UNIVERSAL SERVICE FUND

Annual Report
2015/2016

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."

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BOARD'S MESSAGE

The Board of Management takes great pleasure in presenting the 2015/2016 Annual Report of the Universal Service Fund. The current Board of Management assumed office in April 2016 and wishes to place on record its appreciation for the contribution made by the previous Board, under the leadership of Bishop Wellesley Blair. The Board recognizes the enormity of the challenges for urgently transforming our country through the use of information and communications technologies and will, thus, work assiduously toward that end.

We note that of the over 2.8 million persons living in Jamaica, the number of citizens with access to internet has grown exponentially to over 1.2 million persons according to *Internet Live Statistics.* Our residents have become very active citizens in the global, technological village.

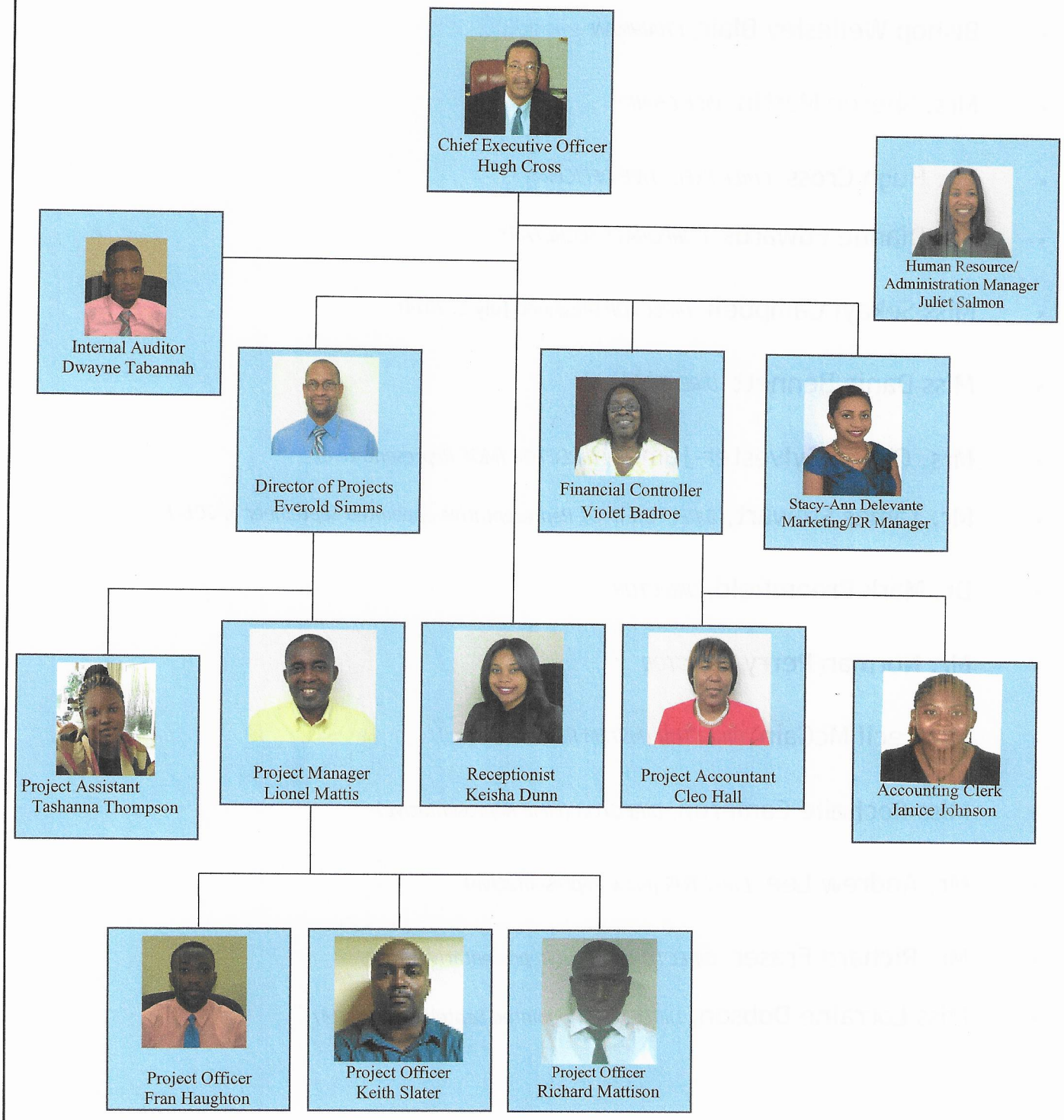
Approved projects will be pursued with vigour to ensure timely completions and the delivery of planned services. We will continue to pursue strategies for facilitating easy and reliable internet access to a wider community including the establishment and commissioning of community Internet facilities in communities, which satisfy our selection criteria, throughout the country. It is our intention to be resolute in our desire to incorporate consideration for all Jamaican residents into our strategic plans as we will seek to transform our country into a knowledge society, where information is no longer the preserve of the few more fortunate residents, but is readily available to everyone. As a consequence, our collaboration with, and support for the disabled community are especially rewarding and will be strengthened.

There is yet much work to be done to elevate our country to the level of technological absorption and concomitant national efficiencies of which we can be proud. As a consequence, we will explore new ways of extending broadband Internet access to our communities; we will consider new strategies to encourage and inspire those residents, who have not yet exploited the benefits that the Internet facilitates, to come on board; we will collaborate with national institutions to assist them in improving their efficiencies and service deliveries through the use of appropriate modern information and communication technologies. Our hope is that our objective of moving our country forward through more pervasive access to information and improved national efficiencies will be realized.

BOARD OF MANAGEMENT

- **Bishop Wellesley Blair**, *CHAIRMAN*
- **Mrs. Sheree Martin**, *VICE CHAIR*
- **Mr. Hugh Cross**, *CHIEF EXECUTIVE OFFICER*
- **Ms. Dianne Edwards**, *CORPORATE SECRETARY*
- **Miss Sekayi Campbell**, *DIRECTOR* (Resigned July 1, 2014)
- **Miss Dania Bennett**, *DIRECTOR*
- **Mrs. Cheryl Sylvester-James**, *DIRECTOR (MOF Representative)*
- **Mr. James Stewart**, *DIRECTOR (PIOJ Representative appointed September 8, 2014)*
- **Dr. Mark Broomfield**, *DIRECTOR*
- **Mr. Norman Perry**, *DIRECTOR*
- **Mr. Cecil McCain**, *DIRECTOR (MSTEM Representative)*
- **Miss Rochelle Cameron**, *DIRECTOR (LIME Representative)*
- **Mr. Andrew Lee**, *DIRECTOR (Flow Representative)*
- **Mr. Richard Fraser**, *DIRECTOR (Digicel Representative)*
- **Miss Lorraine Dobson**, *DIRECTOR (Appointed September 8, 2014)*

ORGANISATIONAL STRUCTURE



CORPORATE REPORT

1.0 INTRODUCTION

The Universal Service Fund (USF) continued to pursue its mandate in the 2015/2016 fiscal year. Despite the many challenges which presented themselves, as customary, the organisation managed to circumvent those problematic circumstances in order to achieve its designated tasks and deliver to the population that which it is mandated to deliver.

In nominal terms, the revenue derived from the service charge during the period was again greater than that of the previous financial year. This was achieved despite bypass operations and the use of other techniques for completing International calls. Revenues were also positively impacted by interest generated from our significant receivables held in the Consolidated Fund.

For the 2015/2016 period, we had a number of outstanding accomplishments, one of which is the ongoing technical upgrade at the University of Technology valued at $20,000,000.00. Also worthy of mention are Upgrades to the Edna Manley College of the Visual and Performing Arts and the GC Foster College of Physical Education and Sport valued at $17.1M and $15M respectively.

Our continued support for the disabled community was also evident in the undertaking of funding for the University of the West Indies Centre for Disabilities Studies amounting to $6M to support a special programme to distribute laptops and special accompanying software for our blind and visually impaired residents.

Expansion of the island-wide broadband network continued during the year, with an additional five (5) six institutional ports connected during the period, increasing the overall number of connected institutions to three hundred and eighty two.

The Universal Service Fund continued to demonstrate good corporate citizenship through assistance with the technological needs at a number of schools and other institutions and organisations through the donation of desktop computers, laptop computers, tablet computers and other necessary equipment to enhance the execution of their various roles and functions.

2.0 MISSION

The Mission of the organisation remained unchanged; 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 continued to analyze, propose, and monitor projects of a universal services nature, which have the potential of advancing the achievement of the organization's mandate.

3.0 CORE FUNCTIONS

The USF continued to pursue its mandate through programmes delineated in the Corporate Plan and anticipates an increase in the number and diversity of projects during next year, owing especially to the expanded latitude resulting from the amendments to the Telecommunications Act. The resources of the organization were directed toward fulfilling the universal service obligation mandate and discharging the core functions which are summarized as follows:-

- Collecting the universal telecommunications services obligations levy from telecommunication companies;
- Analyzing projects of a universal service obligation nature and making recommendations to Cabinet for approval of funding;
- Disbursing funds for the implementation of approved initiatives;
- Judiciously investing available funds in accordance with investment policy;
- 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 USF ARE:

- Provisioning of an island wide broadband network that will allow high speed interconnectivity for High Schools, Public Libraries, Post Offices, Health Facilities, and any other governmental agency approved by the Board of Management, and providing those institutions with access to the information superhighway.
- Ensuring the prompt collection of the service charge levy through the Terminating Carriers.
- Identifying and executing suitable projects through which the universal service obligation will be advanced.

4.2 THE MAJOR STRATEGIES UNDERTAKEN IN FULFILLMENT OF OBECTIVES DURING THE YEAR WERE:

- Managing contracts with the approved contractors, LIME and Flow, for the provisioning of an island-wide high speed data network to provide broadband connectivity, including access to the information superhighway;
- Collaborating with the Tertiary Institutions to increase and enhance their academic capacity through the incorporation of technology
- Collaborating with the Postal Corporation of Jamaica to increase and enhance its administrative capacity and providing wider public access to the Internet;
- Collaborating with the e-Learning Jamaica Company Limited to advance the transformation of the teaching and learning experiences in public and other select educational institutions. The ultimate objective is to stimulate an improved knowledge delivery process thus ensuring an improvement in the level of education achieved by secondary graduates;
- Providing Internet and campus-wide wireless services at schools selected for the Tablets in Schools pilot project;
- Advancing scholarship in the Information and Communication Technology field through the awarding of post graduate scholarships at local universities;
- Collaborating with other governmental and non-governmental organizations to identify suitable communities island-wide, which meet defined criteria, for the establishment of community access points;

5.0 PHYSICAL ACHIEVEMENT FOR FINANCIAL YEAR 2015/2016

The USF remained resolute in its drive to ensure compliance of carriers with levy payment deadlines, despite persistent challenges. The total levy collected for the year amounted to $1.5 Billion, up from $1.43 Billion in the previous year.

Thirty Four (34) Community Access Points were approved by the Finance and Projects Committee for locations across the island, at an estimated cost of $112.7M. Thirty one (31) incomplete projects were brought forward from the preceding period. A total of thirty nine (39) were completed at a cost of $140.9M closing out the year with Two Hundred and Forty Eight (248) completed Community Access Points (CAPs) and Twenty Six (26) unfinished CAPs.

- Construction work on the island-wide broadband network continued during the year with the connection of an additional five (5) sites, thus bringing the total connected sites to three hundred and eighty two (382). An additional sixty-eight (68) institutions are expected to be connected and commissioned to service during the third quarter of the ensuing financial year.

USF also completed work on a number of special projects including, but not limited to, technology upgrades to:

University of the West Indies Medical Sciences – Technology Upgrade to the tune of $18M
Jamaica Urban Transit Company Limited - Technology Upgrade $7.8M
Excelsior Community College – Technology Upgrade $8.7M

6.0 HUMAN RESOURCES

6.1 *Staffing*

Effective September 1, 2015, approval was secured to establish six (6) new posts, within the Universal Service Fund to provide additional human resources to more effectively discharge the organizations' roles and functions and to improve operations. These resultant vacancies were filled, thereby increasing the staff complement from eleven (11) to seventeen (17) employees.

6.3 *Training and Development*

The programme of exposing our employees to appropriate training courses continued and during the year eight (8) training opportunities were exploited as detailed in table 1 below.

Table 1 - Training and Development

Employee	Programme/Trainer	Date
Dwayne Tabannah, Internal Auditor	*Information Technology Audit Certificate Course Management Institute for National Development*	2016 January 18 to February 5
	Certified Public Accountant courses: 1) Auditing and Attestation 2) Regulation	2015 November 2016 February
	Enterprise Risk Management (6 hour Workshop) Certificate of Participation Mona School of Business Management in collaboration with Jamaica Institute of Financial Services	2015 June 04
Juliet Salmon Human Resource/ Administration Manager	*Corporate Secretary's Role in Ensuring Compliance with today's Governance Requirements (1 day Workshop) Certificate of Participation The Jamaica Stock Exchange*	2015 July 22
	The Changing Face of Employment Law- What Employers need to know' (1 day Seminar and Workshop) Dunn Cox – Attorneys-at-Law, Notaries Public, Patent & Trade Mark Agents	2015 May 19
Stacy-Ann Delevante Marketing/Public Relations Manager	*Creating Winning Social Media Strategies (2 days Workshop) Certificate of Participation Caribbean Institute of Media and Communication, Jamaica*	2015 July 23 and 24

Cleo Hall, Project Accountant	*Jamaica's Corporate Treasury Operations* *(6 Saturdays) Certificate Course* *Institute of Chartered Accountants Jamaica*	2015 October to November

PERFORMANCE OF THE UNIVERSAL SERVICE FUND FOR FINANCIAL YEAR 2014/2015

7.0 FINANCIAL PERFORMANCE

7.1 REVENUE

For the Financial year 2015/2016, The Universal Service Fund established a revenue target of $1.065 billion. Service Fees in the amount of $1.551 billion, exceeded the budget of $1 billion by $551.11 million representing a 55.20% increase, primarily due to positive adjustments made to previously billed invoices. Interest income of $56.75 million was $34.95 million over budget owing to higher than anticipated investment income resulting from delays in the execution of funded projects, particularly the Tablets in Schools project. Other Income of $42.22 million fell short by $0.98 million of the amount budgeted resulting from accumulated interest on balances held in the Consolidated Fund. At year end the Consolidated Fund accounts balances were J$1.308 billion, and US$78.45 million.

Exchange gains were moderate, owing to the movement of the exchange rates during the year, and amounted to $664.52 million. Revenue details are shown in table 2 below.

Table 2: Revenue details 2015-2016

REVENUE	BUDGET ($)M	ACTUAL ($)M
Service Fee	1,000.00	1,551.11
Interest Income	21.80	56.75
Other Income	43.20	42.22
Exchange Gains	-	664.52
Total	**1,065.00**	**2,314.60**

The US dollar (US$) amount held in the Consolidated Fund was revalued at the prevailing exchange rate at year end (122.3696) resulting in a Jamaican dollar gain of $539.42 million as shown below:

EXCHANGE GAINS	AMOUNT ($)M
Other (Investments)	125.10
Consolidated Fund	539.42
Total	**664.52**

The other Investment gain category represents positive adjustments from the maturity of United States dollar denominated investments placed with local brokers.

Collections

During the financial year Service Fees collected totaled $1.506 billion distributed by month as detailed in table 3 below:

Table 3: Monthly Access Fees Summary – **April 2015 - March 2016.**

MONTH	JAMAICAN $	UNITED STATES $	GROSS - JAMAICAN $ [1]
April	32,262,922	454,433	84,437,791
May	57,515,773	982,601	170,881,318
June	45,424,260	662,566	122,180,844
July	47,646,041	415,288	96,022,979
August	10,923,929	317,687	48,023,193
September	54,493,810	924,018	163,229,390
October	25,620,862	439,257	77,869,012
November	16,843,228	495,473	75,915,363
December	53,147,521	657,930	131,833,969
January	92,030,135	354,032	134,825,745
February	101,659,560	1,230,665	250,735,487
March	89,357,764	501,620	150,222,650
Total	**626,925,805**	**7,435,570**	**1,506,177,741**

Monthly Jamaican dollar amounts plus United States dollar amounts converted at the exchange rate at the time of deposit.

Challenges were, once again, experienced in collecting the levy receivables throughout the year. Constant communication continued to be a requirement to ensure serious delinquencies were held at a minimum.

The challenges encountered throughout the year continued to be:-

- Regular late payment of levy obligations by the carriers.
- Voice Over Internet Protocol (VOIP) and other bypass techniques that have, once again, combined to negatively impact billable inbound international voice traffic volumes on which our revenues are based.
- Continued diminution of levy receivables due to evolving Over The Top communications techniques.

7.2 Expenditure

Total expenditure (less depreciation, bad debts and corporation tax) amounted to $1,065.90 million. Of this amount, project and operating expenses totaled $979.19 and $86.71 million respectively.

Internal operating expenditure of $86.71 million represents 83% of the budgeted allocation of $104.64 million for the year. Factors contributing to the under expenditure were dominated by provisions for additional employees, which did not maerialise during the year and planned advertising expenditures, which were not executed in the financial year.

Capital expenditure of $1.33 million was $239.91 million below the budgetary allocation. This was due to a planned traffic verification not materializing during the financial year.

7.4 Collections to date

At year end gross collections since the inception of the funding regime on June 1 2005 amounted to $14.015 billion. Gross nominal collection for the year 2015/2016 exceeded collections for the prior years, and represents the highest annual collection since the establishment of the regime. The annual collection distribution by year is shown in table 4 below.

Table 4: Annual Gross Collections by year 2005/2006 - 2015/2016.

Financial Year	Collection (JA$) Billions
2005/2006	1.298
2006/2007	1.260
2007/2008	1.249
2008/2009	1.453
2009/2010	1.310
2010/2011	1.226
2011/2012	0.953
2012/2013	1.130
2013/2014	1.191
2014/2015	1.439
2015/2016	1.506
Total	14.015

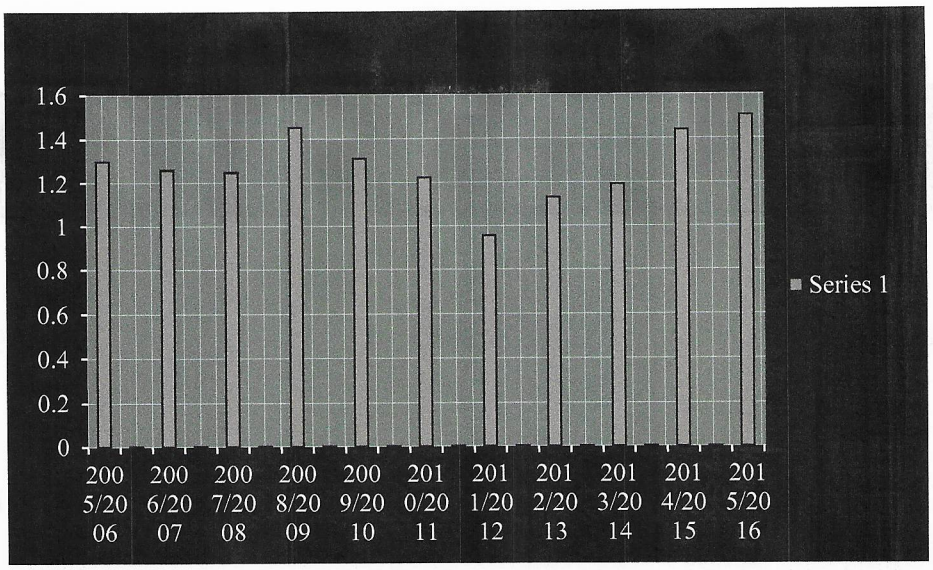


Figure 1. Graphical Representation of Annual Collections 2005/2006-2015/2016

Trade receivables amounted to $395.77 million at year end. Trade receivables are normally high due to the provisions of the extended payment contracts existing between terminating carriers and interconnected administrations. Levy remittances are synchronized with grandfather contracts between Terminating Carriers and international carriers.

7.5 Investments

In keeping with the organization's Treasury Management Policy, funds were invested in sales and repurchase agreements to avert any significant risk of changes in their fair value. Investments were placed with sound financial institutions for periods not exceeding ninety (90) days.

As at 2016 March 31 total investments amounted to $2.423 billion, distributed as shown in the table 5 below:

Table 5: Investment Portfolio at March 31, 2016.

BROKER	JA$	US$	TOTAL JA$ [2]
Scotia Investments	137,696,385	–	137,696,385
NCB Capital Markets	–	5,350,988	649,410,902
Proven Wealth	–	5,617,205	681,719,783
Jamaica Money Market Brokers	–	7,431,778	901,941,390
Sagicor Investments	–	436,087	52,924,731
Total	137,696,385	18,836,058	2,423,693,191

Monthly Jamaican dollar amounts plus United States dollar amounts converted at the exchange rate at the time of deposit.

8.0 PROJECT EXECUTION

Community Access Point Facilities

During the year the Finance and Projects Committee approved thirty four (34) additional Community Access Point projects island-wide at an estimated cost of $112,744,872.80. Of the approved Community Access Point projects, including thirty one carried forward from the prior year, thirty nine were completed during the year at a cost of $140,929,355.77; as a consequence, there were two hundred and forty eight Community Access Point facilities in service at year end. Also at year end, there were twenty six unfinished Community Access Point projects budgeted to cost $96,361,062.84 with $55,457,913.67 disbursed at year end against these unfinished projects. Project details at year end are summarized in tables 6, 7, 8 and 9 below.

Table 6. Summary of CAP Projects Approved and Completed, April 1, 2015 – March 31, 2016.

MONTH	APPROVED	VALUE (JA$)	COMPLETED	FINAL COST (JA$)
April (2015)	7	20,169,960	4	11,554,478
May			4	17,623,102
June	9	29,118,200	2	8,324,280
July			5	15,578,184
August	8	23,411,560	3	10,645,358
September	3	12,667,380	5	17,978,402
October	1	1,882,500	2	9,795,078
November	2	6,598,193	3	11,154,154
December			2	6,236,982
January (2016)	4	19,337,080	1	4,311,088
February			7	24,985,226
March			1	2,743,025
TOTAL	**34**	**113,184,873**	**39**	**140,929,357**

Table 7. Details of Community Access Point projects approved 2015-2016

#	Project Title	Parish	Date Approved	Approved Value ($)
1	Manchester Craft Institute Skills Training Centre	Manchester	22/04/2015	3,676,650.00
2	*Cross Keys Development Area Information & Technology Centre*	Manchester	22/04/2015	3,526,540.00
3	*Frankfield Primary & Infant School/CDC Information Technology Resource Centre*	Clarendon	22/04/2015	4,175,090.00
4	*West Prospect Community Access Point*	St. Catherine	22/04/2015	3,808,760.00
5	*Trinity Moravian Skills Development Centre*	Kingston & St. Andrew	22/04/2015	3,808,760.00
6	*Hope Foundation – **Weise Road Community** Information and Youth Centre*	Kingston & St. Andrew	22/04/2015	824,160.00
7	*JCF Mobile Reserve Centre*	Kingston & St. Andrew	22/04/2015	350,000.00
8	*Bethel Baptist E-Learning Centre*	Kingston & St. Andrew	17/06/2015	3,860,090.00
9	*Maryland Primary/ Community Computer Centre*	Hanover	17/06/2015	3,576,540.00
10	**Harker's Hall Community Access Point**	St. Catherine	17/06/2015	3,281,430.00
11	*Truth Tabernacle Innovative Learning Centre*	St. Catherine	17/06/2105	3,461,430.00
12	*Green Park Primary & Junior High*	Clarendon	17/06/2015	4,419,310.00
13	*North Street Seventh Day Adventist Learning Centre*	Kingston & St. Andrew	17/06/2015	3,576,540.00
14	*Hope Bay/Augustus Pilgrim Computer & Learning Centre*	Portland	17/06/2015	3,281,430.00
15	*St. Margaret's **Bay Information Technology,** Research and Development Centre*	Portland	17/06/2015	3,281,430.00
16	*Bellefield Citizens Development Association/Bellefield Primary School*	Manchester	19/08/2015	3,764,760.00
17	*Oxford Citizens Association*	Manchester	19/08/2015	3,011,210.00
18	*Hatfield Community Group Educational Centre*	Westmoreland	19/08/2015	4,447,310.00
19	*Greendale Resource Centre*	St. Catherine	19/08/2015	3,764,760.00

20	*Priestman's River Citizens Benevolent Society*	Portland	19/08/2015	2,976,210.00
21	*Manchioneal All-Age Parents Teachers Association*	Portland	19/08/2015	4,507,310.00
22	*Elderslie Primary School*	St. Elizabeth	19/08/2015	560,000.00
23	*Refuge Temple*	St. Elizabeth	19/8/2015	380,000.00
24	*PW Minott Complex Committee/Sanguinetti Homework and Training Centre*	Clarendon	16/09/2015	4,429,310.00
25	*C Palmer Project of Hope Skills Training Centre*	Clarendon	16/09/2015	4,429,310.00
26	*Thompson Town Homework Centre*	Clarendon	16/09/2015	3,808,760.00
27	*Women's Resource Outreach Centre*	Kingston & St. Andrew	21/10/2015	1,822,500.00
28	*Kingston Young Men Christian Association*	Kingston & St. Andrew	18/11/2015	4,717,750.00
29	*Good Samaritan Inn/Heroes Circle Seventh Day Adventist Centre*	Kingston & St. Andrew	18/11/2015	1,880,442.80
30	*Adelphi Skills Training Computer Centre*	St. James	20/01/2016	4,547,310.00
31	*Cascade Primary & Community Information Technology Resource Centre*	Portland	20/01/2016	3,041,210.00
32	*Coley Mountain Computer Centre*	Manchester	20/01/2016	3,221,210.00
33	*Mount Peto Community Development Committee*	Hanover	20/01/2016	4,270,040.00
34	*Touch of Hope - Stewart Town Community Development Committee*	Trelawny	20/01/2016	4,257,310.00
	TOTAL			112,744,872.80

Table 8: Community Access Point Projects Completed 2015-2016

#	Project	Parish	Completed	Cost $
1	Bethel United Church – **Highgate Centre**	St. Mary	April 2015	2,810,772.20
2	Bickersteth Centre	St. James	April 2015	2,601,665.37
3	Hope Seventh Day Adventist - Tavern Centre	St. Andrew	April 2015	2,765,212.50
4	Vision Apostolic House of Prayer	St. Catherine	April 2015	3,376,827.60
5	JCF Mobile Reserve Computer Lab	St. Andrew	May 2015	3,043,181.99
6	Hope Foundation – **Weise Road (CITY) Centre**	St. Andrew	May 2015	9,571,608.64
7	May Pen Y Service Club/Astel Parkinson Centre	Clarendon	May 2015	2,923,666.78
8	Maxfield Park Children's **Home**	St. Andrew	May 2015	2,084,644.12
9	National Centre for Youth Development (NCYD) – **Spanish Town**	St. Catherine	June 2015	4,100,168.38
10	Elderslie Benevolent Development Society/ Elderslie Primary School	St. Elizabeth	June 2015	4,224,111.25
11	National Centre for youth Development (NCYD) - Lucea	Hanover	July 2015	4,053,590.00
12	ICAN Initiative/Rose Heights Centre	St. James	July 2015	4,473,761.09
13	Mandeville Craft Institute Skills Training Centre	Manchester	July 2015	3,603,312.69
14	Granville Progressive Youth Club	St. James	July 2015	3,447,520.00
15	Trinity Moravian Skill Development Centre	St. Andrew	July 2015	3,97,765.19
16	Refuge Temple Learning Academy	St. Elizabeth	August 2015	4,448,814.63
17	St. Margaret's **Bay Centre**	Portland	August 2015	2,901,208.95
18	Truth Tabernacle Innovative Learning Centre	St. Catherine	August 2015	3,295,334.21
19	Huntley Branch Library	Manchester	September 2015	2,813,882.75
20	Woodlands Primary School	Manchester	September 2015	4,479,649.26
21	Hope Bay Centre	Portland	September 2015	3,184,494.22
22	Flankers Resource Centre	St. James	September 2015	3,640,419.71
23	Bethel Baptist Church E-Learning Centre	St. Andrew	September 2015	3,859,956.16
24	West Prospect Community Access Point	St. Catherine	October 2015	3,796,912.31

25	Bayside Education & Community Outreach Centre	St. Catherine	October 2015	5,998,165.60
26	Tower Hill Baptist Church	St. James	November 2015	3,281,498.61
27	Waterhouse CDC Benevolent Society Computer Lab	St. Andrew	November 2015	4,529,155.01
28	Cross Keys Development Area Committee Community Centre	Manchester	November 2015	3,343,500.53
29	Newton Community Development Committee(Primary School) Centre	St. Elizabeth	December 2015	2,505,812.38
30	Cambridge Police Youth Club	St. James	December 2015	3,731,170.00
31	Carisbrook Community Development Committee Centre	St. Elizabeth	January 2016	4,311,088.33
32	National Centre for Youth Development	St. James	February 2016	3,343,510.00
33	Triumphant Computer Training Centre	St. James	February 2016	3,370,328.69
34	Roehampton Primary School Computer Lab	St. James	February 2016	4,090,040.00
35	Maryland All Age School Computer Centre	Hanover	February 2016	3,346,054.00
36	Greendale Citizen's Association Centre	St. Catherine	February 2016	3,475,847.40
37	National Council for Senior Citizens	St. Andrew	February 2016	2,912,346.31
38	Kingston Young Men's Christian Association	St. Andrew	February 2016	4,447,099.19
39	Priestman's River Citizens CDC/Castle Centre	Portland	March 2016	2,743,024.91
	Total Disbursed			140,929,355.77

Table 9: Community Access Point projects in progress at year end 2015-2016

	Project	Parish	Sum Approved($)	Disbursement ($)
1	Spring Gardens CDC/Primary School Centre	Trelawny	3,864,000.00	3,764,592.99
2	Brandon Hill Library & Resource Centre	St. Andrew	2,377,120.00	2,361,571.50
3	Aberdeen Computer Centre	St. Elizabeth	3,184,360.00	2,905,953.76
4	Glendevon CDC Benevolent Society	St. James	4,165,680.00	4,161,095.80
5	Drewsland Computer Centre	St. Andrew	3,962,440.00	3,861,519.35
6	Clarendon Pride	Clarendon	2,786,210.00	-
7	Freeman's Hall CDC	Trelawny	4,177,090.00	4,143,719.00
8	Touch of Hope/Ulster Spring CDC Centre	Trelawny	3,026,540.00	3,003,904.19
9	Pedrovian Community Benevolent Society Centre	St. Ann	3,749,760.00	3,442,716.89
10	Frankfield Primary and Infant School	Clarendon	4,175,090.00	4,150,001.13
11	Harker's Hall Community Access Point	St. Catherine	3,281,430.00	-
12	Green Park Primary and Junior High	Clarendon	4,419,310.00	3,024,058.83
13	North Street Seventh Day Adventist Learning Centre	St. Andrew	3,576,540.00	-
14	Bellefield Citizens Development Association/Bellefield Primary School	Manchester	3,764,760.00	3,704,222.35
15	Oxford Citizens Association Centre	Manchester	3,011,210.00	-
16	Hatfield Community Group Centre	Westmoreland	4,447,310.00	-
17	Manchioneal All Age School	Portland	4,507,310.00	4,496,840.88
18	PW Minott Complex/Sanguinetti Homework Training Centre	Clarendon	4,429,310.00	4,385,079.64

19	*CPalmer Project of Hope Skills Training Centre*	*Clarendon*	*4,429,310.00*	*4,408,875.66*
20	*Thompson Town Homework Centre*	*Clarendon*	*3,808,760.00*	*3,643,761.70*
21	*Good Samaritan/Heroes Circle Seventh Day Adventist Centre*	*St. Andrew*	*1,880,442.84*	-
22	*Adelphi Skills Training Centre*	*St. James*	*4,547,310.00*	-
23	*Cascade Primary School and Community Information Centre*	*Portland*	*3,041,210.00*	-
24	*Coley Mountain Computer Centre*	*Manchester*	*3,221,210.00*	-
25	*Mount Peto Community Development Committee Centre*	*Hanover*	*4,270,040.00*	-
26	*Touch of Hope/ Stewart Town Community Development Committee*	*Trelawny*	*4,257,310.00*	-
		Total	*96,361,062.84*	*55,457,913.67*

Our project team members travelled extensively throughout the year processing applications for Community Access Point project, completing user acceptance tests on completed projects and also to provide technical assistance to our beneficiaries for resolving operational problems at our funded facilities. Processing of Community Access Point projects necessitated three hundred and sixty seven site visits covering all fourteen parishes.

Island-wide Broadband project

Construction work on the island-wide broadband network continued during the year with the connection of an additional five (5) site thus bringing the total connected sites of the population of three hundred and eighty two (382). An additional sixty-eight (68) institutions are expected to be connected and commissioned to service during the third quarter of the ensuing financial year.

Details of the connection status at year end are provided in table 10

Table 10: Broadband Network Connection Status.

INSTITUTIONS	CONNECTED 2014/2015	TOTAL IN SERVICE	TOTAL OUTSTANDING
SCHOOLS	0	208	3
LIBRARIES	0	41	0
POST OFFICES	0	68	9
HEALTH FACILITIES	0	60	0
JCF	5	5	68
TOTAL	**5**	**382**	**80**

Tablets in Schools Project

This project was executed primarily by the e-Learning Jamaica Company Limited through funding provided by the USF. Thirty eight schools island-wide were targeted under the initial pilot project. The USF provided funding for internet connectivity and campus wide wireless access at all the select schools. Major challenges were encountered in providing adequate and reliable internet backhaul facilities for all the pilot schools. Extensive collaboration with service providers was necessary in order to ensure that each school was provided with some measure of connectivity. Plans are being finalized for incorporating at least an additional one hundred and sixty-three schools into the programme during 2016-2017.

Other Projects

During the year seven (7) additional projects were undertaken to expand the accessibility of internet services and provide improved opportunities for academic studies.

These seven (7) projects are estimated to cost $92,758,897.50, of which $54,755,164.80 has been disbursed at year end, as detailed in table 10 below

Table 10: Summary of Other Projects.

PROJECT DESCRIPTION	APPROVED VALUE ($)	DISBURSEMENT ($)	STATUS
University of Technology - Technological upgrade	20,000,000.00	-	In Progress
Edna Manley College of Visual and Performing Arts - Technical Upgrade	17,143,060.00	15,898,270.17	In Progress
G.C. Foster College of Physical Education and Sport – Technology upgrade	15,000,000.00	9,568,947.00	In Progress
University of the West Indies Centre for Disabilities Studies – Laptop and software for the visually impaired	6,000,000.00	4,648,659.93	Completed
Excelsior Community College – Technology Upgrade	8,750,837.50	8,750,837.50	In Progress
Jamaica Urban Transit Company Limited - Technology Upgrade	7,865,000.00	-	In Progress
University of the West Indies Medical Sciences – Technology Upgrade	18,000,000.00	15,888,450.20	In Progress
TOTAL	92,758,897.50	54,755,164.80	

9.0 FOCUS FOR 2016/2017 FINANCIAL YEAR

9.1 Completion of Projects

The USF 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 the island-wide broadband network will be expanded to provide additional connectivity for government institutions already benefitting from the service and to provide connectivity to other institutions, as required.

The USF will seek approval for a revised organizational structure and seek to secure all the requisite human resources appropriate for effectively discharging its expanded mandate. The USF will continue to strengthen its relationship with the challenged community island-wide to ensure that adequate facilities are provided for them to properly participate in all aspects of modern existence facilitated by information and communications technological evolutions.

PROJECT CONSIDERATIONS

Jamaica Library Service

The collaboration with the Jamaica Library Service will continue in order to expand Internet access at their facilities, especially where demand has outstripped supply and the physical accommodation is available and to improve their administrative capacity. To the greatest extent possible, additional libraries will also be connected to the broadband network during the year. In addition, strategies will be pursued to provide internet services to additional public schools which are hitherto deprived of such critically important facilities.

The operational and administrative processes of the library services have been reported to be outmoded and inefficient, and are based primarily on archaic manual systems and processes. Consequently, a request has been made to the USF for funding the implementation of a state of the art library management system, designated as an Integrated Library Management System. Funding in the amount of $40,000,000 has been provided to implement this modern system to transform the library services into an efficient, world-class, operational model.

Tablets in Schools Project

The USF will, once again, provide the funding to the e-Learning Company Limited for advancing the Tablets in Schools Project. The USF will also provide the requisite internet

backhaul and campus-wide wireless connectivity for the select schools. Strategies will be considered and finalized for reducing the aggressively high demand for bandwidth at each school.

Post Offices

Select Post Offices could prove strategic for the establishment of Community Access Point facilities. During the year, attempts will be made to identify and upgrade four Post Offices for the provision of internet services to the general public.

Community Access Points

The USF will continue to collaborate with specialized agencies to assist in identifying suitable communities island-wide for the establishment of additional Community Access Points. The National Housing Trust, the Social Development Commission, and the Church Community will continue to be important partners in this regard. The USF plans to identify at least sixty additional communities for the establishment of access points during fiscal 2016/2017 at an estimated cost of $180 million. Consistent with our mandate for national coverage, every effort will be made to ensure the widest possible distribution of these access points across the country. The USF will work more closely with established Community Access Points to ensure that they remain operating at optimum levels and are delivering the services for which they were intended. Where the performance of any Community Access Point falls below an acceptable standard and appears to be irredeemable, consideration will be given to closing it and transferring the assets to other communities.

One of the more significant challenges at the CAP locations is the proportionately high cost energy required to run the operations. As a consequence, provisions will be made for deploying alternate energy systems at select sites to ensure that they remain operational while not imposing prohibitive charges on potential users.

Broadband Network Expansion

The USF has extended the utility of the island-wide broadband network by providing connectivity to sixty ministry of health facilities (Hospitals, Health Centres and Regional Offices). The ministry of health's requirement is for connectivity to three hundred and twenty-four facilities. Consequently, the USF will seek to connect additional ministry of health facilities during 2016/2017.

The USF anticipates requests from other governmental institutions for connections to the broadband network. Subject to available resources, these requests will be honoured.

Academic Support

The USF will continue its support for academic pursuits through the awarding of substantial annual post graduate scholarships in Information and Communication Technologies, tenable at the three primary Jamaican universities namely, the University of the West Indies, University of Technology and Northern Caribbean University.

Tertiary Institutions

The USF supported the upgrading of tertiary institutions in the past and will continue to do so over the next four years to facilitate the accessibility of tertiary academic programmes to Jamaican residents throughout the country. During financial year 2016/2017 funding will be provided, in the amount of $150M, to further assist tertiary institutions to extend their academic programmes to a greater number of Jamaican residents, especially those residing within rural communities. The USF will also continue the provision of campus-wide wireless networks on the campuses of select tertiary institutions to further modernize and enhance the academic experiences.

Content Development

The wider availability of good utilitarian content not only inspires greater national efficiencies, but also provides a significant magnetic force for attracting residents to use internet services to a greater extent, which is consistent with the mandate of the USF. The USF has, therefore; made provisions for supporting the development of content during the next financial year. This will also support the development of ICT skills and competence and inspire the development of local industries.

Legislature

The USF provided support to the Legislature in 2014/2015 for upgrading its technological infrastructure. Despite that level of support, the Legislature continues to grapple with gross deficiencies in its basic ICT requirements. As a consequence, the USF has made provisions to further support the Legislature's technological needs to enhance their efficiencies and improve the dispensation of justice in the country.

Public WiFi

USF will identify additional strategic locations island-wide for the provision of public WiFi service to ensure that access to the Information Superhighway is more easily accessible by our residents and visitors. Extreme care will be taken to reduce the possibility of these facilities being compromised and abused to the detriment of national security.

Disabled Community

The statute specifically identifies the disabled community for support in the country's advance toward a knowledge-based society. In fact, the vision is that no individual or sector should be marginalized or left behind in the quest for ubiquitous access and use of ICT facilities. The USF will therefore, continue to support the Disabled Community by providing the requisite hardware and software for that community, to the greatest extent possible, over the next four years at annual costs of no less than $15M. Where physical facilities must be accessed to secure the use of any ICT services, arrangements will be made to ensure that the disabled community is provided with the requisite ease of access.

TV White Spaces Connectivity

During the year work will intensify to complete the pilot project to provide broadband Internet services to remote or underserved communities using the buffer bands within the television broadcast spectrum. This project is being implemented in collaboration with the United States Agency for International Development and is anticipated to provide service to select public schools, libraries, health centres and police stations in thirty communities.

SENIOR EXECUTIVES COMPENSATION

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 Allowance) ($)	Non-Cash Benefits ($)	Total ($)
Chief Executive Officer	2015/2016	7,638,077	3,341,413	1,406,666	-	725,259	-	13,111,415
Director of Projects	2015/2016	3,710,580		1,219,656	-	495,610	-	5,425,846
Financial Controller	2015/2016	3,803,344		1,219,565	-	179,358	-	5,202,358

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.*

DIRECTORS COMPENSATION

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	56,000	-	-	-	56,000
Vice Chair	58,750	-	-	-	58,750
Director 1	34,000	-	-	-	34,000
Director 2	82,500	-	-	-	82,500
Director 3	67,000	-	-	-	67,000
Director 4	60,500	-	-	-	60,500
Director 5	68,375	-	-	-	68,375
Director 6	96,125	-	-	-	96,125
Director 7	44,500	-	-	-	44,500
Director 8	41,500	-	-	-	41,500
Director 9	36,000				36,000
Director 10	7,000				7,000
Director 11	12,000				12,000
Director 12	3,500				3,500
Director 13	125				125
Total	667,875	-	-	-	667,875

Notes

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

UNIVERSAL SERVICE FUND

FINANCIAL STATEMENTS

31 MARCH 2016

UNIVERSAL SERVICE FUND

FINANCIAL STATEMENTS

31 MARCH 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of
Universal Service Fund

Report on the Financial Statements

We have audited the financial statements of Universal Service Fund set out on pages 3 to 28, which comprise the statement of financial position as at 31 March 2016 and the statements of profit or loss and other comprehensive income, changes in reserves and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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 Telecommunications (Amendment) Act 2012 and the Public Bodies Management and Accountability (Amendment) Act 2016 and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 Fund'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 qualified audit opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Universal Service Fund

Basis for Qualified Opinion

The Fund is dependent on information provided by local carriers for the determination of service fees to be recognized for the year. Furthermore, there are international carriers who remit service fees indirectly to the Fund, through 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 $1,551,112,120 recognized for the year. Any adjustment, as might have been deemed necessary in this regard, would affect the total comprehensive income of $1,231,003,741 for the year and the accounts receivable of $395,769,287 at the statement of financial position date.

Qualified Opinion

In our opinion, except for the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the Fund's financial position at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Telecommunications (Amendment) Act 2012 and the Public Bodies Management and Accountability (Amendment) Act 2014.

Report on additional requirements of the Telecommunications (Amendment) Act 2012 and the Public Bodies Management and Accountability (Amendment) Act 2014

Except for the matters discussed in the Basis for Qualified Opinion paragraph, we have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, except for the matters discussed in the Basis for Qualified Opinion paragraph, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Telecommunications (Amendment) Act 2012 and the Public Bodies Management and Accountability (Amendment) Act 2014 in the manner so required.

Chartered Accountants

11 July 2016

UNIVERSAL SERVICE FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2016

	Note	2016 $'000	2015 $'000
REVENUE	6	1,551,112	1,454,612
Direct costs - Universal service projects		581,209	473,501
- e-Learning 2 TIS		397,982	1,104,470
		979,191	1,577,971
		571,921	(123,359)
Other operating income	7	763,488	623,172
Administrative expenses (Page 30)		(90,087)	(72,075)
PROFIT BEFORE TAXATION		1,245,322	427,738
Taxation	9	(14,318)	(13,242)
NET PROFIT, BEING TOTAL COMPREHENSIVE INCOME		1,231,004	414,496

UNIVERSAL SERVICE FUND

STATEMENT OF FINANCIAL POSITION

31 MARCH 2016

	Note	2016 $'000	2015 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	10	10,216	10,941
Due from Consolidated Fund	11	10,829,037	10,247,400
Deferred tax assets	12	16	1,469
		10,839,269	10,259,810
CURRENT ASSETS:			
Receivables and prepayments	13	396,010	351,007
Taxation recoverable		4,285	2,821
Cash and cash equivalents	14	2,606,107	2,016,577
		3,006,402	2,370,405
		13,845,671	12,630,215
RESERVES AND LIABILITIES			
RESERVES:			
Capital contribution	15	9,570,709	9,570,709
Accumulated surplus		3,846,684	2,615,680
		13,417,393	12,186,389
CURRENT LIABILITIES:			
Payables	16	428,278	443,826
		13,845,671	12,630,215

Approved for issue by the Board of Directors on 11 July 2016 and signed on its behalf by:

Robert Lawrence - Chairman

Hugh Cross - Director

UNIVERSAL SERVICE FUND

STATEMENT OF CHANGES IN RESERVES

YEAR ENDED 31 MARCH 2016

	Capital Contribution $'000	Accumulated Surplus $'000	Total $'000
BALANCE AT 31 MARCH 2014	9,570,709	2,201,184	11,771,893
TOTAL COMPREHENSIVE INCOME			
Net profit	-	414,496	414,496
BALANCE AT 31 MARCH 2015	9,570,709	2,615,680	12,186,389
TOTAL COMPREHENSIVE INCOME			
Net profit	-	1,231,004	1,231,004
BALANCE AT 31 MARCH 2016	9,570,709	3,846,684	13,417,393

UNIVERSAL SERVICE FUND

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2016

	2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	1,231,004	414,496
Items not affecting cash resources:		
Depreciation	3,381	3,001
Interest income	(98,967)	(101,987)
Taxation expense	14,318	13,242
Exchange gain on foreign balances	(664,521)	(521,185)
	485,215	(192,433)
Change in operating assets and liabilities:		
Receivables	(45,003)	(15,325)
Payables	(15,548)	293,122
	424,664	85,364
Taxation paid	(14,329)	(15,566)
Cash provided by operating activities	410,335	69,798
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(2,656)	(1,309)
Interest received	56,749	58,444
Cash provided by investing activities	54,093	57,135
NET INCREASE IN CASH AND CASH EQUIVALENTS	464,428	126,933
Exchange gain on foreign cash balances	125,102	90,225
Cash and cash equivalents at beginning of year	2,016,577	1,799,419
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,606,107	2,016,577

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

Universal Service Fund ("Fund") was established by the Telecommunications Act (Universal Service Fund) (Commencement of Provisions) Order, 2012 dated 31 May 2012 issued by the Minister of Science, Technology, Energy and Mining pursuant to Section 24 of the Telecommunications (Amendment) Act, 2012 which amended the Telecommunication Act 2000 ("principal Act"). The principal Act levied a fixed universal service charge ("service levy") per minute on all international incoming calls terminating on networks of local carriers which is to be managed by the Fund. The Fund is domiciled in Jamaica and its principal place of business is located at 36 Trafalgar Road, Kingston 10.

The Fund took over the operations of the previous Fund, Universal Access Fund Fund Limited, and commenced operations on June 1, 2012.

The objectives of the Fund shall be to support the implementation of the obligation to provide universal service, as approved by the Minister, in accordance with the principles set out in section 39(2) and the use specified in section 42A of the principal Act.

The principal activities of the Fund are:

(i) the collection of the universal telecommunications services obligations levy ("service levy") 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.

2. REPORTING CURRENCY:

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("functional currency'). These financial statements are presented in Jamaican dollars, which is considered the Fund's functional and presentation currency.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting polices applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the year presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

Amounts are rounded to the nearest thousand unless otherwise stated.

(a) **Basis of preparation -**

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

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

Amendments to published standards effective in the current year that is relevant to the Fund's operations

During the reporting period, there were no new pronouncements relevant to the Fund's financial statements.

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Fund

IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016). The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflect a pattern of generation of economic benefits that arises from the operation of the business of which the asset is a part, rather than the pattern of consumption of an asset's expected future benefits.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) **Basis of preparation (cont'd) -**

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Fund (cont'd)

IFRS 9, *Financial Instruments*, (effective for annual reporting periods beginning on or after January 1, 2018), replaces the existing guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

IFRS 15, 'Revenue from contracts with Customers', (effective for annual periods beginning on or after 1 January 2018). IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standard replaces IAS 18. "Revenue" and IAS 11 "Construction Contracts" and related interpretations.

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). It replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd) -**

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Fund (cont'd)

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods is unlikely to have any material impact on the financial statements.

(b) **Property, plant and equipment -**

Items of property, plant and equipment are recorded at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Furniture and fixtures	10%
Computer equipment	33 1/3%
Office equipment	20%
Motor vehicles	20%

Gain and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit.

(c) **Impairment of non-current assets -**

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

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(d) **Financial instruments -**

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

Financial assets

(i) **Classification**

The Fund classifies its financial assets in the category,: 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 this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Fund's loans and receivables comprise trade receivables and cash and cash equivalents.

(ii) **Recognition and Measurement**

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the Fund commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(d) **Financial instruments (cont'd) -**

Finanical liabilities

The Fund's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following item was classified as financial liabilities: payables.

(e) **Cash and cash equivalents -**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of 90 days or less.

(f) **Trade receivables -**

Trade receivables are carried at original invoiced amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Fund will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Other receivables are stated at amortized cost less impairment losses.

(g) **Trade and other payables -**

Trade payables are stated at amortized cost.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(h) **Foreign currency translation -**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(i) **Current and deferred income taxes -**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The Fund's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) **Current and deferred income taxes (cont'd) -**

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(j) **Revenue recognition -**

Service levy

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

Interest income

Interest income is recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis unless collectability is doubtful.

(k) **Leases -**

Leases of property, where the Fund has substantially all the risks and rewards of ownership, are classified as finance leases. Finance charges are expensed in the statement of comprehensive income over the lease period. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged as an expense in the statement of comprehensive income on the straight line basis over the period of the lease.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the Fund's accounting policies -**

In the process of applying the Fund's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) **Key sources of estimation uncertainty -**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below:

(i) **Fair value estimation**

A number of assets and liabilities included in the Fund's financial statements require measurement at, and/or disclosure of, at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The fair value of financial instruments traded in active markets, such as available-for-sale investments, is based on quoted market prices at the reporting date. The quoted market price used for financial assets is the current bid price.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd) -**

(i) **Fair value estimation (cont'd)**

The fair value of financial instruments that are not traded in an active market are deemed to be determined as follows:

(i) The face value, less any estimated credit adjustments, or financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, receivables and payables.

(ii) The fair value of unquoted equity instruments could not be determined as there is no active market for it.

(ii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Fund applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

5. **FINANCIAL RISK MANAGEMENT:**

The Fund is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

In common with all other businesses, the Fund's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the Fund's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the Fund and the methods used to measure them.

There have been no substantive changes in the Fund's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) **Principal financial instruments**

The principal financial instruments used by the Fund, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Payables

(ii) **Financial instruments by category**

Financial assets

	Loans and Receivables	
	2016	2015
	$'000	$'000
Cash and cash equivalents	2,606,107	2,016,577
Trade receivables	395,769	350,852
Total financial assets	3,001,876	2,367,429

Financial liabilities

	Financial liabilities at amortised cost	
	2016	2015
	$'000	$'000
Payables	428,278	443,826
Total financial liabilities	428,278	443,826

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(iii) **Financial instruments not measured at fair value**

Financial instruments not measured at fair value includes cash and cash equivalents, receivables and payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, receivables and payables approximates their fair value.

(iv) **Financial risk factors**

The Board of Directors has overall responsibility for the determination of the Fund's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Fund's finance function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Fund's competitiveness and flexibility. Further details regarding these policies are set out below:

(a) **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 from trade receivables and cash and bank balances.

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.

Accounts receivables

The management of credit risk in respect of accounts receivable is executed by the management of the Fund. The Audit 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.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(iv) **Financial risk factors (cont'd) -**

(a) **Credit risk (cont'd)**

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables that are past due but not impaired

As at 31 March 2016, trade receivables of $23,619,017 (2015 - $94,692,005) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

(b) **Market risk**

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US dollar cash and bank balances. The Fund manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Fund further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The Fund is exposed to foreign currency risk in respect of US dollar cash and bank balances amounting to $2,387,737,677 (2015 - $1,902,535,149).

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

5. **FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):**

(iv) **Financial risk factors (cont'd) -**

(b) **Market risk (cont'd)**

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. 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 cash and bank balances, and adjusts their translation at the year-end for 6% (2015 - 10%) depreciation and a 1% (2015 - 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate 2016 $'000	Effect on Profit before Tax 31 March 2016 $'000	% Change Currency Rate 2015 $'000	Effect on Profit before Tax 31 March 2015 $'000
Currency:				
USD	-6	143,264	-10	190,346
USD	+1	(23,877)	+1	(19,035)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As the Fund does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

5. **FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):**

(iv) **Financial risk factors (cont'd) -**

(b) **Market risk (cont'd)**

Currency risk (cont'd)

Cash flow and fair value interest rate risk

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

Floating rate instruments expose the Fund to cash flow interest rate risk, whereas fixed rate instruments expose the Fund to fair value interest rate risk.

Short term deposits are the only interest bearing assets within the Fund. The Fund's short term deposits are due to mature within 3 months of the reporting date.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

(c) **Liquidity risk**

Liquidity risk is the risk that the Fund 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, and the availability of Funding through an adequate amount of committed credit facilities and the ability to close out market positions.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

5. **FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):**

(iv) **Financial risk factors (cont'd) -**

(c) **Liquidity risk (cont'd)**

Liquidity risk management process

The Fund's liquidity management process, as carried out within the Fund and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a regular basis.
(ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimising cash returns on investments.

(v) **Capital management -**

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide benefits for its stakeholders. The Fund also maintains a strong capital base to support the development of its business.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the Fund is subject.

6. **REVENUE:**

	2016 $'000	2015 $'000
Service fee levy	1,551,112	1,454,612

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

7. OTHER OPERATING INCOME:

	2016 $'000	2015 $'000
Interest income	56,749	58,444
Gain on foreign exchange	664,521	521,185
Interest in Consolidated Fund	42,218	43,543
	763,488	623,172

Interest on Consolidated Fund represents accumulated interest earned on funds held at the Accountant General's Department.

8. EXPENSES BY NATURE:

Surplus before taxation is stated after charging -

	2016 $'000	2015 $'000
Direct cost on projects	979,191	1,577,971
Directors and board expenses	1,058	808
Auditors' remuneration	872	872
Staff costs (note 17)	59,415	47,393
Depreciation	3,381	3,001
Others	25,361	20,001
	1,069,278	1,650,046

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

9. **TAXATION:**

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

(b) Taxation is computed on the profit for the year, adjusted for tax purposes, and comprise income tax at 25%.

	2016 $'000	2015 $'000
Current taxation	12,865	13,980
Prior year under accrual	-	639
Deferred taxation (note 12)	1,453	(1,377)
	14,318	13,242

The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate of 25%.

	2016 $'000	2015 $'000
Profit before taxation	1,245,322	427,738
Tax calculated at applicable tax rate	311,330	106,935
Adjusted for the effects of:		
Expenses not deducted for tax purposes	(297,012)	(93,693)
	14,318	13,242

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

10. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Improvements $'000	Office & Computer Equipment $'000	Furniture & Fixtures $'000	Motor Vehicle $'000	Total $'000
At cost:					
1 April 2014	1,656	2,895	1,323	9,563	15,437
Additions	227	371	711	-	1,309
31 March 2015	1,883	3,266	2,034	9,563	16,746
Additions	-	2,364	292	-	2,656
31 March 2016	1,883	5,630	2,326	9,563	19,402
Depreciation:					
1 April 2014	103	696	140	1,865	2,804
Charge for the year	175	782	131	1,913	3,001
31 March 2015	278	1,478	271	3,778	5,805
Charge for the year	188	1,068	212	1,913	3,381
31 March 2016	466	2,546	483	5,691	9,186
Net Book Value:					
31 March 2016	1,417	3,084	1,843	3,872	10,216
31 March 2015	1,605	1,788	1,763	5,785	10,941

11. DUE FROM CONSOLIDATED FUND:

	2016 $'000	2015 $'000
Opening balance	10,247,400	9,772,898
Interest	42,218	43,543
Foreign exchange gain	539,419	430,959
	10,829,037	10,247,400

The opening balance represents service fee levy forwarded to the Accountant General's Department and placed in the Government's Special Consolidated Fund.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

12. DEFERRED INCOME TAXES:

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

The movement in deferred taxation is as follows:

	2016 $'000	2015 $'000
Balance at start of year	1,469	92
(Charge)/credit for the year	(1,453)	1,377
Balance at end of year	16	1,469

Deferred taxation is due to the following temporary differences:

	2016 $'000	2015 $'000
Decelerated capital allowances	16	1,469

Deferred taxation charged to profit or loss comprises the following temporary differences:

	2016 $'000	2015 $'000
(Accelerated)/decelerated capital allowances	(1,453)	1,377

13. RECEIVABLES AND PREPAYMENTS:

	2016 $'000	2015 $'000
Service levy receivable	395,769	350,852
Prepayments	241	155
	396,010	351,007

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

13. RECEIVABLES AND PREPAYMENTS (CONT'D):

The aging of trade receivables is as follows:

	2016 $'000	2015 $'000
0-30 days	299,460	256,160
31-60 days	44,009	6,500
61-90 days	28,681	8,590
90 days and over	23,619	79,602
	395,769	350,852

14. CASH AND CASH EQUIVALENTS:

For the purpose of the cashflow statement, cash and cash equivalent comprise cash at bank and in hand as follows:

	2016 $'000	2015 $'000
Cash at bank and in hand	2,606,107	2,016,577

At 31 March 2016, the Fund had short term deposits amounting to $2,424,055,530 (2015 - $1,743,205,873). Interest receivable on short term investments amounted to $362,340 (2015 - $927,838).

The weighted average interest rate on short term deposits denominated in Jamaican dollars and United States dollars was 6.25% and 2.70%, respectively (2015 - 6.40% and 2.73%, respectively) and these deposits mature within 62 days (2015 - 62 days).

15. CAPITAL CONTRIBUTION:

This represents the net of assets and liabilities transferred to Universal Service Fund on the commencement of operations.

UNIVERSAL SERVICE FUND

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

16. PAYABLES:

	2016 $'000	2015 $'000
Gratuity payable	8,621	7,109
Projects	411,844	428,985
Other payables	7,813	7,732
	428,278	443,826

17. STAFF COSTS:

	2016 $'000	2015 $'000
Salaries	37,688	30,104
Statutory contribution	2,522	2,021
Staff welfare and allowances	11,552	8,757
Other	7,653	6,511
	59,415	47,393

The number of persons employed at the end of the year was 14 (2015 - 11).

18. RELATED PARTY BALANCES AND TRANSACTIONS:

The following transactions were carried out with related parties.

	2016 $'000	2015 $'000
Directors' emoluments -		
Fees	668	503
Remuneration	7,746	7,697
Gratuity payable	3,145	1,548

BDO

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Universal Service Fund

The supplementary information presented on page 30 has been taken from the accounting records of the Fund and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements for the year ended 31 March 2016, upon which we have issued a qualified opinion.

In our opinion, this information, although not necessary for a fair presentation of the Fund's state of affairs, results of operations, changes in equity and cash flows is fairly presented in all material respects in the form and context in which it appears.

BDO

Chartered Accountants

11 July 2016

UNIVERSAL SERVICE FUND

ADMINISTRATIVE EXPENSES

YEAR ENDED 31 MARCH 2016

	2016 $'000	2015 $'000
Salaries and other staff costs	59,415	47,393
Temporary workers	1,930	800
Directors' fees	668	503
Board/committee meetings	390	312
Audit	872	872
Accounting fees	-	328
Rental of parking space	300	200
Office lease and maintenance	4,077	5,528
Legal fees	191	107
Consultancy and other professional fees	134	1,456
Motor vehicle expenses	1,803	1,735
Insurance	77	98
General office expenses	383	325
Telephone	1,059	685
Training	362	321
Postage and courier	419	352
Stationery and office supplies	807	1,081
Travel - local and overseas	338	138
Advertisement and public relations	13,143	6,632
Repair and maintenance	45	29
Subscriptions	123	110
Bank charges	170	69
Depreciation	3,381	3,001
	90,087	72,075