



SERVING JAMAICAN ENTREPRENEURS



ANNUAL REPORT & ACCOUNTS
FINANCIAL YEAR 2012-2013



OUR MISSION

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) has been established as one of the premier government agencies providing business support services to Jamaican businesses. From guiding business start-ups, business advice and consultation, research, business monitoring, training, financial advice, market access and product development, the organization which falls under the portfolio of the Ministry of Industry, Investment and Commerce (MIIC), strives to continually fuel the local economy through growth and development of the Micro, Small and Medium-sized enterprises (MSMEs).

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. Incubation and technical support for start-ups and more established businesses are facilitated through the organization's Incubator and Resource Centre (IRC) located on Marcus Garvey Drive in Kingston. At this location, small producers in the fashion, jewellery, craft and food sectors utilize equipment and office facilities as extended support to manufacturers of local goods. Trained engineers employed to the JBDC provide additional support to small factories, as well as graphic design, product packaging, development and

prototyping, product assessment and industry specific research to new business owners.

Market access and retailing opportunities are also provided through the Things Jamaican retail chain which aims to promote and build "Brand Jamaica". Things Jamaican has stayed true to promoting craft development and to showcasing and retailing the best and highest quality Jamaican-branded products. It is one of the largest purchasers, distributors and promoters of authentic Jamaican products currently marketing brands for over 400 active suppliers island-wide. Stores are located at the Sangster International Airport, Norman Manley International Airport, Port Antonio Marina, Devon House, Negril Boardwalk Village and JBDC Corporate Office.

Bolstered by the support of both local and international funding agencies as well as the Government of Jamaica, JBDC facilitates several business development projects which assist groups of entrepreneurs to introduce new products and innovations into the local marketplace. The JBDC initiative is a cooperative arrangement between government agencies, private sector, academia and research communities.

TABLE OF CONTENTS

MINISTER'S STATEMENT	5
CHAIRMAN'S STATEMENT	6
CEO'S OPERATIONAL REVIEW	8
DEPUTY CEO'S TECHNICAL REPORT	10
CORPORATE GOVERNANCE	11
Committees of the Board	
Management Structure	
BOARD OF DIRECTORS	12
MANAGEMENT TEAM	14
OPERATIONAL DISCUSSIONS AND ANALYSIS	16
Summary of Core Functions	
Client Overview and Demographics	
Total Clients	
New and Returning Clients	
Clients by Gender	
Clients' Reported Workforce Volume	
INTERVENTIONS OVERVIEW	18
Total Interventions	
Business Advisory	
Marketing Assistance	
Technical Services	
Financial Services	
MSME TRAINING & CAPACITY BUILDING	20
Training Interventions (Volume)	
Product Screening	
BUSINESS INCUBATION FOR MICRO AND SMALL ENTERPRISES	22
Incubator and Resource Centre	
Fashion Incubator	
Craft Resource Centre	
Food Resource Centre	
MARKET ACCESS THROUGH THINGS JAMAICAN RETAIL OUTLETS	23
Major Outputs and Targets Achieved	
Marketing Consultation, Product Review and Analysis	
Market Access: Retail, Distribution and Tradeshow Participation	
Jamaica 50 Celebrations	
Things Jamaican 'Meet Jamaica Initiative' at London Olympics	

TABLE OF CONTENTS

Things Jamaican UK Retail Analysis Report	
Sales Performance for Things Jamaican Shop in London O2 Arena (Jamaica House)	
Sales Performance for Things Jamaican Pop Up Stores in Birmingham, Brixton and I Love Jamaica Festival	
Overview of Supplier Sales Performance and Supplier Earnings	
JAMAICA BUSINESS INFORMATION CENTRES (JAMBICS)	27
SPECIAL PROJECTS AND COMMUNITY RELATED INITIATIVES	28
The Furniture Jamaica Project	
JBDC & Development Bank of Jamaica MSME Support Programme	
Craft Biz Project	
MSME Energy (Conservation and Efficiency) Management Project	
Small Business Growth and Distribution Linkages Project	
Steps to Work Programme PATH-Ministry of Labour and Social Security (MLSS)	
Youth Empowerment Strategy (YES) Ministry of Labour and Security (MLSS)	
Youth Upliftment through Employment (YUTE)	
JBDC 5th Annual Small Business Expo	
HUMAN RESOURCE MANAGEMENT & DEVELOPMENT	32
Staff Social Highlights	
SUPPORTING THE BRAND ESSENCE	35
PUBLIC RELATIONS	35
THE WAY FORWARD	36
AUDITED FINANCIAL STATEMENTS	37

Minister's Statement

The Ministry of Industry, Investment and Commerce, the business-focused Ministry, continues to advocate for and pilot legislative and policy changes which will drive economic growth and job creation, and lead to the transformation of the Jamaican economy and its integration into the global economy.

Recognizing 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 will continue to support the Micro, Small and Medium-sized Enterprise (MSME) sector through a wide cross section of training and capacity building programmes, and strengthen its own capacity to support the sector, enabling it to become dynamic and robust, so contributing in a major way to the transformation of Jamaica.

Most jobs are created by small businesses, and because MSMEs are typically more labour-intensive than large businesses, they are critical to the job creation effort which in turn has a positive impact on social stability.

As we celebrated fifty (50) years of nationhood, the JBDC capitalize on the opportunities of Olympic 2012 by showcasing over three hundred and fifty (350) authentic, high quality, export-ready products, under the Things Jamaican brand, during the 2012 Olympics and Jamaica 50 Celebrations held in the U.K. This showcased the Jamaican brand as a global brand, conforming to the highest standards.

This fiscal year, the Ministry has increased its allocation to the JBDC, because of the strategic importance of the agency to the overall growth agenda and job creation effort. JBDC will undertake the full range of business development service interventions to support MSMEs, including business advice, generalized and customized training, product design, product development, branding, fashion and graphic design, marketing consultations, packaging and labeling.

The full range of support to be provided to the MSMEs through



the JBDC will move the sector towards greater levels of prosperity, in accordance with the goals of the National Development Plan, Vision 2030.

Hon. Anthony Lyllton M.P.
Minister of Industry, Investment & Commerce

Chairman's *Overview*



“...I believe that this period marked another year of growth for JBDC...”

As Chairman, I have the privilege of viewing the larger picture of the successes and challenges of the Jamaica Business Development Corporation (JBDC) for this year.

2012/13 was another year of progress for the JBDC, where a mixed business development support was balanced by good progress in technical guidance, financial services and market access, in line with our key strategic goals.

Despite a challenging environment, I believe that this period marked another year of growth for JBDC in the delivery of our strategy and in generating more sustainable programmes for stakeholders in the Micro, Small and Medium-sized Enterprises (MSMEs).

We made significant improvements to our operations: increasing the number of clients we served in comparison to the previous year, improving our workforce to ensure efficiency, facilitating opportunities for entrepreneurs to gain exposure in international markets, as well as strengthening our internal systems. As a result, our business advisory services accounted for the majority (69%) of the services provided by the JBDC, which is a significant milestone since our strategic vision was keen on delivering core services including: business consultation, business development training, business planning and business monitoring and mentoring.

On joining JBDC, I set out three clear priorities for the Board and we remain firmly focused on these key aspects. First, to debate and agree on our strategy, holding the executive team accountable for its execution. Second, to ensure we have the most talented team to execute our strategy and that we plan effectively for succession. Finally, to set the tone of ‘making service priority’, supported by the appropriate governance structures and their effective implementation.

The Board recognizes that these matters will not come automatically, particularly with the limitations presented by

the lack of resources. Additionally, fundamental changes are necessary in the areas of customer service, marketing and awareness in the public space. In recent years, I have noted significant progress in embedding a culture in the company that puts MSMEs first and this demands an understanding of our audience needs, behaviours and activities.

The fundamental and revolutionary changes taking place to the culture of the JBDC are essential. Our progress will become increasingly visible to our stakeholders, as customers experience the tangible benefits of the improvements we are making. We are confident that these changes will deliver a more valuable company.

In summary, while our operating environment remains challenging, it is also not without substantial opportunity for companies that deliver innovation and act with responsibility. The Board has every confidence in the strength and resilience of the CEO and her senior management team, and believes the JBDC is taking all the necessary steps to build a stronger organization that can generate sustainable value for entrepreneurs and the MSME sector.

Delivering and executing this level of change requires hard work, perseverance and most of all commitment. I am always impressed by the efforts of our employees wherever they work, whether frontline or otherwise and I thank them sincerely for their contribution this year.

Doreen Frankson
Chairman

CEO's Report

“...We remain focused on our core business, offering advisory services through business consultation, business development training, business planning and business monitoring and mentoring...”

At the Jamaica Business Development Corporation (JBDC), we believe that the Micro, Small and Medium-sized businesses are critical drivers for sustainable development and growth of any nation. Our strategy is to ensure that all our processes transform, build and drive this sector into full productivity and success through cohesive, innovative solutions and services.

We continuously work to increase the quality of our outputs; keeping in mind the responsibility we have for the development of businesses and entrepreneurs who are relying on our systems and operations to improve their own functions. Quality has been one of our main themes since our inception and a commitment, which has paid off through increased customer satisfaction for the current financial year.

Year 2012-2013 was an eventful one. It was a year of structural changes for the JBDC, having developed a new operational strategy, prepared numerous entrepreneurs to participate in global markets as well as launched and implemented numerous developmental projects including: Furniture Jamaica, Craft Biz and the MSME Energy Conservation and Efficiency programmes. In addition, we have implemented new business models and began our transformation into a more cost-efficient



and competitive business development company, providing a suite of support services to our customers. Our business model clearly outlines the path we have chosen to facilitate the development of enterprises and entrepreneurship through empowerment and capacity building initiatives.

The success of our plans to date gives us confidence that it will continue to create growth for us and the stakeholders we serve in the future. We remain laser focused on the key aspects of our strategy, which remain unchanged:

- Offer solution-oriented services that are relevant to entrepreneurs, small

- businesses and start-up companies.
- Provide current information, on government business-related products, programs, services and regulations that are accurate, helpful, relevant and timely.
- Accelerate development of new business products our customers want and value.
- Work together effectively as one team, leveraging and integrating our corporate assets.

During 2012 and at the beginning of 2013, we have noticed an increased interest in product development and technical support offerings from our clients. This resulted in a total of 341 client interventions in technical assistance alone and 183 interventions through our Things Jamaican consultations. The priority support for entrepreneurs continues to be in the area of funding and financing for businesses, and JBDC has facilitated a total of 138 interventions through the Financial Services Unit, with primary focus of providing loan access and financial advice to the MSME sector. Though very effective, the Financial Services Unit saw a decline at the end of the period, due to inadequate or unavailability of funds to un-lend to the sector. This resulted in our inability to offer this very unique product to our clients.

Despite the many challenges, we remain focused on our core business, offering advisory services through business consultation, business development training, business planning and business monitoring and mentoring. For the financial year 2012-2013, the JBDC assisted 4421 MSMEs in approximately 8800 interventions. This represents a 167% increase over the previous fiscal year where 1655 MSMEs were assisted. The Business Advisory Services (BAS) department is the first point of contact for all clients, and the current numbers reported by the unit is used as a proxy to indicate the total clients seen for a specific period.

With a deliberate focus on the MSME sector by the Government of Jamaica, the effects of globalization and limited employment opportunities among other things, we anticipate that this trend will continue to the next financial period. To further strengthen our performance as an agency of Government and a corporate citizen, we will revisit our materials

and objectives during 2013, and continue to strengthen our existing structures and improve our daily operations in line with the changing needs of our clients and the industry as a whole.

Regardless of the ongoing challenges in the external environment, we expect to contribute to the national developmental goals significantly in the years to come. We hope you will enjoy this report, as you take the opportunity to learn more about the work we do at the JBDC and how we tackle our challenges and opportunities in a competitive environment.

As always, we thank you for your support of our efforts in 2012-2013 and look forward to your continued support over the upcoming periods.

Valerie Veira I.D.
Chief Executive Officer

Deputy CEO's *Technical Report*



The technical operations of the Jamaica Business Development Corporation is highlighted as one of the key outputs in delivering tangible support to the clients and stakeholders of our organization, specifically to the producers and manufacturers of authentic Jamaican products. To this end, we must underscore major achievements in the operations of Things Jamaican, Business Advisory Services (Business Monitoring Programme) and Technical Services departments.

For the reporting period, Things Jamaican delivered total sales of approximately \$88,820,020.00 to include retail sales from five (5) stores and revenue earned from participating in the Jamaica 50 events and the Meet Jamaica Initiative in London, UK. The Donald

Sangster International Airport continues to be our lead income earner, accounting for the majority of sales (48%), followed by Norman Manley International Airport, which accounted for 29.1% of total sales. The chain procured merchandise from approximately 284 suppliers, 41 of which were new (product) suppliers.

Local manufacturers including Artisans, Fashion Entrepreneurs, Book/Music Publishers as well as Food and Agro-Processors have benefited from remarkable exposure at the Meet Jamaica Initiative and Jamaica 50 celebrations held in Kingston and in the United Kingdom during the staging of the Olympic games. This resulted in total sales of £64,591 or 14,048 units of merchandise in aromatherapy, entertainment (5%), fashion (5%), fashion accessories (8%), food (56%), home (3%) and Jamaican branded souvenirs (23%).

We continued to provide support to our clients in order to develop market-ready products for export. To enhance the output levels of our producers, we introduced the Business Monitoring Programme to guide the hand-holding process for new and fledgling entrepreneurs. The programme, which was implemented under JBDC's Business Advisory Services, is an intricate system of mentoring and monitoring our clients; diagnosing existing ailments, identifying developmental gaps, analyzing growth capacity, prescribing solutions, designing interventions and monitoring and evaluating the process of their growth. At the end of the reporting period approximately 115 clients were registered in the programme.

Finally, product screening was deemed critical to the developmental process, and as such the Technical and Marketing Services Units coordinated product screenings, where client products were assessed for marketability and overall design and production quality. Despite a challenging year, we managed to see significant growth with the number of products screened for our clients. A total of 270 products were screened during the period, this represented growth of over 100% compared to the previous fiscal period.

The Technical Services Unit also assisted with the development or enhancement of approximately 160 new products for clients during the period.

CORPORATE GOVERNANCE

The organization is lead by our 12-member Board made up of individuals who have a diverse range of experience from various professional disciplines, and who bring their informed perspective to the company's widespread Governance activities.

COMMITTEES OF THE BOARD

In addition to sheduled monthly meetings, the Board convenes special committees on a bi-monthly and quarterly basis to provide strategic support for the more broad-scale work of the Board. The committees are represented as follows:

1. Finance & Audit - Chairman: Director Mark Richards
2. Administration & Projects - Chairman: Director Yvonne McCormack
3. Marketing & Public Relations - Chairman: Director Shane Alexis

MANAGEMENT TEAM

The key functions of the JBDC are, executive within five (5) core areas, namely: Business Advisory Services, Technical Services, Industrial Secretariat Services, Marketing Assistance and Financial Support Services. The operational support areas of Administration, Information Technology, Human Resources, Public Relations and Finance are integral to the successful operations of these core services. With a staff complement of approximately 130 employees, the JBDC operations are led by a highly qualified management team comprising the Chief Executive Officer, Deputy Chief Executive Officer and Senior Managers for all the core areas of the organization.

BOARD OF DIRECTORS



Ms. Doreen Frankson
CHAIRMAN

Business woman and Managing Director of EdgeChem.



Ms. Valerie Veira
CEO & DIRECTOR

An accomplished negotiator, strategist and business leader with over 30 years of professional experience in the industrial, manufacturing and productive sectors.



Mr. Silburn Clarke
DIRECTOR

Founder and CEO of Spatial Innovision Limited. He is also President and largest shareholder of Land Management Consortium.



Ms. Shannon Guthrie
DIRECTOR

Executive Assistant at the Factories Corporation of Jamaica.



Mr. Kenyama Brown
DIRECTOR

Manager of Organic Vision, he is also Special Adviser to the Minister of Industry, Investment and Commerce.



Mrs. Marva Peynado
DIRECTOR

A Banker, she is Assistant General Manager at the National Commercial Bank (NCB).

BOARD OF DIRECTORS



Dr. Shane Alexis
DIRECTOR

A well regarded General Practitioner and Family Physician at Ruthven Medical Centre.



Mr. Michael Ennis
DIRECTOR

Expert in the ICT, Energy and Agro-Processing Industries. He is also the Founder and Managing Director of Compumart Jamaica Limited and Project Analyst at Project Development Services and Associates.



Sheldon Smalling
DIRECTOR

Consultant with a range of skills in Logistics, Finance, Accounting and Community Relations.



Ms. Yvonne McCormack
DIRECTOR

Business woman, St. Catherine Councillor and past president of the Portmore Citizens' Advisory Committee (PCAC).



Mrs. Andrine Higgins
DIRECTOR

Logistics and supply chain expert, she is CEO of APL Freight Limited and Ezone Jamaica.



Mr. Mark Richards
DIRECTOR

Attorney-at-Law and Senior Compliance Officer employed to the Tax Administration Jamaica (formerly Inland Revenue Department).

MANAGEMENT TEAM



Mr. Harold Davis
DEPUTY CEO



Ms. Michele Cowan
FINANCE MANAGER



Mrs. Janine Taylor
MANAGER,
THINGS JAMAICAN



Mr. Ryan Peralto
DIRECTOR,
INCUBATOR & RESOURCE CENTRE



Mr. Colin Porter
MANAGER,
TECHNICAL SERVICES



Ms. Keneshia Nooks
MANAGER,
CORPORATE COMMUNICATIONS

MANAGEMENT TEAM



Mrs. Mervelyn Harvey-Dougherty
MANAGER,
HUMAN RESOURCE MANAGEMENT
& DEVELOPMENT



Mr. Paul Chin
CREDIT MANAGER



Mrs. Althea West-Myers
MANAGER,
BUSINESS ADVISORY SERVICES



Ms. Dorrett Scott
MANGER,
INDUSTRIAL SECRETARIAT



Ms. Ann-Marie Brown
MANAGER,
ADMINISTRATION



Mr. Nigel Collins
MANGER,
INFORMATION TECHNOLOGY

OPERATIONAL DISCUSSIONS AND ANALYSIS

SUMMARY OF CORE FUNCTION AREAS

Business Advisory Services	Technical Services	Industrial Secretariat Services	Marketing Assistance	Financial 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 six (6) branches of strategically located Things Jamaican 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.	Business development loans are offered to eligible MSME applicants within the productive sector. This division also administers loans and grant funds on behalf of other agencies.

CLIENT OVERVIEW AND DEMOGRAPHICS

Total Clients

For the financial year (FY) 2012-2013, JBDC assisted 4421* MSMEs in approximately 8800 interventions. This represents a 167% increase over the previous fiscal year, where 1655 MSMEs were assisted. Assistance was given in areas particular to business advice and consultation, product development, marketing assistance, financial advice and access to loans. Clients assisted represented the fashion, gift and craft, food and agro-processing, agriculture and service sectors.

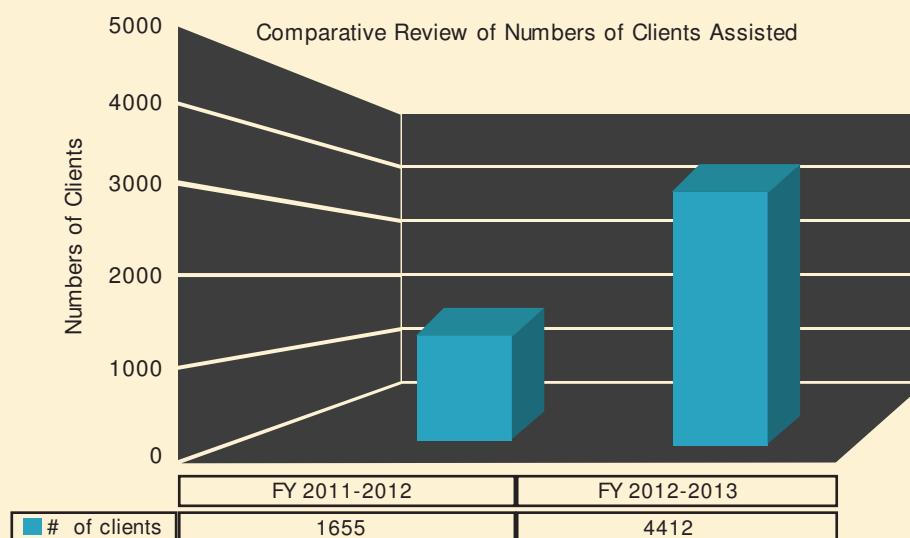
New and Returning Clients

JBDC experienced a significant increase in both new and returning clients. This increase was primarily due to

the Jamaica 50 euphoria which encouraged prospective and existing clients' inquiries and request for assistance in developing new and improving existing products with the aim of capitalizing on the opportunity. This trend is illustrated in Table 1, where three times as many returning clients were assisted by JBDC in FY 2012-2013, when compared to the previous fiscal year. The same can be said for new clients, as twice as many (130% increase) clients were assisted by JBDC in the current fiscal year when compared to the previous period. There is no doubt that JBDC's reach has grown and this is evidenced by the fact that more new clients (2553) were assisted by JBDC, when compared to returning clients (1859).

Total Clients

Figure 1 : Comparative Review of Number of Clients (MSMEs) Assisted



New and Returning Clients

Table 1: Comparative Review Percentage Change of Client In-Flow

	FY 2011-2012	FY 2012-2013	% Change
Returning Clients	546	1859	240%
New Clients	1109	2553	130%

Clients by Gender

In the current period, client break down by gender resulted in an almost 50/50 split of male to female clients. The gender breakdown for the previous year illustrated an identical segmentation. In both years, female clients slightly out-numbered male clients by a narrow margin of 0.3%.

Figure 2: Number of Clients by Gender (FY11-12)

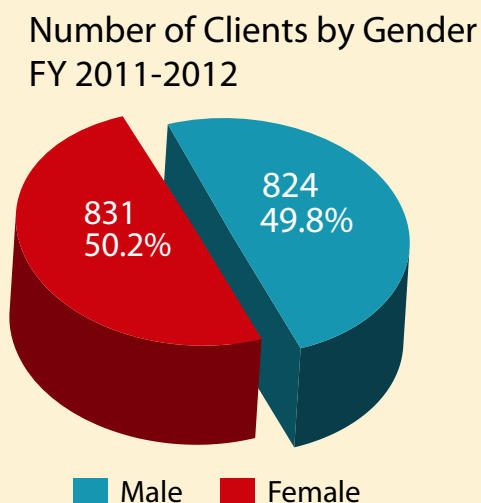
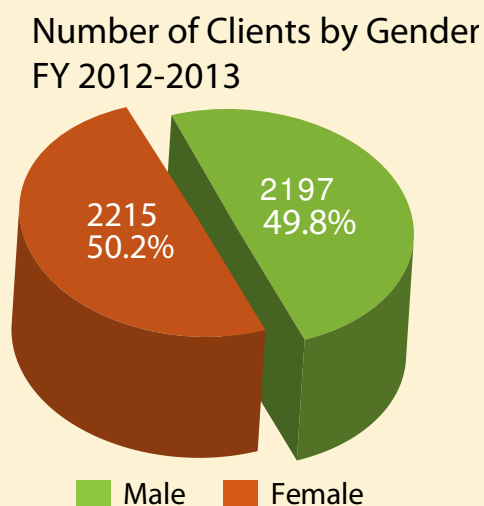
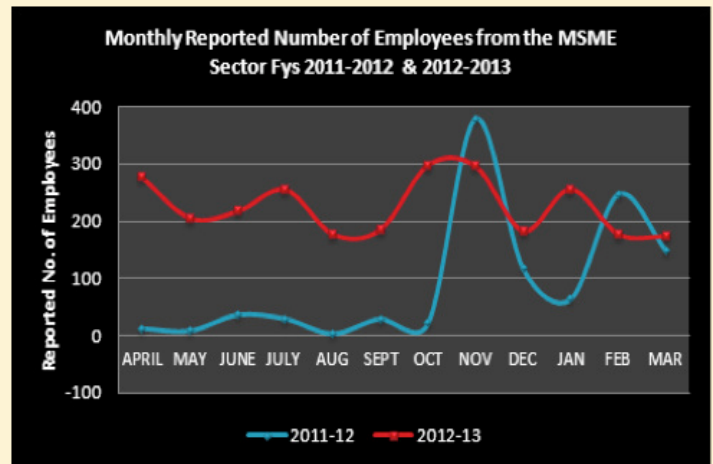


Figure 3: Number of Clients by Gender (FY12-13)



Clients' Reported Workforce Volume

Figure 3 presents a comparative overview of the number of employees reported by clients for 2011-12 and 2012-13. For the period, 2011-12 JBDC clients reported 1092 employees, while for 2012-13 clients reported 2698 employees. This represents a 147% change in the number of reported employees. The reflected change is not a real increase in the number of persons being employed by MSMEs but results from the increase in the number of clients assisted by JBDC during the review period. What is certain is, in both years, reported number of employees peaked in November and gradually declined in December to January.



INTERVENTIONS* OVERVIEW

Total Interventions

Intervention by Category - FY 2012-2013

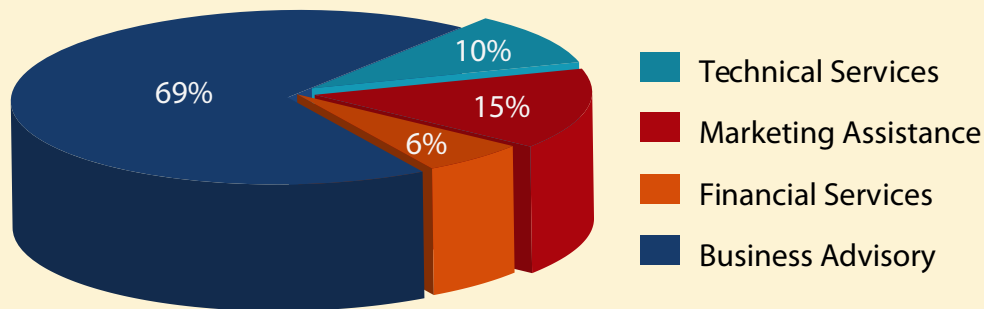


Figure 4: Interventions by Category - FY 2012-2013

Service interventions implemented by JBDC were administered by four (4) of the core units within the organization:

Business Advisory

Business Advisory Services accounted for the majority (69%) of interventions administered by JBDC for the review period. This represents an increase of 3% in comparison to the previous period. The main services offered in this area were business consultation, business development training, business planning and business monitoring and mentoring.

Marketing Assistance

Through strategic marketing, clients were provided with local and international market access via in-store and electronic promotion, as well as participation in local and international trade shows provided by Things Jamaican and JBDC's Client Marketing Unit. A total of 183 interventions were facilitated which accounted for 15% of the total interventions. This represents a 7% increase over the previous fiscal year where marketing assistance accounted for only 8% of all interventions.

Technical Services

The focus of JBDC's technical assistance is product development, inclusive of packaging design, product design and general product and process enhancement as well as the delivery of technical training workshops. In this regard, JBDC facilitated a total of 341 technical assistance interventions; this represents a 7% decrease from the previous year.

Financial Services

By providing business development loans to applicants in the sector, JBDC sought to address the constraints and lack of access to finance that the productive MSME sector experienced. This resulted in the development and implementation of the Financial Services Unit in January 2009.

The Financial Services Unit, with the primary focus of providing loan access and financial advice, facilitated 138 interventions representative of 6% of the organization's total interventions. This represents a 2% decrease in total interventions by the Unit when compared to the previous fiscal year. For the period under review the financial services unit approved a total of 26 loans amounting to \$35,515,000 and as at March 31, 2013, eighty-nine (89) loans were outstanding to MSMEs with a combined value of \$108,362,695.

The Unit's access to funds for on-lending was completely restricted during the latter half of the financial year (evidenced from the decrease above), resulting in a complete cessation of lending activities. Nonetheless, it is noted that financial services continue to be an integral component of MSME business development and success. Therefore, with this in mind, the JBDC has embarked on a path to transform the FSU from a dedicated lending operation to one of financial consultancy aimed at building the capacity of MSMEs and preparing them to more comfortably traverse the existing financial market.



MSME TRAINING & CAPACITY BUILDING

The JBDC conducted a series of training sessions island-wide, which focused on business and technical development. Below is a list of some of the major training sessions conducted by the organization over the reporting period:

<ul style="list-style-type: none"> • Business Management • Business Formalization • Financial Management • Business Plan Writing • Costing and Pricing • Marketing • Customer Service 	<ul style="list-style-type: none"> • Pattern Making • Fashion Trends • Draping • Jewellery Making • Operations and Maintenance (Furniture) • Coffee Break • Food Safety and Hygiene • Baked Products
Business Development Training	Technical Development Training

Training Interventions (Volume)

Business Development Training			
	FY 2011-2012	FY 2012-2013 %	Change
Number of Trainings	70	119	70%
Number of Participants	1834	3529	93%

The table above illustrates a comparative review of business development training organized and convened by the JBDC for the FY 2012-2013 and FY 2011-2012. The total number of trainings and participants both had large increases of 170% and 192% respectively.

Technical Development Training			
	FY 2011-2012	FY 2012-2013 %	Change
Number of Trainings	19	36	89.5%
Number of Participants	215	402	87%

The table above illustrates a comparative review of technical development trainings organized and convened by the JBDC for the FY 2012-2013 and FY 2011-2012. The total number of trainings and participants both had large increases of 89.5% and 87% respectively.

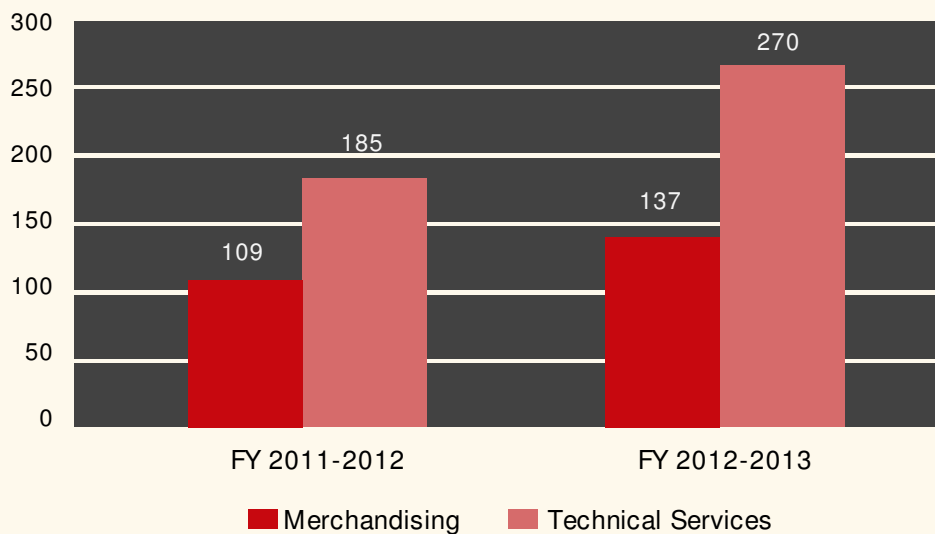
Product Screening



The Technical Services and Marketing Services Units coordinated product screenings, where client products were assessed for marketability and overall design and production quality. The graph illustrates the number of product screenings carried out by both units. Products screened ranged from the following sectors: gift, craft, home, and entertainment, fashion and fashion accessories. The graph also shows comparative figures for products screened for both the 2011-2012 and 2012-2013 financial years. Both

units had a significant increase in product screening in the period under review; the Marketing Unit had an 25.6% change increase when compared to screenings done by the unit in the FY 2011-12. The Technical Services Unit had a 46% change increase when compared to the same period. Increases in product screenings for both units were directly impacted by new and returning clients who attempted to capitalize on the Jamaica Fifty celebrations.

Total Number of Products Screened
Over Two Consecutive FYs



BUSINESS INCUBATION FOR MICRO AND SMALL ENTERPRISES

Incubator and Resource Centre

The JBDC Incubator and Resource Centre (IRC) provides hand-holding and incubation services for start-up and existing small businesses. Located at the Garmex Free Zone on Marcus Garvey Drive, the centre houses three (3) incubators: fashion, craft and the food/ agro-processing units. The Technical Services Unit, which delivers technical assistance to micro, small and medium enterprise clients, is also housed at IRC. For the period under review, the incubator provided incubatory services to thirty-five (35) entrepreneurs in the fashion, food and craft sectors.



Fashion Incubator

The Fashion Incubator accommodates individuals and small entities in need of equipment and production space to complete orders. The Fashion Incubator also coordinated three workshops and was responsible for the development and distribution of two publications.

The workshops coordinated for the period focused on pattern making, fashion trends for spring/summer 2013, and draping. The workshops engaged approximately eighty-five (85) participants. The unit produced the Pattern-Making Manual and Fashion Trend publications; which provided information and developments on the fashion industry, with specific focus on capitalizing on current trends and demands.

Craft Resource Centre

The Craft Resource Centre provides product assessment and consultation, concept, production and prototyping as well as product enhancement. For the year under review, the focus of the centre was furniture and jewellery.

The Incubator coordinated Jewellery Making Workshops, where emphasis was placed on creating jewellery from coconut shell, recycled materials and resin. An Operation and Maintenance workshop specific to the furniture industry was also conducted. A total of 77 participants were engaged for these interventions. The incubator was also responsible for the publication of a Trend Booklet that focused on new and upcoming trends in furniture designs and manufacturing.



Food Resource Centre

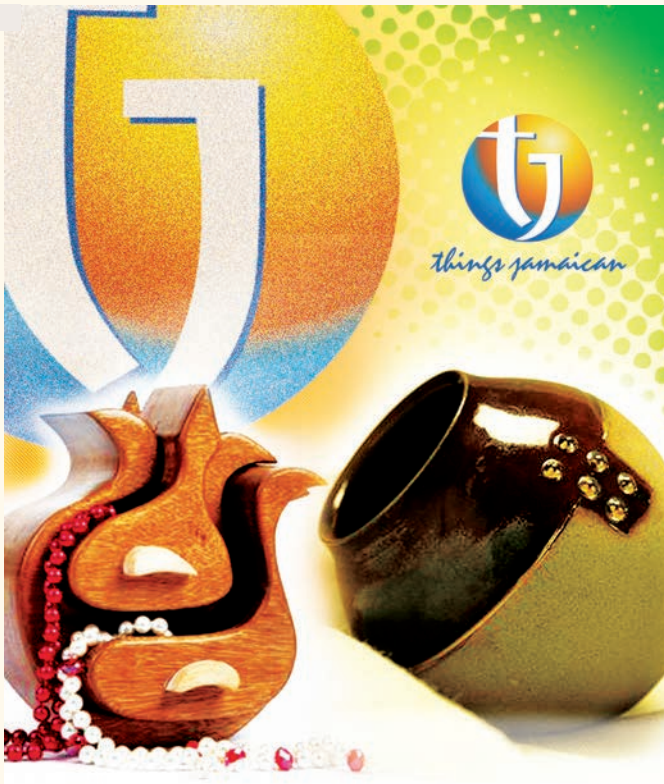
The Food Resource Centre provides a well-equipped industrial kitchen outfitted with commercial range/oven, commercial mixer, convection oven, deep fat fryer, griddle, blender, refrigerator and freezer. The centre also provides an in-house food-processing specialist, with significant experience in food processing and preparation. The centre facilitates commercial food preparation, product assessment, consultation, recipe testing, and development.

Over 20 formulations were developed in addition to formulation adjustments and food preservation methods. The Resource Centre hosted a Coffee Break Workshop where 14 participants were trained in preparing coffee sessions professionally. Topics explored basic food hygiene, costing, branding and general presentation.

The centre also provided catering services to 16 events both internal and external to JBDC, where the highest number of persons catered for was eighty.



MARKET ACCESS THROUGH THINGS JAMAICAN RETAIL OUTLETS



Things Jamaican continues to provide market support and a retail outlet to MSME clients. The Things Jamaican brand has been consistent in maintaining the focus of marketing, promotion and retailing of locally-made products. Products available in the retail stores notably represent a standard of high quality and authentic Jamaican products.

There are currently six (6) retail outlets:

- Boardwalk Village (Norman Manley Boulevard, Negril)
- Corporate Store (JBDC Head Office)
- Port Antonio Marina
- Devon House
- Norman Manley International Airport
- Donald Sangster International Airport

MAJOR OUTPUTS AND TARGETS ACHIEVED

Marketing Consultation, Product Review and Analysis

One hundred and thirty-seven (137) new clients were screened for several product categories including aromatherapy, souvenirs, confectionery and sauces, fashion, gift and craft as well as home and accessories. Of the clients screened, Things Jamaican engaged 41 suppliers who provided 129 new products, which gained market access through the retail stores. Products that were not selected based on quality and finishing were recommended for product development.

Market Access: Retail, Distribution and Tradeshow Participation

A total of 169 supplier products were given market access through participation in local and international events.

Jamaica 50 Celebrations

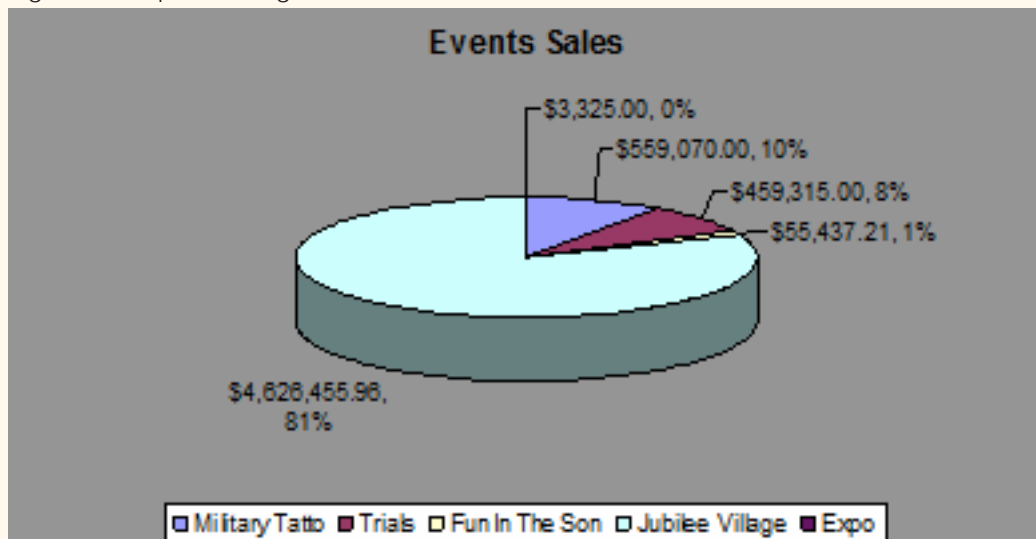
A Memorandum of Understanding (MOU) was established between the Jamaica 50 Secretariat (Jamaica 50), a unit of the Ministry of Youth, Sports and Culture and JBDC, where JBDC through Things Jamaican was selected as the official retailers of Jamaica 50 merchandise.

The MOU also established agreements for the co-management of the MSME unit of the licensing and merchandising programme, which includes recommending the best structure and strategy to create an accessible programme for the MSME market, identifying attractive and marketable product collections reflecting the spirit of Jamaica 50 and providing access to retail and marketing services through the establishment of an official Jamaica 50 concept space within the Things Jamaican retail stores. Several suppliers were subsequently contracted to create merchandise to outfit the space.

To ensure sale of the merchandise, Things Jamaican participated in approximately five (5) Jamaica 50 endorsed events. These included:

- **JDF Military Tattoo** (Up-Park Camp)
- **JAAA National Senior Trials** (National Stadium)
- **Fun In The Son** (Heroes Circle)
- **Jubilee Village** (National Stadium)
- **Celebrating the Past...Preserving the Future** (Portmore New Testament Church of God)

Figure 1. Graph showing the sales made at each event.



From this programme, Things Jamaican recorded net Supplier earnings of Nine Million Nine Hundred and Thirty Three thousand and ninety nine dollars and seven cents (\$9,933,099.07). This amount reflects sales at all local events and retailing activities initiated by the sales team.

Things Jamaican 'Meet Jamaica Initiative' at London Olympics



Local manufacturers including Artisans, Book & Music Publishers and Agro-Processors have benefited from remarkable exposure at the 'Meet Jamaica Initiative' and Jamaica 50 celebrations held in the United Kingdom during the staging of the Olympic Games.

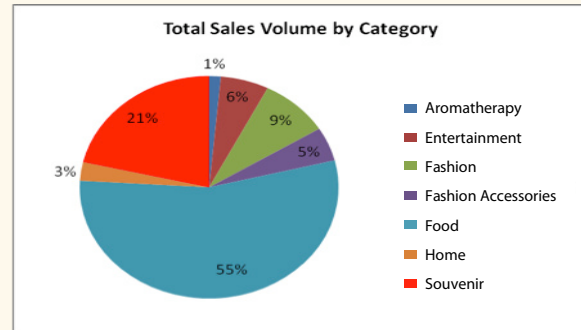
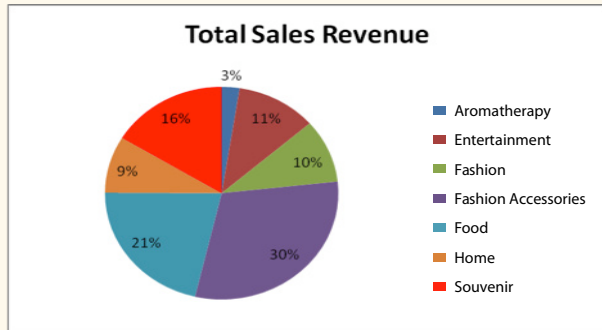
The initiatives, which were staged collaboratively with a number of private and public sector agencies sought to capitalize on the retail opportunities for locally manufactured goods. The leading organizers were the Ministry of Youth and Culture, Ministry of Tourism, Ministry of Industry, Investment and Commerce, Jamaica Promotions Corporation (JAMPRO), Jamaica Tourist Board (JTB), Jamaica National Building Society and the JBDC through Things Jamaican.

Operating from two major retail outlets in London's O2 Arena and Birmingham Square and two 'pop up' stores at the I Love Jamaica Day and Brixton Splash Festivals held in celebration of Jamaica's 50th anniversary, approximately 121 suppliers received market exposure, brand identification and other benefits from the initiative. Important to note is that over 70% of participants comprised micro and small businesses with products entering the UK market for the first time.

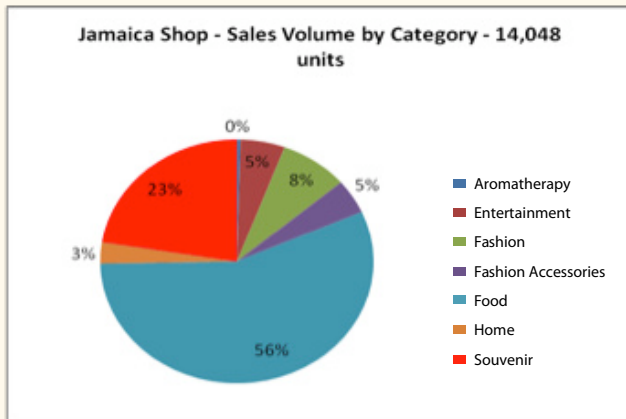
The stores presented merchandise in the fashion and fashion accessories, food, home accents, aromatherapy, literature and coffee categories, as well as a range of Jamaica 50 branded souvenirs. Things Jamaican reported success for the Food, Fashion and Souvenir product categories, noting the highest sales figures for manufacturers of these products. The top sellers included t-shirts, herbal teas, sauces, baked goods and books. Visitors came from the Jamaican Diaspora, Afro-Caribbean communities as well as the United States, Europe and Asia.

In keeping with the spirit and excitement of the Jamaica Fifty and Olympic celebrations, customers were drawn to products that were reminiscent of Jamaican lifestyle and culture such as black, green and gold apparel and accessories, cookbooks and books on folklore. The Things Jamaican temporary shops recorded over 15,000 visitors with over 11,000 translating into actual sales over ten days.

Things Jamaican UK Retail Analysis Report

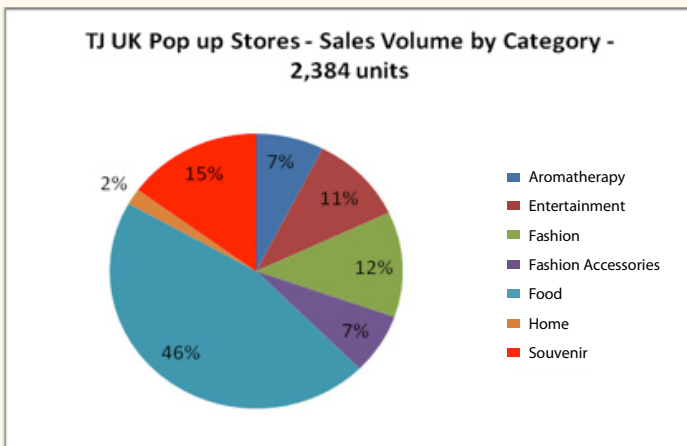


Sales Performance for Things Jamaican Shop in London O2 Arena (Jamaica House)



- 55% of all items sold were food (i.e. baked goods from Jamaica Producers)
- 35% of all items sold were souvenirs (Jamaica 50 memorabilia)

Sales Performance for Things Jamaican Pop Up Stores in Birmingham, Brixton and I Love Jamaica Festival



- 46% of all items sold were food
- 15% of all items sold were souvenirs

Overview of Supplier Sales Performance and Supplier Earnings

For the financial year ending 2012 - 2013, the total volume of goods procured for the Things Jamaican chain was 154,863. This resulted in a cumulative earning of approximately forty four million dollars (\$44,894,106.53), for 278 vendors.

The total volume of goods sold for the period was 206,376 units, which resulted in total revenue of approximately one hundred and fifteen million dollars (\$115,471,750.96). Sales revenue increased by 7.76% when compared to the figure for last year. Sales for goods sold in the UK were approximately 10% of the total revenue for the year.

JAMAICA BUSINESS INFORMATION CENTRES (JAMBICS)

The JAMBIC offices were established to strengthen the access to MSMEs located in remote parts of Jamaica. The offices are equipped to manage a range of services including technical, business, marketing and financial advice. For the period, JBDC operated seven (7) business information centres located in seven (7) parishes.



Jambic Outputs 2012-2013

Location	Male	Female	New Clients	Returning Clients	Total Clients
Montego Bay	190	271	259	202	461
Hanover	192	130	136	186	322
Negril	148	160	146	162	308
Mandeville	274	227	294	207	501
Ocho Rios	157	100	132	125	257
Port Antonio*	50	50	43	57	100
UWI	73	67	106	34	140
Total	1084	1005	1116	973	2089

* Location was closed in March 2013 due to budgetary constraints. However, monthly visits were made to the parish to provide assistance to our existing and prospective clients.

SPECIAL PROJECTS AND COMMUNITY RELATED INITIATIVES

The Furniture Jamaica Project

The Furniture Jamaica Project is an initiative developed to increase the competitiveness of the furniture industry and improve the contribution to Jamaica's industrial and economic development. The initial targeted beneficiaries were furniture manufacturers and producers experiencing raw material shortages or unavailability, those utilizing archaic production processes and those affected by the inadequate use of design and technology, among other related issues across Jamaica.

The JBDC technical team, including production engineers and designers made technical presentations and provided training to Furniture Manufacturers in Clarendon, Trelawny, St. James, St. Ann, St. Mary and Portland. Participants engaged in sessions such as trends in furniture design,

operations management, 5-S method of organization, industrial safety and maintenance. A few participants also received support in the design of collateral and advertising materials. Technical audits were also conducted in several facilities. Recommendations were given to the operators of the facilities audited.



Total number of persons participating in technical workshops	138
Total number of audits conducted	30

Significant Achievements

- Furniture Jamaica Resource Portal developed and launched in April 2012 (visit www.FurnitureJamaica.com)
- GIS Internet Based Web Map developed with over 400 entities
- The Jamaican Furniture and Wooden Products Industry Profile booklet developed and distributed to key stakeholders
- Eight (8) Technical Service Providers (TSPs) were trained to use TurboCAD Pro to design furniture.
- Five (5) prototype products were designed by JBDC, for which manufacturing was done by project beneficiaries.
- Business Clinics and sensitization sessions were conducted for manufacturers from the following parishes: Trelawny, St. James, Hanover, Clarendon, Manchester, in which over 300 industry practitioners were reached.
- Factory visits and preliminary audits conducted for 30 furniture companies in the parishes of Clarendon, St. James, Hanover, Trelawny, St. Ann, St. Mary and Portland
- Business Development and Technical workshops were conducted in the following areas: Shop Floor Improvement Techniques and Financial Planning and Management. One hundred and thirty-eight (138) manufacturers participated.
- Assessment and in-plant Technical Support rendered to one manufacturer- Leodor Company Ltd.
- Participation in two (2) local trade shows (JAPEX 2011 & JMA Expo Jamaica 2013)
- Development of collateral materials for three manufacturers

JBDC & Development Bank of Jamaica MSME Support Programme

The JBDC implemented projects under Memorandum of Understanding (MOU) agreements with the Development Bank of Jamaica (DBJ) and Ministry of the Labour and Social Security (MLSS). The JBDC/DBJ MOU supported the implementation of three (3) MSME development sub-projects namely: Craft Biz, Energy Management and Small Business Linkages. JBDC also continued collaborations with MLSS in implementing the Steps to Work Programme.

Craft Biz Project

The main objective of this programme was to strengthen business and technical competencies of craft entities, through business support and training as well as the provision of technical services including product development and market access support. The Craft Biz development project sought to assist 30 beneficiaries in making their products market ready. The project was implemented jointly by the Business Advisory Services and Things Jamaican departments.

Significant Achievements

1. From the programme, 30 beneficiaries gained from product development and enhancement training, packaging solutions, business formalization, preparation of business plans, facility improvement studies, support in receiving raw materials and much needed tools as well as promotional activities carried out and linkages made with larger companies.
2. The types of products developed under this project included footwear, apparel, jewellery, lamps, baskets, other leather products, as well as soft furnishings and paper models.

MSME Energy (Conservation and Efficiency) Management Project

This project is part of JBDC's thrust to promote energy conservation management as a means of strengthening the growth and development of MSMEs. The objectives included promoting efficient energy management, identifying and promoting renewable energy solutions for MSME businesses. The project targeted MSMEs in the craft, agro-processing, furniture & wooden products and fashion industries to benefit from the workshop and audit activities.

Significant Achievements

- Sensitization of over twenty (20) manufacturers and small hotel owners of the need for engaging in good energy management practices.
- Training of eleven (11) small manufacturers on Basic Energy Management Techniques
- Conducted energy audits and presented comprehensive audit reports to seven manufacturers and small hotel owners.
- Development of an energy tip booklet.
- Development of an MSME Energy Management Manual (the manual will be available for sale by November 2013)
- Facilitated training and certification of four Certified Energy Managers to support the JBDC pool of experts (2 JBDC Engineers also certified)

Small Business Growth and Distribution Linkages Project

The objective of this intervention was to strengthen the capacity of ten Micro and Small Enterprises of Spa and Aromatherapy products; allowing them to access financing and introduce products to new markets. Participants benefited from technical support, product enhancement and packaging, labelling, marketing exposure and linkages opportunities through participation in major trade events such as the 'Meet Jamaica Initiative' during the London 2012 Olympics in the United Kingdom.

The project adapted a clustering concept, marketing and labelling a range of Spa and Aromatherapy products under the Things Jamaican own-label, Spa Jamaica brand.

Significant Achievements

- Creation and development of Spa Jamaica signature product line that meets international standards
- Facilitation of local and international market exposure for all beneficiaries under this project. The range of products developed by beneficiaries under the Spa Jamaica Brand were showcased at the following events:
 - Jamaica in the Square (August 2012, Birmingham, UK)
 - Jamaica House (August 2012, London O2 Arena, UK)
 - Signature Sorrel (December 2012, Jamaica House, Kingston)

Steps to Work Programme PATH-Ministry of Labour and Social Security (MLSS)

The objective of this programme was to graduate beneficiaries from PATH, by providing them with business development training and employment skills to become economically self-sufficient. JBDC implemented business development training for approximately 676 individuals from all fourteen (14) parishes across the island.

Youth Empowerment Strategy (YES) Ministry of Labour and Security (MLSS)

The programme is an initiative by the MLSS, which provides an avenue to improve the quality of the labour force by providing access to lucrative employment opportunities for Jamaican youth. JBDC conducted one (1) workshop for twenty-five (25) participants from the communities of Drewsland and Trench Town.

Youth Upliftment through Employment (YUTE)

YUTE is a holistic programme designed to empower young people in troubled communities, by improving their employability. JBDC provided product development training in jewellery making from recycled material for forty-four (44) participants during five (5) workshops.

JBDC 5th Annual Small Business Expo

Recognized as the business event of the year, the 5th annual staging of the JBDC Small Business Expo was held in May 2012 at the Hilton Kingston Hotel. The event which began in 2008 is keen on fulfilling specific objectives which will assist in the sustainable creation and development of Micro, Small and Medium-Sized Enterprises (MSMEs) in Jamaica. Held under the theme 'Inside the Entrepreneurial Mind: From Ideas to Reality', the annual campaign provided new information, networking prospects and business creation and development opportunities for aspiring entrepreneurs, micro and small business owners.

In addition to recognizing the extraordinary entrepreneurial talent and contributions of local entrepreneurs, the Expo sought to unearth, expose and promote the skills and abilities of emerging and prospective business owners. One of the main highlights of the expo was an exhibition of the top three innovations by students who participated in Jamaica Business Lab's, I3 High School Entrepreneurship Competition - a contest which was sponsored by JBDC.

JBDC also presented the Business and Design Clinics, which featured critical services for prospective entrepreneurs, while existing businesses were able to secure diagnostic information to make their business operations more efficient.

Significant Achievements

- A total of 450 participants attended the event.
- Pre-registration was first introduced in an effort to minimize overcrowding on event day (120 participants were pre-registered).
- The event attracted new sponsors and exhibitors to the programme, with a total of five sponsors and 37 exhibitors confirmed.
- The programme attracted coverage from several media outlets. This resulted in nine (9) interviews (radio and TV), one (1) Outside Broadcast on Nationwide 90 FM and two (2) newspaper supplements respectively in the Gleaner and Jamaica Observer.



HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

It is the objective of the Human Resource Management and Development (HRMD) department to create a working environment that provides interesting and challenging work, supports innovations and diversity, enables individuals to take responsibility for their performance, promotes professional development and recognize and reward excellence.

The recruitment strategy for the year 2012-2013 was to attract and retain a highly trained and motivated workforce to ensure that JBDC's mandate to deliver quality business development services to the MSME sector was achieved.

The JBDC has a workforce of approximately 130 employees to execute the various objectives of the organization. In keeping with the succession plan and the development of the organization's human capital, three employees were promoted, 14 new employees were hired, while 12 employees were permanently appointed in their positions during the reporting period. Conversely, 15 employees separated from the organization in the same period.

Another activity during the year was the completion of job descriptions for all of the job positions in the company. This activity enables the organization to provide clear and important information of the required job duties and expectations. The completion of job descriptions works in tandem with the recruitment strategy as key job requirements are identified for use in the recruitment and selection strategy.

In a year when there were many economic downfalls, the HRMD division realigned its strategic human resource objectives to reflect the reality of the existing operating environment. In so doing, the department focused on using a blended-learning approach of coaching, in-house seminars and e-learning in order to maximize the reach of the restricted training dollar. From a commitment to having well trained managers and support staff, the JBDC through this unit, partnered with a number of corporate entities to deliver training workshops to all employees.

HRMD developed and implemented a total of fifteen (15) training programmes to equip employees with the requisite skills to carry out the organization's strategic objectives. Additionally, nine (9) external local programmes and four (4) overseas programmes were identified and employees were strategically selected to participate based on their functions.

HRMD ensures that the performance management system is effectively carried out as it is critical to helping employees perform at their optimal level. It is important that employees understand their roles and functions and how they contribute to the overall effectiveness of the organization. As such, the system was effectively implemented and monitored during the period which held management and employees accountable for their performance and rewarded accordingly.

To encourage staff morale and team building endeavours, the department executed numerous staff socials such as sports day, carol service and other activities. The department also procured a brokerage firm to negotiate valuable group health, life and personal accident insurance plans on behalf of the employees.

STAFF SOCIAL HIGHLIGHTS



JBDC inter-department Socials 2012 Highlights

A LATIN DANCE EXTRAVAGANZA (FSU)



1-2-3 CHA CHA CHA...
PUT YOUR LEFT FOOT IN...



WHOSE SEXY LEG THIS?



CHARMAINE DANCING AT LIGHT SPEED!

FUPPLE DECADE FLASHBACK (BAS)



IN TODAY'S NEWS, B.A.S. IS
REPORTING A SHARP INCREASE
IN THE NUMBER OF CLIENTS...



IT WASN'T ME WHO SAY SO.
IS MUTTY SAY SO!!

HI, LADY!! IF YU
NAH BUY NUTTN
STAP FEEL UP ME
GOODS DEM!



A VERY GLASHER MOMENT



SPIN....

...SLIP....



...CROWD REACTION!



...RECOVERY

you just can't keep Glasher down!



WHO KNEW SOPHIA COULD DANCE?



STRIKE A POSE... VOGUE!



MURDER SHE WROTE...

A TREAT FOR THE MIND, BODY & SOUL (TJ)



WORD IS THAT TJ IS NOW SELLING
COLGATE 'SUPER-WHITE' TOOTHPASTE.



MR. ROWE & HIS 'ROWE-SETTES'
THRILLING THE CROWD.



THE SECRET TO THE TJ GIRLS' CHARM...
...IT'S THE FOOD!

STAFF SOCIAL HIGHLIGHTS



SUPPORTING THE BRAND ESSENCE

The Corporate Communications Unit provides support to the organization's overall marketing and public relations efforts, by collaborating on all major projects, which help to ensure the JBDC brand essence is felt throughout the public space, in a variety of ways. From the development of strategic partnerships with major private and public sector entities, to the negotiation of media support, the execution of major corporate events and sponsorships, the unit integrates the various functions of the JBDC, through the creation of a cohesive communication strategy.

The unit is also responsible for identifying external events that align with the mandate of the organization. For the reporting period, the Corporate Communications Department developed and implemented a new integrated marketing communications programme that saw the sponsorship of related business development projects such as the National Commercial Bank (NCB) Nation Builders Award, Jamaica Business Lab's, I3 High School Entrepreneurship Competition, US Embassy Blues on the Green, Nationwide-Scotiabank Entrepreneurial Challenge Coaching/Mentorship programme and the Innovator's TV Show aired on TVJ.

The new marketing strategy, saw to the revision and updating of the JBDC corporate branding and collateral materials including the JBDC Quarterly Business Dialogue, JBDC Business Opportunity Profile Publications, JBDC and Things Jamaican online portals (website and social media platforms), banners and brochures. To reach fresh entrepreneurs and increase the brand's awareness, new features were also developed for the Annual Small Business Expo and an e-marketing platform created to engage entrepreneurs online, virally.



PUBLIC RELATIONS

For the just concluded financial year, the unit continued to provide support to empowerment-driven and socially positive programmes within secondary and tertiary schools and communities. JBDC offers support to programmes in the area of entrepreneurship, creative industries, productive and manufacturing sectors, business development, persons with disabilities and the growth of the MSME sector.

JBDC continues to collaborate with the University of the West Indies, Mona, in teaching the New Venture and Entrepreneurship and Introduction to Entrepreneurship courses. Approximately two hundred (200) students were enrolled in the programme during the reporting period. The course offers students a mix of theoretical and practical exposure to entrepreneurship in Jamaica, preparing them for business opportunities after university. In an arrangement with the Japanese International Cooperation Agency (JICA), the JBDC

also acquired technical support with the assignment of a Textile Designer to the Fashion and Craft Incubators for a period of two (2) years.

The designer is commissioned to provide support in developing textile products, while imparting new skills and techniques with staff and clients. The volunteer also assisted with the development of new collections for indigenous Jamaican motifs.

JBDC also maintained support for various charitable and social outreach programmes. This was particularly difficult amidst the decline in international and national funding, brought on by the harsh economic climate. Nonetheless, we continued to share our blessings and good fortune to those in need of financial and moral support. Worthy of special mention is our effort to support Mary's Child, a social programme under the Mustard Seed Communities that provides housing and support for teen mothers and their babies. The JBDC e-club hosted several social events such as birthdays and Christmas celebrations for the residents.

THE WAY FORWARD

“...pledge to be exemplary corporate citizens in all aspects of our operations.”

The Jamaica Business Development Corporation will continue to chart a strategic way forward to ensure the sustainable development of the organization and its stakeholders. Among the strategies essential to our growth is the continued focus on improving the efficiencies of the core function areas: Business Advisory Services, Technical Services, Industrial Secretariat Services, Marketing Assistance and Financial Support Services.

Special focus will be placed on repurposing the Industrial Secretariat and Financial Support Services Units, making the respective operations more project and research-focused and facilitating financial preparedness for MSMEs. We will also pay special attention to five key areas. These include investing in our human resource, fostering a culture of entrepreneurship, demystifying key policies and regulations that affect the MSME sector, providing international exposure for emerging fashion designers and strengthening our balance sheets.

We recognize the importance of having the right people trained in the right positions, in order to help the organization move forward. Therefore, we will continue to invest in the strategic development of our human resource and provide support to all our staff. Equally, we will continue to concentrate on delivering superior customer service and offer products and services of the highest quality.

To foster a culture of entrepreneurial development, focus will be placed on launching the MSME and Entrepreneurship Policy, tabled by the Ministry of Industry, Investment and Commerce, as well as emphasizing the benefits of operating in a logistics-centred economy. As our mandate encourages the sustainable creation and development of Micro, Small and Medium-sized Enterprises (MSMEs) in Jamaica, operations will drive the demystification of regulations and policies that help to strengthen their growth. Enhancements will be made to the fashion incubation programme, as developments progress for exposing emerging designers to international markets.

Finally, JBDC remains a strong and vibrant player in the business development circuits because of the support of a committed board of directors, management team, staff, partners and various stakeholders who are all critical to the success of the corporation. We wish to assure all our stakeholders that we are dedicated to operating to internationally recognized standards and pledge to be exemplary corporate citizens in all aspects of our operations.



Valerie Veira, J.P.
Chief Executive Officer



AUDITED FINANCIAL STATEMENTS

Jamaica Business Development Corporation
31 March 2013

Jamaica Business Development Corporation

Index

31 March 2013

Page

Independent Auditors' Report to the Members

Financial Statements

Statement of comprehensive income	1
Statement of financial position	2
Statement of changes in equity	3
Statement of cash flows	4
Notes to the financial statements	5 – 37



Independent Auditors' Report

To the Members of
Jamaica Business Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Jamaica Business Development Corporation, set out on pages 1 to 37, which comprise the statement of financial position as at 31 March 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

Jamaica Business Development Corporation

Statement of Comprehensive Income

Year ended 31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2013 \$'000	2012 \$'000
Subvention Income	5	273,698	216,056
Other income	6	90,189	92,265
		<u>363,887</u>	<u>308,321</u>
Selling and distribution expenses		(23,530)	(26,781)
Administrative expenses		<u>(312,810)</u>	<u>(330,399)</u>
Operating Profit/(Loss)		27,547	(48,859)
Finance expense	9	<u>(12,793)</u>	<u>(16,278)</u>
Profit/(Loss) before taxation		14,754	(65,137)
Taxation	10	<u>(5,834)</u>	<u>(19,884)</u>
Net Profit/(Loss), being Total Comprehensive Income for the Year		<u><u>8,920</u></u>	<u><u>(85,021)</u></u>

Jamaica Business Development Corporation

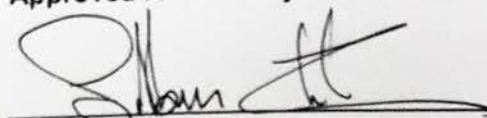
Statement of Financial Position

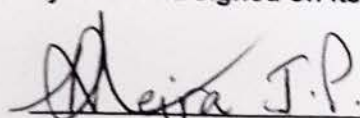
31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2013 \$'000	2012 \$'000
Non-Current Assets			
Intangible assets	11	74	161
Property, plant and equipment	12	31,370	33,952
Retirement benefit asset	13	120,592	79,561
Loans receivable	14	20,910	31,601
		<u>172,946</u>	<u>145,275</u>
Current Assets			
Inventories	15	3,653	7,272
Receivables	16	18,410	9,650
Current portion of loans receivable	14	29,587	29,740
Taxation recoverable		9,035	8,493
Cash and cash equivalents	17	41,458	111,713
		<u>102,143</u>	<u>166,868</u>
Current Liabilities			
Bank overdraft	17	6,821	12,323
Payables	18	55,634	44,689
Project liabilities	19	15,417	22,022
Borrowings	20	60,989	59,137
Taxation payable		14,923	14,923
		<u>153,784</u>	<u>153,094</u>
Net Current (Liabilities)/Assets		<u>(51,641)</u>	<u>13,774</u>
		<u>121,305</u>	<u>159,049</u>
Shareholders' Equity			
Share capital	21	1	1
Fixed asset reserve	22	42,538	43,104
Accumulated deficit		(39,716)	(49,202)
		<u>2,823</u>	<u>(6,097)</u>
Non-current liabilities			
Borrowings	20	97,747	150,245
Deferred tax liabilities	23	20,735	14,901
		<u>121,305</u>	<u>159,049</u>

Approved for issue by the Board of Directors on 31 January 2014 and signed on its behalf by:


Silburn Clarke Director


Valerie Veira Director

Jamaica Business Development Corporation

Statement of Changes in Equity

Year ended 31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Shares	Share Capital \$'000	Fixed Asset Reserve \$'000	Retained Earnings/ (Accumulated Deficit) \$'000	Total \$'000
Balance at 1 April 2011		100	1	43,672	35,251	78,924
Transfer from reserves	22	-	-	(568)	568	-
Net loss		-	-	-	(85,021)	(85,021)
Total comprehensive income		-	-	(568)	(84,453)	(85,021)
Balance at 31 March 2012		100	1	43,104	(49,202)	(6,097)
Transfer from reserves	22	-	-	(566)	566	-
Net profit		-	-	-	8,920	8,920
Total comprehensive income		-	-	(566)	9,486	8,920
Balance at 31 March 2013		100	1	42,538	(39,716)	2,823

Jamaica Business Development Corporation

Statement of Cash Flows

Year ended 31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

	2013 \$'000	2012 \$'000
CASH RESOURCES WERE PROVIDED BY:		
Cash flows from operating activities (Note 25)	1,156	4,035
Cash Flows from Financing Activities		
Long term loans received	-	10,000
Long term loans repaid	(54,998)	(27,755)
Short term loan	5,000	-
Interest paid	(15,574)	(18,990)
Cash used in financing activities	(65,572)	(36,745)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,314)	(1,976)
Purchase of intangible assets	-	(119)
Interest received	1,233	3,651
Cash (used in)/provided by investing activities	(1,081)	1,556
Effect of exchange rate changes on cash and cash equivalents	744	72
Decrease in cash and cash equivalents	(64,753)	(31,082)
Cash and cash equivalents at beginning of year	99,390	130,472
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	34,637	99,390

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

Jamaica Business Development Corporation is a limited liability entity which was incorporated in Jamaica on 3 May 2001. The registered office of the Corporation is located at 14 Camp Road, Kingston.

The Corporation commenced trading in May 2001 and its 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.

The shares of the Corporation are held by the Accountant General of Jamaica, a Corporation sole pursuant to the Crown Property (Vesting) Act, 1960.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

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 managements' 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.

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, interpretations and amendments to existing standards that have been published, became effective during the current financial year. The Corporation has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

- **Amendments to IFRS 7, 'Financial instruments: Disclosures'** on transfers of financial assets, promote transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. This amendment did not have a significant impact on the operations of the Corporation.
- **'Improvements to IFRS'** were issued in 2011 and contain several amendments to IFRS, which the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual standards. Some of the amendments are effective for annual periods beginning on or after 1 January 2012. There were no material changes to accounting policies as a result of these amendments.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Corporation.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Corporation

The following standards and amendments to existing standards have been published and are mandatory for the Corporation's accounting periods beginning after 1 April 2013 or later periods, but the Corporation has not early adopted them:

- **IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2015).** This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from what obtained under IAS 39.

While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted. The Corporation is considering the implications of the standard, the impact on the Corporation and the timing of its adoption by the Corporation.

- **IFRS 13, 'Fair value measurement', (effective for annual periods beginning on or after 1 January 2013)** aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The standard will likely result in extended disclosure in the financial statements and the Corporation intends to adopt IFRS 12 for the accounting period beginning on 1 April 2013.
- **IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after 1 July 2012).** The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- **IAS 19 (amendment), 'Employee benefits' (effective for annual periods beginning on or after 1 January 2013).** The impact on the Corporation will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Corporation intends to adopt the amendments to IAS 19 for the accounting period beginning on 1 April 2013.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Jamaican Dollars, which is the Corporation's presentation and functional currency.

(ii) Transactions and balances

Foreign currency transactions during the year are converted at the rates of exchange prevailing at the dates of the transactions. At the statement of financial position date, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Intangible assets

Computer software is capitalised on the basis of costs incurred to acquire and bring to use the specific software. These are amortised on the basis of the expected useful lives (3 years).

(d) Property, plant and equipment

Property, plant and equipment are recorded at deemed cost less accumulated depreciation. These assets are depreciated on the straight-line basis at annual rates estimated to write off the carrying value of the assets over their estimated useful lives as follows:

Building	2.5%
Leasehold improvements	20%
Computer equipment	25%
Furniture and fixtures	12.5%
Office equipment	16.67%
Motor Vehicles	20%

Land is not depreciated.

Repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the operating profit.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

(f) Taxation

Taxation on the profit and loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the statement of comprehensive income except, where they relate to items recorded in shareholders' equity, they are also charged or credited to shareholders' equity.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

Tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

(g) Employee benefits

(i) Pension assets

The Corporation operates a defined benefit retirement plan, the assets of which are generally held in separate trustee-administered fund. The pension plan is funded by payments from employees and by the Corporation, taking into account the recommendations of independent qualified actuaries.

The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the statement of financial position date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of operations so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(g) Employee benefits (Continued)

(i) Pension assets (continued)

The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability. A portion of actuarial gains and losses is recognised in the statement of operation if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeded 10 percent of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognised in the statement of comprehensive income over the average remaining service lives of the participating employees.

(ii) Annual leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

(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.

(h) Loans receivable

Loans are recognised 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 amortised 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, being 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.

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.

(i) Inventories

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(j) Trade receivables

Trade receivables are carried at original invoice amount less provision for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows. Bad debts are written off during the year in which they are identified.

(k) Trade payables

Payables are stated at historical cost.

(l) Borrowings

Borrowings are recognised initially at proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective yield method; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

(m) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with less than 90 days maturity from acquisition date, net of bank overdraft.

(n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Corporation's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts and after eliminated sales within the Corporation. Revenue is recognised as follows:

Subvention income

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

Sales of goods – retail

Sales of goods are recognised when the Corporation sells a product to the customer. Retail sales are usually on a cash basis.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(o) Government subventions relating to the purchase of property, plant and equipment

Subventions received and used for the purchase of property, plant and equipment are credited to fixed asset reserve and transferred to income on a straight-line basis over the expected useful lives of the related assets. Subventions received for operating expenses are credited to income on the cash basis.

(p) Project liabilities

Project liabilities are stated at historical cost.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(q) 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 of another entity.

Financial assets

The Corporation classifies its financial assets in the following categories: loans and receivables, and financial assets at fair value through profit or loss. 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. At statement of financial position date, loans to customers and trade and other receivables were classified as loans and receivables and cash and short term deposits were classified as financial assets at fair value through profit or loss.

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 statement of financial position date, the following items were classified as financial liabilities: trade and other payables, project liabilities and borrowings.

3. Financial Risk Management

The Corporation's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance.

The Corporation's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Corporation regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Corporation's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas.

(a) Credit risk

The Corporation takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Corporation by failing to discharge their contractual obligations.

Credit exposures arise principally from cash and short term deposits, receivables from customers and loans disbursed. The Corporation monitors its exposure to credit risk by placing credit limits on its customer's balances and setting a credit period.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process

(i) Trade and other receivables

The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Corporation offering them a credit facility. Credit limits are assigned to each customer and these limits are reviewed on an ongoing basis. Customers that fail to meet the Corporation's benchmark creditworthiness may transact with the Corporation on a cash basis.

The Corporation's average credit period on the sale of services is 15 days and 30 days for the sale of goods. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

(ii) Cash and short term deposits

Cash and short term deposit transactions are limited to high credit quality financial institutions.

(iii) Loans

The Corporation has established a credit quality review process involving regular analysis of the ability of borrowers to meet interest and capital repayment obligations.

The Corporation assesses the probability of default of individual borrowers on an individual basis. The Corporation assesses each borrower on three critical factors. These factors are the customer's credit history, ability to pay linked to the debt service ratio of 75%, character profile and the customer's economic stability, based on employment and place of abode.

The Corporation manages concentrations of credit risk by placing limits on the amount of risk accepted in relation to a single borrower or groups of related borrowers. Borrowing limits are established by the Development Bank of Jamaica. The maximum amount to be lent to each borrower is set at \$5,000,000.

Collateral

Exposure to credit risk is managed, in part, by obtaining collateral and personal guarantees. The amount and type of collateral required depends on an assessment of the credit risk of the borrower. Guidelines are implemented regarding the acceptability of different types of collateral. The principal collateral type provided for loans are bills of sale on items that were purchased from the proceeds of the loan.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process (continued)

(iii) Loans (continued)

Impairment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days or whether there are any known difficulties in the cash flows of counterparties, credit rating downgrades or infringement of the original terms of the contract.

The Corporation performs impairment assessment on individual balances.

Individually assessed allowances are provided for financial assets based on a review conducted at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at statement of financial position date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

The internal rating systems described above focus more on credit-quality mapping from the inception of lending activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements is usually lower than the amount determined from the expected loss model that is used for internal operational management purposes.

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Corporation:

- (i) Delinquency in contractual payments of principal or interest;
- (ii) Cash flow difficulties experienced by the borrower;
- (iii) Breach of loan covenants or conditions;
- (iv) Initiation of bankruptcy proceedings;
- (v) Deterioration of the borrower's competitive position; and
- (vi) Deterioration in the value of collateral.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The Corporation's maximum exposure to credit risk before collateral held or other credit enhancements at year end was as follows:

	2013	2012
	\$'000	\$'000
Loans receivable	50,497	61,341
Trade receivables	6,669	1,968
Other receivables	6,196	171
Cash and cash equivalents	41,458	111,713
	<u>104,820</u>	<u>175,193</u>

The table above represents a worst case scenario of credit risk exposure to the Corporation at 31 March 2013 and 2012, without taking account of any collateral held or other credit enhancements.

Exposure to credit risk for short term deposits

The following table summarises the Corporation's credit exposure for short term deposits at their carrying amounts, as categorised by issuer:

	2013	2012
	\$'000	\$'000
Government of Jamaica Securities	<u>6,155</u>	<u>92,420</u>

Exposure to credit risk for trade receivables

The following table summarises the Corporation's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	2013	2012
	\$'000	\$'000
Shops	777	498
Graphic department	4,186	1,707
Other	<u>1,978</u>	<u>-</u>
	6,941	2,205
Less: Provision for credit losses	<u>(272)</u>	<u>(237)</u>
	<u>6,669</u>	<u>1,968</u>

All trade receivables are receivable from customers in Jamaica.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are past due but not impaired

Trade receivables that are less than three months past due are not considered impaired. As of 31 March 2013, trade receivables of \$6,589,000 (2012 - \$1,608,000) of the Corporation were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of trade receivables that are past due but not impaired was as follows:

	2013	2012
	\$'000	\$'000
1 to 30 days	4,358	1,465
31 to 60 days	187	103
61 to 90 days	2,044	40
	<u>6,589</u>	<u>1,608</u>

Movement in provision for impairment of trade receivables

Certain trade receivables greater than 90 days are considered impaired and have been fully provided for. The movement in the provision for these trade receivables was as follows:

	2013	2012
	\$'000	\$'000
At 1 April	237	166
Provision for impairment	35	71
31 March	<u>272</u>	<u>237</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Exposure to credit risk for loans receivable

The following table summarises the Corporation's credit exposure for loans at their carrying amounts, as categorised by industry sector:

	2013 \$'000	2012 \$'000
Agriculture	15,878	19,936
Agro-Processing	4,900	986
Manufacturing	63,287	53,673
Service	33,722	42,202
	117,787	116,797
Less: provisions for impairment	(67,290)	(55,456)
	50,497	61,341

Credit quality of loans

Credit quality of loans is summarised as follows:

	2013 \$'000	2012 \$'000
Neither past due nor impaired	21,508	43,297
Past due but not impaired	24,180	18,044
Impaired	72,099	55,456
	117,787	116,797
Less: provisions for impairment	(67,290)	(55,456)
	50,497	61,341

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Aged analysis of past due but not impaired loans

Credit quality of loans is summarised as follows:

	2013 \$'000	2012 \$'000
31 to 60 days	16,121	7,178
61 to 90 days	7,909	10,866
	<u>24,030</u>	<u>18,044</u>

Of the aggregate amount of gross past due but not impaired loans, the fair value of collateral that the Corporation held was \$19,798, 000 (2012 - \$23,949,000).

(b) Liquidity risk

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

Liquidity risk management process

The Corporation's liquidity management process includes:

- (i) Maintaining committed lines of credit; and
- (ii) Optimising cash returns on investment.

The ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Corporation and its exposure to changes in interest rates and exchange rates.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities

The maturity profile of the Corporation's financial liabilities at year end based on contractual undiscounted payments was as follows:

	1 to 3 Months \$'000	4 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
2013					
Borrowings	33,953	30,377	100,227	-	164,557
Project liabilities	15,417	-	-	-	15,417
Trade payables	22,468	-	-	-	22,468
Other payables	33,166	-	-	-	33,166
Bank overdraft	6,821	-	-	-	6,821
	11,825	30,377	100,227	-	242,429
2012					
Borrowings	30,538	38,429	165,592	-	234,559
Project liabilities	22,022	-	-	-	22,022
Trade payables	20,033	-	-	-	20,033
Other payables	24,656	-	-	-	24,656
Bank overdraft	12,323	-	-	-	12,323
	109,572	38,429	165,592	-	313,593

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposits.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk

The Corporation takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Corporation's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign exchange risk arising from currency exposure with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Corporation manages its foreign exchange 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 maximising foreign currency earnings and holding foreign currency balances.

The Corporation does not have significant international operations and, accordingly does not have significant exposure to foreign exchange risk. Changes in foreign currency rates are not expected to have a significant impact on the Corporation. Foreign exchange risk arises primarily from investment transactions. At 31 March 2013, the Corporation had net United States dollar denominated monetary assets carried at a Jamaican dollar equivalent of \$8,623,000 (2012 – \$4,056,000).

The change in currency below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at year end for a reasonable expected change in foreign currency rates. This analysis includes cash and short term deposits. It should be noted that movements in these variables are non-linear.

	% Change in Currency Rate 2013	Effect on Net Profit 2013 \$'000	% Change in Currency Rate 2012	Effect on Net Loss 2012 \$'000
Currency:				
USD	+1	(86)	+1	(41)
USD	-10	862	-0.5	21

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation's policy requires it to manage the maturity of interest bearing financial assets and interest bearing financial liabilities.

The following tables summarise the Corporation's exposure to interest rate risk. It includes the Corporation's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	1 to 3 Months \$'000	4 to 12 Months \$'000	1 to 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
	2013				
Financial assets					
Loans receivable	6,310	14,339	19,458	5,195	45,302
Trade receivables	-	-	-	6,669	6,669
Other receivables	-	-	-	6,196	6,196
Cash and cash equivalents	13,343	-	-	28,115	41,458
Total financial assets	19,653	14,339	19,458	46,175	99,625
Financial liabilities					
Borrowings	26,250	36,559	89,938	5,989	158,736
Project liabilities	-	-	-	15,417	15,417
Trade payables	-	-	-	22,468	22,468
Other payables	-	-	-	33,166	33,166
Bank overdraft	-	-	-	6,821	6,821
Total financial liabilities	26,250	36,559	89,938	83,861	236,608
Total interest repricing gap	(6,597)	(22,220)	(70,480)	(37,686)	(136,983)

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (Continued)

	1 to 3 Months \$'000	4 to 12 Months \$'000	1 to 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
	2012				
Financial assets					
Loans receivable	6,345	15,215	36,896	2,885	61,341
Trade receivables	-	-	-	1,968	1,968
Other receivables	-	-	-	171	171
Cash and cash equivalents	96,476	-	-	15,237	111,713
Total financial assets	102,821	15,215	36,896	20,261	175,193
Financial liabilities					
Borrowings	26,875	29,375	151,500	1,632	209,382
Project liabilities	-	-	-	22,022	22,022
Trade payables	-	-	-	20,033	20,033
Other payables	-	-	-	24,656	24,656
Bank overdraft	12,323	-	-	-	12,323
Total financial liabilities	39,198	29,375	151,500	68,343	288,416
Total interest repricing gap	63,623	(14,160)	(114,604)	(48,082)	(113,223)

The Corporation's interest-bearing financial assets include loan receivable and cash and short-term investments. Interest-bearing financial liabilities include loan payable. The Corporation has little exposure to interest rate risk on these financial instruments as they attract fixed rates of interest. The Corporation has no other financial instruments at year end that are subject to interest fluctuation in the next 12 months. Interest-bearing financial assets and liabilities are disclosed in notes 14, 17 and 20.

(d) 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 monitor the return on capital, which the Corporation defines as net operating income divided by total equity.

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair values of financial instruments

In assessing the fair value of financial instruments, the Corporation uses a variety of methods and makes assumptions that are based on market conditions existing at the statement of financial position date.

The estimated fair values have been determined using available market information and appropriate valuation methodologies. However, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented below are not necessarily indicative of the amounts that the Corporation would realise in a current market exchange. The fair value of financial instruments is determined as follows:

- (i) 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 receivables, cash and short term deposits, bank overdraft, payables and short term loans.
- (ii) Long term loans incur interest at prevailing market rates and reflect the Corporation's contractual obligations. The carrying values of these liabilities closely approximate amortised cost, and are deemed to be the fair values of such liabilities as they attract terms and conditions available in the market for similar transactions.
- (iii) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Corporation makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements 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 made no significant judgments on the amounts recognised in the financial statements.

(b) Critical accounting estimates and assumptions

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

- (i) Income taxes
Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Critical accounting estimates and assumptions (continued)

(ii) Pension plan assets

The cost of these benefits and the present value of the pension depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumption used in determining the net periodic cost/(income) for pension and post employment benefits include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the net periodic cost/(income) recorded for pension and post employment benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Corporation determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-employment benefit obligations.

In determining the appropriate discount rate, the Corporation considered interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related pension liability. Other key assumptions for the pension and post employment benefit cost and credits are based in part on current market conditions.

5. Subvention Income

This represents operational subventions received from the Ministry of Industry, Investment and Commerce.

6. Other Income

	2013 \$'000	2012 \$'000
Miscellaneous income	10,338	3,619
Gross profit – shops	38,995	47,478
Services income	27,554	22,036
Interest income	13,302	19,132
	<u>90,189</u>	<u>92,265</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

7. Expenses by Nature

Total administration and selling and distribution expenses:

	2013	2012
	\$'000	\$'000
Advertising and promotion	5,960	3,037
Auditors remuneration	1,500	1,318
Bad debt expense	11,869	23,400
Depreciation and amortisation	4,983	6,166
Insurance	3,020	1,188
Other	27,285	13,531
Professional fees	3,563	10,617
Rental expenses	37,174	31,084
Repairs and maintenance	7,224	7,480
Security	5,497	5,489
Staff costs (Note 8)	206,224	229,162
Utilities and telecommunications	22,041	24,708
	<u>336,340</u>	<u>357,180</u>

8. Staff Cost

Staff costs comprise:

	2013	2012
	\$'000	\$'000
Wages and salaries	209,488	180,651
Payroll taxes – employer's portion	12,813	11,140
Pension costs (Note 13)	(34,704)	19,664
Other	18,627	17,707
	<u>206,224</u>	<u>229,162</u>

9. Finance Expense

	2013	2012
	\$'000	\$'000
Net foreign exchange gains	2,133	1,251
Interest expense -		
Bank	(14,926)	(17,529)
	<u>(12,793)</u>	<u>(16,278)</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

10. Taxation

The taxation charge for the year is comprised of:

	2013 \$'000	2012 \$'000
Deferred tax charge (Note 23)	5,834	19,884
	<u>5,834</u>	<u>19,884</u>

The tax expense differs from the theoretical amount that would arise as follows:

	2013 \$'000	2012 \$'000
Profit/(Loss) before tax	<u>14,754</u>	<u>(65,137)</u>
Tax calculated at 25% (2012 - 33 1/3%)	3,689	(21,712)
Adjusted for the effect of:		
Unutilised tax losses	-	42,394
Income not subject to tax	(106)	(727)
Changes in tax rates	1,727	-
Other charges and credits	<u>524</u>	<u>(71)</u>
	<u>5,834</u>	<u>19,884</u>

Subject to agreement with the Taxpayer Audit and Assessment Department, the Corporation has accumulated losses available for offset against future taxable profits, amounting to approximately \$152,675,000 (2012 – \$127,182,000) and may be carried forward indefinitely.

The deferred tax assets on these tax losses have not been recorded 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 differences can be utilised.

During the 2012/13 budget presentation, the Government of Jamaica announced a reduction in the corporate income tax rate for unregulated entities, from 33 1/3% to 25%, effective 1 January 2013. The change in the tax rate was signed into law on 28 December 2012. On 12 February 2013, the Government further announced that a surtax of 5% will be imposed on the taxable income of large unregulated entities. This additional tax was signed into law on 28 March 2013 and defined large entities as companies with income equal to or greater than \$500,000,000. As the company's income was below the threshold of \$500,000,000 set for large unregulated entities, the 30% tax rate has not been applied in determining the amounts for current and deferred taxation in these financial statements.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

11. Intangible Assets

	Computer Software \$'000
Cost -	
At 1 April 2011	2,716
Additions	119
At 31 March 2012 and 2013	2,835
Depreciation -	
At 1 April 2011	2,589
Charge for the year	85
At 31 March 2012	2,674
Charge for the year	87
At 31 March 2013	2,761
Net Book Value -	
31 March 2013	74
31 March 2012	161

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

12. Property, Plant and Equipment

	Land and Building \$'000	Leasehold Improvements \$'000	Furniture, Fixtures and Equipment \$'000	Motor Vehicles \$'000	Total \$'000
At Cost -					
At 1 April 2011	27,988	20,230	25,740	6,550	80,508
Additions	-	855	1,121	-	1,976
At 31 March 2012	27,988	21,085	26,861	6,550	82,484
Additions	-	-	2,314	-	2,314
At 31 March 2013	27,988	21,085	29,175	6,550	84,798
Depreciation -					
At 1 April 2011	2,595	12,641	22,462	4,753	42,451
Charge for year	422	3,374	1,498	787	6,081
At 31 March 2012	3,017	16,015	23,960	5,540	48,532
Charge for year	400	2,077	1,632	787	4,896
At 31 March 2013	3,417	18,092	25,592	6,327	53,428
Net Book Value -					
31 March 2013	24,571	2,993	3,583	223	31,370
31 March 2012	24,971	5,070	2,901	1,010	33,952

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

13. Retirement Benefits

Pension scheme

2013	2012
\$'000	\$'000

Assets recognised in the statement of financial position –

Pension scheme	120,592	79,561
----------------	---------	--------

Amounts recognised in the statement of comprehensive income (Note 8) –

Pension scheme	(34,704)	19,664
----------------	----------	--------

The Corporation participates in a defined benefit pension plan administered by Sagicor Life Jamaica Limited. Defined benefit plans are valued by independent actuaries using the projected unit credit method.

The amounts recognised in the statement of financial position are determined as follows:

	2013 \$'000	2012 \$'000
Present value of funded obligations	(128,987)	(97,340)
Fair value of plan assets	308,308	276,865
	179,321	179,525
Unrecognised actuarial losses	(58,729)	(71,443)
Unrecognised asset	-	(28,521)
Retirement benefit asset in the statement of financial position	120,592	79,561

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

	2013 \$'000	2012 \$'000
At beginning of year	276,865	250,997
Actuarial gains on plan assets	18,203	16,144
Employer contributions	6,327	4,869
Employee contributions	8,879	6,548
Benefits paid	(1,966)	(1,693)
At end of year	308,308	276,865

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

13. Retirement Benefits (Continued)

Pension scheme (continued)

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

	2013 \$'000	2012 \$'000
Asset at beginning of year	79,561	94,356
Total income/(expense)	34,704	(19,664)
Contributions paid	6,327	4,869
Retirement benefit asset at end of year	120,592	79,561

The amounts recognised in the statement of comprehensive income are as follows:

	2013 \$'000	2012 \$'000
Current service cost	(5,666)	(6,000)
Interest cost	(8,192)	(7,332)
Expected return on plan assets	18,420	20,431
Change in limitation on assets	1,621	1,758
Change in unrecognised asset	28,521	(28,521)
Total, included in staff costs (Note 8)	34,704	(19,664)

The actual return on plan assets was \$22,583,000 (2012 – \$20,113,000).

Expected contributions to the plan for the year ended 31 March 2014 amount to \$9,792,000.

The distribution of plan assets was as follows:

	2013 %	2012 %
Quoted equities	8	26
Real estate	31	4
Government of Jamaica securities	61	70
	100	100

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

13. Retirement Benefits (Continued)

Pension scheme (continued)

The five-year trend for the fair value of plan assets, the defined benefit obligation and the surplus in the plan is as follows:

	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
Fair value of plan assets	308,308	276,865	250,997	211,866	143,282
Defined benefit obligation	(128,987)	(97,340)	(82,300)	(66,462)	(39,948)
Surplus	179,321	179,525	168,697	145,404	103,334

The principal actuarial assumptions used were as follows:

	2013 %	2012 %
Discount rate	10.0	10.0
Expected return on plan assets	8.5	6.5
Future salary increases	6.0	5.0
Future pension increases	0.0	0.0

Other assumptions:

- (i) Post-employment mortality for active members and mortality for pensioners is based on the American 1994 Group Annuitant Mortality tables.
- (ii) All members are expected to retire at age 65.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

14. Loans Receivable

	2013 \$'000	2012 \$'000
Gross loans and advances	112,592	113,912
Less: provisions for loan losses	(67,290)	(55,456)
	45,302	58,456
Add: Loan interest receivable	5,195	2,885
	50,497	61,341
Less: Current portion	(29,587)	(29,740)
	20,910	31,601

These represent loans disbursed to various micro and small business owners from the pool of funds obtained for onlending from Development Bank of Jamaica and the Micro Investment Development Agency (Note 20). 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.

The aggregate amount of non-performing loans on which interest was not being accrued is as follows:

	2013 \$'000	2012 \$'000
Total non-performing loans	67,290	55,456

The movement in the provision for credit losses is as follows:

	2013 \$'000	2012 \$'000
Balance at beginning of year	55,456	39,368
Provided during the year	11,834	16,088
Balance at end of year	67,290	55,456

15. Inventories

	2013 \$'000	2012 \$'000
Merchandise	5,483	8,553
Less: Provision for slow moving items	(1,830)	(1,281)
	3,653	7,272

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

16. Receivables

	2013 \$'000	2012 \$'000
Trade	6,941	2,205
Less: Provision for doubtful debts	(272)	(237)
	6,669	1,968
GCT recoverable	4,514	6,182
Prepaid expenses	1,031	1,329
Other	6,196	171
	<u>18,410</u>	<u>9,650</u>

17. Cash and Cash Equivalents

	2013 \$'000	2012 \$'000
Cash	35,303	19,293
Short term deposits	6,155	92,420
	41,458	111,713
Bank overdraft	(6,821)	(12,323)
	<u>34,637</u>	<u>99,390</u>

Cash is comprised mainly of amounts held in current accounts which attract interest rates of 0.35% (2012 – 0.5%) per annum.

The average effective rate on Jamaican dollar denominated short term investments was 5.15% (2012 – 5.55%) per annum and these deposits have an average maturity of 25 days (2012 – 25 days). The average effective interest rate on United States dollar denominated short term investments was 2.42% (2012 – 2.45%) per annum and these deposits have an average maturity of 82 days (2012 – 30 days).

The accounting records of the Corporation reflect a bank overdraft which results from cheques issued but not yet presented to the bank. The Corporation transfers cash from short-term deposits to its current accounts only when required, a practice which results in a book overdraft occasionally. The Corporation does not have an actual overdraft with any of its bankers and no bank overdraft facilities were in place at year end.

18. Payables

	2013 \$'000	2012 \$'000
Trade	22,468	20,033
Accruals	28,677	22,679
Other	4,489	1,977
	<u>55,634</u>	<u>44,689</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

19. Project Liabilities

	2013	2012
	\$'000	\$'000
Development Bank of Jamaica/ MSME Development Fund	6,493	-
Development Bank of Jamaica	-	2,526
Furniture Incubator	-	10,568
Inter-American Development Bank (Government of Jamaica)	8,744	8,743
Income Cluster	180	185
	<u>15,417</u>	<u>22,022</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

20. Borrowings

(a) Composition of borrowings:

	2013 \$'000	2012 \$'000
Current –		
(i) Short term loan	5,000	-
Long term loans	55,989	59,137
	60,989	59,137
Non-current –		
Long term loans	97,747	150,245
	158,736	209,382

(b) Long Term loans

	2013 \$'000	2012 \$'000
(ii) Development Bank of Jamaica	131,499	181,500
(iii) Micro Investment Development Agency	21,248	26,245
Interest accrued	989	1,637
	153,736	209,382
Less: Current portion	(55,989)	(59,137)
	97,747	150,245

- (i) This loan was obtained from the Ministry of Industry Investment and Commerce to assist with the merchandising of Jamaica's products at the Jamaica 50th Celebrations in Birmingham. The loan is interest free.
- (ii) This loan was obtained for onlending 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 onlending 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 secured by a Parliamentary Guarantee issued by the Government of Jamaica.

- (iii) The loans were obtained for onlending 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 during the year and an extension was obtained on the repayment. The interest rate remains at 7% and the loan will be repaid in 18 quarterly installments commencing 31 March 2013. The loan should be fully repaid by June 2017.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

20. Borrowings (Continued)

The aggregate amount of principal payments required in each of the next five financial years and thereafter is as follows:

	2013 \$'000	2012 \$'000
2013	-	57,500
2014	60,000	57,500
2015	61,500	57,500
2016	30,000	35,245
2017	6,247	-
	<u>157,747</u>	<u>207,745</u>

21. Share Capital

	2013 \$'000	2012 \$'000
Authorised, issued and fully paid - 100 (2012 -100) no par, ordinary shares	<u>1</u>	<u>1</u>

22. Fixed Asset Reserve

	2013 \$'000	2012 \$'000
Balance at beginning of year	43,104	43,672
Transfers to income	<u>(566)</u>	<u>(568)</u>
	<u>42,538</u>	<u>43,104</u>

23. Deferred Income Taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a tax rate of 25% (2012 - 33 1/3%).

	2013 \$'000	2012 \$'000
Deferred income tax assets	(10,710)	(12,995)
Deferred income tax liabilities	<u>31,445</u>	<u>27,896</u>
Net liability	<u>20,735</u>	<u>14,901</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

23. Deferred Income Taxes (Continued)

The movement in the deferred income tax balance is as follows:

	2013 \$'000	2012 \$'000
Liability/(Asset) at beginning of year	14,901	(4,983)
Charged to the statement of comprehensive income (Note 10)	<u>5,834</u>	<u>19,884</u>
Liability at end of year	<u><u>20,735</u></u>	<u><u>14,901</u></u>

Deferred income tax assets and liabilities are due to the following items:

	2013 \$'000	2012 \$'000
Deferred income tax assets:		
Accrued vacation	4,466	5,422
Property, plant and equipment – decelerated tax allowances	5,997	7,027
Interest Payable	<u>247</u>	<u>546</u>
	<u><u>10,710</u></u>	<u><u>12,995</u></u>
Deferred income tax liabilities:		
Unrealised foreign exchange gains	-	416
Retirement benefits	30,148	26,518
Interest receivable	<u>1,297</u>	<u>962</u>
	<u><u>31,445</u></u>	<u><u>27,896</u></u>

The amounts shown in the statement of financial position includes the following:

	2013 \$'000	2012 \$'000
Deferred tax assets to be recovered after more than 12 months	5,997	7,027
Deferred tax liabilities to be settled after more than 12 months	<u><u>(30,148)</u></u>	<u><u>(26,518)</u></u>

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

24. Related Party Transactions

Key management compensation -

	2013 \$'000	2012 \$'000
Salaries and other short-term employee benefits	7,112	6,194
Payroll taxes – employer portion	597	532
Pension benefits	648	535
	<u>8,357</u>	<u>7,261</u>
Director's emoluments:		
Remuneration	8,113	7,381
Directors' fees	-	244

25. Cash Flows from Operating Activities

Reconciliation of net loss to cash generated from operating activities:

	2013 \$'000	2012 \$'000
Net Profit/(loss) for the year	8,920	(85,021)
Items not affecting cash resources:		
Depreciation	4,896	6,081
Amortisation	87	85
Increase in provision for doubtful debts	35	71
Increase in provision for loan losses	11,834	16,088
Interest income	(13,238)	(19,132)
Interest expense	14,926	17,529
Unrealised foreign exchange gains	(744)	(72)
Taxation	5,834	19,884
Retirement benefit asset	(41,031)	14,795
	<u>(8,481)</u>	<u>(29,692)</u>
Changes in operating assets and liabilities:		
Loans receivable	1,320	(5,222)
Inventories	3,619	1,238
Receivables	(8,795)	12,924
Loan interest received	9,695	14,411
Payables	10,945	5,856
Project liabilities	(6,605)	6,212
	<u>1,698</u>	<u>5,727</u>
Tax withheld at source	(542)	(1,692)
Cash provided by operating activities	<u>1,156</u>	<u>4,035</u>

DIRECTORS COMPENSATION FOR PERIOD

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Chairman	-	-	-	-	-
Director 1	-	-	-	-	-
Director 2	-	-	-	-	-
Director 3	-	-	-	-	-
Director 4	-	-	-	-	-
Director 5	-	-	-	-	-
Director 6	-	-	-	-	-
Director 7	-	-	-	-	-
Director 8	-	-	-	-	-
Director 9	-	-	-	-	-
Director 10	-	-	-	-	-
Director 11	-	-	-	-	-

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 (\$) *Seniority Allowance	Non-Cash Benefits (\$)	Total (\$)
Chief Executive Officer	2012-2013	7,684,313.77		487,860.00	365,497.08		39,999.96	8,577,670.81
Deputy Chief Executive Director	2012-2013	6,135,937.85		975,720.00	282,634.95			7,394,292.80
Finance Manager	2012-2013	4,727,022.95		975,720.00	200,077.71			5,902,820.66
Centre Director	2012-2013	3,382,285.00		813,100.00				4,195,385.00
Technical Services Manager	2012-2013	3,397,199.87		975,720.00	162,181.05			4,535,100.92
Human Resource Manager	2012-2013	2,830,007.59		975,720.00	134,719.65			3,940,447.24
Manager-Things Jamaica	2012-2013	3,287,500.03		975,720.00	154,126.44			4,417,346.47
Manager-Information Technology	2012-2013	2,682,378.95		773,756.45	113,082.05			3,569,217.45
Manager –Industrial Secretariat	2012-2013	3,176,435.97		975,720.00	148,940.10			4,301,096.07
Manager –Business Advisory Services	2012-2013	3,287,500.03		975,720.00	153,263.60			4,416,483.63
Manager –Financial Services Unit	2012-2013	2,927,217.96		975,720.00				3,902,937.96

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



14 CAMP ROAD

KINGSTON 4, JAMAICA W.I.

TEL: (876) 928-5161-5 / FAX: (876) 928-8626

TOLL FREE: 1 888-232-4357

Email: info@jfdc.net

INCUBATOR & RESOURCE CENTRE

76 MARCUS GARVEY DRIVE, UNIT 10A

KINGSTON 13

TEL: (876) 758-3966-8, (876) 618-0605

WWW.JBDC.NET

Find us on:

