
STATES OF JERSEY



JERSEY INNOVATION FUND: ANNUAL REPORT 31ST DECEMBER 2014

**Presented to the States on 6th January 2016
by the Minister for Economic Development, Tourism, Sport and Culture**

STATES GREFFE



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Jersey Innovation Fund

Annual Report

31 December 2014

Jersey Innovation Fund

Advisory Board Members

Mr T Herbert (Chairman)

Mr D Allen (appointed 18 December 2013)

Mr A Chatterley (appointed 18 December 2013)
(resigned 30 September 2014)

Mr T Ringsdore (appointed 18 December 2013)

Mr P Shirreffs (appointed 18 December 2013)

States of Jersey Representatives

Mr M King – Accounting Officer, EDD

Mr D Peedle – States Economic Advisor

Mr J Shilliday – Treasury Representative

JIF Executive Officers

Mr S Pritchard (inception to 30 June)

Mr A Blair (01 July to date)

Mr A Sugden (01 July to date)

Jersey Innovation Fund

Report of the Chairman

I am pleased to present my first Annual Report for the year ending 31 December 2014. This also covers the interim period from the appointment of the Jersey Innovation Fund Advisory Board (the Advisory Board) in the last quarter 2013 to 31st December 2013.

The Jersey Innovation Fund is not a separate legal entity, but a special fund established under the Public Finances (Jersey) Law. The fund is an allocated pool of money available to be invested by the States of Jersey in innovative businesses. The Advisory Board considers applications for funding support and, in the event it supports such funding, makes formal recommendations to the Minister for Economic Development (the Minister). It is the Minister's decision alone whether to follow the recommendation.

I was very pleased at the quality of applicants for the non-executive director roles on the Advisory Board. I would like to record my appreciation to the Appointments Commission for its co-ordination of the process. The appointees – Aaron Chatterley, David Allen, Peter Shirreffs and Tim Ringsdore – have made a very significant contribution to the Advisory Board and I thank them for this. Aaron stepped down from the role in September 2014. His enthusiasm and entrepreneurial flair are missed but we are grateful to him for his time.

As Chairman I have, in addition to leading the process of evaluating applications and making recommendations to the Minister, met frequently with all relevant stakeholders within the States of Jersey (Economic Development Department, Economic Affairs Scrutiny Panel, Comptroller and Auditor General, Treasury, Chief Minister's Department and so forth) as well as external organisations such as Jersey Business, Digital Jersey, and other interested parties, including the media. In my view there exists an appetite and enthusiasm for what the Jersey Innovation Fund can do to support the future growth of the Island's economy. Not surprisingly in the early phase not everything has proceeded as smoothly or as speedily as one might hope. However, I remain confident that the Jersey Innovation Fund has an important role to play in stimulating the Island's economy.

I am confident that during our inaugural year, we have made significant progress in advancing our primary objective, which is to support and encourage the growth of innovative businesses in the Island. I look forward to a successful 2015.



Tim Herbert

Chairman

Jersey Innovation Fund

Report of the Chief Officer, Economic Development Department

Launched at the end of 2013, the Jersey Innovation Fund (JIF) provides funding and support to entrepreneurs, start-ups, and established organisations that are seeking to bring innovative products or services to the market. The JIF is an important element of the States of Jersey's Economic Growth and Diversification Strategy.

Proposition P.124/2012 'Jersey Innovation Fund: Establishment, Funding and Operation – Amendment' provides the assessment framework and operational terms of reference for the JIF. This was debated in the States on the 1st May 2013 and adopted by 41 votes to 1.

As set out within the JIF Operational Terms of Reference:

'Success for the Jersey Innovation Fund will be to encourage investments into areas of innovation that will deliver a competitive advantage for Jersey, attract additional private sector investment, attract high-value inward investment businesses and raise the productivity of local organisations, resulting in more job opportunities for locals.'

Financial Direction 1.2, which specifically relates to the operation of the JIF, was adopted on 30th July 2014.

Applications

The Advisory Board received over forty applications up to the 31st December 2014.

An initial level of due diligence is undertaken on all applications: with the Chairman personally reviewing each one, before tabling them at an Advisory Board meeting. Approximately half of the applications have gone on to the next stage of a review by one of the Non-Executive Directors, and against these, 8 Economic Impact Assessments have been commissioned from the States of Jersey's Economics Unit.

To date, three recommendations have been made to, and approved by, the Minister

In September 2014 the Advisory Board determined that Jersey Business should be integrated into the application process to increase the quality and consistency of applications.

Investments

To date, the Minister has approved three loans from the JIF.

The recipients of these loans are:

- Stumpydog Innovations Ltd
- Total Billing Solutions Ltd
- Logfiller Ltd

Stumpydog Innovations Ltd requested a loan to support the development of a product entitled 'BabyHub': an innovative, portable play-pen for babies.

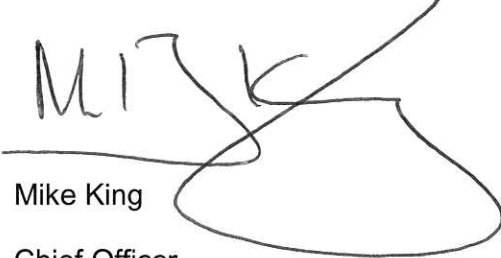
Such a loan will enable the company to secure initial stocks of product, support product selling-in in the UK and international markets, and secure distribution deals in key markets.

Total Billing Solutions Ltd, requested a loan to support the development of a product entitled 'MediBooks': an innovative billing system that has the potential to play an important part in the reforms currently going on in the health services in Jersey and the UK.

Such a loan will enable the company to pursue a combination of further product research and development, but also to expand its sales & marketing activities within the UK and international markets.

Logfiller Ltd, requested a loan to support the development of a product entitled 'Logfiller Discovery Suite': a sophisticated computer software solution that measures user experience of application and system use.

Such a loan will enable the company to build on the intellectual property of, and exploit demand for, the Logfiller Discovery Suite innovation. It will also enable them to rapidly scale the business through Distribution Partners in the Europe, Middle East and Africa markets and, if successful, will create a significant number of full time jobs in the Island, to support the needs of the business in the first year.



Mike King
Chief Officer

Corporate Governance

It is the view of the Chairman and the other members of the Advisory Board that appropriate standards of corporate governance have been met. A schedule of the dates and attendees at meetings appears in Schedule 1.

Monitoring and reporting on investee companies

Throughout the loan repayment period for each borrower, recipients of a JIF Loan are required to supply the States of Jersey with certain reporting information.

In particular, every organisation in receipt of a Loan must provide quarterly progress reports, which as a minimum, should include:

1. Progress against the original Project plan noting all key milestones
2. A financial analysis of spend and income compared with the original forecast
3. A progress report on all new innovation
4. Details of any changes in Key Staff
5. Details on any change to the company's Board of Directors.

It is also worth noting that all organisations in receipt of a Loan must provide an annual Loan/Grant Assurance Statement, confirming how the Loan/Grant has been spent and the outcomes achieved in comparison with the original plans.

To date Stumpydog Innovations and Total Billing Solutions (the only relevant borrowers during the period) have met their reporting obligations. There have been no known breaches to the terms or any loan.

Jersey Innovation Fund

EDD Statement of Account

Summary Snapshot

Fund Position: **£4,975,305**

Net Revenue Income: **£ 5,000,000**

2014 is the first year of operation for the Jersey Innovation Fund and therefore no comparative figures are presented for previous years.

Fund Performance

1. Income

Actual 2013	Actual 2014
£0 million	£5.0 million

The Fund received a grant of £5,000,000 from the Economic Development Department.

2. Expenditure

Actual 2013	Actual 2014
£0 million	£0.0 million

There was minor expenditure of £24,695 in 2014, which was mainly staff expenditure.

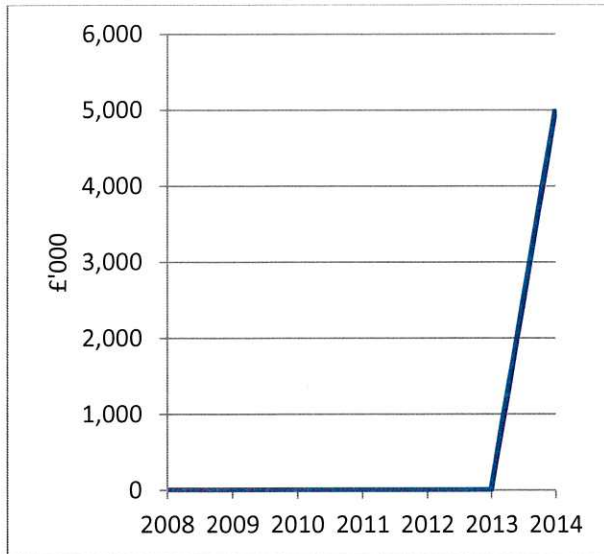
No grants were awarded but loans of £0.9 million were granted in 2014.

The amount paid each year is dependent upon the number and financial amounts of applications received and approved by the Board.

3. Changes in Fund Net Asset Value

Fund Balance 2013	Fund Balance 2014
£0 million	£5.0 million

Jersey Innovation Fund Net Asset Value over time



Financial Statements

Statement of Comprehensive Net Expenditure

	2013 Actual £'000	2014 Actual £'000
Revenue		
Other Income	0	(5,000)
Total Revenue	0	(5,000)
Expenditure: Near Cash		
Staff Expenditure	0	18
Supplies and Services	0	5
Administrative Expenditure	0	2
Total Expenditure: Near Cash	0	25
Net Revenue Expenditure/(Income)	0	(4,975)

As the Jersey Innovation Fund is in its first year, there are no comparative figures presented.

Statement of Financial Position

	2012 Actual £'000	2013 Actual £'000	2014 Actual £'000
Non-Current Assets			
Loans and Advances	0	0	910
Total Non-Current Assets	0	0	910
Total Assets	0	0	910
Current Liabilities			
Balance due to the Consolidated Fund	0	0	4,066
Total Current Liabilities	0	0	4,066
Total Assets Less Current Liabilities	0	0	4,976
Non-Current Liabilities			
Trade and Other Payables	0	0	(1)
Total Non-Current Liabilities	0	0	(1)
Assets Less Liabilities	0	0	4,975
Taxpayer's Equity			
Accumulated Revenue Reserves	0	0	4,975
Total Taxpayer's Equity	0	0	4,975

As the Jersey Innovation Fund is in its first year, there are no comparative figures presented.

Schedule 1

Attendance records from the Advisory Board meetings to date are enclosed:

Date	Tim Herbert	Dave Allen	Aaron Chatterley	Tim Ringsdore	Peter Shirreffs	Mike King	Dougie Peedle	Jim Shilliday	Sean Pritchard	Alistair Blair	Greg Boyd	Andrew Sugden	Other
13/11/13	X	X	X		X	X			X		X		Senator Alan Mclean
15/01/14	X	X	X	X	X	X	X	X	X				
04/02/14	X	X	X	X	X		X	X	X				
11/03/14	X	X	X		X		X	X	X		X		
02/04/14	X	X		X	X	X	X	X	X				
13/05/14	X			X	X	X	X	X	X		X		
01/07/14	X	X		X	X	X		X		X	X	X	
19/08/14	X	X		X	X	X		X			X	X	
23/09/14	X	X	X	X	X			X		X	X	X	
16/10/14	X	X		X	X					X	X	X	
26/11/14	X	X		X	X	X	X	X		X	X		Senator Lyndon Farnham