e-LEARNING JAMAICA COMPANY LIMITED

ANNUAL REPORT

APRIL 2009 - MARCH 2010

e-LEARNING JAMAICA COMPANY LIMITED

Chairman's Report

APRIL 2009 - MARCH 2010

THE e-LEARNING JAMAICA COMPANY LIMITED

CHAIRMAN'S REPORT APRIL 2009 TO MARCH 2010

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CHAIRMAN'S REPORT
APRIL 2009 TO MARCH 2010

1. BACKGROUND AND OVERVIEW

The e-Learning Jamaica Company Ltd (eLJam) was established in March 2005 as a limited liability company under the Ministry with portfolio responsibility for Telecommunications, to implement e-Learning projects in collaboration with the Ministry of Education (MOE). The Company is managed by a Board of Directors appointed by the portfolio Minister.

Cabinet approval was obtained in June 2005 to implement the initial project targeted at the high schools, with the primary goal to utilize Information and Communication Technologies (ICTs) to contribute to an improvement in the quality of education in the high schools and in the level of passes in the school-leaving CXC CSEC examinations. This project was developed as a joint initiative with the MOE after much consultation with principals and teachers and other stakeholders. Its components include providing digitalised instructional materials for teachers and students, computers and multimedia equipment, and training of teachers in the use of the technology in instructional delivery. An amount of US$50 million was approved by Cabinet to be accessed from the Universal Access Fund.

The period up to August 2006 was utilised to establish the organisation and the project commenced officially in September 2006 with a 1-year pilot project aimed at testing all the planned procedures and methodologies of the project, identifying best practises and determining the support systems that have to be in place for successful project implementation.

By March 2008, the scope of the project was widened to include the 8 Colleges that train teachers for the high schools, and 1 Independent High School. In addition, based on results from a technology capacity survey conducted by the MOE which became available at that time, the MOE requested that the project include ICT training and certification of all 11,400 teachers and lecturers in the high schools and teachers colleges. However, there were significant delays which added some 12 months to the original project completion date of August 2009 and strategies were put in place during this period to mitigate these delays, including fast tracking of various aspects of the project so that the original timeframe for completing the equipment installation could still be met, while extending the timeline for the remaining aspects to March 2011.

By March 2009, the scope of the project was again widened to include the 5 Community Colleges. In addition, several elements were added or amended to more meaningfully reflect the MOE's vision of a 21st century classroom and to better ensure sustainability. These included the placement of the grade 10 &11 classrooms on the schools local area network and the provision of additional laptops and multimedia projectors to ensure that all grade 10 & 11 teachers were fully equipped to utilize all aspects of the technology, including the internet, in whole-class delivery.

During the period under review, April 2009 to March 2010, MOE requested inclusion of 16 independent high schools that assist in placement of students from the GSAT and GNAT examinations

2. PURPOSE AND SCOPE OF PROJECT

The purpose of the project is to utilize current state-of-the-art ICTs in Jamaica's high schools, grades 7-11, to

- Improve the quality of education
- Enhance the learning experience
- Improve the level of passes in the CXC CSEC exam

The project began with 150 educational institutions, but has been increased to 203 educational institutions, as follows

- 165 public high schools *(26 in pilot)*
- 6 public special schools *(1 in pilot)*
- 10 teachers colleges *(3 in pilot)*
- 16 independent high school *(In pilot, materials and training only)*
- 5 community colleges *(audio-visual equipment only)*

The project covers

- Grades 7-11 *(Grades 10 & 11 in pilot)*
- 11 subjects *(English, Maths, Chemistry, Biology, Information Technology, Spanish, Building Technology, Social Studies, Integrated Science, Physics, Geography, 1st 5 in pilot)*
- Over 11,400 teachers and lecturers *(2880 in pilot)*
- Over 260,000 students *(37,344 in pilot)*

3. PROJECT COMPONENTS

3.1 Component 1 - Instructional Materials

Acquisition / Development of a comprehensive set of standard ICT-based instructional materials for teachers and students in 11 subject areas:

i. Teachers Instructional Materials (TIMs)
ii. Student's Instructional Materials (SIMs)
iii. Interactive Educational Software (for 'challenging' topics)
iv. Item Bank (25,000 questions, multiple choice and extended questions)
v. Video-taped Lecture Series

<u>**Media**</u>

- Exciting Text
- CD-ROMs
- DVDs
- Power Point Presentations
- Video-taped lectures
- Cable TV, 1 channel per subject
- Database resources
- Interactive Software
- Video/Tele Conferencing
- On-line lessons, tutorials
- Chat rooms
- Links to other resources

<u>**Development Methodology**</u>

- International Standards
- Best Practices
- Expertise in instructional design

e-ljam

- Expertise in writing instructional material
- Expertise in writing items
- Knowledge of the technology and how it can be integrated
- Supervision
- Quality Assurance

3.2 Component 2 - Technology Infrastructure for Storage / Dissemination / Access

i. Provision of ICT equipment and related software to schools, including computer networks connecting the remedial lab, library, staff rooms, grades 10&11 classrooms; multimedia equipment,

ii. Establishment of a Central Repository for Educational Materials (CREM) at the MOE to store, reproduce, continuously update, and distribute materials, and to include a web-based repository accessible over the broad-band network

iii. Upgrade of the Education Management Information System (EMIS) at the MOE to enhance management and administrative capability

iv. Broad Band Internet Access (to be provided by UAF Co. Ltd)

<u>Technology</u>

- Desk tops
- Lap-tops
- Multimedia Projectors & Screens
- Intelligent White Boards
- Document Cameras
- Digital Video Cameras
- DVD/CD Players
- Scanners
- Tape Recorder/Players
- Televisions
- VCR Players
- Local Area Network
- Internet Connectivity

3.3 Component 3 - Teacher Training

i. Principals' Awareness and Orientation

ii. Training of Teachers and Subject Tutors in Teachers Colleges in 3 phases

iii. Modern methodologies for delivery, change management

iv. Training and Certification in ICT skills (to international standards)

v. Integration of ICT into the teaching/learning process (certification to ISTE standards)

vi. Training of select group of lecturers to Masters level to ensure sustainability

<u>Training Methodology</u>

- 1 & 2 day Orientation Workshops
- Evening and Weekend Classes
- Mixed Mode - Face-to-face and distance
- Modules On-line and on CD
- Video Conferencing
- 1&1 Onsite and group reinforcement
- Onsite Evaluation

3.4 Component 4 - Remedial Support

Collaborating with existing remedial interventions providing ICT-based materials and equipment and training of tutors and support personnel

3.5 Component 5 - Continuous Assessment

Introduction of standard examinations across the system at grades 7, 8 & 9 (Grade 11 CSEC and Grade 10 CCSC tests already in place)

3.6 Project Evaluation

i. Programme / Project Evaluation
ii. Impact Assessments

Methodology
i. Desk Reviews
ii. Formative surveys - questionnaires, interviews, review of school reports
iii. Summative surveys - questionnaires, interviews, review of school reports
iv. Examination Results
v. Attitude Surveys
vi. Skills Surveys etc

4. STATUS OF PROJECT AS AT MARCH 2010

The project was planned to be implemented in 3 phases:

i. Phase 1 – Pilot project - September 2006-August 2007
ii. Phase 2 - September 2007-August 2008
iii. Phase 3 - September 2008-August 2009

The following outlines some of the challenges experienced, and some of the major strategies put in place to overcome these challenges.

4.1 Challenges and Mitigation Strategies

4.1.1 Challenges

i. Delays in procurement because of a protest from the bidder on the major equipment contract, delaying the pilot project by 12 months.
ii. Protracted time to arrive at agreement on the philosophical framework to govern the deployment of materials and computer technology in the schools.
iii. Unforeseen delays in finalizing the scope of work with the supplier of the computer equipment and networks due to the changed deployment strategy.
iv. The need to reinstitute the Partners in Learning Agreement (PIL) between the Ministry of Education and Microsoft, in order to obtain budgeted rates for Schools Microsoft software licenses for the schools, further delaying the start-up of manufacture of the computers.
v. Inordinate delays in the rate of completion of building works at the schools, initially due to pressure of work and other priorities of the MOE Building Officers;
vi. Inability of the MOE to fund the building and electrical works in the schools after the pilot schools were completed thus affecting the rate of completion of computer network installations in the remaining 150 institutions

vii. Steep learning curve for local contractors to produce video lessons. However, this was deemed to be necessary in order to build capacity in Jamaica.

4.1.2 Mitigation Strategies

i. Towards the end of 2007, the decision was taken to fast-track various aspects of the project. By February 2008, audio-visual equipment was delivered to all schools, except for the 5 newly joined community colleges. This included multimedia projectors and screens, document cameras, video cameras, scanners, television, DVD /CD combos.

ii. The MOE assigned dedicated Building Officers to the project in March 2008 and strategies were put in place to complete computer and network installation in the pilot schools by end June 2008 and in all 180 schools by August 2009 as had been originally planned. These strategies included:

- Identification and fast tracking of schools only requiring electrical works and very little civil works (50 identified as at March 2008).
- Focus on completing the schools needing civil works (approx. 35) in regions 1& 6 (where the pilot schools were) and to increase phase 2 schools by 10, moving this to 85.
- Maintaining an installation completion rate of 36 schools per quarter.

iii. However, given the lack of funding from MOE, focus had to be shifted to encouraging the remaining 150 schools to carry out the building and electrical works on their own,. By June 2008, 140 schools had indicated how and when they would be able to complete the required infrastructure. As a result, the project was able to maintain and at some times exceed the installation rate, so that at March 2009, it was envisaged that the project would maintain the original completion date of August 2009, for the computer installations and audiovisual equipment.

iv. In December 2008, MOE undertook to fund the Electrical Consultant to inspect and sign off on the electrical work done by the schools

4.2 Governance and Administration

i. Initial Board appointed June 2005, resigned September 2007 due to change of Government. New Board appointed December 2007, 1st meeting held March 2008, changed in November 2008 due to change of portfolio Minister. New Board oriented in January and February 2009, Board Committees established, and in full operation throughout the period under review

ii. Twelve (12) of thirteen (13) members of staff remained in place, post of driver not filled due to decision not to acquire a company vehicle

iii. Server and network upgraded to better support the interim repository for educational materials

iv. Financial Systems in place, ACCPAC Accounting Software purchased and installed

v. Communication Consultant hired in September 2009 to implement Comprehensive Public Relations programme

vi. Project Evaluation Consultant conducted an evaluation study of the project implementation during September to December 2009

4.3 Progress on Instructional Materials Component

i. Teachers Instructional materials (TIMs) and Students Instructional materials (TIMs) acquired for 4 pilot subjects (except Chemistry), delivered to pilot schools and teachers oriented by April 2008, materials evaluated, and rolled out to additional 150 schools starting March 2009. Chemistry materials acquired for pilot schools.

ii. For the 6 phase 2 subjects, (Geography, Spanish, Integrated Science, Physics, Social Studies, Building Technology), additional Subject Coordinators hired, Subject Advisory Groups (SAG) involving MOE subject experts to ensure standards and quality assurance established, scope and sequence finalized and RFP published

iii. Contracts signed in October 2008 with UWI/JBTE (Chemistry, Biology, English) and UTECH/University of Plymouth (Mathematics and Information Technology) for the development of TIMs and SIMs for the pilot subjects to be owned by the Government over the long term, materials produced for terms 1, 2 and 3 and site tested in pilot schools

iv. Expression of interest published for education software and being evaluated

v. Over 9,000 items (test questions), placed on CD's and delivered to schools. Also placed in a temporary Moodle-adapted database at e-LJam, logins provided to schools to access as at March 2009, used by students to revise for June examinations. Additional item writers and reviewers contracted to produce an additional 13,000 by March 2011, totaling 22,000. 2,000 per subject

vi. 40 video lectures produced, 10 each for English, Biology, Mathematics and Information Technology and placed on the e-LJam web-site, delivered to schools on DVDs and arrangements made for broadcast by PBCJ as of February 2010

vii. All materials developed using the specifications and standards for content developed by an Instructional Technology Expert.

viii. Board Sub-Committee set up to review the Expert's recommendation for the design of the Central Repository for Educational Materials (CREM), as well as the structure for management of the programmatic and technical aspects and the specifications for an appropriate Learning Content Management System (LCMS/LMS).

4.4 Progress on Equipment and Network Installation

i. Equipment and Networks installation completed in the targeted 162 public high schools by August 2009, as originally planned

ii. Additional Audio-visual equipment delivered to all schools to satisfy the grade10 & 11 whole-class strategy, also to Community Colleges

iii. Interim repository established on e-LJam web-site, Sub-Committee reviewed the cost /benefit analysis for hosting CREM prepared by the Instructional

Technology Expert, decision taken by MOE to host at Head Office, technical specifications completed

4.5 *Progress on Teacher Training*

i. HEART Trust/NTA contracted to provide training and certification in Information and Communication Technology (ICT) skills, over 10,000 of 11,400 teachers and lecturers and MOE Education Officers trained, over 6,000 certified to NCTVET NVQ-J level 1 standard, 284 of 360 systems administrators trained in network management, 100 of 360 teachers trained as trainers in ICT skills

ii. Mico Foundation contracted to provide training in the integration of the technology in instructional delivery, over 2000 of the targeted 4,000 teachers trained

iii. Collaboration with the Joint Board of Teacher Education (JBTE) to provide scholarships to 16 lecturers from the Teachers Colleges to pursue on-line Masters Degree in Education Technology with British Columbia University; will become the Instructional Technology Officer at their College and be responsible for ongoing training, 9 lecturers currently in programme

4.6 *Some Implementation Management and Sustainability Strategies*

Much attention continued to be placed on ensuring the integrity of the implementation and the sustainability of the project. During this period under review, such strategies included:

i. MOU signed with the MOE undertaking to be responsible for standards and quality assurance of materials and provision of building infrastructure at the schools

ii. Provision of Electrical Consultant by the MOE to ensure the suitability and safety of the electrical installations provided by the schools

iii. Project Manager employed by e-LJam to validate requirements, assist in hiring contractors, monitor the works and liaise with MOE's building officers in signing off works

iv. Infrastructure Monitoring Committee established including the e-LJam Technical Committee, and representatives from UAF. MOE Building Office and the MOE School Facility and Infrastructure Team

v. Suppliers enter into a framework contract, delivering equipment on a predetermined schedule over 2 ½ years, providing the latest technology

vi. No equipment delivered if schools are not properly prepared to accept in terms of secure space and adequate electrical circuitry.

vii. Provision made to provide distinctive marking which will identify the equipment being provided by e-LJam in the event of theft

ix. MOE signed with school principals, where schools commit to ensure proper implementation of the project in the schools, provide a safe and secure environment for the equipment, ensure teachers attend training and utilize the technology in teaching, inter alia

x. School e-Learning Implementation Committees (*SEIMC*) established in all schools and colleges to oversee the implementation of the project and ensure buy-in/ownership

xi. Subject Advisory Groups (SAG) including MOE experts, established to ensure standards and quality assurance in materials acquired and developed

xii. Instructional Technology Expert advising on standards and specifications for content on various media, and on the structure and operation of the CREM

xiii. School Coordinator and Implementation officers hired by e-LJam to work closely with and monitor the project implementation in the schools

xiv. A major contributor to the sustainability of the project was the decision to provide training to the Masters level to 2 lecturers in each teachers college who would then have the responsibility to continue the training of the lecturers and keep up-to date with the latest technologies and methodologies.

4.7 *Financial Performance*

The table below gives the variance in expenditure for the various components of the project. Since inception, a total of approx. J$2.5billion has been expended against a budgeted amount of approx. J$6.6billion. Approx. $852million was expended during the period under review, against an approved budget of approx. J$1.4billion. This performance reflects the time taken to implement start-up activities, and the delays experienced in project implementation. However, as at March 2010, over US$37.4million of the US50million allocated to the project had been committed through signed contracts.

PROJECT COMPONENT	BUDGET TO END MARCH 2010	EXPEND. TO END MARCH 2010	VAR.	APPROVED MOFP BUDGET 2009-10	EXPEND. 2009-10	VAR.
	J$ (000)	J$ (000)	%	J$ (000)	J$ (000)	%
Governance & Administration	295,353	194,495	66	107,208	65,233	61
Instructional Materials	918,941	105,142	11	132,971	53,109	40
Teacher Training	596,615	271,419	45	200,073	157,534	79
Technology Infrastructure	351,778	14,819	4	336,778	4,292	1
Remedial	72,188	2,826	4	22,668	1,181	5
Assessment	65,980	12,963	20	33,005	12,963	39
Project Evaluation	10,391	4,825	46	3,742	3,930	105
School Implementation	17,063	16,389	96	17,063	16,389	96
Loans	138,000					
Foreign exchange loss		14,299			3,463	
Capital Costs	4,121,773	1,838,028	45	533,697	533,697	100
TOTAL	6,588,082	2,475,205	38	1,387,205	851,791	61

5. SOME LESSONS LEARNED

i. The importance of collaboration / involvement of stakeholders, schools, MOE, funders, to create buy-in and ownership and provide the necessary policy guidance. The involvement of the MOE through a Memorandum of Understanding is yielding benefits of access to the experience of the Ministry's technical staff. The School Committees will ensure the timely involvement and accountability of the school leadership

ii. The need for continuous research and refinement and flexibility– nothing cast in stone - especially in the pilot phase, it is desirable to have the will to try out new approaches and have the capacity to act without fear of failure.

iii. The need to use existing materials, methodologies, know-how to get materials into the schools in the short-term – need not invent the wheel – this will also allow evaluation of the interaction of teachers and students with the electronic and print resources - in general, it is a strategic goal of the project to own materials for open adaptation and dissemination

v. The need to maintain focus on learning rather than technology. There is a concern that schools may be more interested in the capital acquisition than in the pursuit of project goals and objectives.

i. The need to estimate more realistic timeframes for all activities

ii. The need for strategy to maintain interest – eg in Item writing

iii. The need for strategy to minimize procurement delays

iv. The need for experts to be allowed the time to devote to providing critical input – standards, reviews, research, building contractor approvals etc

v. The need to ensure that a mechanism exits to ensure full integration of the interventions into the life of the schools

vi. The need to ensure a significant period for assimilation, reinforcement and practice in the schools after implementation of the technology prior to the ending of the project

1. STRATEGIC FOCUS TO MARCH 2011 – THE WAY FORWARD

i. To ensure total involvement and full adoption of the project by and in schools, by increasing the level of implementation support to schools to include a help desk, a comprehensive maintenance strategy, an enhanced web-site, materials workshops for all subjects, cluster SEIMC meetings, school visits, technology planning workshops where needed

ii. To include 16 Independent Schools and the 4 additional high schools being built in all components of the project

iii. To develop and implement a focused intervention for 20 low-performing schools – to include more frequent cluster meetings, more frequent visits, shorter reporting period, integrated learning software to assist in English, Mathematics and Integrated Science, and a Volunteer programme that will utilise community assistance to support improvement in literacy and numeracy

iv. To complete the delivery of all equipment and networks, including the CREM, and ensure school support mechanism fully implemented

v. To continue to source, develop and deliver TIMs and SIMs for all subjects to all schools and colleges

vi. To acquire educational software for English and Mathematics for selected low-performing schools

vii. To complete the writing and review of an additional 13,000 items (test questions)

viii. To complete video lectures for Chemistry and begin production of videos for remaining six subjects

ix. To complete all teacher training

x. To implement the Remedial/Enrichment Interventions

xi. To roll out the Grade 9 diagnostic tests in English, Maths and Integrated Science to all schools in June 2010 and develop test for the 2010-11 administration

xii. To document all project development and implementation processes and develop operation manuals for all aspects of the project

xiii. To hold orientation/hand-over sessions with the relevant MOE and school personnel in order to institutionalise the project

xiv. To framework e-Learning project No 2 targeted at the primary and All-age schools and get approval and funding allocation from Cabinet to begin implementation

Ransford Braham

Ransford Braham
CHAIRMAN

e-Learning Jamaica Company Limited Board of Directors
November 3, 2008 – November 2, 2010

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e-LEARNING JAMAICA COMPANY LIMITED

Directors Compensation

REPORT

2009 - 2010

Appendix 1

DIRECTORS COMPENSATION

2009/10

Position of Director	Fees ($)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle ($)	Honoraria ($)	All Other Compensation including Non-Cash Benefits as applicable ($)	Total ($)
CHAIRMAN	106,875.00				106,875.00
Director 1	57,750.00				57,750.00
Director 2	57,750.00				57,750.00
Director 3	16,500.00				16,500.00
Director 4	12,375.00				12,375.00
Director 5	57,750.00				57,750.00
Director 6	57,750.00				57,750.00
Director 7	47,250.00				47,250.00
Director 8	57,750.00				57,750.00
Director 9	53,625.00				53,625.00

Director 10	41,250.00	41,250.00

Notes

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

CERTIFIED BY: REGINALD BUDHAN ------------------------------------

COMPANY SECRETARY

SENIOR EXECUTIVE COMPENSATION

Appendix 2

Position of Senior Executive	Year	Salary ($)	Gratuity or Performance Incentive ($)	Travelling Allowance or Value of Assigned Motor Vehicle ($)	Pension or Other Retirement Benefits ($)	Other Allowances ($) Mileage	Non-Cash Benefits ($)	Total ($)
CEO/Project Manager	2009/10	4,140,000.00	1,035,000.00	796,500.00		68,339.80		6,039,839.80
Finance & Admin Manager	2009/10	2,760,000.00	690,000.00	796,500.00		65,737.40		4,312,237.40
Education Specialist	2009/10	3,208,500.00	802,125.00	420,000.00		110,220.00		4,540,845.00
Snr. ICT Specialist	2009/10	3,208,500.00	802,125.00	420,000.00		101,734.00		4,532,359.00

Notes

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

CERTIFIED BY: REGINALD BUDHAN BBudhan

COMPANY SECRETARY

e-LEARNING JAMAICA COMPANY LIMITED

AUDITED FINANCIAL STATEMENT

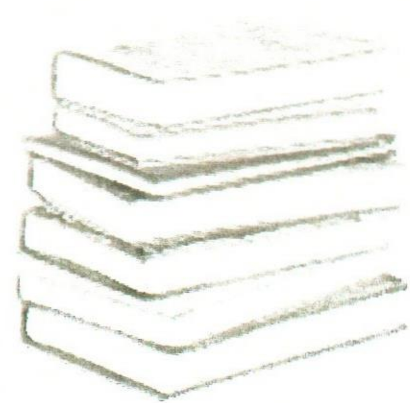
MARCH 31, 2010

Mair Russell
Grant Thornton

e-Learning Jamaica Company Limited

Financial Statements

March 31, 2010



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Independent auditors' report

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To the Members of
e-Learning Jamaica Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of e-Learning Jamaica Company Limited, set out on pages 3 to 21, which comprise the statement of financial position as at March 31, 2010, and the statement of comprehensive income, statement of changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

Auditors' Responsibility (Cont'd)
estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the company as at March 31, 2010, and of the company's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Additional Requirements of the Jamaican Companies Act

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

Mair Russell Grant Thornton

Kingston, Jamaica

July 20, 2011 Chartered Accountants

Statement of financial position

	Note	2010 $	2009 $
Assets			
Non-current assets			
Property and equipment	(3)	**1,849,614,293**	1,318,089,000
Intangible assets	(4)	**862,326**	995,054
		1,850,481,619	1,319,084,054
Current assets			
Receivables	(5)	**756,722**	1,776,133
Prepayment	(6)	**1,747,378**	1,747,378
Taxation recoverable		**220,993**	122,199
Bank and cash	(7)	**118,747,114**	16,306,583
		121,472,207	19,952,293
Total assets		**1,971,953,826**	1,339,036,347
Equity			
Capital and reserves			
Share capital	(8)	**100**	100
Capital reserve	(9)	**1,264,918,970**	728,203,444
Accumulated surplus/(deficit)		**412,024,219**	(15,500,719)
Total equity		**1,676,943,289**	712,702,825
Liabilities			
Non-current liabilities			
e-Learning Jamaica Project fund	(10)	**77,388,262**	(4,077,179)
		77,388,262	(4,077,179)
Current liabilities			
Payables and accruals	(11)	**217,622,275**	630,410,701
		217,622,275	630,410,701
Total liabilities		**295,010,537**	626,333,522
Total equity and liabilities		**1,971,953,826**	1,339,036,347

The notes on the accompanying pages 7 to 21 form an integral part of these financial statements.

Approved for issue by the Board of Directors on July 20, 2011 and signed on its behalf by:

) Chairman

) Finance Committee - Chairman

Statement of comprehensive income

	Note	2010 $	2009 $
Income	(1)		
Government grants –			
Operating income	(2f)	**103,124,777**	50,909,656
e-Learning Jamaica Project	(10 & 12)	**340,176,100**	143,236,653
		443,300,877	194,146,309
Expenses			
e-Learning Jamaica Project expenses	(10)	**(258,710,659)**	(157,197,580)
Loss on foreign exchange		**(9,975,872)**	-
Administrative and general expenses		**(56,916,836)**	(54,739,701)
Promotion and public education		**(6,185,819)**	(2,460,794)
Other operating expenses		**(2,166,919)**	(2,218,264)
Surplus/(deficit) for the year before transfers	(13)	**109,344,772**	(22,470,030)
Capital grant			
Capital grant received during the year		**936,361,133**	418,627,669
Transfer to capital reserve	(9)	**(536,715,526)**	(418,627,669)
		399,645,607	-
		508,990,379	(22,470,030)
(Surplus)/deficit attributable to e-Learning Jamaica Project fund	(10)	**(81,465,441)**	13,960,927
Surplus/(deficit) for the year		**427,524,938**	(8,509,103)

The notes on the accompanying pages 7 to 21 form an integral part of these financial statements.

Statement of changes in equity

	Share Capital $	Capital Reserve $	Accumulated Surplus/ (deficit) $	Total $
Balance at March 31, 2008 as restated	100	309,575,775	(6,991,616)	302,584,259
Changes in equity 2009				
Capital grant (Note 9)	-	418,627,669	-	418,627,669
Deficit for year 2009	-	-	(8,509,103)	(8,509,103)
Total recognised income and expenses	-	418,627,669	(8,509,103)	410,118,566
Balance at March 31, 2009	100	728,203,444	(15,500,719)	712,702,825
Changes in equity 2010				
Capital grant (Note 9)	-	536,715,526	-	536,715,526
Surplus for year 2010	-	-	427,524,938	427,524,938
Total recognised income and expenses	-	536,715,526	427,524,938	964,240,464
Balance at March 31, 2009	**100**	**1,264,918,970**	**412,024,219**	**1,676,943,289**

The notes on the accompanying pages 7 to 21 form an integral part of these financial statements.

Statement of cash flows

	Note	2010 $	2009 $
Cash flows from operating activities:			
Surplus/(deficit) for the year		**427,524,938**	(8,509,103)
Increase/(decrease) in e-Learning Jamaica Project Fund		**81,465,441**	(13,960,927)
Adjustments for:			
Depreciation	(3)	**2,166,919**	2,218,264
Amortisation	(4)	**132,728**	132,728
Loss on foreign exchange - foreign payables (net)		**9,975,872**	10,836,142
Interest income		**(558,902)**	(336,653)
		520,706,996	(9,619,549)
Decrease in receivables		**1,019,411**	58,922
Increase in prepayments		**-**	(1,747,378)
(Decrease)/increase in payables and accruals		**(422,764,298)**	611,433,439
Net cash provided by operating activities		**98,962,109**	600,125,434
Cash flows from investing activities:			
Purchase of equipment	(3)	**(533,697,212)**	(1,005,844,843)
Interest received (net of withholding tax)		**460,108**	222,836
Net cash used in investing activities		**(533,237,104)**	(1,005,622,007)
Cash flows from financing activity:			
Capital grant received	(9)	**536,715,526**	418,627,669
Net cash provided by financing activity		**536,715,526**	418,627,669
Net increase in cash and cash equivalents		102,440,531	13,131,096
Cash and cash equivalents at beginning of year		16,306,583	3,175,487
Cash and cash equivalents at end of year	(7)	118,747,114	16,306,583

The notes on the accompanying pages 7 to 21 form an integral part of these financial statements.

Notes to financial statements

1. Identification

e-Learning Jamaica Company Limited is a Government Agency, incorporated under the Laws of Jamaica on July 6, 2005. The company is wholly owned by the Accountant-General of Jamaica, a corporation sole, and is domiciled in Jamaica with registered offices located at the PCJ Building, 36 Trafalgar Road, Kingston 10, Jamaica.

The main activities of the company include the implementation of an e-Learning Jamaica Project of the Government of Jamaica (GOJ) designed to improve the quality of education in high schools, to promote the integration of technology in the teaching of various subject areas in the education system and implementation of various interventions, which draw on technology to improve the quality of education throughout the school system.

The company is funded principally by grants from the GOJ's Universal Access Fund (UAF).

Except where otherwise stated, these financial statements are expressed in Jamaican Dollars.

2. Basis of preparation and summary of significant accounting policies

a Overall consideration and basis of preparation

The significant accounting policies that have been used in the preparation of the financial statements are summarised below and have been consistently applied for all the years presented. The measurement bases used are those specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

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

i New standards interpretations and amendments effective during the current year

The company has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board (IASB), which are relevant to and effective for the current financial year as follows:

- *IAS 1 (Revised 2007).* The amendments to IAS 1 require that changes in reserves resulting from transactions with owners in their capacity as owners be presented separately in the financial statements. Consequently, all owner changes in equity should be presented in the statement of changes in equity, while non-owner changes in reserves should be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The company's transactions are mainly with its members; consequently the statement of changes in equity will reflect the accumulated surplus and changes in the company's other reserves.

- *IFRS 7 Financial Instruments: Disclosures – improving disclosures about financial instruments.* The amendments require additional disclosures for financial instruments that are measured at fair value in the statement of financial position. These fair value measurements are categorised into three-level fair value hierarchy, which reflects the extent to which they are based on observable market data. A separate quantitative maturity analysis must be presented for derivative financial liabilities that shows the remaining contractual maturities, where these are essential for an understanding of the timing of cash flows. The company has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

- *IAS 16 (Amendment)* gives guidance on how entities, whose ordinary activities comprise renting and later, selling assets, should treat the proceeds from the sale of those assets. The amendment did not have any material impact on the financial statements of the company.

- *IAS 23 (Revised) - Borrowing Costs* removes the option of immediately recognising all borrowing costs as an expense. The revised standard requires that an *entity* capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. *IAS 23* had no impact on the company's financial statements.

- *IAS 36 Impairment of Assets (Amended).* As a result of revisions to IAS 1, IAS 36 was revised to address the treatment of impairment on revalued and non-revalued assets in the Statement of Comprehensive Income. The amendments to IAS 36 had no impact on the company's financial statements.

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

The company has assessed the relevance of the other new standards, amendments and interpretations to existing standards which became effective for periods beginning January 1, 2009. Based on the company's operations, management has determined that those standards, amendments and interpretations do not impact its financial statements.

i **New standards, and interpretations of and amendments to existing standards issued but not yet effective**

At the date of authorisation of these financial statements, certain new standards amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the company.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below:

- *IFRS 9 Financial instruments* (effective from January 1 2013). The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning January 1, 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

  Phase 1: Classification and Measurement
  Phase 2: Impairment methodology
  Phase 3: Hedge accounting
  In addition, a separate project is dealing with derecognition.

  Management have yet to assess the impact that this amendment is likely to have on the financial statements of the company. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

Certain other new standards, amendments and interpretations to existing standards have been issued but are not expected to have a material impact on the company's financial statements when they become effective. The standards, amendments and interpretations to existing standards and accounting periods beginning on or after they become effective are as follows:

Title	Full title of Standard or Interpretation	Effective for annual periods beginning on or after
IFRIC 17	Distribution of Non-cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers	1 July 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
IFRS 2	Amendment to IFRS 2 Share-based Payment	1 January 2010
IFRS 3	Business Combinations (Revised 2008)	1 July 2009
IAS 27	Consolidated and Separate Financial Statements (Revised 2008)	1 July 2009
IAS 28	Investments in Associates (Revised 2008)	1 July 2009
IAS 31	Interest in Joint Ventures (Revised 2008)	1 July 2009
IAS 32	Financial Statements: (Amendments 2009) Amendments relating to Classification of Rights Issues	1 February 2010

Annual Improvements 2009

The IASB has issued *Improvements for International Financial Reporting Standards 2009*. Most of these amendments become effective in annual periods beginning on or after July 1, 2009 or January 1, 2010. However, these amendments are not expected to have a material impact on the company's financial statements.

b Critical judgements and sources of estimation uncertainty

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Depreciation of property and equipment

Depreciation is provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as disclosed in Note 2(c).

(ii) Intangible assets

Amortisation is provided so as to write off the assets over there expected useful lives and as such the expected useful lives requires estimation and judgement. Details of the estimated useful lives are disclosed in note 2(d).

c Property and equipment

(i) Property and equipment are carried at cost less accumulated depreciation and impairment losses. (Note 2(l)).

(ii) Depreciation is charged on assets in the year after acquisition.

Depreciation is provided on the straight line basis at such rates as will write off the cost of assets over the period of their expected useful lives. The useful lives approximate to ten (10) years for leasehold improvements, equipment, furniture, fixtures and equipment and five years for computers, accessories and software.

No depreciation is charged on furniture, computers and software acquired for schools participating in the e-Learning Project.

(iii) Repairs and renewals.

The costs of repairs and renewals which do not enhance the value of existing assets are written off to the income statement as they are incurred.

d Intangible assets

Intangible assets are carried at cost less accumulated amortisation.

Amortisation is provided in the year after purchase on the straight line basis at such rates as will write off the assets over their expected useful lives. The useful lives approximate to forty (40) years for the e-Learning Jamaica Project jingle and logo and five (5) years for e-Learning Jamaica Project training video.

e Foreign currency:

(i) Foreign currency balances at balance sheet date have been translated at the rate of exchange ruling at that date.

(ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions.

(iii) Gains/losses arising as a result of fluctuations in exchange rates are included in the Statement of comprehensive income of the e-Learning Project Fund.

f Revenue

Income represents government grants and interest income. Government grants are recognised when received and interest income is recognised when due on the basis of agreements in effect.

g Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial instruments are recognised in the company's balance sheet when it has become a party to the contractual provisions of the instruments.

The financial instruments carried in the statement of financial position are:

Financial assets:

Receivables and bank and cash;

Financial liabilities:

Payables and accruals.

The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

h Cash and cash equivalents

The above are classified as loans and receivables and consist of current and savings account balances maintained with a licensed financial institution and petty cash. They are carried at amortised cost.

i Receivables

Receivables are carried at amortised cost.

j Payables and accruals

Payables and accruals are carried at amortised cost

k Equity

Share capital is determined using the proceeds received for the shares that have been issued including any premiums received on the initial issuing of shares. Any transaction costs associated with the issuing of shares are deducted from premiums received.

Capital reserve comprises capital grants received for the acquisition of capital assets and the value of gifts received less the equivalent of accumulated depreciation transferred to the income statement.

Accumulated deficit/surplus includes all current and prior period results as disclosed in the income statement.

I Impairment

The company's property and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment 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 asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

3. Property and equipment

The carrying amounts for property and equipment for the years included in these financial statements as at March 31, 2010 are reconciled as follows:

	Leasehold Improvements $	Furniture, Fixtures & Equipment $	Computers & Software $	Total $
Gross carrying amount				
Balance at April 1, 2009	878,959	23,578,910	1,297,816,597	1,322,274,466
Additions	87,030	258,955,154	274,655,028	533,697,212
Balance at March 31, 2010	965,989	282,534,064	1,572,471,625	1,855,971,678
Depreciation				
Balance at April 1, 2009	(256,644)	(1,275,637)	(2,653,185)	(4,185,466)
Depreciation	(87,896)	(866,783)	(1,212,240)	(2,166,919)
Balance at March 31, 2009	(344,540)	(2,142,420)	(3,865,425)	(6,352,385)
Carrying amount at March 31, 2009	**621,449**	**280,391,644**	**1,568,606,200**	**1,849,619,293**

	Leasehold Improvements $	Furniture, Fixtures & Equipment $	Computers & Software $	Total $
Gross carrying amount				
Balance at April 1, 2008	855,484	12,178,119	303,396,020	316,429,623
Additions	23,475	11,400,791	994,420,577	1,005,844,843
Balance at March 31, 2009	878,959	23,578,910	1,297,816,597	1,322,274,466
Depreciation				
Balance at April 1, 2009	(171,096)	(564,041)	(1,232,065)	(1,967,202)
Depreciation	(85,548)	(711,596)	(1,421,120)	(2,218,264)
Balance at March 31, 2010	(256,644)	(1,275,637)	(2,653,185)	(4,185,466)
Carrying amount at March 31, 2010	**622,315**	**22,303,273**	**1,295,163,412**	**1,318,089,000**

(i) Included in computers and software is equipment with a gross carrying amount of $1,938,867 which was purchased with funds donated to the company by the International Telecommunications Union in financial year ended March 31, 2007. The value of the gift was credited to capital reserve. (Note 9).

(ii) Included in property and equipment are furniture, computers and software which were acquired for the e-Learning Project to be given to schools as part of the sustainability objective of the Project. However, up to the date of authorisation of the financial statements the necessary documentation to transfer ownership to the schools had not been effected. The gross carrying amount of equipment for schools is as follows:

	2010 $	2009 $
Furniture	275,026,322	14,910,078
Computers and software	1,564,476,746	1,290,047,091
Total	1,839,503,068	1,304,957,169

4. Intangible assets – e-Learning Jamaica Project

The carrying amounts for intangible assets for the years included in these financial statements as at March 31, 2010 are reconciled as follows:

	Jingle $	Logo $	Video $	Total $
Gross carrying amount				
Balance at April 1, 2009	628,600	200,500	560,000	1,389,100
Balance at March 31, 2010	**628,600**	**200,500**	**560,000**	**1,389,100**
Amortisation				
Balance at April 1, 2009	(43,145)	(14,901)	(336,000)	(394,046)
Charge for the year	(15,715)	(5,013)	(112,000)	(132,728)
Balance at March 31, 2010	**(58,860)**	**(19,914)**	**(448,000)**	**(526,774)**
Carrying amount at March 31, 2010	**569,740**	**180,586**	**112,000**	**862,326**

	Jingle $	Logo $	Video $	Total $
Gross carrying amount				
Balance at April 1, 2008	628,600	200,500	560,000	1,389,100
Balance at March 31, 2009	628,600	200,500	560,000	1,389,100
Amortisation				
Balance at April 1, 2008	(27,430)	(9,888)	(224,000)	(261,318)
Charge for the year	(15,715)	(5,013)	(112,000)	(132,728)
Balance at March 31, 2009	(43,145)	(14,901)	(336,000)	(394,046)
Carrying amount at March 31, 2009	585,455	185,599	224,000	995,054

5. Receivables

	2010 $	2009 $
Advances to schools	**552,905**	1,531,133
Staff loans	**203,817**	245,000
Total	**756,722**	1,776,133

6. Prepayment

	2010 $	2009 $
Deposit on furniture for schools	1,747,378	1,747,378
Total	1,747,378	1,747,378

The above represents deposit paid to E H C Industries Limited for the acquisition of furniture for schools participating in the e-Learning Project.

7. Bank and cash

	Interest rate % per annum	2010 $	2009 $
Bank of Nova Scotia Jamaica Limited –			
J$ Current account		42,214,252	10,637,442
US$ Savings account (US$855,038 (2009 – US$28,354)		76,525,936	5,662,215
Petty cash		6,926	6,926
Total		118,747,114	16,306,583

Included in the general funds of the company are e-Learning Jamaica Project funds amounting to $76,525,936 (2009 - $5,763,909).

8. Share capital

	2010 $	2009 $
Authorised:		
100 ordinary shares		
Stated capital		
Issued and fully paid:		
100 ordinary shares	**100**	100

As of January 2007, under the Jamaican Companies Act 2004, all shares in issue are deemed to be without par value.

9. Capital reserve

	2010 $	2009 $
i Capital grant		
Balance at beginning of year	**726,264,577**	307,636,908
Transfer from surplus/(deficit) for year	**536,715,526**	418,627,669
Balance at end of year	**1,262,980,103**	726,264,577
ii Value of gift	**1,938,867**	1,938,867
Total	**1,264,918,970**	728,203,444

i Capital grant represents funds received from the GOJ Universal Access Fund to finance the purchase of equipment for the e-Learning Project for schools and the company's use.

ii Gift represents donation received from the International Telecommunications Union to purchase equipment for the company's use.

10. e-Learning Jamaica Project Fund

	2010 $	2009 $
Balance at beginning of year	**(4,077,179)**	9,883,748
Transactions for year:		
Government grant from Universal Access Fund	**339,672,325**	142,900,000
Interest income	**503,775**	336,653
	340,176,100	143,236,653
Expenditure (Note 15(ii))	**(258,710,659)**	(157,197,580)
Net increase/(decrease) for the year	**81,465,441**	(13,960,927)
Balance at end of year	**77,388,262**	(4,077,179)

The Fund balance is represented by:

	2010 $	2009 $
Intangible assets (Note 4)	**862,326**	995,054
Due from e-Learning Jamaica Company Limited	**-**	-
Foreign exchange losses (net)	**-**	(10,836,142)
Cash and cash equivalents (Note 7)	**76,525,936**	5,763,909
Total	**77,388,262**	(4,077,179)

The e-Learning Jamaica Project is being implemented by the company on behalf of GOJ. (Note 1). Funds received are used to finance approved project activities.

11. Payables and accruals

	2010 $	2009 $
(i) Foreign payables - e-Learning Project (US$1,946,953)	**174,252,249**	605,039,810
Accruals	**12,344,842**	2,535,907
Staff costs	**139,659**	420,607
Accrued vacation	**-**	1,234,904
Statutory deductions	**356,990**	729,566
(ii) Retentions on contracts - e-Learning Project (US$341,101)	**30,528,535**	20,449,907
Total	**217,622,275**	630,410,701

(i) Foreign payables comprise:

Supplier	2010 US$	2010 J$	2009 US$	2009 J$
Dell World Trade	1,303,461	116,659,760	4,296,151	381,584,132
Medianet	292,432	26,172,664	1,402,884	124,604,157
HEART/NTA	154,047	13,787,207	664,485	59,019,557
Carlong Publishers	-	-	165,582	14,706,993
Kingston Bookshop	-	-	70,692	6,278,863
Other foreign Payables	197,013	17,632,618	212,183	18,846,108
Total	1,946,953	174,252,249	6,811,977	605,039,810

(ii) Retentions on contracts represent amounts of ten percent (10%) retained from contractors' fees billed to date, for the defects liability period under their contracts.

12. Government grants

This represents contributions received from the Government of Jamaica (GOJ) to finance capital and general operating expenses of the company, and costs incurred in respect of projects the company manages on behalf of GOJ. (Note 1).

13. Surplus/(deficit) for the year

Surplus/(deficit) for the year is stated after charging:

	2010 $	2009 $
Directors' emoluments -		
Fees	**566,625**	166,500
Executive remuneration (Note 16(ii))	**25,583,000**	25,583,000
Auditors' remuneration	**594,000**	540,000
Depreciation and amortisation	**2,166,919**	2,218,264

14. Taxation

(i) The company is exempt from income tax under Section 12 (b) of the Income Tax Act.

(ii) Taxation recoverable represents withholding tax suffered at source on interest income earned on its savings account.

15. Expenses by nature

(i) Total administrative and other operating expenses:

	2010 $	2009 $
Directors' fees	**566,625**	166,500
Rent, maintenance and parking fees	**3,632,265**	4,448,701
Auditors' remuneration	**594,000**	540,000
Depreciation and amortisation	**2,166,919**	2,218,264
Employee benefits (Note 16(i))	**47,617,689**	46,635,515
Promotion and public education	**6,185,818**	2,460,794
Other expenses	**4,469,554**	2,948,985
Total	**65,232,870**	59,418,759

(ii) Total direct e-Learning Project expenses:

	2010 $	2009 $
Instructional materials	58,487,643	43,194,969
Teacher training	167,606,749	90,217,988
Technology infrastructure in schools	11,078,250	7,607,126
Project evaluation	3,930,597	806,047
Continuous assessment	12,963,216	2,900,000
Remedial	1,180,721	1,635,308
Foreign exchange losses	3,463,483	10,836,142
Total	258,710,659	157,197,580

16. Employee benefits

(i) Staff Costs

	2010 $	2009 $
Salaries and related expenses	38,624,238	38,898,916
Travelling and subsistence	6,692,678	6,407,651
Medical and other staff benefits	2,300,773	1,328,948
Total	47,617,689	46,635,515

The number of permanent employees at year-end was twelve (12), (2009 – twelve (12).

(ii) Key management personnel

Included in staff costs is executive remuneration as follows:

	2010 $	2009 $
Salaries and related expenses	17,848,000	17,848,000
Gratuity	4,462,000	4,462,000
Travelling	3,273,000	3,273,000
Total	25,583,000	25,583,000

17. Commitments

At the end of the reporting period there were commitments totalling US$7,661,196 (2009- US$14,707,978) and J$23,739,552 (2009-J$50,789,866) as follows:

	Foreign Payable Contract 2010 US$	Local Payable Contract 2010 J$	Foreign Payable Contract 2009 US$	Local Payable Contract 2009 J$
Equipment	6,832,112	236,068	11,533,774	236,068
Promotion and public education	-	248,293	-	1,631,475
Instructional materials	232,796	2,372,379	424,559	10,281,589
Technology infrastructure	-	767,194	-	2,386,309
Project evaluation	-	3,337,047	-	7,254,425
Assessment	-	16,778,571	-	29,000,000
Training	596,288	-	2,749,645	-
Total	7,661,196	23,739,552	14,707,998	50,789,866

18. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company through the e-Learning Project is exposed to currency risk due to fluctuations in exchange rates on balances that are denominated in currencies other than the Jamaican Dollar. For transactions denominated in United States Dollars (US$) the company however, maintains a US$ bank account on behalf of the Project in an attempt to minimise this risk.

At the end of the reporting period the Project had net liabilities of approximately US$1,054,394 (2009 - net asset of US$6,978,468 which were subject to foreign exchange rate changes as follows:

Concentrations of currency risk

	2010 US$	2009 US$
Financial assets		
- Cash at bank	**855,038**	63,749
Financial liabilities		
- Payables and accruals	**(2,288,053)**	(7,042,217)
Total	**(1,433,015)**	(6,978,468)

The above asset/(liabilities) are receivable/(payable) by the Project/company in United States Dollars (US$). The exchange rate applicable at balance sheet date was J$89.50 to US$1 (2009 - J$88.82 to US$1).

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result of the Project for the year and the e-Learning Project Fund balance with regards to the Project's financial assets and financial liabilities and US Dollar to Jamaican (JA) Dollar exchange rate. Only movements between the Jamaican Dollar and US Dollar are considered, as these are the two major currencies of the Project.

The sensitivity analysis is based on the Project's Jamaican dollar financial instruments at the end of the reporting period.

Effect of results on operations:

If the JA Dollar weakens by 5% (2009 – 10%) against the US Dollar then this would have the following effect on net results and equity the basis that all other variables remain constant.

	Rate %	Weakens $
2010	5	(6,419,907)
2009	10	(61,966,796)

If the JA Dollar strengthens against the US Dollar by 5% (2009 – 2%) this would have the following impact on net results and equity on the variables remain constant:

	Rate %	Strengthens $
2010	**5**	**6,419,907**
2009	2	12,421,760

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company's cash bank balances are subject to interest rate risk. However, the Company attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The company and project maintains interest-earning bank accounts with a licensed financial institution. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates. (Note 7).

Interest rate sensitivity

Due to the fact that interest earned on the company's interest-earning bank accounts is immaterial, there would be no material impact on the results of the Company's operations as a result of fluctuations in interest rates.

iii Other price risk

Other 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. The company's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

b **Credit risk**

The company faces credit risk in respect of its receivables and cash and bank. However, this risk is controlled by close monitoring of these assets by the company. In addition, cash and cash equivalents are maintained with licensed financial institutions considered to be stable. Savings and current accounts held at commercial banks are insured under the Jamaica Deposit Insurance Scheme (JDIS).

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	2010 $	2009 $
Receivables	756,722	1,776,133
Bank and cash	118,747,114	16,306,583
Total	119,503,836	18,082,716

However, for amounts held with commercial banks a total of $600,000 (2009 - $600,000) is insured under the JDIS at the end of the reporting period.

c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash with a licensed financial institution to meet its liquidity requirements.

The company's financial liabilities comprise payables and accruals. These amounts because of their short-term nature are due within three (3) months after the end of the reporting period.

19. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities recognised at the end of the reporting period may also be categorised as follows:

	2010 $	2009 $
Current assets		
Loans and receivables (including cash and bank balances)		
Receivables	**756,722**	1,776,133
Bank and cash	**118,747,114**	16,306,583
Total	**119,503,836**	18,082,716
Current liabilities		
Financial liabilities measured at amortised cost		
Payables and accruals	**217,622,275**	630,410,701
Total	**217,622,275**	630,410,701

The carrying amounts of the above financial assets and liabilities approximate to fair value.

20. Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to continue as a going concern and to sustain future development of the business. The company receives budgetary support from GOJ through the Universal Access Fund (UAF) to carry out its mandate. The company expects that it will continue to receive support from GOJ to support its operations. The Board of Directors review the financial position of the company at regular meetings.

The company is not subject to any externally imposed capital requirements.

Additional information – Auditors' report

To the Directors of
e-Learning Jamaica Company Limited
On Additional Information

The additional information presented on pages 23 to 26 has been taken from the accounting records of the company and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the company for the year ended March 31, 2010.

In our opinion, the said information is fairly presented in all material respects in relation to the financial statements taken as a whole although it is not necessary for a fair presentation of the state of the company's affairs as at March 31, 2010 or of company's financial performance, changes in equity or of its cash flows for the year then ended.

Mair Russell Grant Thornton

Mair Russell Grant Thornton
Chartered Accountants

Kingston, Jamaica
July 20, 2011

Additional information – Supporting schedule of expenses

	2010 $	2009 $
Administrative and general expenses		
Directors' fees	**566,625**	166,500
Salaries, wages and related expenses	**45,316,916**	45,306,567
Medical and other staff benefits	**2,300,773**	1,328,948
Rent and parking fees	**811,675**	889,555
Maintenance	**2,820,590**	3,559,146
Insurance	**121,232**	145,246
Office expenses	**788,477**	333,104
Conference and seminars	**1,066,766**	68,962
Meeting expenses	**926,102**	662,923
Printing, stationery and software maintenance	**494,309**	840,089
Telephone	**651,610**	586,434
Courier	**104,710**	55,508
Audit fees	**594,000**	540,000
Security	**89,450**	100,048
Bank charges	**231,439**	136,424
Subscriptions	**32,162**	20,247
	56,916,836	54,739,701
Promotion costs		
Promotion and public education	**6,185,818**	2,460,794
	6,185,818	2,460,794
Other operating expenses		
Depreciation	**2,166,919**	2,218,264
	2,166,919	2,218,264

Additional information – Schedule of income and expenditure – e-Learning Jamaica Project

	2010 $	2009 $
Income		
Government grant – Universal Access Fund	**339,672,325**	142,900,000
Interest	**503,775**	336,653
Total income	**340,176,100**	143,236,653
Less: Expenditure		
Instructional Materials		
Materials development and planning	**16,455,312**	12,772,217
Instructional manuals for teachers and students - (TIMS and SIMS)	**20,428,324**	25,562,206
Item bank	**8,315,250**	1,950,730
Lecture series	**7,909,210**	810,911
Materials management	**5,379,547**	2,098,905
Total (Page 25)	**58,487,643**	43,194,969
Teaching training		
Methodology training	**64,514,229**	287,000
ICT Training	**92,145,457**	88,081,755
Teachers' college intervention	**6,724,586**	844,013
Implementation management	**4,222,477**	1,005,220
Total (Page 26)	**167,606,749**	90,217,988
Technology infrastructure in schools		
Schools	**4,291,516**	4,305,726
Central repository	**-**	50,075
Implementation management	**6,786,734**	3,251,325
Total (Page 26)	**11,078,250**	7,607,126
Project evaluation		
Consultant fees	**3,930,597**	806,047
Total	**3,930,597**	806,047
Continuous assessment (Page 26)	**12,963,216**	2,900,000
Remedial (Page 26)	**1,180,721**	1,635,308
Loss on foreign exchange (Page 26)	**3,463,483**	10,836,142
Total expenditure	**258,710,659**	157,197,580
Surplus/(deficit) for year	**81,465,441**	(13,960,927)

Additional information – Schedules of expenses – e-Learning Jamaica Project

	2010 $	2009 $
Instructional materials		
Materials development & planning		
LCMS Consultant	144,756	4,035,047
Subject coordinators/SAGS	16,310,556	8,737,170
Total (Page 23)	16,455,312	12,772,217
Instructional manuals for teachers and students		
Materials, training and installation	64,958	1,144,073
Materials purchased	511,993	2,457,018
Purchase of base materials	476,609	17,992,271
Customisation writing phase I	18,490,442	3,366,683
Content Eval workshops	884,322	87,456
Teacher orientation workshop	-	514,705
Total (Page 23)	20,428,324	25,562,206
Item bank		
Item writing workshop accommodation	43,450	12,500
Item writing meeting	25,000	8,960
Item writing payment	3,707,050	1,082,760
Attendance at workshops	-	56,000
Item review payment	4,539,750	790,510
Total (Page 23)	8,315,250	1,950,730
Lecture series	7,909,210	810,911
Materials management		
Photocopying	2,278,430	968,400
Schools e-Learning Implementation Management Committee Meetings (SEIMC)	1,113,662	282,254
School visits	-	212,687
Implementation management meeting expenses	172,141	110,384
Advertisements	143,916	288,198
Implementation officers	1,671,398	148,497
Amortisation	-	88,485
Total (Page 23)	5,379,547	2,098,905
Grand total (Page 23)	58,487,643	43,194,969

	2010 $	2009 $
Teacher training		
Methodology		
Methodology and integration	64,514,229	-
Procurement costs	-	287,000
Total (Page 24)	64,514,229	287,000
ICT training		
Consultant fees – HEART/NTA Trust	78,391,871	85,544,785
Needs assessment	30,000	341,905
Certification	1,349,779	769,319
Workshops, travelling and subsistence – current year	4,858,988	788,445
– prior year	5,850,000	-
Recognition Function	1,664,819	637,301
Total (Page 24)	92,145,457	88,081,755
Teachers' college intervention	6,724,586	844,013
Implementation management		
Photocopying, printing and stationery	1,178,801	553,010
Teacher training meetings and workshops	328,725	48,368
Procurement - Implementation officers and advertisement	1,752,634	148,497
SEIMC	910,230	126,826
School visits	52,087	40,034
Amortisation	-	88,485
Total (Page 24)	4,222,477	1,005,220
Grand total (Page 24)	167,606,749	90,217,988
Technology infrastructure		
Schools		
Infrastructure building works	1,619,116	1,138,769
Software Microsoft licence	2,672,400	2,904,289
Classroom/computer equipment	-	262,668
Total (Page 24)	4,291,516	4,305,726
Central repository	-	50,075
Implementation management		
Photocopying, printing and stationery	1,812,042	1,421,652
Advertisements	59,004	598,367
Technology Infrastructure meetings	145,859	95,940
School visits	1,370,609	510,648
SEIMC	1,678,428	334,875
Implementation officers	1,588,064	201,358
Amortisation	132,728	88,485
Total (Page 24)	6,786,734	3,251,325
Grand total (Page 24)	11,078,250	7,607,126
Continuous assessment		
Consultant fees	12,963,216	2,900,000
Total (Page 24)	12,963,216	2,900,000
Remedial		
Procurement costs	18,282	185,986
Consultant fees	1,145,059	1,369,925
Meeting expenses	17,380	79,397
Total (Page 24)	1,180,721	1,635,308

Loss on foreign exchange

Loss on foreign exchange for the current year primarily represents loss arising on the translation of balance of the US$ savings account at the closing exchange rate of J$89.50 to US$1.

Mair Russell
Grant Thornton