

# JBDC

2007-2008

JAMAICA BUSINESS DEVELOPMENT CENTRE

## ANNUAL REPORT 2008



How  
can we  
**HELP**  
*You?*



## Chairman's Message



Mr. Cleveland Stewart

The Board of Directors congratulates the JBDC team on its achievement during the period under review.

Contribution by staff in the execution of the mandate of the organisation is always appreciated. However, the members of the Board, in its awareness of the special effort by staff in ensuring that service is provided efficiently and effectively, is fully recognised.

The Board confirms its commitment to providing guidance and support to the team so as to ensure that together, JBDC will fulfil its mandate for facilitating the development of the MSME sector.

We congratulate Ms. Veira and her team and look forward to a successful new period for JBDC and the development and prosperity of the clients.



## CEO's Message



Ms. Valerie Veira

Jamaica Business Development Centre has been fully engaged as can be seen in the report for the period under review.

The contribution by staff was recognized and appreciated by the management team. The extended hours for work and the delivery of programmes on weekends to ensure that wherever client needs existed it was satisfied, confirms the commitment of the team to nation building.

The success and development of clients and the new recruits graduating to the formal sector, is the fuel that continues to energize the team. There were events nationally which impacted the activities at the client level. However, it is encouraging to note that the periods of low activity were generally neutralized by the periods of surges in activity.

The team is fully cognizant of the fact that the new period will provide renewed challenges. In this regard we consider our best response is to strategically programme the organization to be on alert to respond effectively. This is what provides us with the confidence to continue to ask – "How Can We Help You?"



# Board Of Directors



Mr. Cleveland Stewart - Chairman  
Mr. Omar Azan  
Mr. Joseph Cox  
Mr. Moses Jackson  
Mrs. Pamella McLean  
Mrs. Merline Daley

Mr. Earl Jarrett  
Mr. Matthew DeLeon  
Mrs. Beverley Rose-Forbes  
Mr. Timothy Scarlett  
Ms. Valerie Veira  
Mr. Don Creary



## Our Mission

*To pursue development 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.*



# Introduction

The Jamaica Business Development Centre (JBDC) was established in April 2001 as the leading local agency charged with the responsibility of facilitating the development of Micro, Small and Medium-sized Enterprises (MSMEs) in making a contribution to the development of the economy. The organization provided services to over 3,000 established regular clients during the period. These clients are located island-wide and represent varying sectors, including: fashion, agro-processing, craft and services. These enterprises range from the informal business with one person operating, to the fully established business with many employees with products/services reaching a wide customer base including the international markets.

JBDC has over eighty (80) qualified and experienced staff members specialising in skills relevant to business development. With a multi-skilled staff of professional business advisors, engineers and industry specialists, JBDC provides expert support to its clients in the sectors identified. Apart from offering advice and information, the Centre conducts business training to MSMEs on a number of topics including: preparation of business plans, record-keeping, marketing, product management, and cash flow planning. Technical workshops are also conducted in sector-specific areas such as: pattern-making, wood-carving, knitting and weaving.



# Table of Contents

1	Services Offered to Clients
2	Operations Review
3	Developmental and Financing Programmes
12	Expanding Outreach of JBDC's Services
14	Marketing Opportunities
17	Training and Dissemination of Information
18	Audited Financial Statements
47	Conclusion



## SERVICES OFFERED TO CLIENTS

### ***Business Management Advice:***

This includes profit planning and control, cash flow planning, marketing and production-management.

### ***Access to Publications:***

These include documents prepared by JBDC such as: Fashion Trends, Business Plan Templates, Start-up Manuals in income generating areas and Training Manuals. JBDC also has industry statistics and other business information relevant to the needs of MSMEs.

### ***Technical Assistance:***

This includes prototype and product development, quality control and standards, and factory/workshop layout.

### ***Financing Assistance:***

JBDC currently administers loan and grant funds on behalf of other agencies. The Centre also provides business support services to the clients who have accessed these funding.

### ***Training:***

JBDC provides training seminars and workshops in all aspects of business development from record keeping and preparation of business plans to product development.

### ***Marketing Assistance:***

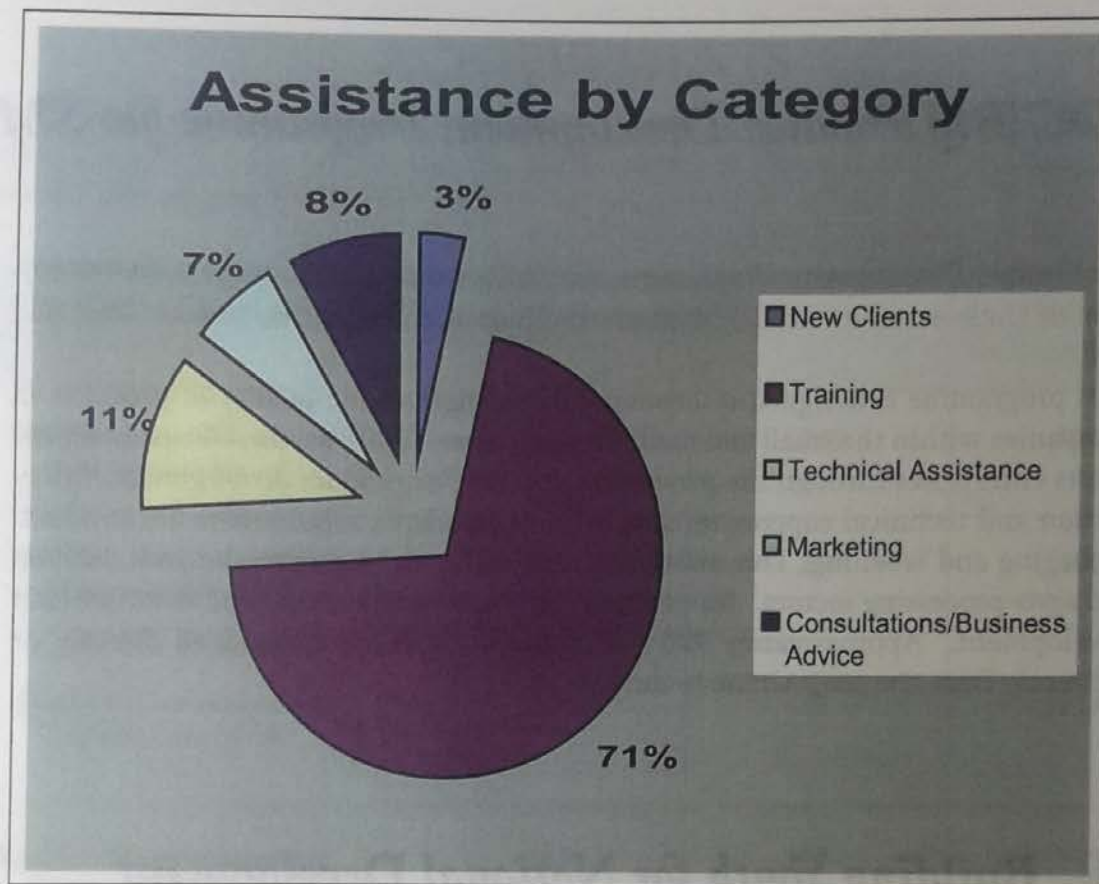
Our marketing events such as our annual fashion and craft fairs: Kumba Mi Yabba and Devon House Fashion Gardens provide excellent marketing opportunities for clients from the fashion and gift and craft sectors. Also, with six (6) branches of our strategically located Things Jamaican retail store, clients have the opportunity to promote and sell their products to a wider market. There are currently close to five hundred (500) suppliers of authentic Jamaican products (food, fashion, gift and craft items) to the Things Jamaican stores. The clients are also provided with access to international markets through JBDC's participation in international trade shows eg. Caribbean Gift and Craft and The Magic Show.



## OPERATIONS REVIEW

Over the period, approximately *seven thousand five hundred (7500)* individuals/entities were assisted by JBDC. Assistance was in the form of general business advice, training, product development, marketing and consultations. Please see table/chart below.

<i>Assistance</i>	<i>Description</i>	<i>Number of individuals/entities</i>
New Clients	Number of new clients for the year	262
Training	Over 150 training sessions well conducted island-wide in areas such as: recordkeeping, business plan preparation, costing, money management etc.	5450
Technical Assistance	Product development advice, packaging and labelling guidance, process improvement, sourcing new equipment, etc.	856
Marketing	Through participation/representation in local and international trade expos as well as the marketing outlet provided by the JBDC-owned Things Jamaican retail stores.	525
Consultations/Business Advice	General advice on how to start a business, managing and expanding a business and also referrals to other agencies and financial institutions.	634
<b>TOTAL</b>		<b>7727</b>



## *Developmental And Financing Programmes*

In fulfilling its mandate, JBDC seeks to provide business opportunities in new and emerging markets. Over the years, the centre has facilitated new business opportunities that have increased the incomes of the MSMEs. These projects include the Ornamental Fish Project, Banana Paper Craft Project, Soft Toys Project and the Jamaica-Nigeria Woodcarving programme. They provide a platform for persons to learn income-generating skills and produce quality products and services that will improve their economic well-being as well as that of the country. Through these interventions, persons can achieve or increase their economic independence and self-worth.



## *JBDC/BSJ Product Development Programme for SMEs*

The Product Development Programme for SMEs was delivered under a Memorandum of Understanding (MOU) between the Bureau of Standards Jamaica (BSJ) and JBDC.

This programme is designed to develop and strengthen the quality of products in companies within the small and medium enterprises (SME) sector. The programme assists enterprises through the provision of grants for product development, information and technical support to comply with standards requirement for product, packaging and labelling. This assistance is available to businesses in craft, fashion and agro-processing sectors. An estimated 43 entities have benefited from product development. Approximately 980 individuals/entities have benefited directly or indirectly from the programme to date.

## *Building Youth for National Development (BY.ND)*

BY.ND is a programme designed to prepare Jamaican young people for employment and entrepreneurship opportunities. The programme was developed against the background that there is a group of young persons lacking in skills and work experience; which consequently results in being unemployable. BY.ND is aimed at capturing the energies and potential of youth through providing them with training and entrepreneurial opportunities. The programme targets youth within the age group of 17 to 29 years for internship and 17 to 35 years for the enterprise development component. There is also a grant provision for host companies who employ interns at the end of the internship period. Phase I of the project was launched in September 2002 and Phase II was launched in August 2004. Over 2000 young persons have benefited from this programme to date. There are now plans in place for the implementation of a third phase. The programme is funded by the Government of Jamaica (GOJ) through HEART/NTA.



## ACHIEVEMENTS

Tabulated below are the targets and the achievements of Phase II of the Building Youth for National Development Project (BY.ND)

ACTIVITIES	TARGET	OUTPUT	PERCENT OF SUCCESS
<i>Business Attachment Through NYS</i>	250	250	100%
<i>Business Attachment Through JBDC</i>	250	250	100%
<i>Business Development of Existing Enterprises</i>	55	63	114%
<i>Business Entrepreneurship Development Through JBDC/HEART</i>	363	357	98%
<i>Jockey Training Programme</i>	16	16	100%
<i>Youth Music Development</i>	70	70	100%
<b>Total</b>	<b>1004</b>	<b>1006</b>	

The BY.ND Secretariat hosted an exposition 'Empowering Young Entrepreneurs in Jamaica' at the University of Technology on August 10, 2007. The exposition was to highlight, commend and salute all who participated and assisted in making Phase II a success. Over one thousand (1000) participants attended the event. The exhibition was held to officially close the second phase of the BY.ND programme. Beneficiaries of the programme exhibited fashion, craft, art, jewellery, food and other services. A fashion show was also held to showcase the talents of some of the clients and several host companies also participated in the event.



## KNITTING /WEAVING PROJECT

JBDC has embarked on a Weaving Programme to facilitate the development of the Jamaica Apparel and Fashion Industry. The overall objective of the project is to develop a niche in the textile and sewn products sector focused on weaving of traditional and new materials in volume and at quality standards which can be marketed as a product while at the same time, provide a raw material base for the design and development of products in the fashion, craft and gift sectors.

The JBDC is hosting an international weaving expert provided on a GOJ/Government of India Technical Assistance Programme. The programme is aimed at delivering skills in weaving techniques. The primary beneficiaries of the training project are community-based enterprises and individuals operating in networks or clusters including past and present students, lecturers and tutors of tertiary institutions. The weaving training programme began February 4, 2008 and concluded March 28. Ten (10) individuals from seven groups were trained. Following this training, it is expected that these trainers will impart their knowledge on an ongoing basis to community groups and individuals accordingly.

The following are the women's groups that were involved in the training at JBDC:

- 1) Glengoffe Women's Group
- 2) Mothers' in Crisis
- 3) Golden Spring Sisters
- 4) Belle Plain Women's Group
- 5) Portmore Women's Group
- 6) Hardanger Heritage Trust
- 7) Stella Marris Church

A training manual was prepared for the participants of the project entitled, "Guidelines of Weaving". Plans are in place for a second phase of the project for the participants to learn more advanced techniques.



## WOODCARVING PROJECT

JBDC implemented a woodcarving training programme in February 2007. The training was delivered by master craftsmen from Nigeria under a GOJ/Government of Nigeria Technical Assistance Programme. The programme was aimed at upgrading productivity and introducing new techniques in woodcarving. JBDC collaborated with the Edna Manley College of the Visual and Performing Arts to develop a training programme to offer professional certification in the area of study.

## SOFT TOYS PROJECT

As part of its effort to encourage the creation of new and innovative businesses, JBDC developed a new line of soft toys and related products. Having developed the Kreacha brand, market research was conducted, and products developed for market testing in the Things Jamaican stores. Additionally, a business profile has been developed along with related products including a rag book, t-shirts and bags.

## PRIVATE SECTOR DEVELOPMENT PROGRAMME (PSDP)

This five-year technical assistance programme, initiated in 2004, and focuses on enhancing the competitiveness of Jamaica's private sector, in response to the challenges resulting from increased globalization and liberalization of markets. Its objective will be achieved via twelve (12) support programmes that can be accessed by private sector firms and Private Sector Organisations and Support Institutions (PSOs).

The PSDP is funded jointly by the European Union – through the 9th European Development Fund (EDF) – and the Government of Jamaica.

Targeted beneficiaries comprise:



## PRIVATE SECTOR DEVELOPMENT Programme (PSDP)

- Micro, Small and Medium-sized Enterprises
- Private Sector Organizations and support institutions, including not-for-profit organizations that provide critical business development services to private sector firms.

### The Cluster Sector Initiative (CSI) Programme

The CSI component is also aimed at enhancing the competitiveness of key sectors being targeted by Jamaica (and the PSDP) for further growth. It will provide grant funds to clusters through their representative PSO for cluster development initiatives as well as business development support to cluster members through other PSDP components.

Support to the firms will be provided collectively or individually in areas such as: human resources development (including training), management information systems, development of quality systems, technology innovation, product development, label design, market development and technical studies. The targeted sectors are: creative industries, agribusiness, services and tourism.

As one of the implementing agencies, The Jamaica Business Development Centre is responsible for five of the ten clusters chosen under this component. These are: the Small Ruminants Cluster, the Fashion Cluster, the Authentic Gift & Craft Cluster, the Wellness Cluster and the Egg Cluster.

### The Enterprise Rating and Upgrading (ERU) Programme

The Enterprise Rating and Upgrading (ERU) is one of twelve components of the Private Sector Development Programme (PSDP). This component places special emphasis on providing technical assistance to individual enterprises. The overall objective of the ERU activity is to enhance the competitiveness of Jamaican micro, small & medium sized enterprises (MSMEs) by bringing them up to world-class standards through assessment, benchmarking, rating, preparation of an upgrading plan and financial support for upgrading.

The project has as targets the certification of a group of professionals as assessors, and the assessment and rating of 400 companies from the MSME sector.



## Productive Integration of Micro enterprises in Jamaica Project – Inter American Development Bank (IADB)



The Productive Integration of Micro-Enterprises in Jamaica Project (PIMJ) was launched in December 2007. The Project is a three-year programme valued at US \$750,000 through a combination of Inter-American Development Bank (IADB) cash, Government of Jamaica (GOJ) cash, and in-kind contributions from counterpart agencies. The purpose is to integrate and strengthen 14 networks of Micro Enterprises (MEs) in the crafts and agri-processing sub-sectors, utilizing a sustainable and replicable model of productive integration. The project will help the selected sectors to offer a more meaningful and visible contribution to the industrial and economic development of Jamaica through increasing their competitiveness and creating job opportunities through product development, marketing and training thus contributing to the reduction of unemployment and poverty. The project is expected to have a direct impact on approximately 100 micro-enterprises.

The project has four components namely:

- Strengthening horizontal and vertical integration- which will strengthen the cooperation among MEs and suppliers of goods and services and intermediaries of final products.
- Upgrading of enterprises in the crafts and agri-processing sub sectors which is aimed at supporting the implementation of producer group action plans via activities to improve and harmonize production practices, create a uniform quality classification criteria, and obtain quality certificates as required.
- Strengthening the industry specific support systems for Craft and Agri-processing projects – This will strengthen the capacity of institutions offering training technical assistance and services to MEs in the two (2) sub-sectors.
- Dissemination of the model – This component will seek to disseminate the adopted integration model, its outcomes and outputs to other productive sectors in Jamaica.



A series of sensitization workshops were conducted with ten (10) groups involved in the project across the island. Each group was looked at individually and a training programme was tailor-made. The project has completed 14 baseline study assessments of the project beneficiaries. The Project team has commenced the first set of diagnostic assessments/business plans for the groups.



## Rural Enterprise, Agriculture and Community Tourism (REACT/USAID)

The REACT Project is a four-year project component of the United States Agency for International Development (USAID) 2005-2009 bi-lateral strategy to accelerate sustainable and equitable rural economic growth. The project targets two sectors: Agriculture and Tourism, and sought to assist at least seven (7) community groups, through the provision of business development services, multi-sectorial technical assistance and handholding/monitoring assistance.

There was a re-focusing of the strategy which resulted in an adjustment at the project level. Despite the reduced project cycle, much was achieved. Over 130 persons from ten community groups and associations benefited from workshops in business development, intellectual property, product development, group dynamics and conflict management. Information pertaining to standards and regulatory requirements to guide production and business processes was also provided.

## TPDCO Upgrading and Rehabilitation of Jamaican Craft Markets

Upon request of the Tourism Product Development Company (TPDCO), JBDC has assisted in preparing a sustainable growth plan for Jamaican craft markets by way of providing strategic and business (operational) plans for four markets namely: Old Fort, Harbour Street, Negril and Ocho Rios Craft Markets.

The plans included but were not limited to the following components:

- Improving product offerings at craft markets to include a number of new themes, activities and events
- Upgrading the sites/facilities to ensure that they are equipped with all the necessary amenities and adhering to the required standards
- Provision of training for craft market and craft industry participants
- Provision where required, for regulations and policies for the industry so that it would operate according to government guidelines
- Improving and organizing operations so as to make the markets viable and profitable.



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## Kingston Urban and Renewal Project (KURP)

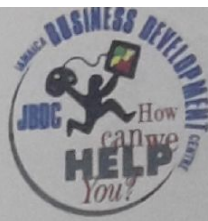
This project is funded by the Inter-American Development Bank and the Government of Jamaica. The overall goal of the Project is to contribute to the improvement of the quality of life in inner-city Kingston through the design and implementation of strategies for the regeneration of poor communities. The purpose of the Project is to enhance the social and economic welfare of the communities in the depressed Central Kingston neighbourhood.

Specific Project objectives are to:

- Support public involvement processes and strengthen community-based organizations (CBOs)
- Upgrade environmental and health conditions
- Foster employment opportunities and business activities
- Youth development and enhancement, empowerment of women within communities
- Identify and disseminate innovative strategies and instruments for regeneration of other urban communities in Jamaica.
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Components of the Project include:

- a) community sensitization and organization
- b) environment upgrading and health welfare
- c) business training and development
- d) youth development
- e) empowerment of women
- f) institutional capacity building and dissemination



## EXPANDING OUTREACH OF JBDC'S SERVICES

JBDC has launched several initiatives to widen the scope and access of its services. Some of them are detailed below:

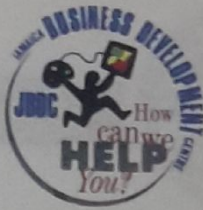
### JAMAICA BUSINESS INFORMATION CENTRE (JAMBIC)

In an effort to strengthen the access to technical, business, marketing and financial services to the Micro, Small and Medium Enterprises through the use of information and communications technology, JBDC has commenced the establishment of a network of Business Information Centres across the island. There are currently seven (7) JAMBICS located island wide.

These are listed below:

- 1) JBDC JAMBIC at 14 Camp Road
- 2) The Jamaica Employers Federation (JEF) JAMBIC
- 3) The Montego Bay Chamber of Commerce
- 4) The Portmore Chamber of Commerce
- 5) Negril Chamber of Commerce JAMBIC
- 6) The SOURCE JN, August Town
- 7) The Hanover Chamber of Commerce JAMBIC

There are plans to upgrade and expand the services of the existing JAMBICS and to establish a Centre in each parish.



## Entrepreneurial & New Venture Creation Course- in collaboration with the Management Studies Department, University of the West Indies (UWI).

JBDC in collaboration with UWI designed and presented this course. The objective of this being to enhance the preparation of students for entry into the business sector by building on the theoretical foundation developed in other courses and providing interaction with practitioners who are academically qualified and in addition, have years of practical experience. This sharing of practical experience is the significant additional element of this programme. Over 160 students have enrolled in this course since its inception in September 2007.

## BUSINESS AND TECHNICAL Service Providers Network

In an effort to ensure support for the small business sector nation-wide and to provide sustained contact with the client group, JBDC has established a network of Business Service Providers (BSPs). BSPs provide first level JBDC services and also assist in identifying and meeting new needs required by the client group. These services include business training, research, business plan writing, marketing and business consultancy. There are nearly forty (40) BSPs located throughout the island. There is also a complementary Technical Service Providers (TSP) network which provides specialized services such as: designing, legal assistance and engineering. The members of the network are trained in the JBDC methodology of service delivery and are certified by the Centre.

## MARKETING OPPORTUNITIES

### KUMBA MI YABBA – JAMAICA CRAFT PRODUCERS MARKET PLACE

JBDC in continuing to pursue its mandate to support the development of the Jamaican Gift and Craft sector, staged the 7th annual Kumba Mi Yabba – Jamaican Craft Producers Market Place on December 21–23, 2007 on the lawns of Devon House. This event showcased high quality authentic Jamaican fashion, craft, home, garden and food products on the lawns of Devon House. One hundred and eleven (111) local designers and manufacturers participated. 8000 patrons visited the show during the period.

The event reflected the concept of a Christmas Village whereby the main highlights of the show not only focused on the exhibition and retail of authentic Jamaican products but also included a nightly entertainment package in addition to a Kiddies Fun yard. The event basically transformed the lawns of Devon House into a centre for shopping and family entertainment. Corporate sponsors included Jamaica Beverages (Chubby), CVM Television, JN Small Business Loans Ltd. and the Jamaica Tourist Board.



## JBDC Retail (Things Jamaican)

The shops currently provide a retail opportunity for over 500 producers, many of whom would not have had access to markets. The focus of Things Jamaican is the development and marketing of authentic Jamaican products. There are currently six (6) locations:

- Devon House
- Port Antonio Marina
- Corporate Store at 14 Camp Road
- Norman Manley International Airport
- Donald Sangster International Airport
- Super Plus in New Kingston



## INTERNATIONAL SHOWS

Things Jamaican (TJ) participated in the Jamaica Business Expo 2007. This event was held in Davie, Florida on May 24 – 25, 2007. The expo was a promotional event done in collaboration with the Jamaica Manufacturers' Association (JMA) and Jamaica-USA Chamber of Commerce. TJ was invited to showcase and promote the authentic arts and crafts of the small business owners and producers affiliated with the Centre. The event provided a unique marketing opportunity for Things Jamaican and exposure to a wide variety of buyers and potential clients both locally and internationally.



The primary goals for attending this event were accomplished, namely:

- to expand the TJ Brand awareness in the region
- obtain buyer reaction
- market Things Jamaican as the one stop shop for gift baskets of authentic Jamaican arts and crafts
- to meet potential importers

## Caribbean Gift and Craft (Curacao)

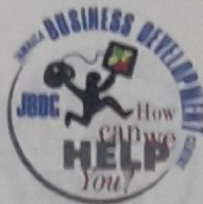
This Trade Show took place September 27-30, 2007 and provided a marketing opportunity and exposure to international buyers for all suppliers and distributors who attended or were represented. The contingent included three (3) JBDC officers who represented 21 craft producers.

## Independence Sunday Market in Washington D.C.



This event took place in Washington D.C. August 5, 2007. Thirty-one craft producers and five artisans were represented at this event in addition to three representatives from JBDC. Merchandise from aromatherapy, fashion, home, and entertainment categories was represented.





## TRAINING AND DISSEMINATION OF INFORMATION

### JN SMALL BUSINESS LOAN LIMITED

The JBDC was contracted in May 2005 by the Jamaica National Small Business Loans Limited (JNSBL) to deliver training to their clients who have accessed loans under their BIZ-GROW Loan Programme. The contract was renewed for the period November 2006 – October 2007 and further extended to March 2008. To date, JBDC has delivered business development training to three thousand one hundred and ninety (3190) participants. This programme also involves the training of JNSBL staff and assisting them with conducting assessments and providing technical support to the clients.



## FASHION OPEN DAY

JBDC in its effort to develop the Apparel and Fashion Industry in Jamaica staged Fashion Focus ... Opportunities for Success, a two-day Exhibition and Workshop at its Corporate Office on October 24-25, 2007. This event targeted entrepreneurs in the fields of Designing, Manufacturing and Training. Fashion Focus 2007 had an audience of 500 persons per day.

The event featured an exhibition, workshops and featured the services of our partner agencies and fashion elements including: Knitting, Screen Printing, Tie and Dye, Fittingly Sew, Stuffed Toys and Fabric Care.

The Workshops highlighted topics including:

- Collection development inc. Branding and Trends 2007/8
- Costing and pricing your product
- Business development: soft toys
- Careers in fashion



# FINANCIALS

# Jamaica Business Development Centre Limited

## Balance Sheet

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 \$'000	2007 \$'000
<b>Non-Current Assets</b>			
Intangible assets	5	597	993
Property, plant and equipment	6	39,217	34,936
Retirement benefit asset	7	56,197	51,464
		<u>96,011</u>	<u>87,393</u>
<b>Current Assets</b>			
Inventories	8	10,656	14,077
Receivables	9	15,596	8,706
Taxation recoverable		2,267	1,758
Cash and short term deposits	10	32,824	41,086
		<u>61,343</u>	<u>65,627</u>
<b>Current Liabilities</b>			
Payables	11	20,194	23,265
Project liabilities	12	16,654	41,812
Short term loans	13	3,105	-
Taxation payable		8,530	4,067
Bank overdraft	10	3,188	4,811
		<u>51,671</u>	<u>73,955</u>
<b>Net Current Assets/(Liabilities)</b>		<u>9,672</u>	<u>(8,328)</u>
		<u>105,683</u>	<u>79,065</u>
<b>Shareholders' Equity</b>			
Share Capital	14	1	1
Fixed asset reserve	15	39,967	35,714
Retained earnings		50,850	32,030
		<u>90,818</u>	<u>67,745</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	16	14,865	11,320
		<u>105,683</u>	<u>79,065</u>

Approved for issue by the Board of Directors on 25 July 2008 and signed on its behalf by:

Cleveland Stewart

Director

Valerie P. Veira

Director

# Jamaica Business Development Centre Limited

## Profit and Loss Account

Year ended 31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 \$'000	2007 \$'000
Subvention Income	17	161,486	118,190
Other income	18	<u>51,275</u>	<u>24,141</u>
		212,761	142,331
Selling and distribution expenses		(5,766)	(6,399)
Administrative expenses		<u>(183,589)</u>	<u>(143,872)</u>
Operating Profit		23,406	(7,940)
Finance income	21	<u>673</u>	<u>197</u>
Profit before taxation		24,079	(7,743)
Taxation	22	<u>(8,007)</u>	<u>1,728</u>
NET PROFIT/(LOSS)		<u>16,072</u>	<u>(6,015)</u>

# Jamaica Business Development Centre Limited

## Statement of Changes in Equity

Year ended 31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Shares	Share Capital \$'000	Fixed Asset Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2006		100	1	27,660	35,908	63,569
Capital grant received		-	-	10,191	-	10,191
Transfer from reserves	15	-	-	(2,137)	2,137	-
Net loss		-	-	-	(6,015)	(6,015)
Total recognised income for 2007		-	-	8,054	(3,878)	4,176
<b>Balance at 31 March 2007</b>		<b>100</b>	<b>1</b>	<b>35,714</b>	<b>32,030</b>	<b>67,745</b>
Capital grant received	15	-	-	7,001	-	7,001
Transfer from reserves	15	-	-	(2,748)	2,748	-
Net profit		-	-	-	16,072	16,072
Total recognised income for 2008		-	-	4,253	18,820	23,073
<b>Balance at 31 March 2008</b>		<b>100</b>	<b>1</b>	<b>39,967</b>	<b>50,850</b>	<b>90,818</b>

# Jamaica Business Development Centre Limited

## Statement of Cash Flows

Year ended 31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008 \$'000	2007 \$'000
<b>CASH RESOURCES WERE USED IN:</b>		
Cash flows from operating activities (Note 24)	(7,315)	(8,806)
<b>Cash Flows from Financing Activities</b>		
Capital grant received	7,001	10,191
Short term loan	3,105	(748)
Cash provided by financing activities	10,106	9,443
<b>Cash Flows from Investing Activity</b>		
Purchase of property, plant and equipment	(9,499)	(8,730)
Proceeds from sale of property, plant and equipment	-	1,245
Purchase of Intangible Asset	-	(1,200)
Interest received	1,983	2,726
Interest paid	(1,914)	(1,142)
Cash used in investing activity	(9,430)	(7,101)
Decrease in cash and cash equivalents	(6,639)	(6,464)
Cash and cash equivalents at beginning of year	36,275	42,739
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>29,636</b>	<b>36,275</b>

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 1. Identification and Activities

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

The company 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 company's operations are substantially dependent on subvention income received from the Government of Jamaica.

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

These financial statements are presented in Jamaican dollars.

### 2. Significant Accounting Policies

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

#### (a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

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

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

Certain interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments, and has effected the following IFRS, which is immediately relevant to its operations. The 2007 comparative figures have been amended as required, in accordance with the relevant requirements.

**IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures',** introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the company's financial instruments.

There was no impact on the opening retained earnings as at 1 April 2006 from the adoption of the above mentioned standard. There are no other standards, amendments or interpretations that became effective during the year that have resulted in any change to the company's accounting policies.

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (a) Basis of preparation (continued)

##### *Standards, interpretations and amendments to published standards that are not yet effective*

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the balance sheet date, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

**IAS 1 Presentation of Financial Statements (Revised)** (effective for annual periods beginning on or after 1 January 2009). The main objective in revising IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics. IAS 1 will affect the presentation of owner changes in equity and of comprehensive income. It will not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. IAS 1 will require an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (ie comprehensive income) will be required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income will not be permitted to be presented in the statement of changes in equity. Management is currently assessing the impact of these changes.

The company has concluded that the following standards, interpretations and amendments to existing standards, which are published but not yet effective, are not relevant to its operations and will therefore have no material impact on adoption.

**IAS 23 (Amendment) Borrowing Costs**

**IAS 27 (Revised) Consolidated and Separate Financial Statements**

**IAS 32 Financial Instruments: Presentation/ IAS 1 Presentation of Financial Statements (Amendments) - Puttable Financial Instruments and Obligations Arising on Liquidation**

**IFRS 2 (Amendment) Share-based Payment - Vesting Conditions and Cancellations**

**IFRS 3 (Revised) Business Combinations**

**IFRS 8 Operating Segments**

**IFRIC 11 Group and Treasury Share Transactions**

**IFRIC 12 Service Concession Arrangements**

**IFRIC 13 Customer Loyalty Programmes**

**IFRIC 14 IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction**

#### (b) Foreign currency translation

Foreign currency transactions during the year are converted into Jamaican dollars at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into Jamaican dollars using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the profit and loss account.

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (c) Intangible assets

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

#### (d) Property, plant and equipment

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

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

Land is not depreciated.

Repairs and maintenance expenses are charged to the profit and loss account 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.

#### (e) Impairment of non-current assets

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

#### (f) Taxation

Taxation on the profit and loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the profit and loss account 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 balance sheet date, and any adjustment to tax payable and tax losses in respect of the previous years.

##### (ii) Deferred income taxes

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

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

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

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (g) Employee benefits

##### (i) Pension assets

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

The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of operations so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year. The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability. A portion of actuarial gains and losses is recognised in the statement of operation if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeded 10 percent of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognised in the profit and loss account over the average remaining service lives of the participating employees.

##### (ii) Annual leave entitlements

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

##### (iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company 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 balance sheet date are discounted to present value.

#### (h) 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 Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (i) Trade Receivables

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

#### (j) Trade Payables

Payables are stated at historical cost.

#### (k) Cash and cash equivalents

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

#### (l) Revenue recognition

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

##### *Sales of goods – retail*

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

It is the company's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

##### *Interest income*

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

#### (m) Government subventions

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

### 3. Financial Risk Management

The company'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 company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The company'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 company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

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

#### (a) Credit risk

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

Credit exposures arise principally from cash and short term deposits and receivables from customers. The company 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 company'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 company 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 company's benchmark creditworthiness may transact with the company on a cash basis.

The company'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 company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

##### (ii) Cash and short term deposits

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

#### *Maximum exposure to credit risk*

The company's maximum exposure to credit risk at year end was as follows:

	2008	2007
	\$'000	\$'000
Trade receivables	1,516	2,387
Short term deposits	18,765	18,984
Cash	14,059	22,102
	<u>34,340</u>	<u>43,473</u>

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (a) Credit risk (continued)

##### *Exposure to credit risk for short term deposits*

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

	2008	2007
	\$'000	\$'000
Government of Jamaica	18,765	18,984
Securities	18,765	18,984

##### *Exposure to credit risk for trade receivables*

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

	2008	2007
	\$'000	\$'000
Shops	621	619
Graphic Department	703	1,655
Other	192	210
	1,516	2,484
Less: Provision for credit losses	-	( 97)
	1,516	2,387

All trade receivables are receivable from customers in Jamaica.

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

The ageing analysis of trade receivables that are past due but not impaired was as follows:

	2008	2007
	\$'000	\$'000
1-30 days	333	1,083
31-60 days	99	488
61-90 days	44	283
	476	1,854

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(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 and impaired*

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

	2008	2007
	\$'000	\$'000
At 1 April	97	-
Provision for impairment	-	97
Unused amounts reversed	(97)	-
At 31 March	-	97

#### (b) Liquidity risk

Liquidity risk is the risk that the company 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 company's liquidity management process includes:

- (i) Maintaining committed lines of credit;
- (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 company and its exposure to changes in interest rates and exchange rates.

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(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 company's financial liabilities at year end based on contractual undiscounted payments was as follows:

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	Total \$'000
<b>2008</b>				
Project Liabilities	-	-	16,654	16,654
Trade payables	6,356	2,277	56	8,689
Short term loans	-	2,079	1,105	3,184
Other payables and accruals	318	-	11,187	11,505
Bank Overdraft	3,188	-	-	3,188
	<b>9,862</b>	<b>4,356</b>	<b>29,002</b>	<b>43,220</b>
<b>2007</b>				
Project Liabilities	-	-	41,812	41,812
Trade payables	2,672	7,572	338	10,582
Other payables and accruals	434	-	12,249	12,683
Bank Overdraft	4,811	-	-	4,811
	<b>7,917</b>	<b>7,572</b>	<b>54,399</b>	<b>69,888</b>

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

#### (c) Market risk

The company 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 company'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 of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company 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.

# Jamaica Business Development Centre Limited

Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### Currency risk (continued)

The company 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 company further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

The company's exposure to foreign currency exchange rate risk at year end was as follows:

	Jamaican \$ J\$'000	US\$ J\$'000	Total J\$'000
	<b>2008</b>		
<b>Financial assets</b>			
Trade receivables	1,516	-	1,516
Short term deposits	14,640	4,125	18,765
Cash	10,893	3,166	14,059
Total financial assets	27,049	7,291	34,340
<b>Financial liabilities</b>			
Trade payables	8,689	-	8,689
Short term loans	3,105	-	3,105
Bank overdraft	3,188	-	3,188
Total financial liabilities	14,982	-	14,982
<b>Net financial position</b>	12,067	7,291	19,358
	<b>2007</b>		
<b>Financial assets</b>			
Trade receivables	2,484	-	2,484
Short term deposits	18,644	340	18,984
Cash	18,144	3,958	22,102
Total financial assets	39,272	4,298	43,570
<b>Financial liabilities</b>			
Trade payables	10,582	-	10,582
Bank Overdraft	4,811	-	4,811
Total financial liabilities	15,393	-	15,393
<b>Net financial position</b>	23,879	4,298	28,177

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 5. Intangible Assets

	Computer Software \$'000
Cost -	
31 March 2006	1,311
Additions	1,200
31 March 2007 and 2008	2,511
Depreciation -	
31 March 2006	1,008
Charge for the year	510
31 March 2007	1,518
Charge for the year	396
31 March 2008	1,914
Net Book Value -	
31 March 2008	597
31 March 2007	993

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

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### 4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The company 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.

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

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

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 6. Property, Plant and Equipment

	Land and Building \$'000	Leasehold Improvements \$'000	Computer Equipment \$'000	Furniture & Fixtures \$'000	Office Equipment \$'000	Motor Vehicles \$'000	Total \$'000
At Cost -							
At 31 March 2006	25,000	3,167	6,089	4,305	6,913	1,322	46,796
Additions	2,988	522	444	924	733	3,119	8,730
Disposals	-	-	-	-	-	(1,219)	(1,219)
At 31 March 2007	27,988	3,689	6,533	5,229	7,646	3,222	54,307
Additions	-	7,121	1,550	818	10	-	9,499
At 31 March 2008	27,988	10,810	8,083	6,047	7,656	3,222	63,806
Depreciation -							
At 31 March 2006	650	2,144	5,493	1,693	4,313	894	15,187
Charge for year	345	583	684	654	1,275	888	4,429
Relief on disposal	-	-	-	-	-	(245)	(245)
At 31 March 2007	995	2,727	6,177	2,347	5,588	1,537	19,371
Charge for year	400	1,803	717	756	1,020	522	5,218
At 31 March 2008	1,395	4,530	6,894	3,103	6,608	2,059	24,589
Net Book Value -							
31 March 2008	26,593	6,280	1,189	2,944	1,048	1,163	39,217
31 March 2007	26,993	962	356	2,882	2,058	1,685	34,936

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 7. Retirement Benefits

Pension scheme

	2008 \$'000	2007 \$'000
Assets recognised in the balance sheet –		
Pension scheme	56,197	51,464
Amounts recognised in the profit and loss account (Note 20) –		
Pension scheme	<u>(1,393)</u>	<u>(3,439)</u>

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

The amounts recognised in the balance sheet are determined as follows:

	2008 \$'000	2007 \$'000
Present value of funded obligations	(62,307)	(54,967)
Fair value of plan assets	<u>144,788</u>	<u>124,428</u>
	82,481	69,461
Unrecognised actuarial losses	<u>(26,284)</u>	<u>(17,997)</u>
Asset in the balance sheet	<u>56,197</u>	<u>51,464</u>

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

	2008 \$'000	2007 \$'000
At beginning of year	124,428	101,982
Actuarial gains/(losses) on plan assets	17,943	18,146
Employer contributions	3,340	2,969
Employee contributions	3,697	3,190
Benefits paid	(1,965)	(280)
Settlements	<u>(2,655)</u>	<u>(1,579)</u>
At end of year	<u>144,788</u>	<u>124,428</u>

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 7. Retirement Benefits (Continued)

Pension scheme (continued)

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

	2008	2007	2006	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of plan assets	144,788	124,428	101,982	95,897	76,602
Defined benefit obligation	(62,307)	(54,967)	(34,971)	(27,905)	(25,016)
Surplus	82,481	69,461	67,011	67,992	51,586

The principal actuarial assumptions used were as follows:

	2008	2007
	%	%
Discount rate	13.0	12.0
Expected return on plan assets	13.0	12.0
Future salary increases	10.0	9.5
Future pension increases	7.0	7.0

Other assumptions:

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

### 8. Inventories

	2008	2007
	\$'000	\$'000
Merchandise	10,656	14,077

### 9. Receivables

	2008	2007
	\$'000	\$'000
Trade	1,516	2,484
Less: Provision for doubtful debts	-	( 97)
	1,516	2,387
Other	14,080	6,319
	15,596	8,706

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 10. Cash and Short Term Deposits

	2008 \$'000	2007 \$'000
Cash	14,059	22,102
Short term deposits	18,765	18,984
	32,824	41,086
Bank overdraft	(3,188)	(4,811)
	29,636	36,275

Cash is comprised mainly of amounts held in current accounts which attract interest rates of 1% to 2.5% (2007 – 1% to 2.5%) per annum.

The average effective rate on short term investments was 11.10% (2007 – 10.32%) per annum and these deposits have an average maturity of 30 days (2007 – 30 days).

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

### 11. Payables

	2008 \$'000	2007 \$'000
Trade	8,689	10,582
Accruals	10,607	12,039
Other	898	844
	20,194	23,265

# Jamaica Business Development Centre Limited

Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

## 12. Project Liabilities

	2008 \$'000	2007 \$'000
Bureau of Standards	776	3,065
CEHI Cleaner Production Survey	135	135
Cultural Health Arts Sports & Education	27	224
Cricket World Cup Events	338	10,450
Cricket World Cup 2007	-	2337
Development Bank of Jamaica	89	207
Development Option / Cricket World Cup 2007	-	2,000
Development Option / JBDC	-	1,517
EU/PSDP	-	(487)
EU/PSDP Egg Industry	564	-
EU/PSDP Gift and Craft	589	-
EU/PSDP Wellness	596	-
EU/Fashion	570	-
EU/PSDP Small Ruminants	328	-
IADB (GOJ)	6,624	-
International Development Bank	1,815	10,973
ICT	608	5,342
Income Cluster	14	-
Pro invest	223	222
REACT	211	-
TPDco/ Jamaica Craft Market	8	-
United Nations Development Programme	285	267
Youth Opportunity	2,854	5,560
	<u>16,654</u>	<u>41,812</u>

## 13. Short Term Loans

	2008 \$'000	2007 \$'000
(a) Jamaica Exporters Association	2,000	-
(b) Pelican Finance Ltd	1,105	-
	<u>3,105</u>	<u>-</u>

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 13. Short Term Loans (Continued)

- a) This loan is repayable on May 15, 2008. The loan bears and interest rate of 12% per annum, and has a post maturity interest of 26% per annum which will be charged in the event of default.
- b) This loan is repayable in 8 consecutive monthly installments commencing April 28, 2008 and bears an interest rate of 4.25% per annum.

### 14. Share Capital

	2008 \$'000	2007 \$'000
Authorised, issued and fully paid -		
100 ordinary shares	<u>1</u>	<u>1</u>

Under the Companies Act 2004, which became effective 1 February 2005, the issued shares of the company are deemed to have been converted to shares without nominal or par value pursuant to section 37(2) of the Act.

The no par shares in issue comprise the stated capital of the company.

### 15. Fixed Asset Reserve

	2008 \$'000	2007 \$'000
Balance at beginning of year	35,714	27,660
Subvention used to acquire property, plant and equipment	7,001	6,453
Capital grant received from the Government of Jamaica	-	3,738
Transfers to income	<u>(2,748)</u>	<u>(2,137)</u>
	<u>39,967</u>	<u>35,714</u>

### 16. Deferred Income Taxes

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

	2008 \$'000	2007 \$'000
Deferred income tax assets	(5,185)	(6,792)
Deferred income tax liabilities	20,050	18,112
Net liability	<u>14,865</u>	<u>11,320</u>

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

	2008 \$'000	2007 \$'000
Liability at beginning of year	11,320	13,048
Charged/(credited) to the profit and loss account (Note 22)	3,545	(1,728)
Liability at end of year	<u>14,865</u>	<u>11,320</u>

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 16. Deferred Income Taxes (Continued)

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

	2008 \$'000	2007 \$'000
Deferred income tax assets:		
Accrued vacation	2,851	2,294
Property, plant and equipment – decelerated tax allowances	2,334	970
Tax losses	-	3,528
	<u>5,185</u>	<u>6,792</u>
Deferred income tax liabilities:		
Property, plant and equipment – accelerated tax allowances	456	511
Retirement benefits	18,732	17,155
Other	862	446
	<u>20,050</u>	<u>18,112</u>

### 17. Subvention Income

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

### 18. Other Income

	2008 \$'000	2007 \$'000
Miscellaneous income	120	421
Gain on disposal of property, plant and equipment	-	269
Gross profit – shops	33,785	10,286
Grant income	5,028	2,303
Services income	10,359	8,136
Interest income	1,983	2,726
	<u>51,275</u>	<u>24,141</u>

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 19. Expenses by Nature

Total administration and selling and distribution expenses:

	2008	2007
	\$'000	\$'000
Advertising and promotion	12,004	10,342
Auditors remuneration	915	752
Depreciation and amortisation	5,614	4,939
Insurance	1,421	798
Other	8,660	5,966
Professional fees	9,653	9,553
Rental expenses	18,739	10,575
Repairs and maintenance	7,903	4,957
Security	2,916	2,471
Staff costs (Note 20)	112,137	92,178
Utilities and telecommunications	9,393	7,740
	<u>189,355</u>	<u>150,271</u>

### 20. Staff Costs

(a) Staff costs comprise:

	2008	2007
	\$'000	\$'000
Wages and salaries	95,840	79,775
Payroll taxes – employer's portion	6,257	5,273
Pension costs (Note 7)	(1,393)	(3,439)
Other	11,433	10,569
	<u>112,137</u>	<u>92,178</u>

(b) The number of employees at the end of the year 97 (2007 - 84), of whom 13 (2007 - 20) were employed part-time.

### 21. Finance income

	2008	2007
	\$'000	\$'000
Net foreign exchange gains	2,587	1,339
Interest expense -		
Bank	(1,914)	(1,142)
	<u>673</u>	<u>197</u>

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 24. Cash Flows from Operating Activities

Reconciliation of net profit to cash generated from operating activities:

	2008 \$'000	2007 \$'000
Net profit/(loss)	16,072	(6,015)
Item not affecting cash resources:		
Depreciation	5,218	4,429
Amortisation	396	510
Gain on disposal of property, plant and equipment	-	(271)
(Decrease)/Increase in provision for doubtful debts	(97)	97
Interest income	(1,983)	(2,726)
Interest expense	1,914	1,142
Income tax paid	(508)	(698)
Taxation	8,007	(1,728)
	<u>29,019</u>	<u>(5,260)</u>
Changes in non-cash working capital balances:		
Retirement benefit asset	(4,733)	(6,406)
Inventories	3,421	(9,510)
Receivables	(6,793)	3,560
Payables	(3,071)	10,861
Project liabilities	(25,158)	(2,051)
	<u>(36,334)</u>	<u>(3,546)</u>
Cash used in operating activities	<u>(7,315)</u>	<u>(8,806)</u>

# Jamaica Business Development Centre Limited

## Notes to the Financial Statements

31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

### 22. Taxation

The taxation charge for the year is comprised of:

	2008 \$'000	2007 \$'000
Current income tax	4,462	-
Deferred tax (Note 16)	3,545	(1,728)
	<u>8,007</u>	<u>(1,728)</u>

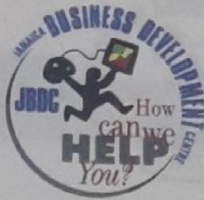
The tax expense differs from the theoretical amount that would arise as follows:

	2008 \$'000	2007 \$'000
Profit/(Loss) before tax	<u>24,079</u>	<u>(7,743)</u>
Tax calculated at 33 1/3%	8,026	(2,581)
Adjusted for the effect of:		
Expenses not deductible for tax purposes	88	78
Understatement of prior year tax	-	783
Utilisation of previously unrecognized tax losses	(110)	-
Other	3	(8)
	<u>8,007</u>	<u>(1,728)</u>

### 23. Related Party Transactions

Key management compensation -

	2008 \$'000	2007 \$'000
Salaries and other short-term employee benefits	4,108	4,174
Payroll taxes – employer portion	518	524
Pension benefits	374	357
	<u>5,000</u>	<u>5,055</u>
Director's emoluments:		
Remuneration	4,977	5,088
Directors' fees	-	-
	<u>-</u>	<u>-</u>



**APPENDIX – ANNUAL REPORT**

**JAMAICA BUSINESS DEVELOPMENT CENTRE**

**SCHEDULE OF EMOLUMENTS 2007-2008**

**BOARD OF DIRECTORS**

No fees paid to members of the Board of Directors including Chairman

**EXECUTIVE MANAGEMENT**

Salary range of Executive Management \$3,539,504.90 - \$4,692,424.70

Salary range for Managers \$1,354,055.48 - \$2,378,884.88

**ALLOWANCES OF EXECUTIVE MANAGEMENT**

(i) Motor Vehicle

(a) Chief Executive Officer - Partially maintained company car with Allowance of \$221,793.00

(b) Executive Director & Managers - Allowance of \$477,708.00



## CONCLUSION

In concluding we wish to thank our partners, staff and clients for their unwavering support. We will continue to concentrate our efforts on becoming a crucial organ in the development of the Micro, Small and Medium Enterprises Sector which we believe has the potential to drive our local economy.

It is the support from all our sources which gives JBDC the capacity to continue to ask the question "How can we help you?"