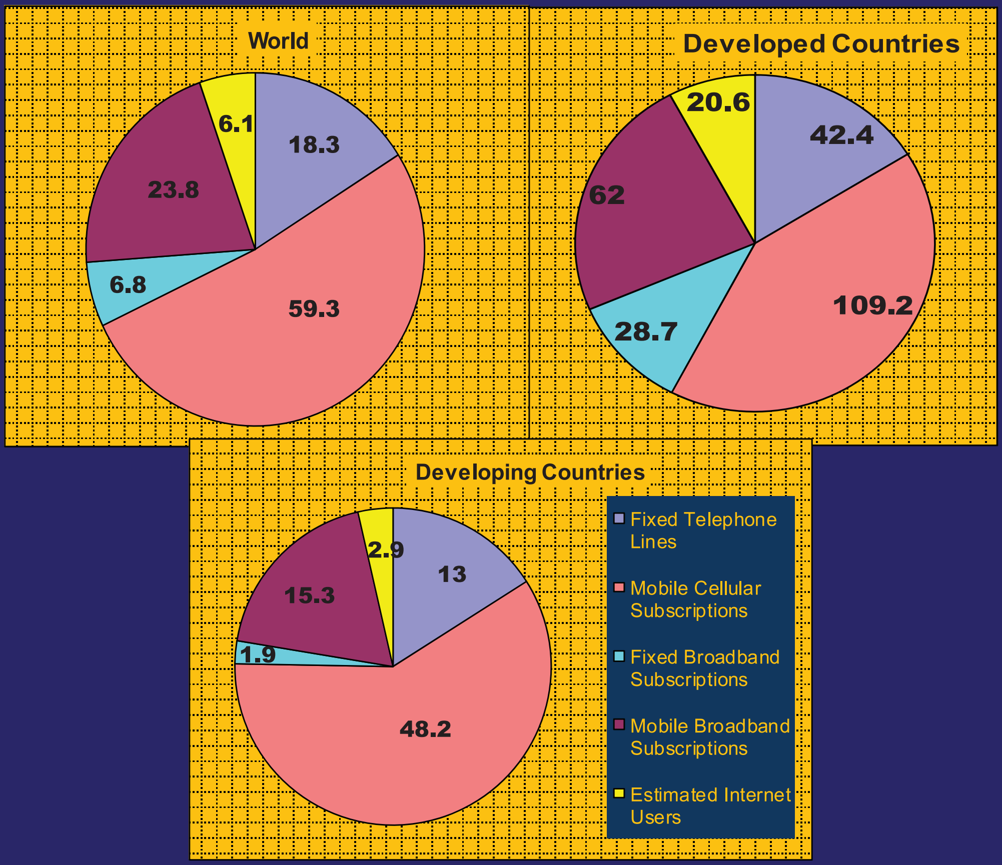
UNIVERSAL ACCESS FUND COMPANY LIMITED

ANNUAL REPORT 2008/2009

Telecommunications Indicators per 100 inhabitants - 2008



	World	*Developed Countries*	*Developing Countries*
Fixed Telephone Lines	18.3	42.4	13
Mobile Cellular Subscriptions	59.3	109.2	48.2
Fixed Broadband Subscriptions	6.8	28.7	1.9
Mobile Broadband Subscriptions	23.8	62	15.3
Estimated Internet Users	6.1	20.6	2.9

Source: www.itu.int/ITU-D/ict/statistics/at_glance/Key_telecom.htm

UAF...Bridging the Information Gap.
Internet Access for Everyone

Vision

Our aspiration is to ensure that every resident of Jamaica is provided with easy and reliable access to the information superhighway through the deployment of broadband services to facilitate the transformation of Jamaica into a knowledge based society and to stimulate continuous improvement in the quality of life for all.

UNIVERSAL ACCESS
FUND COMPANY LIMITED

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Managing Director's Report

UNIVERSAL ACCESS
FUND COMPANY LIMITED

PERFORMANCE OF THE UNIVERSAL ACCESS FUND COMPANY LIMITED FOR FINANCIAL YEAR 2008/2009

1.0 Introduction

The Universal Access Fund Company Limited (UAFCL) continued to pursue its mandate throughout fiscal year 2008/2009. The customary challenges and frustrations were again encountered which consumed tremendous energies to effect acceptable resolutions. The fund continued to grow as a result of brisk collections coupled with delays in the execution of major projects even though the major project gathered momentum and demanded the expected higher levels of funding.

Consistent with the strategy for accelerating the rate of deployment of access points numerous consultations were held and visits made to locations island-wide to assess the suitability of proposed communities for the establishment of community access points.

2.0 Mission

The Mission of the company remained to facilitate the provision of universal access to the information superhighway by stimulating and accelerating the deployment of broadband services island-wide. This will be facilitated through the effective collection and astute management of the universal service levy and disbursing such funds in a transparent and non discriminatory manner to fund appropriate projects. In addition, we will analyze, propose, and monitor projects of a universal services nature, which have the potential of advancing the achievement of the company's mandate.

3.0 Core Functions

The UAFCL will continue to pursue its mandate through programmes delineated in the Corporate Plan and anticipates an increase in the number of projects during next year. The resources of the company will be directed toward fulfilling its mandate and core functions which are summarized as follows:-

- *Collecting the universal telecommunications services obligations levy from telecommunication companies;*
- *Analyzing projects of a universal services obligation nature and making recommendations to Cabinet for approval of funding;*
- *Disbursing funds for the implementation of approved initiatives;*
- *Monitoring the implementation of projects; and*
- *Managing and accounting for funds collected and disbursed.*

4.0 Objectives

4.1 The primary operating objectives of the UAFCL are:

- Provisioning of an island wide broadband network that will allow public access to the information super highway through High Schools, Public Libraries, Post Offices and any other agency approved by the Board of Directors

- Ensuring the prompt collection of the service charge levy through the Terminating Carriers

- Identification and execution of suitable projects through which the universal service obligation will be advanced

4.2 The major strategies for achieving these objectives during the year were as follows:

- Continuing the negotiations with selected telecommunications providers to provide an island-wide high speed data network to provide broadband connectivity to all high schools, public libraries, post offices and other selected institutions.

- Collaborating with the Jamaica Library Services to enhance its capacity for providing wider public access to the Internet.

- Engaging appropriate governmental and non-governmental institutions to identify suitable communities for the establishments of community access points island-wide.

- Collaborating with the Postal Corporation of Jamaica to increase and enhance its capacity for providing wider public access to the Internet.

- Continuing the collaborating with the e-Learning Jamaica Company Limited to transform the learning experience in 180 secondary schools, teachers colleges and other “special” institutions.

5.0 Board of Directors

Mr. James Moss-Solomon continued as Chairman during the year and chaired six board meetings between April 2008 and February 2009. As at the end of the March 2009 the board members were James Moss-Solomon, Hugh Cross, Michele English, Camille Facey, Nigel Henry, Lorris Jarrett, Stacey Mitchell, Chenée Riley, and Robert Shaw. The Company Secretary remained Dianne Edwards.

6.0 Physical achievement for Financial Year 2008/2009

- Secured the approval of the National Contracts Commission for the island-wide broadband network and advance the process to the Cabinet for final approval in order to let the requisite contracts. Revised expectations are that approval of Cabinet will be secured during the second fiscal quarter of 2009/2010.

- Collected levy payments, details of which are outlined in the financial report below. The UAFCL remained vigilant in ensuring that the levy payments were remitted on time. Total collection for the year amounted to $1.45 Billion despite the serious challenges that were encountered. Our strategy once again included the dispatch of demand letters to terminating carriers to ensure that delinquency was kept to a minimum. Of the three defaulting carriers, one made a payment of $717,001.97 (US$9,950) on 2008 July 28 thus, the delinquency was reduced to $55,559,113.24 at year end. The terminating inbound international services of all three carriers remained suspended throughout the year.

- Liquidated all investment accounts and transferred all proceeds to the Accountant General in accordance with directives from the Auditor General, supported by the Solicitor General. The process commenced in the prior year and was concluded on 2009 April 2.

- Secured approval of the Board of Directors and placed advertisements for filling the two existing staff vacancies in order to improve our capacity to match the demands for accelerating the establishment of community access points island-wide. An overwhelming number of applications were received; however, final approval was not received to recruit the two new employees.

- Prepared the accounting schedules to facilitate the commencement of the external audit field work.

- Subventions received by the Universal Access Fund Company Limited for operating and capital expenditure amounted to $758 Million. Gross funding provided to the e-Learning Jamaica Company Limited for their operating expenses and project contract obligations totaled $731.44 Million, which included an accrued amount of $96.06 Million.

- Collaborated with the Postal Corporation in commissioning Internet services at five selected post offices.

- Collaborated in mounting a strong defence against foreign agencies that persisted in their challenges against the levy regime.

- Advanced the process for procuring a rough terrain vehicle to travel throughout the length and breadth of the country for evaluating proposals for community access points. Unfortunately final approval was not secured to place the order for the vehicle. Expectations are that such approval will be secured during the second fiscal quarter of 2009/2010.
- Aborted the initial process for securing providers of internal audit services and placed new advertisements for outsourcing the services. New bids were evaluated and final approval for awarding the contract should be secured during the second fiscal quarter of 2009/2010.
- Completed the annual report for fiscal year 2005/2006 for submission to the Office of the Prime Minister and for holding the first Annual General Meeting.
- Secured approval for the establishment of Community access Points at Pembroke Hall, Boy's Town, Jamaica Defence Force, Cassava Piece, Tower Isle, and Samaritan Centre.
- Secured approval for the provision of Internet services for the Jamaica Association for the Deaf at their six locations.
- Secured approval for the provision of Internet services for the National Children's Home.
- Completed the Corporate and Operating Plans for financial year 2009/2010.
- Collaborated with the Jamaica Library Services in providing specialized software (JAWS) on 18 computers to assist the visually impaired constituency in accessing Internet services more easily.

7.0 Human Resources

7.1 Administration/Staffing

There were no changes in the staff complement during the year. At yearend there were five (5) members of staff, with two unfilled vacancies.

7.2 Training and Development

Employee	*Programme/Trainer*	*Date*
Violet Badroe, Financial Controller	*The RFP Intensive The Caribbean Procurement Institute*	*2008/09/18*
Cleo Hall, Accountant	*Preparing Budgets for Government Organisations Management Institute for National Development (MIND)*	*2008/09/22*

8.0 Financial Performance for 2008/2009

For the Financial year 2008/2009, The Universal Access Fund Company Limited (UAFCL) established a revenue target of $1.440 Billion comprising:

- *Access Fees* *$1.440 Billion*
- *Interest Income* *-*

$1.440 Billion

8.1 Revenue Target

For the Financial year, revenue surpassed target by approximately 13% as shown in the table below:

Revenue	*Actual $B*	*Budget $B*
Access Fee	1.459	$1.440
Interest Income	-	-
Total	**1.459**	**1.440**

8.2 Allocation of Revenue (Budget)

Budget	*Subvention $M*	*E-Learning $M*	*UAF $M*
Recurrent	149.00	67.871	81.129
Capital	1,351.00	1,030.670	320.330
Total	1,500.00	1,098.541	401.459

8.3 Access Fees

UAFCL faced many challenges pertaining to the collection of the Universal Service Levy:

- The three (3) carriers whose international inbound terminating services were disconnected during 2006/2007 remained disconnected. Efforts continued to collect the overdue balances from these three carriers, however, there has been no success to date. The Solicitor General's Chambers has not yet provided the requested advice regarding the most judicious strategy for collecting these long overdue balances.

- Late payment of fees from time to time.

- Continued diminution of levy receivables due to – Voice Over Internet Protocol and other bypass techniques that have negatively impacted billable inbound international traffic minutes.

8.4 Interest Income

Unlike prior years, when large investment portfolios were maintained and significant interest was earned, interest income for 2008/2009 was a paltry $92,273 due to the liquidation of all investment accounts as mentioned earlier.

8.5 Collections to date

Since the inception of The Fund on 2005 June 1, the company has collected $5.26 Billion. There remain approximately $334.07 Million receivables for the year 2008/2009. Receivables are normally high due to the provisions of payment contracts existing between terminating carriers and interconnected administrations.

Financial Year	Actual Collection $B
2005/2006	$1.298
2006/2007	$1.260
2007/2008	$1.249
2008/2009	$1.453
Total	**$5.260**

8.6 Expenditure

The total expenditure (minus depreciation) for the financial year 2008/2009 amounted to $782.5 Million. Of this amount The Fund accounted for $51.06 Million directly which included $15.35 Million for Universal Access Projects and the e-Learning Jamaica Company Limited accounted for $731.44 Million.

Internal operating expenditure of $35.53 Million represents 53% of the budgeted amount of $67.41 Million. This resulted from judicious management of resources and the fact that certain planned expenditures did not materialise.

9.0 Focus for 2009/2010 Financial Year

9.1 Completion of Projects

The UAFCL will concentrate on completing all approved projects to ensure wider availability of broadband access across the country consistent with its mandate. It is anticipated that Cabinet approval of the wide-area broadband network will be forthcoming in order to complete the project to facilitate the planned connectivity to the outfitted high schools, public libraries, and select post offices. We will continue our agitation for better and more timely international traffic data from the terminating carriers and the Office of Utilities Regulation to facilitate the appropriate discharge of our accounting responsibilities.

9.2 New Projects

Arrangements will be made to establish 75 community access points throughout the country.

Internet facilities should be provided at an additional twenty post offices during the year.

Consideration will be given for the provision of a state of the art, purpose built mobile library for the Jamaica Library Services.

Strategies for validating the material traffic volumes underpinning the levy charges will be evaluated with a view to identifying the best of breed and securing approval for its implementation.

9.3 Audit, Public Relations, Legal Services, and Annual General Meetings

The UAFCL will enter into contract for the provision of internal and external audit services during the 2009/2010. We will also seek to conclude negotiations for public relations and legal services during the second half of 2009/2010. The financial audits of our accounts for financial years 2006/2007, 2007/2008, and 2008/2009 will be completed during 2009/2010, as a consequence of which the respective Annual General Meetings will be held.

PHOTOGRAPHS

Internet access point at the Jamaica Military Museum and Library, funded by the Universal Access Fund Co. Ltd.

Customers of the Jamaica Military Museum accessing the internet at the Jamaica Military Museum and Library Internet Cafe, funded by the Universal Access Fund Co. Ltd.

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To the Members of
UNIVERSAL ACCESS FUND COMPANY LIMITED

Report on the Financial Statements

We have audited the financial statements of Universal Access Fund Company Limited ("company"), set out on pages 12 to 16 which comprise the balance sheet as at March 31, 2009, 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 the financial statements in accordance with International Financial Reporting Standards. 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 the 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 as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

To the Members of Universal Access fund Company Limited

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements, give a true and fair view of the financial position of the company as at March 31, 2009 in accordance with International Financial Reporting Standards.

Report on additional requirements of the Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information required by the Companies Act, in the manner so required.

KPMG

August 12, 2009

UNIVERSAL ACCESS FUND COMPANY LIMITED

Balance Sheet
March 31, 2009

	Note	2009	2008
CURRENT ASSET			
Cash at bank		$10,000	10,000
EQUITY			
Share capital	4	10,000	10,000

The financial statements on pages 12 to 16 were approved for issue by the Board of Directors on August 12, 2009 and signed on its behalf by:

____________ Chairman
André Foote

____________ Director
Hugh Cross

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

UNIVERSAL ACCESS FUND COMPANY LIMITED

Notes to the Financial Statements
March 31, 2009

1. Identification

Universal Access Fund Company Limited ("company") was incorporated in Jamaica on May 18, 2005 and commenced operations on June 1, 2005. The company is a wholly-owned subsidiary of Spectrum Management Authority, incorporated by statute in Jamaica (note 3). The company is domiciled in Jamaica and its registered office is located at 53 Knutsford Boulevard, Kingston 5.

The company is a special purpose entity, charged, as of June 1, 2005, with the administration of the Universal Service Fund ("Fund"), established by Ministerial Order, dated April 19, 2005, issued by the Minister of Commerce, Science & Technology, pursuant to Sections 38 and 39 of the Telecommunications Act 2000.

The principal activities of the company, solely on behalf of the Fund, are:

(i) the collection of the universal telecommunications services obligations levy ("service fees") from telecommunications companies,

(ii) the analysis of projects of a universal service obligation nature and recommendation to Cabinet for approval of funding, and

(iii) the disbursement and accountability for funds allocated to approved initiatives.

As at March 31, 2009, the company has 5 employees who are on two-year contracts. Staff costs and other administration expenses are borne by the Fund and, in this regard, Section 42 of the Telecommunication Act 2000, provides for the allocation of an amount, not exceeding five percent of the service fees, for the administration of the Fund. The allocation is subject to review after three years.

2. Basis of preparation, statement of compliance

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Companies Act.

New standards and interpretations which became effective during the year

New accounting standards, amendments to standards and interpretations, which became effective during the year, had no impact on the company's financial statements

UNIVERSAL ACCESS FUND COMPANY LIMITED

Notes to the Financial Statements (Continued)
March 31, 2009

2. Basis of preparation, statement of compliance

(a) Statement of compliance (cont'd):

New standards and interpretations not yet effective

At the date of approval of the financial statements for issue, certain new and revised standards and interpretations were in issue but were not yet effective. The new standards and interpretations relevant to the company are as follows:

IAS 1 (Revised) Presentation of Financial Statements requires the presentation of all non-owners changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement of comprehensive income. The standard, which becomes effective for accounting periods beginning on or after January 1, 2009, is not expected to have any significant impact on the company's financial statements.

IAS 23(Revised) - Borrowing Costs, which becomes effective for financial periods beginning on or after January 1, 2009, removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs and requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. An example is self-constructed assets such as buildings, machinery and internally developed software (intangible assets). This is not expected to have any material impact on the company's financial statements.

Amendments to *IAS 32 Financial instruments: Presentation and IAS 1, Presentation of Financial Statements* is effective for annual periods beginning on or after January 1, 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. The standard is not expected to have any significant impact on the company's financial statements.

Amendments to IFRS 7 *Financial Instruments: Disclosures* are effective for annual periods beginning on or after January 1, 2009, require enhanced disclosures in respect of two aspects: disclosures over fair value measurement for financial instruments specifically in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk, to address current diversity in practice.

(b) Basis of preparation

The financial statements are presented in Jamaican dollars, which is the functional currency of the company, and are prepared on the historical cost basis.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the period then ended. Actual amounts could differ from those estimates.

UNIVERSAL ACCESS FUND COMPANY LIMITED

Notes to the Financial Statements (Continued)
March 31, 2009

2. Basis of preparation, statement of compliance

(b) Basis of preparation (cont'd):

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no significant assumptions and judgements made by management in the application of IFRS in these financial statements that have a significant risk of material adjustment in the next financial year.

3. Significant accounting policies:

The significant accounting policies are as follows:

(a) Revenue and expenses:

As stated at note 1, all revenues are collected and all expenses are incurred in connection with the administration of the Universal Service Fund. Accordingly, these are reflected in the financial statements of that Fund.

(b) Related parties:

A party is related to an entity if:

(i) directly or indirectly the party:
- controls, is controlled by, or is under common control with the company;
- has an interest in the entity that gives it significant influence over the company; or
- has joint control over the company.

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company or its parent.

(v) the party is a close member of the family of any individual referred to in (i) or (iv) above.

(vi) the party is the company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or any company that is a related party of the company.

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

UNIVERSAL ACCESS FUND COMPANY LIMITED

Notes to the Financial Statements (Continued)
March 31, 2009

4. Share capital

	2009	2008
Authorised, issued and fully paid		
100 ordinary shares of no par value	$10,000	10,000

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INDEPENDENT AUDITORS' REPORT

To the Directors of Universal Access Fund Company Limited
UNIVERSAL SERVICE FUND

Report on the Financial Statements

We have audited the financial statements of Universal Service Fund ("Fund"), set out on pages 19 to 37, which comprise the balance sheet as at March 31, 2009, the statements of accumulated funds, changes in accumulated funds and cash flows for the year then ended, 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 the financial statements in accordance with International Financial Reporting Standards. 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 the 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 as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

To the Directors of Universal Access Fund Company Limited
UNIVERSAL SERVICE FUND

Report on the Financial Statements, (cont'd)

Opinion

The Fund is dependent on information provided by local carriers for the determination of service fees to be recognised for the year. Furthermore, there are international carriers who remit service fees indirectly to the Fund, through the local carriers, and the timing of remittances by the carriers involved are not predictable. We are, therefore, unable to verify the completeness of income from service fees of $1,457,183,698 (2008: $887,347,759) recognised for the year. Any adjustment, as might have been deemed necessary in this regard, would affect the increase in the accumulated funds of $1,457,183,698 (2008: $1,114,271,754) for the year and the accounts receivable and prepaid expenses of $412,334,810 (2008: $328,081,838) at balance sheet date.

In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, except for the effects, if any of the matters mentioned in the preceding paragraph, give a true and fair view of the financial position of the Fund as at March 31, 2009, and of the increase in accumulated funds, changes in accumulated funds and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

KPMG

September 25, 2009

UNIVERSAL ACCESS FUND COMPANY LIMITED

UNIVERSAL SERVICE FUND
(Established under the Telecommunication Act 2000)

Balance Sheet
March 31, 2009

	Notes	2009 $	2008 $
UNIVERSAL SERVICE FUND		36,871,995	60,000,000
SUBSIDIARY CONSOLIDATED FUND		294,499,683	335,742,949
Accumulated funds		331,371,678	395,742,949
Represented by:			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,537,286	4,733,102
Deferred tax asset	9	423,401	-
		3,960,687	4,733,102
CURRENT ASSETS			
Cash and cash equivalents	5	46,190,428	52,773,340
Resale agreements	6	-	46,565,712
Accounts receivable and prepaid expenses	7	412,334,810	328,081,838
Total current assets		458,525,238	427,420,890
CURRENT LIABILITIES			
Accounts payable and accrued charges	8	(104,140,408)	(8,806,057)
Income tax payable		(26,973,839)	(26,664,229)
Total current liabilities		(131,114,247)	(35,470,286)
Net current assets		327,410,991	391,950,604
NON-CURRENT LIABILITY			
Deferred tax liability	9	-	(940,757)
Net assets		331,371,678	395,742,949

The financial statements on pages 19 to 37 were approved for issue by the Board of Directors on September 25, 2009 and signed on its behalf by:

Chairman
André Foote

Director
Hugh Cross

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

UNIVERSAL ACCESS FUND COMPANY LIMITED

UNIVERSAL SERVICE FUND
(Established under the Telecommunication Act 2000)

Statement of Accumulated Funds
Year ended March 31, 2009

	2009		2008	
	Subsidiary Consolidated Fund	Universal Service Fund	Subsidiary Consolidated Fund	Universal Service Fund
	$	$	$	$
INCREASE IN FUNDS				
Service levy	1,457,183,698	-	887,347,759	-
Other income - interest	92,273	-	215,567,087	-
- foreign exchange gains	306,984	-	104,011,910	-
	1,457,582,955	-	1,206,926,756	-
Government subventions	-	758,879,000	-	469,561,106
Total increase in fund	1,457,582,955	758,879,000	1,206,926,756	469,561,106
DECREASE IN FUNDS				
Universal service projects:				
E-learning project	-	731,436,489	-	378,990,014
Others	-	15,352,006	-	-
	-	746,788,495	-	378,990,014
Administration expenses*:				
Auditors' remuneration	-	1,500,000	-	1,332,760
Advertising and public relations	-	533,926	-	566,609
Bank charges	-	36,425	-	22,838
Directors' fees	-	578,952	-	410,143
Management fees	-	660,000	-	790,757
Depreciation	-	1,552,044	-	1,761,871
Training expenses	-	115,682	-	48,834
Subscriptions	-	58,459	-	48,696
General office expenses	-	2,011,574	-	1,719,246
Rent	-	768,027	-	673,944
Legal fees	-	157,275	-	234,045
Consultancy and other professional fees	-	68,223	-	918,524
Stationery and office supplies	-	372,898	-	258,036
Staff costs (note 11)	-	25,873,004	-	21,201,867
Travel - local/overseas	-	207,710	-	104,077
Motor Vehicles	-	551,152	-	464,935
Doubtful Debts	-	-	22,563,455	-
Repairs and maintenance	-	173,159	-	13,910
Total administration expenses	-	35,218,510	22,563,455	30,571,092
Total decrease in funds	-	782,007,005	22,563,455	409,561,106
Increase/(decrease) in accumulated funds before taxation	1,457,582,955	(23,128,005)	1,184,363,301	60,000,000
Taxation credit/(charge) (note 12)	179,737	-	(70,091,547)	-
Increase/(decrease) in accumulated funds for the year	1,457,762,692	(23,128,005)	1,114,271,754	60,000,000

*Irrecoverable GCT is included in the related expense captions.
The accompanying notes form an integral part of the financial statements.

UNIVERSAL ACCESS FUND COMPANY LIMITED

UNIVERSAL SERVICE FUND
(Established under the Telecommunication Act 2000)

Statement of Changes in Accumulated Funds
Year ended March 31, 2009

	Subsidiary Consolidated Fund	Universal Service Fund	Total
	$	$	$
Balances at March 31, 2007	2,780,411,460	-	2,780,411,460
Increase in funds for the year	1,114,271,754	60,000,000	1,174,271,754*
Payments to subsidiary consolidated fund	(3,558,940,265)	-	(3,558,940,265)
Balances at March 31, 2008	335,742,949	60,000,000	395,742,949
Increase/(decrease) in funds for the year	1,457,762,692	(23,128,005)	1,434,634,687*
Payments to subsidiary consolidated fund	(1,499,005,958)	-	(1,499,005,958)
Balances at March 31, 2009	294,499,683	36,871,995	331,371,678

*Being total gains recognised for the year.
The accompanying notes form an integral part of the financial statements.

UNIVERSAL ACCESS FUND COMPANY LIMITED

UNIVERSAL SERVICE FUND
(Established under the Telecommunication Act 2000)

Statement of Cash Flows
Year ended March 31, 2009

	2009 $	2008 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in accumulated funds for the year	1,434,634,687	1,174,271,754
Adjustments to reconcile increase in accumulated funds for the year to net cash provided by operating activities:		
Foreign exchange gains	(306,984)	(104,011,910)
Doubtful Debts	-	22,563,455
Interest income	(92,273)	(215,567,087)
Depreciation	1,552,044	1,761,871
Tax (credit)/charge	(179,737)	70,091,547
Interest received	3,554,945	222,780,041
	1,439,162,682	1,171,889,671
Changes in operating assets and liabilities:		
Accounts receivable and prepaid expenses	(87,715,644)	39,773,952
Taxation recoverable	(874,812)	(55,829,150)
Accounts payable	95,334,352	(4,397,731)
Due to parent company	-	(128,209)
Net cash provided by operating activities	1,445,906,578	1,151,308,533
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(356,228)	(187,003)
Resale agreements	46,565,712	1,377,987,661
Net cash provided by investing activities	46,209,684	1,377,800,658
CASH FLOW FROM FINANCING ACTIVITIES		
Payments to Accountant General	(1,499,005,958)	(3,558,940,265)
Net decrease in cash and cash equivalents	(6,889,896)	(1,029,831,074)
Cash and cash equivalents at beginning of the year	52,773,340	978,592,504
Effect of exchange fluctuations on cash held and cash equivalents	306,984	104,011,910
Cash and cash equivalents at end of the year	46,190,428	52,773,340

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

UNIVERSAL ACCESS FUND COMPANY LIMITED

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Notes to the Financial Statements
March 31, 2009

1. Identification

The Universal Service Fund ("Fund") was established, effective June 1, 2005, under a Ministerial Order, dated April 19, 2005, issued by the Minister of Commerce, Science & Technology, pursuant to Sections 38 and 39 of the Telecommunications Act 2000 ("Act"), which levied a fixed universal service charge ("service levy") per minute on all international incoming calls terminating on networks of local carriers. The Fund is domiciled in Jamaica and its principal place of business is located at 53 Knutsford Boulevard, Kingston 5.

The service levy is to be used to fund the implementation of the Cabinet approved plan which will include the e-Learning Project, in the first instance, in accordance with the principle set out in Section 39(2)(d) of the Act, relating to the provision of internet access for schools, libraries and post offices, and in accordance with the Universal Service obligations determined by the Minister, pursuant to powers conferred under Section 39(1) of the Act.

Effective June 1, 2005, the activities of the Fund are administered by a special purpose entity, Universal Access Fund Company Limited ("company" or "administrator"), incorporated in Jamaica on May 18, 2005. In this regard, Section 42 of the Act provides for the allocation of an amount, not exceeding five percent of the service levy, for the administration of the Fund. The allocation is subject to review after three years.

On March 17, 2008, all investment accounts were closed and the proceeds forwarded to the Accountant General, following a directive by the Minster of Finance to immediately transfer levy balances to the Government's Consolidated Fund, based on the interpretation of the statutes by the Auditor General and the Solicitor General.

The Fund, thereafter, will be treated as a Subsidiary Consolidated Fund Account and will become a line item on the budget of the Ministry of Energy, Mining & Technology (MEMT).

Disbursement of the Funds will be made when the Fund requests monies to be disbursed to e-Learning or any other project under consideration. These, along with funds required for the administration of projects, will be released by warrants to the Fund through the MEMT. It has also been recommended that the 5% of incoming revenue be retained by the Fund for administrative purposes, though, conceptually, it will remain part of the Consolidated Fund.

Any new funds received are transferred to the Consolidated Fund immediately by the Fund.
This is to be approved by Cabinet.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB).

New standards and interpretations which became effective during the year

New accounting standards, amendments to standards and interpretations, which became effective during the year, had no impact on the Fund's financial statements.

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Notes to the Financial Statements (Continued)
March 31, 2009

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New standards and interpretations not yet effective

At the date of approval of the financial statements for issue, certain new and revised standards and interpretations were in issue but were not yet effective. The new standards and interpretations relevant to the Fund are as follows:

IAS 1 (Revised) Presentation of Financial Statements requires the presentation of all non-owners' changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement and a statement of comprehensive income. The standard, which becomes effective for accounting periods beginning on or after January 1, 2009, is not expected to have any significant impact on the Fund's financial statements.

IAS 23(Revised) - Borrowing Costs, which becomes effective for financial periods beginning on or after January 1, 2009, removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs, and requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. An example is self-constructed assets such as buildings, machinery and internally developed software (intangible assets). This is not expected to have a significant impact on the Fund's financial statements.

Amendments to *IAS 32 Financial instruments: Presentation and IAS 1, Presentation of Financial Statements* is effective for annual periods beginning on or after January 1, 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. The standard is not expected to have any impact on the Fund's financial statements.

Amendments to IFRS 7 *Financial Instruments: Disclosures* are effective for annual periods beginning on or after January 1, 2009 require enhanced disclosures in respect of two aspects: disclosures over fair value measurement for financial instruments specifically in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk, to address current diversity in practice. The amendments are not expected to have any significant impact on the Fund's financial statements.

(b) Basis of preparation:

Based on the interpretation of the statutes by the Auditor General and the Solicitor General, the financial statements are prepared to reflect the understanding that the levies collected by the Fund, as well as any investments resulting therefrom, are state revenue to be included in Government's Consolidated Fund and treated as a Subsidiary Consolidated Fund Account.

The financial statements are prepared on the historical cost basis and are presented in Jamaica dollars, which is the functional currency of the Fund.

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Notes to the Financial Statements (Continued)
March 31, 2009

2. Statement of compliance and basis of preparation (cont'd)

(b) Basis of preparation (cont'd):

The financial statements are prepared on the going concern basis. Although the levy is imposed for an initial period of three years, after which it will be reviewed by Government to determine whether, or not, to continue with it, management believes that the period will be extended and the preparation of the financial statements on the going concern basis continues to be appropriate.

(c) Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the period then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that any have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

Accounts receivable and revenue recognition:

In determining the amounts receivable in the financial statements in respect of revenue from service levy, management makes judgements regarding the amounts recognised, as the Fund is dependent on information provided by the carriers to determine the amounts payable and these are usually not remitted to the Fund on a timely basis. Revenue and accounts receivable, therefore, are based on estimates of service levy due from carriers, using the average of the previous three to five months' collections.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amounts reflected in the financial statements.

3. Significant accounting policies

(a) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses [note 3(g)]. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of accumulated funds.

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Notes to the Financial Statements (Continued)
March 31, 2009

3. Significant accounting policies (cont'd)

(a) Property, plant and equipment (cont'd):

Property, plant and equipment are depreciated on the straight-line basis at annual rates to write down the assets to their estimated residual values over their expected useful lives. The depreciation rates are as follows:

Furniture and fixtures	10%
Computer	33⅓%
Motor vehicles	20%
Office equipment	20%

The depreciation method, useful lives and residual values are reassessed at each reporting date.

(b) Cash and cash equivalents:

This comprises cash in hand and at bank, as well as short-term deposits where the maturities do not exceed three months from the date of placement.

(c) Resale agreements:

Securities purchased under resale agreements ("resale agreements" or "reverse repos") are short-term transactions whereby securities are bought with simultaneous agreements for reselling the securities on a specified date and at a specified price. Reverse repos are accounted for as short-term collaterised lending, and are carried at amortised cost.

The difference between the purchase and resale considerations is recognised on the accrual basis over the period of the agreement, using the effective yield method, and is included in interest income.

(d) Accounts receivable:

This is stated at cost, less impairment losses.

(e) Accounts payable:

Accounts payable are stated at cost.

(f) Revenue recognition:

(i) Service levy:

Revenue from service levy is derived from the imposition of a fixed charge per minute on all incoming international calls terminating on local carriers' networks. With regard to the determination of the total amount due, the Fund is dependent on information provided by the local carriers.

Revenue from service levy is recognised on the accrual basis, with monthly billings based on the average of the previous three to five months' collections.

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Notes to the Financial Statements (Continued)
March 31, 2009

3. Significant accounting policies (cont'd)

(f) Revenue recognition (cont'd):

(ii) Interest income:

This represents interest from short-term deposits and resale agreements and is recognised on the accrual basis.

(iii) Subventions:

Government subventions are recognised when received.

(g) Impairment:

The carrying amounts of the Fund's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of accumulated funds.

(i) Calculation of recoverable amount

The recoverable amount of the Fund's resale agreement and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Foreign currencies:

Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in the statement of accumulated fund.

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Notes to the Financial Statements (Continued)
March 31, 2009

3. Significant accounting policies (cont'd)

(i) Income tax:

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the statement of accumulated fund, except to the extent that it relates to items recognised directly to the statement of changes in accumulated fund, in which case it is recognised in that statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. Property, plant and equipment

	Leasehold	Office equipment	Furniture, fixtures	Computer equipment	Motor vehicles	Total
	$	$	$	$	$	$
At cost:						
March 31, 2007	707,407	1,590,905	612,778	1,626,252	3,764,216	8,301,558
Additions	-	16,891	170,112	-	-	187,003
March 31, 2008	707,407	1,607,796	782,890	1,626,252	3,764,216	8,488,561
Additions	-	27,960	-	328,268	-	356,228
March 31, 2009	707,407	1,635,756	782,890	1,954,520	3,764,216	8,844,789
Depreciation:						
March 31, 2007	70,741	335,679	69,115	765,210	752,843	1,993,588
Charge for the Year	70,741	321,547	75,198	541,542	752,843	1,761,871
March 31, 2008	141,482	657,226	144,313	1,306,752	1,505,686	3,755,459
Charge for the year	70,741	321,547	78,295	328,618	752,843	1,552,044
At March 31, 2009	212,223	978,773	222,608	1,635,370	2,258,529	5,307,503
Net book values:						
March 31, 2009	495,184	656,983	560,282	319,150	1,505,687	3,537,286
March 31, 2008	565,925	950,570	638,577	319,500	2,258,530	4,733,102
March 31, 2007	636,666	1,255,226	543,663	861,042	3,011,373	6,307,970

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Notes to the Financial Statements (Continued)
March 31, 2009

5. Cash and cash equivalents

	2009 $	2008 $
Cash and bank balances	46,190,428	52,773,340
	46,190,428	52,773,340

6. Resale agreements

	2009 $	2008 $
Denominated in US dollars	-	46,565,712

The Fund purchases securities and agrees to resell them on a specified date and at a specified price (‘resale agreements’ or ‘reverse repos’). The Fund, on paying cash to the counterparty, sometimes takes possession of the underlying securities, although title is not formally transferred, unless that counterparty fails to repurchase the securities on the date specified or to honour other conditions. The fair values of the underlying securities are $Nil (2008: $46,565,712).

7. Accounts receivable and prepaid expenses

	2009 $	2008 $
Service levy receivable	356,637,602	323,382,412
Interest receivable	-	3,462,672
Other receivables and prepayments	55,697,208	1,236,754
	412,334,810	328,081,838

8. Accounts payable and accrued charges

	2009 $	2008 $
Gratuity payable [see note 13(a)]	4,034,683	4,923,353
Other payables and accrued charges	100,105,725	3,882,704
	104,140,408	8,806,057

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Notes to the Financial Statements (Continued)
March 31, 2009

9. Deferred tax asset/(liability)

Deferred tax asset/(liability) is attributable to temporary differences between tax and financial reporting in respect of the following:

	2009	Recognised in statement of accumulated fund [note 12(b)(ii)]	2008
	$	$	$
Property, plant and equipment	29,944	63,494	(33,550)
Interest receivable	-	1,154,224	(1,154,224)
Accounts payable	393,457	146,440	247,017
	423,401	1,364,158	(940,757)

10. Financial risk management

(a) Introduction and overview:

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

These risks are managed through an established risk management framework for the Fund. The Board of Directors of the administrator (note 1) has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Fund, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk:

(i) Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as strong. These financial institutions are kept under review by the Board of Directors.

(ii) Investment securities

The Fund limits its exposure to credit risk by investing only with counterparties that have high credit ratings. Therefore, management does not expect any counterparty to fail to meet its obligations.

The Fund has strong investment policies, which serve as a guide in managing credit risk on investment securities. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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Notes to the Financial Statements (Continued)
March 31, 2009

10. Financial instruments (cont'd)

(b) Credit risk (cont'd):

(iii) Accounts receivable

The management of credit risk in respect of accounts receivable is executed by the management of the Fund. The Finance, Audit and Investment Committee is given the responsibility for the oversight of the Fund's credit risk and the development of credit policies.

The Fund does not hold collateral against its accounts receivable.

Allowances for losses:

The Fund establishes an allowance for losses that, if required, represents its estimate of incurred losses in its accounts receivable. Component of this allowance is a specific loss provision that relates to individually significant exposures.

Write-off policy:

The Fund writes off accounts receivable (and any related allowances for losses) when it determines that accounts receivable is uncollectible. This determination is usually made after considering information such as account history, payment patterns, changes in the debtor's financial position, or economic condition of the debtor's industry.

Exposure to credit risk:

Current credit exposure is the amount of loss that the Fund would suffer if all counterparties to which the Fund was exposed were to default at once. This is represented substantially by the carrying amount of financial assets shown on the balance sheet.

As detailed in the following table, the carrying amounts of financial assets recorded in the financial statements, represent the Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	Maximum exposure	
	2009	2008
	$	$
Cash and cash equivalents	46,190,428	52,773,340
Resale agreements	-	46,565,712
Accounts receivable and prepayments	412,334,810	328,081,838
	458,525,238	427,420,890

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Notes to the Financial Statements (Continued)
March 31, 2009

10. Financial instruments (cont'd)

(b) Credit risk (cont'd):

(iii) Accounts receivable (cont'd)

The aging of accounts receivable at the reporting date and the related loss allowance was as follows:

	2009		2008	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Past due 0-30 days	184,237,734	-	261,681,763	-
31-60 days	99,425,730	-	19,174,077	-
61-90 days	48,369,991	-	12,863,015	-
Over 90 days	102,864,810	22,563,455	56,926,438	22,563,455
	434,898,265	22,563,455	350,645,293	22,563,455

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2009	2008
	$	$
Balance at beginning of year	22,563,455	54,239,116
Impairment loss recognised	-	22,563,455
Impairment written-off	-	(54,239,116)
Balance at end of year	22,563,455	22,563,455

The Fund's financial assets are concentrated in Jamaica.

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

(c) Liquidity risk:

Liquidity risk is the risk that the Fund will not be able to meet its financial liabilities as they fall due. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities.

The Fund manages this risk by maintaining sufficient cash and cash equivalents.

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

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Notes to the Financial Statements (Continued)
March 31, 2009

10. Financial instruments (cont'd)

(c) Liquidity risk (cont'd):

The following table presents the contractual maturities of financial liabilities:

	2009		
	Carrying amount	Contractual amounts	6 months or less
	$'000	$'000	$'000
Accounts payable	104,140	104,140	104,140
Total outflow	104,140	104,140	104,140

	2008		
	Carrying amount	Contractual amounts	6 months or less
	$'000	$'000	$'000
Accounts payable	8,806	8,806	8,806
Total outflow	8,806	8,806	8,806

(d) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates, will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. Market risk exposures are measured using sensitivity analysis.

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

(i) Foreign currency risk:

Foreign currency risk is the risk that market value of, or the cash flows from, financial instruments will fluctuate because of changes in foreign exchange rates.

The Fund incurs foreign currency risk on transactions that are denominated in currencies other than the Jamaica dollar. The main currency giving rise to this risk is the US Dollar.

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Notes to the Financial Statements (Continued)
March 31, 2009

10. Financial instruments (cont'd)

(d) Market risk (cont'd):

(i) Foreign currency risk (cont'd):

The Fund manages this risk by minimizing the amount of foreign currency transactions undertaken and limiting outstanding foreign currency balances.

At the balance sheet date, the Jamaica dollar equivalent of net foreign currency (liabilities)/assets was as follows:

			Exchange rate	
	2009	2008	2009	2008
	J$'000	J$'000	J$	J$
United States dollar	(95,127)	15,262	88.385	70.9413

Sensitivity analysis:

A 5 percent strengthening of the Jamaica dollar against the following currencies at March 31 would have decreased surplus or loss by the amount shown below. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2008.

	2009	2008
	J$'000	J$'000
United States dollar	4,756	763

A 15 percent weakening of the Jamaica dollar against these currencies at March 31 would have increased surplus or loss by the amount shown below, on the basis that all other variables remain constant.

	2009	2008
	J$'000	J$'000
United States dollar	14,269	2,289

(ii) Interest rate risk:

Interest rate risk is the risk of loss from fluctuations in future cash flows or fair values of financial instruments due to changes in market interest rates.

It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities, which are subject to interest rate adjustments, within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed by holding primarily fixed rate financial instruments which forms the majority of the Fund's financial assets.

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Notes to the Financial Statements (Continued)
March 31, 2009

10. Financial instruments (cont'd)

(d) Market risk (cont'd):

(ii) Interest rate risk (cont'd):

At March 31, 2008, interest-bearing financial instruments were as follows:

	Carrying amount	
	2009	2008
	$'000	$'000
Fixed rate financial assets		
Cash and cash equivalents	46,190	52,773
Short-term investments	-	46,566
	46,190	99,339

Fair value sensitivity analysis for fixed rate instruments:

The Fund does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect surplus or loss.

11. Staff costs

	2009	2008
	$	$
Salaries	23,421,710	19,300,764
Statutory contributions	1,163,726	953,165
Other	1,287,568	947,938
Total staff costs [note 13(b)]	25,873,004	21,201,867

12. Taxation

(a) The service levy received by the Fund on inbound international telephone calls have been exempted from income tax under Section 12(i) of the Income Tax Act. All other income, including income earned on investments are taxable.

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Notes to the Financial Statements (Continued)
March 31, 2009

12. Taxation (cont'd)

(b) The income tax charge is computed at 33⅓% of the increase in accumulated fund before taxation, as adjusted for tax purposes, and is made up as follows:

	2009 $	2008 $
(i) Current income tax	1,184,421	72,553,037
(ii) Deferred income tax:		
Origination and reversal of temporary differences (note 9)	(1,364,158)	(2,461,490)
Total taxation recognised in the statement of accumulated fund [note 12(c)]	(179,737)	70,091,547

(c) Reconciliation of effective tax rate of 0.69% of the increase in accumulated funds before taxation, compared to the expected tax rate of 33⅓%:

	2009 $	2008 $
Increase in accumulated funds before taxation	1,434,634,687	1,244,363,301
Computed "expected" tax expense @ 33⅓%	478,211,562	414,787,767
Tax effect of treating the following items differently for financial statements and for tax reporting purposes:		
Non-taxable income	(368,149,465)	(364,380,848)
Other	(110,241,834)	19,684,628
Actual taxation charge recognised [note 12(b)]	(179,737)	70,091,547

13. Related party balances and transactions

A party is related to an entity if:

(i) directly or indirectly the party:

- controls, is controlled by, or is under common control with the entity;
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity.

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent.

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Notes to the Financial Statements (Continued)
March 31, 2009

13. Related party balances and transactions (cont'd)

A party is related to an entity if (cont'd):

(v) the party is a close member of the family of any individual referred to in (i) or (iv) above.

(vi) the party is the entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or any company that is a related party 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.

"Key management personnel", comprises the Board of Directors of the administrator.

(a) In addition to those shown in the balance sheet, balances with related parties are as follows:

	2009	2008
Key management personnel:		
Gratuity leave and incentive payable - Director (see note 8)	1,899,820	3,127,556

(b) The statement of accumulated fund includes expenses, arising in the ordinary course of business, with the related parties as follows:

	2009	2008
Related entities:		
Management fees	660,000	790,757
Legal fees	157,275	234,045
Professional fees – computer support		-
Key management personnel compensation:		
Directors' fees	511,125	318,546
Directors remuneration included in staff costs (note 11)	6,309,815	5,174,305

COMPENSATION

DIRECTORS

Position of Director	Fees ($)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle ($)	Honoraria ($)	All Other Compensation including Non-Cash Benefits as applicable ($)	Total ($)
Chairman	112,000	-	-	-	112,000
Deputy Chairman	17,000	-	-	-	17,000
Director 1	71,500	-	-	-	71,500
Director 2	55,000	-	-	-	55,000
Director 3	34,000	-	-	-	34,000
Director 4	91,000	-	-	-	91,000
Director 5	17,000	-	-	-	17,000
Director 6	27,625	-	-	-	27,625
Director 7	41,000	-	-	-	41,000
Director 8	17,000	-	-	-	17,000
Committee Member	14,000	-	-	-	14,000
Committee Member	14,000	-	-	-	14,000
Board Expenses	67,827	-	-	-	67,827
TOTAL	$578,952	-	-	-	$578,952

Notes: 1. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

SENIOR EXECUTIVES

Position of Senior Executive	Year	Salary ($)	Gratuity or Performance Incentive ($)	Travelling Allowance or Value of Assigned Motor Vehicle ($)	Pension or Other Retirement Benefits ($)	Other Allowances (Meal, Uniform) ($)	Non-Cash Benefits ($)	Total ($)
Managing Director	2008/2009	5,811,215	2,620,369	1,405,686	-	137,143	-	9,974,413
Director of Projects	2008/2009	3,334,454	752,064	796,500	-	137,143	-	5,020,161
Financial Controller	2008/2009	3,417,815	-	796,500	-	132,526	-	4,346,841

Notes:
1. Where contractual obligations and allowances are stated in a foreign currency, the sum in that stated currency must be clearly provided and not the Jamaican equivalent.
2. Other Allowances (including laundry, entertainment, housing, utility, etc.)
3. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

UNIVERSAL ACCESS FUND COMPANY LIMITED

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