



## Statement II

### JAMAICA SOCIAL INVESTMENT FUND LIMITED BALANCE SHEET AS AT MARCH 31, 2003

	Notes	2003 \$	2002 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	6	-	-
<b>Current assets</b>			
Bank deposits	7,8(d)	142,031,969	218,389,326
Advances to contractors and other receivables	3	7,910,480	2,796,881
		<u>149,942,449</u>	<u>221,186,207</u>
<b>Total assets</b>		<u>149,942,449</u>	<u>221,186,207</u>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity			
Share capital			
Authorised, issued and fully paid 1,000 shares of \$1.00 each		<u>1,000</u>	<u>1,000</u>
<b>Current liabilities</b>			
Project expenditure reimbursable to GOJ and other funding agencies		-	42,868,097
Net resources for project expenditure	4	115,154,043	148,717,669
Accounts payable	5	<u>34,787,406</u>	<u>29,599,441</u>
		<u>149,941,449</u>	<u>221,185,207</u>
<b>Total equity and liabilities</b>		<u>149,942,449</u>	<u>221,186,207</u>

The Notes on Statement III form an integral part of the Financial Statements.

Approved on behalf of the Board.

  
  
 } Directors

**JAMAICA SOCIAL INVESTMENT FUND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2003**

**1 IDENTIFICATION**

The company which was incorporated in Jamaica, is the vehicle used to carry out all the activities of the Jamaica Social Investment Fund (JSIF) project.

The Jamaica Social Investment Fund (JSIF) is a temporary, autonomous Government of Jamaica (GOJ) sponsored project designed to address some of the most pressing socio-economic needs of the poorest. In order to achieve this, the JSIF mobilizes resources from the Government, donors and lending agencies.

Initial project preparation costs were funded under the Grant Agreement No. TF 029209 between the GOJ and the Government of Japan.

Other financing arrangements made to fund the project activities are as follows:

- (a) Loan Agreement (No. 4088 JM) between the GOJ and International Bank for Reconstruction and Development (IBRD) dated October 2, 1996 to borrow US\$20 million.

Disbursement was completed in March 2002.

- (b) Loan Contract (No. 1005/OC-JA) between the GOJ and the Inter-American Development Bank (IDB) dated July 25, 1997 to finance up to US\$10 million.

The final disbursement was made in August 2002.

- (c) Grant Agreement (No. TF024816) between the GOJ and the Government of Netherlands (GON), IBRD being the Administrator on behalf of the Netherlands Minister for Development Cooperation, dated March 26, 1997 for funds totalling US\$3 million (5,250,000 Netherlands Guilders (NLG)).

Disbursement was completed in August 2001.

- (d) Memorandum of Understanding between the GOJ, JSIF and the European Union dated December 12, 1996 for funds totalling \$91 million (US\$2.6 million). This sum forms a part of the GOJ counterpart funding referred to in (e) below.

**JAMAICA SOCIAL INVESTMENT FUND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1 IDENTIFICATION (Cont'd)**

- (e) Implementation Letter from GOJ and JSIF to IBRD dated October 2, 1996 confirming the availability of the minimum counterpart funding of US\$10 million.
- (f) Loan Agreement (No. 685P) between the GOJ and the Organization for Petroleum Exporting Countries (OPEC) dated April 21, 1997 to borrow US\$2 million.  
Disbursement was completed in February 2002.
- (g) Arrangement between the GOJ and the Government of the United Kingdom of Great Britain and Northern Ireland dated May 16, 1997 to make available a technical cooperation grant through the Department for International Development (DFID), previously Overseas Development Administration (ODA) up to £476,000.  
The grant expired in December 2001.
- (h) Loan Agreement No. 10/SFR-OR-JAM between the GOJ, JSIF and the Caribbean Development Bank dated May 26, 2000 to finance up to US\$14.128 million.  
  
Grant Agreement No. GA10/JAM between the JSIF and the Caribbean Development Bank dated May 26, 2000 for funds totalling US\$124,000.
- (i) Grant Agreement No. 6349/JM between the GOJ and the Commission of the European Communities dated December 11, 2000 from the resources of the European Development Fund of EUR 6 million.
- (j) Beneficiaries and sponsors of sub-projects are obligated to contribute a minimum of 5% of the estimated sub-project cost in the form of donated labour, local materials and project preparation and supervision services.

The Jamaica Social Investment Fund is a project and the company is the corporate entity which implements the activities of the project. The company enters into contracts and pays expenses with respect to the project. The company neither earns any income nor incurs expenditure on its own account.

**JAMAICA SOCIAL INVESTMENT FUND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2003**

**1 IDENTIFICATION (Cont'd)**

These financial statements reflect the assets and liabilities of the company only and do not reflect the income, expenditure or fixed assets of the project. Separate financial statements are prepared to show project funding sources and expenditures.

These financial statements are expressed in Jamaican dollars unless otherwise stated.

**2 SIGNIFICANT ACCOUNTING POLICIES**

(a) Accounting convention, principles and standards

These financial statements have been prepared under the historical cost convention. The accounting principles followed by the company are those generally accepted in Jamaica and these financial statements comply in all material respects with the requirements of all applicable statements of the standard accounting practice issued by the Institute of Chartered Accountants of Jamaica.

(b) Foreign currencies

Transactions in foreign currencies have been converted to Jamaican dollars at the rates of exchange ruling at the dates of those transactions. Assets and liabilities denominated in foreign currencies are translated to Jamaican dollars at exchange rates current at balance sheet date. All exchange gains and losses are credited to, or charged against, Government of Jamaica funding for the year, in the financial statements of the Project.

(c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period (if any). Actual results could differ from these estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

(d) Financial instruments

Financial instruments include contracts that give rise to both financial assets and financial liabilities. Financial assets include bank deposits, advances and deposits receivable. Financial liabilities include project expenditure reimbursable to GOJ and other funding agencies, net resources for project expenditure and accounts payable.

**JAMAICA SOCIAL INVESTMENT FUND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2003**

**3 ADVANCES TO CONTRACTORS AND OTHER RECEIVABLES**

	<u>2003</u>	<u>2002</u>
	\$	\$
Advances on sub-project contracts	6,947,518	1,702,035
Other advances	67,254	146,038
Security deposits	895,708	948,808
	<u>7,910,480</u>	<u>2,796,881</u>

**4 NET RESOURCES FOR PROJECT EXPENDITURE**

	<u>2003</u>	<u>2002</u>
	\$	\$
<i>Funds advanced (reimbursable) for project expenditure at March 31:</i>		
Government of Jamaica	( 5,402,049)	-
Inter-American Development Bank	-	( 6,755,310)
Caribbean Development Bank	89,098,056	155,472,979
Commission of European Communities	31,458,036	-
	<u>115,154,043</u>	<u>148,717,669</u>

**5 ACCOUNTS PAYABLE**

	<u>2003</u>	<u>2002</u>
	\$	\$
Contractor claims	32,475,353	28,458,116
Other payables	2,312,053	1,141,325
	<u>34,787,406</u>	<u>29,599,441</u>

**6 FIXED ASSETS**

The fixed assets used by the company totalling a cost of \$34,026,891 (2002 - \$32,876,509), financed by funds received from the IBRD, IDB, EU, the Government of Japan and the GOJ have been accounted for as project expenditure and therefore are not reflected in these financial statements other than by way of this note.

**JAMAICA SOCIAL INVESTMENT FUND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2003**

**7 CASH RESOURCES AVAILABLE**

Funding Agency	Available Cash Resources April 1, 2002	Funds Received During the Year Ended March 31, 2003	Project Outflows/Less Recoveries	Available Cash Resources March 31, 2003
	\$'000	\$'000	\$'000	\$'000
Government of Jamaica	64,155	57,692	( 74,048)	47,799
IDB	( 6,736)	15,484	( 8,748)	-
EU	-	33,800	( 2,353)	31,447
CDB	160,970	177,239	(275,423)	62,786
	<u>218,389</u>	<u>284,215</u>	<u>(360,572)</u>	<u>142,032</u>

**JAMAICA SOCIAL INVESTMENT FUND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2003**

**8 FINANCIAL INSTRUMENTS**

(a) Fair value

Fair value amounts represent estimates of the consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The fair values of the company's financial assets and liabilities included in current assets and liabilities are assumed to approximate their carrying value, due to their short-term nature.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest bearing financial assets are primarily represented by bank deposits which are materially contracted at fixed interest rates for the duration of the term. At March 31, 2003, financial assets subject to interest aggregated to approximately \$2,183,954.

There are no interest bearing financial liabilities at March 31, 2003.

(c) Credit risk

Financial instruments contain an element of risk that the other obligators may be unable to meet the terms of agreements. Direct credit risk represents risk of loss resulting from the obligators' default in relation to assets on the balance sheet.

In respect of the bank deposits, the company minimizes this risk by seeking to limit its obligators to creditworthy entities.

Management policies require contractors for civil works to provide performance bonds and/or bank guarantees in respect of performance of these contracts. Procurement and selection procedures also evaluate the credit risk of potential contractors.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

**JAMAICA SOCIAL INVESTMENT FUND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2003**

**8 FINANCIAL INSTRUMENTS (Cont'd)**

(d) Foreign currency risk

The company incurred foreign currency risk on transactions that are denominated in currencies other than Jamaican dollars.

The following foreign currency balances are included in these financial statements:

	<u>2003</u>	<u>2002</u>
Bank deposits	US\$ 2,026,290 £ NIL	US\$ 4,348,986 £918

**9 CONTINGENCIES AND COMMITMENTS**

- (a) At March 31, 2003, outstanding claims against the company made by a contractor on JSIF Projects aggregated approximately \$2.9 million in respect of contract payments and interests thereon.

The adjudicator awarded settlement of \$312,615 in January 2003 to the contractor and the amount was paid in February 2003. However, the contractor refused to accept payment and has indicated his intention to refer the matter to an arbitrator.

- (b) At March 31, 2003, commitments in respect of contracts approved by the board but not yet executed amounted to approximately \$103 million.

**10 INTERNATIONAL ACCOUNTING STANDARDS**

The Institute of Chartered Accountants of Jamaica has adopted International Accounting Standards (IAS) as Jamaica's National Accounting Standards. These standards are applicable to financial statements for accounting periods, beginning on or after July 1, 2002. The fund's financial statements for year ending March 31, 2004, will be prepared under the provisions of IAS. The financial position and net income of the fund determined under the provisions of IAS may differ from those determined under the provisions of accounting standards used in the preparation of these financial statements (see Note 2(a)). The directors and management are currently undertaking an analysis to determine the likely impact, if any, of IAS on the company's financial position and net income.