



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.

”

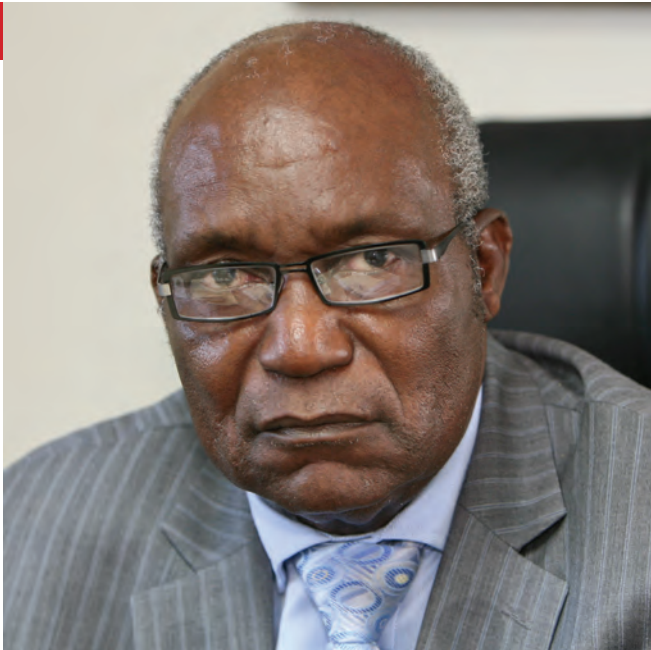


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CHAIRMAN'S MESSAGE



Cleveland Stewart - The year 2010/11 was another year in which JBDC encountered challenges as it made an effort to provide quality support to the expanding client group.

As the JBDC staff succeeded in encouraging clients to create a job rather than seeking one, the organization had to be innovative within an environment of limited resources to provide appropriate solutions.

The Board extends sincere appreciation to the agencies and organizations both local and

international that collaborated with and supported the JBDC programme. It was this support which enabled the organization to extend its service to our valued clients beyond limited frontiers. The Board thanks Hon. Minister Karl Samuda for his valuable guidance and support. The Permanent Secretary and the staff of Ministry of Industry, Investment and Commerce, we thank you for your support.

We congratulate Ms. Veira and the JBDC Team for a successful year's work. The Board recognizes the contribution and commitment of the JBDC Team. You can be assured of our continued support as we work together in assisting our clients to develop their business concepts into sustainable, viable business.

CHIEF EXECUTIVE OFFICER'S MESSAGE

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Valerie Veira -

The turbulence of the business environment during the past year was matched by the urgency of the needs of the client group to identify and implement business opportunities.

The interest in obtaining full information to facilitate compliance with regulations was encouraging. It confirmed the recognition that the market is “global” and there could be no compromise on operating a quality business in all aspects.

The JBDC Team is always energized when our clients transition to the formal sector. During the year there were many such success stories. It makes the extended hours and weekend programmes and all other effort by the Team worthwhile. We thank all our valued partners, both local and international, who have been important support to the corporation. You made it possible for JBDC to have achieved our objectives.

To our Chairman and Board of Directors, we can, without reservation, confirm that your consistent quality support was important for us.

The Team recognizes that the new period will present its own challenges. Nevertheless, we are confident that together with our valued clients and partners we can achieve our goals. As we continue the journey together, we continue to ask “How can we help you?”

BOARD OF DIRECTORS

Mr. Cleveland Stewart : Chairman



Ms. Valerie Veira- CEO



Mr. Don Creary



Mr. Omar Azan



Mrs. Merline Daley



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Mr. Matthew DeLeon



Ms. Delaine Morgan



Mr. Floyd Green



Ms. Tova Hamilton



Mr. Moses Jackson

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Mrs. Beverley Rose-Forbes

Mr. Timothy Scarlett

Executive Management

Valerie Veira



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Chief Executive Officer: Ms. Veira (J.P.) has over 30 years experience in the areas of business development and facilitating entrepreneurship. She is a highly motivated communicator with organizational, negotiating and industrial development skills. Her work in the small business entrepreneurship is well known as she serves as director on the Boards of several companies both locally and internationally. Ms. Veira's current professional positions and affiliations include:

Director of the Board of the Museum of History & Ethnography (Institute of Jamaica)

- Director - Churches Cooperative Credit Union Ltd.
- Director - Centre for the Development of Enterprise- Belgium
- Director - Jamaica Productivity Centre Board
- Former Chairman of the Board of the Devon House Development Company Ltd.
- Former Director of the Board of the National Youth Service

In addition to her professional exploits, Ms. Veira is a part-time Senior Lecturer in the Department of Management Studies, UWI, Mona.



Harold Davis

Executive Director: Mr. Davis is a trained Industrial Engineer with over twenty-three years experience in Industrial Development. His areas of specialization include Development Finance, Agriculture, Construction, Business Development, and Micro, Small and Medium sized Entities (SME) development strategies. He served in the capacity of Technical Services Director of the Productivity Centre at Jamaica Promotions Corporation (JAMPRO) and also as Industrial Engineer at Export Import Bank of Jamaica (EXIM Bank). Mr. Davis' current professional positions and affiliations include:

- Director: Excelsior Community College Foundation
- Advisor: Faculty of Engineering at the University of Technology
- Member of Jamaica Institution of Engineers
- Member of Institute of Industrial Engineers (Jamaica Chapter)

Antonios Vouranis

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Chief Technical Advisor:

Mr. Vouranis is an Industrial Development Expert from Cyprus. With 20 years of service in Jamaica, he has served as an advisor to the Ministry of Trade and Industry for “Developing a network of support services from private and public sector with special emphasis on Micro, Small & Medium Enterprises” in Cyprus and as Chief Technical Advisor for UNIDO in Jamaica within project “Strengthening the Competitiveness of the Jamaican Manufacturing Sector with special emphasis on Micro, Small & Medium Enterprises.”

Management Team

Althea West- Myers: Team Leader, Business
Advisory Services



Colin Porter: Manager, Technical Services

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Opal Nembhard: Manager, Incubator and
Resource Centre



Janine Taylor: Team Leader, Merchandizing

Dorett Scott: Team Leader,
Industrial Secretariat



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Keith Byfield: Credit Manager



Michelle Cowan: Manager, Finance



Karlene Leveridge: Manager,
Human Resource



Nigel Collins: Team Leader,
Information Technology



Raquel Jones: Senior Public Relations Officer

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Ann-Marie Brown: Team Leader,
Administration



Who Are We?

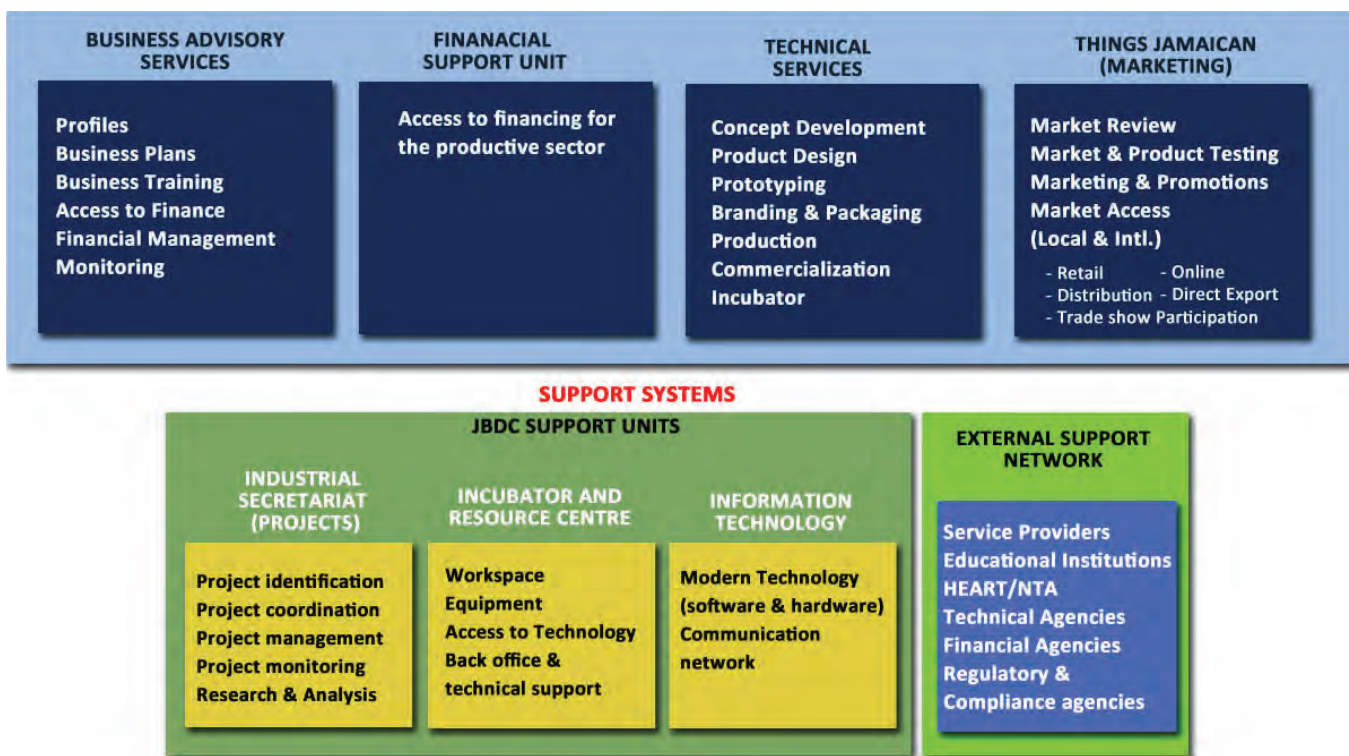
The Jamaica Business Development Centre (JBDC) was established in April 2001 as the leading local agency charged with the responsibility of facilitating the development of Micro, Small and Medium-sized Enterprises (MSMEs) in making a contribution to the development of the economy. The name of the organisation was changed on November 17, 2008 to the Jamaica Business Development Corporation, as during that year, the JBDC's portfolio was expanded with the establishing of the Incubator and Resource Centre in April 2008 and the Financial Services Unit in July 2008.

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The organization has over 4,000 established active clients, who have utilised a substantial suite of services and who are located across the country and represent varying sectors, including: fashion, agro-processing, craft and services. The company has over 100 multi-skilled staff of: professional business advisors, engineers and industry specialists, who provide expert support to its clients across the industrial sector.



The JBDC MSME Development Architecture



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SERVICES OFFERED

Business Advisory Services

This includes business advice and mentoring, business plan preparation and analysis, programme and project management, business training, assessment of entities and preparing them to access financing and referrals to technical and financial institutions.

Technical Services

JBDC provides a wide range of technical assistance such as: 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 and packaging and labelling services.

Industrial Secretariat Services

To guide programme strategies, JBDC analyses and interprets industry statistics and other resource material relevant to the needs of MSMEs. Also, seek programme support through strategic alliances formed and sourcing of funding, both locally and internationally. JBDC also manages and implements internationally and locally funded donor projects/programmes that improve the competitiveness of MSMEs.

Business Incubation

JBDC's incubation programme is designed to provide an environment in which MSMEs and targeted clusters can receive assistance in translating their organizational needs into education and training requirements, as well as for expertise that can enhance their competitiveness through business, technical, marketing and financial assistance.

MSMEs in need of physical incubator space will receive the necessary technical and business development support through our Incubator and Resource Centre (IRC).

For those MSMEs operating outside of the IRC, virtual incubation will be provided, where the support services are conducted in their own environment, or through other locations, in partnership with HEART/NTA.

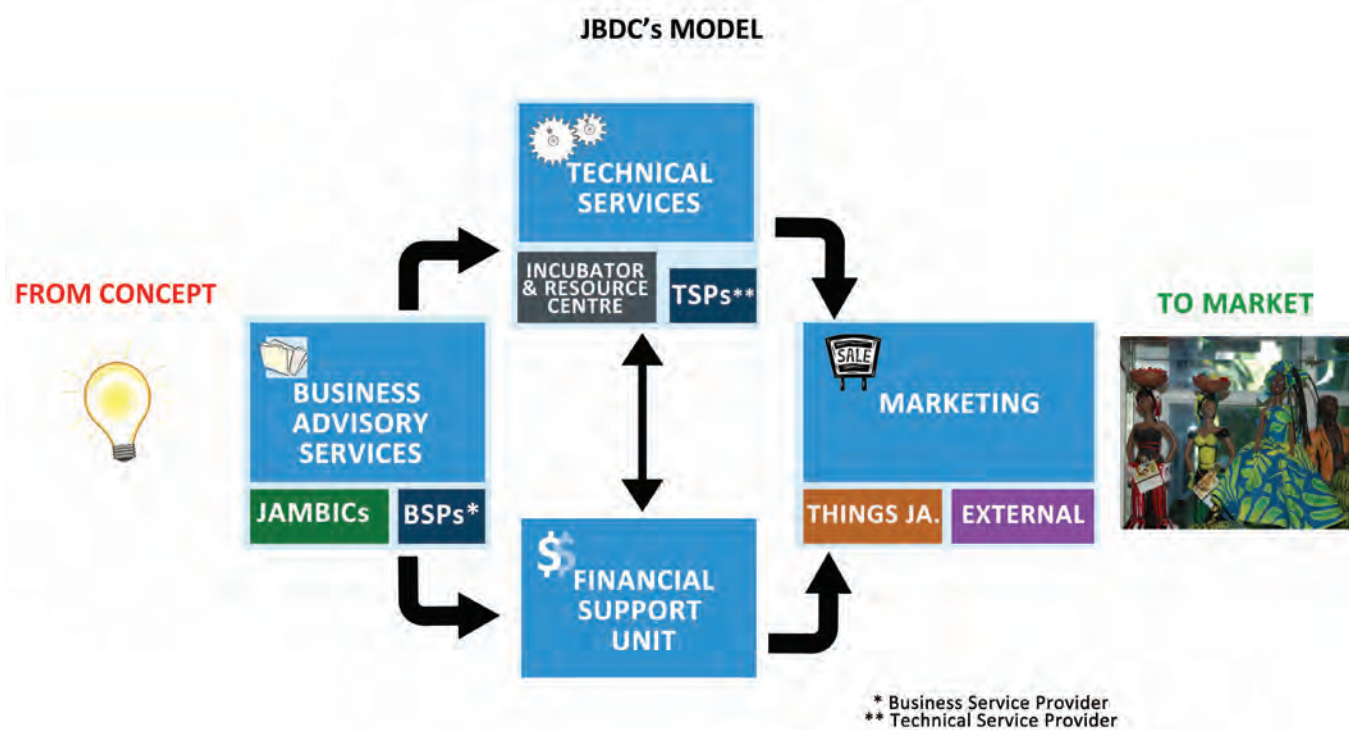
Marketing Services/Things Jamaican Chain

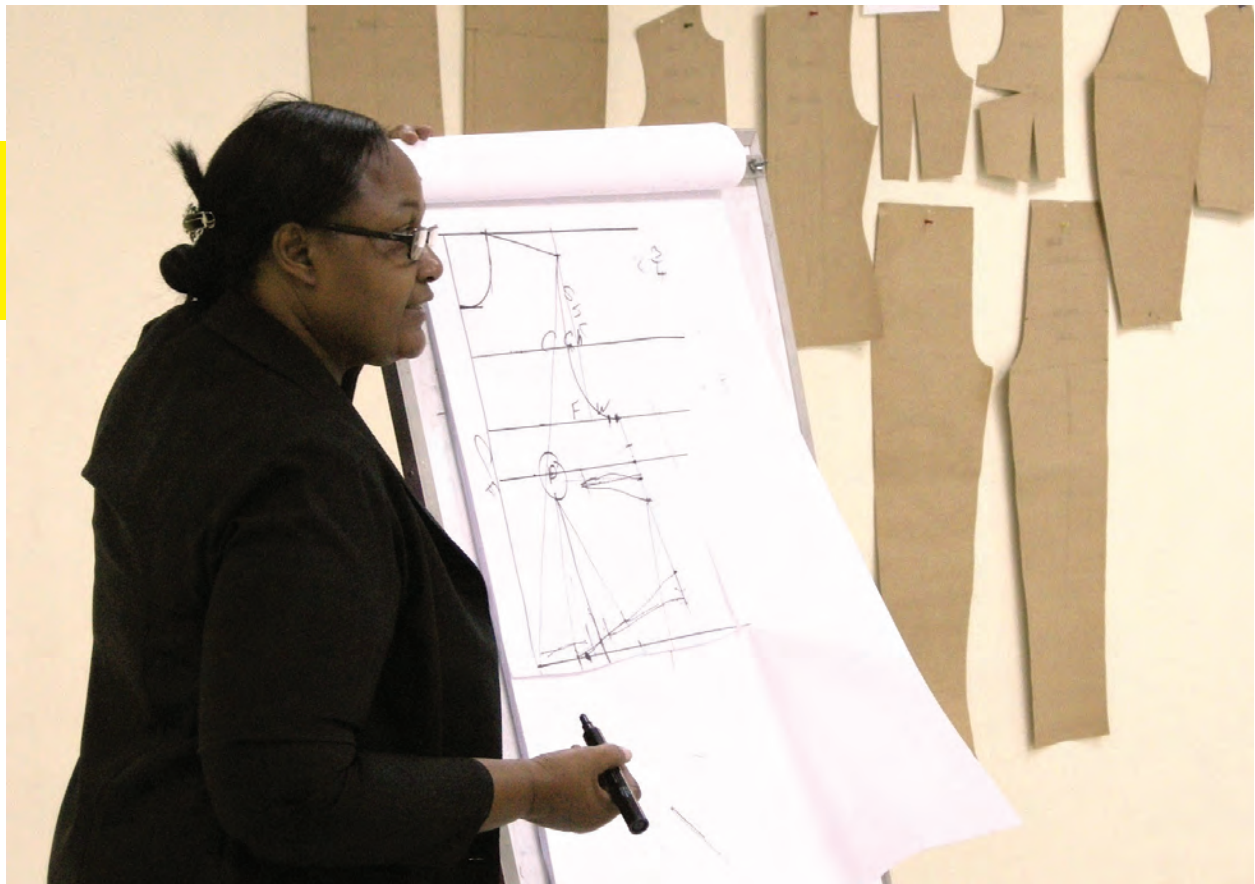
JBDC provides marketing consultation, product review and analysis, market research and testing, market access and expansion through retailing, distribution, local and international trade shows and exhibitions such as JBDC's annual Producers' Fair: Kumba Mi Yabba, Expo Jamaica and Denbigh Agricultural Show. Excellent marketing opportunities are provided for clients within the productive sector. Also, with five (5) branches of our strategically located Things Jamaican retail store, clients have the opportunity to promote and sell their products to a wider market. The stores, especially the two located at the international airports, are heavily patronised by tourists. This provides clients with exposure of their products to the international markets especially in North America and England. Clients' products are also screened and recommendations given to improve products' viability.

Financial Services:

JBDC provides business development loans to eligible MSME applicants within the productive sector as well as administers loan and grant funds on behalf of other agencies.

The JBDC Model





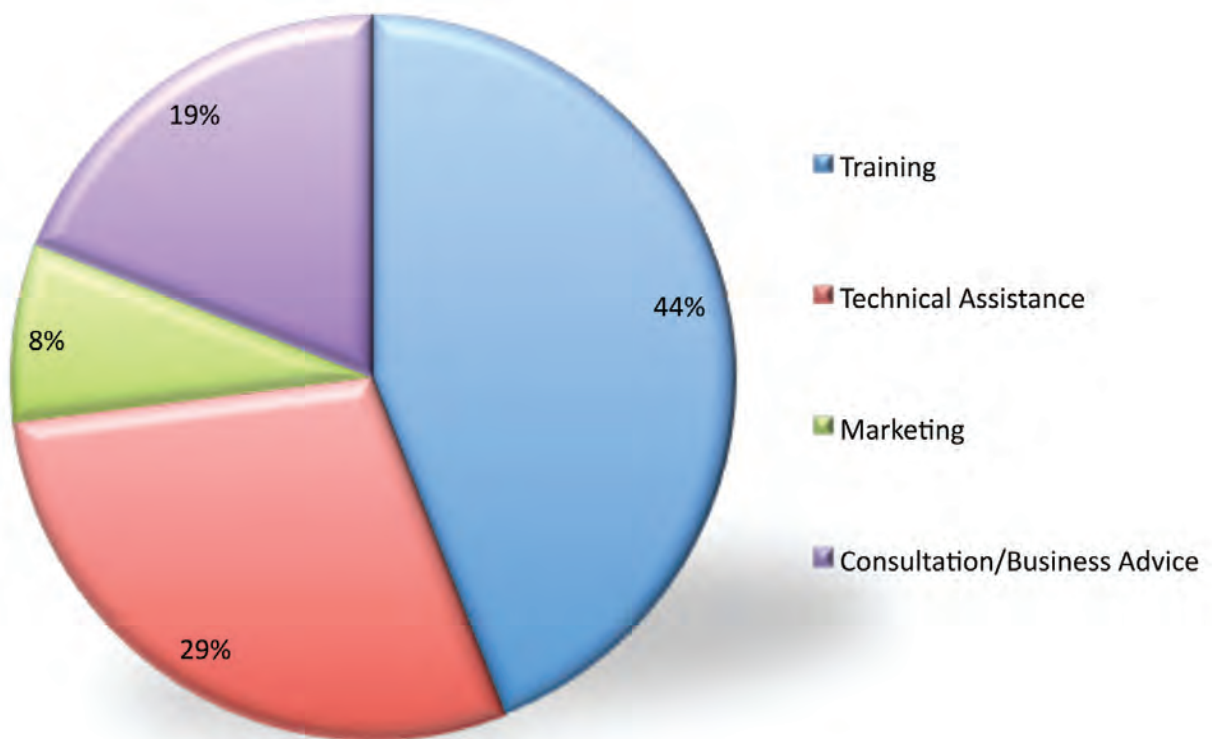
OPERATIONS REVIEW

Over the financial year ended March 31, 2011, over ten thousand (10,000) individuals/entities were assisted by JBDC. Assistance was in the form of general business advice, training, product development, marketing and consultations. The number of new clients for the year stood at 2020 persons. Please see table/chart below for more details.

Assistance	Description	Number of individuals/entities
Training	Training sessions conducted island-wide in areas such as: recordkeeping, business plan preparation, costing, money management etc.	4500
Technical Assistance	Product development advice, packaging and labelling guidance, process improvement, sourcing new equipment, etc.	3000
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.	800
Consultations/ Business Advice (including through the use of JAMBICs)	General advice on how to start a business, managing and expanding a business and also referrals to other developmental agencies.	2000
TOTAL		10300

Assistance by Category

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Highlights

- *As at March 31, 2011 the Financial Services Unit (FSU) at JBDC has approved 112 applicants for loan funding. These include entities involved in the manufacturing of furniture, juice operations, pig rearing and apiculture among others.*
- *The Corporation hosted the 3rd annual Small Business Expo at the Hilton Kingston on May 12, 2010. Over 2500 persons visited the Expo.*
- *Over 1500 persons were assisted at the JAMBIC locations in the 2010/11 financial year.*
- *The tenth successful staging of the annual producers' fair: Kumba Mi Yabba took place on December 17-19, 2010 in Kingston at the Ranny Williams Entertainment Centre and a fair was also held in Montego Bay at Pier One on December 11-12, 2010.*
- *JBDC and the University of the West Indies (UWI) have collaborated to open a JBDC/UWI Business Centre. This was officially launched on January 26, 2011. The centre carries JBDC's newest product called the E-Biz Ideas Bank.*
- *A Food Resource Centre was launched on October 23, 2010. The Centre is located at JBDC's Incubator and Resource Centre on Marcus Garvey Drive.*
- *Implementation has been ongoing in several projects/programmes that benefit the MSMEs, in terms of training, marketing assistance, product development assessments, and other areas.*



Developmental Activities

Words From Our Clients

STEPS TO WORK PROGRAMME

“Most of the participants in these sessions are at grade 4 literacy. Through practical exercises and case studies, they are taught the fundamentals of business management that can be applied to their poultry operation, grocery shop and hairdressing business.”

“Overall this course will help me to manage my business better
- Clarendon

“It opened our eyes to business tactics to things we didn’t know existed.
- Manchester

“The course was very good because it helped us to better understand what it takes to run a business and also to keep it in operation.
- St. Elizabeth

The JBDC Incubator and Resource Centre (IRC)

The JBDC Incubator and Resource Centre (IRC), located on Marcus Garvey Drive, provides hand-holding and 'incubation' services for start-up and existing small businesses. During the year, there were over 100 training sessions and workshops conducted at IRC with approximately 1500 participants.

Technical Assistance delivered to our micro, small and medium enterprise clients included: Pattern Making Assistance, Product Development and Collection Development through training, factory visits and delivery of equipment.

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Major Outputs/ Targets Achieved

- Three thousand (3000) persons received this type of assistance over the year.
- Approx 300 clients provided with graphic design labeling/packaging/collateral materials services
- 17 craft product collections developed to commercialization for community groups
- 13 agro-processed product collections developed for community groups
- Over 80 workshops / hands-on client interventions delivered in product development, patternmaking and garment construction techniques, etc.
- Approximately 60,000 garment labels were supplied to clients. Labels are provided at competitive prices.
- 8 Client facility / Equipment assessment visits conducted

Small Business Expo

The third annual **Small Business Expo** was held on May 12, 2010 at the Hilton Kingston under the theme: *“Plan...Strategize...Grow”*.

The topics addressed were:

- Financing options for Small Business
- Strategic Planning for Business Growth
- Building competitiveness through Clustering and Networking
- Getting the insider’s advantage – Marketing to attract more clients, more money and more growth
- Social media – Efficient tool or wasteful distraction?

There were also presentations from selected participants and thirty-two (32) exhibitions by various financial institutions and business and technical agencies. Approximately 669 persons were registered at the expo.



Financial Services Unit

JBDC commenced the provision of business development loans to eligible applicants within the productive MSME sector in January 2009. This was in an effort to address the constraints and lack of access that this sector experiences in securing loan funding for the start or expansion of their businesses.

Major Outputs/Targets Achieved

As at March 31, 2011 JBDC through its Financial Services Unit onlend a total \$186,034,391 to businesses which fall under the productive sector (eg. Manufacturing, agriculture, agro-processing) or is a part of the support services of these sectors.

Employment generation/retention totalled 603 persons with Kingston and St. Andrew, St. Catherine, Portland and St. Thomas accounting for approximately 64% of funds onlend.

The manufacturing sector had the greatest impact on the loan programme accounting for approximately 43% followed by the agriculture with 22%, the other sectors when combined account for the remaining 35%. This represents the 126 loans disbursed for the period.

Success Story

The JBDC loan programme has contributed extensively to the manufacturing sector in the area of agro-processing namely; sauces, spices, canned ackee and callaloo, juices, bag juices and bottled water. Generally, with water being the most widely sold beverage internationally and given its

benefits and health conscious trend it is not by chance that one of JBDC's most valued client is the recipient of a loan in excess of Five Million Dollars (J\$5,000,000) to expand their water processing and distribution capacity.

This company operating in the rural area of Jamaica, through the financial involvement of JBDC, has not only been able to move the number of persons employed from 6 to 18 but was also able to expand its production facilities by purchasing new equipment and erecting a new factory outlet and bottling plant. The company has shown tremendous growth and we anticipate them to expand further as they are now trading internationally.

Jamaica Business Information Centres (JAMBICs)

JBDC has established a network of Business Information Centres (BICs) across the island in an effort to strengthen the access of MSMEs to technical, business, marketing and financial services. There are currently **eleven (11) JAMBICs** located island wide.

The suite of services include loan and grant application processing, website design, internet marketing and training, staff development, employment job bank, marketing and public relations services, business consultations and administrative services.

Over 1500 persons were assisted at these Centres in 2010/11.

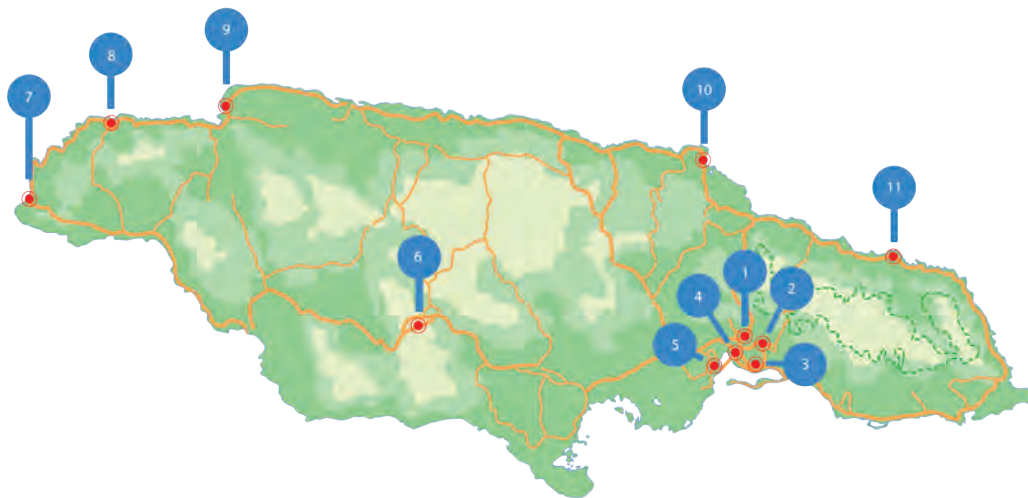
JBDC and the University of the West Indies (UWI) have collaborated to open a JBDC/UWI **Business Centre**. The Centre is targeted towards tertiary students/ graduates and lecturers and will introduce new products to the JAMBIC model in the upcoming year. The Centre is located at the Mona Campus and has been operating since November 2010 and was officially launched on January 26, 2011.

Snap shots of JBDC/UWI Business Centre Launch



JAMBIC Satellite Offices

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1	JBDC JAMBIC located on Camp Road
2	JBDC/UWI Business Centre
3	The Small Business Association of Jamaica (SBAJ) JAMBIC

4	Jamaica Employers Federation (JEF) JAMBIC
5	Portmore JAMBIC
6	Mandeville JAMBIC

7	Negril JAMBIC
8	Hanover JAMBIC
9	Montego Bay JAMBIC

10	Ocho Rios JAMBIC
11	Port Antonio JAMBIC

Things Jamaican

The Things Jamaican store provides a retail outlet for its clients. There are currently five (5) outlets:

- Corporate Store (located at JBDC Head Office)
- Port Antonio Marina
- Devon House
- Norman Manley International Airport
- Donald Sangster International Airport

All products sold in the stores are authentic Jamaican products representing the best of Jamaica in processed food and confectionery, fashion, gift and craft, home and accessories sectors.

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Major Outputs/Targets Achieved

Marketing Consultation/ Product Review and Analysis.

- 148 New Clients Screened for products with Market Access Potential for Earning. Product Development and Pricing and Costing were the main deficiencies identified.
- 43 New Suppliers for Market Access identified and are currently receiving marketing support from the Things Jamaican chain stores.
- 85 New Products were introduced throughout the chain and benefited from market testing and consumer feedback.

Market Access - Retail/Distribution and Tradeshow Participation

- An average 5% increase in revenue during a recession period and strained economic variables. Most impacted locations were both outlets located in Kingston.

- Significant contribution of the agro-processing and baked goods products to revenue with a 50% contribution to sales, followed by 35% for craft and Fashion 15%.
- 26 In-store product testing activities conducted across the chain to determine customer feedback and product development needs.

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Kumba Mi Yabba - Jamaica's Craft Producers Market Place

Kumba Mi Yabba, the Producers' Fair where authentic Jamaican items are on display and sold, had its 10th annual show. JBDC held its annual Producer's Fair: Kumba Mi Yabba. Two shows were held: one at Pier 1, Montego Bay on December 11-12 and at Ranny Williams Entertainment Centre in Kingston on December 17-19, 2010. The fair featured authentic fashion and handcraft items, a food court, entertainment package, kiddies' fun village, buyers' lounge and a daily fashion showcase. Sixty-two (62) producers participated in the Fair.

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PROGRAMMES/ PROJECTS

Words From Our Clients

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

“ *You can put what you learn into practice and then you are on your way.
It was complete, nothing more could be added.* ”
- Dallas Castle Producers

“ *I am very happy about the course. I have a better business
understanding.* ”
- Rowlandsfield Soft Toys Group

In fulfilling its mandate, the Centre seeks to provide business opportunities in new and emerging markets. JBDC has facilitated new business opportunities that have increased the incomes of the MSMEs through its involvement in several projects. These projects include the Kingston Urban Renewal Project, the Productive Integration of Micro-enterprises in Jamaica and the Private Sector Development Programme. These projects, amongst others, provide important opportunities for persons to learn income-generating skills and produce quality products/provide 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.

Kingston Urban 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.

As an output of the IADB/JBDC Kingston Urban Renewal Project (KURP), a Food Resource Centre was launched on October 23, 2010. The Centre is located at JBDC's Incubator and Resource Centre on Marcus Garvey Drive. Target groups for the Centre include:

- KURP beneficiaries who received commercial food preparation training
- Food vendors and cook shop operators who will receive training in food sanitation, menu development and business operations.
- Food processors that manufacture and package jams, jellies, sauces, seasonings, etc. will be scheduled to conduct formulation and testing sessions under the guidance of

JBDC food technologists.

- The agro-processing groups' products were collected for Nutritional Analysis to be conducted.
- JBDC completed business development workshops with the groups



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

The Productive Integration of Micro-Enterprises in Jamaica Project (PIMJ) was launched on December 7, 2007. The Project is a three-year programme aimed at increasing the competitiveness of Micro-Enterprises within the craft and agro-processing (with a focus on fermented, confectioneries and dehydrated products) sectors.

Achievements of the project thus far include:

- 14 groups/networks established; 9 of which are craft and 5 agro-processing
- The beneficiaries participated in JBDC Annual Producers' Fair: Kumba Mi Yabba
- Basic equipment to facilitate production including stoves, solar dryers and a labelling machine were purchased for the agro-processing groups
- The craft groups have benefitted significantly from basic craft tools such as chisels and a binding machine among other items.
- Product development manuals were created for the craft beneficiaries. These manuals are currently being utilized in the product development workshops being conducted by JBDC with the beneficiaries.
- The agro-processing groups have participated in Hazard Analysis Critical Control Points (HACCP) workshops with the Bureau of Standards.
- Product labels have been developed for the agro-processing groups. Packaging solutions are being developed for the craft groups.

PIMJ Activities



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Jamaica Violence Prevention Programme for Sustainable Development (JVPPSD).

JBDC is one of the implementing agencies under the Jamaica Violence Prevention, Peace and Sustainable Development (JVPPSD) Programme- Alternative Livelihood Component, which is being funded by the United Nations Development Programme.

Under this programme, JBDC was responsible for providing business development training and life skills sessions to 300 youths and business owners from Jones Town and Trench Town, training of trainer sessions to qualified residents and preparing economic baseline studies for both communities.

As at the project end in March 2011, one hundred and ninety-eight (198) youth and eighty (80) business owners from the Jones Town and Trench Town communities have been trained in entrepreneurial and life skills. Training of Trainer sessions were also held with twenty-three (23) persons from both communities.

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Tools and Services



JBDC's Network and Partners





Audited Financial Statements

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**Jamaica Business Development
Corporation**

**Financial Statements
31 March 2011**



Jamaica Business Development Corporation

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31 March 2011

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Independent Auditors' Report

To the Members of
Jamaica Business Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Jamaica Business Development Corporation, set out on pages 1 to 37, which comprise the statement of financial position as of 31 March 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. 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.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as of 31 March 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

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

C.D.W. Maxwell P.W. Pearson E.A. Crawford J.W. Lee P.E. Williams G.L. Lewis L.R. McKnight I.E. Auger A.K. Jain B.L. Scott B.J. Demming
G.A. Reorge P.A. Williams R.S. Nathan



**Members of Jamaica Business Development Corporation
Independent Auditors' Report
Page 2**

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

Chartered Accountants
29 August 2011
Kingston, Jamaica

Jamaica Business Development Corporation

Statement of Comprehensive Income

Year ended 31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 \$'000	2010 \$'000
Subvention Income	5	199,044	182,294
Other income	6	79,223	74,696
		<u>278,267</u>	<u>256,990</u>
Selling and distribution expenses		(39,152)	(15,473)
Administrative expenses		<u>(267,567)</u>	<u>(254,540)</u>
Operating loss		(28,452)	(13,023)
Finance expense	9	<u>(12,726)</u>	<u>(9,575)</u>
Loss before taxation		(41,178)	(22,598)
Taxation	10	<u>13,741</u>	<u>8,110</u>
Net Profit, being Total Comprehensive Income for the Year		<u>(27,437)</u>	<u>(14,488)</u>

Jamaica Business Development Corporation

Statement of Financial Position

31 March 2011

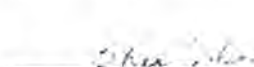
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 \$'000	2010 \$'000
Non-Current Assets			
Intangible assets	11	127	85
Property, plant and equipment	12	38,057	43,456
Retirement benefit asset	13	94,356	81,607
Loans receivable	14	27,417	90,334
Deferred tax assets	23	4,983	-
		<u>164,940</u>	<u>215,482</u>
Current Assets			
Inventories	15	8,510	14,382
Receivables	16	17,684	12,345
Current portion of loans receivable	14	43,720	18,664
Taxation recoverable		6,801	5,790
Cash and cash equivalents	17	132,491	55,839
		<u>209,206</u>	<u>107,020</u>
Current Liabilities			
Payables	18	38,833	30,013
Project liabilities	19	15,810	22,843
Borrowings	20	32,098	28,907
Taxation payable		14,923	14,924
Bank overdraft	17	2,019	3,157
		<u>103,683</u>	<u>99,844</u>
Net Current Assets		<u>105,523</u>	<u>7,176</u>
		<u>270,463</u>	<u>222,658</u>
Shareholders' Equity			
Share capital	21	1	1
Fixed asset reserve	22	43,672	44,240
Retained earnings		30,290	57,159
		<u>73,963</u>	<u>101,400</u>
Non-current liabilities			
Borrowings	20	196,500	112,500
Deferred tax liabilities	23	-	8,758
		<u>270,463</u>	<u>222,658</u>

Approved for issue by the Board of Directors on 29 August 2011 and signed on its behalf by:


Valerie Veira

Director


Beverly Rose-Forbes

Director

Jamaica Business Development Corporation

Statement of Changes in Equity

Year ended 31 March 2011

(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 2009		100	1	46,295	69,592	115,888
Transfer from reserves	22	-	-	(2,055)	2,055	-
Net loss	22	-	-	-	(14,488)	(14,488)
Total comprehensive income		-	-	(2,055)	(12,433)	(14,488)
Balance at 31 March 2010		100	1	44,240	57,159	101,400
Transfer from reserves	22	-	-	(568)	568	-
Net loss		-	-	-	(27,437)	(27,437)
Total comprehensive income		-	-	(568)	(26,869)	(27,437)
Balance at 31 March 2011		100	1	43,672	30,290	73,963

Jamaica Business Development Corporation

Statement of Cash Flows

Year ended 31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

	2011 \$'000	2010 \$'000
CASH RESOURCES WERE PROVIDED BY:		
Cash flows from operating activities (Note 25)	3,258	(118,805)
Cash Flows from Financing Activities		
Proceeds from long-term loan	88,000	62,500
Short term loan	(1,383)	63
Interest paid	(12,978)	(9,402)
Cash provided by financing activities	73,639	53,161
Cash Flows from Investing Activity		
Purchase of property, plant and equipment	(1,300)	(8,809)
Proceeds from the disposal of property, plant and equipment	-	653
Purchase of intangible assets	(99)	(106)
Interest received	2,292	2,896
Cash provided by/(used in) investing activity	893	(5,366)
Increase/(decrease) in cash and cash equivalents	77,790	(71,010)
Cash and cash equivalents at beginning of year	52,682	123,692
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	130,472	52,682

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

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

The Corporation commenced trading in May 2001 and its principal activities comprise the provision of consultancy, technical and managerial services to producers of goods and services and the sale of craft items. The Corporation's operations are substantially dependent on subvention income received from the Government of Jamaica.

On November 21, 2008, the Corporation changed its name from Jamaica Business Development Centre Limited to Jamaica Business Development Corporation.

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

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

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

IAS 1 (amendment), 'Presentation of financial statements' (effective on or after 1 January 2010). The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This has not impacted the financial statements this year, as there are no liabilities for 2011 which were or are to be settled by the issue of equity.



Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(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, interpretations and amendments to existing standards have been issued which are mandatory for the Corporation's accounting periods beginning on or after 1 April 2011 or later periods, but were not effective at the year end date, and which the Corporation has not early adopted. The Corporation 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:

IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Corporation's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Corporation is yet to assess the full impact of this standard.

Revised IAS 24 (Revised), 'Related party disclosures' (effective from January 1 2011). Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and provides certain exemptions for Government related entities. The Corporation will apply the revised standard from 1 April 2011, but it is not expected to have a significant impact on its related party disclosures.

Amendments to IFRIC 14, 'Prepayments of a minimum funding requirement' (effective for annual periods beginning on or after 1 January 2011). The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The company will apply these amendments from 1 January 2011.

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(c) Intangible assets

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment

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

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

Land is not depreciated.

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

(e) Impairment of non-current assets

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

(f) Taxation

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

(i) Current taxation

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

(ii) Deferred income taxes

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

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

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(g) Employee benefits

(i) Pension assets

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

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

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

(ii) Annual leave entitlements

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

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the statement of financial position date are discounted to present value.

(h) Loans receivable

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

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Loans receivable (continued)

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 or in the case of debt-forgiveness. 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 recoveries bad debt in the statement of comprehensive income.

(i) Inventories

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

(j) Trade payables

Payables are stated at historical cost.

(k) 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.

(l) Cash and cash equivalents

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

(m) Revenue recognition

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

Subvention income

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

Sales of goods – retail

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

It is the Corporation'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.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

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

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

(o) **Financial instruments**

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

Financial assets

The Corporation classifies its financial assets in the following categories: loans and receivables, and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At statement of financial position date, loans to customers and trade receivables were classified as loans and receivables and cash and short term deposits were classified as financial assets at fair value through profit or loss.

Financial liabilities

The Corporation's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At statement of financial position date, the following items were classified as financial liabilities: trade payables, project liabilities and borrowings.

3. Financial Risk Management

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

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

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

(a) **Credit risk**

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

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process

(i) Trade and other receivables

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

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

(ii) Cash and short term deposits

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

(iii) Loans

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

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

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

Collateral

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process (continued)

(iii) Loans (continued)

Impairment

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

The Corporation performs impairment assessment on individual balances.

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

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

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

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

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

	2011 \$'000	2010 \$'000
Loans receivable	71,137	108,998
Trade receivables	3,015	2,012
Other receivables	7,337	2,201
Cash and cash equivalents	132,491	55,839
	<u>213,980</u>	<u>169,050</u>

The table above represents a worst case scenario of credit risk exposure to the Corporation at 31 March 2011 and 2010, 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:

	2011 \$'000	2010 \$'000
Government of Jamaica Securities	<u>122,557</u>	<u>33,722</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:

	2011 \$'000	2010 \$'000
Shops	394	438
Graphic department	2,786	792
Other	<u>1</u>	<u>936</u>
	3,181	2,166
Less: Provision for credit losses	<u>(166)</u>	<u>(154)</u>
	<u>3,015</u>	<u>2,012</u>

All trade receivables are receivable from customers in Jamaica.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(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 2011, trade receivables of \$2,479,000 (2010 - \$1,903,000) 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:

	2011	2010
	\$'000	\$'000
1 to 30 days	1,961	448
31 to 60 days	376	78
61 to 90 days	8	126
Over 90 days	134	1,251
	<u>2,479</u>	<u>1,903</u>

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:

	2011	2010
	\$'000	\$'000
At 1 April	154	70
Provision for impairment	12	84
31 March	<u>166</u>	<u>154</u>

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Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Exposure to credit risk for loans receivable

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

	2011 \$'000	2010 \$'000
Agriculture	21,478	23,904
Manufacturing	52,644	68,307
Service	36,383	29,388
	110,505	121,599
Less: provisions for impairment	(39,368)	(12,601)
	71,137	108,998

Credit quality of loans

Credit quality of loans is summarised as follows:

	2011 \$'000	2010 \$'000
Neither past due nor impaired	50,120	74,051
Past due but not impaired	21,062	34,947
Impaired	39,323	12,601
	110,505	121,599
Less: provisions for impairment	(39,368)	(12,601)
	71,137	108,998

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Aged analysis of past due but not impaired loans

Credit quality of loans is summarised as follows:

	2011 \$'000	2010 \$'000
Less than 30 days	-	-
31 to 60 days	15,148	23,221
61 to 90 days	5,914	5,647
Over 90 days	-	6,079
	<u>21,062</u>	<u>34,947</u>

Of the aggregate amount of gross past due but not impaired loans, the fair value of collateral that the Corporation held was \$29,791,000.00 (2010 - \$81,659,000).

(b) Liquidity risk

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

Liquidity risk management process

The Corporation's liquidity management process includes:

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

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities

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

	1 to 3 Months \$'000	4 to 12 Months \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
2011					
Borrowings	18,372	25,894	236,991	-	281,257
Project liabilities	15,810	-	-	-	15,810
Trade payables	15,141	-	-	-	15,141
Other payables	23,692	-	-	-	23,692
Bank overdraft	2,019	-	-	-	2,019
	75,034	25,894	236,991	-	337,919
2010					
Borrowings	18,203	17,491	119,520	12,940	168,154
Project liabilities	-	22,843	-	-	22,843
Trade payables	10,540	-	-	-	10,540
Other payables	19,473	-	-	-	19,473
Bank overdraft	3,157	-	-	-	3,157
	51,373	40,334	119,520	12,940	224,167

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk

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

Currency risk

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

The Corporation manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Corporation further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

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

	Jamaican\$ J\$'000	US\$ J\$'000	Total J\$'000
	2011		
Financial assets			
Loans receivable	71,137	-	71,137
Trade receivables	3,015	-	3,015
Other receivables	7,337	-	7,337
Cash and cash equivalents	123,410	9,081	132,491
Total financial assets	204,899	9,081	213,980
Financial liabilities			
Borrowings	228,598	-	228,598
Project liabilities	15,810	-	15,810
Payables	15,141	-	15,141
Other payables	23,692	-	23,692
Bank overdraft	2,019	-	2,019
Total financial liabilities	285,260	-	285,260
Net financial position	(80,361)	9,081	71,280

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

	Jamaican\$ J\$'000	US\$ J\$'000	Total J\$'000
	2010		
Financial assets			
Loans receivable	108,998	-	108,998
Trade receivables	2,012	-	2,012
Other receivables	2,201	-	2,201
Cash and cash equivalents	44,486	11,353	55,839
Total financial assets	157,697	11,353	169,050
Financial liabilities			
Borrowings	141,407	-	141,407
Project liabilities	22,843	-	22,843
Trade payables	10,540	-	10,540
Other payables	19,473	-	19,473
Bank overdraft	3,157	-	3,157
Total financial liabilities	197,420	-	197,420
Net financial position	(39,723)	11,353	(28,370)

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 2011	Effect on Net Profit 2011 \$'000	% Change in Currency Rate 2010	Effect on Net Profit 2010 \$'000
Currency:				
USD	+1	90	+10	1,135
USD	-0.5	(45)	-4	(454)

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

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

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

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

	1 to 3 Months \$'000	4 to 12 Months \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
2011						
Financial assets						
Loans receivable	-	14,364	54,958	-	1,815	71,137
Trade receivables	-	-	-	-	3,015	3,015
Other receivables	-	-	-	-	7,337	7,337
Cash and cash equivalents	122,558	-	-	-	9,933	132,491
Total financial assets	122,558	14,364	54,958	-	22,100	213,980
Financial liabilities						
Borrowings	12,500	28,750	184,250	-	3,098	228,598
Project liabilities	-	-	-	-	15,810	15,810
Trade payables	-	-	-	-	15,141	15,141
Other payables	-	-	-	-	23,692	23,692
Bank overdraft	2,019	-	-	-	-	2,019
Total financial liabilities	14,519	28,750	184,250	-	57,741	285,260
Total interest repricing gap	108,039	(14,386)	(129,292)	-	(35,641)	(71,280)

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Jamaica Business Development Corporation

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (Continued)

	1 to 3 Months \$'000	4 to 12 Months \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
2010						
Financial assets						
Loans receivable	9,488	8,317	90,334	-	859	108,998
Trade receivables	-	-	-	-	2,012	2,012
Other receivables	-	-	-	-	2,201	2,201
Cash and cash equivalents	55,839	-	-	-	-	55,839
Total financial assets	65,327	8,317	90,334	-	5,072	169,050
Financial liabilities						
Borrowings	13,364	13,019	100,000	12,500	2,524	141,407
Project liabilities	-	-	-	-	22,843	22,843
Trade payables	-	-	-	-	10,540	10,540
Other payables	-	-	-	-	19,473	19,473
Bank overdraft	3,157	-	-	-	-	3,157
Total financial liabilities	16,521	13,019	100,000	12,500	55,380	197,420
Total interest repricing gap	48,806	(4,702)	(9,666)	(12,500)	(50,308)	(28,370)

The Corporation's interest-bearing financial assets include loan receivable and cash and short-term investments. Interest-bearing financial liabilities include loan payable. The Corporation has little exposure to interest rate risk on these financial instruments as they attract fixed rates of interest. The Corporation has no other financial instruments at year end that are subject to interest fluctuation in the next 12 months. Interest-bearing financial assets and liabilities are disclosed in notes 16, 19 and 20.

(d) Capital management

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

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

Jamaica Business Development Corporation

Notes to the Financial Statements

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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 value. Accordingly, the estimates presented below are not necessarily indicative of the amounts that the Corporation would realise in a current market exchange. The fair value of financial instruments is determined as follows:

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

4. Critical Accounting Estimates and Judgements 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.

(i) Income taxes

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

Jamaica Business Development Corporation

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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

(ii) Pension plan assets

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

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

5. Subvention Income

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

6. Other Income

	2011 \$'000	2010 \$'000
Miscellaneous income	2,596	8,492
Gross profit – shops	45,051	42,277
Services income	16,992	13,434
Gain on disposal of property, plant and equipment	–	653
Interest income	14,584	9,840
	<u>79,223</u>	<u>74,696</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

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7. Expenses by Nature

Total administration and selling and distribution expenses:

	2011 \$'000	2010 \$'000
Advertising and promotion	3,216	5,666
Auditors remuneration	1,198	1,120
Bad debt expense	35,290	12,685
Depreciation and amortization	6,757	7,049
Insurance	1,549	1,568
Other	13,331	6,241
Professional fees	10,621	10,773
Rental expenses	27,047	27,795
Repairs and maintenance	8,215	7,167
Security	4,615	4,191
Staff costs (Note 8)	175,683	171,820
Utilities and telecommunications	19,197	13,938
	<u>306,719</u>	<u>270,013</u>

8. Staff Cost

Staff costs comprise:

	2011 \$'000	2010 \$'000
Wages and salaries	157,181	156,776
Payroll taxes – employer's portion	9,747	8,987
Pension costs (Note 13)	(7,984)	(10,848)
Other	16,739	16,905
	<u>175,683</u>	<u>171,820</u>

The number of employees at the end of the year was 118(2010 - 119), of whom 18 (2010 - 18) were employed part-time.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

9. Finance Expense

	2011 \$'000	2010 \$'000
Net foreign exchange gains	826	791
Interest expense -		
Bank	(13,552)	(10,366)
	<u>(12,726)</u>	<u>(9,575)</u>

10. Taxation

The taxation (credit)/charge for the year is comprised of:

	2011 \$'000	2010 \$'000
Prior year over provision	-	(186)
Deferred tax (Note 23)	(13,741)	(7,924)
	<u>(13,741)</u>	<u>(8,110)</u>

The tax (income)/expense differs from the theoretical amount that would arise as follows:

	2011 \$'000	2010 \$'000
Loss before tax	(41,178)	(22,598)
Tax calculated at 33 1/3%	(13,726)	(7,532)
Adjusted for the effect of:		
Adjustment to prior year provision	-	(578)
Other charges and credits	(15)	-
	<u>(13,741)</u>	<u>(8,110)</u>

Subject to agreement with the Taxpayer Audit and Assessment Department, the Corporation has accumulated losses available for offset against future taxable profits, amounting to approximately \$79,883,000 (2010 - 28,521,000) and may be carried forward indefinitely.



Jamaica Business Development Corporation

Notes to the Financial Statements

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11. Intangible Assets

	Computer Software \$'000
Cost -	
31 March 2009	2,511
Additions	106
At 31 March 2010	2,617
Additions	99
31 March 2011	2,716
Depreciation -	
31 March 2009	2,507
Charge for the year	25
31 March 2010	2,532
Charge for the year	57
31 March 2011	2,589
Net Book Value -	
31 March 2011	127
31 March 2010	85

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Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

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12. 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 1 April 2009	27,988	12,017	9,479	6,965	7,949	6,608	71,006
Additions	-	8,213	113	239	244	-	8,809
Disposal	-	-	-	-	-	(608)	(608)
At 31 March 2010	27,988	20,230	9,592	7,204	8,193	6,000	79,207
Additions	-	-	410	-	341	550	1,301
At 31 March 2011	27,988	20,230	10,002	7,204	8,534	6,550	80,508
Depreciation -							
At 1 April 2009	1,795	5,801	7,545	3,974	7,083	3,137	29,335
Charge for year	400	3,532	870	737	428	1,057	7,024
Relieved on disposal	-	-	-	-	-	(608)	(608)
At 31 March 2010	2,195	9,333	8,415	4,711	7,511	3,586	35,751
Charge for year	400	3,308	866	684	275	1,167	6,700
At 31 March 2011	2,595	12,641	9,281	5,395	7,786	4,753	42,451
Net Book Value -							
31 March 2011	25,393	7,589	721	1,809	748	1,797	38,057
31 March 2010	25,793	10,897	1,177	2,493	682	2,414	43,456

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

13. Retirement Benefits

Pension scheme

2011	2010
\$'000	\$'000

Assets recognised in the statement of financial position –

Pension scheme

94,356	81,607
--------	--------

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

Pension scheme

(7,984)	(10,848)
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The Corporation participates in a defined benefit pension plan administered by Sagcor Life Jamaica Limited (formerly Life of Jamaica Ltd). Defined benefit plans are valued by independent actuaries using the projected unit credit method.

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

	2011 \$'000	2010 \$'000
Present value of funded obligations	(82,300)	(66,462)
Fair value of plan assets	250,997	211,866
	168,697	145,404
Unrecognised actuarial losses	(74,341)	(63,797)
Retirement Benefit Asset in the statement of financial position	94,356	81,607

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

	2011 \$'000	2010 \$'000
At beginning of year	211,866	143,282
Actuarial gains/(losses) on plan assets	32,374	61,195
Employer contributions	4,764	5,068
Employee contributions	5,984	6,188
Benefits paid	(3,991)	(1,138)
Settlements	-	(2,729)
At end of year	250,997	211,866

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

13. Retirement Benefits (Continued)

Pension scheme (continued)

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

	2011 \$'000	2010 \$'000
Asset at beginning of year	81,607	65,691
Total expense	7,984	10,848
Contributions paid	4,765	5,068
Retirement Benefit Asset at end of year	94,356	81,607

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

	2011 \$'000	2010 \$'000
Current service cost	(5,275)	(4,936)
Interest cost	(6,451)	(5,713)
Expected return on plan assets	18,290	20,745
Change in limitation on assets	1,420	752
Total, included in staff costs (Note 8)	7,984	10,848

The actual return on plan assets \$37,797,000 was \$(2010 – \$61,195,000)

Expected contributions to the plan for the year ended 31 March 2012 amount to \$11,177,000.

The distribution of plan assets was as follows:

	2011 %	2010 %
Quoted equities	25	28
Real estate	2	1
Government of Jamaica securities	73	71
	100	100

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

13. Retirement Benefits (Continued)

Pension scheme (continued)

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

	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000
Fair value of plan assets	250,997	211,866	143,282	144,788	124,428
Defined benefit obligation	(82,300)	(66,462)	(39,948)	(62,307)	(54,967)
Surplus	168,697	145,404	103,334	82,481	69,461

The principal actuarial assumptions used were as follows:

	2011 %	2010 %
Discount rate	10.5	11.5
Expected return on plan assets	8.0	8.5
Future salary increases	6.5	7.5
Future pension increases	0.0	0.0

Other assumptions:

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

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

14. Loans Receivable

	2011 \$'000	2010 \$'000
Gross loans and advances	108,690	120,740
Less: provisions for loan losses	(39,368)	(12,601)
	69,322	108,139
Add: Loan interest receivable	1,815	859
	71,137	108,998
Less: Current portion	(43,720)	(18,664)
	27,417	90,334

These represent loans disbursed to various micro and small business owners from the pool of funds obtained for onlending from Development Bank of Jamaica and the Micro Investment Development Agency (Note 20). Each loan bears interest at a rate of 10% per annum and are secured by bills of sale on items that were purchased from the proceeds of the loan.

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

	2011 \$'000	2010 \$'000
Total non-performing loans	39,368	12,601

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

	2011 \$'000	2010 \$'000
Balance at beginning of year	12,601	-
Provided during the year	26,767	12,601
Balance at end of year	39,368	12,601

15. Inventories

	2011 \$'000	2010 \$'000
Merchandise	9,179	16,929
Less: Provision for slow moving items	(669)	(2,547)
	8,510	14,382

Jamaica Business Development Corporation

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

16. Receivables

	2011 \$'000	2010 \$'000
Trade	3,181	2,166
Less: Provision for doubtful debts	(166)	(154)
	3,015	2,012
GCT recoverable	5,223	6,277
Prepaid expenses	1,967	1,592
Other	7,479	2,464
	<u>17,684</u>	<u>12,345</u>

17. Cash and Cash Equivalents

	2011 \$'000	2010 \$'000
Cash	9,934	22,117
Short term deposits	122,557	33,722
	132,491	55,839
Bank overdraft	(2,019)	(3,157)
	<u>130,472</u>	<u>52,682</u>

Cash is comprised mainly of amounts held in current accounts which attract interest rates of 1% (2010 – 1% to 2.5%) per annum.

The average effective rate on Jamaican dollar denominated short term investments was 6.03 % (2010 – 8.11%) per annum and these deposits have an average maturity of 13 days (2010 – 10 days). The average effective interest rate on United States dollar denominated short term investments was 3.0% (2010 – 4.19%) per annum and these deposits have an average maturity of 45 days (2010 - 30 days).

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

18. Payables

	2011 \$'000	2010 \$'000
Trade	15,141	10,540
Accruals	18,081	18,234
Other	5,611	1,239
	<u>38,833</u>	<u>30,013</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

19. Project Liabilities

	2011 \$'000	2010 \$'000
Bureau of Standards	540	540
Business Information Points	-	(58)
CEHI Cleaner Production Survey	135	135
Cricket World Cup Events	338	338
Constituency Development Fund	-	6
Development Bank of Jamaica	110	110
EU/PSDP Egg Industry	-	900
EU/PSDP Gift and Craft	-	(171)
EU/PSDP Wellness	-	(536)
EU/Fashion	-	(1,698)
EU/PSDP Small Ruminants	-	323
Enterprise Rating and Upgrading Programme	-	(264)
Financial Service Unit	-	481
Furniture Incubator	4,329	-
IADB (GOJ)	8,950	10,213
Inter - American Development Bank	(430)	592
Income Cluster	392	680
Jambic	251	143
Kingston Urban Renewal Project	-	(121)
Kingston Urban Renewal Project (GOJ)	(14)	455
Ornamental fish	1	1
Pro invest	223	223
Rural Enterprise Agriculture Community Tourism	4	4
Resource Centre	-	10,927
TPDco/Jamaica Craft Market	351	351
United Nations Development Programme	283	283
YEP	80	197
Youth Opportunity	267	(1,211)
	<u>15,810</u>	<u>22,843</u>

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

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20. Borrowings

(a) Composition of borrowings:

	2011 \$'000	2010 \$'000
Current –		
Short term loans	–	1,383
Long term loans	32,098	27,524
	<u>32,098</u>	<u>28,907</u>
Non-current –		
Long term loans	196,500	112,500
	<u>228,598</u>	<u>141,407</u>

(b) Short term loan

The loan was acquired from Jamaica National Finance Limited as a finance agreement for the insurance of the property. The loan was for eight months at an interest rate of 7%. The amount was fully repaid during the year.

(c) Long Term loans

	2011 \$'000	2010 \$'000
(i) Development Bank of Jamaica	205,500	137,500
(ii) Micro Investment Development Agency	20,000	–
Interest accrued	<u>3,098</u>	<u>2,524</u>
	<u>228,598</u>	<u>140,024</u>
Less: Current portion	<u>(32,098)</u>	<u>(27,524)</u>
	<u>196,500</u>	<u>112,500</u>

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

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

- (ii) This loan was obtained for onlending to businesses in the productive micro and small enterprises sectors. The principal is repayable in 16 quarterly instalments commencing July 2011 and bears interest at a rate of 7% per annum. It is secured by a Parliamentary Guarantee issued by the Government of Jamaica.

Jamaica Business Development Corporation

Notes to the Financial Statements

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

20. Borrowings (Continued)

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

	2011 \$'000	2010 \$'000
2011	-	25,000
2012	29,000	25,000
2013	55,000	25,000
2014	55,000	25,000
2015 and thereafter	86,500	37,500
	<u>225,500</u>	<u>137,500</u>

21. Share Capital

	2011 \$'000	2010 \$'000
Authorised, issued and fully paid - 100 (2009 -100) no par, ordinary shares	<u>1</u>	<u>1</u>

22. Fixed Asset Reserve

	2011 \$'000	2010 \$'000
Balance at beginning of year	44,240	46,295
Transfers to income	(568)	(2,055)
	<u>43,672</u>	<u>44,240</u>

23. Deferred Income Taxes

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

	2011 \$'000	2010 \$'000
Deferred income tax assets	(37,136)	(18,815)
Deferred income tax liabilities	32,153	27,573
Net (asset)/liability	<u>(4,983)</u>	<u>8,758</u>

Jamaica Business Development Corporation

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23. Deferred Income Taxes (Continued)

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

	2011 \$'000	2010 \$'000
Liability at beginning of year	8,758	16,682
Credited to the statement of comprehensive income (Note 10)	(13,741)	(7,924)
(Asset)/liability at end of year	(4,983)	8,758

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

	2011 \$'000	2010 \$'000
Deferred income tax assets:		
Accrued vacation	4,349	4,240
Property, plant and equipment – decelerated tax allowances	5,623	4,218
Interest Payable	480	842
Tax losses	26,624	9,507
Unrealised foreign exchange loss	60	8
	37,136	18,815
Deferred income tax liabilities:		
Property, plant and equipment – accelerated tax allowances	-	84
Retirement benefits	31,449	27,203
Interest receivable	704	286
	32,153	27,573

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

	2011 \$'000	2010 \$'000
Deferred tax assets to be recovered after more than 12 months	32,247	13,725
Deferred tax liabilities to be settled after more than 12 months	(31,449)	(27,287)

Jamaica Business Development Corporation

Notes to the Financial Statements

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24. Related Party Transactions

Key management compensation -

	2011 \$'000	2010 \$'000
Salaries and other short-term employee benefits	5,198	5,198
Payroll taxes – employer portion	437	416
Pension benefits	473	473
	<u>6,108</u>	<u>6,087</u>
Director's emoluments:		
Remuneration	6,126	6,126
Directors' fees	174	146

25. Cash Flows from Operating Activities

Reconciliation of net loss to cash generated from operating activities:

	2011 \$'000	2010 \$'000
Loss for the year	(27,437)	(14,488)
Items not affecting cash resources:		
Depreciation	6,700	7,024
Amortisation	57	25
Gain on disposal of property, plant and equipment	-	(653)
Increase in provision for doubtful debts	12	84
Increase in provision for loan losses	26,767	12,601
Interest income	(14,578)	(9,840)
Interest expense	13,552	10,366
Taxation	(13,741)	(8,110)
	<u>(8,668)</u>	<u>(2,991)</u>
Changes in non-cash working capital balances:		
Retirement benefit asset	(12,749)	(15,916)
Loans receivable	12,050	(101,966)
Inventories	5,872	(3,305)
Receivables	(5,351)	13,755
Loan interest received	11,328	6,280
Payables	8,821	7,422
Project liabilities	(7,034)	(20,227)
	<u>4,269</u>	<u>(116,948)</u>
Income tax paid	(1,011)	(1,857)
Cash provided by/(used in) operating activities	<u>3,258</u>	<u>(118,805)</u>

Schedule Of Emoluments

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	34,500.00	-	-	-	34,500.00
Director 2	29,562.50	-	-	-	29,562.50
Director 3	25,500.00	-	-	-	25,500.00
Director 4	25,500.00	-	-	-	25,500.00
Director 5	22,000.00	-	-	-	22,000.00
Director 6	11,000.00	-	-	-	11,000.00
Director 7	9,000.00	-	-	-	9,000.00
Director 8	5,500.00				5,500.00
Director 9	5,500.00				5,500.00
Director 10	5,500.00	-	-	-	5,500.00

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Notes

- 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	2010-2011	5,396,288.04	-	398,250.00	269,814.40	331,463.40	-	6,395,815.84
Executive Director	2010-2011	4,070,430.60	-	796,500.00	203,521.53	331,467.60	-	5,401,919.73
Finance Manager	2010-2011	2,735,718.00	-	796,500.00	136,785.90	294,638.40	-	3,963,642.30
Technical Services Manager	2010-2011	2,735,718.12	-	796,500.00	136,785.91	-	-	3,669,004.03
Human Resource Manager (1)	2010-2011	2,655,389.36	-	764,755.43	251,473.91	-	-	3,650,662.55
Human Resource Manager (2)	2010-2011	108,877.44	-	38,540.32	-	-	-	147,417.76
Manager-Things Jamaica	2010-2011	2,257,550.04	-	796,500.00	225,755.00	-	-	3,279,805.04
Manager-Information Technology	2010-2011	2,257,550.04	-	796,500.00	112,877.50	-	-	3,166,927.54
Manager –Industrial Secretariat	2010-2011	2,203,167.96	-	796,500.00	220,316.80	-	-	3,219,984.76
Manager –Business Advisory Services	2010-2011	2,194,257.84	-	796,500.00	219,425.78	-	-	3,210,183.62
Manager –Financial Services Unit	2010-2011	1,931,187.96	920,594.70	796,500.00	-	-	-	3,648,282.66

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.



Conclusion

JBDC wishes to thank our partners, staff and clients for their unwavering support.

We are an organisation committed to the development of the Micro, Small and Medium Enterprises Sector. We are confident of the Sector's potential as a major contributor to the development of the Jamaican economy.

We continue to enhance our programmes by the responses received to the question "How can we help you?"



An Agency of The Ministry of Industry, Investment & Commerce

JBDC operates between the hours of 8:30am - 5:00pm,
Monday through Thursday and 8:30am - 4:00pm on Friday.

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