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NATIONAL FAMILY PLANNING BOARD

FINANCIAL STATEMENTS

31 MARCH 2015

Smith & Associates
Chartered Accountants
16 Hope Road
Kingston 10

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October 16, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of the
National Family Planning Board

Report on the Financial Statements

We have audited the financial statements of National Family Planning Board set out on pages 3 to 44, which comprise the statement of financial position as at 31 March 2015 and the statements of comprehensive income, changes in reserves and cash flows 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 the National Family Planning 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 consistently 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company'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.

INDEPENDENT AUDITORS' REPORT (CONT'D) October 16, 2015

To the Members of the
National Family Planning Board

In our opinion, the financial statements give a true and fair view of the entity's financial position as at 31 March 2015, and of its financial performance, changes in reserves and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the National Family Planning Board Act.

Report on additional requirements of the National Family Planning Board 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 and the financial statements are in agreement therewith, and give the information required by the Act, in the manner so required.

Smith & Associates

CHARTERED ACCOUNTANTS

NATIONAL FAMILY PLANNING BOARD
Statement of Financial Position
31 March 2015

	Note	2015	2014
		$	$
ASSETS			
Non-current Assets			
Property, plant and equipment	8	114,154,428	72,170,200
Intangible assets	9	429,256	792,637
Long term investments	13	-	71,900,810
		114,583,684	144,863,647
Current Assets			
Inventories	10	18,430,817	8,012,147
Receivables	11	24,627,760	16,438,812
Taxation recoverable		5,665,168	5,095,507
Related parties	12	526,940	7,983,692
Short term investments	13	75,960,238	-
Repurchase agreements	14	40,110,417	61,989,551
Cash and cash equivalents	15	12,124,159	9,282,371
		177,445,499	108,802,080
		292,029,183	253,665,727
RESERVES, FUNDS AND LIABILITIES			
Reserves:			
Capital reserves	16	18,956,297	18,956,297
Revaluation reserve	17	124,107,978	80,082,978
Accumulated (deficit) /surplus		(45,746,569)	(33,352,943)
Total reserves		97,317,706	65,686,332
Funds			
Commercial Distribution of Contraceptives (CDC)	18	71,154,400	67,912,670
Donation	19	112,881,913	108,435,291
Reproductive health and other projects	20	2,654,877	1,485,324
Revolving loan interest	21	192,455	186,330
		186,883,645	178,019,615
Current liabilities			
Payables	22	7,827,832	9,959,780
		292,029,183	253,665,727

Approved for issue by the Board of Directors on October 16, 2015 and signed on its behalf by:

Chairman – Dr. Sandra Knight

Director – Donovan Brown

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

NATIONAL FAMILY PLANNING BOARD

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2015

	Note	2015 $	2014 $
Income			
Government of Jamaica Subvention		78,928,000	80,936,951
Sale of contraceptives		24,553,430	8,018,210
Commercial Distribution of Contraceptives (CDC)		3,668,514	3,495,169
Donation operations receipts		4,452,621	22,953,754
Other operating income		153,005	165,870
		111,755,570	115,569,954
Expenses			
CDC operations		(426,784)	(425,000)
Donation operations		(6,000)	-
Administrative and other overhead	24	(93,779,598)	(96,337,347)
Contraceptive inventory consumed		(22,242,338)	(13,866,947)
		(116,454,720)	(110,629,294)
Operating surplus/(deficit) for the year before transfers	5	(4,699,150)	4,940,660
Other comprehensive income/ (expense)			
Gain on revaluation	17	44,025,000	-
Net transfer to CDC fund	26	(3,241,730)	(3,070,169)
Net transfer to donation fund	27	(4,446,621)	(22,953,754)
Transfer of interest to revolving loan interest fund		(6,125)	(10,220)
Net surplus/ (deficit) for the year being, total comprehensive income/ (loss)		31,631,374	(21,093,483)

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

NATIONAL FAMILY PLANNING BOARD

Statement of Changes in Reserves

Year Ended 31 March 2015

	Capital Reserve $	Revaluation Reserve $	Accumulated (Deficit)/Surplus $	Total $
Balance at 31 March 2013	18,956,297	80,082,978	(12,259,460)	86,779,815
Total comprehensive loss	-	-	(21,093,483)	(21,093,483)
Balance at 31 March 2014	18,956,297	80,082,978	(33,352,943)	65,686,332
Gain on revaluation		44,025,000	(44,025,000)	-
Total comprehensive income	-		31,631,374	31,631,374
Balance at 31 March 2015	18,956,297	124,107,978	(45,746,569)	97,317,706

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

NATIONAL FAMILY PLANNING BOARD

Statement of Cash Flows

Year Ended 31 March 2015

	2015 $	2014 $
Cash flow from operating activities		
Operating surplus/(deficit) for the year	(4,699,150)	4,940,660
Adjustments to reconcile net surplus/(deficit) to net cash provided by operations:		
Depreciation	3,752,284	3,470,646
Amortisation	594,013	512,103
Interest income	(7,699,733)	(7,429,805)
Operating cash flows before movements in working capital	(8,052,586)	1,493,604
Change in operating assets and liabilities:		
Inventories	(10,418,670)	(4,987,987)
Receivables	(8,188,950)	(7,813,752)
Withholding tax	(569,662)	4,594,366
Related parties	7,456,753	(3,036,999)
Short term investments	(75,960,238)	60,569,589
Repurchase agreements	21,879,133	6,248,085
Payables	(2,131,947)	(1,316,847)
Net cash provided by/(used in) operating activities	(75,986,167)	55,750,059
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,711,512)	(1,124,417)
Purchase of intangible assets	(230,630)	(562,303)
Interest received (net of withholding tax)	7,699,733	7,429,805
Long term investment	71,900,810	(71,900,810)
Net cash (used in)/provided by investing activities	77,658,401	(66,157,725)
Cash flows from financing activities		
Project advances for reproductive health and other projects	14,459,662	1,040,000
Project expenditures for reproductive health and other projects	(13,290,109)	-
Net cash (used in)/provided by financing activities	1,169,553	1,040,000
Net decrease in cash and cash equivalents	2,841,787	(9,367,666)
Cash and cash equivalents at beginning of year	9,282,372	18,650,038
Cash and cash equivalents at end of year	12,124,159	9,282,372

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

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

1. **Identification and principal activity:**

   (a) The National Family Planning Board (the Board) is a statutory body incorporated under The National Family Planning Act 1970 and domiciled in Jamaica. Its registered office is 5 Sylvan Avenue, Kingston 5.

   (b) The principal activities of the Board include preparing and promoting family and population planning programmes in Jamaica. The Board also provides programmes and services in research, project and educational materials, community outreach and clinical and counselling services, as well as procures and distributes contraceptives to and on behalf of the public health system in Jamaica.

   (c) The Board is managed by a Board of directors appointed by the Minister of Finance and the activities of the Board are monitored by the Ministry of Health.

   (d) All amounts in these financial statements are stated in Jamaican dollars, which is the functional currency of the Board.

2. **Significant Accounting Policies:**

   Basis of preparation

   (a) Standards, interpretations and amendments effective during the current year

   The International Accounting Standards Board issued certain new standards, interpretations and amendments to existing standards have been published that became effective during the year under review. The Board has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following which are immediately relevant to its operations:

   IAS 32, (Amendments) 'Offsetting Financial Assets and Financial Liabilities' – The Board has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

   The amendments have been applied retrospectively. (As the Board does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the financial statements. The Board has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the financial statements).

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

2. **Significant Accounting Policies (Cont'd):**

(a) **Standards, interpretations and amendments effective during the current year (cont'd)**

- **IAS 36, (Amendments) 'Recoverable Amount Disclosures for Non-Financial Assets'** – The Board has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

  The application of these amendments has had no material impact on the disclosures in the Board's financial statements.

- **IFRIC 21 Levies** – The Board has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

  IFRIC 21 has been applied retrospectively. The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the financial statements.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

2. **Significant Accounting Policies (Cont'd):**

(b) Standards, interpretations and amendments issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the Board has not early adopted. The Board has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations when they become effective and has concluded as follows:

- **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after January 1, 2018).

Classification and measurement of financial assets

- All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). However, trade receivables without a significant financing component are initially measured at their transaction price as defined in IFRS 15 *Revenue from Contracts with Customers*.
- Debt instruments are subsequently measured on the basis of their contractual cash flows and the business model under which the debt instruments are held. If a debt instrument has contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held within a business model with the objective of holding the assets to collect contractual cash flows, it is accounted for at amortised cost. If a debt instrument has contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, it is measured at fair value through other comprehensive income (FVOCI) with subsequent reclassification to profit or loss.
- All other debt instruments are subsequently accounted for at FVTPL. Also, there is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

2. **Significant Accounting Policies (Cont'd):**

(b) Standards, interpretations and amendments issued but not yet effective (cont'd)

- **IFRS 9, 'Financial Instruments' (cont'd)**

Classification and measurement of financial assets (cont'd)

- Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in OCI (without subsequent reclassification to profit or loss).

Classification and measurements of financial liabilities

- For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in Other Comprehensive Income (OCI). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in Other Comprehensive Income (OCI) would create or enlarge an accounting mismatch in profit or loss.
- All other IAS 39 classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

- The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model.
- The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 *Leases*.
- Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For trade receivables without a significant financing component, and depending on an entity's accounting policy choice for other trade receivables and lease receivables, a simplified approach applies whereby lifetime ECL are always recognised.
- The measurement of ECL must reflect a probability-weighted outcome, the effect of the time value of money, and based on reasonable and supportable information that is available without undue cost or effort.

NATIONAL FAMILY PLANNING BOARD
Notes to the Financial Statements

31 March 2015

2. **Significant Accounting Policies (Cont'd):**

(b) Standards, interpretations and amendments issued but not yet effective (cont'd)

- **IFRS 9, 'Financial Instruments' (cont'd)**

  Hedge accounting

  - Hedge effectiveness testing must be prospective and can be qualitative, depending on the complexity of the hedge.
  - A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measurable.
  - The time value of an option, the forward element of a forward contract and any foreign currency basis spread can be excluded from the designation as the hedging instrument and accounted for as costs of hedging.
  - More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

  Transition
  An entity may elect to apply earlier versions of IFRS 9 if, and only if, the entity's relevant date of initial application is before February 1, 2015. Otherwise, early application is only permitted if the complete version of IFRS 9 is adopted in its entirety for reporting periods beginning after July 24, 2014. The transition to IFRS 9 differs by requirements and is partly retrospective and partly prospective. Despite the requirement to apply IFRS 9 in its entirety, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as at FVTPL without applying the other requirements in the standard. An entity that elects to do so is required to disclose that fact and provide the certain related disclosures.

  The Board is currently assessing the potential impact of IFRS 9 and whether it should adopt the standard prior to the effective date to take advantage of the transitional arrangements which vary depending on the date of initial adoption.

- **IFRS 15, 'Revenue from Contracts with Customers'** (effective for annual periods beginning on or after January 1, 2017) – IFRS 15 replaces all existing revenue requirements (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SOC 31 Revenue – Barter Transactions Involving Advertising Services) in IFRS and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of sales of some non-financial assets including disposals of property, equipment and intangible assets.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

2. Significant Accounting Policies (Cont'd):

(b) Standards, interpretations and amendments issued but not yet effective (cont'd)

- **IFRS 15, 'Revenue from Contracts with Customers' (cont'd)**

  The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

  The principles in IFRS 15 will be applied using a five-step model:

  1. Identify the contract(s) with a customer.
  2. Identify the performance obligations in the contract.
  3. Determine the transaction price.
  4. Allocate the transaction price to the performance obligations in the contract.
  5. Recognise revenue when (or as) the entity satisfies a performance obligation.

  For each step of the model, the standard requires entities to exercise judgement and to consider all relevant facts and circumstances when applying the model to contracts with their customers.

  In addition to the five-step model, the standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

  Application guidance is provided in the standard to assist entities in applying its requirements to common arrangements, including licences, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services, and breakage.

  Transition

  Entities are allowed to choose either a full retrospective approach for all periods presented in the period of adoption with some limited relief provided, or a modified retrospective approach. Early application is permitted and must be disclosed.

  The Board is currently assessing the potential impact of IFRS 15 and whether it should adopt the standard prior to the effective date.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

2. **Significant Accounting Policies (Cont'd):**

(b) Standards, interpretations and amendments issued but not yet effective (cont'd)

- **IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38** (effective for annual periods beginning on or after January 1, 2016). - The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

  Transition

  The amendments are effective prospectively. Early application is permitted and must be disclosed.

  Impact

  Entities currently using revenue-based amortisation methods for property, plant and equipment will need to change their current amortisation approach to an acceptable method that results in a different amortisation pattern.

  The application of IAS 16 and IAS 38 is not expected to have any impact on the amounts recognized in the Board's financial statements.

- **IAS 19 Defined Benefit Plans: Employee Contributions – Amendments to IAS 19** (effective for annual periods beginning on or after July 1, 2014). IAS 19 requires entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit.

  The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age.

  Transition

  The amendments must be applied retrospectively. Early application is permitted and must be disclosed.

  The Board will apply the amendment from January 1, 2015 but it is not expected to have a significant impact on the Board's financial statements.

2. Significant Accounting Policies (Cont'd):

(b) Standards, interpretations and amendments issued by not yet effective (cont'd)

The BOARD has concluded that all other standards, interpretations and amendments to existing standards which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no impact on adoption; or certain inconsequential clarifications that will have no material impact when they come into effect. This includes amendments resulting from the IASB's ongoing improvements project.

(c) Statement of compliance -

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention.

(d) Foreign currency translation -

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the statement of financial position date. Foreign exchange differences arising on translations are recognized in the profit and loss account. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the values were determined.

(e) Property, plant and equipment -

Property, plant and equipment are initially recorded at cost. Freehold land and building are subsequently shown at their revalued amounts, being the fair value at the date of the revaluation, less subsequent accumulated depreciation and impairment losses. Revaluation are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the statement of financial position date. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Freehold land is not depreciated.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

2. Significant Accounting Policies (Cont'd):

(e) Property, plant and equipment (cont'd)-

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives. Annual rates are as follows:

Freehold buildings	2.5%
Plant, machinery, furniture, fixtures and equipment	10%
Motor vehicles	20%
Equipment	20% & 33 1/3%

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

(f) Inventories -

Inventories are valued at cost determined on a first-in-first out (FIFO) basis. Cost comprises invoiced value plus applicable landing charges.

(g) Financial instruments -

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

Fair value of financial assets

Management uses its judgement in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions.

Effective interest method-

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial asset, or where appropriate, a shorter period.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

2. Significant Accounting Policies (Cont'd):

(g) Financial instruments (cont'd)-

Financial assets:

The Board classifies its financial assets in the following categories: fair value through profit or loss, available for sale assets and loans and receivables. 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 the designation at every reporting date.

Fair-value through profit or loss (FVTP)

A financial asset may be designated in this category if upon initial recognition it is designated by the entity as FVTP. Such a designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, if the financial instrument forms a part of a group of financial assets which is managed and its performance is evaluated on a fair value basis in accordance with documented risk management or investment strategy and information is provided internally on that basis.

Financial assets at FVTP are stated at fair value with any gains or losses arising on re-measurement recognized in the statement of comprehensive income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any other categories. Changes in the fair value of financial assets classified as available-for-sale are recognized in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognized by applying the effective interest rate method.

Financial liabilities

The Board's financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost using the effective interest method. These liabilities are classified as fair value through profit or loss and other financial liabilities and are included in current and non-current liabilities in the statement of financial position.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

2. **Significant Accounting Policies (Cont'd):**

(h) Impairment -

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

For financial assets, objective evidence of impairment could include:

(i) Significant financial difficulty of the issuer or counterparty
(ii) Breach of contract such as a default or delinquency in interest or principal
(iii) It becoming probable that the borrower will enter bankruptcy or financial re-organisation
(iv) The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are in addition assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables include the past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national conditions that will correlate with defaults on receivables.

For financial assets carried at amortised cost the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at current market rate of return for a similar financial asset. Such impairment loss will not be reversed in a subsequent period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of comprehensive income.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

2. Significant Accounting Policies (Cont'd):

(h) Impairment (cont'd)-

When an available for sale financial asset is considered to be impaired, cumulative gains and losses previously recognized in other comprehensive income are reclassified to the profit and loss account in the period.

For financial assets measured at amortised cost, if in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date that the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

(i) Cash and cash equivalents -

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, deposits and short term highly liquid investments with original maturities of three months or less.

(j) Trade and other receivables -

Trade receivables are carried at amortised cost less any provisions made for impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of receivables. Other receivables are stated at amortised cost less impairment losses.

(k) Trade and other payables -

Trade payables are stated at amortised cost.

(l) Provisions -

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(m) Taxation -

The Board is exempt from income tax pursuant to section 12(B) of the Income Tax Act.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

2. Significant Accounting Policies (Cont'd):

(n) Borrowings and borrowing costs -

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings. Borrowing costs are recognized as expense in the period in which they are incurred.

(o) Revenue recognition -

Revenue is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts.

(p) Grants -

The Board receives the following types of grants:

(i) Revenue grants

Revenue grant which covers operating expenses is recognized as income in the statement of comprehensive income over the period necessary to match the grant with the related cost for which it is intended to compensate.

(ii) Capital grants

Capital grant is received for the exclusive purpose to aid in the acquisition of property, plant and equipment. Capital grant is recognized as deferred income initially and upon acquisition of property, plant and equipment is amortised to the statement of comprehensive income as income on a systematic basis which coincides with the estimated useful lives of the related assets and which is consistent with the depreciation policy.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the revenue expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The following are the critical judgments that the Board has made in the process of applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements.

(a) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their opinion.

(b) Net realizable value of inventories

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amounts the inventories are expected to realise. These estimates take into consideration fluctuations of price or costs directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

(c) Property, plant and equipment

The residual value and useful life of property, plant and equipment and intangible assets are reviewed at the reporting date, and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimates. The useful life on an asset is defined in terms of the assets expected utility to the Board. It is probable, based on existing knowledge, that outcomes in the next financial year that are different from these assumptions could require a material adjustment to carrying amount reflected in the financial statements.

(d) Fair value of financial assets

Management uses its judgement in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

4. **Financial risk management:**

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

The Board's risk management policies are designed to identify and analyze 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 Board 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 Board's risk management framework. The Board of Directors provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The risk management policies are established to identify and address the risks faced by the Board. These include the setting of appropriate risk limits and controls, monitoring of risks and adherence to established limits.

The Board of Directors through the Audit Committee is responsible for developing and monitoring the Board's financial risk management policies. The Audit Committee reports regularly to the Board of Directors on their activities.

The Audit Committee oversees how management monitors, and maintain compliance with the Board's risk policies and procedures, and the adequacy of the risk management framework in relation to risks faced by the Board. The Audit Committee is assisted in its mandate by the Internal Audit Unit, which undertakes periodic reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and Audit Committee.

(I) Market Risk -

Market risk is the risk that changes in market prices, due to fluctuations in interest rates, foreign exchange rates and equity prices will affect the value of the Board's holding of financial assets and liabilities, and/or its income.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on assets. The nature of the Board's exposure to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior period.

NATIONAL FAMILY PLANNING BOARD

Notes to the financial statements

31 March 2015

4. **Financial risk management (Cont'd):**

(I) **Market Risk (cont'd) -**

The Board manages its market risk by adhering to the investment policies established by the Board of Directors. The Audit Committee monitors the investment portfolio against these policies and reports to the Board of Directors on a regular basis.

The management of each of the three major components of market risk and the exposure of the Board at the reporting date to each major risk is addressed below:

(i) **Price risk**

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Board manages its exposure by maintaining only short term investments.

(ii) **Currency risk**

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Board is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar. The Board is primarily exposed to the United States dollar (US$).

There was no significant exposure to foreign currency risk. The Board's exposure to foreign currency risk at the balance sheet date was as follows:

	2015 US$	2014 US$
Bank accounts	15,859	21,280

The rates of exchange of the Jamaican dollar for the United States dollar (US$) are as follows:

	March 31, 2015	March 31, 2014
US dollar	114.48	108.99

In accordance with accounting policies applied consistently, exchange gains and losses are recognized in the income statement when incurred.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

4. Financial risk management (Cont'd):

(I) Market Risk (cont'd) -

(ii) Currency risk (cont'd)

Foreign currency sensitivity

The following table indicates the currencies to which the Board had significant exposure on its monetary assets and its forecasted cash flows. The change in currency rate 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 the year end for a 15% change in foreign currency rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be assessed on an individual basis. It should be noted that movements in these variables are non-linear.

A 1% (one percent) strengthening of the Jamaican dollar against the United States dollar (US$) at March 31, 2015 would have increased profit by the amounts shown below. The analysis assumes that all other variables, in financial interest rates remain constant. The analysis is performed on the same basis for 2014

	2015	2014
	J$	J$
United States dollar (US$) balances	18,239	23,316

A 15% (fifteen percent) weakening of the Jamaican dollar against these currencies at March 31, 2015 would have reduced profit by the amounts shown below. The analysis assumes that all other variables, in financial interest rates remain constant.

	2015	2014
	J$	J$
United States dollar (US$) balances	273,588	349,742

NATIONAL FAMILY PLANNING BOARD
Notes to the Financial Statements
31 March 2015

4. Financial risk management (Cont'd):

(I) Market Risk (cont'd) -

(iii) Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of changes in market interest rates. Variable rate instruments exposes the Board to cash flow interest rate risk, whereas fixed rate instruments exposes the Board to fair value interest rate risk. The Board manages it interest rate risk by matching, where possible, the duration and profile of financial assets and liabilities to minimize the impact of interest rate movements where there are mismatches.

Interest-bearing financial assets include both long and short-term investments, which have been contracted at fixed and floating interest rates for the duration of the term.
The nature of the Board's exposure to interest rate risk and it objectives, policies and processes for managing interest rate risk have not changed significantly from the prior period.

At the reporting date the interest rate profile of the Board's interest bearing financial instruments was:

	2015	2014
Corporate paper	5.5%	5.5%
Repurchase agreements	3.4% to 8%	2.7% to 8%

Interest rate sensitivity analysis

An increase of 250 basis points in interest rates would have increased profit and equity by the amounts shown below. The analysis assumes that all other variables in particular, foreign currency rates remain constant. The analysis is performed on the same basis for 2014.

	2015	2014
	$	$
Corporate paper	104,445	98,864
Repurchase agreements	53,648	82,911
	158,093	181,775

An alternative scenario of a decrease of 100 basis points in interest rates would have reduced profit and equity by the amounts shown below.

	2015	2014
	$	$
Corporate paper	41,778	39,545
Repurchase agreements	21,459	33,164
	63,237	72,709

NATIONAL FAMILY PLANNING BOARD
Notes to the Financial Statements
31 March 2015

4. Financial Risk Management (Cont'd):

(I) Market risk (cont'd)

(iv) Repricing Gap

A summary of the repricing gap position is as follows

	2015				
	Within 1 month $'000	**1 to 3 months $'000**	**Over 3 months $'000**	**Non-rate sensitive $'000**	**Total $'000**
ASSETS					
Property, plant and equipment	-	-	-	114,155	114,155
Intangible assets	-	-	-	429	429
Short term investments	-	-	75,960	-	75,960
Inventories	-	-	-	18,431	18,431
Receivables	-	-	-	24,628	24,628
Taxation recoverable	-	-	-	5,665	5,665
Related parties	-	-	-	527	527
Repurchase agreements	36,937	3,173	-	-	40,110
Cash and cash equivalent	-	-	-	12,124	12,124
Total financial assets	36,937	3,173	75,960	175,959	292,029
LIABILITIES					
Payables	-	-	-	7,828	7,828
Total financial liabilities	-	-	-	7,828	7,828
RESERVES AND FUNDS					
Capital and reserves	-	-	-	18,956	18,956
Revaluation reserve	-	-	-	124,108	124,108
Accumulated (deficit)/surplus	-	-	-	(45,746)	(45,746)
CDC funds	-	-	-	71,154	71,154
Donation funds	-	-	-	112,882	112,882
Reproductive health and other projects	-	-	-	2,655	2,655
Revolving loan and interest funds	-	-	-	192	192
Total reserves and funds	-	-	-	284,201	284,201
Total liabilities, reserves and funds	-	-	-	292,029	292,029
Total repricing gap	36,937	3,173	75,960	(116,070)	-
Cumulative gap	36,937	40,110	116,070	-	-

NATIONAL FAMILY PLANNING BOARD
Notes to the Financial Statements
31 March 2015

4. **Financial Risk Management (Cont'd):**

(I) Market risk (cont'd)

(iv) Repricing Gap (cont'd)

	2014				
	Within 1 month $'000	1 to 3 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
ASSETS					
Property, plant and equipment	-	-	-	72,170	72,170
Intangible assets	-	-	-	793	793
Long term investments	-	-	71,901	-	71,901
Inventories	-	-	-	8,012	8,012
Receivables	-	-	-	16,439	16,439
Taxation recoverable	-	-	-	5,095	5,095
Related parties	-	-	-	7,984	7,984
Repurchase agreements	24,548	37,442	-	-	61,990
Cash and cash equivalent	-	-	-	9,282	9,282
Total financial assets	24,548	37,442	71,901	119,775	253,666
LIABILITIES					
Payables	-	-	-	9,960	9,960
Total financial liabilities	-	-	-	9,960	9,960
RESERVES AND FUNDS					
Capital and reserves	-	-	-	18,956	18,956
Revaluation reserve	-	-	-	80,083	80,083
Accumulated (deficit)/surplus	-	-	-	(33,352)	(33,352)
CDC funds	-	-	-	67,913	67,913
Donation funds	-	-	-	108,435	108,435
Reproductive health and other projects	-	-	-	1,485	1,485
Revolving loan and interest funds	-	-	-	186	186
Total reserves and funds	-	-	-	243,706	243,706
Total liabilities, reserves and funds	-	-	-	253,666	253,666
Total repricing gap	24,548	37,442	71,901	(133,891)	-
Cumulative gap	24,548	61,990	133,891	-	-

NATIONAL FAMILY PLANNING BOARD
Notes to the Financial Statements
31 March 2015

4. Financial Risk Management (Cont'd):

(I) Market risk (cont'd)

(v) Equity price risk

Equity price risk arises out of price fluctuations in equity prices. The risk arises out of holding positions in either individual stocks or in the market as a whole. The Board is not exposed to this risk.

(II) Credit Risk -

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises mainly from credit given to customers and deposits with financial institutions. Balances arising from these activities are accounts receivable, loans and receivables and cash and cash equivalents. The maximum credit exposure is represented by the carrying amount of financial assets in the statement of financial position.

Maximum exposure to credit risk at the reporting date was:

	2015	2014
	$	$
Trade receivables	141,345	78,498
Loan and receivables	24,486,415	16,360,314
Taxation recoverable	5,665,168	5,095,503
Related parties	526,940	7,983,692
Investments	75,960,238	71,900,810
Repurchase agreements	40,110,417	61,989,551
Cash and cash equivalents	12,124,159	9,282,372
	159,014,682	172,690,740

The Board is a statutory body and its customer base consists mainly of health centres falling under the Ministry of Health (related parties). The Board has policies in place to ensure that customers are reputable organizations with strong financial base.

The Board manages its credit risk by putting in place procedures geared towards timely collection of amounts owed.

The Board establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables.

The Board's average credit period is 30 days. Allowances for impaired trade receivables are recognised based on an estimate of amounts that would be irrecoverable which is determined by past default experience and expected receipts.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

4. Financial Risk Management (Cont'd):

(II) Credit Risk (cont'd)-

Loans and receivables

The credit risk on loans and receivables is low because these are held with reputable financial institutions.

Cash and cash equivalents

The credit risk on liquid funds is low because the counterparties are major banks with high credit ratings.

(III) Liquidity Risk

Liquidity risk is the risk that the Board will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Board manages this risk by keeping a substantial portion of its assets in liquid form.

There has been no change to the Board's exposure to liquidity risk or the manner in which it manages and measures the risk.

Liquidity risk management process

The liquidity risk management process, as carried out within the Board and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This includes the monitoring of expected cash flows and maintaining the availability of high grade collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Optimizing cash returns on investments;

(iv) Managing the concentration and profile of debt maturities

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statement

31 March 2015

4. Financial Risk Management (Cont'd):

(III) Liquidity Risk (cont'd)

Liquidity risk management process (cont'd)

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Board. It is unlikely for entities to be completely matched at any time since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

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

Contractual undiscounted cash outflows

	Carrying Amount $	Total Cash Outflow $	Within 1 year $
31 March 2015			
Payables	7,827,832	7,827,832	7,827,832
31 March 2014			
Payables	9,959,780	9,959,780	9,959,780

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statement

31 March 2015

4. **Financial Risk Management (Cont'd):**

(IV) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Board's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Board's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to senior management. This responsibility is supported by overall Board standards for the management of operational risk in the following areas:

- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Board's policies is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management and the Board of Directors.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

4. Financial Risk Management (Cont'd):

Capital Management

The Board's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to maintain an optimal capital structure.

5. Operating surplus /(deficit):

Operating surplus/(deficit)for the year before transfer is stated after charging/(crediting)-

	2015	2014
	$	$
Depreciation	3,752,284	3,470,646
Amortisation	594,013	512,103
Directors' fees	931,683	843,356
Key management compensation (note 6)	13,504,729	12,836,886
Auditors' remuneration	900,000	939,000
Interest income	(7,699,733)	(7,429,805)

6. Staff costs:

	2015	2014
	$	$
Employee benefits for non-executive staff:		
Salaries, wages and related expenses	37,381,223	37,017,261
Pension contributions	2,019,655	1,970,127
Uniform, medical and other staff benefits	998,335	658,605
	40,399,213	39,645,993
Key management compensation comprises:		
Management remuneration	12,707,916	12,071,640
Pension contributions	796,813	765,246
	13,504,729	12,836,886
	53,903,942	52,482,879

The number of persons employed by the Board at the end of the year was 34 (2014: 34)

7. Fair values

Fair value amounts represent estimates of the arm's length 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.

Many of the Board's financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and may not necessarily be indicative of the amounts realizable in an immediate settlement of the instruments.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument which was material to the financial statements:

Financial asset/liability	Method
Cash and cash equivalents, due from related parties, accounts receivable and current liabilities	Fair values assumed to be carrying value because of the relatively short-term nature of the instruments.
Investments:	
Repurchase agreement	Assumed to be carrying value because of their short-term nature.
Corporate paper	Discounting of future cash flows using balance sheet date yield of securities with similar risk; for short duration instruments the market yield would likely be equal to the contracted rate.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The source of the input parameter for the Jamaica Sovereign yield curve is various local brokers.

Level 3 – Inputs for the asset or liability that is not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The Board does not have any financial instrument in the categories listed above as at March 31, 2015.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

31 March 2015

8. Property, plant and equipment:

	Freehold land and Building $	Furniture, Fixtures and Equipment $	Motor Vehicles $	Total $
At cost or valuation:-				
At April 1, 2013	69,400,000	14,243,037	4,314,009	87,957,046
Additions	-	1,124,417	-	1,124,417
At March 31, 2014	69,400,000	15,367,454	4,314,009	89,081,463
Additions		1,711,512		1,711,512
Revaluation adjustment	39,000,000	-	-	39,000,000
At March 31, 2015	108,400,000	17,078,966	4,314,009	129,792,975
Accumulated Depreciation:-				
At April 1, 2013	1,675,000	7,451,612	4,314,005	13,440,617
Charge for the year	1,675,000	1,795,646	-	3,470,646
At March 31, 2014	3,350,000	9,247,258	4,314,005	16,911,263
Charge for the year	1,675,000	2,077,284	-	3,752,284
Revaluation adjustment	(5,025,000)	-		(5,025,000)
At March 31, 2015	-	11,324,542	4,314,005	15,638,547
Net Book Value March 31, 2014	66,050,000	6,120,196	4	72,170,200
Net Book Value March 31, 2015	108,400,000	5,754,424	4	114,154,428

(a) Over the years, the Board has received donations of equipment and motor vehicles from donor agencies, including the United States Agency for International Development (USAID), as part of those agencies' technical assistance to the Board's family planning programmes and development. The value of these gifts have been included in capital reserves. In addition, profits realized from the disposal of such gifts have been credited to capital reserve (note 16).

NATIONAL FAMILY PLANNING BOARD

Notes to the financial statements

31 March 2015

8. Property, plant and equipment (cont'd):

(b) The Board's freehold land and building at 5 Sylvan Avenue and 14 Retirement Road, Kingston 5 were revalued in March 2015 by Allison Pitter & Company, professionally qualified property appraisers and valuators. The valuations were done on the basis of open market. The surplus on revaluation was credited to the revaluation reserve (note 17).

(c) Under the cost model, the carrying amount of revalued land and building at 5 Sylvan Avenue and 14 Retirement Road would be $1,448,346 (2014: $1,485,483) at the end of the reporting period. The carrying amount at valuation is $108,400,000 (2014: $66,050,000).

(d) Included in land and buildings at valuation is a warehouse with a carrying amount of $21,700,000 (2014: $16,850,000), and carrying amount at cost of $1,296,519 (2014: $1,329,763), which was purchased with CDC funds.

9. Intangible Assets:

	Computer Software $
At cost or valuation:-	
At 1 April 2013	2,439,116
Additions	562,303
At March 31, 2014	3,001,419
Additions	230,630
At March 31, 2015	3,232,049
Accumulated Amortisation:-	
At 1 April 2013	1,696,679
Charge for the year	512,103
At March 31, 2014	2,208,782
Charge for the year	594,011
At March 31, 2015	2,802,793
Net Book Value – March 31, 2014	792,637
Net Book Value - March 31, 2015	429,256

NATIONAL FAMILY PLANNING BOARD

Notes to the financial statements

31 March 2015

10. Inventories:

	2015	2014
	$	$
Donated contraceptives	174,436	2,724,812
GOJ contraceptives	18,256,381	10,688,492
	18,430,817	13,413,304
Impairment	-	(5,401,157)
	18,430,817	8,012,147

11. Receivables:

	2015	2014
	$	$
Accounts receivable	141,345	78,498
Staff loans	138,411	285,038
Project receivables	22,896,502	13,005,754
Interest receivable	924,338	1,826,830
Advances	183,991	399,150
Prepayments and deposits	343,173	334,227
Other	-	509,315
	24,627,760	16,438,812

The aging of trade receivables is as follows:

	2015	2014
	$	$
Over 90 days	141,345	78,498
	141,345	78,498

12. Related Party Transactions and Balances:

Related parties include directors, and senior executives, all of whom are referred to as key management personnel as well as entities closely connected to them, the pension scheme and Health Centres under the Ministry of Health.

Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures)* as the "reporting entity".

NATIONAL FAMILY PLANNING BOARD

Notes to the financial statements

31 March 2015

12. Related Party Transactions and Balances (Cont'd):

Related parties (cont'd):

(a) A person or a close member of that person's family is related to the reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;

(vi) The entity is controlled, or jointly controlled by a person identified in (A);

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(a) Key management compensation

	2015 $	2014 $
Remuneration	12,707,916	12,071,640
Pension contributions	796,813	765,246
	13,504,729	12,836,886

NATIONAL FAMILY PLANNING BOARD

Notes to the financial statements
31 March 2015

12. **Related Party Transactions and Balances (Cont'd):**

Key management personnel comprise the following positions:

Executive Director, Director of Finance, Director of Human Resource and Administration, Director of Outreach, and Director of Policy Formulation Monitoring and Evaluation.

(b) Year-end balances arising from sales of goods

	2015	2014
	$	$
Due from		
Health centers	526,940	7,983,692

13. **Long term investments:**

	2015	2014
	$	$
Proven Wealth Management-	75,960,238	71,900,810
Less current maturities maturing within twelve (12) months	(75,960,238)	-
Long term maturities	-	71,900,810

Long term investments are in Proven Investments Limited 5.5% corporate paper maturing on September 30, 2015. The estimated fair value of these corporate notes is assumed to approximate their carrying value.

14. **Repurchase Agreements:**

	Within 1 month	1 to 3 months	Carrying Value 2015	Carrying Value 2014
	$	$	$	$
Mayberry Investments Limited	36,937,325	-	36,937,325	58,880,767
Proven Wealth Limited	-	3,173,092	3,173,092	3,108,784
	36,937,325	3,173,092	40,110,417	61,989,551

The estimated value for these repurchase agreements is assumed to approximate their carrying value. The fair value of the underlying securities at the reporting date was $40,110,417 (2014: 65,375,195)

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Notes to the financial statements

31 March 2015

15. Cash and cash equivalents:

	2015 $	2014 $
Cash at bank and in hand		
Cash in hand	30,000	6,000
GOJ Current Account	8,848,512	5,541,295
GOJ Savings Account	-	67
GOJ US$ Savings Account	1,823,920	2,331,616
Donations Savings Account	1,421,727	1,403,394
	12,124,159	9,282,372

16. Capital reserves:

The movement in capital reserves during the year is as follows:

	2015 $	2014 $
At 1 April		
Value of equipment donated to the Board by Donor Agencies	14,035,200	14,035,200
Profit on disposal of equipment donated by Donor Agencies	4,921,097	4,921,097
At 31 March	18,956,297	18,956,297

17. Revaluation reserves:

The movement on revaluation reserve during the year is as follows:

	2015 $	2014 $
At 1 April	80,082,978	80,082,978
Gain on revaluation	44,025,000	-
At 31 March	124,107,978	80,082,978

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Notes to the financial statements

31 March 2015

18. Commercial Distribution of Contraceptive (CDC) fund:

	2015	2014
	$	$
Balance at beginning of year	67,912,670	64,842,501
Transactions for the year-		
Interest income	3,534,780	3,495,169
Bank and other charges	(1,784)	-
Foreign exchange	133,734	-
Expenditure and net change in inventory value	(425,000)	(425,000)
Surplus for year/transfer to CDC fund	3,241,730	3,070,169
Balance at end of year	71,154,400	67,912,670

The fund is represented by property, plant and equipment, inventory, interest receivables, taxation recoverable, short term investments and bank balances.

19. Donation fund:

	2015	2014
	$	$
Balance at beginning of year	108,435,291	85,481,537
Transactions for the year-		
Receipts and donations		
Contraceptive sales	272,500	11,050,600
Donations	-	7,968,518
Interest	4,180,122	3,934,636
	4,452,622	22,953,754
Expenditure and net change in inventory value	(6,000)	-
Surplus for the year transferred to donation fund	4,446,622	22,953,754
Balance at end of year	112,881,913	108,435,291

The fund is represented by donations received by the Board from various companies and donor agencies for use in its operations. Expenditure from the fund is made at the Board's discretion. The fund is represented by property, plant and equipment, inventory, interest receivable, taxation recoverable, short-term investments and bank balances.

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Notes to the financial statements

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20. Reproductive health and other projects fund:

	2015	2014
	$	$
Balance at beginning of year		
UNICEF	1,042,173	2,173
UNFPA	443,151	443,151
	1,485,324	445,324
Project advances during the year		
UN WOMEN	3,038,145	-
UNICEF	7,643,052	1,040,000
UNICEF-EMTCT	3,778,465	-
	14,459,662	1,040,000
Project expenditures during the year		
UN WOMEN	(374,187)	-
UNICEF	(8,998,459)	-
UNFPA	(474,985)	-
UNICEF-EMTCT	(3,442,478)	-
	(13,290,109)	-
Balance at end of year	2,654,877	1,485,324

The above represent undisbursed balance of funds received from the United Nations International Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA) to fund a reproductive health project and an adolescent educational programme. The balances are held in designated bank accounts.

21. Revolving loan interest fund:

	2015	2014
	$	$
Balance at beginning of year	186,330	176,110
Interest earned during the year	6,125	10,220
Balance at end of year	192,455	186,330

The Board made a decision to set up a fund to capitalise interest-earned on staff loans. The balance is not represented by a separate bank account.

NATIONAL FAMILY PLANNING BOARD

Notes to the Financial Statements

March 31, 2015

22. Payables:

	2015	2014
	$	$
Staff costs	5,170,869	3,298,144
Audit fees	900,000	900,000
Accruals	1,752,444	3,008,461
Other	4,519	2,753,175
	7,827,832	9,959,780

23. Detailed Statement of Account:

	2015	2014
	$	$
Income:		
Government grants	78,928,000	80,936,951
Sale of contraceptives	24,553,430	8,018,210
CDC (Note 26)	3,668,514	3,495,169
Donations operations receipts (Note 27)	4,452,621	22,953,754
Other	153,005	165,870
	111,755,570	115,569,954
Expenses		
CDC operations expenses (Note 26)	426,784	425,000
Donations operations expenses (Note 27)	6,000	-
Administrative and other overhead expenses (Note 24)	93,779,598	96,337,347
Net change in contraceptive inventory	22,242,338	13,866,947
	116,454,720	110,629,294
Operating (deficit)/surplus for the year	(4,699,150)	4,940,660

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24. Administrative and Other Overhead Expenses:

	2015	2014
	$	$
Advertising, promotion and mass media	3,087,133	5,398,214
Audit fees	900,000	939,000
Bank charges	132,144	55,786
Cleaning and sanitation	2,347,523	1,310,354
Depreciation and amortisation	3,921,295	3,557,750
Directors' fees	931,683	843,356
Electricity and water	5,784,532	5,448,180
Executive remuneration	12,707,916	12,071,641
Insurance	2,050,093	1,621,140
Motor vehicle expenses	512,208	526,061
Printing, stationery and general	1,879,231	1,240,458
Professional fees	641,440	53,155
Repairs and maintenance	3,565,103	3,368,543
Sexual health conference	4,489,104	-
Salaries, wages and related	41,196,026	40,411,239
Subscriptions	205,777	155,437
Telephone, postage and cable	2,533,534	1,894,625
Training and seminars	9,357,261	9,939,153
Travelling, entertainment and subsistence	1,410,699	1,272,000
(Gain)/Loss on foreign exchange	-	(117,691)
Bad debt written-off	609,315	1,076,137
Provision for doubtful debt	(4,482,419)	5,272,809
	93,779,598	96,337,347

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Year Ended 31 March 2015

25. Subsequent events:

Withholding Tax on Specified Services

The new legislation will be introduced on a phased basis starting with Government Ministries, Department and Agencies (MDAs such as the Board, as well as financial institutions regulated by the Financial Services Commission (FSC) and the Bank of Jamaica (BOJ), tourism operators, utility and cable companies.

Those entities with gross revenue of over $500 million will be required to withhold 3% from payments made on specified services in invoice value equal to or exceeding $50,000.

Persons from whom the tax is withheld, will be able to claim an income tax credit for those amounts certified as being withheld against their quarterly and final tax obligations.

The implementation was scheduled for June 1, 2015; however, the Ministry of Finance and Planning announced that it would be postponed until further notice.

26. Schedule of Income and Expenses – Commercial Distribution of Contraceptives (CDC)

	2015 $	2014 $
Other income		
Interest income	3,534,780	3,495,169
Foreign exchange gain	133,734	-
Expenses		
Bank charges	(1,784)	-
Depreciation	(425,000)	(425,000)
Surplus for the year	3,241,730	3,070,169

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Notes to the Financial Statements

Year ended 31 March 2015

27. Schedule of Income and Expenses – Donations

	2015 $	2014 $
Sales:		
Sale of contraceptives	272,500	11,050,600
Other Income		
Donations	-	7,968,518
Interest income	4,180,121	3,934,636
	4,452,621	22,953,754
Expenses:		
Bank charges	(6,000)	-
Surplus for the year	4,446,621	22,953,754