



BRIDGING THE **INFORMATION GAP**  
**INTERNET** ACCESS FOR EVERYONE



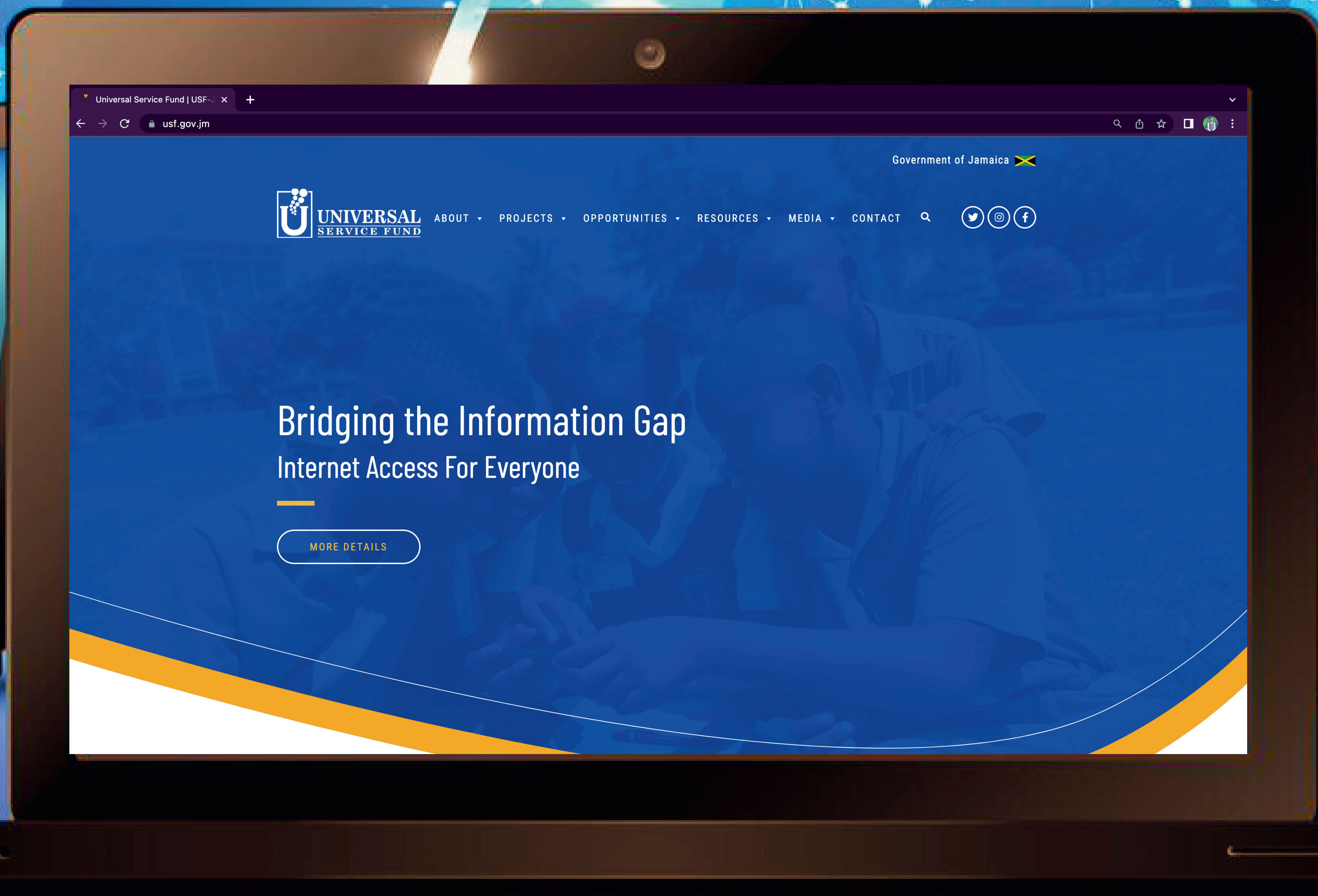
# Annual Report

2022/2023

*An Agency of the Ministry of Science, Energy, and Technology*



# UNIVERSAL SERVICE FUND





**U**  
**UNIVERSAL**  
**SERVICE FUND**



***Bynca Davis and Mother, Marcia Davis*** receiving a laptop courtesy of the Universal Service Fund to pursue her tertiary academic journey  
*The Universal Service Fund is committed to enabling a knowledge-based society*



**UNIVERSAL**  
**SERVICE FUND**

## **OUR MISSION**

To positively impact Jamaica's socio-economic development by enabling a knowledge-based society through universal access to the Internet, digital inclusion.

## **OUR VISION**

The Universal Service Fund, a purpose driven and solutions oriented employer of choice, has enabled a knowledge-based society with universal access to the Internet and digital inclusion, thereby fueling rapid socio-economic growth and development for Jamaica.



**UNIVERSAL**  
**SERVICE FUND**

## CORE VALUES

### TEAM WORK

Various arms of the organization working together to achieve common objectives

### ACCOUNTABILITY

Taking ownership of, being answerable for, and facing the consequences for failing to achieve

### RESPECT

Treating others equally while being mindful of others' time, effort and feelings

### INTEGRITY

Being truthful in actions, words, deeds and intent

### KINDNESS

Being unselfish in one's words, thoughts and actions. Giving love and care to each other while being compassionate to the needs of others.

# TABLE OF CONTENTS

OUR MISSION.....	3
OUR VISION.....	3
CORE VALUES.....	4
CORPORATE PROFILE.....	6
CORPORATE INFORMATION.....	7
THE MINISTER'S MESSAGE.....	8
BOARD OF MANAGEMENT'S REPORT.....	10
THE CEO'S MESSAGE.....	12
CORPORATE GOVERNANCE.....	15
BOARD OF MANAGEMENT.....	21
SENIOR MANAGEMENT.....	23
BRIDGING THE INFORMATION GAP.....	26
FINANCIAL MANAGEMENT.....	30
HUMAN RESOURCE MANAGEMENT AND ADMINISTRATION.....	38
MARKETING AND PUBLIC RELATIONS.....	43
AUDITED FINANCIAL STATEMENTS.....	47

# CORPORATE PROFILE

The Universal Service Fund (USF) operates under the Ministry of Science, Energy, and Technology (MSET) with the mission to ensure accessibility to information and communication tools, furthering Jamaica's digital development goals. Initially established as the Universal Access Fund Company Limited in 2005, it was mandated by a Ministerial Order that domestic telecommunications providers collect a universal service levy on inbound telephone calls. The funds collected are now utilized by the USF to execute various national ICT projects, aiming to transform Jamaica into a knowledge-based society.

On June 1, 2012, the Telecommunications (Amendment) Act 2012 officially replaced the former Universal Access Fund Company Limited, expanding the entity's responsibilities to serve Jamaica in a more comprehensive manner.

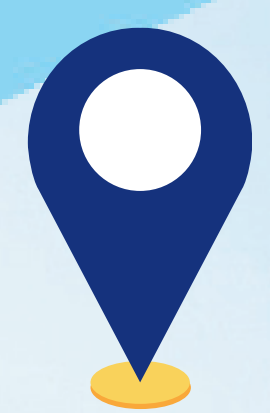
According to the amended Telecommunications Act, the fund's objectives involve supporting the implementation of universal service obligations approved by the Minister, in alignment with the principles outlined in section 39(2) and the utilization specified in section 42A. This objective serves as the driving force behind the Universal Service Fund as it continuously contributes to the advancement of a better Jamaica.

In line with its overall mission, the USF carries out its core responsibilities to ensure the Fund's smooth daily operations. These responsibilities include:

- Collecting the mandatory levy on universal telecommunications services from telecommunication companies.
- Evaluating projects falling within our jurisdiction and offering the necessary recommendations for funding approval.
- Distributing funds for the execution of sanctioned initiatives.
- Overseeing the implementation of projects.
- Managing and accounting for the funds collected and disbursed.
- Establishing an islandwide broadband network to grant public access to the information super-highway through high schools, public libraries, post offices, and other approved institutions under the Board of Directors' purview.

# CORPORATE INFORMATION

## REGISTERED OFFICES



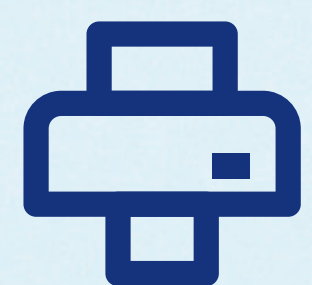
• **4th Floor, PCJ Building**  
36 Trafalgar Rd, Kingston 10



• **Ardenne Emirates, Shop #27**  
7-9 Ardenne Road



876-926-1727 / 876-926-4873



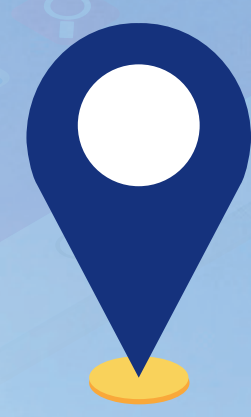
876-960-8981



info@usf.com



www.usf.gov.jm



**First Global Bank**  
2 St. Lucia Avenue  
Kingston 5



**Proven Wealth**  
26 Belmont Road  
Kingston 5



**Sagicor Investments**  
85 Hope Road  
Kingston 6



**Jamaica Money Market Brokers**  
11 Knutsford Boulevard  
Kingston 5

## AUDITORS



**SFAI JAMAICA | C.R. HYLTON & CO.**  
9 Millsborough Crescent, Kingston 6



## LEGAL OFFICER & COMPANY SECRETARY

Latona Stewart



**Dr. Daniel Dawes**  
Chief Executive Officer

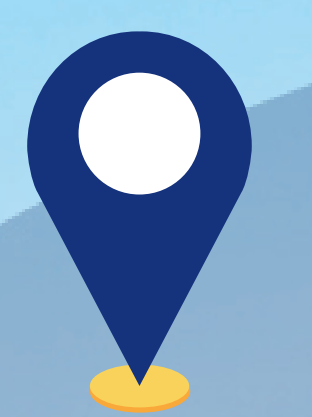
**Shanique Cornwall**  
Human Resource / Administration Manager

**Andrew McRae**  
Financial Controller

**Jaime Robinson**  
Director of Projects, Acting

**Karlene Williams**  
Internal Auditor

## BANKERS



**Bank of Nova Scotia**  
82-84 Half Way Tree Road  
Kingston 10



**National Commercial Bank**  
1 Knutsford Boulevard, Kingston 5



## The Honourable Daryl Vaz, MP

Minister of Science, Energy, and  
Technology

It is with a great sense of pride and satisfaction that I present the Universal Service Fund's Annual Report for the 2022/2023 Financial Year. This report encapsulates our collective efforts and the progress we have made in achieving our mission of bridging the digital divide and providing universal access to communication services.

In today's digital age, access to information and communication technology is not just a luxury; it is a necessity. It is our responsibility as a government and as a society to ensure that every citizen has equal opportunities to reap the benefits of this digital revolution. The Universal Service Fund has been at the forefront of this noble endeavour, striving tirelessly to connect the unconnected and empower the underserved. Over the past year, we have witnessed remarkable achievements and milestones in our pursuit of universal access. Through strategic investments, partnerships, and innovative initiatives, we have extended the reach of communication services to the farthest corners of our nation. From remote rural villages to marginalised urban communities, we have made significant progress in ensuring that no one is left behind.

In support of the Government's drive to have 100% Broadband Internet connectivity by the year 2030, the Ministry of Science, Energy, and Technology through the Universal Service Fund was able to deploy 189 Community Wi-Fi Hotspots with Commissioning Ceremonies completed for 156 so far. The Fund has also refurbished 17 of the established Computer Labs under the Community Access Point programme through a partnership with the United Nations Development Programme (UNDP). Through the Connect Jamaica Programme, all fourteen (14) parish capitals were provided with public Wi-Fi service. In addition, public parks, green spaces and pedestrian thoroughfares were furnished with public Wi-Fi.

The USF continues to fund the National Broadband Initiative (NBI) in collaboration with the National Works Agency (NWA), eGov Jamaica Limited and the Ministry of Education and Youth (MoEY). Our investments in broadband infrastructure have yielded tremendous results. We have successfully expanded high-speed internet connectivity, allowing businesses to flourish, entrepreneurs to thrive, and individuals to access a world of knowledge and opportunities. We have witnessed the transformative power of connectivity, as it enables communities to leapfrog into the digital era and enhances their social and economic well-being.

The push for a more digitally aware society must be consistent and as such, the Fund established and launched 12 ICT Clubs in schools located in the rural and urban areas around the island. To date, budgetary provisions have been made to train three hundred (300) participants in a coding training intervention under the Technology Advancement Programme (TAP) III; administered by USF in partnership with the Amber Group & Heart/NSTA Trust. It must be noted that the programme has secured participation from several aspiring tech prospects who are actively pursuing this coding programme at 7 sites across the country; 9 million has been expended on the programme to date.

The Universal Service Fund will continue to expand its reach by increasing the number of initiatives executed. It is anticipated that by the end of the financial year 2023/24, with the inclusion of the Community Wi-Fi sites and Connect Jamaica sites, citizens of Jamaica will be able to freely access 344 Wi-Fi Hotspots islandwide. This is truly remarkable.

As we celebrate our achievements, we must also acknowledge the challenges that lie ahead. The digital divide is not yet fully bridged, and there are still communities and individuals who lack access to essential communication services. We must redouble our efforts and explore new avenues to reach the unreached. This requires sustained investment, policy reforms, and collaboration with stakeholders at all levels. We must be agile and adaptive in our approach, embracing emerging technologies and innovative solutions to ensure that no one is left behind.

I would like to express my sincere gratitude to the Universal Service Fund team, whose dedication and hard work have made all these achievements possible. Their unwavering commitment to our mission and their innovative approach have driven the success of our initiatives. I also extend my gratitude to our valued partners, service providers, regulators, and local communities for their collaboration and support. It is through our collective efforts that we have been able to make a significant impact on the lives of our citizens. Special commendations to team USF, thank you all for your commitment and drive. For the 2023/2024 period and beyond, let us forge ahead with renewed determination to build a brighter and more digitally inclusive future for all.

In conclusion, let us take a moment to reflect on the profound impact we have made in the lives of our fellow citizens. The Universal Service Fund has been instrumental in empowering communities, bridging disparities, and fostering inclusive development. However, our journey is far from over. We must continue to strive for universal access, relentlessly pursuing our vision of a digitally connected nation where every individual has equal opportunities to thrive.

The Universal Service Fund...Bridging the Information Gap!



---

Hon. Daryl Vaz, MP  
Minister of Science, Energy and Technology



## Mr. Metry Seaga

Chairman  
Board of Management

It is my distinct pleasure to present this report on behalf of the Board of Management of the USF, as we reflect on the remarkable achievements and challenges encountered during the 2022/23 financial year. The year in review saw the expiration of the previous Board's tenure and the appointment of the current Board on November 21, 2022.

On behalf of the current Board, I would like to thank the outgoing Board members for their unwavering support in propelling the entity towards fulfilling its mandate and achieving its intended impact.

Aligned with our primary mandate, the USF continued to evolve its strategic posture to meet the ever-changing ICT needs of our nation and the GOJ's strategic priorities for ICT development. Our efforts were therefore directed towards expanding the digital infrastructure, accelerating internet access in communities and improving digital literacy and skills.

The core strategic priorities which defined the direction of the Fund during the reporting period are outlined as follows:

- **Expansion of Digital Infrastructure** – Approximately **\$700M** was invested in funding the National Broadband Initiative (NBI), furthering the roll-out of the fibre optic and microwave infrastructure in several schools and public institutions across Jamaica.
- **Expansion of Digital Access to the Internet** – One hundred and eighty-nine (189) community Wi-Fi sites and five (5) public Wi-Fi sites in major town centres were established during the period. Funding support was also provided for the implementation of Wi-Fi service in the Harmony Beach Cove resort area.
- **Creation of Partnerships for Improvement of ICT Literacy** – We fostered meaningful partnerships with esteemed organizations such as HEART/NSTA Trust, Amber Innovations Limited, e-Learning Jamaica Limited, UTech Jamaica, FLOW Jamaica Limited and community groups to develop programmes aimed at enhancing the digital stock and improving ICT literacy and skills among Jamaicans.

- **Reduction of Recurring Costs Obligation** – To streamline our finances, we worked tirelessly to reduce the Fund’s recurring expenditure through migration of the internet connections of **eighty (80) schools** onto the GovNet backbone.

It is to be noted, however, that the year under review was marked by a continuous decline in the levy revenues, which required us to balance our operating expenses and recurring expenditures while securing funding for capital projects. Despite these obstacles, we persevered and sought budgetary support from the Ministry of Finance & the Public Service (MOFPS) through our parent Ministry, which resulted in the allocation of **\$300M** from the funds held by the Accountant General’s Department (AGD) on our behalf.


As we look forward, it is recognized that a proactive and aggressive approach should be taken to address the decline in levy inflows and to ensure the sustainability of the Fund. Therefore, in the next financial year, management has been entrusted with the pivotal responsibility of leading a sustainability review initiative. This undertaking will focus on implementing strategies to enhance funding mechanisms, increase revenues and strengthen the operational efficiency of the Fund.

Amidst the challenges faced in the past year, the USF has made significant strides in advancing the country’s technological development, unlocking its potential to drive economic growth through digital infrastructure expansion and digital inclusion initiatives.

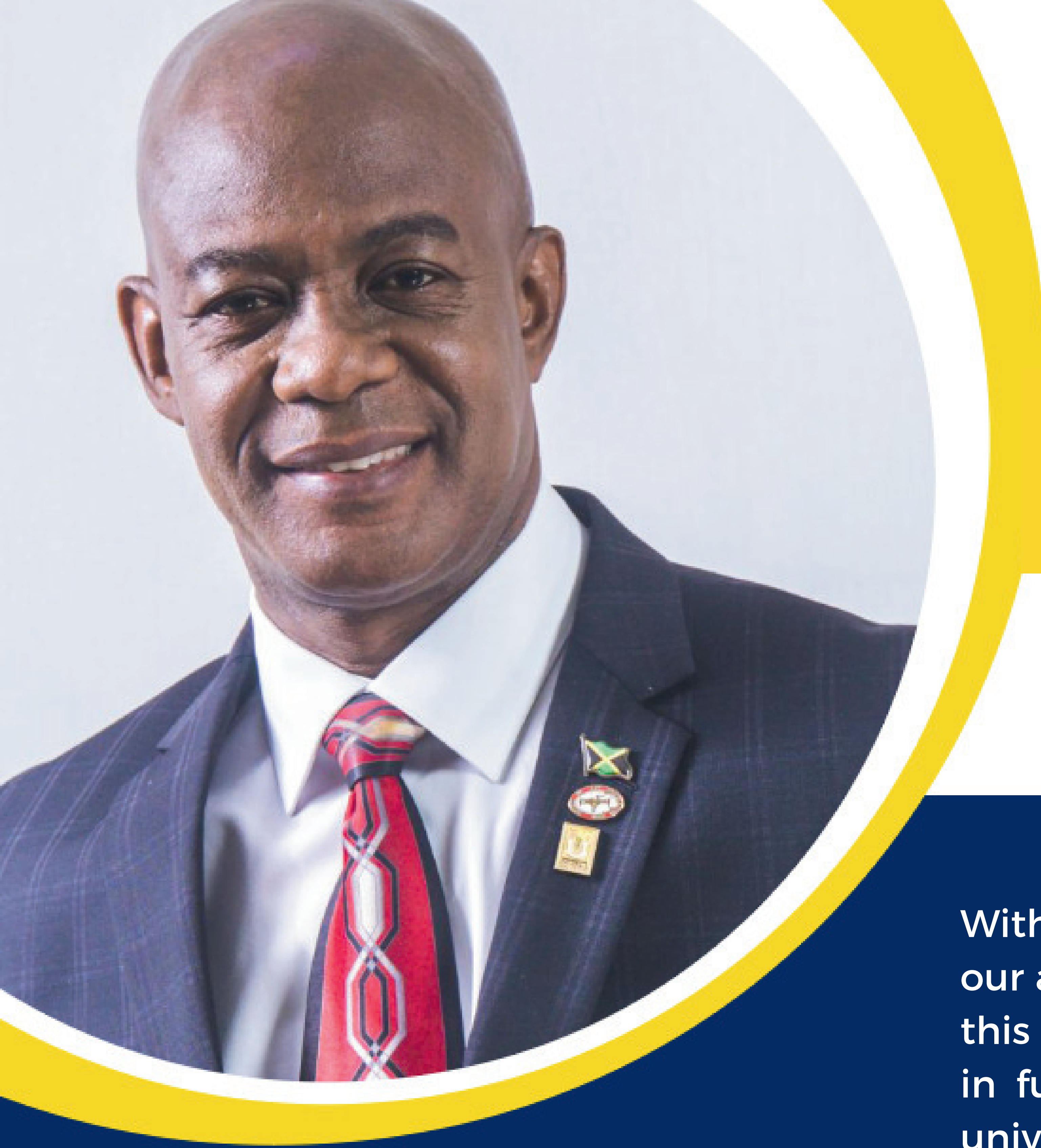
As we celebrate our successes, I must acknowledge the management of the USF being led by Dr. Daniel Dawes for ‘steering the ship’ and persevering through these challenging times. Their perseverance and dedication were instrumental in navigating resource constraints and disruptions to our mandate’s delivery. Equally deserving of recognition are the employees of the Fund, who remained steadfast in their dedication to providing universal service to everyone.

In closing, the Board reiterates its steadfast commitment to supporting and providing effective leadership to the management team. Together, we will continue to develop the USF into a well-resourced organization, strategically positioned to deliver on its mandate of bridging the information gap through providing accessible, available, and affordable ICT services to all Jamaicans.

Let us celebrate our achievements while embracing the opportunities that lie ahead. With dedication, resilience, and collaboration, we will continue to shape the future of ICT development in Jamaica and impact lives positively.



**Mr. Metry Seaga**  
**Chairperson**  
**Board of Management**



## Dr. Daniel Dawes, J.P.

Chief Executive Officer

With the aim of reducing digital poverty, I am pleased to highlight our achievements, challenges, and future prospects. As the CEO of this vital organization, I am proud of the progress we have made in fulfilling our mission to bridge the digital divide and ensure universal access to essential communication services.

Over the past year, the USF has played a pivotal role in connecting underserved communities, empowering individuals, and fostering economic growth. Our dedicated team has worked tirelessly to leverage the fund's resources effectively and efficiently, driving tangible impact in the following areas:

- **Connectivity Expansion:** Through strategic partnerships with service providers, we have successfully extended broadband coverage to previously underserved regions, narrowing the digital divide. This has opened up new opportunities for education, healthcare, entrepreneurship, and social development in these communities.
- **Digital Literacy Initiatives:** Recognizing the importance of digital skills, we have invested in programmes such as the Technology Advancement Programme (TAP), to enhance digital literacy and technological proficiency among individuals from diverse backgrounds. By empowering people with the knowledge and tools to navigate the digital world, we are enabling them to fully participate in the digital economy.
- **Infrastructure Enhancement:** We have collaborated with industry stakeholders and policymakers to invest in critical communication infrastructure, including fiber-optic networks, mobile towers, and public Wi-Fi hotspots. These investments have not only improved connectivity but have also laid the foundation for future technological advancements and innovation.
- **Community Engagement:** Our commitment extends beyond infrastructure and services. We have actively engaged with local communities to understand their unique needs, aspirations, and challenges. By fostering partnerships at the grassroots level, we have ensured that our initiatives align with the specific requirements of each community, driving sustainable impact and lasting change.

While we celebrate these achievements, we acknowledge that there are still challenges to overcome. Rapid advancements in technology, evolving consumer demands, and financial constraints require us to remain agile and adaptive. In the coming year, we will focus on the following key areas to further strengthen the impact of the Universal Service Fund:

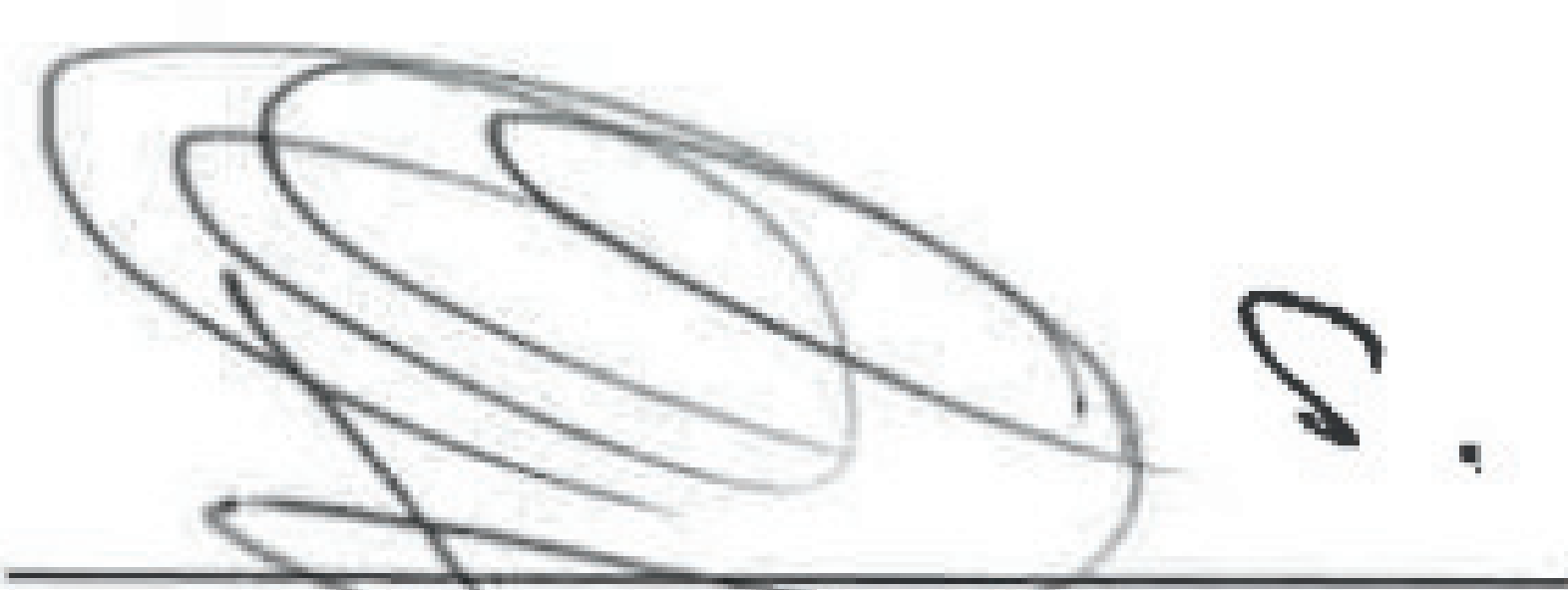
- **Innovation and Collaboration:** We will foster innovation and encourage collaboration between public and private sectors, seeking creative solutions to address the evolving needs of underserved communities.

By embracing emerging technologies and exploring alternative models, we can unlock new possibilities for connectivity and service delivery.

- **Policy Advocacy:** We will actively engage with policymakers and regulators to advocate for policies that support universal access to communication services. By shaping an enabling regulatory environment, we can attract investments, encourage competition, and ensure the sustainable growth of the sector.
- **Measuring Impact:** We will enhance our monitoring and evaluation systems to measure the impact of our initiatives accurately. By capturing and analyzing data, we can make data-driven decisions, optimize resource allocation, and continuously improve the efficiency and effectiveness of our programmes.
- **Empowering Local Partnerships:** Recognizing that local stakeholders are instrumental in driving sustainable change, we will foster stronger partnerships with community organizations, educational institutions, healthcare providers, and businesses. By empowering these stakeholders, we can collectively address the unique challenges faced by each community and create customized solutions that truly make a difference.

In conclusion, I would like to express my gratitude to our dedicated team, valued partners, and stakeholders for their unwavering support in realizing the vision of the Universal Service Fund. Together, we have made remarkable progress, and I am confident that our collective efforts will continue to create a more inclusive and connected world.

Internet Access is for Everyone!



Dr. Daniel Dawes, J.P.  
Chief Executive Officer





# THE JAMAICA CONSTABULARY FORCE



*The Universal Service Fund is committed to enabling a knowledge-based society*  
USF and JCF hand- over ceremony of ICT devices (L-R) **Major General Antony Anderson**, CD, JP and **Dr. Daniel Dawes**, CEO, J.P (Feb 1, 2023)

# BOARD OF MANAGEMENT



**Mr. Metry Seaga**  
Chairman



**Maurice Barnes**  
Deputy Chairman



**Dr. Daniel Dawes**  
Chief Executive Officer



**Karl Williams**  
Director



**Cecil McCain**  
Director



**Michael Saunderson**  
Director

# BOARD OF MANAGEMENT



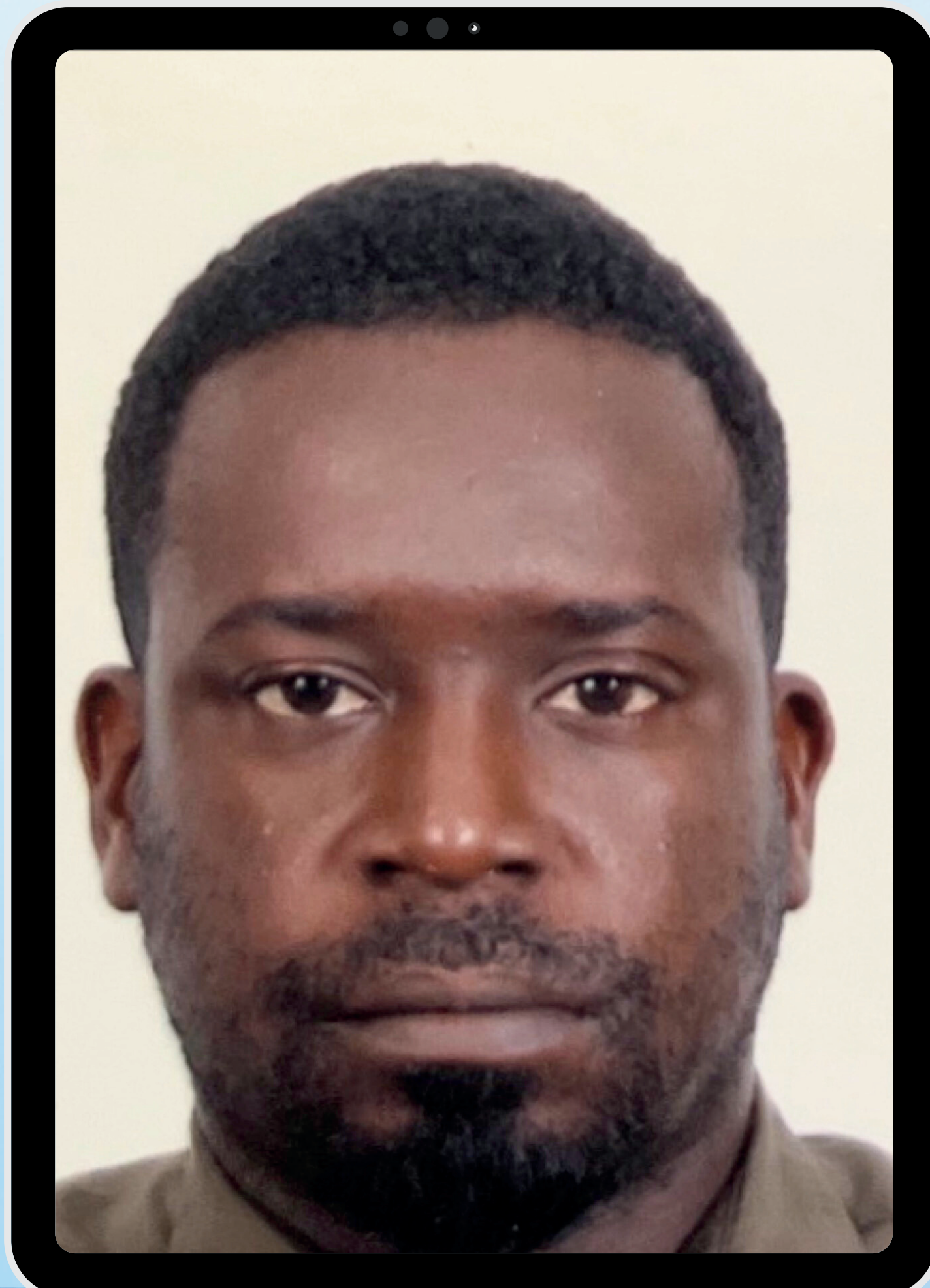
**Joy Lowe**  
Director



**Gabrielle Grant**  
Director



**Nyasha Garraway**  
Director



**Gavin Powell**  
Director



**Latona Stewart**  
Corporate Secretary

# CORPORATE GOVERNANCE

The Board of Management remains committed to cultivating a robust corporate governance culture in effectively managing and supervising the Fund. The Board charter reiterates the Fund's dedication to maintaining the utmost transparency, accountability, and integrity in its activities, forming the foundation of its governance and management systems.

In collaboration with Management, the Board has skillfully balanced fulfilling the universal service obligation of the USF while steadfastly upholding our corporate social responsibility. Aligned with our charter, the Board's main responsibilities include the following:

- **Management Planning and Oversight:** This involves appointing, evaluating, and compensating the Chief Executive Officer (CEO) and entrusting the CEO with overall management and day-to-day operations, aligned with the Board's strategic direction.
- **Strategic and Operational Planning:** The Board provides guidance and oversight to Management for crafting and approving long-term strategic plans and annual operating plans. Additionally, the Board monitors the implementation and execution of these plans.
- **Major Corporate Actions:** The Board is responsible for reviewing, comprehending, and approving significant financial and business transactions and other substantial corporate actions.

**Financial Reporting** - The Board reviews, comprehends, and approves financial statements and reports. It also oversees the implementation and maintenance of controls, processes, and procedures to ensure accuracy, integrity, and clarity in financial and other disclosures.

**Governance, Compliance, and Risk Management** - The Board establishes and upholds governance and compliance processes and procedures, ensuring that the USF adheres to the highest standards of responsibility, ethics, and integrity.

**General Advice to Management** - The Board offers general advice and guidance to the Chairman, CEO, and senior management regarding issues that arise during the course of managing the USF's business.

Through unwavering dedication to excellence, we remain steadfast in our commitment to steer Jamaica's technological and socio-economic development towards success.

## **Board Size and Composition**

During the 2022/23 financial year, the previous Board tenure expired, and the current Board was appointed on November 21, 2022. The Board comprised of ten (10) members, including three (3) ex-officio members.

# CORPORATE GOVERNANCE

The Board composition adheres to the Telecommunications Act (2000), as amended, which mandates a Board size of between nine (9) and thirteen (13) members, including three (3) prescribed ex-officio members.

The quality of the Board is further enhanced through the engagement of co-opted members to the respective Committees.

In keeping with the Nomination and Selection Policy of the Ministry of Finance and the Public Service (MOFPS), the Board considers its composition, which boasts diversity in youth representation, gender and skills and expertise balance, to be adequate.

The effective execution of the Board's advisory and oversight functions is ensured through the delegation of responsibility to four (4) Committees. Each Committee brings specialized expertise to address specific operational matters and facilitate well-informed and timely decision-making. While the Committees act as independent agents, their undertakings are vetted and ratified by the Board.

As of March 31, 2023, the following Committees are maintained by the Board:

- Audit Committee
- Finance Committee
- Projects Committee
- Strategic Planning & Corporate Governance Committee

## Audit Committee

Charged with the pivotal responsibility of assisting the Board to ensure integrity in the entity's financial statements and other financial documents, the Audit Committee seeks to enhance confidence in the USF's financial reporting and collaborates with the Finance Committee to ensure that the annual audited financial statements accurately reflect the financial standing of the entity. The Committee also provides oversight with respect to the organization's internal control processes, risk management systems and compliance requirements.

### AUDIT COMMITTEE MEMBERS:

- Ms. Nyasha Garraway – Chairperson
- Ms. Joy Lowe
- Mrs. Simone Ramsay-Knight (Co-opted)

## Finance Committee

The Finance Committee is responsible for overseeing the corporate finance of the Fund, including capital expenditures, cash management, banking activities and relationships, investments and foreign exchange activities. The Committee recommends financial policies, goals, and budgets to the Board for approval in support of the USF's mandate.

# CORPORATE GOVERNANCE

Collaborating with the Audit Committee, the Finance Committee also ensures that the annual audited statements are properly prepared and accurately reflect the financial standings of the entity.

## FINANCE COMMITTEE MEMBERS:

- Dr. Daniel Dawes (CEO, USF)
- Mr. Cecil McCain
- Mr. Karl Williams
- Mr. Patrick Ellis\*

\* Tenure expired from the Committee effective November 21, 2022

## PROJECTS COMMITTEE MEMBERS:

- Mr. Cecil McCain - Committee Chairman
- Mr. Maurice Barnes (Board Deputy Chairman)
- Dr. Daniel Dawes (CEO, USF)
- Mr. Michael Saunderson
- Ms. Gabrielle Grant
- Mr. Gavin Powell
- Mr. Justin Morin\*\*
- Ms. Saffrey Brown\*

\*Resigned from the Committee December 6, 2022

\*\*Tenure expired from the Committee November 21, 2022

## Projects Committee

Empowered by the Board, the Projects Committee plays a vital role in achieving the USF's project management objectives. Driven by a vision of an effective, efficient, and customer-focused entity, the Committee operates within a robust policy framework for effective oversight, ensuring the USF excels in competence, transparency, and governance, setting the bar for optimal performance across the public sector.

## Strategic Planning & Corporate Governance Committee

The Strategic Planning & Corporate Governance Committee of the Board assists the Board in fulfilling its responsibilities for evaluating and monitoring the Fund's long-term and short-term strategic goals, as presented by management. Serving as a catalyst for assessing, monitoring, and executing the Fund's business strategies, the Committee spearheads the review of the strategic business plan, providing valuable recommendations for Board approval. Its actions are pivotal in driving the Fund towards its vision of excellence and success.

# CORPORATE GOVERNANCE

## STRATEGIC PLANNING & CORPORATE GOVERNANCE COMMITTEE MEMBERS:

- Mr. Metry Seaga – Board & Committee Chairman
- Dr. Daniel Dawes (CEO, USF)
- Mr. Karl Williams
- Mr. Cecil McCain
- Ms. Nyasha Garraway
- Ms. Gabrielle Grant
- Mr. Justin Morin\*\*
- Ms. Saffery Brown\*

\*Resigned from the Committee December 6, 2022

\*\*Tenure expired from the Committee November 21, 2022

Table 1: Below are the details of attendance for the meetings of the Board and its Committees.

	Board	Projects	Audit	Strategic Planning	Finance
Directors	7 Meetings	4 Meetings	6 Meetings	2 Meetings	4 Meetings
Metry Seaga <sup>1</sup>	3			1	
Justin Morin	4	3		1	
Maurice Barnes	7	1			
Daniel Dawes	7	4		2	4
Gabrielle Grant	7	4		2	
Saffrey Brown <sup>2</sup>	0	0		0	
Patrick Ellis <sup>3</sup>	1				3
Michael Saunderson	3	1			
Karl Williams	7			2	2
Cecil McCain	7	4		2	4
Nyasha Garraway	6		6	0	
Joy Lowe	4		6		
Gavin Powell	3	1			
Simone Ramsey Knight (Co-opted)			5		
Latona Stewart (Corporate Secretary)	7	4	6	2	4

### Committee Member Tenure

- 1 1 April 2022- 21 November 2022
- 2 1 April 2022 - 21 November 2022
- 3 1 April 2022 - 6 December 2022

# SENIOR MANAGEMENT



**Andrew McRae**  
Financial Controller



**Shanique Cornwall**  
Human Resource &  
Administration Manager



**Jaime Robinson**  
Director of Projects  
(Acting)



**Karlene Williams**  
Internal Auditor



**Latona Stewart**  
Legal Officer/ Corporate Secretary



*Legal Officer at the Universal Service Fund (USF), **Latona Stewart** (right), pins student and member of the USF ICT Club at Central High School in May Pen, Clarendon, **Sania Smith** (second right). Other members (from left) are **Rihanna Barrett**, and **Riana Harris**, who is also the Treasurer of the group.*



**UNIVERSAL**  
**SERVICE FUND**

# BRIDGING THE INFORMATION GAP

Bridging the Information Gap is vital in reducing digital poverty and increasing digital inclusivity. The Universal Service Fund, guided by the Telecommunications (Amendment) Act of 2012, is mandated to ensure access to information and communication tools in an effort to engender a knowledge-based society. As the Fund effervescently faced the challenge of lessening the digital divide, it was purposefully supported by the Ministry of Science, Energy and Technology, its parent ministry, in a bid to ensure that all Jamaican citizens had access to the internet.

In the fiscal year 2022/23, the USF established 63 new hotspots, augmenting the total to 252 island-wide. Notably, these 63 sites were originally designated for implementation in the 2021-2022 fiscal year; however, the project encountered significant delays due to global supply chain constraints. Nevertheless, the Fund commenced infrastructure work to introduce the targeted 63 hotspots for the 2022-2023 fiscal year, encompassing: the installation of outdoor CAT6 cabling infrastructure, exterior weatherproof cabinets on poles (inclusive of electrical works), wireless access points on poles, DIA services, and network routers and switches.

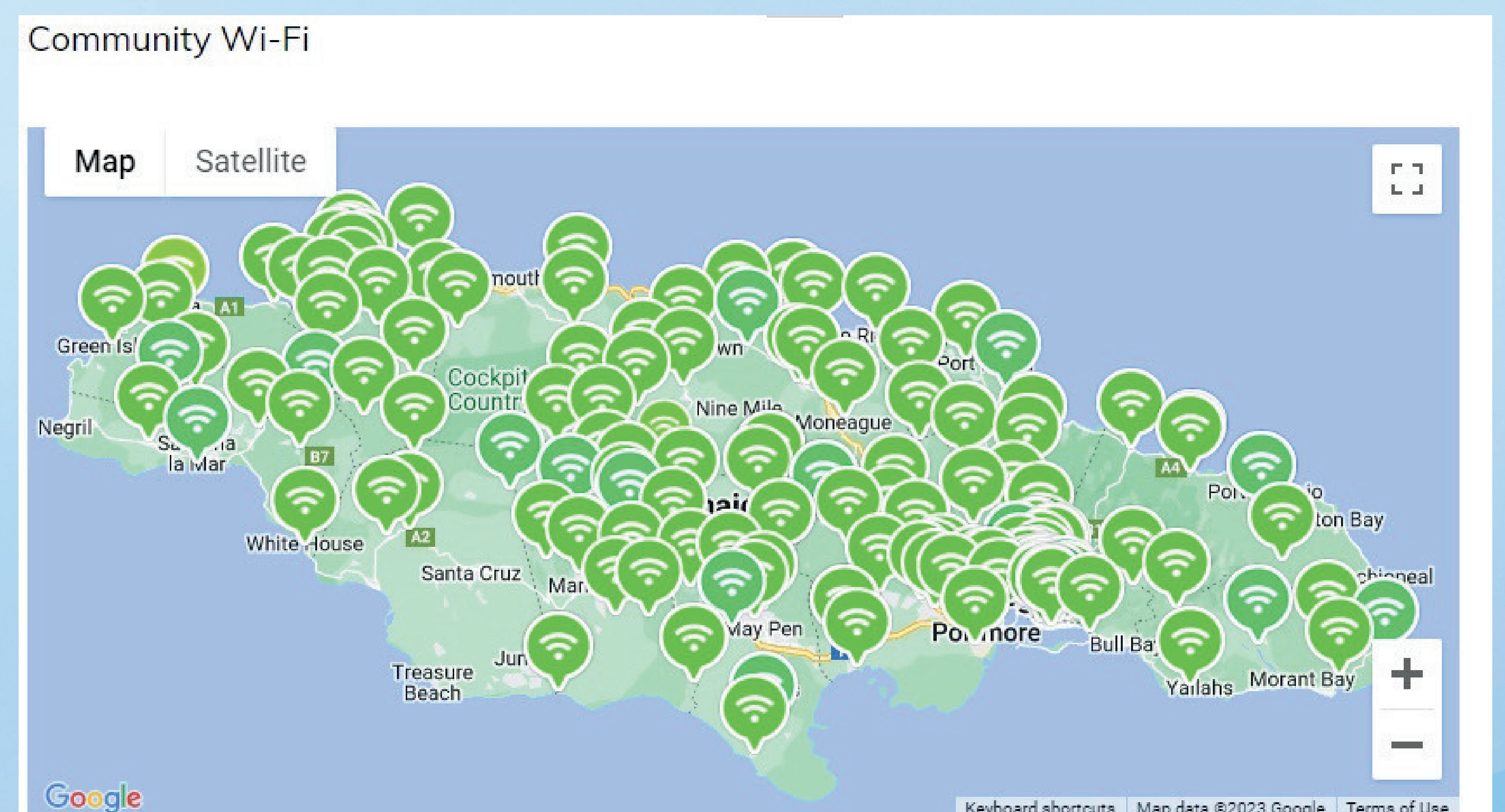


The Fund carried out 98 successful community Wi-Fi hotspot commission ceremonies during the fiscal year, symbolizing the transfer of infrastructure to the respective communities.

Table 1 below indicates the Fund's Wi-Fi deployments around the island.

## Community WIFI Programme

The Community Wi-Fi programme forms an integral part of the USF's initiative to alleviate digital poverty in Jamaica. The USF facilitates the provision of infrastructure and broadband internet access, thereby ensuring that underserved communities have unimpeded access to information and communication services, enabling their participation in the expanding technological landscape.



**Table 1: A pictorial representation of the USF's Community Wi-Fi sites around the Island**

# BRIDGING THE INFORMATION GAP

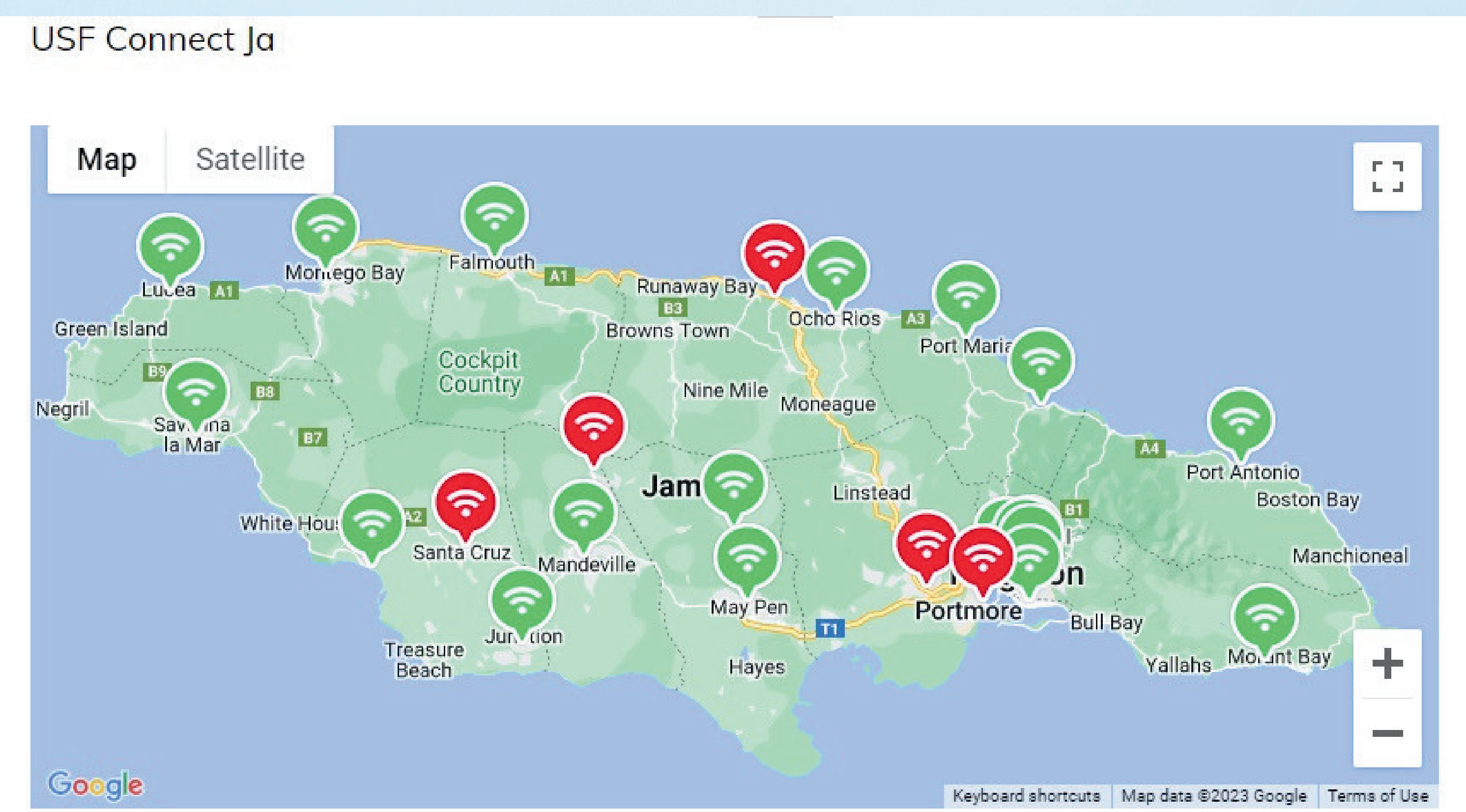
## USF Connect-Ja Public Wi-Fi

The public wi-fi programme aims to provide free internet access to public parks, greenspaces, major townships and high trafficked areas.

The USF has successfully established 3 new public Wi-Fi sites in Christiana, Portmore and St. Ann's Bay. Consequently, the total number of public Wi-Fi deployments across the island has now increased to twenty-two (22), at a cost of approximately 61 million dollars.

Infrastructure works have commenced for elements of the Spanish Town and Santa Cruz Connect Ja sites. However, due to ongoing retendering processes for element of the procurement. The Fund aims to finalise implementation during the next financial year.

Please refer to Table 2 below for further details on the completed areas.

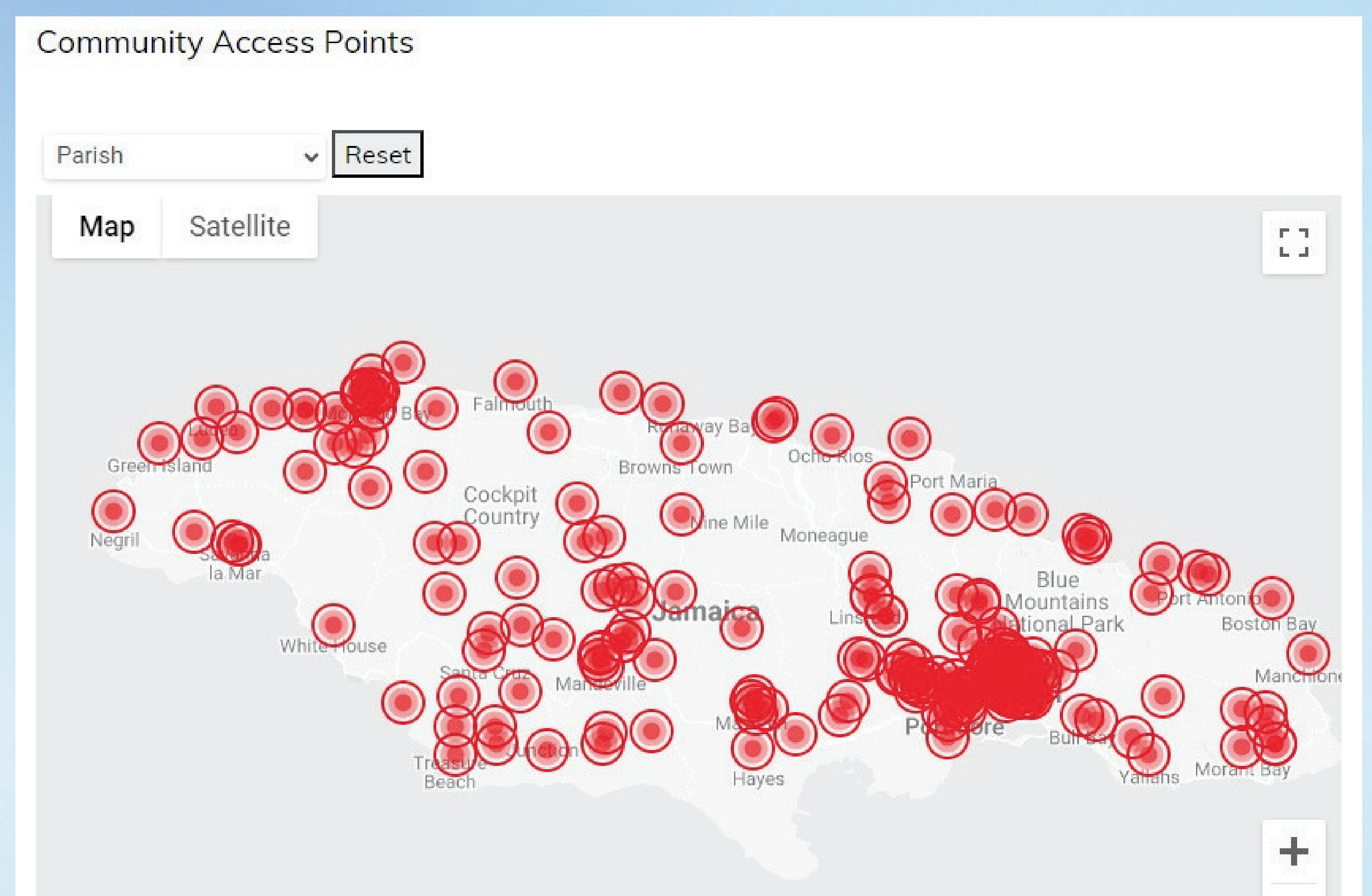


**Table 2: A pictorial representation of the USF's Connect Ja sites around the Island**

The remaining sites (Christiana, St. Ann's Bay and Portmore) were completed within the financial year. Commissioning ceremonies for these new public Wi-Fi sites will be scheduled within the next operational year.

## Community Access Points (CAPs)

Community Access Points (CAP) are computer labs that are established in collaboration with community organizations to provide a contact point for residents to access internet and document services.



**Table 3: A pictorial representation of the USF's Community Access Points around the Island**

See Table 3 below which highlights the furnished areas around the island.

As at March 31, 2023, the USF has established approximately 316 CAP sites islandwide, since the commencement of the programme. During the 2022/2023 financial year, the Fund partnered with the (UNDP) to refurbish 17 existing CAP sites that were previously listed as nonfunctional. This was executed at a cost of approximately \$35,000 USD.

# BRIDGING THE INFORMATION GAP

Additionally, an assessment of all CAPs is currently in the final stage, aimed to assist the decision-making process in the deployment of resources.

The Fund continued to execute its mandate of bridging the information gap through the following avenues:

- **Urban Development Corporation's (UDC) Harmony Beach Park** - The fund assisted with the development and implementation of the park's ICT and electrical infrastructure to the tune of **\$39,747,683.70**
- **Jamaica 60th** - In support of the Jamaica 60th celebrations, the fund provided FREE Wi-Fi connectivity to the National Arena, National Stadium and the Seville Great House:
- The National Stadium's Grand Stand was outfitted with 200 megabits per second (mbs) allowing for over 10,000 patrons who showed up for Jamaica's Grand Gala to access free Wi-Fi connectivity. The Fund spent \$1,730,961.60 to provide this service.

- The National Indoor Arena and Independence Village was outfitted with 300 mbs from the 31st of July - 6 August 2022 allowing for more than 4,000 patrons per day to access internet connectivity freely. The Fund spent \$2,584,919.4 to provide this service.
- Seville Great House received 50 mbs allowing for over 1,500 patrons to obtain internet access freely. The Fund spent \$579,466.98 to provide this service.

## USF ICT Clubs

During the 2022/2023 financial period, the Universal Service Fund introduced a new ICT initiative aimed at empowering youths throughout Jamaica. Recognizing the significant impact of the global ICT revolution, the USF acknowledged the importance of equipping Jamaican youths with practical ICT skills beyond the traditional IT CSEC curriculum.

# BRIDGING THE INFORMATION GAP



*From left: Mr. Timothy Simmonds, USF; Ms. Charlene Robinson, MOEY; Dr. Daniel Dawes, USF; Ms. Alexia Beckford, JTDA; Mr. Nicholas Samuels, eLearning Jamaica Ltd; Ms. Shanique Cornwall, USF; Mr. Elon Parkinson, Digicel; Ms. Napatra Bennett, USF; and Mr. Charles Douglas, Flow*

The USF launched the ICT Club in Schools initiative with a formal ceremony on September 30, 2022. To ensure the success and inclusivity of the programme, the USF collaborated with key members of the ICT community. These partners include the Jamaica Technology and Digital Alliance (JTDA), Digicel,

FLOW, Ministry of Education and Youth (MOEY), eGOV Jamaica Limited, e-Learning Jamaica Company Limited, and the University of Technology (UTech). The 1st Steering Committee Meeting was convened on March 6, 2023.

For the period, fifteen (15) schools took the plunge and established the USF ICT Club. These are as follows:

- Central High School
- Little London High School
- Lacovia High School
- Port Antonio High School
- Old Harbour High School
- Bustamante High School
- Buff Bay High School
- Vauxhall High School
- Green Pond High School
- Mona High School
- Wycliffe High School
- Spot Valley High School
- Herbert Morrison High School
- Mt Alvernia High School
- Belair High School

# BRIDGING THE INFORMATION GAP

Central High School, located within the parish of Clarendon, was the 1st high school to launch its USF ICT Club. The club was successfully launched on February 28, 2023. During the launch ceremony, 17 of the 35-member club were pinned with the USF-issued badges, inclusive of the Club president, Ms. Myshka Allen.



*Members of the Central High USF ICT Club along with USF ICT Club Steering Committee members, Ms. Alexia Beckford (JTDA), Ms. Latona Stewart (USF) and Ms. Sasheka Schloss, USF assigned club advisor.*

It is envisioned that over the next four years, the USF ICT Club will be operationalized in at least 100 secondary schools across Jamaica. Through the strategic partnership arrangements with key ICT interest groups, it is envisioned that students

will be provided with a platform to develop their technological skills and knowledge, foster teamwork, collaboration, and promote innovation and creativity.

## USF Essay Competition

In its effort to foster digital integration, the Universal Service Fund (USF) executed an essay competition under the theme "Broadening Access through the Use of Technology" with a focus topic on "The disorienting dilemma of online learning." Recognizing the difficulties faced by students at all education levels during the pandemic, especially with limited access to reliable internet service, the USF has worked diligently to increase internet accessibility through its community Wi-Fi programme. Despite these efforts, there are still gaps in access that need to be addressed.

The essay competition, launched on September 30, 2022, at the Medallion Hotel in Kingston, aimed to highlight the necessity for Jamaica to become more digitally inclusive, considering the increasing reliance on technology to address complex issues worldwide.

# BRIDGING THE INFORMATION GAP

As requested by our partners the competition entry window was extended from November 30, 2022 to December 31, 2022.

A total of five (5) out of the targeted twenty-one (21) schools submitted entries for the competition. Ten (10) students were selected as winners and awarded Samsung Galaxy tablets and Certificates of Achievement, courtesy of the USF, in recognition of their outstanding essays.

Notably, the Flow Foundation was ecstatic about the programme outcome and provided students with a powered data SIM to boost the user experience.



*Immaculate Conception High, from left: Essayist **Brianna Walters** and Essayist **Shanoya Cheverria***

## Research Grant

The Universal Service Fund recognized that it must play a vital role in transforming Jamaica and Jamaicans from being mere consumers of technology to actual innovators and inventors. At the forefront of this transformation is the promotion of content development, facilitation of lifelong learning, and the use of new and emerging technologies to improve various sectors of society.

In recognition of this, a Research Grant was awarded to the University of West Indies, Mona in the sum of twenty-two million, seven hundred and forty-one JMD (\$22,741,000.00), during the 2021-2022 financial year.

The one-year Funding Agreement facilitated the execution of three (3) ICT projects, covering the associated project expenditures.

The projects titled Jumpstart, Moving Eye, and Smart City aim to revolutionize key sectors of Jamaican society, such as Academia, National Security, and Infrastructural Development. During the 2022-2023 financial year, the Fund expended approximately sixteen million dollars (\$16,000,000).

# BRIDGING THE INFORMATION GAP

As the USF continues to support the achievement of a knowledge-based society, in tandem with Vision 2030, the Fund is cognizant that research and innovation in ICT will be the transformation of the Jamaican digital landscape. The USF believes that through these research and innovation projects, Jamaica will capitalize on economic growth for its productive sector and the advancement of its people.

## Scholarship Programme

In fulfillment of its mandate to ensure Jamaica becomes a digitally literate and knowledge-based society, the Fund unveiled a raft of scholarships in information and communication technology (ICT) tenable at the tertiary levels.

During the 2022-2023 financial year, the Fund expended over 1.4 million dollars supporting students' academic journey at recognized tertiary institutions. The programme sought to further empower the next generation of technology experts, by providing full tuition coverage whilst undertaking an undergraduate degree. Notably, the scholarships were awarded to Programme of Advancement Through Health and Education (PATH), beneficiaries and past participants of the Technology Advancement Programme.

## Partnerships with Internet Service Providers (ISP)

The Fund sought to collaborate with major ISPs in a bid to provide access to affordable and available internet. Considering this, the Fund advanced negotiations with FLOW Jamaica Limited, committing to a funding partner for the Jump programme.

The Jump Programme aims to offer low-cost, affordable internet to the most vulnerable (PATH beneficiaries) of Jamaican society. The programme is aimed at providing digital literacy and skills training to unconnected Jamaican homes, as well as ICT devices and broadband connectivity at a subsidized cost.

The USF has committed to funding the training component of this Programme to the tune of \$13M. A total of one thousand seven hundred (1,700) PATH households will benefit from enhanced digital literacy and skills training. This partnership will be a testament to the dedication of the Fund in providing a inclusive society.



**UNIVERSAL  
SERVICE FUND**

**Currencies**

	\$1 =
British POUND	0.652
Czech KORUNA	20.179
Danish KRONE	5.865
European EURO	0.783
Hungarian FORINT	244.979
Norwegian KRONE	6.068
Polish ZLOTY	3.480
Russian RUBLE	31.844
Swedish KRONA	6.993
Swiss FRANCS	0.953

# FINANCIAL MANAGEMENT



The Universal Service Fund is a fully self-financed entity that earns revenue from levy imposed on inbound internal calls at rates of USD0.03 and 0.02 on fixed and mobile calls.

During the 2022/23 financial year, the Finance and Accounting team went through significant staffing changes. Despite these challenges, the department successfully met the demands of both internal and external customers. The team achieved improved relationships with local Internet Service Providers (ISPs), leading to a 32% reduction in levy receivable balances, 25% collection in excess of the budget, timely processing of payments, effective management of the Fund's tax obligations, and other financial resources.

### Financial Highlights

Figure 1. shows a declining trend in levy realized since financial year 2016/17, coming from a high of \$1.31B to a low of \$513M.

The challenge this poses is reduced spending power and hence, a reduction in the number of projects/initiatives undertaken by the Fund. In addition, as we expand internet connectivity across each parish, this penetration has a direct correlation with reducing inbound calling minutes.

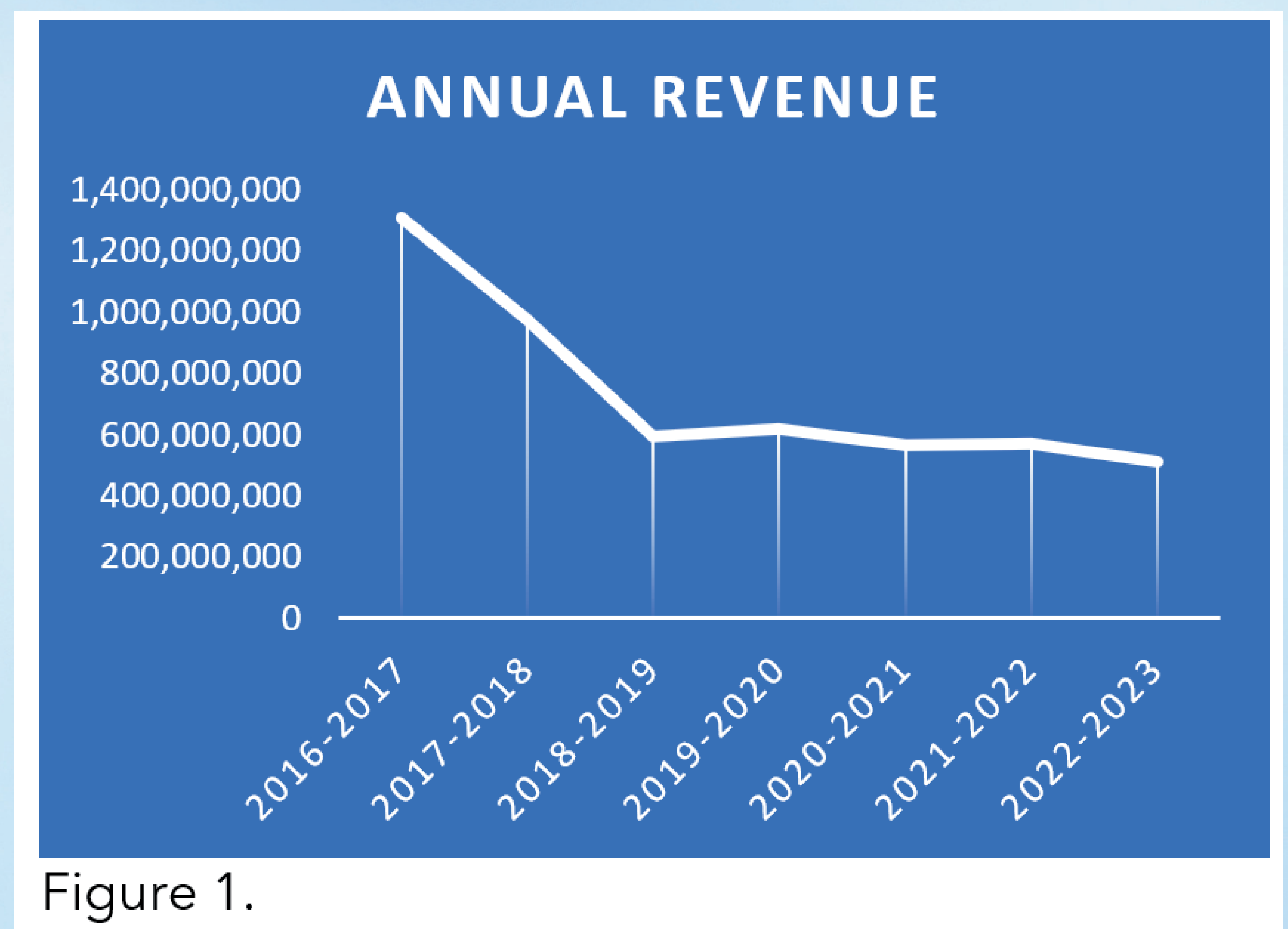


Figure 1.

Levy realized being \$513M was 3% above the budget of \$500M

As can be seen also in Figure 2. the Fund has seen a combined 17% decline in traffic minutes since the 2020/21 financial year, averaging 9% per annum. Should this trend continue, the financial viability of the Fund will be impacted.

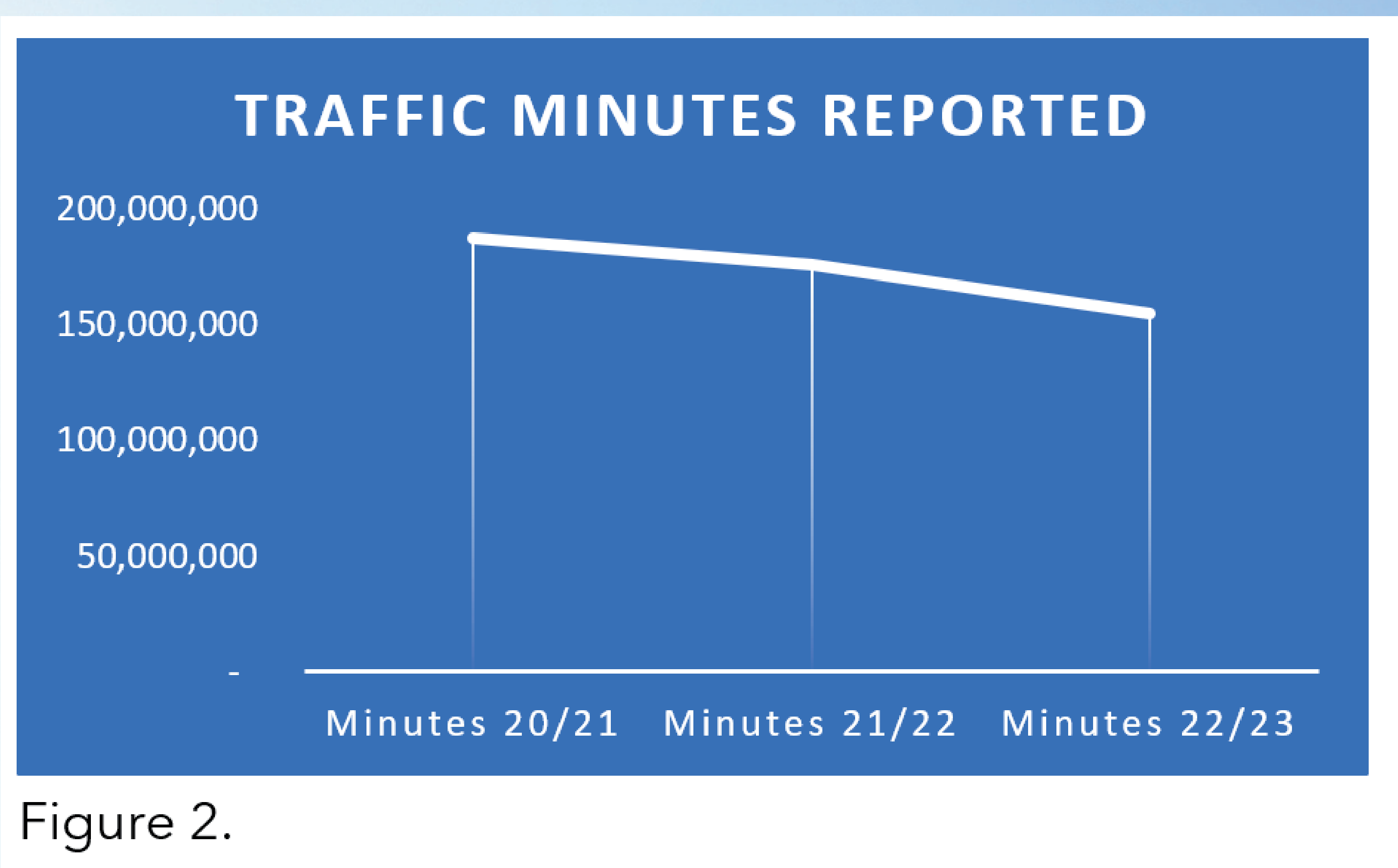


Figure 2.

As a result of the above trend, the management of the Fund has embarked on a project to review the sustainability of the Fund and assess the current Levy framework. This assessment will have a three-prong approach as follows:

- Development of a system to ensure accuracy of Levy collection.
- Development of mechanism to collect 3% Levy on ICT Products and Services

- Identification of potential new revenue sources and methods to increase revenue.

We anticipate that these initiatives will start showing revenue growth by 25/26 financial year. This will ensure our main stakeholders (the public) can still enjoy the 100% subsidized internet access in public spaces and vulnerable communities.

Collection for the year was favourable compared to the budget as the Fund collected \$694M compared to projection of \$554M. This was \$140M or 25% over budget.

### **Balance Sheet Overview**

#### ***Liquidity Position***

As at March 31, 2023, the Fund recorded a current ratio of 4:1. Accordingly, the Fund had enough cash to attend to current liabilities. The Fund does not engage in any borrowing or holds any long-term debt in its portfolio.

### Fixed Assets

At the close of the financial year, the fixed asset net book value was \$15.40M (Table 1). There was no major acquisition during FY 2022/23 except for the following:

<b>Table (1) – Fixed Assets Summary</b>	
<b>Assets Category</b>	<b>\$</b>
Computer	3.10M
Office Equipment	1.84M
Furniture & Fixtures	2.93M
Motor Vehicles	0.81M
Leasehold Improvement	6.71M
	<b>15.39M</b>

### Cash and Cash Equivalent

The reported cash balance was 9.1% or \$33.41M more than prior year. Despite the declining minutes which impacted revenue earned and collected, management maintained a liquid balance sheet and controlled its spending within available cash to include investments. The Fund's Repo investments are in USD and held at First Global Bank, Jamaica Money Market Brokers, Barita Investment Limited and Sagicor Bank.

### Cash and Cash Equivalent

The reported cash balance was 9.1% or \$33.41M more than prior year. Despite the declining minutes which impacted revenue earned and collected, management maintained a liquid balance sheet and controlled its spending within available cash to include investments. The Fund's Repo investments are in USD and held at First Global Bank, Jamaica Money Market Brokers, Barita Investment Limited and Sagicor Bank.

<b>Cash &amp; Cash Equivalent</b>	<b>\$</b>
Regular Savings (JMD & USD)	218.99
REPO Investments	175.37
<b>Total</b>	<b>394.36</b>

<b>Accounts Receivables</b>	
Total receivables as of March 31, 2023 was \$434M and is summarized as follows:	
▪ Service Levy Receivables (Net)	\$ 337.40 M
▪ Staff loan	\$ 1.12 M
▪ Deposits	\$ 1.53 M
▪ Prepayments	\$ 6.18 M
▪ Other receivables	\$ 2.55 M
	<b>\$ 348.78 M</b>
▪ Less Provision for Bad debts	\$ 147.47 M
<b>Total</b>	<b>\$ 201.31M</b>

A provision for bad debt of \$147.47 M was made for Service Levy receivables over ninety (90) days past due. As such, the Fund recorded net service levy receivables of \$201.31M. The Finance Department will continue to have constant dialogue with carriers through written

and oral communication to reiterate the need for settlement of all outstanding amounts. No provision was made for the financial year.

### Exchange Gain/Loss

As at March 31, 2023, the Fund recorded an FX exchange loss of \$256.20M. This was a result of exchange loss from US Dollar investment institutions such as:

- Accountant General's Department
- Barita Investments
- Jamaica Money Market Brokers
- NCB Capital Market
- First Global Bank
- Sagicor Investments
- Jamaica National

### Interest Income

Interest income (mainly interest on investments) performed below projection recording a total of \$2.38M, which is 40.53% or \$1.62M above budget of \$4M.

### e-Learning Jamaica Limited

The Tablets in School project was funded by the Ministry of Finance and the Public Service through the Ministry of Science Energy and Technology for the FY 2022/23.

### USF Projects

A total of \$719M was budgeted for projects related expenses for the FY 2022/23 to include infrastructure and operating related costs. Of this budget only \$439M was realized to include commitments. Table 2 provides a breakdown of projects related expenditure by category.

**Table (2) - Project Category**

Project Infrastructure & Operating Expenditure	Budget	Actual	Variance
	\$M	\$M	\$M
National Broadband Funding Support	100	24	76
Islandwide Broadband Expansion	24		24
Technology Advancement Programme (T.A.P)	74	0.3	73.7
Connect Jamaica	80	61.64	18.36
Community Wi-Fi	101	2	99
ISP Collaboration	30	0.8	29.2
ICT Special Projects	45	17	28
Research Grant	8	12	-4
<b>Total Infrastructure Projects</b>	<b>462</b>	<b>118</b>	<b>344</b>
<b>PROJECT RECURRING COST</b>			
Schools, Libraries, Police Stations, Postal Agencies, Health Facilities, CAP Sites	257	321.46	-64.36
<b>Total Projects Operating Cost</b>	<b>719</b>	<b>439.20</b>	<b>279.90</b>
<b>MSET Related Expenses</b>			
National Broadband	<b>1200</b>		<b>1200</b>
E-Learning Jamaica (Prior year payment)	<b>700</b>	<b>0</b>	<b>700</b>
	<b>2,619</b>	<b>439.20</b>	<b>2,179.90</b>

### **Project Variance**

Project implementation was impacted by global supply chain challenges specific to the availability of key ICT equipment for the Fund's Connect Jamaica, Community Wi-Fi, ICT Special Projects and Community Access Points. During the year the main focus was to complete the 189 Community Wi-Fi projects started in the 2021/22.

The adverse recurring cost variance in was as a result of outstanding Cable and Wireless/Flow internet charges from prior year that was recognized in the current year .

### **Administration Expense**

Administration Expense comprised of salary expense and general other cost. Total administration expense was budgeted at \$64.8M with actual expenses being recorded at \$55.91M including GCT. This is applaudable and shows that management was on target.

### **Salaries and Wages**

The agency recorded \$155M for salaries and related costs for the period, which is \$14M budgeted amount of \$169M. This positive variance resulted from unfilled positions throughout the year.

# COMPENSATION

## BOARD OF DIRECTORS' COMPENSATION

APRIL 1, 2022 - MARCH 31, 2023

Name of Director	Fees (\$)	Motor Vehicle Upkeep/ Travelling or Value of Assigned Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as <u>applicable</u> (\$)	Total (\$)
Justin Morin - Chairman <sup>1</sup>	128,000	-	-	-	128,000
Metry Seaga - Chairman <sup>2</sup>	34,701	-	-	-	34,701
Maurice Barnes - Deputy Chairman	48,000	-	-	-	48,000
Cecil McCain - Director	102,000	-	-	-	102,600
Karl Williams - Director	74,000	-	-	-	74,000
Nyasha Garraway - Director	105,500	-	-	-	105,500
Simone Ramsey Knight (Co-opted) - Director	32,500	-	-	-	32,500
Joy Lowe - Director	56,500	-	-	-	56,500
Michael Saunderson - Director	24,000	-	-	-	24,000
Patrick Ellis - Director	33,400	-	-	-	33,400
Saffrey Brown - Director <sup>3</sup>	-	-	-	-	-
Gavin Powell - Director <sup>4</sup>	24,001	-	-	-	24,001
Gabrielle Grant - Director	54,000	-	-	-	54,000
<b>Total</b>	<b>716,602</b>	-	-	-	<b>716,602</b>

- 1 1 April 2022 - 20 November 2022
- 2 21 November 2022 - 31 March 2023
- 3 1 April 2022 - 20 November 2022
- 4 21 November 2022 - 31 March 2023

## 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 Benefit (\$)	Other Allowances (\$)	Non - Cash Benefits (\$)	Total (\$)
Chief Executive Officer <b>Daniel Dawes</b>	April 1, 2022 - March 31, 2023	8,101,524.00	2,033,053.00	-	-	768,373.00	120,000.00	11,022,950.00
Financial Controller <b>Doranie Sergeant 1</b>	April 1, 2022 - October 31, 2023	2,511,698.00	1,408,857.00	990,003.00	-	315,399.00	-	5,225,957.00
Financial Controller <b>Andrew McRae 2</b>	October 24, 2022 - March 31, 2023	2,047,608.00	-	743,643.00	-	93,930.00	-	2,885,181.00
Internal Auditor <b>Karlene Williams</b>	April 1, 2022 - March 31, 2023	3,103,525.00	1,826,961.00	1,025,081.00	-	213,246.00	-	6,168,813.00
Director of Projects <b>Kwan Wilson 3</b>	April 1, 2022 - February 22, 2023	3,665,404.00	1,363,396.00	1,612,221.00	-	520,598.00	-	7,161,619.00
Acting Director of Projects <b>Jaime Robinson</b>	April 1, 2022 - March 31, 2023	2,843,204.00	-	1,051,022.00	-	459,415.00	-	4,353,641.00
Director of Public Procurement <b>Melissa Taylor 4</b>	April 1, 2022 - March 9, 2023	3,673,518.00	1,448,221.00	1,591,884.00	-	188,772.00	-	6,902,395.00
Human Resource /Admin. Manager <b>Shanique Cornwall</b>	April 1, 2022 - March 31, 2023	3,511,680.00	882,890.00	1,864,124.00	-	213,246.00	-	6,471,940.00
<b>Total</b>		<b>29,458,161.00</b>	<b>8,963,378.00</b>	<b>8,877,978.00</b>	<b>-</b>	<b>2,772,979.00</b>	<b>120,000.00</b>	<b>50,192,496.00</b>

[1] The CEO, having an assigned motor vehicle earned a motor vehicle benefit of \$120,000 per annum

[2] 176,084.00 for leave pay is included in other allowances.

[3] The one-week overlap between the outgoing and incoming Financial Controllers was crucial to ensure a seamless transition, facilitate comprehensive knowledge transfer, and maintain uninterrupted financial operations during this critical period for the Fund.



**UNIVERSAL**  
**SERVICE FUND**

# **HUMAN RESOURCE MANAGEMENT & ADMINISTRATION**



**USF's 17th Anniversary Celebration Highlights:**

L-R: USF's Former Chairman, **Justin Morin** presents the "Mother of USF" award to **Mrs. Delores Kelly**, Office Attendant, USF, alongside the **Hon. Olivia 'Babsy' Grange**, Ministry of Culture, Gender, Entertainment and Sport

The Human Resource Management and Administration division is responsible for the general administration, human resources management and development, as well as training and employee relations within the USF. The department is dedicated to implementing best practices that improve organizational efficiency and effectiveness in alignment with the Fund's mission. It provides guidance, advice, and support to the management team regarding all human resources matters. The department aims to utilize the existing organizational and human resource capacity to foster innovation, flexibility, and enhance the overall performance of the Agency.

Throughout the 2022/2023 fiscal year, the Human Resource Management and Administration division of the Fund worked diligently to enhance service delivery and preparedness in carrying out its functions seamlessly, contributing significantly to the accomplishment of the organization's strategic objectives. These efforts were carried out in the context of the post-pandemic recovery period.

During the fiscal year, the USF prioritized several key areas, which included optimizing the allocation and management of human resources, transitioning back to a traditional work environment while ensuring high productivity levels, and recruiting and training employees to equip them with the necessary competencies and skills to fulfill the organization's mandate.

**Organizational Framework**

The Fund operated across eight functional areas, namely Projects, Finance, Audit, Human Resource Management & Administration, Public Relations/ Marketing, Procurement, Legal, and Information Technology, all under the daily management of the Chief Executive Officer, with oversight and support from the Board of Management. The organization functions across two office facilities that the Fund continues to maintain. The organizational structure is a crucial pillar supporting the USF's strategic focus. It operates with the approved structure, which consists of nineteen (19) posts, with an additional



L-R: Essayist, **Terrian Thrope** and Principal for **Whycliffe Martin High School, Ms. Evorine Henry-Tracey**



Students from the **Central High School**, interacting with the **USF** booth display at **TeenTech Conference**

fifteen (15) temporary posts in operation. However, the existing approved structure does not completely align with the Fund's strategic goals, mainly because there are human resource gaps at crucial levels within the organization. In 2021, the Fund submitted a request for organizational restructuring to the Ministry of Finance and the Public Service, along with justifications to strengthen the organizational structure. Unfortunately, the request could not be processed as it lacked the required endorsement from the Ministry of Science, Energy and Technology.

### **staffing**

As at March 31, 2023, The staff complement of the Universal Service Fund was Thirty-two (32) comprising sixteen (16) permanent staff, thirteen(13) temporary employees and three(3) interns. There were 6 vacancies: Accounting Clerk, Director Public Procurement, Human Resource Officer, Public Procurement Officer, Marketing & PR Manager and Director, Projects.

### **Human Resource Strategy**

Human resource development strategy is the approach through which the Fund establishes a comprehensive framework of human capital initiatives, programmes, and practices, all aimed at realizing a unified vision in line with the strategic plan. The human resource planning endeavors for the 2022/2023 fiscal year aligned with the Fund's Strategic HRM Blueprint, adapting to the evolving post-pandemic landscape.

The successful execution of the strategic human resource blueprint was pivotal in the continuous drive to mould a performance-driven USF. This involved recruiting, nurturing, training, retaining, and rewarding a workforce that excels in its roles. The rollout of this blueprint was targeted at revolutionizing both the organizational culture and its operations. Key milestones achieved included the (i) approval and implementation of a revised human resource management policy, (ii) refinement of the Fund's hiring and selection processes, (iii) continued implementation of MyHR+, an advanced human resource management information platform,



L-R: **Minister of Science, Energy and Technology, the Honourable Daryl Vaz** and **Chief Executives Officer, USF, Dr. Daniel Dawes**, during the commissioning ceremony at the **Windsor Castle, West Portland**

(iv) optimization of employee documentation, (v) implementation of a comprehensive onboarding programmes for new recruits, (vi) activation of the Fund's Emergency Response Committee, (vii) continued oversight of the performance evaluation system, and (viii) rollout of innovative human capital projects and initiatives, positioning the Fund as a desirable employer in the industry.

### **Professional Advancement through Elevated Training and Development**

The Training Blueprint rolled out for the year zeroed in on domains pivotal to the Fund's functionality. This encompassed training sessions in Internal Audit Fundamentals, Change Management, Records Management, MyHR+, Public WiFi monitoring tools, and Pole Line Attachment.

### **Employee Well-being Initiatives**

Despite facing budgetary constraints due to the Ministry of Finance & the Public Service (MOF) Circular, which set a limit on discretionary spending for staff-related activities at \$5,000.00 per employee annually the USF remained steadfast in its commitment to staff welfare.

Throughout the year, the Fund proactively sought innovative ways to introduce low-cost or even free welfare activities. The goal was to ensure a harmonious work environment, uplift employee morale, and strengthen team bonds and social interactions.

Recognizing the challenges that employees might face in their personal lives, the USF also provided a robust employee assistance programmes, offering support and resources to those in need. Furthermore, the Fund initiated periodic feedback sessions, allowing employees to voice their concerns and suggestions, ensuring a two-way communication channel. This not only helped in addressing immediate concerns but also in shaping future welfare programmes. The USF's dedication to its staff's well-being underscores its belief in the importance of a motivated and cohesive workforce.

### **Technology Advancement Programme**

During the 2022/23 financial year, the Universal Service Fund took a pivotal step in its commitment to ICT literacy and digital skills



**USF's 17th Anniversary Celebration Highlights:**

*L-R: USF's Calvin Jackson, Project Officer is presented with a staff award by the Hon. Olivia 'Babsy' Grange, Ministry of Culture, Gender, Entertainment and Sport*

enhancement by formally signing a Memorandum of Understanding (MOU) with the Amber Group Limited for the implementation of the third cohort of the Technology Advancement Programme (TAP III) focusing on a Coding Training Intervention for implementation in FY 2023/24.

The Amber Group Limited, recognized for their notable achievements, especially their success with the Coding Pilot Intervention through the Amber HEART Academy. This strategic collaboration is in line with the Government's ambition to address the existing ICT skills gap and to prime Jamaicans for emerging job opportunities, thereby advancing Jamaica's journey towards a digital society.

TAP III will target young individuals, aged between 18 to 29, who were neither employed nor enrolled in any educational or training programme at the time. The programme set its sights on enrolling 300 participants, divided into 200 commuting and 100 residential students, with the residential training facilitated in collaboration with the HEART/NSTA Trust.

The Coding Programme is designed to develop and embed a set of principles that can be applied to understand and articulate the importance of Information Technology in the current world scenario. It introduces participants the fundamental concepts of coding, various syntax and frameworks to understand the core concepts and gain in-depth understanding of the language and the techniques of developing programs for problem-solving.

As at March 31, 2023, the programme had made commendable progress, enrolling 102 participants, in training sessions for commuting participants scheduled to commence on June 12, 2023.



**The Honourable Daryl Vaz**, Minister of Science, Energy and Technology points at the USF's signage which was erected in celebration of Hagley Gap's Community Wi-Fi Launch, held in St. Thomas. The celebratory moment was supported by **Dr. Taneisha Ingleton** (left), Managing Director, HEART/NSTA Trust, and **Honourable James Robertson** (right), Member of Parliament, St. Thomas Western

# MARKETING & PUBLIC RELATIONS

INTERNET ACCESS FOR EVERYONE



Dr. Daniel Dawes, Chief Executive Officer, Universal Service Fund, presents a Certificate of Participation to Mona High School's Essayist Jeshura Jeshuran. #USF #EssayCompetition

USF ICT Club partners from front-left: Mrs. Karen Young-Miller, MOEY; Mr. Dale Debase, MOEY; Ms. Nicholette Wade, FLOW; Ms. Nepatra Bennett, USF; Ms. Joy Clarke, Digicel; Back-left: Mr. Jamone Moore, USF; Mr. Everette Riley, MOEY and, Mr. Romaine Douglas, USF



Full Support for Hagley Gap's Community Wi-Fi Launch Ceremony held in St.Thomas L-R: Dr. Daniel Dawes, CEO, USF, James Robertson, MP, St. Thomas Western, the Hon. Daryl Vaz, Minister of Science, Energy and Technology, the Hon. Matthew Samuda, Minister without Portfolio in the Ministry of Economic Growth and Job Creation, Dr. Taneisha Ingleton (left), Managing Director, HEART/NSTA Trust

Dr. Daniel Dawes, Chief Executive Officer, Universal Service Fund, shared his remarks at the Hagley Gap's Community Wi-Fi Launch Ceremony in St.Thomas

# MARKETING & PUBLIC RELATIONS

INTERNET ACCESS FOR EVERYONE



At the Universal Service Fund, we believe that everyone deserves access to the vast opportunities brought about by the digital age. As the leading organization dedicated to enhancing digital accessibility, we are committed to creating a future where communication services reach even the most remote corners of our nation.

As we seek to strengthen our efforts aimed at reducing the digital divide, we must understand that visibility plays a vital role in achieving the USF's mandate. Visibility is a powerful tool that has helped the Universal Service Fund to achieve its mission by raising awareness, attracting support and partnerships, promoting transparency, and inspiring others to join the cause of digital inclusion and universal access to communication services.

To support the implementation of its priority programmes and projects, the Agency seeks to design and execute robust marketing and public relations campaigns to sensitize the public about its offerings. Consequently, the campaigns executed during the period were centred on:

- 103 Programme Launch Events executed across the island
- Arranging of speaking opportunities for senior management and preparing speaking notes for these events
- Monitoring the rhetoric surrounding the agency and its officers in the public sphere and responding as needed
- Engaging the agency's various publics through the expansion of its digital footprint across its four (4) social media platforms (Instagram, Twitter, Facebook, and LinkedIn).

# MARKETING & PUBLIC RELATIONS

**INTERNET ACCESS FOR EVERYONE**



For the 2023/2024 financial period, the agency will intensify its promotion and drive towards maximum visibility by demonstrating the positive impact of the USF's initiatives through success stories and engaging branding. This, in turn, encourages continued support and funding for the fund's future endeavours. Activities slated for the year include the continuation of the launches of Community Wi-Fi and Public Wi-Fi Hot Spots and Community Access Points.

The agency will continue to find new ways to maximize its public relations efforts through the promotion of its programmes and their impact on the Jamaican people.

*The marketing of the USF is everybody's business and it is incumbent upon the agency to communicate this message consistently to the various stakeholders who play a part in the success of the entity.*

# MARKETING & PUBLIC RELATIONS

**INTERNET ACCESS FOR EVERYONE**



**AUDITED FINANCIALS  
FINANCIAL STATEMENTS  
31 MARCH 2023**



**Universal Service Fund  
Financial Statements  
31 March 2023**

**Index**

Independent Auditors' Report to the Directors 1 – 3

**FINANCIAL STATEMENTS**

Statement of Income and Expenditure and Other Comprehensive Income 4

Statement of Financial Position 5

Statement of Changes in Reserves 6

Statement of Cash Flows 7

Notes to the Financial Statements 8 – 31



10 Holborn Road, Kgn. 5, Ja., W.I.  
Tel: (876) 926-4546, 926-6310, 631-8533 - Cell: (876) 386-2618  
TeleFax: (876) 631-7555 - E-mail: crhylton@yahoo.com



## **INDEPENDENT AUDITORS' REPORT**

To the Directors of Universal Service Fund

### **Report on the Audit of the Financial Statements Opinion**

#### **Opinion**

We have audited the financial statements of Universal Service Fund ("the Fund"), which comprise the statement of financial position as at 31 March 2023, and the statements of income and expenditure and other comprehensive income, changes in reserves and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Telecommunications Act 2000 and its Amendment 2012 and the Public Bodies Management and Accountability (Amendment) Act 2014.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

#### **Material Uncertainty Related to Going Concern**

We draw attention to note 2(b) in the financial statements, which indicates that the Fund has sustained declining levels of revenue over recent years with the level of the service levy declining from \$1.551 Billion for the year ended 31 March 2016 to \$513 Million for 31 March 2023.

As stated in note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Telecommunications Act 2000 and its Amendment 2012 and the Public Bodies Management and Accountability (Amendment) Act 2014, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Management is responsible for overseeing the Fund's financial reporting processes.

## **INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Directors of Universal Service Fund

### **Report on the Audit of the Financial Statements Opinion**

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Directors of Universal Service Fund

**Report on the Audit of the Financial Statements Opinion**

**Report on additional matters as required by the Telecommunications Act and the Public Bodies Management and Accountability Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Telecommunications Act 2000 and its Amendment 2012 and the Public Bodies Management and Accountability (Amendment) Act 2014 in the manner required.



Chartered Accountants  
July 28, 2023


**Universal Service Fund**  
**Statement of Income and Expenditure and Other Comprehensive Income**  
**Year Ended 31 March 2023**

	Note	2023 \$'000	2022 \$'000
<b>Revenue</b>	6a	513,033	567,784
<b>Project Warrant</b>	6b	300,000	218,050
		<u>813,033</u>	<u>785,834</u>
<b>Project costs</b>			
- Universal service projects	8a	<u>(439,205)</u>	<u>(634,043)</u>
Net surplus after project costs		373,828	151,791
<b>Other operating income</b>	7	2,379	676,337
<b>Expenses</b>			
Administrative expenses	8b	<u>(541,110)</u>	<u>(222,366)</u>
<b>(Deficit) Surplus before taxation</b>		<u>(164,903)</u>	<u>605,762</u>
Taxation	9	<u>-</u>	<u>-</u>
<b>Net (Deficit) Surplus, being total comprehensive Income</b>		<u><u>(164,903)</u></u>	<u><u>605,762</u></u>

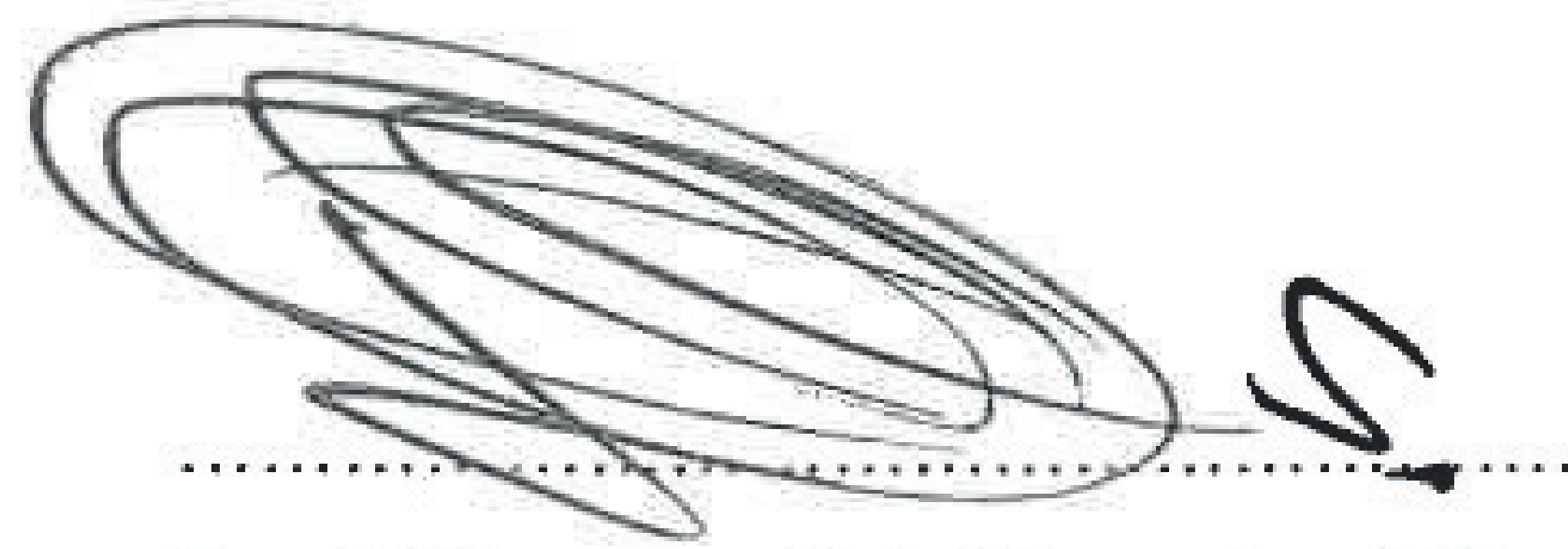
**Universal Service Fund  
Statement of Financial Position  
31 March 2023**

	Note	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	10	15,395	20,903
Right of Use Asset	19	-	1,851
Funds held by Accountant General	11	<u>13,747,964</u>	<u>13,989,277</u>
		<u>13,763,359</u>	<u>14,012,031</u>
<b>CURRENT ASSETS:</b>			
Receivables	12	201,297	296,588
Cash and cash equivalents	13	<u>394,363</u>	<u>360,966</u>
		<u>595,660</u>	<u>657,554</u>
		<u>14,359,019</u>	<u>14,669,585</u>
<b>RESERVES AND LIABILITIES</b>			
<b>RESERVES:</b>			
Capital contribution	14	9,570,709	9,570,709
Accumulated surplus		<u>4,623,805</u>	<u>4,788,708</u>
		<u>14,194,514</u>	<u>14,359,417</u>
<b>CURRENT LIABILITIES:</b>			
Payables	16	164,505	309,291
Lease liability	19	<u>-</u>	<u>877</u>
		<u>164,505</u>	<u>310,168</u>
		<u>14,359,019</u>	<u>14,669,585</u>

The financial statements were approved for issue by the board of directors on July 28, 2023 and signed on its behalf by:



Metry Seaga – Chairman



Daniel Dawes – Chief Executive Officer

**Universal Service Fund  
Statement of Changes in Reserve  
Year Ended 31 March 2023**

---

	<b>Capital Contribution \$'000</b>	<b>Accumulated Surplus \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 April 2021</b>	9,570,709	4,182,946	13,753,655
<b>Total Comprehensive Income</b>			
Net surplus	-	605,762	605,762
<b>Balance at 31 March 2022</b>	9,570,709	4,788,708	14,359,417
<b>Total Comprehensive Income</b>			
Net deficit	-	(164,903)	(164,903)
<b>Balance at 31 March 2023</b>	9,570,709	4,623,805	14,194,514

**Universal Service Fund**  
**Statement of Cash Flows**  
**Year Ended 31 March 2023**

	2023 \$'000	2022 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (deficit) surplus	(164,903)	605,762
Items not affecting cash resources;		
Depreciation (Notes 10)	8,226	11,665
Depreciation (Notes 19)	1,851	4,629
Interest income	(2,379)	(11,197)
Lease interest expense	201	326
Foreign exchange difference on foreign balances	256,203	(665,140)
	99,199	(53,955)
Change in operating assets and liabilities:		
Receivables	95,291	(124,978)
Payables	(144,786)	99,926
Cash used in operating activities	49,704	(79,007)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property, plant and equipment (Note 10)	(2,718)	(2,377)
Interest received	2,379	11,197
Cash (used in) provided by investing activities	(339)	8,820
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Lease expense (Note 19)	(1,078)	(6,110)
Cash used in financing activities	(1,078)	(6,110)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	48,287	(76,297)
Effect of Exchange (Loss) Gain on foreign cash balances	(14,890)	29,731
Cash and cash equivalents at beginning of year	360,966	407,532
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	394,363	360,966

# Universal Service Fund

## Notes to the Financial Statements

### Year Ended 31 March 2023

---

#### 1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

Universal Service Fund ("Fund") was established by the Government of Jamaica under 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 company, 'Universal Access Fund Company Limited, and commenced operations on 1 June 2012.

The objectives of the Fund shall be to support the implementation of the obligation to provide universal access to telecommunications services, 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 Telecommunications (Amendment) Act 2012.

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 and evaluation 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**(a) Statement of compliance**

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**(b) Basis of preparation**

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets.

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 actions, 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 5.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(b) Basis of preparation (continued)**

***Going concern***

The preparation of the financial statements in accordance with IFRS assumes that the Fund will continue in operational existence for the foreseeable future. This means, inter alia, that the statement of financial position and the statement of profit or loss and other comprehensive income assume no intention or necessity to liquidate the Fund. This is commonly referred to as the going concern basis.

The revenue of the Fund is derived principally from the collection of the universal telecommunications services obligations levy ("service levy") from telecommunications companies. The service levy is received by the Fund on inbound international telephone calls, those are, international calls terminating in Jamaica. In recent years the Fund has experienced significant decline in receipts from the service levy due to the various changes in the technological landscape impacting international communication. The level of service levy has declined from \$1.551 Billion for the year ended 31 March 2016 to \$513 Million for the year ended 31 March 2023. Additionally, the Fund receives subvention in order to fund its projects. If the trend continues, in all probability, the Fund will continue to experience a declining revenue stream and the impact of that on the operations would be unfavorable. Continuation as a going concern is dependent on the policy makers and those charged with governance pursuing policy and practice changes which will ensure revenue streams to support the operations.

Substantial doubt about an entity's ability to continue as a going concern is considered to exist when aggregate conditions and events indicate that it is probable that the entity will be unable to meet obligations when due within one year of the date that the financial statements are issued or are available to be issued.

Currently, the Fund has been meeting its obligations as they become due, however, management would need to identify other revenue sources to sustain the Fund's level of operations.

Based on the strategies being pursued to sustain the operations, the directors have maintained the going concern assumption in the preparation of these financial statements. This basis of preparation assumes that the Fund will be able to realize its assets and discharge its liabilities in the ordinary course of business, and thus these financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Fund be unable to continue as a going concern.

**(c) 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 (the 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**  
**Year Ended 31 March 2023**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(d) Amendments to IFRS that are mandatorily effective for the current year**

In the current year the Commission has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting period that begins on or after 1 January 2022.

The application of these amendments has not had any impact on the amounts reported or the presentation and disclosures in these financial statements but may impact the accounting for future transactions and arrangements.

<u>Amendments to Standards</u>		Effective for annual periods beginning on or after
IAS 16	<i>Property, Plant and Equipment</i> - Amendments prohibiting deducting from cost of an item of PP&E, the proceeds from selling items produced while the entity is preparing the asset for its intended use.	January 1, 2022
IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i> - Amendments regarding the cost to include when assessing whether a contract is onerous.	January 1, 2022
IFRS 3	<i>Business Combinations</i> - Amendments updating an outdated reference to the <i>Conceptual Framework</i> in IFRS3 without significantly changing the requirements of the standard.	January 1, 2022
IFRS 16	<i>Leases</i> - Amendment extending by 1 year the May 2020 amendment providing lessees with an exemption for assessing whether a COVID-19-related rent concession is a lease modification.	April 1, 2021
IFRS 1, 9, 16, IAS 41	<i>First Time Adoption of IFRS; Financial Instruments; Leases; Agriculture</i> - Amendments arising from 2018 – 2020 Annual Improvements to IFRS • Amendment permitting a subsidiary that applies IFRS1 paragraph D 16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parents, based on the parent’s date of transition to IFRS.	January 1, 2022

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

---

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

**(d) Amendments to IFRS that are mandatorily effective for the current year (cont'd)**

<u>Amendments to Standards</u>	<u>Effective for annual periods beginning on or after</u>
<p>IFRS 1, 9, 16, IAS 41</p> <p><i>First Time Adoption of IFRS; Financial Instruments; Leases; Agriculture (cont'd)</i></p> <ul style="list-style-type: none"> <li>• Amendment clarifying which fees an entity (as borrower) includes when it applies the 10% test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. Only fees paid or received between borrower and lender or on their behalf is included.</li> <li>• Amendment to the illustrative example 13 accompanying IFRS 16 to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how it is illustrated in that example.</li> <li>• Amendment removing the requirement in paragraph 22 of the standard for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.</li> </ul>	<p>January 1, 2023</p>

**(e) New and revised IFRS in issue but not yet effective**

At the date of authorisation of these financial statements, the following Standards, Interpretations and amendments thereto were in issue but were not effective or early adopted for the financial period being reported on:

<u>New Standards</u>	<u>Effective for annual periods beginning on or after</u>
<p>IFRS 17</p> <p>Insurance Contracts</p> <ul style="list-style-type: none"> <li>- Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published.</li> <li>- Amendment permitting entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied previously to that financial asset.</li> </ul>	<p>January 1, 2023</p> <p>January 1, 2023</p> <p>When IFRS 17 is first applied</p>
<p><u>Revised Standards</u></p> <p>IFRS 4</p> <p>Insurance Contracts</p> <ul style="list-style-type: none"> <li>- The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 to annual periods beginning on or after January 1, 2023.</li> </ul>	<p>January 1, 2023</p>

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

---

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

**(e) New and revised IFRS in issue but not yet effective (cont'd)**

<u>Revised Standards (cont'd)</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 16 Leases	
- Lease liability in a sale and leaseback: Amendment clarifying how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 (Revenue from Contracts with Customers) to be accounted for as a sale.	January 1, 2024
IAS 1 Presentation of Financial statements	
- January 2020 amendments regarding the classification of liabilities as current or non-current.	January 1, 2024
- October 2022 amendment deferring the effective date for the January 2020 amendments by 1 year to January 1, 2024.	
- Non-current liabilities with covenants: Amendment clarifying how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	January 1, 2024
IAS 1 and IFRS Practice Statement 2 IAS 8	
- Amendments regarding the disclosure of accounting policies.	January 1, 2023
Accounting Policies, Changes in Accounting Estimates and Errors	
- Amendments regarding the definition of accounting estimate.	January 1, 2023
IAS 12 Income Taxes	
- Amendments clarifying that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	January 1, 2023

**(f) *New and Revised Standards and Interpretations in issue not yet effective that are relevant***

The Commission has assessed the impact of all the new and revised Standards and Interpretations in issue not yet effective and has concluded that the following are relevant to the operations of the Commission:

- **Amendments to IAS 1: *Classification of Liabilities as Current or Non-current***  
 In January 2020 and October 2022, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
  - Disclosures

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

**(f) New and revised IFRS in issue but not yet effective (cont'd)**

***New and Revised Standards and Interpretations in issue not yet effective that are relevant (cont'd)***

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied prospectively.

The Commission is currently assessing the impact the amendments will have on current practice.

- **Amendments to IAS 1: Disclosure of Accounting Policies**

In February 2021, the IASB issued amendments to IAS1 and *IFRS Practice Statement 2 Making Materiality Judgements* with the aim of assisting entities to provide accounting policy disclosures that are more useful by:

- (1) Replacing the requirement to disclose '*significant*' accounting policies with a requirement to disclose '*material*' accounting policies.
- (2) Adding guidance on how to apply the concept of materiality in making decisions about accounting policy disclosures.

Guidance and examples are provided to assist the process of application. Entities will need to consider the size of transactions, other events or conditions and their nature in making the assessment.

The amendments may impact the accounting policy disclosures of entities as judgment is required to determine if accounting policy disclosures are material or not. Careful consideration will have to be given to standardized information or those that only duplicate or summarises the requirements of IFRSs in deciding whether to remove or retain these as material in enhancing the usefulness of the financial statements.

The amendments are effective for annual reporting period beginning on or after January 1, 2023.

The Commission has not yet performed a detailed review of its accounting policies in light of the amendments. The amendments will be applied by the effective date.

- **Amendments to IAS 8: Definition of Accounting Estimates**

In February 2021, the IASB issued amendments to IAS 8 introducing a new definition of accounting estimates. The amendment clarifies the distinction between changes in accounting estimates, changes in accounting policy and the correction of errors. Clarification is also given on how entities use measurement techniques and inputs to develop accounting estimates.

Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The amendments clarify that a change in an input or measurement technique that effect an estimate are changes in accounting estimates if they do not result from correction of prior period errors. Changes in accounting estimates resulting from new information or new developments are not corrections of error as in the previous definition. The amendments include two illustrative examples to assist entities understand how to apply the new definition.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

**(f) New and revised IFRS in issue but not yet effective (cont'd)**

***New and Revised Standards and Interpretations in issue not yet effective that are relevant (cont'd)***

The amendments apply to changes in accounting policies and changes in accounting estimates and are effective for annual reporting period beginning on or after January 1, 2023.

The amendments are not expected to have a material impact on the Commission's financial statement.

**(g) Income taxes**

The Fund is exempt from taxation on normal operating activities.

Deferred taxation is not recognised in these financial statements as a result of the Fund's exemption from taxation on normal operating activities and no significant temporary differences in respect of income subject to taxation.

**(h) Income recognition**

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer. A contract liability, representing amounts payable to customers, is recognised for advance consideration for which the related performance obligation has not yet been satisfied.

**(i) Service levy**

Revenue is derived from the collection of the universal telecommunications services obligations levy ("service levy") from telecommunications companies. The service levy is received by the Fund on inbound international telephone calls and is recognized on the accrual basis. The Fund is dependent on information provided by local carriers for the determination of service levy to be recognized for the year. The international carriers remit service levy indirectly to the Fund, through local carriers. The timing of remittances by the carriers involved are not predictable. The monthly accruals for service levy is measured based on the average of the previous actual collections and the telecom traffic reports provided to the Fund periodically. The monthly accruals based on estimates are adjusted when the actual service levy for the respective months is received. The adjustment is recorded in the month in which the remittance of the actual service levy is received and this is generally within two months of the end of the month to which the service levy relates. At the end of each reporting period and at the statement of financial position date, tests are done to ensure the fairness of the amount accrued for service levy and any adjustment to estimated service levy considered appropriate is immediately recognized in surplus or deficit as an adjustment to the accumulated service levy and correspondingly, accounts receivable.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(h) Income recognition (continued)**

**(ii) 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.

**(i) Property, plant and equipment**

All property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis at rates estimated to write off the carrying value of property, plant and equipment over the period of their expected useful lives. The expected useful lives are as follows:

Furniture and fixtures	10 years
Computers and equipment	3 years
Office equipment	5 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Fund. Major renovations are depreciated over the remaining useful life of the related asset.

**(j) Leases**

**As Lessee**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Fund.

Assets and liabilities arising from a lease are initially measured on a present value basis. lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- payments of penalties for terminating the lease, if the lease term reflects the Fund exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rates being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(k) 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 recognised for the amount by which the carrying amount of the asset 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 levels for which there are separately identifiable cash flows.

**(l) 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 balances with maturity dates of less than 365 days from the dates of acquisition including cash at bank and in hand and deposits held at call with banks.

**(m) Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and are subsequently measured at amortised cost.

**(n) Provisions**

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

**(o) 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 of another entity.

***Financial assets***

The Fund's financial assets comprise cash and cash equivalents, long-term receivables, related party balances and other receivables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

***Financial liabilities***

The Fund's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. Financial liability on the statement of financial position comprise trade and other payables.

**(i) Classification**

Classification of the Fund's financial assets depends on the Fund's business model for managing such assets and the contractual terms of the cash flows. Subsequent to initial recognition the Fund classifies its financial assets as:

- those measured at fair value (either through other comprehensive income or profit and loss); and
- those measured at amortised cost.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(o) Financial instruments (continued)**

***Financial liabilities (continued)***

**(i) Classification (continued)**

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt securities, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

**(ii) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

**(iii) Measurement**

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

***Debt instruments***

Subsequent measurement of the debt instruments depends on the business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories for classifying debt instruments:

- **Amortised cost** - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of comprehensive income.
- **Fair value through other comprehensive income (FVOCI)** - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other operating income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating income and impairment expenses are presented as separate line item in the statement of profit or loss.
- **Fair value through profit and loss** - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(o) Financial instruments (continued)**

*Financial liabilities (continued)*

**(iii) Measurement (continued)**

*Debt instruments (continued)*

- As at the 31 March, all financial assets are classified as amortised cost as the Fund holds the assets to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

**(iv) Impairment**

The Fund assesses on a forward-looking basis the expected credit loss associated with its financial instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The assessment of credit risk of cash and cash equivalents, long-term receivables, related party balances and receivables requires estimations as to the likelihood of defaults occurring, of the associated loss ratios and of defaults correlations between counterparties. The Fund measures credit risk using Probability of Default (PO), Exposure at Default (EAD) and Loss Given Default (LGD).

**3. 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

In common with all other businesses, the Fund is exposed to risks that arise from its use of financial instruments. This note describes the Fund's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

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.

**a) Principal financial instruments**

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

Receivables  
Cash and cash equivalents  
Payables

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

**3. FINANCIAL RISK MANAGEMENT (Continued):**

**b) Financial instruments by category**

**Financial assets**

	<b>Amortised cost</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	394,363	360,966
Service levy receivables	201,297	296,587
<b>Total financial assets</b>	<b>595,660</b>	<b>657,553</b>

**Financial liabilities**

	<b>Financial liabilities at amortised cost</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Financial lease liability	-	877
Payables	164,505	309,291
<b>Total financial liabilities</b>	<b>164,505</b>	<b>310,168</b>

**c) 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.

**d) 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 receives monthly reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Fund's internal auditors also review the risk management policies and processes and report the findings to the Audit Committee.

The overall objective of the Board is to set policies 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:

**i) 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.

**3. FINANCIAL RISK MANAGEMENT (Continued):**

**d) Financial risk factors**

**i) Credit risk (continued)**

**Cash and bank balances**

Cash and bank balances are held in financial institutions which management regards as strong. These financial institutions are kept under review by the Board of Management.

**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.

**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.

**ii) Market risk**

Market risk arises from the Fund's use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price 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 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 bank balances and Trade Receivables amounting to \$12,669,630,520 (2022: \$14,421,793,395).

**Foreign currency sensitivity**

The following table indicates the sensitivity of surplus 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 4% (2022: 8%) depreciation and a 1% (2022: 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

---

**3. FINANCIAL RISK MANAGEMENT (Continued):**

**d) Financial risk factors (continued)**

**ii) Market risk (continued)**

**Foreign currency sensitivity (continued)**

	<b>% Change in Currency Rate 2023</b>	<b>Effect on Surplus Before tax 31 March 2023 \$'000</b>	<b>% Change Currency Rate 2022</b>	<b>Effect on Surplus before Tax 31 March 2022 \$'000</b>
Currency:				
USD	-4	506,785	-8	1,153,743
USD	+1	(126,696)	+2	(288,436)

**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.

**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.

**iii) 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**  
**Year Ended 31 March 2023**

---

**3. FINANCIAL RISK MANAGEMENT (Continued):**

**d) Financial risk factors (continued)**

*iii) Liquidity risk (continued)*

***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) Optimising cash returns on investments.

***Cash flows of financial liabilities***

The maturity profile of the Funds financial liabilities, based on contractual undiscounted payments is as follows:

	<b>Within 1 year 2023 \$'000</b>	<b>Within 1 year 2022 \$'000</b>
31 March 2023/2022		
Financial lease liability	-	877
Payables	164,505	309,291
	<hr/>	<hr/>
Total financial liabilities (contractual dates)	164,505	310,168
	<hr/>	<hr/>

**e) 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.

**4. FAIR VALUE ESTIMATION:**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The amounts included in the financial statements for cash and cash equivalents, other receivables and payables approximate fair values because of the short-term maturity of these instruments.

The fair value of the long-term receivables (net of impairment) approximates it's carrying value as it represents revolving loans that will again be on-lent when repaid.

**Universal Service Fund  
Notes to the Financial Statements  
Year Ended 31 March 2023**

**5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

**(a) Critical judgements in applying accounting policies**

In the process of applying the Fund's accounting policies, management has made judgements which it believes would have a significant impact on the amounts recognised in these financial statements.

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

Management makes estimates and assumptions concerning the future. The estimate and assumption that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year is disclosed below.

The measurement of expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour such as the likelihood of borrowers defaulting and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios
- Service levy income

In the absence of monitoring facilities available to the Fund, estimates are required in determining the service levy income of the Fund. The timing of remittances by carriers are not predictable hence the average of the previous two months collections as coordinated with the telecom traffic reports provided periodically is used to determine the monthly income. Where the final receipt differs from the amount previously recorded, an adjustment is made in the month of receipt.

**6a. REVENUE:**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Service levy	513,033	567,784
	513,033	567,784

The amount reported includes \$3.27M (2022: \$0.8M) received from Island Networks Limited under a court judgement awarded on June 20, 2016. The balance receivable under the judgement is \$16.9M.

**6b. PROJECT WARRANT**

A total of \$1.8 billion was approved as warrant funding by the Ministry of Finance and Public Service (MOFPS) to the Universal Services Fund (USF) for the Financial Year 2021/22 and 2022/23 to be expensed on the National Broadband Initiative infrastructure cost and the E- Learning Tablets in Schools projects.

Throughout the financial year, \$1.010B was drawdown making total drawdown \$1.228 billion from inception to date. Payments for these projects were administered through MSET. The execution of

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

**6b. PROJECT WARRANT (Continued)**

most of USF's projects and a significant amount of the NBI tasks were impacted due to shortage of ICT equipment, resulting in the low drawdown.

The Community Wi-Fi projects which is currently the main project of USF, is an initiative to address the immediate need on the internet connectivity issues primarily for students in underserved communities. Each constituent was earmarked to be provided with three (3) internet connecting hotspot as commissioned by the Agency's Minister in 2020/21 budget presentation.

The USF received \$300 million in supplementary allocation in March 2023 to clear costs relating to the Community Wi-Fi, and other projects. All 189 Community Wi-Fi sites were completed during the year.

**7. OTHER OPERATING INCOME:**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Interest income	2,379	11,197
Foreign exchange gain	-	665,140
	<u>2,379</u>	<u>676,337</u>

**8a. EXPENSES BY NATURE:**

Total direct expenses:

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Direct cost on projects	<u>439,205</u>	<u>634,043</u>
Schools	135,426	137,943
Grant and Scholarship	12,692	24,233
Comm. Wi-Fi Project	123,822	224,112
Connect JA	61,636	135,832
Public Institution	32,498	26,572
Comm. Access Points	32,079	37,976
National Broadband Initiative	24,070	27,259
Others	16,982	20,116
	<u>439,205</u>	<u>634,043</u>

Project costs consist primarily of expenditure on the Community Access Points, the establishment of Public Wi-Fi, broadband connection (DIA for school, Postal Agencies, Police Stations, Public Libraries and Health Facilities) and Community Wi-Fi and National Broadband Project.

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

**8b. EXPENSES BY NATURE (Continued):**

Total Administrative expenses:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Administrative expenses:		
Directors and board expenses	775	1,953
Auditors' remuneration	302	2,601
Staff costs (note 17)	155,354	157,021
Depreciation (Note 10)	8,226	11,665
General, stationery and office expense	3,719	4,534
Motor vehicle and travelling	6,109	6,020
Repairs and maintenance	473	217
Subscription	337	138
Office lease and maintenance	9,592	4,692
Finance charge (Note 19)	201	326
Depreciation charge on right of use asset (Note 19)	1,851	4,629
Legal and professional fees	180	268
Advertising and public relations	7,532	10,137
Software license	4,386	2,784
Corporate social responsibility	5,709	2,655
Utilities	4,057	3,693
Others	2,912	4,664
GCT Withholding Tax Expense	73,192	53,738
Project Write-off	-	(49,368)
Exchange loss on USD funds held	256,203	-
	<u>541,110</u>	<u>222,366</u>
Total expenditure	<u>980,315</u>	<u>856,409</u>

**9. TAXATION EXPENSE:**

- (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 surplus for the year, adjusted for tax purposes and comprise income tax at 25%.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Current taxation	-	-
Deferred taxation (note 15)	-	-
	<u>-</u>	<u>-</u>

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

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

**9. TAXATION EXPENSE (Continued):**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
(Loss) Surplus before taxation	(164,903)	605,762
Tax calculated at tax rate of 25%	41,226	(151,441)
Adjusted for the effects of:		
Nontaxable revenue	(41,226)	151,441
Other charges and credits	-	-
	<u>-</u>	<u>-</u>

**10. PROPERTY, PLANT AND EQUIPMENT:**

	<b>Leasehold Improvements \$'000</b>	<b>Office &amp; Computer Equipment \$'000</b>	<b>Furniture &amp; Fixtures \$'000</b>	<b>Motor Vehicles \$'000</b>	<b>Total \$'000</b>
<b>At cost:</b>					
1 April 2021	14,437	49,287	7,090	38,515	109,329
Additions	-	2,249	128	-	2,377
31 March 2022	14,437	51,536	7,218	38,515	111,706
Additions	-	2,608	110	-	2,718
31 March 2023	14,437	54,144	7,328	38,515	114,424
<b>Depreciation:</b>					
1 April 2021	4,979	43,364	2,951	27,844	79,138
Charge for the year	1,376	4,007	719	5,563	11,665
31 March 2022	6,355	47,371	3,670	33,407	90,803
Charge for the year	1,376	1,830	723	4,297	8,226
31 March 2023	7,731	49,201	4,393	37,707	99,029
<b>Net Book Value:</b>					
31 March 2023	6,706	4,943	2,935	811	15,395
31 March 2022	8,082	4,165	3,548	5,108	20,903

**11. FUNDS HELD BY ACCOUNTANT GENERAL:**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Opening balance	13,989,277	13,353,878
Foreign exchange (loss) gain	(241,313)	635,399
Closing balance	<u>13,747,964</u>	<u>13,989,277</u>

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

**11. FUNDS HELD BY ACCOUNTANT GENERAL (Continued):**

The opening balance represents service fee levy forwarded to the Accountant General's Department and placed in the Government's Special Consolidated Fund. Included in the amounts above are US dollar amount of \$83,308,809 (2022: \$83,308,809). During the current year these amounts were held interest free (2022: Interest free) on the Jamaican and United States dollar balances respectively.

**12. RECEIVABLES:**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Service levy receivable	337,400	434,353
Expected credit loss reserve	<u>(147,473)</u>	<u>(147,473)</u>
Financial asset other than cash and cash equivalent classified as amortized cost	189,927	286,880
Staff Loans	1,117	296
Deposits	1,531	1,531
Prepayments	6,177	5,610
Other receivables	<u>2,545</u>	<u>2,271</u>
	<u><u>201,297</u></u>	<u><u>296,588</u></u>

The Fund is dependent on information provided by local carriers for the determination of service fees to be recognized for the year, also there are international carriers who remit service fees indirectly to the Fund, through local carriers. The timing of remittances by the carriers involved are not predictable.

The Fund does not hold any collateral as security for trade receivables.

The Fund applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on credit risk and aging.

The expected loss rates are based on the Fund's historical credit losses experienced over the period prior to period end. Based on the nature of its operations, there is no history of default, hence the expected credit loss calculated is only indicative. Provision for doubtful debts represents balances not collected for over 120 days.

The aging of trade receivables is as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
0-30 days	140,558	118,379
31-60 days	-	29,865
91 days and over	<u>196,842</u>	<u>286,109</u>
	<u><u>337,400</u></u>	<u><u>434,353</u></u>

**Trade receivables that are past due but not impaired**

As at 31 March 2023, trade receivables of \$196,842,000 (2022: \$138,636,591) were past due but not impaired. These relate to independent telecom carriers for whom there is no recent history of default.

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

---

**12. RECEIVABLES (Continued):**

*Movement analysis of allowance for expected credit losses on trade receivables*

The movement on the allowance for expected credit losses for trade receivables is as follows:

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
At 1 April	147,473	147,473
Allowance for expected credit losses recognized in year	<u>-</u>	<u>-</u>
At 31 March	<u>147,473</u>	<u>147,473</u>

The creation and release of allowance for expected credit losses have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

**13. CASH AND CASH EQUIVALENTS:**

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

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Cash at bank an on hand	<u>394,363</u>	<u>360,966</u>

At 31 March 2023, the Fund had short term deposits amounting to \$175,366,464 (2022: \$336,680,000). Interest receivable on short term investments amounted to \$273,486 (2022: \$Nil).

The weighted average interest rate on short term deposits denominated in Jamaican dollars and United States dollars was 2.33%, respectively (2022: 3.1%, respectively) and these deposits mature within 90 days (2022: 90 days).

**14. CAPITAL CONTRIBUTION:**

The capital contribution represents the net of assets and liabilities of a predecessor entity, Universal Access Fund Company Limited, transferred to Universal Service Fund by the Government of Jamaica, on the commencement of operations of the Fund.

**15. DEFERRED TAX:**

Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 25%. No deferred tax was computed as the timing difference is not expected to reverse in the near future and the prospects of taxable revenue is unlikely.

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

**16. PAYABLES:**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Gratuity payable	7,957	13,250
Projects	89,266	254,170
Other payables	67,282	41,871
	<u>164,505</u>	<u>309,291</u>

Projects represent accruals for approved expenditure to carry out the mandate of the Fund.

**17. STAFF COSTS:**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries	88,706	84,992
Statutory contribution	5,754	9,761
Staff welfare, training and allowances	42,245	42,342
Gratuity	18,649	19,926
	<u>155,354</u>	<u>157,021</u>

The number of persons employed at the end of the year was:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Permanent	28	31
Temporary	7	6
	<u>35</u>	<u>37</u>

**18. RELATED PARTY BALANCES AND TRANSACTIONS:**

The following transactions were carried out with related parties.

(a) **Transaction between the Fund and related party**

During the year, the Fund disbursed of \$Nil to E-Learning Jamaica to fund its projects.

(b) **Key management compensation**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors' emoluments		
Fees	717	395
Expense	58	75
	<u>775</u>	<u>470</u>
Senior Executives emoluments		
Remuneration	41,229	36,849
Gratuity/Incentive	8,963	9,894
	<u>50,192</u>	<u>46,743</u>

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

**19. LEASES:**

**Right-of use asset**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
	Building	Building
<b>Cost</b>		
At April 1	11,109	11,109
Addition	-	-
At March 31	<u>11,109</u>	<u>11,109</u>
<b>Accumulated depreciation</b>		
At April 1	9,258	4,629
Charge for the year	1,851	4,629
At March 21	<u>11,109</u>	<u>9,258</u>
<b>Carrying amount</b>	<u>-</u>	<u>1,851</u>

During the prior year the Fund entered into a new lease for premises used for carrying out its operations. The lease term is for five (2) years with an extension for another 2 years with the option to be exercised near the end of the lease term.

**Lease Liability**

Maturity analysis

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Year 1	-	955
Year 2	-	-
	<u>-</u>	<u>-</u>
	-	955
Less unearned interest	-	(78)
	<u>-</u>	<u>877</u>
<i>Analysed as:</i>		
Non-current	-	-
Current	-	877
	<u>-</u>	<u>877</u>

The Fund does not face a significant liquidity risk with regard the lease liability. The liability is monitored by management through cash flow planning.

The fair value of the lease liability on entering into the new lease was \$11.109 million which was recognised as the value of the right-of-use asset.

The weighted average lessee incremental borrowing rate applied to the lease liability recognised in the statement of financial position on is 6.61%. The leased premises is no. 7 and 9 Ardenne Road.

**Universal Service Fund**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2023**

---

**19. LEASES (Continued):**

**Amounts recognised in surplus (deficit)**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation expense on right-of-use asset	1,851	4,629
Interest expense on lease liability	201	326
Expense relating to short term leases	<u>7,338</u>	<u>4,718</u>

At 31 March 2023 the Fund is committed to \$7.338 million (2022: \$1.102 million) for long term leases.

Finance leases relate to rental of premises for carrying out its operation and are negotiated for an average of five years.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating lease expenses recognised in the year	<u>7,338</u>	<u>4,718</u>