile interview feature: The Entrepreneur's Journey also included a young entrepreneur at each staging of the Clinic. This focus on our youth received significant support from the title sponsor, National Commercial Bank, as the entity regarded it as an investment in future partnerships with the segment and was confident in JBDC's ability to adequately prepare them. The JBDC team also partnered with ZIP 103FM, which commands a significant portion of the youth audience, to stage the "Edu-Village School Tours targeting 10 schools islandwide. Four parishes were visited with over one thousand students benefiting from presentations made by Business Development Officers, introducing students to various facets of entrepreneurship; with special attention to business start-up pointers for high school graduates. Particular emphasis was placed on non-traditional career options and opportunities.

**5. Social Value Creation** – This is the newest addition to the list of key priorities under the updated MSME & Entrepreneurship Policy. However, JBDC has impacted this segment for some time through initiatives such as the Proposal Writing Workshop which engages social enterprises that account for approximately 40% of participants. One of the most successful beneficiaries was the National Grow Castor Bean Project managed by the Urban and Rural Ministry of the Jamaica Baptist Union Mission Agency. The project, being funded by an overseas donor to the tune of US\$198,000 or approximately J\$25 million will enable the organization to put the first 400 acres (of the 1000 acre target) of castor bean into production. So far, 80 farmers have signed on to participate in the project which is being implemented in ten (10) parishes and it is estimated that there will be approximately 200 participants when the remaining acres are used. JBDC has been engaged to train farmers under the project.

**6. Tackling Cross-Cutting Issues** – The JBDC's research agenda continued yield ground-breaking and thought leading initiatives, with the most significant over the reporting period being the Employee Engagement Conference staged in October 2017 under the theme: Stimulate. Inspire. Empower. Engage. The conference followed on the release of the National Employee Engagement Report (2016) which found that only 41.5% of Jamaican workers are actively engaged on the job. Engagement must become a priority for employers in order to increase productivity in the workforce by becoming masters of engagement who are able to identify disengaged team members as well as implement strategies to increase engagement. Indeed, it has been a 'sweet sixteen' for the JBDC and we thank all our partners wholeheartedly for their continued support in executing our programmes and acknowledge our MSMEs' immense contribution to nation building, as we guide them along the road to success.

**Harold Davis, J.P.**

**Deputy Chief Executive Officer**

## 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, J.P.**  
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 Unit



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



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

# **OPERATIONAL DISCUSSION AND ANALYSIS**



## SUMMARY OF CORE FUNCTION AREAS

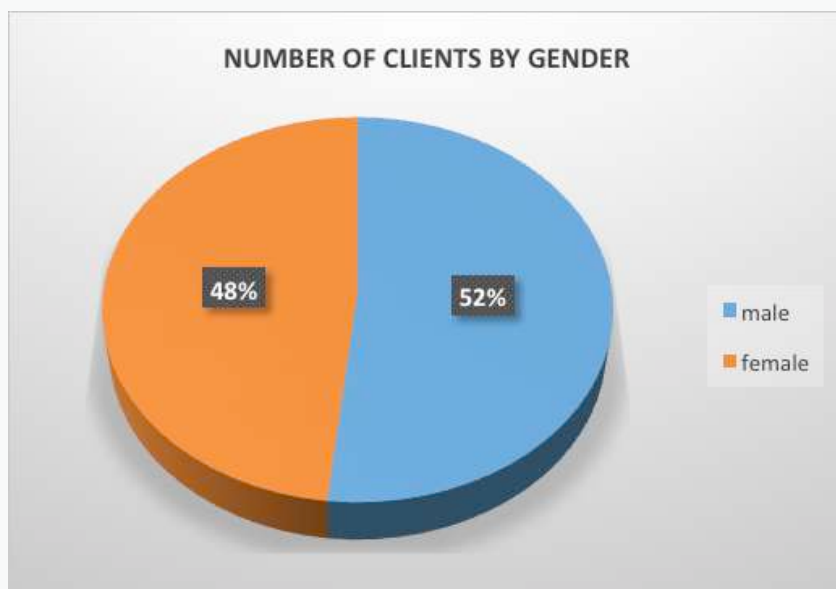
Business Advisory Services	Technical Services	Project Management & Research	Marketing Services	Financial Support Services
Offer business advice and mentoring, business plan preparation and analysis, programme and project management, business training, assessment of entities and preparing clients to access financing 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.



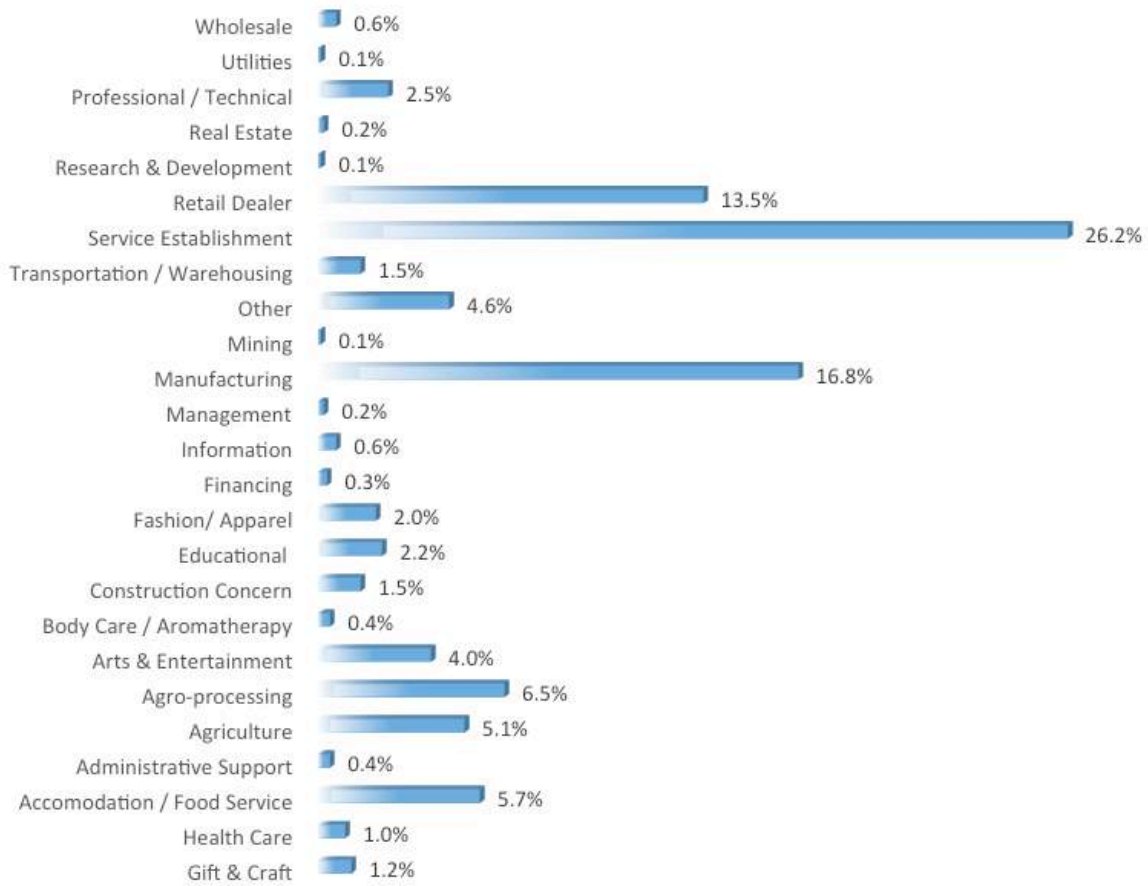
# PERFORMANCE OVERVIEW

## PROFILE OF CLIENTS

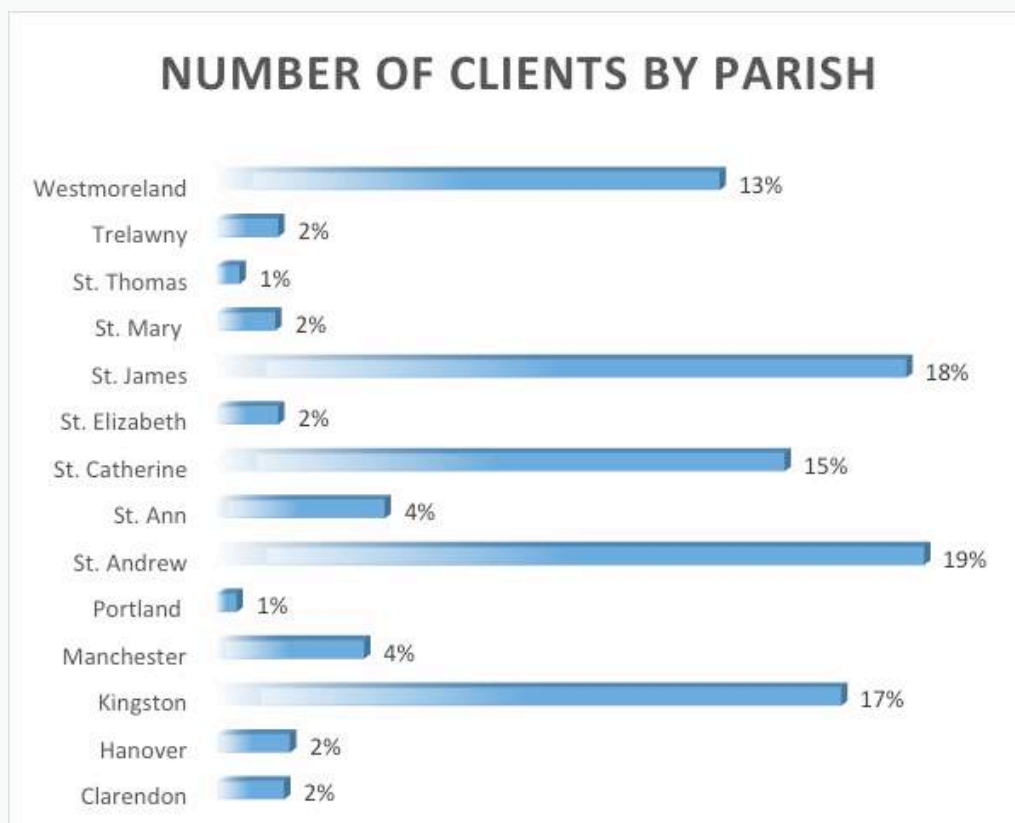
The Jamaica Business Development Corporation served approximately 1360 active clients within the Micro, Small and Medium-sized Enterprises (MSMEs) Sector registered in its Client Relationship Management System (Neoserra CRM) as at March 30, 2018. The gender differentials for this number is almost equal where 52% of our clients are males and 48% are females. As it relates to the industries to which clients are aligned, most (26.2%) are aligned to the services sector, the second largest proportion (16.8%) are manufacturers or producers followed by 13.5% who are retail dealers. Other sectors represented and details of which are presented in the diagram below are: agriculture, agro-processing, accommodation/food services, arts and entertainment, education, transportation and warehousing, fashion/apparel, construction, health care, among others.



## NUMBER OF CLIENTS BY BUSINESS SECTOR



Clients are dispersed Country-wide with the largest concentration of clients located in St. Andrew (19%) followed by St. James (18%), Kingston (17%) and St. Catherine (15%), Westmoreland (13%) and Manchester and Clarendon (4%). The distribution of the clients is reflective of the areas in which JBDC services are most accessible as well as the size of the MSME population in those parishes; the remaining 14% of clients are distributed in the other parishes indicated in the chart below.



## OUR REACH, CLIENT AND SERVICE PERFORMANCE

JBDC assisted 4469 MSMEs during the 2017-2018 Financial Year representing a 3% increase over the previous fiscal year (2016-2017) during which 4338 MSMEs were assisted. Assistance was provided through approximately 8,569 interventions and almost 18,000 consultation hours 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.

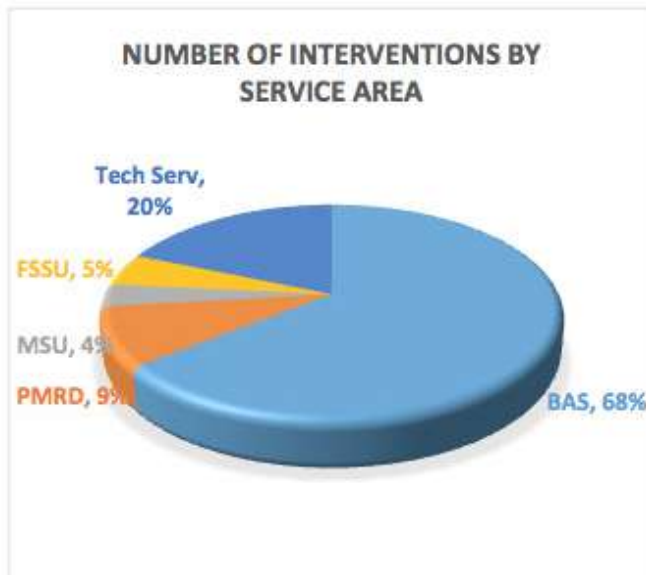
### Our Reach



## Interventions Overview

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

- **Business Advisory Services** - Business Advisory Services conducted 3052 interventions, accounting for the majority (68 %) of interventions 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. In this regard, JBDC facilitated 884 technical assistance interventions during the review period, which accounted for 20% of the organization's total interventions.
- **Market Access** - 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 executed by the Marketing Services Unit which manages the Things Jamaican™ retail store chain. A total of 172 interventions were facilitated, which accounted for 4% of the total interventions.



- **Project Management and Research** - Through its specialized service solutions, the Project Management and Research Department facilitated 423 interventions (accounting for 9% of the overall interventions) in proposal writing, applied research, employee engagement and specialized consultancy services that are geared towards medium-sized and large businesses.

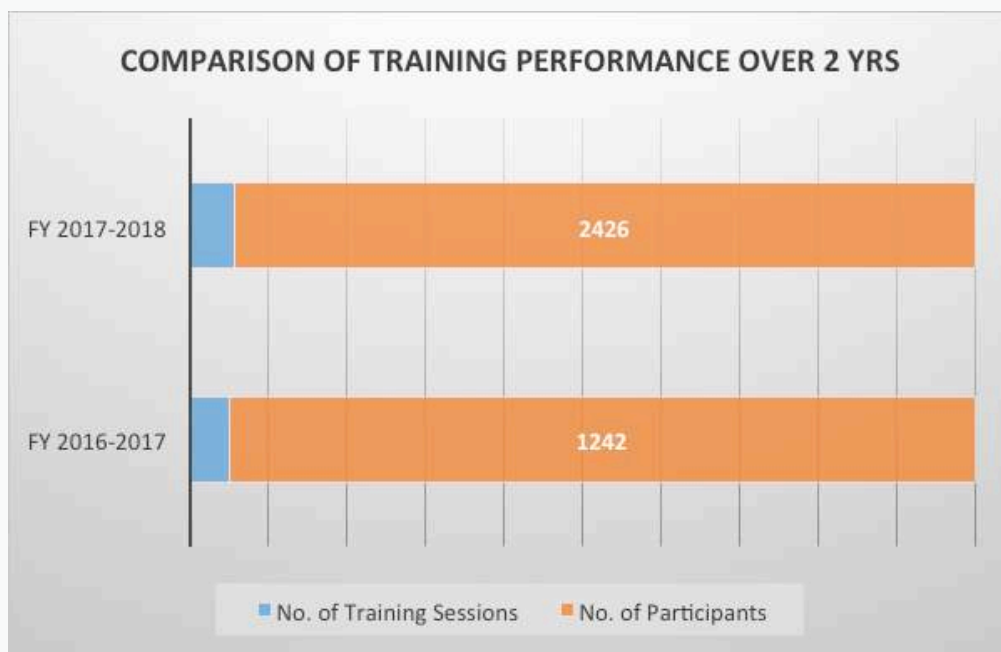
- **Financial Support Services** – The focus of the financial services unit is to provide specialized support in areas of financial management, financial document preparation, etc. In this regard, the FSSU department facilitated a total of 230 interventions during the review period, accounting for 5% of the total interventions.

Interventions are classified as contacts with clients which includes but not limited to: consultations and counselling sessions, training, mentoring and coaching, product development or screening sessions, email, telephone and face-to-face contacts.



## Training Performance

The JBDC conducted a series of training sessions island-wide focusing on business and technical development. Since the beginning of the review period (FY 2017-2018), approximately 2426 MSMEs have been trained representing a 95% increase in the number of MSMEs trained when compared to the same period during FY 2016-2017. Likewise, the number of training sessions hosted have been increased from 65 to 144; representing a 121% increase over FY 2016-2017.



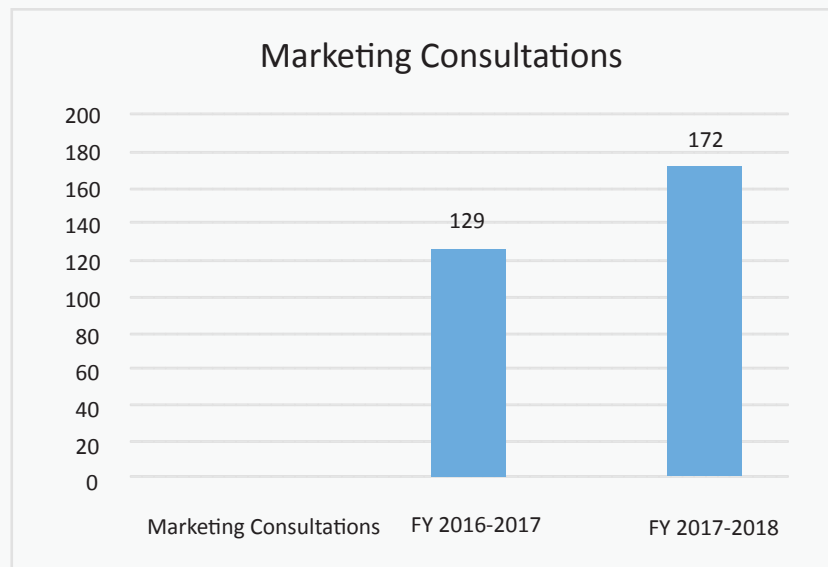
The differences in the figures is due to the implementation of phase 2 of the Mobile Business Clinic Initiative (MBCI), the introduction of Employee Engagement Conference, B.O.S.S Lady and the execution of a series of trainings in collaboration with the University of Bocconi, World Bank and Inter American Investment Corporation (IIC).

**A synopsis of the courses delivered by JBDC during the review period is included below:**

- Tapping into Donor Funds Proposal Writing Workshop ®
- Research Coaching for HR Practitioners
- Raising Capital
- Blue Ocean Strategy - Making Competition Irrelevant & Developing your Digital Marketing
- Corporate Governance First Steps
- Financing Your Venture
- Ultimate Garment Workshop
- The Perfect Finish – Metal Forging Workshop
- Banana Paper Making
- Basic Money Matters
- Becoming Tax Complaint
- Record Keeping 101

## Market Consultations and Access to Markets

Market Consultations are conducted to assess the integrity of the overall design quality and marketability of a product. These assessments are usually undertaken 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 FY2016-17 and FY2017-2018. There was an increase of just over 33% compared to screenings done in the FY2016-17.



As it relates to access to markets, approximately \$30 Million was earned by suppliers in which products were accessed by over 20,500 consumers.

## Access to Financing

Almost \$300 Million in financing was accessed by direct beneficiaries of JBDC's programmes. Financing type is broken down as follows:

- \$100 million in public equity financing
- \$180 million in grant funding
- \$7 million loans

In addition to this, there is over \$70 million under negotiation for private equity financing.

Product screening results reported were carried out by the Marketing Services Unit, the assistance of TS; screening conducted by TS only are not captured in this comparison.

# PROJECTS & PROGRAMMES



## PROJECT MANAGEMENT

A total of 3 development projects aimed at strengthening the MSME Sector and creating an enabling business environment were managed by JBDC in collaboration with external partners. Details of these projects are listed below:

### 1. BSO Cluster Capacity Building Project

JBDC's concept note was accepted by Compete Caribbean to participate in the initial phase of the programme with the aim of moving on to round two where the Corporation would compete for the post of cluster facilitator across the region. Some activities completed within the initial phase included:

- Completion of the BSO-Cluster Capacity Building Assessment; which aims to assess the adaptive capability of the BSO to promote clusters and the SNA Survey for Cluster Support; which aims to collect socio-economic data on the landscape of BSOs involved in cluster promotion.
- Participation in an expository regional workshop that was hosted in Barbados during January 16-19, 2018.

Subsequent to these activities and having understood the full requirements of this programme, JBDC formally withdrew from the project for the following reasons:

- The project requires monetary investment from the BSO and the Corporation's funds were already committed for pre-approved projects, hence being constrained in this regard.
- The manpower requirements of the project could only be filled by monetary resources that JBDC was unable to provide.

### 2. Eliciting MSMEs Willingness to Pay (for Training) Project

Project Cost: US\$128,992

The JBDC signed an agreement with the University of Bocconi in Italy, Inter-America Investment Corporation and the World Bank for the execution of activities to support the implementation of a research project to estimate the demand for entrepreneurship programmes with costs for micro-entrepreneurs in developing countries. The University of Bocconi, the Lead Researcher on the project, was responsible for the processing and analysis of data collected from MSMEs while JBDC was responsible for all activities related to the implementation of the training, which included:

- Recruitment and mobilizing of participants for the training where 1000 business owners were scheduled to attend demonstration sessions where their willingness to pay will be elicited.
- Inviting participants of the demo sessions to participate in a 10-week training programme.
- Coordinating training sessions inclusive of: recruiting staff, sourcing event venue, preparation of course material and arranging refreshments for participants.



- Delivery of 10 weeks of training to approximately 600 business owners.
- Perform administrative duties in order to collect payments from beneficiaries.

### **Project Achievements:**

The project activities were implemented over a period of 12 months and included the execution of a baseline survey to participating MSMEs, the execution of a willingness to pay activity and the delivery of business development training to participants. The following deliverables were achieved by the project:

- Approximately 1840 MSMEs were recruited and with whom the baseline survey was conducted for the project.
- 48 demonstration sessions were held to gather information about MSMEs willingness to pay (for training); approximately 479 MSMEs participated in the sessions.
- 200 training sessions were held during the period November 2017 – July 2018 in St. James, Westmoreland, Trelawny, Hanover, St. Ann, Manchester and Kingston; 434 MSMEs participated in the training session.

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

Project Cost: JMD 37 Million

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. As the BSI, JBDC is responsible for facilitating the development of the presentation of proposals, assist DBJ in the monitoring of the objectives agreed with each beneficiary, and act as a conduit for Grant Funds to the entrepreneurs.

### **Expected Deliverables:**

1. Design and execute a capacity building agenda to strengthen the institutional and business framework of beneficiaries.
2. Manage and disburse grants in keeping with due diligence expectations and quality standards.
3. Prepare and submit progress reports that feed into DBJ's impact assessment framework.

### **Achievements to Date:**

1. A total of JMD 31 Million has been disbursed to 13 grantees to date.
2. This project official ended December 31, 2017 but a no-cost extension was granted by DBJ to facilitate disbursement of remaining funds and the collection of outstanding reports.
3. An end of project review is currently underway by DBJ with plans of implementing phase 2 of the project. An official close-out of Phase 1 of the project will take place on April 12, 2018 where JBDC was invited to bring remarks.

## ACCELERATOR PROGRAMME

In its continued thrust to target, nurture and develop high-growth potential entrepreneurs, the JBDC introduced the Accelerator Programme. The Accelerator Programme was officially launched in March 2017 as a response to the important question of why Jamaican MSMEs were/are not scaling at a pace in-keeping with Jamaica's natural proclivity towards creativity and ingenuity. Designed as a six-month intense, accelerated approach to facilitating business growth, the programme has sought to build capacity among enterprises with the potential to increase efficiency, scale quickly, attract investment and achieve market repositioning. Sixteen enterprises covering a range of industries – Information Technology, Hospitality, Manufacturing, Agro-processing, Wellness, Corporate Recycling – were introduced into the programme which had as its objectives:

- (i) to facilitate access to financing
- (ii) to open new market opportunities
- (iii) to improve the connectedness of our participants to potential influencers and new partners
- (iv) to improve the entrepreneurial mind-set, talent and attitudes of our participants

### Programme Results:

- 1 enterprise in final stages of negotiating private equity exceeding JMD 50 million
- 8 enterprises entered new markets
- 1 enterprise entered into a co-creation relationship with a large manufacturing company
- 8 jobs were created in the six-month period
- 16 business valuations completed
- 16 business/financial models designed
- 3 firms started business process re-engineering

## SMALL BUSINESS DEVELOPMENT CENTRE (SBDC) NETWORK

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 JBDC's programme of support as it mirrored the BAS' monitoring programme very closely.

### Key Implementation Imperatives

In order to achieve the build-out of the SBDC network, there are some Key Implementation Imperatives. Of these, the following network development milestones were achieved:

KEY ACTIVITIES STATUS	STATUS
Conduct an MSME sector assessment	Completed
Adopt and develop MSME legislation	Completed
Develop National Impact Assessment	Completed
Install an Information Management System (NeoSerra or equivalent)	Completed
Conduct certificate training for SBDC Counsellors and Directors	Completed
Develop SBDC Technical Operations Manual	Completed
Launch SBDC pilot centre	Completed
Capture economic impact	In Progress

In order to establish a network of SBDCs, there are other critical milestones that need to be completed for the establishment of the network. These are currently in process:

KEY NETWORK IMPLEMENTATION IMPERATITIVES - INCOMPLETE
Assemble SBDC project team
Develop clear national rules and regulations to govern SBDCs in the country
Issue Request for Proposal
Create association of SBDC
Develop accreditation standards and processes
Establish specialized SBDCs
Connect SBDC network to SBDC global

## VALUE CHAIN MANAGEMENT

### JAMAICA HARVEST

The JBDC partnered with nine micro agro-producers involved in the production of Specialty/ Gourmet food items to develop and launch a line of agro-processed products under the Jamaica Harvest brand. The project is intended to link producers to other components along the value chain including farmers, production support and incubator services as well as distribution channels.

The purpose of the Jamaica Harvest Supply Chain Project is to increase market access and market penetration for producers of food products locally and internationally through the execution of an umbrella branding strategy. The project targets agro-processing entrepreneurs involved in the manufacturing of gluten-free and dehydrated specialty/gourmet food items that are high in health benefits. This is being done because there is growing demand for these types of food especially among health conscious consumers. According to a State of the Specialty Food Industry Report 2015, the specialty foods market in the US stood at 120.5 billion.

#### **The project has three main objectives for Enterprise Development:**

1. Developing a viable supply chain specific to agro-processing groups for the specialty food markets.
2. To create brand recognition of Jamaica Harvest locally and internationally.
3. To develop the capacity of manufacturers to meet required certification and quality standards and to ensure reliable supply of products.

#### **The objectives will be achieved through the following:**

The execution of a capacity development programme intended to identify gaps in the products, the production operations of the targeted suppliers which may affect certification and scalability and to provide assistance/support to the suppliers to address the gaps identified. Assistance is in the form of resources, facilities, training, technical coaching and handholding.

#### **Expected outcomes**

- Increased awareness of the brand both locally and internationally
- Increased sale of the products locally as well as export sales based on the distribution agreements signed this will in turn bolster the profitability of the beneficiaries.
- Improved product design (capacity building
- Establish effective value chain management system



### **Market Position**

- High End specialty food market
- Traditional raw materials of Jamaican cuisine
- From Jamaica's soil – Land of wood and water
- Healthy alternatives: Gluten Free, High Nutrient level, limited processing, no preservatives

### **The following preparatory work has been completed ahead of full implementation of the project:**

1. Product /prototype developed for herbal teas, spices, jams, preserves, snacks, cereals and flours.
2. Sources of raw material – this covered assessing and identifying quality and availability/consistency of supply from local farm sources.
3. Update production processes and production procedures
  - Based on the results of the production audits, the producers were provided with recommendation and a plan of action for the execution of the recommendations. JBDC's engineering and food technology units worked with each beneficiary to ensure that the necessary improvements are completed.
  - Condition of facility – this covered the size and layout of facility as well as the ability of facility to pass certification standards
  - Equipping of production facilities/incubator – Producers were given recommendations for the procurement of equipment for production, product testing and quality control and the improvement of the production infrastructure.
4. Standards and Certification – Implementation of prerequisites programs for the Good manufacturing practices certificate for individual manufacturers' facility and the processing of the required certifications.
  - Preliminary assessments were executed at the facilities of the intended suppliers to ascertain the problems that may hinder BSJ certification and production capacity and JBDC is actively working with the suppliers to address these gaps.
5. Preliminary Market Research – over 500 consumers were engaged at two major marketing events in market research activities that covered taste testing of select products, product demand and feedback on branding and packaging.
6. Training and technical coaching – Training covered topics such as manufacturing practices; producing for the export market, Technical Service provided coaching support to producers where necessary.
7. Brand Development

- Packaging and labeling – sourcing of the appropriate packaging solutions and the finalization of the design and printing of the individual product labels.
- Development of new product formulation to promote the sustainability of the brand- this will include the definition of specification for existing products, conducting of additional market research, engagement of food technologist to assist with the development of new formulation/ prototype.
- International IP Protection – This include registering the Jamaica Harvest Trade mark in the international target markets starting with the US. The trademark has already been registered locally by JIPO
- Development of Promotional Kits – Catalogues, flyers, brochures, banners to support the promotion and advertising of the brand/products
- PR Campaign – Creating awareness of the branded products through press releases, media interviews, etc.

# ENTERPRISE LEVEL DEVELOPMENT



## BUSINESS MONITORING

At the enterprise development level, the Business Advisory Services department provided support through trainings, mentorship, one-on-one consultations and hand-holding as well as introducing range of new products focusing on building entrepreneurial capacity. For the reporting period, the department had consultation sessions with 1,565 owners of micro, small and medium-sized businesses. Of this number, 249 are currently being monitored in a long-term hand-holding relationship designed to reduce the likelihood of business failure. The tables below detail the service level and economic impact results of these interventions:

**Table 1: Service level Results**

No. of Clients Counselling	1565
No. of Consulting Hours	4343
No of Long term Clients	249
No. of Businesses Formalized	97
No. of Business Starts	125
No. of training MSMEs trained	1458
No. of Training Events 41	41
No. of Business/Strategic Plans Prepared	43

**Table 2: Economic Impact Results from Long-term Clients**

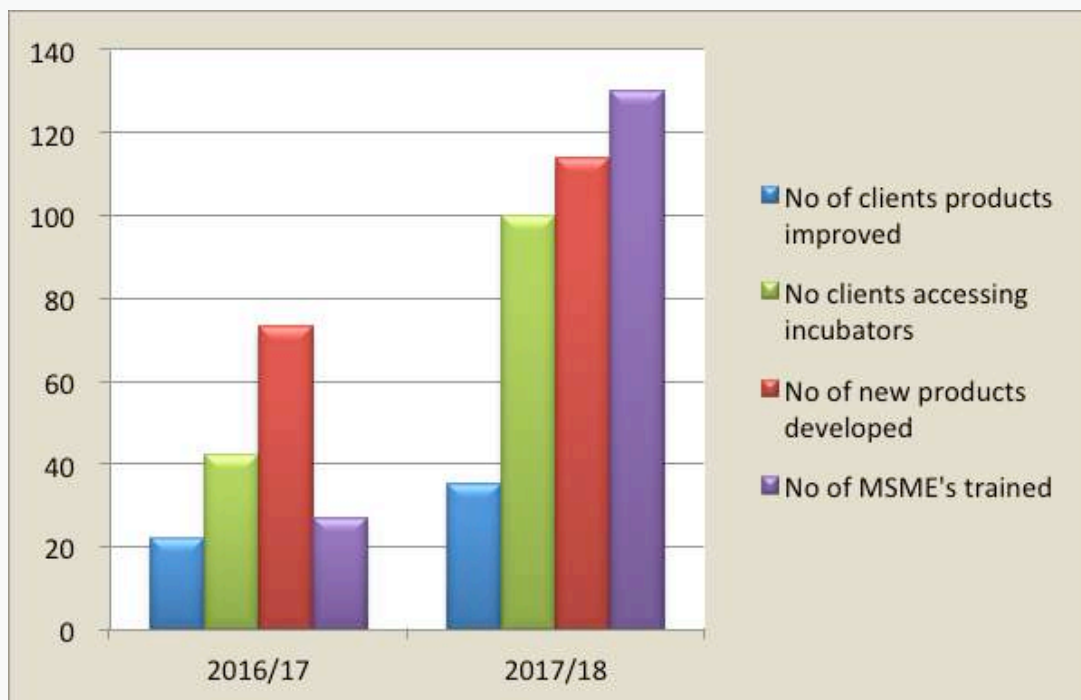
No. of jobs created	116
Growth in Sales	\$J46,421,292.09
Value of Financing Obtained	\$J6,930,000.00

## PRODUCT DEVELOPMENT

For the FY 2017-2018, the Incubator and Resource Centre and its Technical Services department had significant increases in almost all of its key outputs over its 2016-17 performance. While the department continued to offer practical, hands-on support to MSMEs, particularly those involved in the manufacture of craft, fashion, food and agro-based products, the department, in direct response to client requests, broadened the range of products supported to include soaps, lotions and other personal care items.

In addition to direct product development support, several clients benefited from our technical expertise in assessing facilities and making the necessary recommendations for improving their manufacturing operations.





Clients benefited from technical interventions including consultations with technical officers as well as direct assistance in a variety of areas.

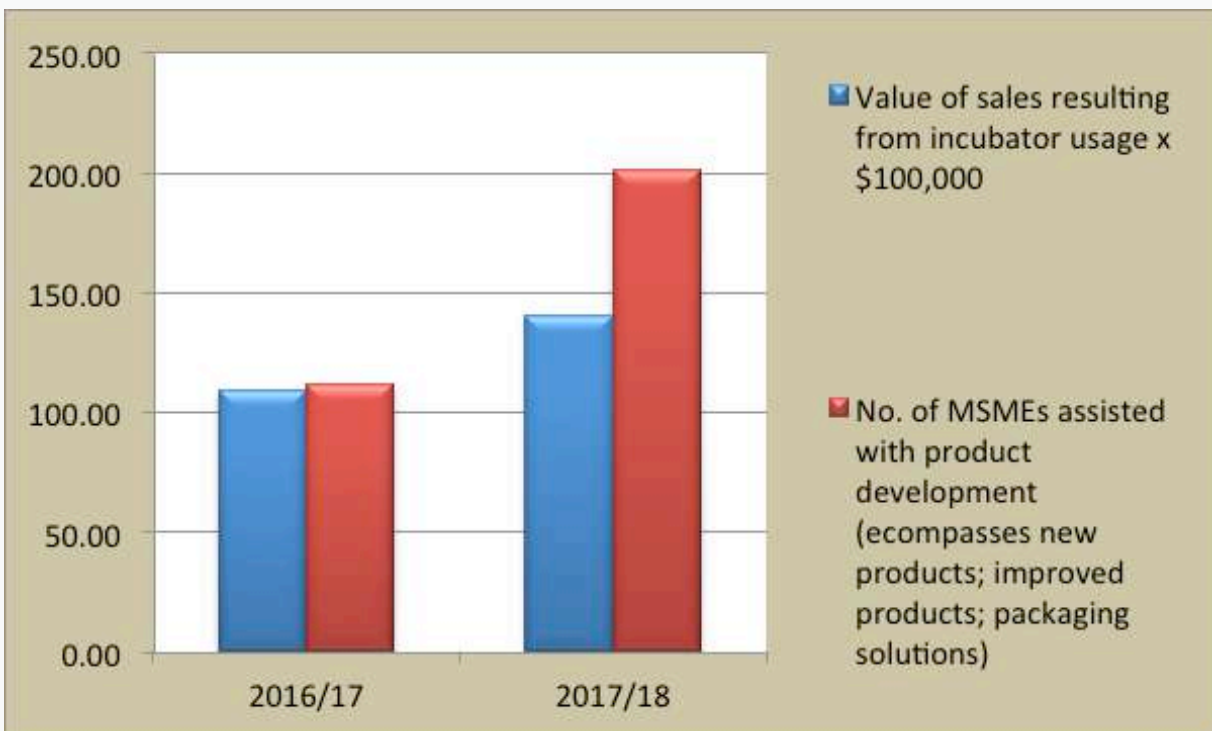
There was significant (80%) growth over the previous fiscal year in the number of MSMEs our design team assisted with developing new products as well as improving existing products. Clients were referred to the department through the bi-monthly product assessment process led by the Things Jamaican™ team, through the Business Advisory Services department along with the usual walk in clients.

**Some of the diverse products developed during the period include:**

- Crochet dolls
- Fashion collections including children's and women's and sportswear
- Jewellery pieces from metal and various natural beads
- Leather products including wallets, tote bags, sandals and bracelets
- Herbal teas and other beverages, including fruit and vegetable juices, sorrel juices
- Herb infused oil with dried tomato wedges
- Baked products including gluten free pastries made from cassava and breadfruit flours
- Personal care products including cold pressed molasses bar soaps, lip balm and hair oils.
- Condiments including mango chutneys, jackfruit & tamarind jams

The visual communications unit provided valuable support in the design and development of branding elements for clients. This is an area which proved to be critical for many clients in upgrading the packaging of their products, allowing them to be more competitive in the marketplace. In addition to individual clients, the unit provided services to DBJ vouchers clients, JBDC Accelerator clients, as well as clients who participated in the Christmas in July event put on by the Linkages Hub. In addition to providing these branding services to clients, the team also provided branding services to JBDC for all our major events, workshops, promotions, etc.

Client utilization of the three incubators saw dramatic increases throughout the year. We embarked on a deliberate strategy to increase usage through encouraging clients receiving product development support to use the incubators. Clients used the spaces not just for production, but also for developing and enhancing their products. This allowed clients who would otherwise be producing at home to produce in certified facilities, get their products certified and allowed them access to the Things Jamaican™ stores. The total value of products produced in the incubators was estimated at over fourteen million (14) dollars, a 28% increase over the previous year.



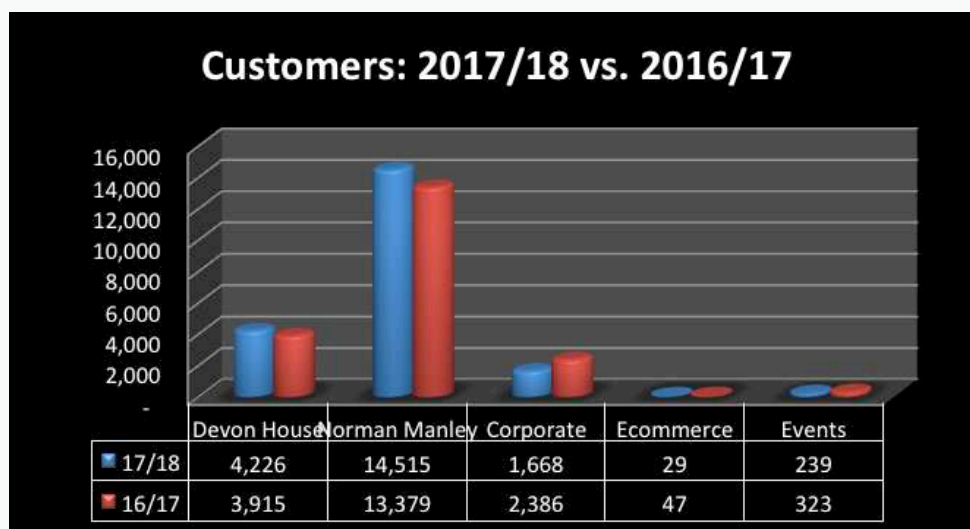
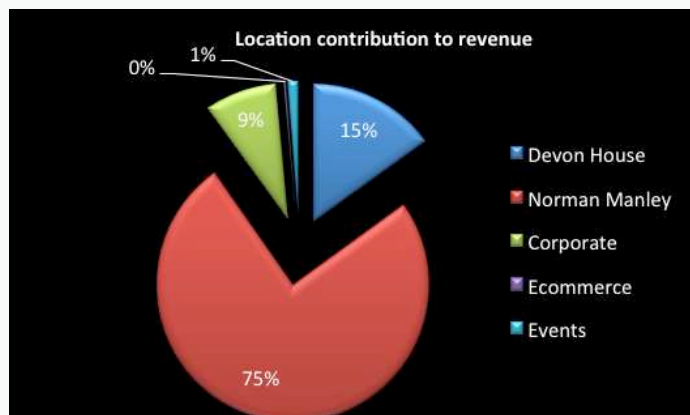
We continued to make incremental upgrades to the capacity of the incubators with additional equipment and tools in order to facilitate the increased usage. We had several requests from clients seeking incubator space for personal care products such as soaps and lotions and we have been facilitating one client who produces soaps from molasses in our craft incubator. Ideally, a purpose built incubator is needed for this type of activity to ensure all quality requirements are met and we are exploring the possibility of setting up such a facility.

The engineering and food units in particular assisted several clients with facility audits, 72% of whom were able to implement recommendations which improved their operations as well as allowed their facilities and products to be certified by the relevant agencies. These clients benefited from Good Manufacturing Practices (GMP), as well as LEAN manufacturing techniques and facility layout assistance to improve their facilities. The types of facilities assessed included agro-processors, furniture manufacturing and fashion.

The cooperation between JBDC and the BSJ, which offers JBDC clients discounts on the costs of services offered by BSJ, saw over 100 clients benefiting. The services utilized included product testing and certification, facility certification and label approval. Clients were also referred to other agencies such as JIPO, SRC, Companies Office of Jamaica and various suppliers of packaging materials and equipment.

## MARKET ACCESS

The Marketing Services Unit recorded approximately J\$60M in retail revenue from the Things Jamaican™ retail store chain over the period, representing an 8% increase over 2016/17. Additionally, market access transactions of over 20,500 consumers represented a 3% increase over 2016/2017.



### Marketing consultations and Client Development

- **172** clients received marketing consultations in 2017/18 versus **145** clients in 2016/17.
- **52 new** TJ branded products were added to the product mix in 2017/18 vs **2 new** products in 2016/17. This represented product development output with over 20 producers.
- **284 producers recorded retail earnings throughout the chain in 2017/18.**
- **49 new** producers added to client pool 2017/18 versus **69 in 2016/17**

- **508** new products were added to the product mix in 2017/18, vs **629** new products were added to the product mix in the previous year.
- Approximately **104** hours and **32** minutes man hours of marketing consultations (this excludes special screening for event participation including CIJ, telephone and walk-in interactions).
- Supplier annual retail earnings to approximately J\$30M.
- **53,427 units of products were purchased by customers in 2017/18**
- **1,811** unique products accessing markets.

#### **Client Support in Publicity and Market Awareness**

**True Stories Magazine** – Officially released in December 2015, Volume 1 of the magazine was JBDC's first Legal Deposit into the National Library of Jamaica and occurred during the fiscal year under review on July 18, 2017. The publication followed the completion of the North Coast Revitalization Project (NCCRP), a collaborative effort between the JBDC and the Tourism Enhancement Fund (TEF). The JMD\$15 million Project was aimed at improving the competitiveness and income generating capabilities of approximately 100 craft producers in the North Coast Region of the island, specifically in the parishes of St. Ann, Trelawny and St. James. True Stories takes a look at the lives of select artisans from the Project.

**True Stories Volume 1** presented to Japan International Cooperation Agency (JICA) and will remain a permanent part of the Jamaica feature at the library in Okinawa, Japan. The magazine was also distributed as follows:

- Hotel 4 Seasons
- Courtyard Marriott
- Terra Nova Hotel
- JBDC CEO's Breakfast
- JBDC Offices



## RESEARCH

The agency continues to support the research needs of the sector while expanding its customer-base through the provision of research services via consultancies. During the review period, the following initiatives were either initiated or completed:

1. Solicited commitment from Engaged4Results Pty. to partner with JBDC to jointly implement the 2018 Employee Engagement and Leadership Challenge Survey in Jamaica. Engaged4Results Pty. is an Australian company headed by Ken Wright, Founder and CEO, which focuses on employee engagement research and strategy. An MOU is currently being written in order to formalize the terms of the partnership.
2. Designed and executed a Customer Satisfaction Survey based on the award of a contract that was obtained via competitive bidding on behalf of a government entity.
3. Prepared the Research Brief for the JBDC Impact Assessment exercise and developed the Terms of Reference for the consultant who will be engaged to design the JBDC Business Development Index.
4. Prepared secondary research data to inform the preparation of a research concept note that will be submitted under the Compete Caribbean Call for Papers that focus on women-led MS-MEs in the Caribbean.
5. Completed JBDC's efficiency ratio in collaboration with the Finance Department for contribution to MICAF's Activity template for the FY 2018-2019

## CONSULTANCIES, PROJECT SOLICITATION & PROPOSAL DEVELOPMENT

Value-added business services forms part of JBDC's mandate and in this regard, the Project Management and Research Department prepared several proposals which resulted in the award of consultancy contracts from both private and public sector entities. These included the following:

- Designed and executed an Employee Engagement Survey on behalf of a government entity operating in the services sector.
- Designed and executed a Customer Satisfaction Survey on behalf of a government entity operating in the services sector.
- Concept note completed and submitted for the BSO Cluster Capacity Building Call for Proposals to Compete Caribbean (a subsidiary of the IADB).
- Capacity building support provided to a private organization in an effort to increase the funding prospects of a project that is of national importance. During the intervention, several referrals were made to external entities; namely Jamaica Business Fund (JBF) and Compete Caribbean; who had an open call for proposals at the time. The technical assistance resulted in the award of a USD500,000 grant to the the entity. Following this, JBDC was engaged as consultants to provide business development training to cluster leaders and selected farmers under the project.

### Other proposals prepared during the review period included the following:

- 'Things Jamaican Revitalization and Effective Value Chain Management Project' (submitted to the Tourism Enhancement Fund)
- 'Securing Competitive Advantage for Micro, Small and Medium-sized Enterprises Incubation through ICT Infrastructure Upgrade' (submitted to the Universal Access Fund)
- Application completed and submitted to Compete Caribbean to obtain technical assistance for cluster capacity building with the end result being the management of multiple clusters in Jamaica and the Caribbean.
- Challenges Faced by Women-owned Firms in the Caribbean Research Project (submitted to Compete Caribbean).
- Proposal submitted to two private entities operating in the education sector for the design and execution of Employee Engagement Survey on behalf of both entities.
- Farm-to-Table: Strengthening Entrepreneurship through Forward Integration among Youth Farmers Project (submission of this document is scheduled for the upcoming financial year).

# TRAINING



## 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, proposal writing and employee engagement. Specifically, the proposal writing capacity building solution is delivered through the Tapping into Donor Funds Proposal Writing Workshop ®, the research training, through the, Research Coaching for HR Practitioners & Middle Managers ® and employee engagement via the one-day Employee Engagement Conference.

During the review period (FY 2017-2018), 377 leaders from the public and private sectors were trained via JBDC's specialized flagship training solutions most of which 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, manufacturing, professional services, general services, science and technology, medical services, wholesale and retail, foods and food services among others.

Approximately 20% of the persons trained were trained in proposal writing, 74% employee engagement and productivity and 6% in research methods. Majority (70%) of persons trained represented private sector entities and just under a third (30%) of the persons trained were from government ministries, agencies and departments. The most active training months were July (11%) and November (74%) since most persons attended training during these months.



PMRD was able to grow its training customer-base by 158% via the delivery of the inaugural Employee Engagement Conference where 280 corporate leaders attended.

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. A total of 2 workshops were held with a total of 74 leaders from the private and public sectors being trained. A total of 140 hours of post-workshop coaching and mentoring in proposal writing was conducted with 24 participants.
- b. Since the inception of the Proposal Writing Workshop (November 2013) to March 31, 2018 over \$177 Million in grant funding was accessed by beneficiaries of the JBDC Tapping into Donor Funds Proposal Writing Workshop ® and over 600 persons have been trained as at March 31, 2018.
- c. The Tapping into Donor Funds Proposal Writing Workshop ® is accredited by the Institute of Leadership and Management UK (ILM UK). 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.

One workshop was hosted during the period with 24 HR Practitioners and Middle Managers attending. Since its inception in 2014, close to 350 persons have been trained in quantitative and qualitative research design with a particular focus on employee engagement. This workshop is accredited by the Institute of Leadership and Management UK (ILM UK). ILM UK is a member of the City & Guilds Group and is the leading provider of accreditation services for business development courses in UK.

## **3. JBDC's Inaugural Employee Engagement Conference**

JBDC hosted the inaugural Employee Engagement Conference under the theme: "Stimulate, Inspire, Empower, Engage" on October 31, 2017 at the Jamaica Conference Centre where over 280 corporate executives and leaders attended. The conference was conceptualized following demand that was established through the JBDC's Research Coaching Workshop that serves up to 80 HR practitioners and middle managers annually and through the National Employee Engagement (Pilot) Report that was released in November 2016. The pilot report that is produced by the Project Management and Research Department indicated that 1 in 4 Jamaican workers are disengaged.

The conference was both timely and relevant as the country sits on the helm of a productivity conundrum. The event was executed with monetary and technical support provided by private sector entities and select state-run facilities; chief of which is the University of the West Indies' HRD



The conference was both timely and relevant as the country sits on the helm of a productivity conundrum. The event was executed with monetary and technical support provided by private sector entities and select state-run facilities; chief of which is the University of the West Indies' HRD Graduate Programmes Unit who was Title Sponsor for the event.

In delivering on its objectives, the focus of the event encapsulated: 1. strengthening the capacity of leaders to engage the workforce towards producing optimal business results and (2) creating a platform to showcase local research studies centered on employee engagement and workforce productivity. Being the first of its kind in the Caribbean, the event brought together leading experts and those in search of knowledge in a single space; the results of which sparked life-long partnerships, knowledge-transfer and empowered workplaces. Additionally, participants gained immediate access to implementable and winning strategies about how to galvanize business growth via investments in people-centric strategies.

The conference was headlined by Australian business man, Employee Engagement Guru and Keynote Speaker, Ken Wright – former CEO of Westpac Financial Services and Author of the 'People Pill'. Ken Wright was chosen because of his astute people skills and impressive track record that is topped by a 400% increase in profits at Westpac in 5 years which is largely attributed to his leadership skills resulting in employees extended increased discretionary effort while at work. The event was well received by corporate leaders evidenced by a net-promoter score of 97%; i.e. almost all attendees reported that they would either attend a future conference as well as recommended their colleagues to attend the conference.

The conference was preceded by a pre-conference leadership event designed specifically for C-Suite Executives that was held on October 30, 2017. A total of 25 persons were in attendance as they benefited from the expertise of the Keynote Speaker, Ken Wright and had the opportunity to have one-on-one interaction with the Australian Employee Engagement Guru.

## BUSINESS DEVELOPMENT TRAINING

The Business Advisory Services department conducted forty-three (43) training events in the form of scheduled workshops, presentations and customized sessions with a total of 1458 participants. In addition, the team participated in several stakeholder-led interventions which further facilitated the achievement of strategic objectives. These included:

- 1. ZIP 103FM "Edu-Village" School Tour:** In support of the MSME Policy's thrust to Foster a Culture of Entrepreneurship, JBDC's aim is to undertake entrepreneurship training of youth in schools. JBDC was an associate sponsor of the ZIP 103FM "Edu-Village" School Tour which was scheduled for September 2017 – March 2018 and sought to engage students in ten (10) schools islandwide to make them aware of and increase their knowledge of careers in media and entertainment industries, in other words, "Non-Traditional" careers. Four parishes were visited with over one thousand students benefiting from presentations made by Business Development Officers, introducing students to various facets of entrepreneurship; with special attention to business start-up pointers for high school graduates. Particular emphasis was placed on non-traditional career options and opportunities.
- 2. Dallas Castle Nature Growers/RADA:** Rural Agricultural Development Authority and Commonwealth of Learning- Sponsored Training of Trainers workshop: Community-based women's group.
- 3. Social Development Commission** – John's Hall CDC: Community Development Based Training. Training sponsored by SDC, Clarendon.
- 4. Ocho Rios Fishing Village (Port Authority)** – The team conducted Business Development training for shop owners at the Ocho Rios Fishing Village which was sponsored by the Port Authority of Jamaica. The training was geared towards start-up and existing businesses with particular focus on the entrepreneurial mind-set, business formalization, customer service, the importance of retirement/pension planning, etc. The aim was to equip the entrepreneurs to better serve their clients and scale their businesses.
- 5. GK Foods:** The Foods division of Grace Kennedy engaged JBDC to conduct an Entrepreneurial Skills seminar as part of a capacity development training programme for staff members in preparation for possible downsizing.
- 6. Ministry of Justice and Ministry of Finance** - The Government of Jamaica embarked on a Special Early Retirement Programme (SERP) which saw some of the eligible Public Sector Workers opting for early retirement. Through partnership with JBDC, they received preparatory entrepreneurship guidance on starting and growing a business.
- 7. Heart Trust NTA** – A workshop was done as part of Heart Trust's Entrepreneurship Club initiative which is aimed at promoting entrepreneurship and equipping participants with relevant entrepreneurial skills, knowledge and attitude so that they are better able to make decisions relevant to income earning upon completion of their programme at Jamaica German Automotive School (JAGAS).

## TECHNICAL/PRODUCT DEVELOPMENT TRAINING

The Technical Services department facilitated a total of eight workshops during the period. Workshops covered a wide range of areas including product development, regulatory compliance, branding etc. While some workshops were presentation based, others were focused on hands-on application of techniques used to create products.

The main objectives of the workshops delivered included imparting information to MSMEs for their own capacity building, understanding regulations, best practices, trend awareness, as well as product and collection development. The hands-on workshops were focused on transferring knowledge, techniques and methods to the participants who were required to apply the techniques learned and produce product prototypes by the end of the particular workshop. The workshops delivered are listed below:

**Developing your Product for Success** - On March 29, 2017, this workshop provided participants with key pointers necessary for assessing the readiness of their products for the market place; from concept to market. These pointers aided participants in ensuring that they have the necessary framework to facilitate the viability of their products in the market place.

**The Perfect Finish - Metal Working Techniques** - This workshop staged on Saturdays during May 2017, taught participants basic techniques aimed at manipulating metal pieces to accentuate embellish or create diverse products, these included; wall pieces, jewellery, garments and much more. Participants were also be groomed in pertinent areas such as branding and packaging, marketing and costing and pricing, with the overall objective of realizing business opportunities from the products developed and implementing the necessary systems for these opportunities to graduate into successful entities. They produced a wide range of jewellery and other accessories made from brass, aluminum and copper. These items were then showcased in an exhibition at IRC and as a result, some clients were able to produce new items for retailing through Things Jamaican and other retail channels.

**Banana Papermaking** – This custom product development workshop conducted on May 25, 2017, taught participants how to extract the banana pulp and utilize it to create paper which can be utilized for different packaging solutions and other products. The banana paper making methodology assists in the upcycling of the banana fibres that would have been generally discarded.

**Ultimate Garment** - Staged on July 5, 2017, this was a fashion workshop which aided participants in learning key techniques in the fashion industry which often times affects the competitiveness and quality of locally produced fashion. Areas that were covered include: seaming, fabrication and production approaches to yield excellent hanger appeal and product at retail!

**Branding & Packaging Workshop** - Branding and packaging are vital elements to the success of any product. This workshop conducted on September 28, 2017, helped participants in understanding critical considerations for selecting the appropriate and available branding and packaging for their respective products! Participants were also introduced to simple and affordable measures that they could incorporate to improve general packaging.

**Product Opportunities 101** – This workshop conducted on November 29, 2017, introduced participants to diverse raw materials that are available locally and the potential uses that may be explored for product development and ultimately income opportunities. Some of the areas covered included: natural fibres, marijuana, developmental, metallic & industrial minerals, upcycling and plastics, as well as trends and special concessions/agreements in place to assist local producers.

**Packaging workshop for Jamaica Harvest suppliers** – This workshop was geared towards training the selected Jamaica Harvest suppliers in appropriately packaging, sealing and labeling their products for the market and was conducted over a three day period in January 2018.

**Achieving Regulatory Compliance (Food)** - Understanding the requirements to operate a successful food business can be cumbersome. This workshop staged on February 27, 2018, provided participants with a simplified outline that food producers can utilize to fulfill the requirements for the food industry from the various regulatory bodies.

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## FINANCIAL LITERACY AND MANAGEMENT

For the reporting period 2017- 2018, the Financial Support Services Unit (FSSU) focused on the areas of Financial Literacy and Management and Building Networks to support our main client group, the Micro, Small and Medium-sized Business sector.

Fourteen (14) Financial Literacy Workshops were conducted and 283 MSMEs were trained. Sessions were held in Basic Money Matters, Basics of Accounting & Recordkeeping, Financing your Venture, Financial Due Diligence, Innovation Accounting, Recordkeeping 101, Becoming Tax Compliant and Costing and Pricing made simple.

Two hundred and sixty-four (264) consultation sessions were conducted with 255 clients clocking a total of 605 consultation hours for financial capacity building. Clients were guided in areas including: Financial Planning, Costing & Pricing, Recordkeeping, Financial Modelling and Financial Reviews.

Thirty (30) MSMEs participated in the financial handholding programme. This included the 16 participants in the first Cohort of the JBDC Accelerator Programme. The programme covered areas including Financial Review, Financial Model, Pitch Deck Preparation, Recordkeeping & Tax Filing Assistance and Desktop Evaluation.

Achievements to date:

- Approximately \$3.2m in grant funding accessed through DBJ and CEDA
- Over J\$100m in public equity accessed by clients assisted through our programmes
- Five accelerator clients pitched to a pool of six potential investors
- Over \$70m in private equity financing is under negotiation for participants in Cohort 1 of the Accelerator Programme

# EVENTS





The Corporate Communications Unit led the execution of the JBDC's major events through support particularly in the areas of image and brand management, streamlining of the communications message and uniformity in event execution to ensure a professional image is portrayed of the organization.

### Lunch & Learn

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. The keynote speaker inspires by sharing his/her entrepreneurial journey, including pitfalls and challenges as well as the successes and achievements encountered along the way, providing insight on areas including:

- Building relationships & networks
- Starting and sustaining the business
- Engaging employees and employee relations

### Two of Jamaica's immensely successful entrepreneurs have so far been featured:

Deiweight Peters – Saint International

Donna Duncan Scott – JMMB



### **Breakfast with the CEO/JBDC Programmes Launch**

The inaugural Breakfast with the CEO/JBDC Programmes Launch was held on April 12, 2017 at the Terra Nova Hotel. The purpose of this exercise was to present the initiatives and programmes of the JBDC in a packaged format to a select group of clients and representatives of Ministries, Departments and Agencies of Government as well as Corporate Entities and Media partners.

Approximately 100 persons were in attendance. Select department heads were asked to present on their planned programmes for the year 2017-2018. The event also served to officially launch the Small Business Expo & Conference and Mobile Business Clinic Initiative Phase 2. Lead sponsor National Commercial Bank presented the agency with a J\$16 million sponsorship cheque.

### **Mobile Business Clinic Initiative (MBCI)**

The second phase of the Mobile Business Clinic Initiative (MBCI) kicked off in May 2017 under the theme Converting Capacity to Currency. Phase two of the project took a more in-depth approach as it was more targeted towards growth stage entrepreneurs.

For the reporting period March 2017- April 2018, five clinics were held in the parishes of Manchester, St. Ann, Westmoreland, Kingston & St. Andrew and St. James. Approximately 361 entrepreneurs have benefitted from this phase of the project so far. Areas of focus during this phases included; Policy Framework, Financial Literacy, Understanding the Laws applicable to MSMEs, Trade Policy, Value Chain, New Business Opportunities, Family-Owned Businesses and Youth Entrepreneurship.



### Opportunity Evening

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. 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.

Responding to a call from rural entrepreneurs, the JBDC embarked on staging the event in rural Jamaica as a prelude to the Mobile Business Clinic in select areas. The first was staged in Manchester in May 2017 under the theme: Ready, Tech, Grow targeting youth in agriculture. A second Opportunity Evening was staged in St. Ann in July 2017 under the theme: CASHING IN ON TOURISM: Opportunities in Agriculture & Tourism.





### **B.O.S.S. LADY Conference**

The one day empowerment event **B.O.S.S LADY** (Building Opportunities for Sweet Success) was held on Saturday, June 24, 2017 at the Jamaica Pegasus Hotel in Kingston. The event sought to address challenges faced by female entrepreneurs through a full day of workshops/seminars and empowerment discussions/presentations.

The first half of the event was dedicated to the well sought after Vision Board Workshop conducted by Founder of AIM Educational Services and Author of Make it Count, Nicole McLaren-Campbell. The Vision Board Workshop sought to assist participants to identify specific personal and professional goals and ways to achieve them based on the law of attraction. Participants were asked to bring items including foam board, magazines, glue, pens, pencils and scissors. The tone of the presentation was motivational and inspirational; while the exercise asked participants to identify images of things and ideas that each individual aspired to and to place those images on the foam board. Each goal/image would then be given a specific timeline in which it would be achieved.

#### **The second half of the day included 30 minute presentations on:**

- The Jamaican Woman's Place in Business by Ethnie Miller Simpson, President – Women Entrepreneurs Network of the Caribbean,
- Financing and Wealth Management called "Financing Her Wealth" by Michelle Sinclair Dooley, Manager of Client Education – Jamaica Money Market Brokers
- Presentation on Business Etiquette & Communication by Novia McDonald-Whyte, Senior Lifestyle Editor – Jamaica Observer
- The Corporate Woman's Health & Wellness by Meisha-Gay Mattis, Certified Integrative Nutrition Health Coach,
- Fitness & Nutrition for the Woman on the Move by Kamila McDonald, Celebrity Trainer & Coach
- Balancing Love & Companionship with Business by Dr. Shelly-Ann Weeks - Relationship Expert.

The sessions were highly interactive and included group activities and question and answer sessions. The event also provided the marketing and promotion opportunities for six women entrepreneurs who were given with table top spaces to display their products and interact with potential customers. Some of the products on display included women's wear, cosmetics, jewellery and herbal teas.

Over 120 women with approximately 80% being entrepreneurs from various industry sectors including manufacturing, ICT, Hospitality, Sales, Shipping, beauty and personal care attended.



### 10th Annual JBDC Small Business Expo & Conference

The 10th Annual JBDC Small Business Expo & Conference was held on Thursday, May 11, 2017 at the Jamaica Pegasus Hotel under the theme: 'Think Big. Scale Up. Go Global'.

While there was a significant decrease (47%) in the number of persons attending this year's expo, it is believed that the quality of participants was significantly better than in previous years. Registered participants came from industries such as Construction, Engineering, Software, Marketing, Sales, Distribution, Cosmetic Development, Fashion, Accounting, Advertising, Sales and Transportation.

There was also a registered increase in both cash sponsorship and booth rental for the event, however kind sponsorship decreased, largely due to the increase in cash sponsorship.



## Denbigh

The presentation of the MICAFA VIP Oasis by JBDC at the Denbigh Agricultural Industrial & Food Show 2018 was designed to showcase innovative value added products utilising local agricultural resources, focusing on context of cultural cuisine. The MICAFA VIP Oasis tantalized the senses of patrons who were invited to experience the taste, smell, sight, touch and sound of the inputs of the vibrant agricultural sector – the life-blood of the country under the theme: 'Nature Refined'.





### JBDC's Inaugural Employee Engagement Conference

JBDC hosted the inaugural Employee Engagement Conference under the theme: *"Stimulate, Inspire, Empower, Engage"* on October 31, 2017 at the Jamaica Conference Centre where over 280 corporate executives and leaders attended. The conference was conceptualized following demand that was established through the JBDC's Research Coaching Workshop that serves up to 80 HR practitioners and middle managers annually and through the National Employee Engagement (Pilot) Report that was released in November 2016. The pilot report that is produced by the Project Management and Research Department indicated that 1 in 4 Jamaican workers are disengaged. The conference was both timely and relevant as the country sits on the helm of a productivity conundrum. The event was executed with monetary and technical support provided by private sector entities and select state-run facilities; chief of which is the University of the West Indies' HRD Graduate Programmes Unit who was Title Sponsor for the event.

In delivering on its objectives, the focus of the event encapsulated: 1. strengthening the capacity of leaders to engage the workforce towards producing optimal business results and (2) creating a platform to showcase local research studies centered on employee engagement and workforce productivity. Being the first of its kind in the Caribbean, the event brought together leading experts and those in search of knowledge in a single space; the results of which sparked life-long partnerships, knowledge-transfer and empowered workplaces. In addition to this, participants gained immediate access to implementable and winning strategies about how to galvanize business growth via investments in people-centric strategies.

The event was preceded by a pre-conference leadership event designed specifically for C-Suite Executives that was held on October 30, 2017 where attendees benefited from one-on-one interaction with Keynote Speaker, Australian business man and Employee Engagement Guru, Ken Wright – former CEO of Westpac Financial Services and Author of the 'People Pill'. Ken Wright was chosen because of his astute people skills and impressive track record that is topped by a 400% increase in profits at Westpac in 5 years which is largely attributed to his leadership skills resulting in employees extended increased discretionary effort while at work. The event was well received by corporate leaders evidenced by a net-promoter score of 97%; i.e. almost all attendees reported that they would either attend a future conference as well as recommended their colleagues to attend the conference.



### Global Entrepreneurship Week 2017

Global Entrepreneurship Week for 2017 was recognized under the theme 'Building Empires' during the period November 12-17, 2017.

During this week, the **B.O.S.S. Man** empowerment event was launched. The event seeks to assist entrepreneurial men to Build Opportunities for Strong Success. Well over 150 men were invited to attend the event, however due to persistent inclement weather, only 70 men or 46% of the invited persons attended despite, well over 100 confirming their participation.

#### The speakers for the evening included:

- Bishop Leslie Pinnock – Youth Director, New Testament Church of God
- Ian 'Itty' Ellis – Businessman & Comedian
- Miguel 'Steppa' Williams – Founder, Forward Step Foundation
- Marlon Fletcher – Entrepreneur
- Jerome Cowans – National Youth Leader
- Randy McLaren – Performing Artiste/Entrepreneur



A special edition of the **Mobile Business Clinic** was staged during the week targeting growth stage entrepreneurs in Kingston with focus Blue Ocean Strategy and Business Negotiations.



**Raising Capital** - A key focus of the JBDC's Financial Support Services Unit is financial literacy and readiness. As such, the event is designed to expose the agency's clients to the various forms of financing available in the market. This event is by invitation only with an audience capacity of 60 and has seen some of the brightest minds in the financial sector featured as panelists leading discussions aimed at educating MSMEs in a comfortable setting. The forum has been hosted previously, exploring topics including equity financing and investor pitching. The GEW 2017 edition of Raising Capital was held on Thursday, November 16 under the theme 'Measuring what Matters: Why start-ups aren't Scaling'. Approximately 79 entrepreneurs in attendance.



The week closed with the **Accelerator Demo Day** held at the Jamaica Pegasus Hotel. Sixteen (16) participants from the first cohort of JBDC's Accelerator Programme presented a mini display of their products and services to buyers and invited guests.





# INTERNAL CAPACITY BUILDING



## HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

The company is committed to directing its resources into activities that promote staff development and engagement. JBDC's overall goal is to increase the availability, capacity and job satisfaction of the organization's human capital to ensure optimal efficiency and effectiveness. This is achieved through the successful execution of initiatives covered under three key areas:

1. Recruitment and Employee Development
2. Employee Welfare and Engagement
3. Performance Management and Recognition Programme

### Recruitment and Employee Development

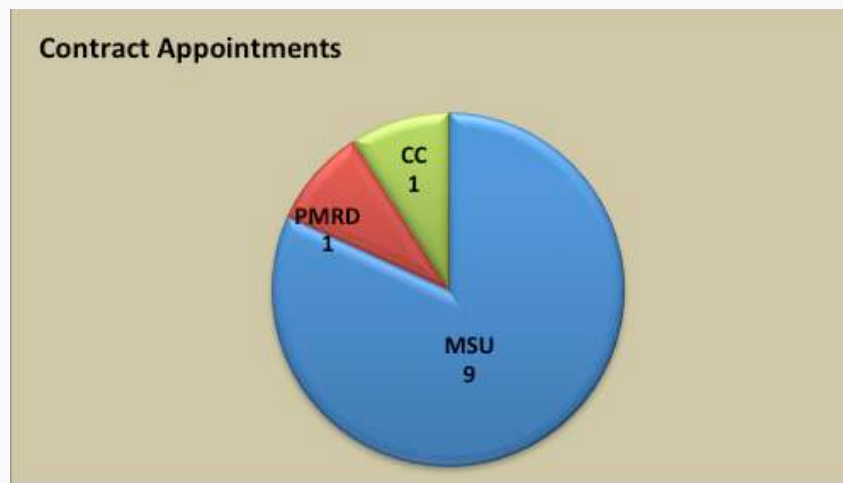
The Human Resources Department supports the organization's employment, retention and growth strategies through continuous training of staff members. Training sessions were facilitated internally and externally. The external session were conducted locally and overseas.

The organization provides for the employment of officers on terms and conditions deemed appropriate by industry standard. There was active recruitment of permanent, contract and temporary staff to fill various vacancies. The recruitment efforts resulted in 19 permanent and 11 contract positions being filled. There were also 12 temporary appointments.

Below is the distribution chart for permanent and contract appointments. It should be noted that the major permanent appointments were for the Incubator Resource Centre (IRC), Marketing Services Unit (MSU), and Business Advisory Services department (BAS).



Additionally, of the 11 contracts offered, the Marketing Services Unit accounted for the largest number.



### **Employee Engagement & Welfare**

• JBDC values its relationship with its team members and through the Human Resources Department seeks to create opportunities for social interaction and integration. Team members psychological, safety and health needs are also attended to. The following are some of the activities which received overwhelming support from team members:

- JBDC's Annual Easter Service
- HR Month - June 2017
- Pink Friday – in support of Breast Cancer Awareness Month.
- Cultural Concert in support of National Heroes' Day
- JBDC's Annual Carol Service
- Bob Marley Day & Reggae Month
- JBDC's Long Service Awards Ceremony, themed "Celebrating You". A total of 59 team members were rewarded for service ranging from 5 to 15 years.

### **Performance Management and Recognition Programme**

JBDC operates a robust Performance Management with the aim of building competencies and improving team members' performance and development. Performance Appraisals are conducted annually. The organization has set its minimum performance standard at 70%.

Acknowledgement of team members is important to us. The organization continues its Employee of the Month Programme which recognizes exceptional job performance.



## INFORMATION TECHNOLOGY

During the period 2017 – 2018, the IT department made tremendous strides in enhancing JBDC's yearly objectives. Despite our usual financial constraints, we were able to give assurance to all stakeholders that our present systems environment is parallel to cutting edge technology, allowing our clients, to access services to increase their chances of success within our competitive entrepreneurial society. Our achievements include:

**Sustainability and Enhancement** - This is the ability to support and maintain our technology infrastructure, where our downtime is more than 50% less than the previous years.

**Online Virtual Resource** - Clients are now able to complete online assessment that would aid them to gain additional support and assistance.

**Personal Computers (PCs, tools)** - JBDC is now replacing its obsolete fleet of personal computers, in an effort to secure its technological environment, as a result of exceeding the life cycle for vendor support, as it relates to outdated operating system and hardware. This also enables our staff to increase production and the enthusiasm on the job.

Installation and consolidating of printing equipment - This is the process of removing equipment which costs the company too much to maintain. Hence, new printers and the concept of consolidation was executed and implemented.

**Web development** - JBDC is able to design and develop websites for both internal and external clients, that support any given business, an additional function for the IT department.



# CLIENT TESTIMONIALS



**Mr. Oji Jaja**

CEO, Managing Director &  
Executive Culinary Artist

## Ashebre Culinary Services

The Accelerator Programme has helped me to better structure my business and pull the different revenue streams together in a detailed and logical way. Being in the programme has also exposed us to a rich network of entrepreneurs who have been willing to share their experiences and advice.

This programme came at the right time in my business because we are at the stage where we wanted to scale the business. Thanks to JBDC for affording us this opportunity and we look forward to working with the team in the future to further grow our enterprise.

**Ms. Melissa Preddie**

Chief Executive Officer

## Aviola Accessories

The JBDC Accelerator Programme has been a tremendous blessing. It has granted me the opportunity to realize the true potential of my business in all capacities. The learning process, which at times was challenging, proved to be well worth it. Going into this programme, I was unsure of the many business practices that were lacking in Aviola and this venture provided all the answers I needed.

The training boot camp for instance was a real eye opener. Learning about the true mind-set of an entrepreneur and how important it is for me to differentiate between myself as a "personal brand" and my "business's brand" gave me a holistic approach which I have since tried to emulate daily. Other mind blowing topics such as Business Scaling, Financing, Blue Ocean Strategy and Corporate Governance have left a lasting impression and impact both personally and professionally.

Delving a bit deeper as the programme progressed, introduced me to investor-ready strategies and how to prepare a winning pitch, the importance of knowing the value of my business and the effectiveness of a strong marketing campaign. However, one of the most noteworthy topics that really stood out for me was 'Designing, Testing and validating my Business Model' as this is the blueprint of any business venture.

I wholeheartedly recommend this programme to any entrepreneur who may be struggling to realize their business's potential like I was. You're granted the opportunity to meet, interact with, and learn from other likeminded entrepreneurs and eventually create lasting friendships. The JBDC Accelerator team was simply amazing. It is truly reassuring to know that there are dedicated, hard-working, inspiring and caring individuals who go beyond the call of duty to sincerely help you with every aspect of your business.



**Mr. Gavin Fray**  
Chief Executive Officer



**Devin Johnson**  
Chief Executive Officer

## Champion Enterprise

Since becoming a part of the JBDC, I have been equipped with many fundamental tools that aid in effectively managing a start-up or small business. The numerous sessions held at the Incubator & Resource Centre provided a wealth of knowledge and also enabled me to network and develop as an entrepreneur. JBDC's staff and Business Development Officers were really welcoming and expressed a strong desire to see each participant succeed and grow their venture.

BDOs were available each day to assist and mentor entrepreneurs in their various businesses. The environment is exceptional each day. Their services were truly helpful and allowed small entrepreneurs like myself to become resourceful in developing my business and Business Model. The various events and programmes held are innovative and effective in helping the business gain exposure and traction.

## Dimex Technologies

The JBDC Accelerator Programme has greatly impacted my business' growth. The last six months have allowed me to focus and grow as a person. I have been forced to implement strategic growth and to explore and develop a new blue ocean strategy. I have learnt the value of proper record keeping and operations management and how it is impacted by strategic planning and how it affects business growth.

Over the six months my team has grown from 1 full time employee to 4 and is still growing. Strategic planning sessions with my Business Development Officer and the Business Advisory Services team led me to develop a new business model and to understand how to implement and test it.

As a serial entrepreneur, this experience has left me qualified and motivated for the challenges of my entrepreneurial journey.





**Ms. Nicolette Bennett**  
Chief Executive Officer

## Earth Essence Ja.

The JBDC Accelerator Programme has given me a clearer look at where I am in business now and how I can achieve even greater. Becoming a part of the cohort, I have been able to learn so much more than what I previously knew or understood about operating and growing a business. Throughout the 6 months, I have met so many persons who some have become allies in the hunt for success, who themselves have provided me with a wealth of knowledge from the experiences they have garnered.

Since becoming a part of the group, I have been recommending them nonstop because of the support, information, and assistance I have received from their hands-on approach to business. My BDOs are always ready to assist when I need them. If you are a budding entrepreneur or already have a small business, I recommend going to JBDC or applying for their next Accelerator Programme and watch how you too will grow.



**Ms. Andrea Grant**  
Chief Executive Office

## Framework Projects

The JBDC has provided me with a great level of business support and mentorship as I am working to develop my business. I have been most impressed with their level of professionalism and dedication to assist with any area of my business. They have provided me with exceptional support in the area of financial management, marketing, sales and operational management.

I am extremely grateful to have been able to participate and have benefited from the Accelerator Programme. I would like to add a very special thank you to my amazing Business Development Officer, Andrea Williams, for her awesome support, friendship and mentorship during the times when I needed it the most.





**Mr. Gary Burke**  
Chief Executive Officer

## Green Automotive Solutions

From the programme, I have personally garnered a wealth of knowledge and growth.

Through the guidance of programme facilitators, I have been able to strategically position my business concepts to achieve more product awareness which in turn gives the opportunity to be more receptive to market trends that enable the business to enter the market as a more viable competitor.



**Mr. Jermaine Parkinson**  
Chief Executive Officer

## JERDIS Electronic Solutions

The JBDC Accelerator emphasized the importance of resilience and resourcefulness for entrepreneurs. For Jerdis Electronic Solutions, the programme was inspiring as it provided insight on steps used by successful companies to improve their competitiveness in the marketplace.

With a deep analysis of challenges faced by business owners, we focused on critical thinking and developed strategies. I was also encouraged to continuously evaluate and improve my own business model to maximize efficiency. As such, Jerdis wants to say a sincere Thank You to the team at the JBDC for their hard work in the planning, organizing and delivery of the Accelerator Programme.

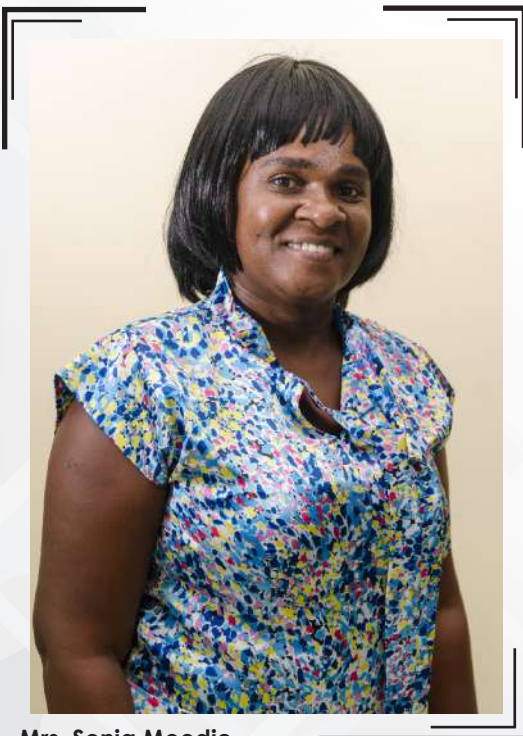


**Mr. Luke Dixon**  
Chief Executive Officer

## Mama's Best

The Accelerator Programme has impacted Mama's Best by giving formal insights and perspectives about managing and operating an enterprise. The programme raised awareness about the existence of competition within various industries.

The programme provided a general theoretical approach on how to penetrate and find a suitable space within the market where the business is able to maximize at its full potential. It brought light to the various strategies, some of which involved taking risks in order to scale one's business. Daily practices of an entrepreneurial lifestyle were put into formal terminologies; with that, activities to effectively manage and operate a business were defined professionally.



**Mrs. Sonia Moodie**  
Director

## Portland Authentic Jerk & Food

We at Portland Authentic Jerk & Food Processing Limited owe the entire ACCELERATOR TEAM a debt of gratitude for this programme that we were introduced to. It was a magnificent idea and it was really inspiring. We have learnt a significant amount of new business management tools with an endeavour to help us raise finances, enter new markets and thus grow our business. We can only hope that going forward we will be able to implement all that we have learnt to raise the necessary capital needed to take our business to the level we desired from day one.

Finally, we are sincerely grateful to the team at JBDC and friends that we have met.



**Ms. Tashana Anderson**  
Manager

## RTA Biz

Being a part of the JBDC Accelerator Programme has had a very positive impact on our business. It has added value in the form of great mentorship, a strong support to effective small/start-up business management whilst promoting strong leaders. This is what small/start-up businesses in Jamaica need and as such, this programme is recommended to continue to educate and build the entrepreneurial mindset.

RTA Biz values the boot camps, networking and the linkages this programme has provided and we have received additional clients from this exposure.

Thanks a million JBDC.



**Ms. Tanya Cameron**  
Managing Director & Fashion Designer

## Shades of Africa

The JBDC Accelerator Programme Cohort One training has had a significant impact on the way our company Shades of Africa can become successful and profitable.

The training course helped me in all areas that I was previously unclear about, especially the Blue Ocean Strategy. Thank you, JBDC and your wonderful team for making this possible.





**Mrs. Hazel Wright O'Connor**  
Chief Executive Officer

## SpectraJa.

Indoor air quality can be detrimental to health and has been related to many health hazards. SpectraJa is an Environmental Management Solution Company that provides solutions for poor indoor air quality.

The programme was great and exceeded my expectations, as I already had the basics of running and operating a small business. However, the programme introduced me to a number of additional techniques, especially in the financial arena, that are specifically tailored to a small business. Using the knowledge garnered from this programme, I strongly believe that it will provide me with a stronger foundation for the establishment and growth of my small business.



**Ms. Denise Nairne**  
Director

## Starlight Chalet & Health Spa

The JBDC Accelerator Programme has been a tremendous help to my company as it aids entrepreneurs to see things on a global scale. This programme aided me in understanding the minute details to make my business successful such as: having a successful entrepreneur to coach you along the way; making the business idea viable; understanding the business model canvas (a synopsis/ framework of my business) and creating and knowing the art of pitching to investors.

I would definitely recommend this programme to a budding entrepreneur or business needing that pushes to that right direction. The Business Development Officers are there every step of the way! Come and join the next Accelerator Programme. Trust me, you would not regret it!

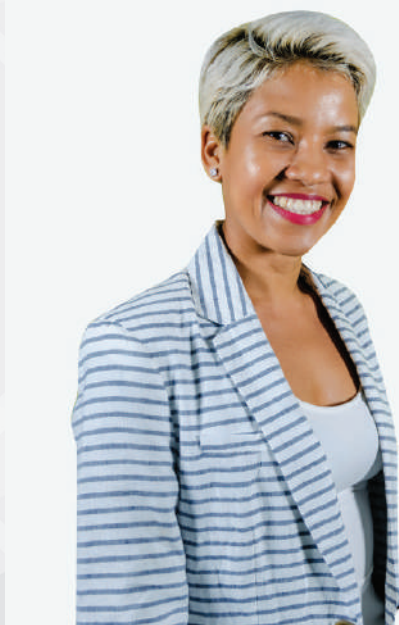


**Ms. Ophellia McKnight**  
Chief Executive Officer

## The Destination Collectives

My experience working with the JBDC in the Accelerator Programme has been nothing short of life-changing for me as an entrepreneur and for my business's growth. My move back into the local wedding industry after 18 years of being an international destination wedding planner, was fractured, as I was struggling to integrate and understand the culture of the local business market and its players. The hand-holding programme with the JBDC assisted me to gain great insight into the local market and access resources that I may not have found readily on my own.

The Accelerator Programme has given me access to business mentors and professionals who were able to point me in the right direction, help me to clearly identify and define my business goals and strategies for expansion and provide the necessary professional resources to streamline and focus my value proposition and create a practical business plan for growth. The time spent with Althea West-Myers and her team has been invaluable and I am very grateful to have been a part of this elite first cohort of the JBDC Accelerator Programme.



**Mrs. Shalane Lee Chin**  
Managing Director

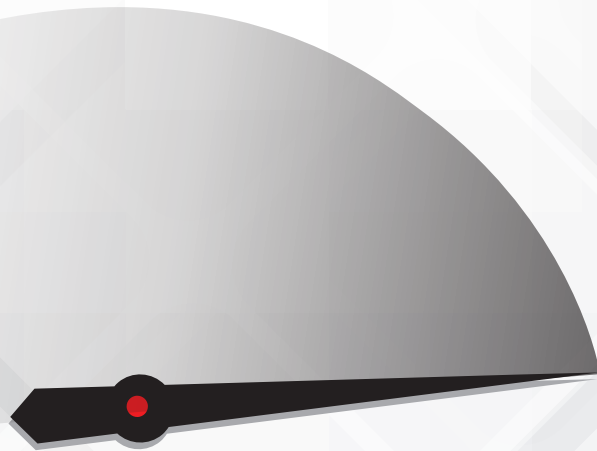
## The Newtown Bakery Ltd.

Every day we learn. So why not let that learning be positive knowledge? In entering this programme, my objective was to expand my mind as an entrepreneur. That expectation was of course, met. More importantly, it allowed me to understand good business concepts such as value proposition strategies that I could test new products against before introducing them to the market and making costly mistakes. It allowed me to network with like-minded individuals and gave me the support to make the next step as I'm now implementing strategies such as corporate governance, taught via this programme in my business and seeing where it will succeed.

I must thank Melissa Bennett in particular for her crash course in financials, which was my fear before this programme. This knowledge gave me the confidence to understand my goals and the means to attain them. Overall, I fully endorse and recommend this great initiative as it is our investment in ourselves that truly creates an impact for our business and world.



# AUDITED FINANCIAL STATEMENTS



**JAMAICA BUSINESS DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**31 MARCH 2018**

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## FINANCIAL STATEMENTS

31 MARCH 2018

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**JAMAICA BUSINESS DEVELOPMENT CORPORATION**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2018**

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Tel: (876) 926-1616/7, 926-4421  
 Fax: (876) 926-7580  
 www.bdo.com.jm

Chartered Accountants  
 26 Beechwood Avenue  
 P.O. Box 351  
 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 2018, 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 2018, 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.

Partners: R.L. McFarlane, K.A. Wilson, S.M. McFarlane, J. Green-Hibbert, D. Hobson  
 Offices in Montego Bay, Mandeville and Ocho Rios  
 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



**JAMAICA BUSINESS DEVELOPMENT CORPORATION**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**YEAR ENDED 31 MARCH 2018**

	<u>Note</u>	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
REVENUE	6	339,113	312,805
Other operating income	7	<u>72,764</u>	<u>71,187</u>
		<u>411,877</u>	<u>383,992</u>
EXPENSES:			
Administrative		( 359,704)	(339,423)
Selling		( 12,521)	( 6,825)
	8	<u>(372,225)</u>	<u>( 346,248)</u>
OPERATING PROFIT		39,652	37,744
Finance costs	10	( 2,581)	( 2,722)
PROFIT BEFORE TAXATION		37,071	35,022
Taxation	11	<u>24,177</u>	<u>23,333</u>
NET PROFIT FOR THE YEAR		<u>61,248</u>	<u>58,355</u>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Items that will not be reclassified to profit or loss -</b>			
Gain on defined benefit plan	14	4,227	47,735
Deferred tax liability on revalued asset	15	( 24,455)	( 31,186)
		<u>( 20,228)</u>	<u>16,549</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>41,020</u>	<u>74,904</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION

31 MARCH 2018

	<u>Note</u>	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
<b>ASSETS</b>			
NON-CURRENT ASSETS:			
Property, plant and equipment	12	161,023	163,877
Intangible assets	13	193	317
Retirement benefit assets	14	166,695	149,890
Deferred tax assets	15	11,796	9,380
Loan receivables	16	-	-
		<u>339,707</u>	<u>323,464</u>
CURRENT ASSETS:			
Inventories	17	1,393	1,127
Receivables	18	38,227	24,979
Short term investments	19	22,419	25,958
Current portion of loans receivables	16	-	-
Taxation recoverable		9,479	9,438
Cash and bank balances	20	<u>33,624</u>	<u>26,855</u>
		<u>105,142</u>	<u>88,357</u>
		<u>444,849</u>	<u>411,821</u>
<b>EQUITY AND LIABILITIES</b>			
EQUITY:			
Share capital	21	1	1
Capital reserve	22	96,759	121,214
Retained earnings		<u>116,018</u>	<u>50,543</u>
		<u>212,778</u>	<u>171,758</u>
NON-CURRENT LIABILITIES:			
Long term loans	23	102,274	81,345
Long term - deferred income	24	<u>894</u>	<u>927</u>
		<u>103,168</u>	<u>82,272</u>
CURRENT LIABILITIES:			
Payables	25	82,409	88,224
Project liabilities	26	20,990	19,610
Current portion - deferred income	24	33	33
Current portion of long term loans	23	920	25,314
Short term loan		-	706
Bank overdraft	20	-	49
Taxation		<u>24,551</u>	<u>23,855</u>
		<u>128,903</u>	<u>157,791</u>
		<u>444,849</u>	<u>411,821</u>

Approved for issue by Board of Directors on 10 October 2018 and signed on its behalf by:

Cleveland Stewart

Chairman

Valerie Veira

Director

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## STATEMENT OF CHANGES IN EQUITY

## YEAR ENDED 31 MARCH 2018

	Share Capital '000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>BALANCE AT 1 APRIL 2016</b>	1	148,139	(55,547)	92,593
<b>TOTAL COMPREHENSIVE INCOME</b>				
Net profit	-	-	58,355	58,355
Other comprehensive income	-	(26,925)	47,735	20,810
	-	(26,925)	106,090	79,165
<b>BALANCE AT 31 MARCH 2017</b>	1	121,214	50,543	171,758
<b>TOTAL COMPREHENSIVE INCOME</b>				
Net profit	-	-	61,248	61,248
Other comprehensive income	-	(24,455)	4,227	(20,228)
	-	(24,455)	65,475	41,020
<b>BALANCE AT 31 MARCH 2018</b>	1	96,759	116,018	212,778

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## STATEMENT OF CASH FLOWS

## YEAR ENDED 31 MARCH 2018

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit	61,248	58,355
Items not affecting cash resources:		
Depreciation	8,373	7,061
Amortisation	124	54
Property, plant and equipment adjustment	( 4)	-
Gain on foreign exchange	( 242)	( 930)
Deferred income	( 33)	( 33)
Deferred tax liability on revalued asset	( 24,455)	( 31,186)
Employee benefit	4,227	47,735
Interest income	( 405)	( 1,172)
Interest expense	2,458	3,091
Deferred taxation	( 2,416)	2,083
Taxation expense	<u>2,694</u>	<u>5,770</u>
	51,569	90,828
Changes in operating assets and liabilities:		
Receivables	( 14,139)	( 14,173)
Inventories	( 266)	( 559)
Taxation recoverable	850	( 1,636)
Project liabilities	1,380	2,424
Loan receivables	-	608
Payables	( 8,280)	15,368
Retirement benefit	( 16,805)	( 57,602)
Taxation paid	<u>( 1,998)</u>	<u>-</u>
Cash provided by operating activities	<u>12,311</u>	<u>35,258</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	( 5,515)	( 16,383)
Purchase of intangibles	-	( 371)
Available-for-sale-investments	3,539	( 5,554)
Interest received	<u>405</u>	<u>1,172</u>
Cash used in investing activities	<u>( 1,571)</u>	<u>( 21,136)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Long term loan repaid	( 3,465)	( 19,462)
Long term loan acquired	-	15,113
Short term loan acquired	1,910	4,533
Short term loan repaid	( 2,616)	( 3,827)
Interest paid	<u>-</u>	<u>( 618)</u>
Cash used in financing activities	<u>( 4,171)</u>	<u>( 4,261)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,569	9,861
Exchange gain on foreign cash balances	249	871
Cash and cash equivalents at beginning of year	<u>26,806</u>	<u>16,074</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 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 2018

## 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 the following new standards, interpretations and amendments which are immediately relevant to its operations.

**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.

**New standards, amendments and interpretations not yet effective and not early adopted.**

At the date of authorization of these financial statements certain new standards and interpretations have been issued by the International Accounting Standards Board that are effective in future accounting periods that the corporation has decided not to adopt early. The most significant of these are:

- IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' (both mandatorily effective for periods beginning on or after 1 January 2018).
- IFRS 16 'Leases' (mandatorily effective for periods beginning on or after 1 January 2019).

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

New standards, amendments and interpretations not yet effective and not early adopted (cont'd)

## IFRS 9 Financial Instruments

The corporation is required to adopt IFRS 9, *Financial Instruments* from 1 January 2018. The standard replaces IAS 39, *Financial Instruments: Recognition and Measurement* and sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Based on preliminary assessment, the corporation not believe that the new classification requirements will have a material impact on its accounting for accounts receivable, loans and investments in debt securities that are managed on a fair value basis. However, the company is still in the process of its assessment and the final impact has not yet been determined.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- (i) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- (ii) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for short-term receivables without a significant financing component.

The management has not yet completed their assessment of the financial impact which this standard will have on the financial statements on adoption.

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

**New standards, amendments and interpretations not yet effective and not early adopted (cont'd)**

**IFRS 15 Revenue from Contracts with Customers**

The corporation is required to adopt IFRS 15, *Revenue from Contracts with Customers* from 1 January 2018. The standard established a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18, *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13, *Customer Loyalty Programmes*.

The corporation will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

Management has assessed that the main impact of this standard is in respect of service income. Based on preliminary review, IFRS 15 is not expected to have a material impact on the timing and recognition of service income. However, management has not yet completed its assessment and the financial impact has not yet been determined.

**IFRS 16 Leases**

Adoption of IFRS 16 will result in the corporation recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the corporation does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

The corporation is not as advanced in its implementation of IFRS 16 as it is for IFRS 15, but in the last 6 months the Board has decided it will apply the modified retrospective in IFRS 16, and therefore will only recognise leases on balance sheet as at 1 January 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date.

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

**New standards, amendments and interpretations not yet effective and not early adopted (cont'd)**

**IFRS 16 Leases (cont'd)**

At 31 March 2018 operating lease commitments amounted to \$11M, which is not expected to be materially different to the anticipated position on 31 March 2019 or the amount which is expected to be disclosed at 31 March 2018. Assuming the corporation's lease commitments remain at this level, the effect of discounting those commitments is anticipated to result in right-of-use assets and lease liabilities of approximately \$8.6M being recognised on 1 January 2019. However, further work still needs to be carried out to determine whether and when extension and termination options are likely to be exercised, which will result in actual liability recognised being higher than this.

**IFRIC 23, 'Uncertainty over income tax treatments', (effective for annual period beginning on or after 1 January 2019).** This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this standard is not expected to have a significant impact on the company.

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.

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

## (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%

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.



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

## (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.

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.

**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.

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

## Financial assets (cont'd)

## (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, long term loans, short term loan and bank overdraft were classified as financial liabilities.

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 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) Other receivables

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

## (i) 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 2018

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

## (i) 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.

## (j) 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 2018

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

## (j) 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.

## (k) 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 2018

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

## (k) 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.

## (l) 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.

## (m) 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.

## (n) 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.

## (o) 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 2018

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

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

Sale 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.

## (p) 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.

## (q) Trade and other payables

Trade and other payables are stated at amortised cost.

## (r) Project liabilities

Project liabilities are stated at historical cost.

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

## (s) 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 2018

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

## (s) 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 2018

## 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

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## 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and bank balances	33,624	26,855	-	-
Receivables	3,056	4,043	-	-
Short term investments	-	-	22,419	25,958
<b>Total financial assets</b>	<b><u>36,680</u></b>	<b><u>30,898</u></b>	<b><u>22,419</u></b>	<b><u>25,958</u></b>



## 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	
	2018	2017
	\$'000	\$'000
Long term loans	103,194	106,659
Short term loan	-	706
Bank overdraft	-	49
Trade and other payables	<u>41,084</u>	<u>44,719</u>
<b>Total financial liabilities</b>	<b><u>144,278</u></b>	<b><u>152,133</u></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

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## 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>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Cash and cash equivalents	19,090	10,709
Trade payables	(18,100)	(37,367)
	<u>990</u>	<u>(26,658)</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 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 4% (2017 - 6%) depreciation and a 2% (2017 - 1%) appreciation of the Jamaican dollar against the US dollar.

	Change in currency Rate <u>2018</u>	Effect on Profit before Tax 31 March <u>2018</u> \$'000	% Change in Currency Rate <u>2017</u>	Effect on Profit before Tax 31 March <u>2017</u> \$'000
Currency:				
USD	-4	40	-6	(1,599)
USD	<u>+2</u>	<u>( 20)</u>	<u>+1</u>	<u>267</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 corporation 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 2018

## 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 2018

## 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 2018, receivables of \$3,067,000 (2017 - \$4,077,000) 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>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
1 to 30 days	1,566	3,402
31 to 60 days	876	142
61 to 90 days	89	83
Over 90 days	<u>536</u>	<u>450</u>
	<u>3,067</u>	<u>4,077</u>

## Trade receivables that are past due and impaired

As of 31 March 2018, the corporation had receivables of \$964,146 (2017 - \$873,970) that were impaired. The amount of the provision was \$964,146 (2017 - \$873,970). These receivables were aged over 90 days.

Exposure to credit risk for loans receivable:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Agriculture	6,986	7,792
Agro-processing	1,711	1,711
Manufacturing	29,373	32,175
Service	<u>17,168</u>	<u>18,627</u>
	55,238	60,305
Less: provisions for impairment	<u>(55,238)</u>	<u>(60,035)</u>
	<u>-</u>	<u>-</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 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>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Impaired	55,238	60,305
Less: Provision for impairment	( 55,238)	( 60,305)
	<u>-</u>	<u>-</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 2018

## 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 corporation's financial liabilities, based on contractual undiscounted payments, is as follows:

	Within 1 Year \$'000	1 to 2 Years \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
<b>31 March 2018</b>					
Trade and other payables	41,084	-	-	-	41,084
Long term loans	<u>36,398</u>	<u>480</u>	<u>-</u>	<u>68,630</u>	<u>105,508</u>
<b>Total financial liabilities (contractual maturity dates)</b>	<u>77,482</u>	<u>480</u>	<u>-</u>	<u>68,630</u>	<u>146,592</u>
<b>31 March 2017</b>					
Trade and other payables	44,719	-	-	-	44,719
Short term loan	706	-	-	-	706
Bank overdraft	49	-	-	-	49
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 (contractual maturity dates)</b>	<u>74,005</u>	<u>12,175</u>	<u>470</u>	<u>68,630</u>	<u>155,280</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

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## 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>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Fixed assets reserve	19	33
Gross profit - shops	25,841	22,034
Service income	46,330	37,908
Interest income	405	1,172
Miscellaneous income	<u>169</u>	<u>9,040</u>
	<u>72,764</u>	<u>71,187</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

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## 8. EXPENSES BY NATURE:

Total selling and administrative expenses -

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Staff costs (note 9)	273,669	250,421
Repairs and maintenance	14,917	10,345
Legal and professional fees	11,110	6,109
Auditors' remuneration	1,620	1,365
Exhibition of seminars	8,352	3,848
Insurance	1,446	1,402
Cleaning and sanitation	1,933	2,010
Occupancy costs	20	19,171
Security	3,286	3,277
Advertising and promotion	9,140	8,175
Utilities and telecommunication	20,570	19,024
Bad debts recovered	( 4,971)	( 5,198)
Depreciation and amortization	8,497	7,115
Travelling	3,987	2,897
Stationery and office supplies	10,681	9,174
Other expenses	<u>7,968</u>	<u>7,113</u>
	<u>372,225</u>	<u>346,248</u>

## 9. STAFF COSTS:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Salaries, commissions and related costs	247,544	223,445
Payroll taxes - employer's portion	14,782	13,709
Pension cost	( 5,529)	( 2,704)
Other	<u>16,872</u>	<u>15,971</u>
	<u>273,669</u>	<u>250,421</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

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## 10. FINANCE COSTS:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Gain on certificate of deposit	( 958)	( 761)
Net foreign exchange gain	( 242)	( 930)
Bank charges	1,323	1,322
Interest expense	<u>2,458</u>	<u>3,091</u>
	<u>2,581</u>	<u>2,722</u>

## 11. TAXATION:

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

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Income tax @ 25%	2,694	5,770
Deferred taxation (note 15)	<u>(26,871)</u>	<u>(29,103)</u>
Taxation credit	<u>(24,177)</u>	<u>(23,333)</u>

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

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Profit before taxation	<u>37,071</u>	<u>35,022</u>
Tax calculated at 25%	9,268	8,756
Adjusted for the effects of:		
Expenses not deducted for tax purposes	8,456	6,218
Net effect of other charges and allowances	<u>(41,901)</u>	<u>( 38,307)</u>

- (c) Taxation credit (24,177) ( 23,333)

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 \$167,804,239 (2017 -\$183,200,422).

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

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## 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 2016	152,732	21,085	30,867	8,227	212,911
Additions	-	-	10,533	5,850	16,383
Transfer	885	( 885)	-	-	-
31 March 2017	153,617	20,200	41,400	14,077	229,294
Additions	-	-	5,515	-	5,515
Adjustment	-	-	4	-	4
31 March 2018	153,617	20,200	46,919	14,077	234,813
Depreciation -					
1 April 2016	7,802	20,247	28,524	6,044	62,617
Charge for the year	3,540	-	2,207	1,314	7,061
Adjustment	(4,214)	( 47)	-	-	(4,261)
31 March 2017	7,128	20,200	30,731	7,538	65,417
Charge for the year	3,666	-	3,103	1,604	8,373
Adjustment	-	-	-	-	-
31 March 2018	10,794	20,200	33,834	8,962	73,790
Net Book Value -					
31 March 2018	142,823	-	13,085	5,115	161,023
31 March 2017	146,489	-	10,669	6,719	163,877

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 2018

## 13. INTANGIBLE ASSETS:

	<u>Computer Software</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
At cost-		
1 April 2016 and 31 March 2018	<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	2,924	2,924
Charge for the year	<u>124</u>	<u>124</u>
31 March 2018	<u>3,048</u>	<u>3,048</u>
Net Book Value -		
31 March 2017	<u>193</u>	<u>193</u>
31 March 2018	<u>317</u>	<u>317</u>

## 14. POST-EMPLOYMENT BENEFIT ASSETS:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
The amounts recognized in the statement of financial position	<u>166,695</u>	<u>149,890</u>
Amount recognized in the profit or loss (note 9)	<u>( 5,529)</u>	<u>( 2,704)</u>
Amount recognized in other comprehensive income	<u>4,227</u>	<u>47,735</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 14. POST-EMPLOYMENT BENEFIT ASSETS:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
The amounts recognized in the statement of financial position are determined as follows:		
Present value of funded obligations	(258,535)	(208,643)
Fair value of plan assets	711,431	591,792
Limitation of asset due to uncertainty of obtaining economic benefits in the plan	<u>( 286,201)</u>	<u>( 233,259)</u>
Assets in the statement of financial position	<u>166,695</u>	<u>149,890</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 2018.

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

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Balance at beginning of year	208,643	189,041
Current service cost	9,604	6,437
Interest cost	<u>19,369</u>	<u>16,291</u>
	237,616	211,769
Re-measurements -		
Losses/(gains) from change in financial assumptions	121,569	( 14,910)
Experience (gains)/losses	<u>( 103,046)</u>	<u>16,386</u>
	256,139	213,245
Members' contributions	12,213	11,810
Benefits paid	<u>( 9,817)</u>	<u>( 46,428)</u>
Purchased annuities	<u>-</u>	<u>30,016</u>
Balance at the end of the year	258.535	208.643

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Balance at beginning of year	591,792	543,597
Interest income	56,662	49,036
Re - measurements -		
Return on plan assets, excluding amounts included in interest income	53,532	( 3,402)
Members' contributions	12,213	11,810
Employer's contributions	7,049	7,163
Benefits paid	( 9,817)	( 46,428)
Purchased annuities	-	30,016
Balance at end of year	<u>711,431</u>	<u>591,792</u>

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

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Balance at beginning of year	233,259	262,268
Interest on asset	22,160	23,604
Change in asset ceiling, excluding amounts included in interest expense	30,782	( 52,613)
Balance at end of year	<u>286,201</u>	<u>233,259</u>

The amounts recognized in profit or loss are as follows:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Current service cost	9,604	6,437
Interest cost	19,369	16,291
Interest income on plan assets	(56,662)	( 49,036)
Interest on effect of asset ceiling	22,160	23,604
Total included in staff costs	<u>( 5,529)</u>	<u>( 2,704)</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

The distribution of the plan assets was as follows:

	<u>2018</u> <u>\$'000</u>	<u>2018</u> <u>%</u>	<u>2017</u> <u>\$'000</u>	<u>2017</u> <u>%</u>
Pooled investment funds -				
Equity Fund	146,518	21	94,962	16
International Equity Fund	72,428	10	16,758	3
Mortgage and Real Estate Fund	188,094	26	212,267	36
Fixed Income Fund	95,855	13	78,204	13
Global Market Funds	89,767	14	61,446	10
Money Market Fund	48,904	7	55,860	9
CPI-Indexed	30,095	4	39,101	7
Purchased Annuities	38,130	5	33,194	6
Other	<u>1,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>711,431</u>	<u>100</u>	<u>591,792</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 2019 is \$19,351,000 (2018 - \$18,972,000). The actual return on the plan assets was \$118,622,000 (2017 - \$53,979,000).

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

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Assets at beginning of year	149,890	92,288
Amounts recognized in the income statement (Note 10)	5,529	2,704
Re - measurements recognized in OCI	4,227	47,735
Contributions paid	<u>7,049</u>	<u>7,163</u>
Assets at end of year	<u>166,695</u>	<u>149,890</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 2018

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

The principal actuarial assumptions used were as follows:

	<u>2018</u>	<u>2017</u>
Discount rate	7.5%	9.5%
Inflation rate	4.5%	6.5%
Future salary increases	4.5%	7.0%
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 is 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) Changes 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 2018

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

## Plan risks (cont'd)

## (iii) 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.

## (iv) 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>Decrease in Assumption</u>
		<u>\$'000</u>	<u>\$'000</u>
Discount rate	1%	(40,283)	54,818
Future salary increase	1%	33,399	(27,590)
Expected pension increase	1%	23,931	(20,709)
Life expectancy	<u>1 year</u>	<u>2,259</u>	<u>( 2,342)</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 2018

## 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>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Net assets at beginning of year	9,380	11,463
Credited to income for the year (note 11)	26,871	29,103
Debited to other comprehensive income	<u>(24,455)</u>	<u>(31,186)</u>
Net assets at end of year	<u>11,796</u>	<u>9,380</u>

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

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Deferred income tax assets:		
Interest payable	809	618
Tax losses	41,951	40,399
Vacation leave	<u>4,295</u>	<u>3,678</u>
	<u>47,055</u>	<u>44,695</u>
Deferred income tax liabilities:		
Provision for bad debts	( 1,243)	-
Retirement benefit	( 3,145)	( 3,628)
Revaluation of property, plant and equipment	(30,871)	( 31,186)
Property, plant and equipment	<u>-</u>	<u>( 501)</u>
	<u>(35,259)</u>	<u>( 35,315)</u>
Net assets	<u>11,796</u>	<u>9,380</u>



## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 16. LOANS RECEIVABLES:

- (a) Loans and advances are comprised of:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Gross loans and advances	55,238	60,305
Provisions for loans and losses	(55,238)	(60,305)
	<u>-</u>	<u>-</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 8</u>		<u>2 0 1 7</u>	
	<u>Gross</u> <u>₹</u>	<u>Impairment</u> <u>₹</u>	<u>Gross</u> <u>₹</u>	<u>Impairment</u> <u>₹</u>
3 months and over past due	<u>55,238</u>	<u>55,238</u>	<u>60,305</u>	<u>60,305</u>
	<u>55,238</u>	<u>55,238</u>	<u>60,305</u>	<u>60,305</u>

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

- (c) Specific allowances for loan losses:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Balance at beginning of year	60,305	65,730
Recovered during the year	( 5,067)	( 5,425)
Balance at the end of the year	<u>55,238</u>	<u>60,305</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 17. INVENTORIES:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Inventory	1,961	1,621
Less: provision for slow moving	( 568)	( 494)
	<u>1,393</u>	<u>1,127</u>

## 18. RECEIVABLES:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Trade receivables (net)	3,056	4,043
Prepayments	2,179	1,208
GCT	30,992	17,179
Sundry receivables	<u>2,000</u>	<u>2,549</u>
	<u>38,227</u>	<u>24,979</u>

Trade receivables are stated net of bad debts provision of \$964,146 (2017 - \$873,970).

## 19. SHORT TERM INVESTMENTS:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Available-for-sale at fair value		
JMMB Money Market Fund	<u>22,419</u>	<u>25,958</u>

## 20. CASH AND CASH EQUIVALENTS:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Cash and bank balances -		
Deposits and short term investments	4,767	4,842
Local current accounts	14,395	16,038
Foreign currency current accounts	14,323	5,867
Petty cash	<u>139</u>	<u>108</u>
	<u>33,624</u>	<u>26,855</u>
Bank overdraft	<u>-</u>	<u>( 49)</u>
	<u>33,624</u>	<u>26,806</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 20. CASH AND CASH EQUIVALENTS (CONT'D):

## (a) Interest rate exposure -

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

	<u>2018</u> %	<u>2017</u> %
Cash at bank - US\$ account	0.1	0.06
Deposits and short term investments -		
- US\$	2.18	2.7
- J\$	<u>4.08</u>	<u>-</u>

## 21. SHARE CAPITAL:

	<u>2018</u> \$'000	<u>2017</u> \$'000
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>2018</u> \$'000	<u>2017</u> \$'000
Productive Business Solutions Limited (i)	1,400	2,334
Development of Bank of Jamaica Limited (ii)	23,164	25,695
Micro Investment Development Agency (iii)	10,000	10,000
Ministry of Finance (iv)	<u>68,630</u>	<u>68,630</u>
	103,194	106,659
Less current portion	( 920)	( 25,314)
	<u>102,274</u>	<u>81,345</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

- (i) This represents an agreement of US\$ 21,901 to be paid through 36 installments of US\$ 608.37 for the purchase of property, plant and equipment.
- (ii) 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.

- (iii) 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 was to be fully repaid by June 2017.

- (iv) 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>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Balance at beginning of year	960	993
Amortization charge (Note 7)	( 33)	( 33)
	<u>927</u>	<u>960</u>
Current portion	33	33
Long term portion	<u>894</u>	<u>927</u>
	<u>927</u>	<u>960</u>

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 24. DEFERRED INCOME (CONT'D):

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>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Trade payable	16,229	14,256
GCT withheld payable	15,944	11,341
Other payables	8,198	4,197
Accruals	<u>42,038</u>	<u>58,430</u>
	<u>82,409</u>	<u>88,224</u>

## 26. PROJECT LIABILITIES:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
DBJ Business training method	778	1,257
Development Bank of Jamaica/MSME Development Fund	2,662	2,662
Income Cluster	181	181
Inter-American Development Bank (Government of Jamaica)	8,743	9,949
Steps to Work-Ministry of Labour	-	1,614
Miscellaneous	8,132	3,453
Tourism Enhancement Fund	<u>494</u>	<u>494</u>
	<u>20,990</u>	<u>19,610</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.

## JAMAICA BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 27. RELATED PARTY TRANSACTIONS AND BALANCES:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
<b><u>Transactions during the year</u></b>		
Key management compensation -		
Key management includes executive directors		
Salaries and other short-term employee benefits	18,870	20,053
Payroll taxes - employer's portion	320	863
Pension contribution	<u>338</u>	<u>577</u>
	<u>19,528</u>	<u>21,493</u>
Directors' emoluments -		
Fees	275	503
Management remuneration (included in salaries above)	<u>10,414</u>	<u>11,938</u>

## 28. LEASE COMMITMENTS:

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

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Within 1 year	2,855	2,479
Subsequent years (2-5)	<u>1,092</u>	<u>4,271</u>
	<u>3,947</u>	<u>6,750</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 2018, 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 2018, 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.



**DIRECTORS COMPENSATION FOR PERIOD**

Position of Director	Fees	Motor Vehicle Upkeep/Travelling	Honoraria	All Other Compensation including Non-Cash Benefits as applicable	Total
	(\$)	or	(\$)	(\$)	(\$)
		Value of Assignment of Motor Vehicle			
Cleveland Stewart - Chairman	36,000.00	-	-	-	36,000.00
Douglas Archibald	10,600.00	-	-	-	10,600.00
Omar Azan	10,600.00	-	-	-	10,600.00
Adonia Chin	33,000.00	-	-	-	33,000.00
Andrene Collings	21,000.00	-	-	-	21,000.00
Yvonne Davis	33,000.00	-	-	-	33,000.00
Hugh Johnson	24,800.00	-	-	-	24,800.00
Raymond Villiers	17,600.00	-	-	-	17,600.00
Dr. William Lawrence	39,000.00	-	-	-	39,000.00

Colin Virgo	35,400.00	-	-	-	35,400.00
Donavon Wignall	14,000.00	-	-	-	14,000.00

**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 Total (\$)
						*Seniority Allowance & Acting Allowance		
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

<b>Mgr-I.T</b>	<b>2016-2017</b>	3,357,462	-	1,341,624	165,508	-	-	4,864,594
<b>Mgr –Project Mgmt and Research</b>	<b>2016-2017</b>	3,243,925	-	1,341,624	159,911	-	-	4,745,460
<b>Mgr –Business Advisory Services</b>	<b>2016-2017</b>	3,474,973	-	1,341,624	179,624	117,511	-	5,113,732
<b>Mgr –Corporate Communications</b>	<b>2016-2017</b>	3,243,925	-	1,341,624	159,911	-	-	4,745,460
<b>Mgr-Financial Services Support</b>	<b>2016-2017</b>	2,731,298	-	1,341,624	136,565	-	-	4,209,487
<b>Mgr –Administration</b>	<b>2016-2017</b>	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

# NOTES





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