



ANNUAL REPORT 2014 - 2015

STRENGTHENING THE CAPACITY OF JAMAICAN MSMEs



MISSION STATEMENT

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





CORPORATE PROFILE

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

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

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

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

For more information:

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MINISTER'S STATEMENT



The transformation of the Micro, Small and Medium-Sized Enterprise (MSME) sector reached unprecedented proportions in the year 2014-2015 as we embarked on a mission to strengthen the capacity of MSMEs across Jamaica, as we prepared our country for local and foreign investments.

We launched the Mobile Business Clinic and embarked on an island-wide quest to reach MSMEs, raising awareness and bringing well needed business support services to their parish capitals. Led by the Jamaica Business Development Corporation (JBDC), this was executed through a massive partnership which saw participation from several government agencies, as well as private sector entities who saw our vision and came on board.

We embraced this challenge with confidence, having conducted our research through the National Needs Assessment Survey which examined the needs of MSMEs in every parish. It therefore allowed us to penetrate each

locale with a Business Clinic tailor-made to address their specific needs. The findings highlighted access to financing as a major obstacle to growth, as well as, the need for technical support in key areas such as financial management, marketing and information technology. However, this initiative did not solely target existing MSMEs, but also anyone with an entrepreneurial mindset. As such, we worked to elevate entrepreneurship as, not just an alternative to seeking employment, but the avenue through which our people can innovate and create wealth.

The training of MSMEs featured significantly amongst the slate of initiatives implemented by the JBDC over the period. As the agency sought to address the obstacle of access to financing, the Proposal Writing Workshop (also attended by NGOs and public sector organizations) yielded tremendous results, with participants accessing over \$60 million in grant funding over the period. These funds will have a positive impact on their businesses and set them on the right path to growth.

High commendations are in order for the hardworking team at the JBDC, who consistently challenge themselves to find creative and innovative ways to continue to fulfil the agency's mandate as the premiere business development support service organization. With growth on our minds and in our hearts, we look forward to more initiatives and greater successes, as we play our part in making Jamaica the place of choice to live, work, raise families and do business.

Hon. Anthony Hylton, M.P.

Minister of Industry, Investment & Commerce

PERMANENT SECRETARY'S STATEMENT

The launch of the JBDC's Mobile Business Clinic Initiative (MBCI) was timely in that it served as a catalyst for the implementation of the MSME & Entrepreneurship Policy, demystifying for MSMEs on the ground, the policy framework within which they are required to operate.



The MSME & Entrepreneurship Policy seeks to address the numerous challenges faced by MSMEs which include lack of marketing capacity and broad operational capacity, business leadership, communication and technical skills. Many within the sector are also unfamiliar with the business development support services available to them, as well as operate informally thereby posing a challenge to the growth and development of the sector. The finalized Policy outlined the following as prescriptions: (1) Creating an Enabling Business Environment, (2) Increasing Finance to the Sector, (3) Enhancing Business and Development Support, (4) Fostering a Culture of Entrepreneurship and Innovation and (5) Tackling Cross-Cutting Issues.

Having been a key stakeholder in the development of the Policy, the JBDC took remarkable interest in playing its part through the Mobile Business Clinic Initiative consisting of 96 training sessions covering a broad range of business development subjects delivered by experts from several private and public sector entities along with the JBDC Team. A recorded 1529 participants island-wide benefited from the Initiative during the 2014-2015 financial year. The subject areas covered at the sessions were inextricably linked to the key tenets of the Policy, while sensitizing MSMEs to the various support services available to grow their businesses.

The JBDC deserves the highest commendation for its efforts in garnering financial support to make the MBCI a reality during a time of budgetary constraints. I congratulate the JBDC team on its commitment to steadfastly provide valuable and required support to existing and emerging entrepreneurs despite the challenges in the environment.

The Ministry of Industry, Investment and Commerce takes this opportunity to pledge its support in guiding the work of the JBDC and encourages the sector to continue to engage the services of the experts at the Agency in pursuance of growth and success for their businesses.

Vivian Brown

Permanent Secretary, Minister of Industry, Investment & Commerce

CEO'S OPERATIONAL REVIEW

The year 2014-2015 was one in which the Jamaica Business Development Corporation (JBDC) underscored the significance of private/public sector partnerships in achieving success within the MSME sector.



What began as a vision, turned to reality as major private and public sector entities placed confidence in our ability to achieve our mandate by contributing \$37,426,943 towards the launch and implementation of the ground-breaking Mobile Business Clinic Initiative (MBCI). For us, this was unprecedented and a testament to the gains the organization had made since its inception in 2001. We had come of age and it was time to extend our services and expertise in a more intimate platform so that MSMEs would understand the framework within which they were required to operate and how the JBDC, as well as other government and private sector entities could assist them in moving forward. After all, though the epicenter of economic activity, Kingston is not Jamaica.

Under the theme “Strengthening the Capacity of Jamaican MSMEs”, the main objectives of the MBCI are to facilitate business formalization, market access

Valerie Veira, J.P. - Chief Executive Officer

and market entry, to increase awareness of business development services, provide training, capacity development and technical support, promote sound entrepreneurial practices through public education programmes and to educate MSMEs about the Government’s reform agenda benefiting the sector (e.g. SIPP Act, Super-form, and Insolvency Act).

The project which is being implemented in major town centres and remote communities across Jamaica is being delivered over a three (3) year-period. This is JBDC’s deliberate attempt to strengthen support to the MSME sector in order to foster growth and improve competitiveness. As many micro and small businesses lack the organizational and management capabilities that will propel their success, phase one seeks to integrate the various support organizations and bring them directly to MSMEs across Jamaica. So far, a total of 1,529 Entrepreneurs have participated in seven Clinics across the island.

Another significant partnership manifested in the implementation of the North Coast Craft Revitalization Project (NCCRP), a collaborative effort between the JBDC and the Tourism Enhancement Fund (TEF) to improve the business competitiveness and product quality and design of Craft Producers on the North Coast valued at \$15 million. The project included a baseline study on the craft industry on the North Coast, business and product development workshops, assistance with tools and equipment, business formalization, as well as ongoing business development support. Overall, approximately 80 participants benefited from the initiative.

It is our hope that through our success in forging significant partnerships such as the above and others, we will inspire our clients will follow our lead and begin to embrace the “one-one cocoa” concept and seek to develop their own partnerships on the ground to grow their businesses. Initiatives such as clustering have proven to reap immense success globally. Though we have been able to establish clusters locally, there is still much ground to be covered in achieving buy-in from the sector. We will continue to work closely with those already established, so that their success stories will jolt their counterparts into action.

We sincerely hope that you will be inspired by this report and look forward to your support along this critical journey towards achieving economic growth.



DEPUTY CEO'S TECHNICAL REPORT



Harold Davis - Deputy CEO

The strengthening of the research agenda was pivotal to the JBDC's operations during the 2014-2015 financial year, as the agency prepared to launch its ground-breaking Mobile Business Clinic Initiative. Recognizing that each parish was unique in its business operations, information from the field would be critical in delivering customized interventions that would address the needs of the MSMEs in their various locales. As a result, the National Needs Assessment Survey was conducted by the Project Management & Research Department islandwide during August to September 2014, the first of its kind in Jamaica.

A total of 1500 micro, small and medium-sized enterprises participated in the survey and this represented 90% of the number of firms that were approached from a

sample which was developed from the Companies Office of Jamaica (COJ) listing of business proprietors (sole traders and partnerships) and companies. Twelve (12) parish specific reports were developed, forming the basis of the planning of customized programmes and interventions delivered at the parish level. The report highlighted several challenges to growth faced by MSMEs; chief among them - access to financing. It also pointed to variations in the demand for technical assistance by parish in areas including Financial Management, Marketing, Information Technology, General Management, Personal Management and International Trade. The National Needs Assessment Report was one of six research studies and research consultancies conducted over the period.

The JBDC assisted 3528 MSMEs during 2014-2015 financial year representing a 2.2% increase over the previous fiscal year during which 3450 MSMEs were assisted. Assistance was provided through approximately 5881 interventions across the broad spectrum of JBDC's services including business advice & consultation, financial advice, incubator and technical services, product development, research, project management and marketing support. Clients assisted represented the fashion, gift and craft, food and agro-processing, agriculture, manufacturing and service sectors.

A total of 3,607 clients/enterprises benefited from various forms of business support services from the Business Advisory Services team over the period. The total number of man-hours spent in client activities was 10,793. The department's flagship Business Monitoring Programme, which has been effective in achieving significant up-scaling of enterprises since its formal inception just

over two years ago, monitored 209 clients for the period. The team continues to be encouraged by feedback from clients such as, Melissa Preddie of Aviola Accessories: “JBDC is a family to me, it is comforting and reassuring to know that there is a government institution with caring and professional employees willing to help you with any query you need whenever possible. My recommendation to any aspiring Entrepreneur is to find a JBDC office nearest to you if you need help with your business because they really go the extra mile for you.” Eighty eight (88) persons were trained under the \$22.8 million Steps-to-Work project of the Ministry of Labour and Social Security designed to deliver interventions to approximately 5,000 clients, 15 to 64 years, who are beneficiaries of the Programme for Advancement through Health and Education (PATH). The aim is to wean beneficiaries from PATH, by providing them with training, entrepreneurship and employment skills to become economically self-sufficient and provide for themselves and their families. We are particularly proud of this project which highlights one of our major thrusts at the JBDC, which is capacity building.

At the JBDC, we operate by the mantra “From Concept to Market’. As such, the Technical Services Marketing Services divisions (through the Things Jamaican™ brand and chain of retail stores) played integral roles in driving business innovation and market access. More than 130 products were developed or enhanced for commercialization through assistance in design improvement, production techniques, packaging design and general design counseling to clients. Product Development Officers played an integral role in the North Coast Craft Revitalization Project (NCCRP) by enhancing a wide range of products including leathercraft, jewellery, wood/furniture, woven and knitted products developed by the participants. The three short term incubation (temporary) production facilities managed by the JBDC accommodated a total of twenty six (26) clients for the year (12 Fashion clients, 6 craft, 8 food/agro-processing).

Having conducted 129 marketing consultations, the Marketing Services division determined that 46% or 59 clients were deemed market ready and given access to the Things Jamaican™ marketing programme. Through various market channels, Things Jamaican™ completed transactions with approximately 22,481 consumers resulting in total revenue for the fiscal period being \$49,549,418, approximately 50% of which was from the food category. The 2014-2015 financial year was another one in which the immense value to be gained from partnerships was demonstrated. I therefore take this opportunity to express gratitude to some of our key partners: the Development Bank of Jamaica, Bureau of Standards Jamaica, Tourism Enhancement Fund (TEF), Ministry of Labour & Social Security, the National Commercial Bank, Fidelity Motors, Association of Chartered Certified Accountants International (ACCA), Bank of Nova Scotia Jamaica and the Jamaica Yellow Pages. We look forward to continuing these partnerships and sincerely hope that they will send a strong signal to potential partners that small business in Jamaica is big business.

BOARD OF DIRECTORS



Silburn Clarke
Acting Chairman



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



Kenyama Brown
Director



Michael Ennis
Director



Shannon Guthrie
Director



Yvonne McCormack
Director



Marva Peynado
Director



Mark Richards
Director



Sheldon Smalling
Director



MANAGEMENT TEAM



Valerie Veira
Chief Executive Officer



Harold Davis
Deputy Chief Executive
Officer



Ryan Peralto
Director, Incubator &
Resource Centre



Ann-Marie Brown
Manager, Administration



Paul Chin
Manager, Financial Services



Michele Cowan
Manager, Finance



Mervelyn Dougherty
Manager, Human Resource
Management & Development



Janine Fletcher-Taylor
Manager, Things Jamaican
Corporate



Neville Grant
Manager
Information Technology



Kenesha Nooks
Manager, Corporate
Communications



Colin Porter
Manager, Technical Services



Althea West-Myers
Manager, Business Advisory
Services



OPERATIONAL DISCUSSION AND ANALYSIS

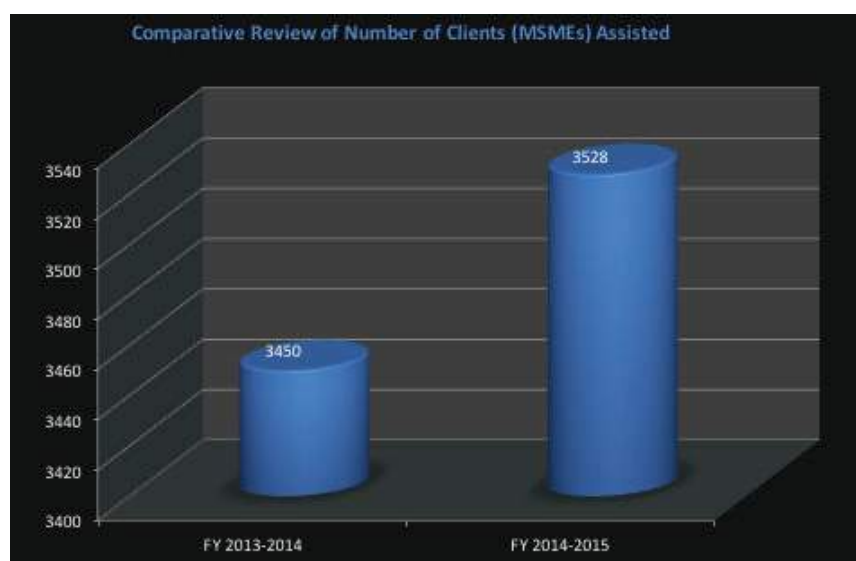
SUMMARY OF CORE FUNCTION AREAS

Business Advisory Services	Technical Services	Project Management & Research	Marketing Assistance	Financial Services
<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>With four (4) 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.</p>	<p>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.</p>

CLIENT OVERVIEW AND DEMOGRAPHICS

Total Clients

JBDC assisted 3528 MSMEs during 2014-2015 financial year representing a 2.2% increase over the previous fiscal year during which 3450 MSMEs were assisted. Assistance was provided through approximately 5881 interventions across the broad spectrum of JBDC's services including business advice & consultation, financial advice, incubator and technical services, product development, research, project management and marketing support. Clients assisted represented the fashion, gift and craft, food and agro-processing, agriculture, manufacturing and service sectors



New and Returning Clients

Approximately 1851 new clients accessed services through JBDC during the review period representing a 13% increase over FY 2013-2014. The number of returning clients accessed our services in FY 2014-2015 dipped by approximately 7% down to 1677 entrepreneurs when compared to 1811 entrepreneurs in FY 2013-2014. New clients have traditionally outnumbered returning clients as indicative of the trend for the past two fiscal years (10.5% increase in new clients in 2013/14 and 35% increase in new clients in 2012/13).

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

Comparative Review Percentage Change of Client In-Flow			
Returning Clients	1811	1677	-7.39 %
New Clients	1639	1851	12.93 %

1. The Business Advisory Services (BAS) department is the first point of contact for all clients. The numbers reported by BAS is used as a proxy to indicate the total clients seen.
2. The streamlining of the reporting parameters and processes across all departments contributed to a portion of this decrease..

INTERVENTIONS OVERVIEW

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

Business Advisory Services

Business Advisory Services accounted for the majority (80 %) of interventions administered by JBDC for the review period. This represents an increase of 5% in comparison to the previous period. Core business advisory services include: business consultation, business development training, business planning and business monitoring and mentoring.

Technical Services

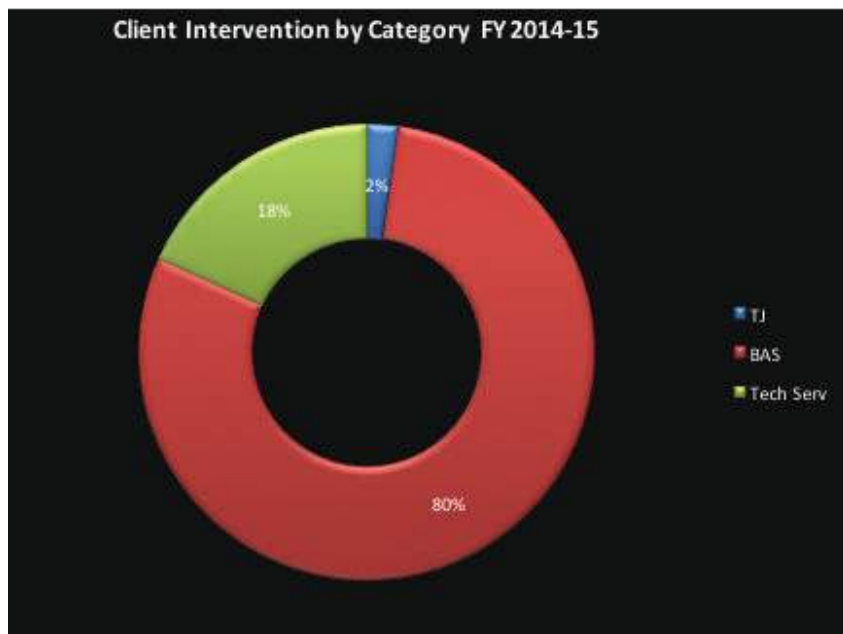
The focus of JBDC's technical assistance is product development inclusive of packaging design, product design and general product and process enhancement. In this regard, JBDC facilitated a total of 1071 technical assistance interventions during the review period, which accounted for 18 % of the organization's total interventions.

Marketing Assistance

Through strategic marketing, clients were provided with local and international market access via in-store and electronic promotion and participation in local and international trade shows provided by Things Jamaican; JBDC's Marketing Unit. A total of 129 interventions were facilitated which accounted for 2% of the total interventions.

Project Management & Research

The JBDC conducted a series of training sessions island-wide focusing on business and technical development. JBDC continued its series of proposal writing workshops to build capacity for MSMEs and institutional clients e.g. social enterprises, foundations and NGOs to access funding which resulted in over \$60 Million being awarded in grant funding to workshop participants since period leading to the close of the 2013/2014 period.



TRAINING INTERVENTIONS (VOLUME)

Table 2:

Business Development Training			
	FY 2013-2014	FY 2014-2015	% Change
No. of Training Sessions	91	32	- 65 % ▼
No. of Participants	1983	701	- 80 % ▲

The table above illustrates a comparative review of business development training sessions organized and convened by the JBDC for the FY 2013-2014 and FY 2012-2013. In keeping with the general trend, there was a decrease in the total number of training sessions and participants of 65% and 80% respectively. The Business Advisory Services department underwent a detailed review of its scheduled business development training curriculum during the reporting period and this resulted in a decline in the number of training sessions delivered for the financial year.

Table 3:

Technical Development Training			
	FY 2013-2014	FY 2014-2015	% Change
No. of Training Sessions	51	29	- 43 %
No. of Participants	436	188	- 56 %

The table above illustrates a comparative review of technical development training sessions organized and convened by the JBDC for the FY 2013-2014 and FY 2012-2013. Technical services recorded similar declines in the level of activity and participation to that of general business development training sessions as outlined above, technical development training sessions recorded a 43% decrease in sessions held – and level of participation – down by 56%.

Table 4:

Project Management and Research Training			
	FY 2013-2014	FY 2014-2015	% Change
No. of Training Sessions	1	4	75 %
No. of Participants	31	89	65 %

The table above illustrates a comparative review of project management and research training interventions the JBDC for the FY 2013-2014 and FY 2012-2013. The proposal writing and research coaching workshops were two of JBDC newest training offerings which were added in November 2013

Table 5:

Project Management and Research Training			
	FY 2013-2014	FY 2014-2015	% Change
No. of Training Sessions	1	4	75 %
No. of Participants	31	89	65 %

The table above illustrates a comparative review of technical development training sessions organized and convened by the JBDC for the FY 2013-2014 and FY 2012-2013. The Mobile Business Clinic interventions were added to increase MSME access to training information island-wide. Seven Mobile Business Clinics were held during the period with a recorded number of 96 workshops and presentation sessions, with over 1529 impacted.

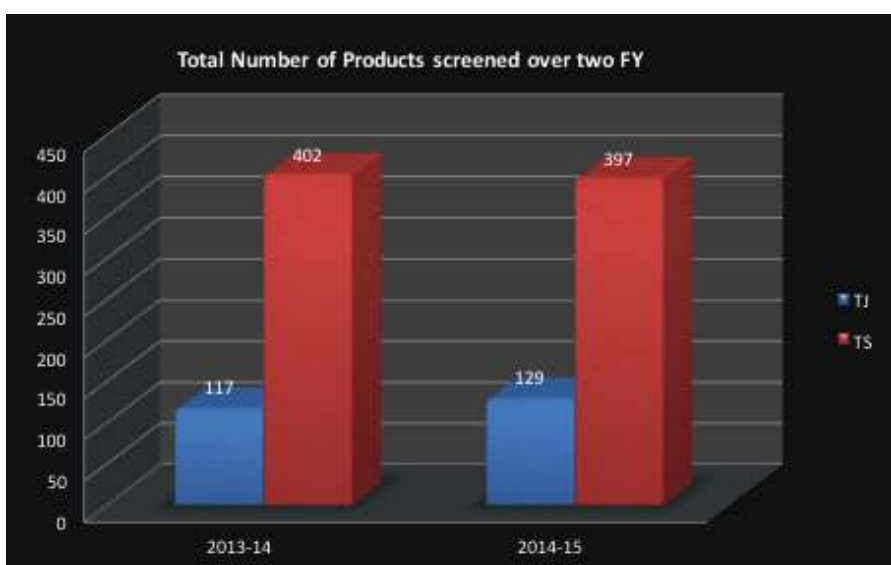
Product screening

Product Screening to assess the integrity of the overall design of a product, its quality and marketability are undertaken for the client group by the Technical Services and Marketing Services Units. Products screened during the period ranged from gift & craft, home accessories, and entertainment, to specialty foods, fashion and fashion accessories.

The graph illustrates the number of product screenings carried out by these two units for both FY2013-14-and FY2014-2015.

The Technical Services Unit recorded less than 2% decrease during the period under review, when compared to the previous financial year 2013-2014-2013; the Marketing Services Unit experienced an increase of just over 10% compared to screenings done by the unit in the FY 2013-2014.

Figure 3:





PROJECTS & PROGRAMMES

Steps to Work

Steps-to-Work is a project of the Ministry of Labour and Social Security which is designed to deliver interventions to approximately 5,000 clients, 15 to 64 years, who are beneficiaries of the Programme for Advancement through Health and Education (PATH). The aim is to wean beneficiaries from PATH, by providing them with training, entrepreneurship and employment skills to become economically self-sufficient and provide for themselves and their families.

Ultimately the project aimed to develop:

- a. the entrepreneurial competence and motivation
- b. knowledge and understanding of the nature and importance of business activity and the process of business formation and development
- c. knowledge and understanding of how businesses acquire and manage resources.
- d. the appropriate competencies of beneficiaries in Business Planning

Value	J\$22.8 Million
Duration	12 Months
Description / Achievements	Screening of interested persons to identify clients with requisite levels of aptitude and/or entrepreneurship experience for inclusion in Business Development training and support Training of 88 individuals in How to Grow your Business, Operating a Business in Jamaica and Basic Business Development

Community Renewal Programme (CRP)

Value	\$3 Million
Duration	24 Months
Description / Achievements	As a follow-up to the pilot phase of the CRP TALE Project in Majesty Gardens, a proposal was submitted to the CRP Secretariat which includes a comprehensive community development programme aided by capacity building in entrepreneurship that is scheduled for roll out in 17 other communities. JBDC's role included the conducting of assessments and the development of business development intervention including training for MSME participants.

JSIF-REDI – Business Development Consultancy

Value	\$8 Million
Duration	14 Months
Description / Achievements	JBDC was contracted by Jamaica Social Investment Fund (JSIF) to provide business development consultancy services to Rural Economic Development Initiative (REDI) beneficiaries. The achievements included: <ol style="list-style-type: none"> 1. Pre-feasibility assessments for ten (10) rural groups 2. Initial activities for business plan preparation started

North Coast Craft Revitalization Project

Value	\$15 Million
Duration	24 Months
Description / Achievements	<p>NCCRP was a collaborative effort between JBDC and the Tourism Enhancement Fund (TEF) to improve the business competitiveness and product quality and design of Craft Producers on the North Coast.</p> <p>Achievements included:</p> <ul style="list-style-type: none">Baseline study of the craft industry on the North Coast completedNine business and product development workshops covering marketing, financial management, product costing and pricing, customer service, garment construction, jewellery making, etc., delivered to over 80 MSMEsFacilitated the formalization of 55 MSMEs through the Companies Office of JamaicaApproximately 46 MSMEs assisted with sourcing tools and equipment76 MSMEs received one-on-one product development supportFacilitated participation of beneficiaries in 9 trade events which resulted in leads and sales for participantsOn-going business development support provided to beneficiariesDevelopment of branding aids and promotional tools for approximately 67 beneficiaries

North Coast Craft Revitalization Project



Michael Nash

North Coast Craft Revitalization Project



Viola Kerr

Proposal Writing Intervention

The intervention was conceptualized out of the need to increase access to funding to plug the financial gap of many businesses. The aim was to increase and enhance the capacity of participants to develop high-potential proposals to solicit assistance for business and developmental purposes.

Achievements

- Over \$60 million awarded in grant funding for organizations as a result of JBDC's technical assistance in developing proposal documents
- Two workshops attended by 51 participants representing Government (agencies and departments involved in MSME and developmental work); Private Sector (MSMEs) and Civil Society (developmental organizations)
- Over 500 hours of coaching and mentoring delivered
- Development and distribution of donor registry to participants
- 8 Proposals completed and submitted for funding by organizations that participated workshop #1

Falmouth Business Opportunity Project

Value	\$1.4 Million
Duration	24 Months
Description / Achievements	<p>Under this initiative, JBDC provided consultancy services through conducting a baseline study to inform the Business Opportunity in Falmouth Project. The focus of the Business Opportunity Project is to enhance the physical layout and ambiance of specific streets in Falmouth. Achievements:</p> <ul style="list-style-type: none">• Conduct mapping of businesses in target areas• Conduct survey and stakeholder consultations with businesses in the target area• Compile detailed report including recommendations based on findings from the consultation and survey activities



BUSINESS ADVISORY SERVICES

Summary of Client Activity

A total of 3,607 clients/enterprises benefited from various forms of business support services over the period.

- Training (Customized and Pre-designed)
- Business Plan preparation and review
- Client consultation
- Hand-holding and monitoring
- Business Assessments/Audits

The total number of client interventions for the period was 6,406 while the total number of man-hours spent in client activities was 10,793:41.

Client Profile

Male to female ratio: 52.2% male; 47.1% female

New to returning client: 52.9% new; 47.1% returning

Figure 4:

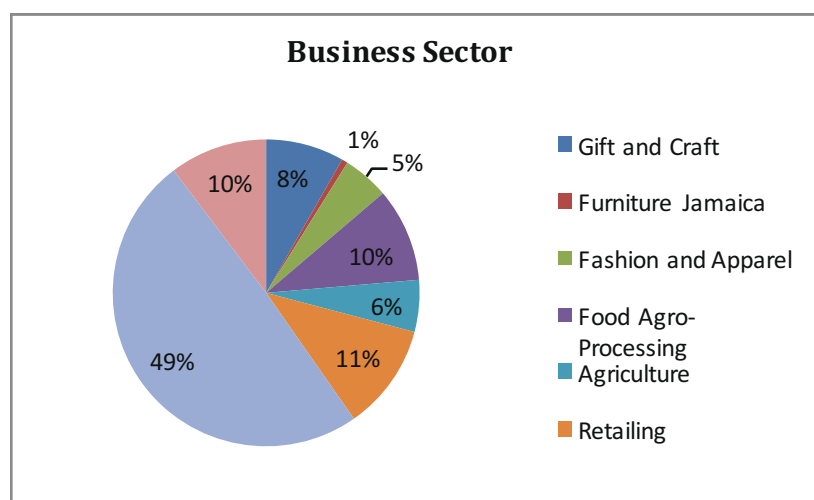
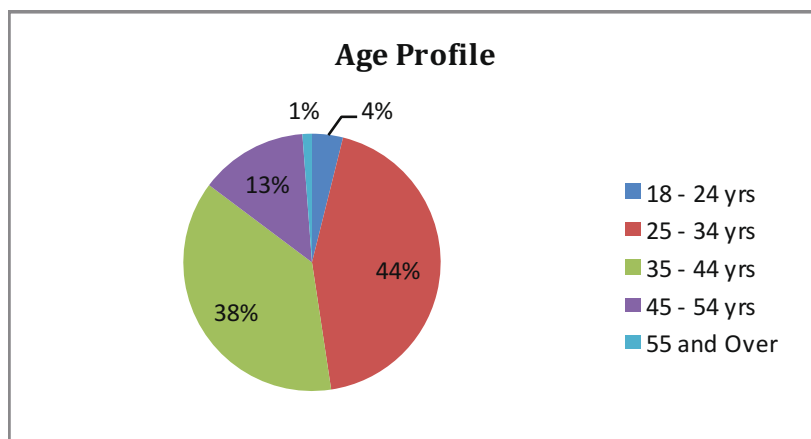


Figure 5:



BUSINESS MONITORING PROGRAMME

JBDC's business monitoring programme is designed as an eighteen to twenty-four-month hand-holding intervention. Entrepreneurs who seek business support from the JBDC are assisted in starting, managing and growing successful, profitable enterprises. The programme specializes in helping fledgling businesses make a turn-around. The monitoring programme has been effective in achieving significant up-scaling of enterprises since its formal inception just over two years ago. For the period 2014-2015 209 clients were monitored. The following testimonial is from one such client, Melissa Preddie of Aviola Accessories.

Client Testimonial

"Jamaica Business Development Corporation has been of tremendous help to me. They along with Mrs Terry-Ann Clahar-Weir, my Business Development Officer have been there with me since the start of the business to assist and guide me through all the challenges I faced. With their help I was granted the opportunity to participate in workshops centred on the development of my business. Workshops included: Product Development, Financial Management, Records-keeping, Marketing, Costing and Pricing, Tax Administrative Information and Production Space Layout. These sessions have proven to be beneficial and are incorporated into the business daily.

I have also had the opportunity to be a part of the JBDC/DBJ Craft Biz Project which provided a grant for packaging and labelling, JBDC Marketing Seminar and Product Exhibition, JBDC Small Business Expo and Conference under the 'Craft Biz' project, N.C.U Business Expo & Symposium and the Tourism Appreciation Day Expo. All of these ventures have provided Product awareness to the public and also networking opportunities with other local Entrepreneurs and Business Leaders. Presently, with the help of JBDC I am privileged to be a participant in the Young Women of Purpose Entrepreneurship Program that is providing me with business training sessions and financial aid in the form of



a grant that will help in acquiring much needed equipment which will enhance the quality of the products.

As the business develops, it is my hope that by continuously working with JBDC, it will help us to identify low interest funding for equipment and eventually a manufacturing plant to increase production. I am confident that with their help the business will be on its way to becoming the lead local manufacturer of recycled products while at the same time advocating the importance of recycling.

JBDC is a family to me, it is comforting and reassuring to know that there is a government institution with caring and professional employees willing to help you with any query you need whenever possible. My recommendation to any aspiring Entrepreneur is to find a JBDC office nearest to you if you need help with your business because they really go the extra mile for you."

Melissa Preddie
Aviola Accessories





PROJECT MANAGEMENT & RESEARCH

Project Management & Research

The theme that guided the operations of business and task execution in the Project Management and Research Department was “Business Unusual”. In light of this, 70% of the Department’s resources were focused on growing market share relative to specialized training solutions, research consultancies and proposal writing opportunities. The other 30% of the Unit’s time was consumed with offering internal support to all other Departments inclusive of the executive office and preparing proposals for development funding.

Research Studies and Research Consultancies

1. Designed and executed National MSMEs Needs Assessment Survey among 1500 businesses in Jamaica
2. Prepared and released 12 parish-specific Needs Assessment Reports (Jamaica). The Parish reports were circulated among JBDC’s key stakeholders
3. The Development Bank of Jamaica contracted JBDC to design and implement two key studies focusing on the Animation Industry in Jamaica and High-growth Potential Industries. Both studies were executed and the final reports submitted to DBJ.
4. The Jamaica National Agency for Accreditation (JANAAC) contracted JBDC to design and implement its employee engagement and customer satisfaction surveys. Both studies were successfully executed and the reports submitted to JANAAC.
5. JBDC was contracted by the Port Authority of Jamaica to design and execute baseline market research that was to inform the development of the Business Opportunities in Falmouth Project. The study was successfully completed and the report handed over to PAJ for further action.
6. The Women Entrepreneurs Network of the Caribbean (WENC) contracted JBDC to design and execute an 8-Country Caribbean Wide study assessing and documenting the needs of women-led small businesses. The project was successfully completed and the relevant reports submitted to WENC.

Training

The Unit significantly expanded its training portfolio during this financial year with a total of 6 workshops being conducted benefiting 126 learners; the details of which are provided below:

1. Research Coaching for HR Practitioners – This workshop was designed exclusively for HR professionals operating within the MSME sector and large organizations. It aims to strengthen the capacity of learners in designing and executing research studies with the added advantage of learning industry best practices from Employers of Choice who co-presented at the workshop. A total of 2 of these workshops were hosted during the period with 33 HR Practitioners in attendance.
2. Applied Research Methods Workshop – This intervention was designed to strengthen the capacity of end-users to both conduct strategic research and use the results to enhance business processes. One session was held during the review period and a total of 26 business leaders were in attendance.

3. Tapping into Donor Funds Proposal Writing Workshop – This workshop started out as a project that was part-funded by the Development Bank of Jamaica aimed at strengthening the capacity of MSMEs in proposal writing for the purpose of attracting funding to their businesses. The project terminated in 2014 and the JBDC managed to convert this product into a ‘regular’ service offering by re-investing funds and growing the brand of the workshop. During the review period, the Department started focusing efforts on offering customized Proposal Writing Workshop sessions to the public. A synopsis of the performance of this product follows:



Workshop Facilitator Beverly Stewart addresses participants at Tapping Into Donor Funds Proposal Writing Workshop



Participants in the Tapping Into Donor Funds Proposal Writing Workshop

- a. A total of 3 workshops were held (1 scheduled and 2 customized sessions) with a total of 67 leaders from the private and public sectors being trained. Customized sessions - i. People's National Party contracted JBDC to train 25 MPs in Proposal Writing and ii. St. Patrick's Rangers contracted JBDC to train 10 community leaders and project implementers in proposal writing.
- b. From the inception of the Proposal Writing Workshop (November 2013) to March 31, 2015, over \$32 Million in grant funding was accessed by beneficiaries of the JBDC Tapping into Donor Funds Proposal Writing Workshop.

Proposal Preparation

Proposal preparation and responding to RFPs, bid requests and proposal calls is a key function of the Department. During FY 2014-2015, the following proposals were prepared:

1. DBJ Desk Research Study on the Animation and High-growth Potential Industries Report
2. JANAAC's Employee Engagement and Customer Satisfaction Research Study
3. TPDCo's / OAS Virtual Resource Centre
4. IADB Tourism Sector Value Chain Project
5. DBJ Voucher Proposal to gain Business Service Intermediary Status
6. Implementation and Development of a Training Programme for the Economic Development Council (Belize)
7. Kingston Wharves Ltd. Employee Engagement Survey
8. Dental Medical Supplies Caribbean Wide Needs Assessment Survey
9. Michele Smith Vending Machine Feasibility Study
10. Proposal Writing Training for 17 Directors at Ministry of Water, Land, Environment and Climate Change
11. Mobile Business Clinic Concept document
12. Market Research in 4 OECS Countries
13. Train 25 MPs for the People's National Party



TECHNICAL SERVICES

Technical Services / Incubator and Resource Centre

The Technical Services department continues to play a critical role in realizing the JBDC's mantra – 'from concept to market' by guiding our clients in their efforts to develop products which meet market requirements.

Product Development

Over One Hundred and Thirty products were developed or enhanced for commercialization through assistance in design improvement, production techniques, packaging design and general design counselling to clients. Product Development Officers played an integral role in the North Coast Craft Revitalization Project (NCCRP) by enhancing a wide range of products including leathercraft, jewellery, wood/furniture, woven and knitted products developed by the participants. The team also supplied six T-shirt designs for Things Jamaican's "Irie Magic" collection.



NCCRP product samples

The team also benefitted from the expertise of a Senior Japanese Volunteer under the Japan International Cooperation Agency's (JICA) programme, who was assigned to JBDC. Mr. Yukio Ueno, a furniture design expert, introduced new techniques in furniture design, using scaled models to prototype new pieces. Designers and the engineer who were assigned to work with Mr. Ueno also acquired the technique. Full scale furniture pieces were also developed in partnership with JBDC furniture clients. One such client, Outdoor Projects, fabricated pieces on commission for a local retail outlet, Spaces Limited.



Side Table designed by Mr. Ueno and made for Spaces Ltd.

Capacity Building

Seventeen (17) technical workshops were conducted during the period with a total of seventy four (74) MSMEs in attendance. The workshop sessions focused primarily on building the capacity of MSMEs in New Product Creation (specifically in jewellery, footwear and food products).

Workshops in technical areas such as Energy Management, Good Manufacturing Practices (GMP), Fashion Practices (patternmaking) and Screen Printing Production were also covered.



Key highlights included training a small cadre of students from the Alpha Boys Home in screen printing t-shirts. Alpha introduced a line of branded Alpha T-shirts for which the students did the printing, initially with the guidance of JBDC's screen printing specialist. The shirts were available commercially in Things Jamaican and other retail outlets.

The department assessed twenty one (21) production facilities for productivity related issues and for conformance to required GMP and other standards. The

majority of these facilities were

Agro-based manufacturers. Our assistance allowed them to be duly certified by the Bureau of Standards.

The team also worked closely with other government agencies integral in the development and certification or registration of products by MSMEs. Approximately one hundred and twenty three (123) clients were referred to the Bureau of Standards for product and label certification. Thirty two (32) clients were referred to the scientific Research Council for product certification and further product development, and one hundred and four (104) clients referred to the Jamaica Intellectual Property Office (JIPO) for IP registration of various types.

Another key area of support is the provision of a series of value added services such as the design, printing and distribution of over one hundred thousand (100,000) garment care labels to MSME apparel manufacturers, the design of logos, labels and other branding materials as well as printing for over three hundred (300) clients.

Incubation Programme (Temporary Production Facilities)

The three short term (temporary) production facilities managed by the JBDC accommodated a total of twenty six (26) clients for the year (12 Fashion clients, 6 craft, 8 food/agro-processing). Products ranging from fashion collections, school uniforms, metal and shell based jewellery, leathercraft, soy-based ice-cream, sauces, jams and coconut water were all produced in the respective spaces.



MARKETING SERVICES

MARKETING SERVICES

Through the brand and chain of retail stores, Things Jamaican, the objective of the Marketing Services division is to expand and improve marketing support for MSMEs in the productive sector.

Marketing Consultation

Approximately one hundred and twenty-nine (129) marketing consultations were conducted to determine market readiness and market access opportunities for clients. Of these consultations, 46% or 59 clients were deemed market ready and given access to the Things Jamaican marketing program.

Increase Producer Market Exposure

- a) Market introduction, penetration and expansion activities were primarily facilitated through retail activities and events participation and hosting:-
 - 10 Local events (not inclusive of 4 mobile business clinics)
 - 29 Supplier led promotion events
 - 30 In-store promotions
- b) Through various market channels, Things Jamaican completed transactions with approximately 22,481 consumers.
- c) Total revenue for the fiscal period was \$49,549,418

Figure 6:

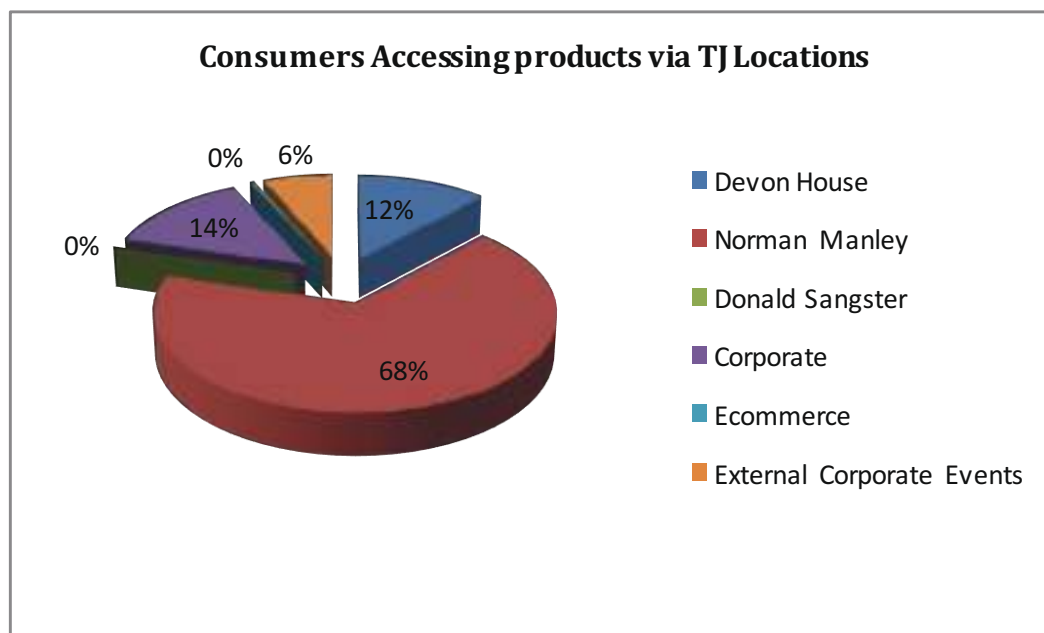


Figure 7:

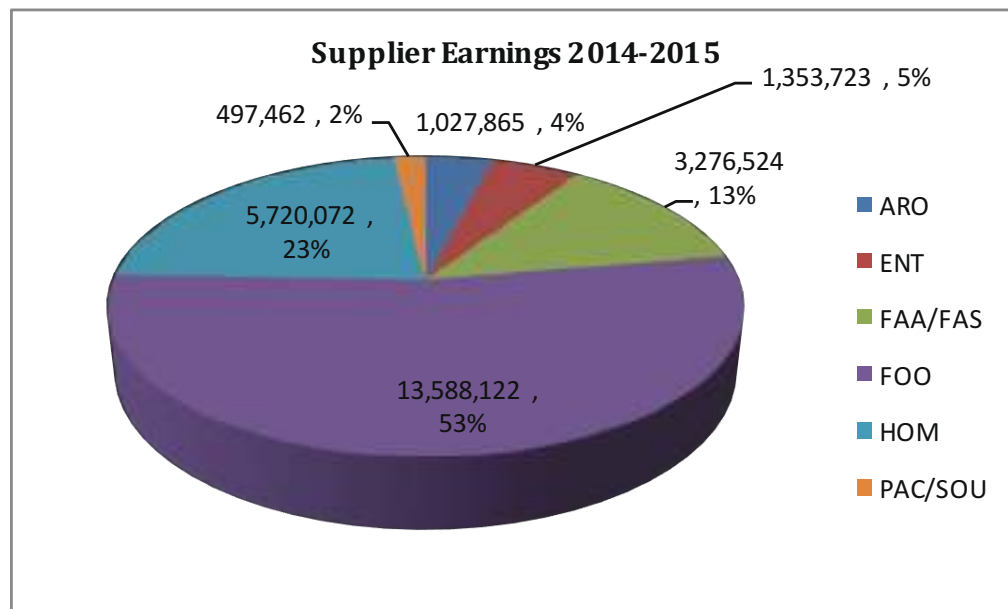
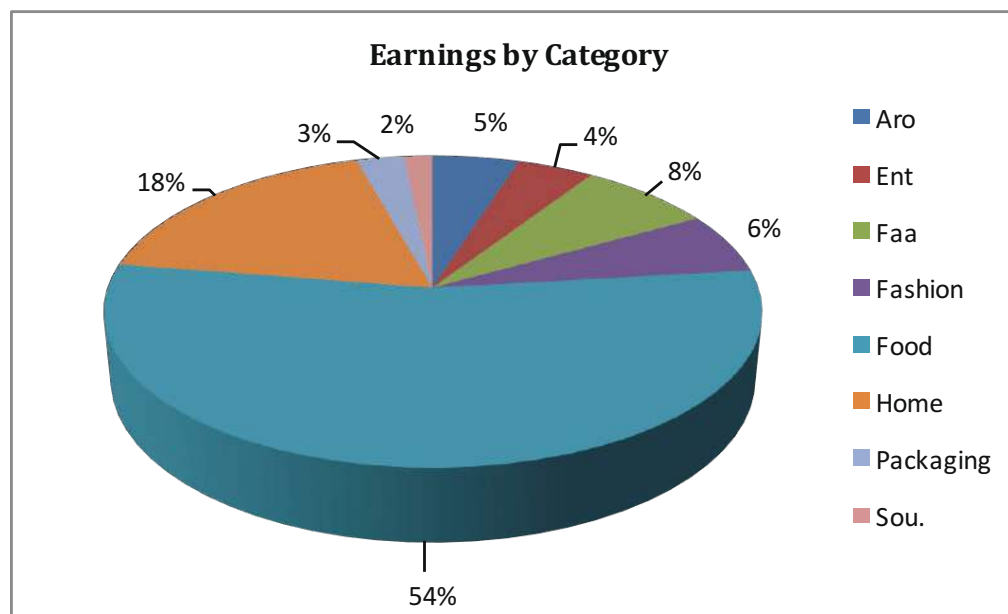


Figure 8:



d) Contraction of Retail outlets

- MBJ Store closure – April 2014

- c) One (1) distribution contract was signed with Hyatt Ziva and Zilara hotel to furnish the property's banqueting area with a wide range of products including serving and salad bowls, bread baskets, trays, cutting boards, jerk pans, coconut and peanut carts. To date, two (2) orders have been received and ten (10) Things Jamaican suppliers benefited from the intervention.

Market Research and Testing

- Three (3) research reports were completed giving consumer feedback and recommendation on products being supported in the retail stores and at trade events.
- Approximately 24 NCCRP participants benefited from market exposure at the following events:
 - JBDC Small Business Expo & Conference
 - Caribbean Micro Finance Forum
 - Jamaica Product Exchange (Japex)



Things Jamaican team members Camille Hyatt-Wisdom and Nicola Williams (L-R) pose for the camera at the Small Business Expo and Conference

Branding Promotion of Things Jamaican and its Alignment with Brand Jamaica

The JBDC, through its Marketing Services Department has sought to clearly articulate the aligning of the “brand Jamaica” message with its products and services. This has been demonstrated by the ongoing dialogue with partner agencies and ministries. This is evidenced by Things Jamaican’s participation in a number of events. A few are mentioned below:

- “Regional Transformation Through Innovation & Investments”- Jamaica Stock Exchange – Jamaica Pegasus Hotel, Kingston
- Speed Networking Events – The Linkages Hub, MOTE - Half Moon Hotel, Montego Bay, St. James
- Jamaica Investment Forum 2015 –JAMPRO, Montego Bay Convention Centre
- Speed Networking – The Linkages Hub, MOTE - Jamaica Pegasus Hotel

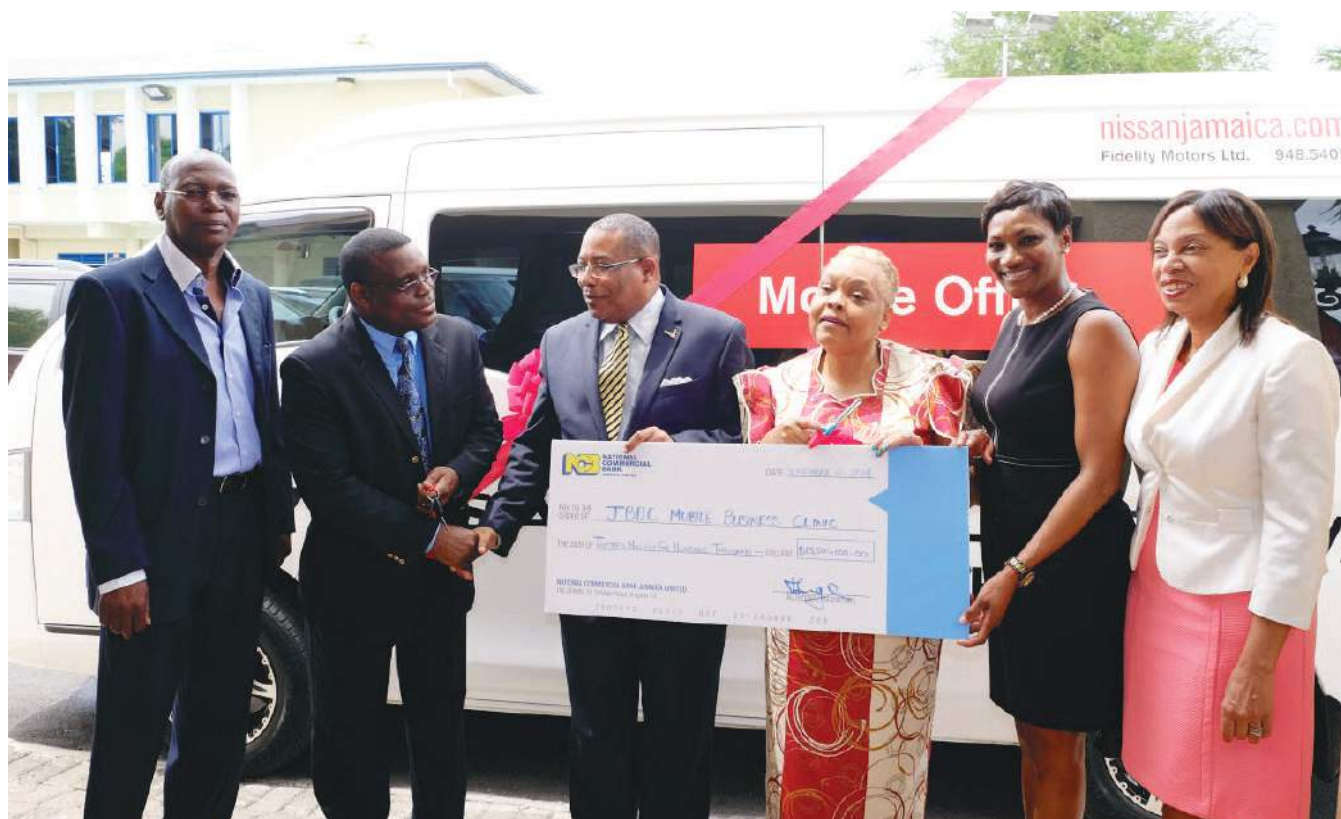


CORPORATE COMMUNICATIONS

CORPORATE COMMUNICATIONS

The Corporate Communications Unit provides support to the organization's overall marketing and public relations efforts, by collaborating on all major projects to ensure that all communications goals are met. In addition to identifying suitable activities with which to align the brand, the Corporate Communications Unit also provides a platform, through the hosting of flagship events, for the promulgation and promotion of the JBDC's products and services to the target market. The following is a synopsis of major events undertaken by the Unit for the reporting period April 1, 2014 to March 31, 2015.

The year was an exciting one for the Corporate Communications Unit which led the launch and execution of the JBDC's ground-breaking **Mobile Business Clinic Initiative** in September 2014 under the theme "**Strengthening the Capacity of Jamaican MSMEs**".



NCB's Senior General Manager for Retail Banking Audrey Tugwell Henry (right) presents a cheque for \$13.5 million to the Chief Executive Officer of Jamaica Business Development Corporation, Valerie Veira (second right), while Minister of Industry, Investment and Commerce, Anthony Hylton (second left), and JBDC Acting Chairman, Silburn Clarke look on.

The Unit successfully negotiated sponsorships and partnerships with key private and public sector entities, amassing approximately \$37,426,943.97 in cash and kind as follows:

National Commercial Bank (Title Sponsor) – \$13,500,000

Fidelity Motors (Exclusive Transport Partner) – 3 Nissan Urvan vehicles \$16,500,000

Government of Jamaica/EU & Monitoring Units - \$4,000,000

Bureau of Standards - \$1,500,000

Fair Trading Commission - \$400,000

ACCA - \$398,043.97

Development Bank of Jamaica - \$350,000

Jamaica National Agency for Accreditation - \$250,000

The Trade Board Ltd - \$250,000

Columbus Communication - \$150,000

Tropical View Hotel - \$128,900



JBDC CEO, Valerie Veira demonstrates the Mobile Business Clinic Unit to NCB's Senior General Manager for Retail Banking Audrey Tugwell Henry (right), Minister of Industry, Investment and Commerce, Anthony Hylton and Sharon Ffolkes-Abrahams, Junior Minister (l-r).

Other participating agencies included Jamaica Intellectual Property Office, Tax Administration Jamaica, Self-Start Fund, Companies Office of Jamaica, Micro Investment Development Agency, Consumer Affairs Commission, Food Storage and Prevention of Infestation Division, Bureau of Standards Jamaica, The National Certification Body of Jamaica and Department of Friendly Societies and Cooperatives. Media partners included IRIE FM (Grove Broadcasting Limited), RJR Communications Group & The Gleaner Company Limited.

The islandwide execution began with the St. James leg on November 4 – 6, 2014. So far, a total of 1,529 Entrepreneurs have participated in seven Clinics across the island as follows:

- Montego Bay/Trelawny – 355
- Savanna-La-Mar - 235
- Lucea – 193
- Mandeville - 258
- Santa Cruz - 146
- May Pen - 140
- Ocho Rios – 202

Approximately five clinics remain in phase one which is scheduled to be completed in 2016. The general feedback from attendees and exhibitors has been positive, with recommendations for improvements going forward.

The 7th Annual JBDC Small Business Expo & Conference was held on Thursday, May 22, 2014 under the theme ‘Positioning MSMEs for the Global Supply Chain’. Over 600 patrons attended and the general feedback from attendees was positive. Forty-one companies exhibited providing business development support, consultation and guidance to all participants. The introduction of an online payment registration system allowed us to increase our database with approximately 275 new entrepreneurs. As is customary, a special edition Business Dialogue Magazine was also published and approximately 650 copies distributed on event day. Five panel discussions and 10 workshops were conducted during the day’s activity with approximately 33 local and international speakers contributing to the programme.



Small Business Expo & Conference Opening Ceremony

In terms of sponsorship, twenty-eight (28) companies supported the event including: Digicel Business, Ministry of Industry, Investment & Commerce, Jamaica Yellow Pages, Wealth Magazine, Association of Certified Chartered Accountants, FX Trader, Herald Printers, Credi-Scotia, Fidelity Motors (Nissan), EXIM Bank, JAMPRO, Trade Board Limited, Logo Stitch, National Outdoor Advertising, Jamaica Logistics Hub, Media Impact Limited, Brandz House Limited, The Gleaner, Kool 97 FM, Nationwide News Network, RJR 94 FM, Television Jamaica, Newstalk 93 FM, Power 106 FM, KLAS ESPN Sports Radio, Suncity Radio and Juice TV (online streaming), amounting to \$5,188,339. A total of \$1,253,850 was earned from booth rentals, magazine advertising and registration.

The second staging of JBDC's Global Entrepreneurship Week celebrations was considerably more low-keyed than the first year. This was due mainly to the implementation of the Mobile Business Clinic Initiative which was also activated in November 2014, a period that is traditionally reserved for the implementation of the GEW. Nevertheless, the team was able to gain some traction with the events.

The weeks' activities were held during the period of November 17-23, 2014. A total of 577 entrepreneurs participated at the various events held across the island as follows:

- Business Dialogue Forum
- Biz Connect MoBay
- JBDC Open House
- Biz Connect Mandeville
- Moda Business of Fashion Seminar
- Biz Connect Hanover
- Business Start-up Expo
- Scotiabank/Branson 'Be-Innovation Led' Seminar

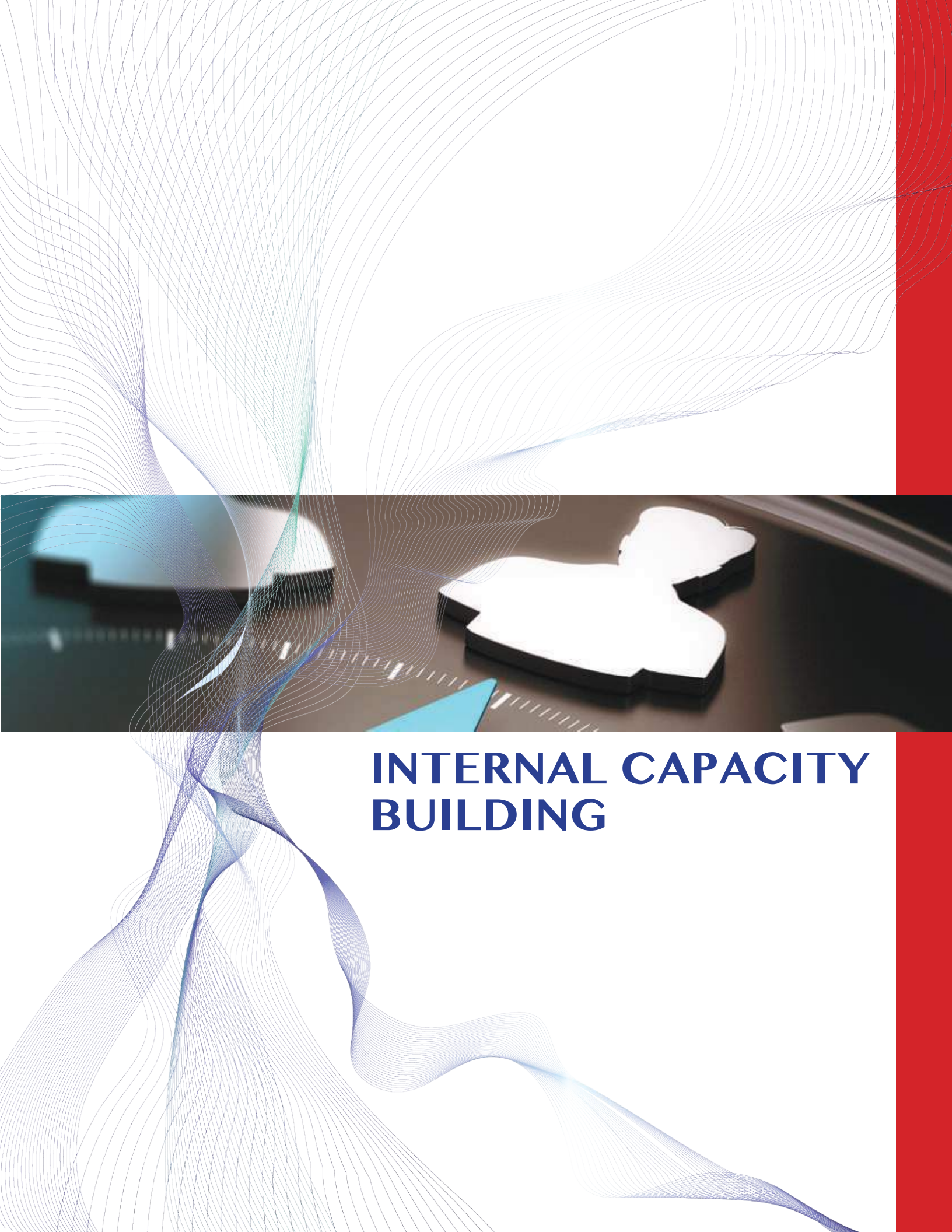
Marketing and Promotions for the events were done utilizing both traditional and non-traditional media and total sponsorship received for GEW was \$3,979,165.

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INTERNAL CAPACITY BUILDING

HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

The Human Resource Department at JBDC continues in its efforts to design and implement the policies and practices that will attract, motivate, develop and retain the human resources of the company to meet (or exceed) our service standards and accomplish the strategic goals and objectives. The department provides support for JBDC's strategic direction and decisions, embracing the company's core values - solution-oriented, quality in engagement, innovation and integrity - and our own departmental values of confidentiality, professionalism, and timeliness.

This report will highlight some of the primary activities undertaken by the department:

Human Resource Planning

- The department liaised with the Ministry of Finance and Planning regarding approval for establishment of the Financial Support Services Unit.
- Based on the directive of the Board of Directors, investigations were conducted regarding the procedure to make the position of Internal Auditor a part of the JBDC's establishment. The requisite procedures were still being undertaken at the end of the year. (March 2015)
- Approval was received from the Ministry of Finance and Planning to make three (3) Sales Assistant positions assigned to Things Jamaican Montego Bay Airport Store redundant. This took effect on March 18, 2015.
- The posts of Corporate Communications Manager and Senior Project Officer - Research & Analysis, were advertised in the Gleaner and on the JBDC website.
- At the end of March the total staff count was 105: 89 permanent employees, 6 part-time employees, 9 contract employees and one (1) temporary employee.

Human Resource Development

This is a major function for the department incorporating training and development activities, career planning, performance appraisal and disciplinary actions. The following took place during the financial year:

- Internal training and development
 - Microsoft Excel (Advanced) training took place on May 30, 2014; 15 employees attended.
 - A sensitization session on "work-life balance" took place on June 6, 2014.
 - "Logistics 101" training conducted in conjunction with the Caribbean Maritime Institute took place on June 10 and July 22, 2014. Certificates for participants were delivered in November 2014.
 - Conflict management training held on September 10, 2014; 12 employees attended.
 - Training in emotional intelligence was organized by the HR department on September 24 and October 1, 2014; 19 employees benefitted.
 - The Acting HR Manager participated in a Research Coaching Workshop for HR practitioners hosted by PMRD in September 2014.
 - Training on Wealth Management on March 19, 2015; 16 employees benefitted.
 - The HRD & Staff Welfare Officer attended the Closing & Awards Ceremony for the Tourism Enhancement Fund's Summer Internship Programme on Thursday August 21, 2014.

- External training and development – local and overseas

- The Manager, PMRD, attended the Public Sector Leadership Development conference hosted by MIND from July 9-10, 2014.
- The Administration Manager and the Assistant IT Manager attended a Jamaica Chamber of Commerce Sponsored Energy Seminar entitled: Crisis Management, Business Continuity and Recovery on Tuesday November 11, 2014.
- The Administration Manager and the Acting Human Resource Manager both attended a seminar on “Pest management and infection control: impact on the labour force” on November 20, 2014 at Manpower & Maintenance Services Limited. The Seminar was sponsored by Manpower & Maintenance Services Limited.
- Mrs. Keera Walters, Assistant Manager for the Business Advisory Services Department, attended a training programme on Small and Medium Enterprise Development Policies in Japan from August 25 to September 20, 2014. This programme was sponsored by the Japan International Cooperation Agency (JICA).
- The Deputy CEO attended a training course on Logistics Technology in China from November 14-29, 2014.

INFORMATION TECHNOLOGY

The Jamaica Business Development Corporation has embraced innovations within technology which has improved operations internally by effecting changes to E-Commerce, physical topology, email upgrade, secured access, marketing tactics, facilitation of globalization and visibility to our products. The following are the major achievements for the Information Technology Department over the period:

- Implementation of fiber internet connection at IRC
- Enhance Virtual Private Network to support interconnection with IRC (email and file access)
- Revamping of E-commerce, access to JBDC products
- Completion of JBDC website to provide more visibility and service oriented functions.
- Installation of new firewall device, to provide secure data environment with less chance of security breach
- Wireless upgrade at Camp road to provide wider and stronger signal range.
- Procurement of Apple computers to support IRC graphic department
- Implementation of new email system (provide less downtime and advance features)
- Completion of official JBDC IT policy and procedures
- IT staff moral and motivation awareness initiatives, resulting in increased productivity and turnaround time

The background features a series of thin, overlapping, wavy lines in shades of blue and grey that create a sense of motion and depth. A horizontal band of vibrant blue is positioned across the middle, containing a blurred image of a financial data visualization, possibly a stock market chart or a complex network diagram. The overall design is clean and modern, with a professional feel.

AUDITED FINANCIAL STATEMENTS

Jamaica Business Development Corporation

Financial Statements

31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

Jamaica Business Development Corporation

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31 March 2015

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Jamaica Business Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Jamaica Business Development Corporation ('the Corporation'), which comprise the statement of financial position as at 31 March 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's 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.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Jamaica Business Development Corporation (Continued)

Report on the Financial Statements (Continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Corporation as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Emphasis of Matter

Without qualifying our opinion and as more fully described in Note 2(c)), we draw attention to the fact that the Corporation recorded accumulated losses of \$87 million (2014: \$110 million). Further the deficiency in working capital of \$156 million (2014: \$144 million) reflects the significant cashflow constraints impacting on the ability of the Corporation to meet its recurring operating expenses.

These financial statements are prepared on the going concern basis, which presumes that the Corporation will continue to receive financial support from the Government of Jamaica ('Government') and will be able to realize its assets and discharge its liabilities in the ordinary course of business. The Corporation represents the vehicle through which the Government intends to stimulate economic growth through the Micro, Small and Medium-sized Enterprise Sector which is a high priority on the Government's agenda.

Report on Additional Requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements are in agreement with the accounting records, and give the information required by the Jamaican Companies Act in the manner so required.

A stylized signature in grey ink, reading 'Ernst & Young', is placed above the text 'Chartered Accountants'.

Chartered Accountants
Kingston, Jamaica

14 April 2016

A member firm of Ernst & Young Global Limited

Jamaica Business Development Corporation

Statement of Comprehensive Income

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2015 \$'000	2014 \$'000
Subvention Income	5	265,030	241,968
Other Income	6	59,131	63,247
Gross profit		324,161	305,215
Selling and distribution expenses		(500)	(16,616)
Administrative expenses		(292,333)	(337,371)
Operating profit /(loss)		31,328	(48,772)
Finance expense	9	(8,762)	(9,080)
Profit /(Loss) before taxation		22,566	(57,852)
Taxation	10	(1,598)	(19,028)
Profit /(Loss) after taxation		20,968	(76,880)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent period			
Actuarial remeasurement of gain/(loss) on defined benefit plans, net of tax	13	1,703	(57,083)
Total comprehensive income/(loss) attributable to shareholders		22,671	(133,963)

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

Jamaica Business Development Corporation

Page 2

Statement of Financial Position

As at 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

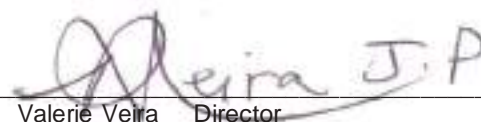
	Notes	2015 \$'000	2014 \$'000
Assets			
Non-Current Assets			
Property, plant and equipment	11	27,025	28,252
Intangible asset	12	11	46
Retirement benefit asset	13	93,152	81,482
Loans receivable	14	1,734	469
		<u>121,922</u>	<u>110,249</u>
Current Assets			
Inventories	15	510	797
Taxation recoverable		9,323	9,154
Receivables	16	28,304	10,857
Current portion of loans receivable	14	118	13,742
Cash and cash equivalents	17	21,638	25,767
		<u>59,893</u>	<u>60,317</u>
Total Assets		<u>181,815</u>	<u>170,566</u>
Shareholder's Deficiency and Liabilities			
Share capital	21	1	1
Capital reserve	21	23,395	23,395
Accumulated deficit		<u>(87,340)</u>	<u>(110,011)</u>
		<u>(63,944)</u>	<u>(86,615)</u>
Non-current Liabilities			
Long term loans	20	29,687	52,857
Long term portion-deferred income	22	147	-
		<u>29,834</u>	<u>52,857</u>
Current Liabilities			
Borrowings	20	81,941	79,397
Project liabilities	19	15,141	14,700
Current portion-deferred income	22	995	1,288
Taxation payable		17,088	14,923
Payables	18	99,566	91,913
Bank overdraft	17	1,194	2,103
		<u>215,925</u>	<u>204,324</u>
Total Shareholder's Deficiency and Liabilities		<u>181,815</u>	<u>170,566</u>

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

Approved for issue by the Board of Directors on 29 March 2016 and signed on its behalf by:



Sandra Shirley Director



Valerie Veira Director

Jamaica Business Development Corporation

Statement of Changes in Equity

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	Number Of Shares	Share Capital \$'000	Retained Earnings (Accumulated Deficit) \$'000	Capital Reserves \$'000	Total \$'000
Balance at 1 April 2013	21	100	1	23,952	23,395	47,348
Net loss		-	-	(76,880)	-	(76,880)
Other comprehensive loss		-	-	(57,083)	-	(57,083)
Total comprehensive loss attributable to shareholders		-	-	(133,963)	-	(133,963)
Balance at 31 March 2014	21	100	1	(110,011)	23,395	(86,615)
Net profit		-	-	20,968	-	20,968
Other comprehensive income		-	-	1,703	-	1,703
Total comprehensive income attributable to shareholders		-	-	22,671	-	22,671
Balance at 31 March 2015	21	100	1	(87,340)	23,395	(63,944)

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

Jamaica Business Development Corporation

Statement of Cash Flows

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2015 \$'000	2014 \$'000
CASH RESOURCES WERE PROVIDED BY:			
Cash Flows provided by operating activities	25	19,323	19,860
Cash flows from financing activities			
Long term loans repaid		(16,669)	(29,450)
Interest paid		(12,323)	(8,969)
Cash used in financing activities		(28,992)	(38,419)
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(388)	(354)
Purchases of intangible asset	12	-	(35)
Interest received		6,837	7,309
Cash provided by investing activities		6,449	6,920
Decrease in cash and cash equivalents		(3,220)	(11,639)
Cash and cash equivalents at beginning of year		23,664	35,303
CASH AND CASH EQUIVALENTS AT END OF YEAR	17	20,444	23,664

The accompanying notes form an integral part of these financial statements

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

Jamaica Business Development Corporation (the "Corporation") is a limited liability entity which was incorporated in Jamaica on 3 May 2001. The Corporation is domiciled in Jamaica and its registered office 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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"), and the requirements of the Jamaican Companies Act. The financial statements 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 management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(b) Changes in accounting standards and interpretations

Current year changes

The Corporation applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2014. The Corporation has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual financial statements of the Corporation. These amendments must be applied retrospectively, subject to certain transition reliefs and is effective for annual periods beginning on or after 1 January 2014. The nature and the impact of each new standard or amendment is described below:

IFRS 10, IFRS 12 and IAS 27 *Investment Entities*

The investment entities amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The concept of an investment entity is new in IFRS. The amendments represent a significant change for investment entities, which were required to consolidate investees that they control. Significant judgement of facts and circumstances may be required to assess whether an entity meets the definition of investment entity.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Changes in accounting standards and interpretations (continued)

Current year changes (continued)

IFRS 10, IFRS 12 and IAS 27 *Investment Entities* (continued)

The amendments must be applied retrospectively, subject to certain transition reliefs and is effective for annual periods beginning on or after 1 January 2014.

IAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 Financial Instruments: Presentation clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous.

Entities will need to review legal documentation and settlement procedures, including those applied by the central clearing houses they deal with to ensure that offsetting of financial instruments is still possible under the new criteria. Changes in offsetting may have a significant impact on financial statement presentation. The effect on leverage ratios, regulatory capital requirements, etc., will need to be considered.

IAS 36 *Recoverable Amount Disclosures for Non- Financial Assets*

The amendments to IAS 36 Impairment of Assets clarify the disclosure requirements in respect of fair value less costs of disposal. The amendments remove the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant. As a result of the amendments, entities are no longer required to disclose information that was regarded as commercially sensitive by preparers. Nevertheless, additional information needs to be provided. In general, it is likely that the information required to be disclosed will be readily available.

IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendments cover novations.

The amendments are, in effect, a relief from the hedge accounting requirements, and will allow entities to better reflect hedge relationships in the circumstances in which the novation exception applies.

IFRIC 21 *Levies*

IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Changes in accounting standards and interpretations (continued)

Current year changes (continued)

IFRIC 21 *Levies* (continued)

The interpretation is intended to eliminate diversity in practice on the treatment for the obligation to pay levies. The scope of this interpretation is very broad and captures various obligations, which are imposed by governments in accordance with legislation and sometimes not always described as 'levies'. Therefore, entities need to consider the nature of payments to governments carefully when determining if they are in the scope of IFRIC 21.

Future changes

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Corporation's financial statements are disclosed below. The Corporation intends to adopt these standards, if applicable, when they become effective.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment did not have any significant impact on the financial statements of the Corporation.

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 *Share-based Payment* applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. They include:

IFRS 2 *Share-based Payment*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. These amendments will not impact the Corporation's financial statements or accounting policies.

IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This amendment will not impact the Corporation's accounting policies.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Changes in accounting standards and interpretations (continued)

Future changes (continued)

Annual Improvements 2010-2012 Cycle (continued)

IFRS 8 *Operating Segments*

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

This amendment will not impact the accounting policy of the Corporation.

IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment will not have any impact on the Corporation.

IAS 24 *Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment will not be relevant for the Corporation as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014. They include:

IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement.

This amendment will not be relevant for the Corporation as it has no joint arrangements.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Changes in accounting standards and interpretations (continued)

Future changes (continued)

Annual Improvements 2011-2013 Cycle (continued)

IFRS 13 *Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Corporation does not apply the portfolio exception in IFRS 13.

IAS 40 *Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment will not impact the accounting policy of the Corporation.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory.

For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Corporation plans to adopt the new standard on the required effective date. Overall, the Corporation expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Corporation expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(i) *Classification and measurement*

The Corporation does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss.

The AFS reserve currently in accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Corporation expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Changes in accounting standards and interpretations (continued)

Future changes (continued)

IFRS 9 *Financial Instruments* (continued)

(ii) *Impairment*

IFRS 9 requires the Corporation to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Corporation expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Corporation expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(iii) *Hedge accounting*

This amendment would not apply as the Corporation does not apply hedge accounting.

IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Corporation is an existing IFRS preparer, this standard would not apply.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year.

Early adoption is permitted. The Corporation plans to adopt the new standard on the required effective date using the full retrospective method. During 2015, the Corporation performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Corporation is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments. The Corporation is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Changes in accounting standards and interpretations (continued)

Future changes (continued)

IFRS 16 Leases

This new standard requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions in a similar way to finance leases under IAS 17. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. The standard provides guidance on the two recognition exemptions for leases – leases of “low value” assets and short-term leases with a term of 12 months or less. Lessor accounting is substantially the same as IAS 17. Early adoption is permitted but not before the Institute applies IFRS 15. The directors and management have not yet assessed the impact of the application of this standard on the Institute’s financial statements

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Corporation.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Corporation given that the Corporation has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Changes in accounting standards and interpretations (continued)

Future changes (continued)

Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants (continued)*

For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply.

The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Corporation as the Corporation does not have any bearer plants.

Amendments to IAS 27: *Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Corporation.

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Corporation.

Amendments to IAS 1 *Disclosure Initiative*

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Changes in accounting standards and interpretations (continued)

Future changes (continued)

Amendments to IAS 1 *Disclosure Initiative (continued)*

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Corporation.

Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments are not expected to have any impact on the Corporation.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 *Financial Instruments: Disclosures*

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Changes in accounting standards and interpretations (continued)

Future changes (continued)

Annual Improvements 2012-2014 Cycle (continued)

IFRS 7 *Financial Instruments: Disclosures* (continued)

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 *Employee Benefits*

The amendment clarifies that market depth of corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 *Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments are not expected to have any impact on the Corporation.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) Going concern

The Corporation recorded accumulated losses of \$87 million (2014 – \$110 million). The deficiency in working capital of \$156 million (2014 - \$144 million) reflects the significant cashflow constraints which exist and an inability to meet its recurring operating expenses.

The Corporation's operational plan demonstrates the Corporation's ability to continue to meet its recurring expenses and operate as a going concern within the confines of the available financial resources. This basis of preparation presumes that the Corporation will continue to receive financial support from the Government of Jamaica and will be able to realize its assets and discharge its liabilities in the ordinary course of business.

The management and the directors are firmly of the view that the Corporation will continue as a going concern in the foreseeable future and have prepared these financial statements on the going concern basis. Management has developed certain initiatives to grow its business through strategic partnerships with multilaterals, restructuring its resources including cost reduction and only undertaking expenses if cost will be covered by the Government of Jamaica funding unless alternate source of funding is firstly established, developing new projects and relevant consultancy services and revisit the pricing mechanism of said service to ensure surplus generation. The Corporation has also presented a proposal to the Government to retain 80% of its "other income" to reinvest into programmes under its operational plan instead of contributing to the consolidated fund.

The Corporation represents the vehicle through which the Government intends to stimulate economic growth through the Micro, Small and Medium-sized Enterprise Sector (MSMEs), which is a high priority on the Government's agenda.

(d) 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.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Property, plant and equipment

Property, plant and equipment are recorded at deemed cost less accumulated depreciation and impairment losses, if any. These assets are depreciated on the straight-line basis at annual rates estimated to write off the carrying value of the assets less the residual values 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.

The residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

(f) Intangible asset

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

(g) 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.

(h) Employee benefits

(i) Pension assets

The Corporation operates a defined benefit retirement plan, the assets 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.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Employee benefits (continued)

(i) Pension assets (continued)

The Corporation is required under IAS 19 to recognise the net defined benefit liability or asset in its statements of financial position. The measurement of the defined benefit asset is the lower of any surplus in the fund and the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future.

The net benefit liability or assets of the Corporation is measured by an actuarial valuation method, the attribution of benefits to periods of service and the use of actuarial assumptions. The fair value of the plan assets is deducted from the present value of the defined benefit obligation to determine the net deficit or surplus. The fair value of the plan assets and related service costs is calculated using the Projected Unit Credit Method. This method assumes that each period of service gives rise to an additional unit of benefit entitlement. It measures each unit separately in calculating the final obligation. All actuarial gains or losses are recognised immediately in Other Comprehensive Income (OCI).

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Corporation recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Corporation recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the statement of comprehensive income (by nature):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

(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.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Employee benefits (continued)

(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.

(i) 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 amortized cost using the effective interest rate method.

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

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

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.

(j) 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

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(k) 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. The recoverable amount is the present value of expected cash flows. Bad debts are written off during the year in which they are identified.

(l) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, 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.

(m) Trade payables

Payables are stated at historical cost.

(n) 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.

(o) Project liabilities

Project liabilities are stated at historical cost.

(p) Deferred income

Subventions received and used for the purchase of property, plant and equipment are credited to deferred income. Those assets are amortized on a straight-line basis over the expected useful lives of the related assets.

(q) 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.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(q) Taxation (continued)

(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. Unrecognised deferred tax assets are re-assessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profits will allow this deferred tax asset to be recovered.

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.

(r) Revenue recognition

Subvention income

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

Sales of goods – retail

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

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

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

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. This method exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset on initial recognition. Interest income is included in finance income in the statement of comprehensive income.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(s) 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 on initial recognition. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition and re-evaluates this designation at every reporting date.

All regular way purchases or sales of financial assets are recognized or derecognized on a trade basis. 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 upon initial recognition.

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.

(t) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Loans receivable Note 14

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(t) Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and loans receivables, where the carrying amount is reduced through the use of an allowance account. When a trade or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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.

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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.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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.

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. The recoverable amount is the present value of expected cash flows.

(ii) Cash and short term deposits

Cash and short term deposits 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 borrowers on an individual basis. The Corporation assesses each borrower on four 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 Corporation's major lender.

The maximum amount to be on-lent to each borrower is set at \$5,000,000.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process (continued)

Collateral

Exposure to credit risk is managed, in part, by obtaining collateral and personal guarantees. The amount and type of collateral required depend 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.

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 such reviews. 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. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

The internal rating systems described above focuses 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

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process (continued)

Impairment (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:

	2015 \$'000	2014 \$'000
Loans receivable (Note 14)	1,852	14,211
Trade receivables (Note 16)	5,599	1,200
Other receivables (Note 16)	16,938	1,412
Cash & cash equivalents (Note 17)	21,638	25,767
	<u>46,027</u>	<u>42,590</u>

The table above represents a worst case scenario of credit risk exposure to the Corporation at 31 March 2015 and 2014, 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:

	2015 \$'000	2014 \$'000
GOJ Securities	11,609	15,010
Repurchase agreements	935	-
	<u>12,544</u>	<u>15,010</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:

	2015 \$'000	2014 \$'000
Shops	582	989
Service income	5,017	211
	<u>5,599</u>	<u>1,200</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(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 2015, trade receivables of \$5,211,000 (2014 - \$816,000) 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:

	2015	2014
	\$'000	\$'000
1-30 days	4,992	267
31-60 days	187	503
61-90 days	32	46
	<u>5,211</u>	<u>816</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 is as follows:

	2015	2014
	\$'000	\$'000
At April 1	-	272
Write back of provision for impairment (Note 25)	-	(272)
	<u>-</u>	<u>-</u>

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:

	2015	2014
	\$'000	\$'000
Agriculture	9,917	11,957
Agro-Processing	1,788	3,076
Manufacturing	38,392	50,422
Service	22,461	24,786
	<u>72,558</u>	<u>90,241</u>
Less: Provisions for impairment	<u>(70,706)</u>	<u>(76,030)</u>
	<u>1,852</u>	<u>14,211</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit quality of loans

Credit quality of loans is summarised as follows:

	2015 \$'000	2014 \$'000
Neither past due nor impaired	820	4,713
Past due but not impaired	1,032	9,498
Impaired	70,706	76,030
	72,558	90,241
Less: Provisions for impairment	(70,706)	(76,030)
	1,852	14,211

Aged analysis of past due but not impaired loans

	2015 \$'000	2014 \$'000
31 to 60 days	1,032	2,646
61 to 90 days	-	6,852
	1,032	9,498

(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

Year ended 31 March 2015

(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:

	2015			
	1 to 3 Months	4 to 12 Months	2 to 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
Borrowings	78,317	12,588	31,685	122,590
Project liabilities	15,141	-	-	15,141
Payables	52,487	-	-	52,487
Bank overdraft	1,194	-	-	1,194
	147,139	12,588	31,685	191,412

	2014			
	1 to 3 Months	4 to 12 Months	2 to 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
Borrowings	57,624	27,979	61,405	147,008
Project liabilities	14,700	-	-	14,700
Payables	49,954	-	-	49,954
Bank overdraft	2,103	-	-	2,103
	124,381	27,979	61,405	213,765

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

(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.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

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 2015, the Corporation had net United States dollar denominated monetary assets carried at a Jamaican dollar equivalent of \$13,864,048 (2014- \$8,602,000).

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 2015	Effect on Net Loss 2015 \$'000	%Change in Currency Rate 2014	Effect on Net Loss 2014 \$'000
Currency:				
USD	+1	(139)	+1	(86)
USD	-10	1,386	-10	860

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.

Interest rate risk	2015				
	1 to 3 Months \$'000	4 to 12 Months \$'000	2 to 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
Financial assets					
Loans receivables	471	480	881	10	1,842
Cash and cash equivalents	15,894	-	-	5,744	21,638
Total financial assets	16,365	480	881	5,754	23,480
Financial liabilities					
Borrowings	65,378	11,562	29,688	5,000	111,628
Total interest repricing gap	(49,013)	(11,082)	(28,807)	754	(88,148)

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

Interest rate risk	2014				Total \$'000
	1 to 3 Months \$'000	4 to 12 Months \$'000	2 to 5 Years \$'000	Non- Interest Bearing \$'000	
Financial assets					
Loans receivables	3,772	9,881	469	89	14,211
Cash and cash equivalents	17,682	-	-	8,085	25,767
Total financial assets	21,454	9,881	469	8,174	39,978
Financial liabilities					
Borrowings	46,378	24,063	56,813	5,000	132,254
Total interest repricing gap	(24,924)	(14,182)	(56,344)	3,174	(92,276)

The Corporation's interest-bearing financial assets include loans receivables 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 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 monitors 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

Year ended 31 March 2015

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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 values. 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 carrying value 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.
- (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.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The estimated fair value on the loans held by the Corporation includes:

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial liability				
DBJ Loan1	63,313	63,497	59,315	61,839
DBJ Loan2	39,746	43,218	55,644	62,445
MIDA Loan	11,250	12,251	16,250	18,272
Total	114,309	118,966	131,209	142,556

The fair values of loans receivable classified under level 2.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

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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 believes it 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.
 - (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 assumptions 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 government securities and 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.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

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6. Other Income

	2015	2014
	\$'000	\$'000
Miscellaneous income	723	826
Gross profit-shops	25,996	42,444
Services income	25,508	15,928
Interest income (Note 25)	6,758	2,203
Amortization of government grant (Note 22)	146	1,846
	<u>59,131</u>	<u>63,247</u>

7. Expenses By Nature

	2015	2014
	\$'000	\$'000
Advertising and promotion	5,046	5,688
Auditor's remuneration	1,190	1,350
Bad debt (recovery)/expense	(5,324)	8,514
Depreciation and amortization	1,650	3,535
Insurance	2,103	2,226
Other	8,938	14,110
Professional fees	2,192	3,257
Rental expenses	18,366	35,782
Repairs and maintenance	7,416	9,242
Security	4,965	4,237
Staff costs (Note 8)	226,707	248,464
Utilities and telecommunications	19,584	17,582
	<u>292,833</u>	<u>353,987</u>

8. Staff Costs

	2015	2014
	\$'000	\$'000
Wages and salaries	201,883	220,689
Payroll costs-employer's portion	13,582	15,135
Pension income (Note 13)	(2,574)	(4,307)
Other	13,816	16,947
	<u>226,707</u>	<u>248,464</u>

9. Finance Expense

	2015	2014
	\$'000	\$'000
Net foreign exchange gains	777	2,857
Bank charges	(1,173)	(2,020)
Interest expense (Note 25)	(8,366)	(9,917)
	<u>(8,762)</u>	<u>(9,080)</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

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10. Taxation

The taxation charge for the year is comprised of:

	2015	2014
	\$'000	\$'000
Income tax charge	2,165	-
Deferred tax (credit) charge	(567)	(19,028)
	<u>1,598</u>	<u>(19,028)</u>
	2015	2014
	\$'000	\$'000
Profit (Loss) before tax	<u>22,566</u>	<u>(57,852)</u>
Tax calculated @ 25% (2014: 25%)	5,642	(14,463)
Adjusted for the effect of:		
Tax on non-allowable expenses	-	692
Income not subject to tax	(134)	(461)
Valuation allowance	1,459	(3,295)
Other charges and credits	(5,369)	(1,501)
	<u>1,598</u>	<u>(19,028)</u>

Subject to agreement with the Commissioner of Taxpayer Audit and Assessment Department, the Corporation has accumulated losses available for offset against future taxable profits, amounting to approximately \$207,138,492 (2014- \$201,303,890) and may be carried forward indefinitely.

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.

The Corporation offsets deferred tax assets to the extent of deferred tax liabilities. Deferred tax asset utilized in respect of tax losses accounts for \$54.9 million (Note 23).

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

11. 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 2013	27,988	21,085	29,175	6,550	84,798
Additions	-	-	354	-	354
At 31 March 2014	27,988	21,085	29,529	6,550	85,152
Additions	-	-	388	-	388
Disposal	-	-	-	(1,419)	(1,419)
At 31 March 2015	27,988	21,085	29,917	5,131	84,121
Depreciation-					
At 1 April 2013	3,417	18,092	25,592	6,327	53,428
Charge for the year	422	1,813	1,127	110	3,472
At 31 March 2014	3,839	19,905	26,719	6,437	56,900
Charge for the year	422	171	909	113	1,615
Disposal	-	-	-	(1,419)	(1,419)
At 31 March 2015	4,261	20,076	27,628	5,131	57,096
Net Book Value -					
31 March 2015	23,727	1,009	2,289	-	27,025
31 March 2014	24,149	1,180	2,810	113	28,252

12. Intangible Asset

	Computer Software \$'000
At Cost -	
At 1 April 2014	2,835
Additions	35
At 31 March 2014 and 31 March 2015	2,870
Depreciation-	
At 1 April 2014	2,761
Charge for the year	63
At 31 March 2014	2,824
Charge for the year	35
At 31 March 2015	2,859
Net Book Value -	
31 March 2015	11
31 March 2014	46

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

13. Retirement Benefits

The Corporation has established a pension plan covering all permanent employees. The pension plan is a defined benefit plan. The Plan provides pensions and other benefits for the existing and future employees of the sponsors (provided that they have completed the probationary period of services as determined by the sponsors) and for their surviving spouses, children, dependents and beneficiaries on a defined benefits basis.

Each participant in the plan shall contribute towards the plan in an amount equal to 5% of his annual salary. The employer shall pay the entire balance of the cost of the plan, as determined by the actuaries, provided this does not fall below 5% of each participant's annual salary. The employer must at all times be an annual contributor to the plan

In addition to the normal pension, some members contribute an additional voluntary contribution to secure additional Pension upon retirement.

	2015 \$'000	2014 \$'000
Asset recognised in the statement of financial position - Pension Scheme	93,152	81,482
Amount recognised in the statement of other comprehensive income Pension Scheme	1,703	(57,083)
Amounts recognized in Other Comprehensive Income		
Remeasurement – Change in demographic assumption	-	(14,020)
Remeasurement – Change in financial assumption	-	(13,333)
Experience adjustment	2,270	(48,758)
	2,270	(76,111)
Deferred income tax on item that will never be reclassified to profit or loss	(567)	19,028
	1,703	(57,083)

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

	2015 \$'000	2014 \$'000
Present value of funded obligations	(151,637)	(134,420)
Fair value of plan assets	414,279	378,907
	262,642	244,487
Unrecognised asset	(169,490)	(163,005)
	93,152	81,842

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

13. Retirement Benefits (Continued)

Changes in the defined benefit obligations

	2015 \$'000	2014 \$'000
Present value at beginning of year	134,420	128,987
Service cost	5,945	8,806
Interest cost	12,469	10,798
Employee contribution	9,923	8,725
Benefits paid	(6,484)	(7,289)
Annuities purchased	-	3,308
Remeasurement changes in demographics assumptions	-	14,020
Remeasurement changes in financial	-	13,334
Remeasurement experience adjustment	(4,636)	(46,269)
At end of year	151,637	134,420

Changes in the fair value of plan assets

	2015 \$'000	2014 \$'000
At beginning of year	378,907	308,308
Values of annuities purchased	-	3,308
Actuarial gains on plan assets	25,107	59,418
Employer contributions	6,826	6,437
Employee contributions	9,923	8,725
Benefits paid	(6,484)	(7,289)
At end of year	414,279	378,907

	2015 \$'000	2014 \$'000
Asset at beginning of year	81,482	146,849
Total income	2,574	4,307
Remeasurements recognised in OCI income/(expense)	2,270	(76,111)
Contributions paid	6,826	6,437
Retirement benefit asset at end of year	93,152	81,482

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

	2015 \$'000	2014 \$'000
Current service cost	(5,945)	(8,806)
Interest cost	(12,469)	(10,798)
Interest income on assets	36,473	26,671
Interest on effect of asset ceiling	(15,485)	(2,760)
Total, included in staff costs (Note 8)	2,574	4,307

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

13. Retirement Benefits (Continued)

The actual return on plan assets was \$31,743,000 (2014 -\$64,966,000)

Expected contributions for the plan for the year ending 31 March 2016 amounts to \$9,842,000.

The distribution of plan assets was as follows:

	2015	2014
	%	%
Quoted equities	3	6
Real estate	34	39
Government of Jamaica securities	63	55
	<u>100</u>	<u>100</u>

The principal actuarial assumptions used were as follows:

	2015	2014
	%	%
Discount rate	9.5	9.5
Future salary increases	6.0	5.5
Future pension increases	0.0	0.0
Inflation	6.5	5.5
Administrative fee	1.0	1.0
Minimum funding rate	<u>0.25</u>	<u>0.25</u>

Demographic assumptions:

- (i) American 1994 Group Annuitant Mortality (GAM94) table with a five year Mortality Improvement.

Age	Males	Females
20 - 30	0.507-0.801	0.284 – 0.351
30 - 40	0.801-1.072	0.351 – 0.709
40 - 50	1.072-2.579	0.709 – 1.428
50 - 60	2.579-7.976	1.428 – 4.439
60- 70	7.976-23.73	4.439 – 8.63

- (ii) Men and women are expected to retire at age 65 years

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

13. Retirement Benefits (Continued)

Impact on Projected Benefit Obligation (PBO) of 1% Change in Key Economic Assumptions

In table below, we show how the PBO measured as at 31 March 2015 and 31 March 2014 would change as a result of a 1% change in each of the key economic assumptions. In determining the impact of each assumption, the others are held constant.

The sensitivity analyses below have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Measurement Date	Sensitivity Analysis of Key Economic Assumptions			
	Change in PBO due to Change in Economic Assumptions (\$'000)			
	2015		2014	
	+1%	-1%	+1%	-1%
Economic assumption				
Discount rate	(23,324)	31,926	(21,773)	29,155
Future salary increases	18,635	(14,545)	17,602	(14,182)
Life expectancy	1,296	(1,356)	803	(803)

14. Loans Receivable

	2015 \$'000	2014 \$'000
Gross loans and advances	72,548	90,152
Less: Provisions for loan losses	(70,706)	(76,030)
	1,842	14,122
Add: Loan interest receivable	10	89
	1,852	14,211
Less: Current portion	(118)	(13,742)
	1,734	469

These represent loans disbursed to various micro and small business owners from the pool of funds obtained for on-lending 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.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

14. Loans Receivable (Continued)

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

	2015	2014
	\$'000	\$'000
Total non-performing loans	<u>70,706</u>	<u>76,030</u>

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

	2015	2014
	\$'000	\$'000
Balance at beginning of year	76,030	67,290
(Recovered)/provided during the year (Note 25)	<u>(5,324)</u>	<u>8,740</u>
Balance at end of year	<u>70,706</u>	<u>76,030</u>

15. Inventories

	2015	2014
	\$'000	\$'000
Inventory	865	2,126
Less: Provision for slow moving items	<u>(355)</u>	<u>(1,329)</u>
	<u>510</u>	<u>797</u>

16. Receivables

	2015	2014
	\$'000	\$'000
Trade	5,599	1,200
GCT recoverable	5,065	7,313
Prepaid expenses	702	932
Other	<u>16,938</u>	<u>1,412</u>
	<u>28,304</u>	<u>10,857</u>

17. Cash and Cash Equivalents

	2015	2014
	\$'000	\$'000
Cash	9,094	10,757
Short term deposits	<u>12,544</u>	<u>15,010</u>
	21,638	25,767
Bank overdraft	<u>(1,194)</u>	<u>(2,103)</u>
	<u>20,444</u>	<u>23,664</u>

Cash is comprised mainly of amounts held in current accounts which earns interest at 0.15% (2014- 0.35%) per annum.

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

17. Cash and Cash Equivalents (Continued)

The average effective rate on Jamaican dollar denominated short term investments was 4.30% (2014 - 4.76%) per annum and these deposits have an average maturity of 35 days (2014 - 27 days). The average effective interest rate on United States dollar denominated short term investments was 2.10% (2014 - 2.41%) per annum and these deposits have an average maturity of 73 days (2014 - 90 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

	2015 \$'000	2014 \$'000
Trade	25,572	24,748
Accruals	47,079	41,959
Other	26,915	25,206
	<u>99,566</u>	<u>91,913</u>

19. Project Liabilities

	2015 \$'000	2014 \$'000
Capital A	-	1,800
CaribSave	-	81
Development Bank of Jamaica/MSME Development Fund	2,662	2,591
IFS 2014	-	33
Income Cluster	181	180
Inter-American Development Bank (Government of Jamaica)	8,743	8,744
Jamaica Social Investment Fund -REDI	-	208
Steps To Work -Ministry of Labour	806	4
Miscellaneous	1,036	-
Tourism Enhancement Fund	1,713	1,059
	<u>15,141</u>	<u>14,700</u>

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

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

20. Borrowings

(a) Composition of borrowings:

	2015 \$'000	2014 \$'000
Current		
(i) Short term loan	5,000	5,000
Current portion of long term loans	76,941	74,397
	81,941	79,397
Non-current -		
Long term loans	29,687	52,857
	111,628	132,254
(b) Long term loans		
(ii) Development Bank of Jamaica	88,381	107,046
(iii) Micro Investment Development Agency	10,567	16,251
Interest accrued	7,680	3,957
	106,628	127,254
Less: Current portion	(76,941)	(74,397)
	29,687	52,857

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

	2015 \$'000	2014 \$'000
2015	-	79,397
2016	81,941	26,625
2017	20,625	20,625
2018	9,062	5,607
2019	-	-
	111,628	132,254

(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 with no fixed payment date.

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

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

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

The Corporation refinanced the outstanding loan balance of \$22.5 million in prior 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

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

21. Share Capital

	2015 \$'000	2014 \$'000
Authorised, issued and fully paid – 100 (2014 – 100) no par ordinary shares	1	1

Capital Reserve

Capital reserves represent the revaluation of land and building amounting to \$23 million. These assets were donated to the Corporation by the Government of Jamaica.

22. Deferred Income

	2015 \$'000	2014 \$'000
Balance at beginning of year	1,288	3,134
Amortization charge (Note 6)	(146)	(1,846)
	1,142	1,288
Current portion	995	1,288
Long term portion	147	-
	1,142	1,288

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

23. Deferred Income Taxes

	2015 \$'000	2014 \$'000
Deferred income tax assets	(23,291)	(21,107)
Deferred income tax liabilities	23,291	21,107
	-	-

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

	2015 \$'000	2014 \$'000
Deferred income tax assets:		
Accrued vacation	4,518	4,712
Property, plant and equipment-decelerated tax allowances	3,128	3,140
Interest payable	1,920	989
Tax losses	13,725	12,266
	23,291	21,107
Deferred income tax liabilities:		
Retirement benefits	23,288	20,370
Interest receivable	3	22
Unrealised exchange gain	-	715
	23,291	21,107

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

23. Deferred Income Taxes (Continued)

Deferred income taxes are calculated in full on all temporary differences under the liability method using a tax rate of 25% (2014- 25%).

24. Related Party Transactions

Key management compensation -

	2015 \$'000	2014 \$'000
Salaries and other short-term employee benefits	7,269	7,186
Payroll taxes - employer portion	926	661
Pension benefits	679	667
	<u>8,874</u>	<u>8,514</u>
Director's emoluments:		
Remuneration	8,298	8,458
Director's fees	-	-
	<u>-</u>	<u>-</u>

25. Cash Flows From Operating Activities

Reconciliation of net loss to cash generated from operating activities:

	Notes	2015 \$'000	2014 \$'000
Profit/(loss) before taxation		22,566	(57,852)
Items not affecting cash resources			
Depreciation	11	1,615	3,472
Amortisation	12	35	63
(Decrease)/increase in provision for doubtful debts	3(a)	-	(272)
(Decrease)/increase in provision for loan losses	14	(5,324)	8,740
Interest income	6	(6,758)	(2,203)
Interest expense	9	8,366	11,937
Interest income on pension assets	13	(2,574)	(4,307)
Deferred income	22	(146)	(1,846)
Pension contribution	13	(6,826)	(6,437)
		<u>10,954</u>	<u>(48,705)</u>
Changes in operating assets and liabilities:			
Loans receivable		17,604	22,440
Inventories		287	2,856
Receivables		(17,447)	7,825
Payables		7,653	36,280
Project liabilities		441	(717)
		<u>19,492</u>	<u>19,979</u>
Tax withheld at source		(169)	(119)
Cash provided by operating activities		<u>19,323</u>	<u>19,860</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

Year ended 31 March 2015

(Expressed in Jamaican dollars unless otherwise indicated)

26. Commitments

Operating lease commitments – where the Corporation is the lessee

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	2015 \$'000	2014 \$'000
Within 1 year	1,122	1,122
After 1 year but no more than 5 years	-	2,244

27. Contingencies

At March 31, 2015 the Corporation had an outstanding legal matter involving dispute over termination of employment with one individual during the year. The matter is currently before the Industrial Dispute Tribunal. Based on information provided by the Corporation's attorneys, the liability arising from the claim is not considered probable. Accordingly, no provision has been made in these financial statements for this matter.



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	2014-2015	7,769,843.33		487,860.00	379,223.28		39,999.96	8,676,926.57
Deputy Chief Executive Director	2014-2015	6,292,813.70		975,720.00	300,184.14			7,568,717.84
Finance Manager	2014-2015	4,484,675.85		975,720.00	215,840.84			5,676,236.69
Director, Incubator & Resource Centre	2014-2015	4,225,798.00		975,720.00	-			5,201,518.00
Technical Services Manager	2014-2015	3,345,599.90		975,720.00	165,856.68	109,700.04		4,596,876.62
Human Resource Manager	2014-2015	1,221,732.23		325,240.00	73,147.56			1,620,119.79
Manager-Things Jamaica	2014-2015	3,345,599.96		975,720.00	162,200.04			4,483,520.00

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





JAMAICA BUSINESS DEVELOPMENT CORPORATION

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