



**Bureau Telecommunications
and Post St. Maarten**

FINANCIAL STATEMENTS

December 31, 2018

Expressed in Antillean Guilders



FOR THE YEAR ENDED 31 DECEMBER 2018

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 3
Director's Report	4 - 14
FINANCIAL STATEMENTS	
Statement of financial position	15
Statement of operations	16
Statement of changes in net assets	17
Statement of cash flows	18
Notes to the financial statements	19 - 56

INDEPENDENT AUDITOR'S REPORT

To: The minister of Tourism, Economic Affairs,
Traffic and Telecommunication,
Mr. Roger Lawrence
Soualiga Road 1
Sint Maarten

Report on the audit of the 2018 financial statements of Bureau Telecommunications and Post Sint Maarten

Our opinion

We were engaged – pursuant to article 19, sub 3 of the "Landsverordening Bureau Telecommunicatie en Post" (AB 2013 GT no 466) – to audit the 2018 financial statements of Bureau Telecommunications and Post Sint Maarten ("the Bureau"), Cannegieter Street 15 - Unit 5.1, Philipsburg, Sint Maarten.

In our opinion, the accompanying financial statements 2018 are prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the entity, as set out in notes (reference hereby made to the contents of page 21 up to and including 27) of the 2018 financial statements of the Bureau.

The financial statements comprise:

1. the statement of financial position as at 31 December 2018;
2. the statement of operations for 2018;
3. the statement of changes in net assets;
4. the statement of cashflows; and
5. the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with the Dutch Standards of Auditing. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities' section of this report.

We are independent of the Bureau in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Description of responsibilities regarding the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of the financial statements in accordance with the accounting principles as set out in the notes and for the preparation of the management board report, both in accordance with the "Landsverordening Bureau Telecommunicatie en Post" (AB 2013 GT no 466). Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. As part of the preparation of the financial statements, management is responsible for assessing the Bureau's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Bureau or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Bureau's ability to continue as a going concern in the financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Dutch Standards on Auditing. This requires 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 are based on the auditor's 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 Bureau'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 Bureau's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Going-concern and COVID-19

We draw your attention to the note in paragraph 24.2a "Subsequent events – Coronavirus (Covid-19)" in the financial statements which describes the recent developments and the financial consequences of the coronavirus ("COVID-19"). An impact analysis has been carried out by the management of the Bureau to estimate the possible financial consequences. The analysis carried out and the aforementioned explanatory notes in the financial statements show that, despite the current uncertainties, COVID-19 did not trigger any direct material adverse impact on het Bureau's financial performance, cash flows and condition.

Based on our audit procedures and audit evidence gathered we are of the opinion that, considering the uncertainties at the time of issuance of this auditors' report, the Bureau adequately discloses the current situation in the notes to the financial statement and rightfully prepares the financial statements on the basis of going concern assumption. Our opinion is not modified in respect of this matter.

Philipsburg, October 28, 2021

On behalf of

Stichting Overheidsaccountantsbureau,



R.E. Faneyte RA CFE CICA
Managing Director

Initial for identification purposes:



SOAB | We know government.

Director's Report

For the year ended 31 December 2018

This is the annual report of the Director of the Bureau Telecommunications and Post (hereinafter referred to as "The Bureau or BTP") that embodies a discussion and analysis from management's view of the operations, industry, financial condition, performance and cash flows of the Bureau for the year then ended 31 December 2018. The following disclosures and associated financial statements are presented in accordance with generally accepted accounting principles in Sint Maarten and as prescribed by the Supervisory Board. The annual report should be read in conjunction with the information disclosed within the financial statements and notes thereto for the year then ended 31 December 2018. This report is prepared as at 26 October 2021 (unless otherwise stated). All amounts are stated in Antillean Guilders unless otherwise indicated.

Our Vision and Mission remain unchanged as follows;

Mission

Our mission is to serve the general interest of the public ensuring a safe and sound environment in which operators can be viable and are supported in the development-and-maintenance of good supporting infrastructure. An infrastructure essential for the introduction of technology and services in support of the overall development of all citizens of Sint Maarten. One in which, the industries shall be regulated, innovations stimulated, concerted cooperation with stakeholders, and policies developed to achieve and maintain a competitive environment.

Vision

The Bureau recognizes the importance of, and the need for, a telecommunications environment that will stimulate the continued introduction of new technologies and services through state-of-the-art facilities; equipped to support the economic development of Sint Maarten and its citizenry. Having such an infrastructure will not solely serve to enhance the quality of life on Sint Maarten, but shall also enhance the overall business viability within the industry, even in a small economy of scale as ours. The geographical location of Sint Maarten and its demographics present the potential for Sint Maarten to position and establish itself as a leading telecommunications Hub in the region. In doing so, the hub positioning would enable service offerings that exceed national borders, and resulting in increased viability of businesses on Sint Maarten.

Director's Report

Overview and strategy

As envisioned by the Government of Sint Maarten to develop a competitive and supportive next-generation-network environment that will attract investments for further growth, universal access to all, establishment and promotion of E-Commerce, health, education, training, research and development of information and communication technologies; we are at the forefront championing this vision. We will continue to demonstrate leadership in the establishment of Sint Maarten as a regional telecommunications and post hub, serving as the connecting link between the Caribbean and North America.

The vast development of information technology and telecommunications over the years on Sint Maarten are indicative of our capabilities as being equipped to serve a much broader market than ours. Our telecommunications policy was the first set of policies enacted for the Country of Sint Maarten, and as such, serves as the basis for a competitive consumer-and-provider-friendly environment. One in which, enhancing the quality of life through not only telecommunications, but also through post and utilities is the ultimate goal!

Industry and economic Perspective

The Bureau acknowledges the need to remain up to date with industry standards and innovation to empower the successful execution of strategies and realization of the overarching vision. To that effect, we are poised on the following industry developments;

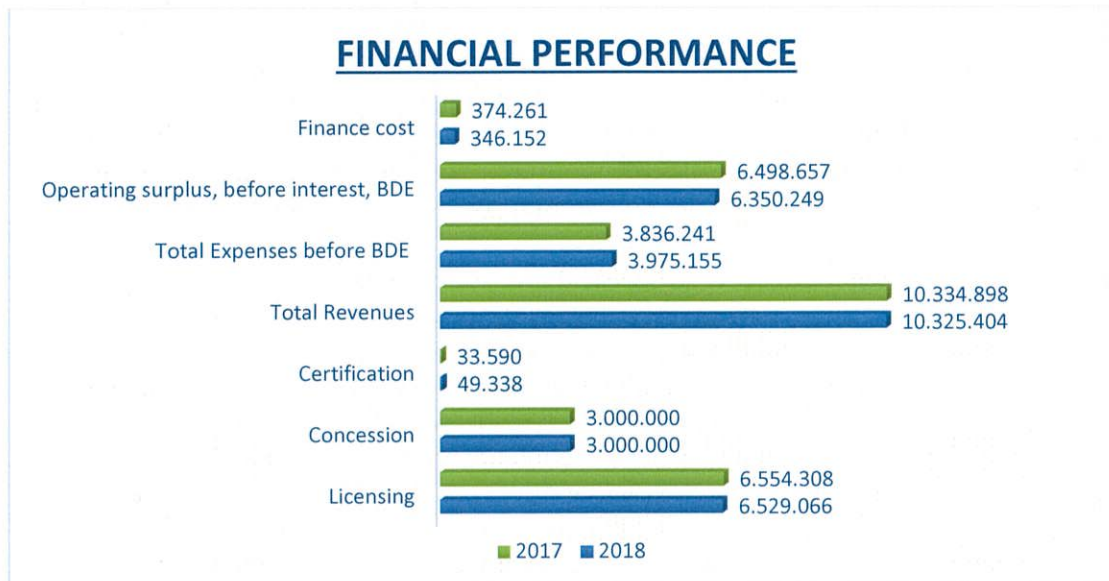
- Fiber optic to the home projects
- Net neutrality
- Big data control and regulations
- Cyber Security and Resilience
- E-waste policies
- Robotic process automation (RPA)
- Mergers and consolidations in the industry
- Teleco's investment in technology companies
- 5G and 4G LTE deployment
- Internet-of-Things (IoT) and Machine-to-Machine communications
- Total quality improvement
- Obligatory internet access post Covid-19

In continuance of the industry developments, we remain alerted of the current economic climate in our Country and the region that's further exacerbated by the ongoing global covid-19 pandemic. These underlying economic shocks have stricken the successful achievement of research and development projects. As such, emphasis is given to lean-forecasting and scenario planning to ensure resource maximization and the realization of overarching technological advancements for the Bureau and Sint Maarten as a whole. Demand for improved telecommunications and technological advancements have heightened over the past eighteen months and we remain mindful of such need on a national level. However, we must not forget or ignore the fact that, economically we are operating in a soft market that negatively affects our operations and that of the stakeholders. Hence, our drive to ensure proper infrastructure, regulations and networks to strengthen the service capacity of industry operators and the consequential economic benefits for all. Finding a balanced situation wherein all players are operating at a position of economic sustainability remains a constant struggle for the regulator, operators and government.

Director's Report

FINANCIAL PERSPECTIVE

Results of operations and key performance indicators for the year then ended 31 December 2018 and comparative 2017, are as follows (in Antillean Guilders):



*BDE = bad debt expense



Director's Report

FINANCIAL PERSPECTIVE (CONTINUED)

Trend and Ratio Analysis

Liquidity

- **Current ratio:** was 6.4x and 3.3x for the years ended 2018 and 2017, respectively. The significant increase in liquid assets was substantially due to TELEM's settlement agreements (2021 and 2020) which rendered doubtful receivables now collectible. Additionally, current liabilities favorably decreased due to settlement of retro-pension liability, giving rise to a healthy liquidity position that enables the BTP to meet its current obligations as they come due.
- **Accounts receivable turnover (excluding rental and other income):** was 0.6x and 0.8x for the years ended 2018 and 2017, respectively. This is further testament to the sharp increase experienced in receivables due to transferred amounts from TELEM's doubtful to collectible accounts. This situation severely increased receivables with the matching deteriorated effect on AR turnover for the years ended 2018 and 2017. Collections further slowed down by 0.2x over the year 2018 due to the ANG 3.3M increase in collectible AR of TELEM. Subsequently, collections improved superbly as a direct result of TELEM'S settlement agreements of the years 2021 and 2020 (see FS note 5) which gave rise to significant increased collections on stale-dated receivables. As a direct consequence thereof, AR turnover for the year ended 2020 onto 2021 increased favorably with equal impact on cash and cash equivalents. Noteworthy, the quality of receivables at year-end 2018 and 2017 materially improved as TELEM's portion accounted for 37% and 24% of the aging population, respectively. Thus, although days in sales slowed down significantly by 130 days (2018: 564 and 2017: 434), this negative Y/Y change had little adverse impact on the subsequent liquidity and going concern of the BTP.
- **Working capital per day:** was ANG 24,604 and ANG 15,024 for the years ended 2018 and 2017, respectively. Therefore, this further supports the above assertions on liquid assets such as collectability of TELEM's sharp increase in AR of ANG 3.3M, in addition to the 25% or ANG 571K increase in cash available to cover current liabilities as they come due. This further strongly supports the going concern assumption.

Solvency

- **Total debt-to-net assets:** was 0.4x and 0.7x for the years ended 2018 and 2017, respectively. This indicates that the Bureau was less leveraged by 0.3x basis points compared to prior year. An increased solvency position to service long-term obligations as they come due and support of the going concern.

Profitability

- **Licensing % of total revenues:** was consistent at 63% for the years ended 2018 and 2017. This demonstrates continued strength and consistency in regulatory activities over Operators, and the Bureau's effective monitoring and billing activities over spectrum usage.
- **Concession % of total revenues:** was consistent at 29% for the years ended 2018 and 2017, as issued and outstanding concessions remained unchanged over the fiscal year 2018.

Director's Report

FINANCIAL PERSPECTIVE (CONTINUED)

Trend and Ratio Analysis

Profitability

- **Operating margin (before other expenses and BDE):** decreased by 1% Y/Y (year-on-year), (2018: 62% and 2017: 63%). Significant highlights of operating margin components were as follows;
 - Legal and professional: decreased by -27% or ANG -183K due to significant downside contract modifications for legal retainers, and retirement of an outsourced labor agreement. Personnel: remuneration increased by 10% or 154K (see FS note nr.17), General and administrative: increased by 24% or ANG 186K due to increased foreign exchange losses by ANG 13K for non-recurring USD to ANG transfers, increased network support by ANG 38K for a one-off network training, increased ESF committee setup and operations expense by ANG 43K to be compliant with the issued mandate, and increased travel & lodging at ANG 98K to reconvene representation and participation in sector events and conferences. These were the main attributors to the 1% decreased.
- **Bad debts:** increased substantially by 466% or ANG 1.16M due to the non-recurring significant recovery of TELEM's ANG 2.1M in 2017 whereas no similar transactions occurred in 2018.
- **Restoration gain (Disaster loss):** the gain was ANG 1.042M (disaster loss of 2017 was ANG 1.6M) realized from use of insurance benefits to replace damaged assets over the year 2018. Reserved rights to insurance coverage hedged 2017 disaster loss by ANG 1.2M with the remainder ANG 0.4M on the account of the Bureau. This one-time non-operating loss was due to the unprecedented year of the super catastrophic hurricanes Irma and Maria.
- **Return-on-assets (ROA):** was 28% and 33% for the years ended 2018 and 2017, respectively; hence a -5% decrease of the Bureau's ability to efficiently generate profits from invested assets. However, this decline can be attributed to the foregoing discussion over the significant changes in net operating margin over the fiscal year 2018. Moreover, whilst ROA is normally a good indicator of management's stewardship over entrusted resources, one must remember that this was the follow-up year of the unprecedented 2017 year of unusual events and transactions that consequently resulted in several unusual transactions in current year. For example, TELEM's settlement agreement significantly increased receivables, i.e., total assets so this will decrease ROA as EBIT before bad debts is the income level used in this calculation of ROA.
- **Quality of earnings (QOE):** is an index used to measure whether the net result for the year is a fair view of cash flows generated from operations. QOE ratio was 47% and 18% for the years ended 2018 and 2017, vastly due to the normalizing effect of the bad debts expense in absence of TELEM's non-recurring recovery of 2017, and disaster related one-off transactions on net results. The positive QOE ratio is indicative of operational sustainability, efficiency in generating positive cash flows and continued realization of the going concern assumption.

Director's Report

OPERATIONAL PERSPECTIVE

- **Technical events and activities** – major technical activities carried out during 2018 were as follows;
 - 1) Spectrum monitoring – as the Bureau's ongoing responsibility our technical department continued their oversight and monitoring of spectrum usage in Sint Maarten over the year 2018. Our technicians continuously perform various site inspections on Sint Maarten to ensure the quality of the country's telecom infrastructure. These inspections enable our technical team to measure and capture valuable data which are instrumental in the ongoing spectrum management duties of the BTP. For example, data collected enables the Bureau to advance its assessment of operators and their compliance to spectrum allocation plans of Dutch Sint Maarten, as well as compliance with the spectrum coordination agreement signed by Anguilla, French Saint Martin, Saba and Sint Eustatius (represented by the Netherlands) and Dutch Sint Maarten. All the spectrum monitoring activities were essential post Hurricane Irma as a lot of network reconstruction was taking place in 2018 for many license and concession holders.
 - 2) BTP has always been a proponent of "Infrastructure sharing" in the Telecom industry as outlined in an official publication by BTP on 13th February 2017. Infrastructure sharing is the mechanism of sharing passive and/or active telecom infrastructure amongst telecom service providers to decrease costs (CAPEX and OPEX), improve the quality of service, increase coverage, and potentially lower retail prices whilst having a positive environmental impact due to less duplication of infrastructure.

The underlying benefits of the One Infrastructure network remains limitless, to name a few, superfast internet, more reliable (mobile) phone services, state of the art TV solutions, and affordable rates for telecommunications and TV services are amongst the many advantages to be enjoyed in our society. At the BTP, we do believe that we can achieve this One Infrastructure system with the buy-in of all stakeholders whereby making the interest of the country of Sint Maarten and the end-users the highest priority.

- **License and Certification disbursements were as follows:**

<u>Item</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Mobile	3	2	1
VHF	40	45	(5)
Amateur radio	--	5	(5)
Type approval	181	94	87
Air to ground	--	--	--

- **Spectrum Quality** – In principle the quality of the spectrum is constant (good/clean), but if the user of the spectrum causes unwanted interference or intrusion, then the quality diminishes. Hence, the critical purpose of the Bureau's continued monitoring activities to ensure the best quality is maintained. For the year ended 2018 no major spectrum quality issues were recorded.

Director's Report

OPERATIONAL PERSPECTIVE (CONTINUED)

- **Consumer Satisfaction** – is measured from a Regulator's perspective on the quality of the product that is delivered to the consumer (QoS) and their quality of experience (QOE) therewith. If an escalated complaint is filed with the Bureau (in accordance with the complaint policy) regarding a particular Telecom service, then an investigation is launched to identify the root-cause with reference to the issued license, and industry standards. Thereafter, corrective actions will pursue any infringements identified. No customer issues were recorded for the year ended 2018.

To ensure customer satisfaction: the BTP purchased advanced measurement probes (equipment) to effectively measure the quality of telecommunication services as provided by Sint Maarten's telecommunications Operators. The objective is to obtain actual performance data of the networks from the consumers' perspective. The equipment has extensive control capabilities that will allow BTP as the regulator to collect valuable data on mobile and fixed telecom networks on Sint Maarten. Attributes are parameters such as network availability, coverage area, connectivity, throughput, measurement of download and upload speeds with military precision, and a tailor-made software solution for the use of storing and analyzing data. During 2018, there was a mechanical malfunction with all the monitoring probes. These were all returned to the supplier. Based on the aforementioned the QoS & QoE measurement project has been temporarily halted.

- **Corporate Social Responsibility** – amongst others the following were undertaken during the year;

Donations and outreach: During the year 2018, focus was given to cultural and physical health for the youth. BTP made donations to the carnival development foundation and several carnival troupes, this in an effort to enhance the cultural celebrations for the year 2018.

Donations were also made to the Physical Education program for Grads, wherein special attention is given to the physical health of the teens on island and organized professional physical programs were created to encourage better health amongst teens on the island.

Environment: As it relates to our environment, the Bureau has been engaged in a regional E-Waste program. The objective is to raise awareness amongst telecom providers in the Caribbean region regarding the global Electronic Waste problem, and to assist them in finding sound solutions for the collection and disposal of end of life (EoL) mobile phones. E-waste is harmful to the environment thus a permanent solution is eminent, especially with the rate of smart phone and/or handheld device development in our new age. Moving forward we will continue to work on a policy framework where E-Waste is concern.

Director's Report

OPERATIONAL PERSPECTIVE (CONTINUED)

- **Operational Constraints** – the successful realization of many projects have experienced bottlenecks due to frequent change in Governing bodies, and with that being said, we anticipate the longevity of the current government administration. The past instability of the Country's governing system has hindered the Bureau's long-term vision and realization of goals as it relates to Telecom Industry. Such goals as establishing the national network into a "One Infrastructure" has been affected, as far as the required approvals, and inputs from the Executive Body.
- **Regulations** – with the added utilities mandate issued to the Bureau, we will continue the studies in this sector to realize an improved regulatory environment in which desired performance will be enjoyed in the Country of Sint Maarten.

Reconstruction of telecommunications mast - the BTP has working collaboration with the department of VROMI to provide advisory on request by service-providers for new building permit of antenna-mast.

- **Developments and Projects** - the Bureau is currently occupied with the following ongoing projects;
 - Cyber security
 - Execution of energy regulations of the SOW for utilities as mandated
 - One infrastructure MOU between stakeholders
 - Update LTV with internet service billing
 - Rate sheet review
 - Development of xRM Tool
- **Network Sharing Agreement** – On 20 June 2018, BTP (the Telecom Regulator of country Sint Maarten) met with management of the Telem Group of Companies, and UTS to coordinate telecom recovery efforts in the event Sint Maarten sustains a natural disaster in the future. Key matters considered were, the telecom infrastructure, network resilience, and the availability of communication services in the immediate aftermath of a disaster. Having experienced the aftermath of hurricanes Irma and Maria, the operators agree that there is a greater good in working together to ensure service continuity where customers of TELCELL can gain connectivity via UTS network, and vice-versa when necessary.
- **Government of Sint Maarten Cyber Attack** – On 2 April 2018, a cyberattack paralyzed the Government of Sint Maarten's Information and Communications Technology system (ICT) causing closure of public services and a serious threat to the underlying information assets. This recent occurrence remains at the forefront of BTPSXM's concerns and we will continue to explore preventative measures. As one can imagine, inaction is unwarranted as Cybercrime is a fast-growing area of crime whereby criminals conduct illegal activities by utilizing ICT networks or the internet. Common types of cybercrime include hacking, online scams, identity theft, and attacks on computer or network systems. The Bureau will continue collaboration with different stakeholders to provide assistance in implementing policies that can prevent cybercrime and safeguarding of any vulnerable infrastructure. In a move towards an established cyber security policy, on the 23rd of August 2018, BTP submitted to the Minister of TEATT the preliminary findings of the first phase of the "cyber security strategic road map" soliciting stakeholder input and action.

Director's Report

KEY SUBSEQUENT EVENTS

- One of the top priorities of the Bureau is to establish a national Cyber Emergency Response Team (CERT) on behalf of the Government when agreement is achieved. The CERT will be tasked with the prevention of cyber related incidents, mitigating activities in face of incurrence, collection of useful data, execution of forensic analysis and network penetration testing to evaluate the security of an ICT infrastructure. Another important task of the CERT will be creating awareness as it relates to Cybercrime and the associated Security. In 2021 BTP contracted Caribbean Cyber Security Center to assist the bureau with the Security Policy Development, to conduct an Enterprise Risk Assessment for BTP and to conduct an Information Security Awareness training for the staff at BTP.
- **COVID-19** - the novel coronavirus has triggered a series of unfolding events since its outbreak and continues to cripple economies and our way of life. The outbreak sequenced as the discovery of the China-Wuhan outbreak (8th December 2019), the WHO declared public health emergency (30th January 2020), effects of covid-19 first felt on our shores (March 2020), local containment efforts and government relief packages are still ongoing (18th March 2021). As of reporting date, covid-19 remains an ongoing pandemic and the reliance on telecommunications and postal services are more relevant today than ever. We remain on high alert as it relates to the needs of our society and how can we satisfy those needs with resources at our disposal as regulator.

On the 1st May 2020, as head of the ESF 2 (Emergency Support Functions), the BTP executed an assessment within the telecommunication sector to learn more about the measures taken by the service providers to mitigate the effects of COVID-19. The main objective of this COVID-19 assessment was to support the EOC (Emergency Operations Centre) in its de-escalation approach for the country of Sint Maarten. Respondents to the BTP's assessment were those that are providing essential telecom services within our community and/or cater to a large number of subscribers.

Financial statements impact: see financial statements note No.1 (going-concern disclosure) and note No.24.2(a).

- **Utilization BTP building lease spaces/cancelled contracts** – on 18th March 2021, the BTP was informed by the Minister of TEATT that in accordance with the lease confirmation dated 13th July 2012, the Division of Inspection at the Ministry of Education, Culture, Youth & Sport has been assigned the 4th floor of the Leah Building Complex to use as their office spaces. During the course of 2020 several high risk agreements were cancelled. These were cancelled either by default, discontinued or modified. The lease of the first floor office space fell into this category along with the following entities; 1)ACTIS, 2) Curtis White, 3)Carl Critchlow (Building Maint & 1st floor lease and 4) The Law Firm/ Duncan Brandon and Hoeve.

Directors Report

KEY SUBSEQUENT EVENTS

- **Development of xRM Tool:** BTP SXM awarded a contract to IT company Computech for the development of an xRM tool with tailor-made, fully functioning integrated Document Management System. This program is also to include a workflow tool and ready- to – use management dashboard. The main objective of the xRM is to improve information accessing time, improve efficiency and productivity, ensure document security, worldwide information access option, reduction in paper footprint, improved document flow reporting and electronic management approval options.
- **Emergency Communications Seminar:** In 2018 a training geared towards members of the Emergency Operations Center (EOC) and their supporting staff. The Caribbean Disaster Emergency Management (CDEMA) were the keynote speakers and FCC officials were among presenters.
- **Network Migration:** In 2020 BTP purchased new file servers as the previous servers were at the end of their life and could no longer be supported. The actual migration was executed on July 22nd, 2021. The migration project has enabled the Bureau to operate efficiently and effectively again.

FORWARD-LOOKING STATEMENTS

- **Partnerships in the Industry** – the Bureau has working relations with PUC Anguilla, ANFR France (Saint Martin) and Agentschap telecom of the Netherlands with its responsibility to oversee Saba and St. Eustatius. Wherein parties have agreed on frequency management in the hope to avoid interferences on the different Service Providers in the industry. The frequency coordination meeting is held annually. Collaboration amongst those regulators in the region continue to be consistent in soliciting the experience and best practices from each other.

We look-forward to continued participation in workshops such as CANTO, to strengthen our knowledge and coordination within the region. These sector workshops normally comprise, c-level telecom executives, regulators, government officials and suppliers from across the region; participating in workshops on a variety of projects aimed at continued improvements within telecom services in our region. Main topics at discussions are usually, Corporate Social Responsibility, E-Waste and Mobile Handheld Disposal in the Caribbean, Cyber Security, Internet-of-Things (IoT), regional Broadband Development and business after Covid-19.

- **Governance and Management** – a new Supervisory Board of Directors for the Bureau was installed on 1st October 2017 and served until 31st October 2020. We are thankful for the contribution enjoyed from the last sitting Supervisory Board and look forward to the installment of the new incoming Board in the near future. On the 28th March 2020, the Jacobs II cabinet was sworn into office with the new Minister of TEAT having direct influence over the Bureau’s ongoing and future developments. As per reporting date there is still no supervisory board appointed to BTP.

Director's Report

FORWARD-LOOKING STATEMENTS

- **Good Corporate Citizenship Practices** – the Bureau have always participated in activities that positively impact our community, with the objective to contribute to the social- and cultural development of Sint Maarten, which is part of our Corporate Social Responsibility (CSR). We have established an annual donation budget to assist schools, cultural centers, sports institutions, youth initiatives and cultural activities. Amongst these activities is our annual support to the carnival foundation, art saves lives foundation, Lions Club St. Maarten, Toastmasters SXM, SXM Doet.
- **Stakeholders' involvement** – “Sector Development” is an important task of the regulatory authority. Over the past years, we have organized numerous events and seminars to promote technology and accelerate broadband development. In 2018, BTP hosted an informative session on General Data Protection (GDPR) for all stakeholders. The General Data Protection Regulation, or GDPR (EU regulation 2016/679), is a regulation in the EU that was approved by the European Union on April 14th, 2016 and set to come into effect on May 25th, 2018. The GDPR is a wide-ranging piece of legislation passed relating to technology and the internet. BTP recognized the importance of creating more awareness about this new legislation. An awareness campaign was also launched on St. Maarten to ensure that all concerned parties were sensitized on this topic. Moving into the foreseeable future we will continue on this path of Stakeholders development as it directly impacts the level of knowledge and competitiveness of the Country of Sint Maarten in relation to our region and the world.
- **Participation CAP:** Common Alerting Protocol (CAP) training program hosted by the Gov. of St. Maarten was held to educate all EOC members on the international standard format for emergency alerting and public warning. This system is applicable to all hazards.
- **Establishment of a Disaster Plan 2018:** On the heels of the passing of hurricane Irma, BTP allocated additional resources to the establishment of a disaster plan that would fall in line with the “Landsbesluit houdende algemene maatregelen tot vaststelling van het rampenplan Sint Maarten”. The Disaster Plan that was developed by BTP in 2018 focused on communication with the key stakeholders in the Telecommunication and Postal Sector, and that there are proper means of communication for all ESF groups, in the event of an emergency situation.
- **New Website BTP -** In 2018 BTP took the initiative to build a new company website. The objectives of this new website upgrade were:
 - ✓ Upgraded web design at a world class level,
 - ✓ Upgraded imagery of the BTP and fortifying the entity's credibility,
 - ✓ Enhanced user friendly and easier navigation,
 - ✓ Universal access with all devices,
 - ✓ Administrative editing possibilities with password restrictions, and
 - ✓ Visitors' ease of flow with good search engine optimization (SEO)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(Stated in Antillean Guilders)**

<u>ASSETS</u>	Notes	December 31,	
		2018	2017
NON-CURRENT ASSETS			
Capital assets, net	(3)	6,982,424	6,332,796
Investment Property, net	(3)	4,972,484	5,102,477
Work-in-progress	(15)	66,240	250,892
Total non-current assets		<u>12,021,148</u>	<u>11,686,165</u>
CURRENT ASSETS			
Prepayments and other current assets	(4)	271,166	132,551
Trade receivables, net	(5&6)	7,084,215	3,923,934
Insurance settlement receivable	(22.1)	--	1,152,000
Time deposit held	(7)	451,945	451,493
Cash and cash equivalents	(8)	2,826,676	2,255,565
Total current assets		<u>10,634,002</u>	<u>7,915,543</u>
TOTAL ASSETS		<u>22,655,150</u>	<u>19,601,708</u>
<u>NET ASSETS AND LIABILITIES</u>			
NET ASSETS			
Attributable to government	(9)	14,493,059	9,749,458
Operational reserve fund	(10)	1,080,000	1,080,000
Investment reserve fund	(10)	816,635	816,635
Total net assets		<u>16,389,694</u>	<u>11,646,093</u>
NON-CURRENT LIABILITIES			
Asset restoration obligation – long term	(14)	278,603	396,844
Long-term debt	(11)	4,333,283	5,126,948
Total non-current liabilities		<u>4,611,886</u>	<u>5,523,792</u>
CURRENT LIABILITIES			
Current portion of long-term debt	(11)	709,298	679,133
Asset restoration obligation – short term	(14)	90,000	647,492
Payroll liabilities	(12)	230,804	494,314
Trade payables and accruals	(13)	623,468	610,884
Total current liabilities		<u>1,653,570</u>	<u>2,431,823</u>
TOTAL NET ASSETS AND LIABILITIES		<u>22,655,150</u>	<u>19,601,708</u>

- See auditor's report and accompanying notes to the financial statements -

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

	Notes	January 1 - December 31, 2018	2017
<u>REVENUES</u>			
Licensing		6,529,066	6,554,308
Concession		3,000,000	3,000,000
Certification		49,338	33,590
Numbering		99,000	99,000
Lease income		648,000	648,000
Net revenues	(16)	10,325,404	10,334,898
<u>OPERATING EXPENSES</u>			
Personnel	(17)	1,741,032	1,586,984
Housing	(18)	263,216	263,940
Legal and Professional	(19)	497,956	681,332
Insurance	(20)	112,119	121,139
General and administrative	(21)	956,699	770,540
Depreciation	(3)	404,133	412,306
Bad debts expense (recovery)	(6)	1,159,317	(316,882)
Total operating expenses		5,134,472	3,519,359
Operating income		5,190,932	6,815,539
<u>OTHER INCOME (EXPENSE)</u>			
Other income (expense)		451	(3,547)
Gain (loss) on assets disposal		1,029	(5,176)
Finance cost		(346,152)	(374,261)
Impairment loss		(436,927)	--
Restoration gain (disaster loss)		1,042,142	(1,635,230)
Total other expense	(22)	260,543	(2,018,214)
Net result for the year		5,451,475	4,797,325

- See auditor's report and accompanying notes to the financial statements -

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

	Attributable to Government	Operational Reserve Fund	Investment Reserve Fund	Net Assets
Balance as at December 31, 2016	7,082,304	1,080,000	816,635	8,978,939
Paid to Government	(1,450,000)	--	--	(1,450,000)
Payments on behalf of Government	(97,772)	--	--	(97,772)
Lease receivable from Government	(648,000)	--	--	(648,000)
Adjustment for prior years AR	65,601	--	--	65,601
Provision for reserve funds	--	--	--	--
Net result for the year	4,797,325	--	--	4,797,325
Balance as at December 31, 2017	9,749,458	1,080,000	816,635	11,646,093
Paid to Government	--	--	--	--
Payments on behalf of Government	(101,256)	--	--	(101,256)
Lease receivable from Government	(648,000)	--	--	(648,000)
Adjustment for prior years AP	41,382	--	--	41,382
Provision for reserve funds	--	--	--	--
Net result for the year	5,451,475	--	--	5,451,475
Balance as at December 31, 2018	14,493,059	1,080,000	816,635	16,389,694

- See auditor's report and accompanying notes to the financial statements -

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

	January 1 - December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net result for the year	5,451,475	4,797,325
Adjustments made to reconcile net result to net cash used in operating activities:		
Depreciation and amortization	404,133	412,306
Bad debt expense (recovery)	1,159,317	(316,882)
(Gain) loss on assets disposal	(1,029)	5,176
Impairment loss	436,927	1,628,930
Changes in net working capital items:		
(Increase) in trade and other receivables, net	(4,319,599)	(3,116,141)
(Increase) Decrease in prepayments and other current assets	(138,615)	47,064
(Decrease) in attributable to Government	(707,874)	(2,130,171)
(Decrease) Increase in assets restoration obligation	(675,733)	1,044,336
Decrease (Increase) in insurance settlement receivable, net	1,152,000	(1,152,000)
(Decrease) in payroll liabilities	(263,510)	(514,334)
Increase in trade payables and accruals	12,583	114,309
Increase in current portion of long-term debt	30,165	20,430
Net cash provided by operating activities	2,540,240	840,348
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term investments	(451)	(451)
Divestment (Investment) in work-in-progress	184,652	(250,892)
Proceeds from assets disposal	6,075	9,000
Acquisition of capital assets	(1,365,740)	(146,371)
Net cash (used in) investing activities	(1,175,464)	(388,714)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(793,665)	(329,031)
Net cash (used in) financing activities	(793,665)	(329,031)
Net increase in cash and cash equivalents	571,111	122,603
Cash and cash equivalents, beginning of year	2,255,565	2,132,962
Cash and cash equivalents, end of year	2,826,676	2,255,565

- See auditor's report and accompanying notes to the financial statements -

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

1. GENERAL

Bureau Telecommunication and Post (hereafter referred to as “the Bureau or BTP”) principal activity is to carry out telecommunication and post regulatory activities on the island of Sint Maarten. The Bureau has the following responsibilities:

- a) The development of policy framework on telecommunications and post.
- b) Implementing and executing policy framework established by the Minister of telecommunications and post.
- c) The preparation of the national laws and regulations, relating to telecommunications and post.
- d) The provision of, at, or under ordinance by executive work in the field of telecommunications and post, and
- e) Being it, as necessary as instructed by the Council of Ministers representing Sint Maarten’s interests in respect of telecommunications and post in kingdom, regional, and international context.
- f) Advising the Minister, and other requested members of the Council of Ministers, in respect of the matters listed above.
- g) The request to advise or provide services, on behalf of government and third parties, on matters relating to telecommunications and postal activities.
- h) Carry out other proceedings instructed by the Minister.
- i) Performing others, by or under, Ordinance instructed through progress of works.

Control:

As per article 16, accountability and control, of the national ordinance BTP (in Dutch: Landsverordening BTP) states that the Director is accountable to the Minister; therefore, sets out the premise of control over the BTP.

Control is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities.

Those Charged with Governance:

The Supervisory Board: as per article 8, Supervisory Board Composition, of the national ordinance BTP (in Dutch: Landsverordening BTP) states, the Supervisory Board (SBOD) shall be composed of at least three and not more than five members, including one Chairman. The members of the SBOD shall be appointed, suspended, and dismissed by act of a national decree (in Dutch: Landsbesluit).

The members shall elect a chairman and deputy chairman from among their members. This choice will be communicated to the Minister. The members of the SBOD shall be appointed for a term of office of three years and a member may be reappointed once for a maximum period of three years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

Those Charged with Governance (continued):

Per Lv.BTP, art.9, the composition of the SBOD must bring together knowledge and experience in the field of telecommunications, postal services, economics, law and accountancy, as well as of Sint Maarten's society. Moreover, per Lv.BTP, art.10, only residents of Sint Maarten who are of unspoken conduct may be appointed as members of the SBOD. Whether a person is of unspoken conduct is assessed on the basis of the judicial information obtained in compliance with the provisions of, or pursuant to, the National Ordinance, containing provisions on judicial documentation and certificates of conduct.

Mandate for the utility sector:

As per publication in the National Gazette of 1 September 2017, BTP was tasked with the necessary studies for the regulation of the utility sector.

Basis of preparation:

The financial statements of the Bureau Telecommunications and Post are based on accounting principles which are determined by the supervisory board.

Accounting policies that relate to the financial statements as a whole are set out below in note 2, whilst those that relate to specific areas of the financial statements are shown in the corresponding note. All accounting policies have been consistently applied to all the years presented, however amended to reflect the adoption of new standards, adjustments to evolving standards, interpretations, and presentation as required to remain compliant with the financial reporting framework.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of certain financial instruments.

Going concern

The Bureau's business activities, together with the factors likely to affect its future development, performance and position are all taken into consideration when assessing its risk management systems. Emphasis is given to its financial position, performance, cash flows, borrowing capabilities, and exposures to overall business risk.

The Bureau prepares regular forecasts and projections which include, sensitivity analysis, taking into account a number of downside risks to the forecast, augmentation of underlying changes to performance factors, and future economic benefits of resources in assessing their related impacts on liquidity and working capital.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

Going concern (continued)

COVID-19 and its impact on the going-concern assumption:

The financial statements of the entity are prepared on the assumption that the Bureau is able to continue into existence for the foreseeable future despite the ongoing covid-19 pandemic. In forming this conclusion, management considered the effects of covid-19 on the liquidity, working capital and operational resources to conclude that the pandemic does not create a material uncertainty that casts significant doubt on the entity's ability to continue as a going concern. Despite this fact, looking to the next 12-months the impact of covid-19 on the entity remains at hindsight as we continue to maneuver these turbulent times.

In summary, the Director of the Bureau considered it appropriate to continue to adopt the going concern basis of accounting in preparation of the entity's financial statements.

Statement of cash flows

The statement of cash flows is presented using the indirect method, in which, cash used in or available from operations are calculated by adjusting the operating surplus or deficit of the accounting period for the effects of non-cash items included in the operating net result, and for any accruals of past or future operating cash receipts or payments. Activities over the reported period have been classified as operating, investing, and financing accordingly.

Foreign currency transactions

a) **Functional currencies**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in the functional currency of Antillean Guilders, whilst the Bureau's transactions are denominated mainly in United States Dollars (USD). The exchange rate is fixed at 1.80 Antillean Guilder (ANG) to 1.00 USD.

b) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rate of 1.80 ANG to 1.00 USD at the reporting date. Monetary assets and liabilities denominated in foreign currencies other than the USD are translated using the prevailing exchange rates at the reporting date, and the gains and losses on translation are included in the statement of income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

Basis of preparation (Continued)

Critical accounting estimates and judgments

The preparation of financial statements in accordance with standards set by the supervisory board requires management to make estimates and judgments that affect the reported amounts of revenues, expenses, assets, and liabilities. These estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgment at the financial statements date. And as such, actual future experience could differ from those estimates.

Those principal estimates and judgments that could have a significant effect on the Bureau's financial results relate to amounts deemed collectible from debtors, related parties' receivable, carrying amounts of impaired properties, provisions in respect of debtors, and contingent liabilities. Further details of estimates and judgments are set out in the related notes to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Financial assets

Financial assets are initially recognized at fair value plus transaction cost when required by the applicable financial reporting framework. Financial assets include cash and cash equivalents, clients' receivables, other receivables, amounts due from related parties and long-term loans.

b. Loans and receivables

Loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less any impairment. Provision for impairment represents an allowance for doubtful debts that is estimated based on current observations and historical trends. Interest income, when applicable is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

c. Cash and cash equivalents

Cash and cash equivalents may comprise deposit at banks, cash on hand, overdrafts, on demand deposits and other short-term highly liquid investments. Cash on hand and at banks are stated at nominal values. Transactions denominated in USD are converted at the fixed exchange rate of 1.80 ANG.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Financial liabilities

Financial liabilities are initially recognized at fair value plus transaction cost when required by the applicable financial reporting framework. The entity determines the classification of its financial liabilities at initial recognition. Financial liabilities include trade payables, other payables and amounts due to related parties.

e. Loans and borrowings

Loans and borrowings are initially measured at fair value, net of transaction costs when required, and are subsequently measured at amortized cost using the effective interest rate method. Interest cost is recognized by applying the effective interest rate, except for short-term payables when the recognition of interest would be immaterial. Borrowing costs incurred for the reporting period are expensed in the statement of income for each respective period, except in circumstances when an underlying asset is being developed or constructed.

f. Financial guarantees

Financial guarantees are measured initially at their fair values and are subsequently measured at the higher of:

- The amount of the obligation under the provisions of the contract, and
- The amount initially recognized less, where appropriate, cumulative amortization.

g. Provisions

Provisions are recognized when the entity has a present legal or constructive obligation as a result of a past event, and it is probable that the entity will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation, at the reporting date, and are discounted to present value where the effect is material. The increase during the period in the discounted amount, arising from the passage of time, and the effect of any change in the discount rate is charged to net income as a finance cost.

h. Fair value measurement of non-derivative financial instruments

Non derivative financial instruments comprise of cash and cash equivalents, receivables, loans and borrowings, trade, and other payables. Non-derivative financial instruments are recognized initially at fair value plus, and for instruments at fair value through profit or loss, any directly attributable transaction cost is accounted for accordingly. Subsequently, non-derivative financial instruments are measured at amortized cost using the effective interest rate method, less any impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Related party transactions

Related parties are those entities and individuals that are either in control of the Bureau, or are controlled by the Bureau, or can exercise significant influence over the Bureau. Control exists when an entity has the power, directly or indirectly, to govern the financial and operating policies of the Bureau so as to obtain substantially all of the benefits from its relevant activities. Related party transactions as of reporting date comprises attributable to Government of Sint Maarten who has significant control over the activities of the Bureau.

j. Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realized in, or intended for sale or consumption in the ordinary course of the entity's operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes and/or liabilities expected to be settled in the ordinary course of the entity's operating cycle. All other liabilities are classified as non-current liabilities.

k. Capital assets

Capital assets of property and equipment are stated at cost net of accumulated depreciation and impairment loss, if any. The cost of Capital assets includes costs of purchase, development, construction, betterment, and any other directly attributable costs to get the asset in its location and condition for its intended use.

Depreciation is determined on the straight-line basis over the estimated useful lives of the assets and an eventual residual value has been taken into consideration. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in the statement of income for the period. The cost of repairs and maintenance is charged to net income as incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Revenue

Revenue from spectrum and concession licenses, certification, numbering, and rental income are recognized on the accrual basis of accounting in the related period when control over the goods and/or services are transferred to the customers.

The relevant statutes that influence the accounting policy for revenue recognition is Landsverordening BTP article 20 and 21, which states “the income received by the Bureau from the telecommunications sector reduced by operational and infrastructural expenditures, less operational and capital investment reserves, shall be deposited into the coffers of the Country of Sint Maarten”. The ordinance thereby, explicitly, made no distinction of income, and as such, all sources of income form an integral part of revenues.

m. Leases

Leases are classified as a finance or operating lease according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

n. Expenses

Expenses are recorded on the accrual basis of accounting when incurred in the period to which they relate.

o. Comparative figures

The valuation principles and methods of determining the results of the Bureau are consistent with those used in previous years, with the exception of, changes in certain account balances, transactions, disclosures, and presentations as set out in the relevant sections, where applicable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

3. Capital Assets, net

	<u>Building</u>	<u>Office Equipment</u>	<u>Furniture & fixtures</u>	<u>Vehicles</u>	<u>Operations equipment</u>	<u>Total</u>
Balance as at 31 Dec. 2017						
Cost	6,870,201	381,250	174,000	172,504	1,509,465	9,107,420
Accumulated depreciation	<u>(865,973)</u>	<u>(377,184)</u>	<u>(174,000)</u>	<u>(103,095)</u>	<u>(1,254,372)</u>	<u>(2,774,624)</u>
Net book value	6,004,228	4,066	--	69,409	255,093	6,332,796
<u>Changes in book value</u>						
Additions	1,141,541	152,177	22,239	45,900	3,883	1,365,740
Disposal	--	(546)	--	(4,500)	--	(5,046)
Impairment loss	(436,927)	--	--	--	--	(436,927)
Depreciation	<u>(170,810)</u>	<u>(8,403)</u>	<u>(2,026)</u>	<u>(24,085)</u>	<u>(68,815)</u>	<u>(274,139)</u>
Net change for the period	533,804	143,228	20,213	17,315	(64,932)	649,628
Balance as at 31 Dec. 2018						
Cost	7,574,815	532,881	196,239	213,904	1,513,348	10,031,187
Accumulated depreciation	<u>(1,036,783)</u>	<u>(385,587)</u>	<u>(176,026)</u>	<u>(127,180)</u>	<u>(1,323,187)</u>	<u>(3,048,763)</u>
Net book value	6,538,032	147,294	20,213	86,724	190,161	6,982,424

Depreciation percentages are:

Office Equipment:	3 yrs 33.33%, residual value 10%
Furniture & Equipment:	3 yrs 33.33%, residual value 10%
Vehicles:	5 yrs 20.00%, residual value 10%
Equipment:	3 yrs 33.33%, residual value 10%
Building:	40 yrs 2.5%, residual value 10%

In February of 2013, 5 floors inclusive of the roof of the Leah Complex building was purchased by BTP SXM for USD 6.6 million dollars or ANG 11,880,000. In addition to the purchase price, additional work or betterments were done to the interior of the 5th and 6th floors, elevator shaft and roof to make these office spaces suitable for occupancy by BTP. The final value of the building inclusive of the betterments to the interior was ANG 14,180,542 (comprises investment property and owner-occupied portions).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

3. Investment Property, net

The vacant floors of the Leah Building Complex are being rented out, and/or, destined for occupancy by Government of Sint Maarten departments. Given the fact that the Leah Building Complex is partially owner occupied, and rented out, the property was proportionately recognized in the financial administration as Building and Investment property.

<u>INVESTMENT PORTION OF LEAH BUILDING</u>	<u>Investment</u>
Balance as at December 31, 2017	
Cost	6,230,692
Accumulated depreciation and impairment	<u>(1,128,215)</u>
Net book value	5,102,477
Changes in book value for the year	
Additions	--
Impairment loss	--
Depreciation	<u>(129,993)</u>
Net change for the year	(129,993)
Balance as at December 31, 2018	
Cost	6,230,692
Accumulated depreciation and impairment	<u>(1,258,208)</u>
Net book value	<u>4,972,484</u>

4. Prepayments and Other Current Assets

	<u>31-Dec-18</u>	<u>31-Dec-17</u>
Security deposits	29,189	29,189
Personnel advances	2,057	550
Advances to suppliers	215,831	80,676
Loans	10,440	9,720
Prepaid insurance	<u>13,649</u>	<u>12,416</u>
	<u>271,166</u>	<u>132,551</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

5. Trade Receivables, net

	<u>31-Dec-18</u>	<u>31-Dec-17</u>
Netstar N.V	334,943	292,944
Radcomm Corporation N.V (UTS)	267,898	579,119
TELEM Group of companies	6,353,679	3,064,607
Global Comtrade	2,141,909	2,141,909
3SCS Station	124,500	112,800
Coral Telecom	15,999	37,998
Corporate Innovations	2,649,999	2,200,000
All Americas cable and radio Curacao	2,800,000	2,450,000
New Technologies Group N.V (Caribserve)	44,798	44,798
Beach Mart Television N.V	1,799,986	1,349,986
Critical Communication Caribbean (C3)	72,843	92,168
EBS Executive Business Services	27,500	25,000
Wireless Telecom Network (WTN)	173,945	86,198
Others	193,767	249,632
	<u>17,001,766</u>	<u>12,727,159</u>
Less: provision for doubtful accounts	<u>(9,917,551)</u>	<u>(8,803,225)</u>
	<u>7,084,215</u>	<u>3,923,934</u>

Significant matters regarding trade and other receivables are as follows:

- TELEM Group of companies: disregard of its obligation to pay was formally resolved by the execution of two settlement agreements in 2020 and 2021. On the 23rd of July 2020, a national decree (in dutch: landsbesluit) nr.20/0384 was executed for a total settlement of ANG 10,998,889 (set-off ANG 5.5M of TELEM receivables vs. Government payables, and payment by TELEM of ANG 5.499M). And, on the 27th of January 2021, TELEM and BTP further agreed on the payment of ANG 781,845 of the initially disputed ANG 1,267,451 of invoices (UMTS and LTE). The residue of ANG 485,606 was a bad debt expense on the account of BTP. As at 31st August 2021, TELEM's outstanding receivables was NIL (fully settled).
- Global Comtrade, Corporate Innovations, All Americas cable and radio Curacao and Beach Mart Television N.V: In July of 2017, the judge ruled in favor of BTP against these entities whereby they were instructed to pay all their concession fees. BTP has since proceeded to collect on the outstanding in accordance with its collection policy, but to no avail. On 5th April 2018, Global Comtrade's international concession was revoked retroactive to 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

5. Trade Receivables, net (Continued)

Government accounts receivable and that of its sub-entity, Facility services department, was reclassified to attributable to Government to enhance the understandability and presentation of trade receivables.

TELEM Group receivables: since the passing of hurricane Irma and the publication of the vereffening akkoord, the group has adopted the position of hold-payment on BTP's invoices. This position has been communicated to the Minister of TEATT, and TELEM informed Government of Sint Maarten that they intended to set-off all uncollected bills of Government against BTP's outstanding invoices. TELEM's position had exacerbated an already precarious situation of BTP's bad debts, and as such, BTP pursued settlement arrangements with TELEM and Government.

TELEM disputed over the accuracy and allocation of ANG 1.267M of spectrum fees billed by the Bureau, and as such, refused to pay these outstanding obligations. The basis for dispute was independently investigated, and have since been resolved. Nonetheless, TELEM continued its non-payment campaign that resulted in the Bureau sending its receivables to the collection agency in April 2018. As of 1 July 2020 (prior to 23 July 2020 settlement agreement), total receivables due from TELEM Group was ANG 14.278M.

TELEM submitted a letter of request to the Minister of TEATT on 6 July 2018, in which, the proposal was made to set-off its spectrum fees payable to BTP against its receivables due from Government of Sint Maarten.

After much deliberations, this matter was subsequently resolved on 23 July 2020 by way of a national decree (in dutch: landsbesluit) nr.20/0384 for a total approved settlement amount of ANG 10,998,889 on stale-dated invoices (set-off ANG 5.5M of TELEM receivables vs. Government payables, and payment by TELEM of ANG 5.499M).

On 27 January 2021, TELEM and BTP further agreed on the payment of ANG 781,845 of the initially disputed ANG 1,267,451 of invoices (UMTS and LTE). The remainder of the disputed balance ANG 485,606 was a written-off expense on the account of BTP. As of reporting date, TELEM's receivables were restated accordingly.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

6. Provision for Doubtful Accounts

	Balance 31-Dec-18	Bad debt 2018	Balance 31-Dec-17
WTN	--	(86,198)	86,198
Netstar N.V.	202,645	(90,299)	292,944
3SCS	124,500	11,700	112,800
Beach Mart	1,799,986	450,000	1,349,986
Global Comtrade	2,141,909	--	2,141,909
AACR	2,800,000	350,000	2,450,000
Corporate Innovations	2,650,000	450,000	2,200,000
Critical Communications (C3)	--	(56,645)	56,645
Executive Business Services	27,500	2,500	25,000
Mac Tech	--	14,000	--
Media One	14,361	14,361	--
Caribbean Teleview Services	14,005	14,005	--
Postal Services St. Maarten (PSS)	7,303	7,303	--
Great Bay Media N.V	--	17,000	--
Soualiga Broadcasting N.V	--	6,498	--
Winward Express Airways	--	7,493	--
Others	135,342	47,599	87,743
	<u>9,917,551</u>	<u>1,159,317</u>	<u>8,803,225</u>

Trade receivables are considered a financial asset, and as such, must be assessed for impairment at the end of each reporting period. When collectability of receivables is not reasonably assured for previously recognized revenue, doubtful outstanding amounts should either be provided for through a valuation allowance or written off in the statement of operations. Reasonable assurance of collectability means that there is sufficient and appropriate evidence that the receivable will be recovered. As it relates to Netstar, provisions have been made for the majority of its open invoices which existed as of 10 October 2010 for which formal objections have been filed and court cases are ongoing.

7. Time Deposit Held

	31-Dec-18	31-Dec-17
Certificate of deposit - Windward Islands Bank Ltd.	451,839	451,388
Interest income, thereon	105	105
	<u>451,944</u>	<u>451,493</u>

Financing for the short-term investment derived from funds retained at bank that forms part of the required reserved funds in accordance with Lv. BTP art.21, an approved allocation by budget. During the year 2014, the initial investment was done in a certificate of deposit with the objective of maintaining the principal while earning periodic passive income. This account may experience annual updates as per the reserve budget and does not form part of the daily operational activities of BTP. The principal remains invested for a term of 12 months and enjoys interest at an effective rate of 0.1%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

8. Cash and Cash Equivalents

	31-Dec-18	31-Dec-17
Windward Island Bank USD	2,701,300	1,921,628
Windward Island Bank ANG	125,013	332,817
Petty Cash	363	1,120
	<u>2,826,676</u>	<u>2,255,565</u>

Cash and cash equivalent funds, less any unallocated reserves and/or restricted funds, are disposable under directives of those charged with governance of the Bureau.

9. Attributable to Government

	31-Dec-18	31-Dec-17
Attributable to Government, Opening	9,749,458	7,082,304
Adjustments for payables of prior years	41,382	65,601
Paid to Government	--	(1,450,000)
Payments on behalf of Government	(101,256)	(97,772)
Lease receivable from Government	(648,000)	(648,000)
Net result for the year	5,451,475	4,797,325
Provision for reserve funds	--	--
	<u>14,493,059</u>	<u>9,749,458</u>

In accordance with Lv.BTP art.21, in essence, “the income received by the Bureau from the telecommunications sector, reduced by, operational and infrastructural expenditures, operational and capital investment reserves, shall be deposited into the coffers of Country Sint Maarten (Government); the established “attributable to Government” account is presented as a means to enhance the understandability and transparency of the users to the financial statements. Adjustments for prior years derived from corrections to trade payables for which the obligation to settle no longer exist as at reporting date.

The observed payments made to Government by BTP from 2013 – 2020 were as follows:

Year	Amount
2013 =	ANG 3,000,000
2014 =	ANG 2,193,663
2015 =	ANG 1,972,000
2016 =	ANG 1,121,236
2017 =	ANG 1,450,000
2020 =	ANG 8,500,000
Total =	ANG 18,236,899

Amounts omitted from the above schedule, represent total settlements of ANG 2.5M for the years 2010 – 2012. Total settlement of ANG 8.5M in the year 2020, when averaged over 2018 – 2020, reflects a payment of ANG 2.833M per year (2018 – 2019 payment on account was NIL).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

Other significant matters related to attributable to Government account

9.1 Government transfer receivable

	<u>31-Dec-18</u>	<u>31-Dec-17</u>
Government transfer receivable – boedelscheiding	13,019,323	13,019,323
Allowance for doubtful transfer	<u>(13,019,323)</u>	<u>(13,019,323)</u>
	<u> --</u>	<u> --</u>

As it relates to the division of assets (boedelscheiding), in March 2017, a settlement agreement (vereffenings akkoord) was signed creating enforceable rights and obligations between the island territories of the former Country of Netherlands Antilles.

As at 10 October 2010, the Netherlands Antilles (NA) was split-off, as well as its entities which were under common control and management for the benefit of all Dutch Caribbean island territories, except Aruba.

BTPNA, was one of the spun-off entities from the former Netherlands Antilles. This resulted in Sint Maarten establishing its own separate BTP entity.

Two issues arose from the split-off as follows:

- i) The primary issue was what amount of the former BTPNA was attributable to Sint Maarten, i.e., percentage of net assets or selected identifiable assets and liabilities. Alternatively, whether only the specific assets and no liabilities as outlined in the settlement agreement should be processed in BTPSXM's books, or a further determination of BTPSXM's enforceable rights to a share percentage of BTPNA's assets and obligations.

The primary issue was resolved by the binding legal and constructive rights to specific identifiable assets as set out in the settlement agreement (vereffenings akkoord) as signed by all representatives of each island within the Kingdom (Curacao, Sint Maarten, Bonaire, St. Eustatius and Saba).

- ii) The secondary issue at hand was the accounting treatment in the books of BTPSXM.

The secondary issue was resolved by accounting for the specific financial statement (FS) items allocated to Sint Maarten on the basis of the substance of the transaction. On the audited FS of BTPNA as at 09 October 2010, we observed a total of ANG 125,831,614 of valuable assets which are essential for the continuity of an entity. Allocated to BTPSXM was 10.35% or ANG 13,019,323 (trade receivables: ANG 8,024,026 | investment reserve funds: ANG 4,875,000 | fixed assets: ANG 120,297).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

9.1 Government transfer receivable (continued)

Based on the foregoing analysis, the divided assets as of 10/10/10 were transferable to Government of Sint Maarten from Government of Curacao as of effective date, thus it should have already occurred, and if not, the transfer remains legally bonded. Hence, Government of Sint Maarten (upon receipt from BTPNA) had a constructive obligation, created by the vereffening akkoord, to transfer the specific group of assets identified above to BTPSXM to enable the continuity of the spun-off entity from BTPNA. The transaction in substance is a non-reciprocal transfer of monetary and non-monetary assets to be recognized at the fair values unless the transaction lacks commercial substance or the fair values are not reliably determinable, in which case, the carrying values will be recorded. And, if the carrying values are not appropriate a nominal or expected value will suffice. The split-off of Country Netherlands Antilles comprise a past event that effected a settlement agreement, wherein transferred control of the specific assets from Government of Curacao (BTPNA) to Government of Sint Maarten (BTPSXM) justifies the recognition of a "transfer receivable" when the future economic benefits are expected to flow to BTPSXM.

However, as a mandatory requirement the transfer receivable is a financial instrument that must be assessed for impairment at each reporting date from the date of its initial measurement. Therefore, the recognizable value of the transfer receivable was determined as the carrying amounts (since fair value appraisals were not obtainable nor reasonably measurable) less provisions for impairment and amortization of the underlying assets as at reporting date. The impact on net assets, performance and cash flows will therefore be "NIL", until new information of a contradictory nature indicate that, the control of economic benefits associated with these items will flow to BTPSXM and collection is reasonably assured.

9.2 Related Parties

As of reporting date a new financial reporting issue existed, wherein the BTP had various contractual arrangements with parties who were allegedly at non-arm's length, so should the ongoing investigation conclude with this being fact, a new FS (financial statements) risk will emerge of whether these transactions have occurred at amounts in excess of fair value (FV), i.e., wrongful/illegal gains or economic benefits enjoyed by related parties.

To date the gathering of evidence on the subject matter remain unattainable, thus our reporting is limited to a disclosure in accordance with applicable policy. To enhance understandability, a related party exists when one party has the ability to exercise control or shared control over the other.

Control is the power to govern the financial and operating policies of another entity with expected benefits or the risk of loss from the other's activities. (considered MET, as the Ministry of TEATT has direct control over the BTP and by extension the Council of Ministers and Parliament who delegates their control through the legal appointment of the Director of BTP. Allegedly, the Director of BTP also shares direct equity ownership of a vendor-entity, ACTIS, with a former member of Parliament, thus BTP and ACTIS were allegedly commonly controlled by the same group of individuals).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

9.2 Related Parties (continued)

A related party transaction is a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party. (considered MET, as the suspended Director of BTP and the former member of Parliament (in question) are/were allegedly business partners before the susceptible RPT of the BTP occurred. Moreover, they are/were allegedly joint shareholders of a vendor-entity (ACTIS). Thus, the foregoing establishes a RPT relationship which may have enjoyed economic benefits from BTP by favorable contractual terms, provision of services or transfers of obligations at amounts more favorable than FV).

Thus, in accordance with the applicable accounting policies, a disclosure is required as related parties have allegedly executed transactions at values different from that which would have been arrived at if they were unrelated. To this effect, we disclose the following susceptible contractual arrangements which may have included wrongful economic gains by the foregoing alleged related parties and their associates;

- Taliesin Construction N.V:
 - ✓ 2012-2020 building maintenance agreement (see FS note 24.2 (b)(iii)),
 - ✓ 2012-2020 1stfloor lease agreement (see FS note 24.2(b)(iv)),
 - ✓ 2017 hurricane damage assessment agreement (see FS note 22.1), and
 - ✓ 2017 building restoration agreement (see FS note 22.1).

- ACTIS:
 - ✓ 2012-2022 service contract for the numbering plan of Sint Maarten (see FS note 24.2(b)(i)).

Hence, in consideration thereof, recognition of any economic loss will occur at some future date when official evidence of the;

1. outcome is probable,
2. amounts are reliably estimable, and
3. official evidence is obtained.

Until this future date, the FS impact is limited to a disclosure in accordance with the applicable accounting policies of the Bureau.

Noteworthy, based on the severity of the misappropriation of economic resources by the alleged related parties through the vendor-entity, ACTIS in collusion with Taliesin Construction N.V, and the reputational damage suffered therewith; the current management of the BTP has concluded that the existing contractual arrangement and dealings with ACTIS will cease on contract expiration date of the 16th March 2022.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

10. Operational and Investment Reserve Fund

	<u>31-Dec-18</u>	<u>31-Dec-17</u>
Operational reserve fund	1,080,000	1,080,000
Investment reserve fund	816,635	816,635
	<u>1,896,635</u>	<u>1,896,635</u>

Operational reserve fund: basis of recognition

In accordance with Lv.BTP, art.20.lid 3, it states, the Bureau is authorized, with previous permission of the Minister of TEATT, to establish a reserve fund with the purpose to cover possible future operational losses of the Bureau.

Investment reserve fund: basis of recognition

In accordance with Lv.BTP, art.20.lid 4, The Bureau is authorized, with the previous permission of the Minister of TEATT, to establish an investment reserve fund for the specific purpose of financing special projects of its own; and of third parties within the scope of BTP's objectives under special advice from the Council of Ministers.

Establishment of the reserve funds of BTP Sint Maarten

In accordance with art.18, of AB 2013 GT no.466, which legislates the preparation and approval of BTP's budget; the budget of 2013 was approved on 28 September 2012 by the Minister of Tourism, Economic Affairs, Transportation and Telecommunication (TEATT).

In the budget of 2013, an amount of ANG 450K was budgeted for the establishment of the operational reserve fund with the objective to cover possible future operational losses. The reserve fund was first recognized by way of an approved budget allocation for the year 2014, and increased by ANG 630K for the approved budget of the year 2016.

Respective of the investment reserve fund, an amount of ANG 817K was initially allocated for the fiscal year 2016 in accordance with the approved budget. As of reporting date, no further additions were made to the reserve funds.

Noteworthy, pursuant to Lv.BTP, art.18 lid.7, the budget is automatically approved, if, within six (6) months of being submitted by the Director to the Minister of TEATT no response nor approval thereof is received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

11. Long-Term Debt

	<u>31-Dec-18</u>	<u>31-Dec-17</u>
W.I.B loan facility. a	181,764	387,147
W.I.B loan facility. b	4,860,817	5,418,934
Total debt	<u>5,042,581</u>	<u>5,806,081</u>
Less:		
W.I.B loan facility. a	(181,764)	(187,498)
W.I.B loan facility. b	(527,534)	(491,635)
Short-term portion	<u>(709,298)</u>	<u>(679,133)</u>
Long-term portion	<u>4,333,283</u>	<u>5,126,948</u>

On March 24, 2011, The Windward Island Bank Ltd. made available to Bureau Telecommunications & Post (BTP) a non-revolving loan for the amount of USD 150,000 to assist with the purchase of a vehicle and the completion of leasehold improvements, at an annual interest rate of 6.75% for a term of 6 months.

On September 13, 2011, The Windward Island Bank Ltd. made available an increase in the non-revolving loan for an amount of USD 560,000 to assist with the purchase of software and measuring equipment at an annual interest rate of 6.75% for a term of 5 years.

During the course of 2012 and 2013, several loan agreements were made by The Windward Island Bank Ltd. to facilitate operational activities. In July of 2012 an overdraft facility was signed for the maximum amount of USD 649,664. In addition, there was a non-revolving loan of USD 910,000, a mortgage of USD 4,408,000, and a credit facility of USD 616,008.35 as further detailed in the following.

On January 29th, 2013 a commitment letter was signed with The Windward Island Bank Ltd. to make available additional credit facilities to the Bureau. As confirmed by the new agreement, the previously signed agreement of July 25, 2012 was then made void. Thereafter, facilities drawn were:

Facility A:

A non-revolving loan up to the amount of USD 616,008.35 for a term of 79 months, bearing a floating interest rate of 6.25% per annum and repayable at a stated monthly balloon payment of USD 9,625 of principal and interest.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

11. Long-Term Debt (continued)

Facility B:

A non-revolving loan at the amount of USD 4,408,000 for the purchase of six (6) rights to apartment units, located at the Lea Building, cadastrally described as SXM PB 173/2012 Unit A2 up to and including A7 at the amount of USD 4,104,000. Further financing for notary and closing costs at the amount of USD 304,000. This facility bears a floating interest rate of 6.25% per annum for a term of 15 years and repayable at a stated monthly balloon payment of USD 37,796 of principal and interest.

Securities pledged are as follows:

- 1) A First Credit Mortgage at the amount of USD 5,936,000, increased by 40% for interest and costs, in case of default in favor of The Windward Island Bank Ltd. on the rights to apartment units located on the 2nd up to and including the 7th floor of the commercial building known as the Lea Building Complex, situated at Cannegieter Street, in the district of Philipsburg, on the island of Sint Maarten and further described in Certificate of Admeasurement nos. SXM PB 173/2012 A2 up to and including A7.
- 2) Assignment of adequate insurance on the above-mentioned property, policy mentioning The Windward Island Bank Ltd. as first beneficiary.
- 3) Lien on receivables.
- 4) Lien on all equipment, plus adequate insurance, mentioning The Windward Island Bank Ltd. as first beneficiary.

12. Payroll Liabilities

	31-Dec-18	31-Dec-17
AVBZ	23,118	25,192
AOV/AWW	6,626	9,200
ZV/OV	5,728	3,765
Wage tax	43,483	86,549
Pension liability	40,825	243,310
Pension contributions refundable to employees	109,400	109,400
Net salaries and wages payable	1,624	16,898
	<u>230,804</u>	<u>494,314</u>

The amount of ANG 109,400 “Pension contributions refundable to employees” relates to the employees’ premium contributions which were deducted for the years 2010 to 2013 when those employees were not registered and/or recognized at APS. Hence, these deductions were never paid to APS. Given that fact, and that these deductions were not initiated at the same point-in-time for all employees of BTP, the proposal has been made for BTP to assume responsibility for the entire premium, and reimburse withholdings made over said period to those employees.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

12. Payroll Liabilities (continued)

Pension liability of the amount ANG 40,825 represent balances of retro-premiums (2010-2015). The liability (current year and retro-premiums) was computed by use of roll-forward procedures on opening balances of the year 2017 to Feb.2019 when settlement of retro-premiums was fully satisfied. To reliably measure the pension liability at reporting date, the opening balances of 2018 was incrementally adjusted with 2018 premiums, payments, and credits. Total premiums of the year 2018 was ANG 277K and payments thereon were vouched to a total of the same ANG 277K, i.e., NIL open balance for the year 2018. As at 31 December 2018, APS's statement balance was ANG 104K. Total payments on the retro-premium balance were ANG 199K. Therefore, motivation for the use of roll-forward procedures to eliminate the inconsistencies and/or discrepancies experienced with APS's carried-forward statement balance.

For verification purposes, our roll-forward procedures were extended to February 2019 when retro-premiums were paid in full (2019 – 2020 billings vs related payments were on par, i.e., a NIL open balance). As at 31 December 2018, the roll-forward retro-premium balance was ANG 40,825, i.e., approximates APS actual final bills of the amount ANG 39,841 (Jan.2019: ANG 19,920 and Feb.2019: ANG 19,920). On 9 April 2019, BTP received written confirmation from APS that the pension liability of the years 2010 to 2015 was paid in full.

13. Trade Payables and Accruals

	<u>31-Dec-18</u>	<u>31-Dec-17</u>
Stichting Tercera	--	26,667
Actis	13,500	40,500
Accountability Center	66,717	53,664
Curtis White	8,424	22,500
SOAB	205,195	221,890
Computech	64,800	--
Other, trade payables	39,272	62,336
Accrued liabilities, UPU	220,706	180,277
Credit cards	2,536	--
Redeemable checks	2,318	3,050
	<u>623,468</u>	<u>610,884</u>

As it relates to the UPU (Universal Postal Union) accruals, in 2017 it was noted that Sint Maarten was the only Kingdom partner that failed to contribute its portion to the UPU. The portion allocated to Sint Maarten was paid by Aruba and Curacao, then billed to Sint Maarten over the years 2018-to-2021 for settlement, hence, provisions were made accordingly.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

14. Asset Restoration Obligation

Asset restoration obligation (ARO) was recognized in the financial statements as it embodies a constructive obligation created by the damages sustained due to hurricanes Irma and Maria in September 2017. The restoration works on all assets of the Bureau extended over the periods 2017 to 2019, with the exception of some furniture and equipment to be replaced at some future date. Thus, as the required outflow of economic resources derived from past event of the year 2017, a provision for future restoration works was recognized as follows.

Description	Amount (ANG)
Furniture, equipment and vehicles	258,611
Building	1,152,000
Generator	69,428
Elevator	58,212
Others	33,485
Total restoration obligation	1,571,736
Less: payments rendered during 4 th quarter 2017	(527,400)
Asset restoration obligation, net (31 Dec. 2017)	1,044,336
Less: payments rendered for the year 2018	(675,733)
Asset restoration obligation, net (31 Dec. 2018)	368,603
Less: short-term portion	(90,000)
Long-term portion	278,603

ARO measurement:

As a result of hurricane losses, the Bureau required significant restoration works to return damaged properties to their pre-hurricane conditions. Therefore, new agreements were made and approved between the Bureau and suppliers which created enforceable rights and obligations between parties. Effectively, this means the Bureau has an unconditional obligation to pay for agreed restoration works, and suppliers an unconditional right to cash/settlements. Hence, the emergence of a new financial statement account named asset restoration obligation (ARO).

As per NAGICO letter of acceptance and bank receipt confirmations, the combined settlement amount received for vehicles, equipment, furniture and fixtures was ANG 258,611 (gross of ANG 260,009 less reinstatement fees of ANG 1,397). Respective of the building, the combined settlement amount received was ANG 1.152M (gross of ANG 1.278M less deductible of ANG 126K). Total net insurance proceeds available for restoration works was ANG 1,410,612 (excluding generator, elevator and others), decreased by ANG 527,400 and ANG 514,742 for the years 2017 and 2018, respectively. As at reporting date, a settlement gain of ANG 28,241 was recognized on restoration works and the net insurance funds/ARO balance was ANG 368,603.

As prescribed by generally accepted accounting principles and accounting policies of the Bureau, the obligation must be separately classified as short and long-term portions for financial reporting purposes. Thus, all amounts to be paid beyond the current period were presented as long-term portion and the residual as short-term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

15. Work-in-progress

Work-in-progress (WIP) is a sub-element of the asset restoration obligation (note 14) as it represents incomplete restoration work-in-progress as at 31 December 2018.

Description	Amount (ANG)
Generator	69,428
Elevator	58,212
Cameras, access controls, and other related items – partially paid	89,768
Cameras, access controls, and other related items - unpaid	33,484
WIP, at 31 Dec. 2017	250,892
<i>Changes for the year:</i>	
Transferred-in	66,240
Transferred-out	(250,892)
	<u>66,240</u>

16. Revenue

	2018	2017
Licensing	6,529,066	6,554,308
Concession	3,000,000	3,000,000
Certification	49,338	33,590
Numbering	99,000	99,000
Lease income	648,000	648,000
	<u>10,325,404</u>	<u>10,334,898</u>

Revenue from contracts (whether implied, written, or oral) with clients are recognizable when the client request or uses telecommunications and postal, goods and services which are under the control of the Bureau. The Bureau has control over the economic benefits of these goods and services when it has obtained the power to restrict the access or use by others. Revenue is recognized when the Bureau transfers control over economic benefits to the operators and/or clients over-time or at a point-in-time as each performance obligation is satisfied.

Licensing revenue: the most significant revenue stream of BTP is the licensing category. In this class of sectors, operators are charged for frequency usage and all other regulatory oversight charges related to the assignment and usage of spectrum. Spectrum assignment is executed by the Minister of TEATT through licenses or concessions. The continued rigorous regulatory oversight over spectrum usage have encouraged operators to be more efficient with their spectrum assignment and usage over the operating year of 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

16. Revenue (continued)

Licensing revenue: the net unfavorable Y/Y (year-on-year) variance of ANG 0.025M for the year by sector were as follows:

	<u>2018</u>	<u>2017</u>
(A) Aviation	28,200	35,400
(B) Broadcasting	85,700	70,202
(MB) Mobile	214,376	111,551
(MR) Maritime	43,117	1,501
(P) Postal	22,928	22,500
(SS) Ship Station	16,123	21,076
(T) Telecommunication	5,541,652	5,718,348
INT (Internet)	573,020	571,430
TRL (Temporary Radio License)	550	500
WSS (Wireless Security System)	3,400	1,800
	<u>6,529,066</u>	<u>6,554,308</u>

Significant variances identified per operator were: Antelecom unfavorable variance of ANG -18.9K | Smitcoms unfavorable variance of ANG -155.6K | Telcell unfavorable variance of ANG -67.5K all due to return of frequencies | Telem unfavorable variance of ANG -95.8K as a result of BT-RO-CNET credit | Radcomm favorable variance of ANG 161.2K | and multiple other operators with total transactions each of less than ANG 3.6K and ANG -9K, experienced a net Y/Y change of ANG 151.5K, in aggregate.

Concession revenue: remained unchanged Y/Y at ANG 3M for the year ended.

Certification revenue: relates to transactions with a wide-range of operators at the point-in-time when their need for new certifications arose. The net favorable Y/Y variance of ANG 0.016M for the year by sector were as follows:

	<u>2018</u>	<u>2017</u>
(A) Aviation	7,000	11,000
(B) Broadcasting - radio	3,851	--
(MB) Mobile - radio	20	--
(MR) Maritime	11,025	9,945
(E) Examinations	5,760	1,143
(TA) Type Approvals	21,393	11,502
Others	289	--
	<u>49,338</u>	<u>33,590</u>

All other revenue categories remained on par with prior year 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

17. Personnel

	2018	2017
Gross salaries and wages	1,380,740	1,285,323
Social premiums	88,361	73,842
Pension premiums	209,194	190,167
Other personnel expenses	62,737	37,652
	<u>1,741,032</u>	<u>1,586,984</u>

Mutations to gross salaries and wages expense for the year ended 2018/2017 were:

- Addition of one new admin staff at ANG 52.8K in Jan.2018.
- Addition of three new BOD members on Oct.1, 2017 and three discontinued on Nov.30,2017 at a negative Y/Y net change of ANG -10.8K for the year ended 2018.
- Technical department salaries upgraded by ANG 13.3K over the year 2018.
- Administrative and management department salaries upgraded by ANG 40.1K over the year 2018.

Other significant net Y/Y changes: pension expense increased by ANG 19K for two pre-10/10/10 employees. Other personnel expenses Y/Y net change comprises a one-time training expense of ANG 18.6K.

For the year ended 2018, a total of twelve (12) individuals were employed by the Bureau, compared to fourteen (14) employees at year-end 2017.

18. Housing

	2018	2017
Rent	162,000	162,000
Utilities	33,820	30,671
Telephone, data, and Internet	32,630	39,963
Janitorial expense	3,900	5,656
Security expense	5,400	5,400
Parking	25,466	20,250
	<u>263,216</u>	<u>263,940</u>

The rent account comprises solely of a lease contract payable to the owner of the 1st floor of the Leah building complex (subsequently terminated on the 4th March 2020: see note 24.2(b.iv)).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

19. Legal and Professional

	2018	2017
Professional fees – legal, financial and other consultancy	376,727	492,750
Management fees	121,229	188,582
	<u>497,956</u>	<u>681,332</u>

20. Insurance Amortization

	2018	2017
Personnel	50,480	49,241
Vehicles	7,884	5,156
Furniture	760	2,716
Equipment	7,136	6,580
Building	45,455	56,979
Public liability	404	467
	<u>112,119</u>	<u>121,139</u>

21. General and Administrative

	2018	2017
Numbering plan	162,000	162,113
Membership fees	16,020	10,080
Advertising & promotion	14,824	21,012
Travel and lodging	203,281	104,749
Representation	28,262	26,279
Donations & charitable contribution	32,006	37,901
Postage and courier	16,114	12,667
Automobile expense	17,541	18,360
Repair and maintenance	239,000	237,425
Office supplies	21,387	22,687
Computer & equipment	33,154	35,473
Network support expenses	104,668	66,845
Bank charges	10,188	9,244
foreign exchange variances	15,287	2,512
LTE 3A project, ISOC and other	42,967	3,193
	<u>956,699</u>	<u>770,540</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

21. General and Administrative (continued)

The most significant accounts of general and administrative expenses were numbering plan, travel, repairs & maintenance, and network support. Travel & lodging was directly related to the traveling responsibilities of the director and support staff of the Bureau in efforts to maintain memberships and capabilities of its regulatory activities during 2018. The major component of repairs and maintenance derived from an ongoing maintenance contract for the Leah Complex Building. Numbering plan expenses are further discussed below. Respective of network support, these recurring charges are for support and maintenance services from an outsourcer. Foreign exchange losses on ANG to USD translation have increased due to two large inter-bank transfers of USD 150K each over the last fiscal year whereas no similar transactions were executed in prior year. Bank transactions have incurred an approximate 1% charge levied by the banks when making payments in USD.

Numbering Plan

Numbering plan was another significant portion of the general and administrative expenses. The Numbering Plan and the associated expenses pertains to the adoption of the North American Numbering Plan (NANP) on Sint Maarten which concerns the assignment of the new country and dialing code of Sint Maarten. The Government of Sint Maarten opted for admittance to the NANP with the dissolution of the Netherlands Antilles. The inclusion of Country Sint Maarten into the NANP requires compliance with the rules, regulations, standards, and conventions set by the North American Numbering Association. The allocation and management of numbering resources (codes) are also key activities of participation in the NANP for which ongoing charges are necessary. These fees were paid to the vendor ACTIS as per contractual arrangement.

Travel Expenses

Travel and lodging expenses was another significant account under general and administrative. Like many other international industries and sectors, the telecommunications and post sector hold many conferences and seminars each year at varied locations throughout the world. BTP Sint Maarten has attended several of these conferences and seminars over the fiscal year. The Bureau has also incurred travel and lodging expenses while attending meetings with suppliers, third parties and partners.

Repairs & Maintenance

In 2013 BTP acquired its own building, the Leah Complex Building. In doing so a maintenance contract was approved for the upkeep of the building. Charges under this contract are recorded under this category and form a significant part of the annual general and administrative expenses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

22. Other Income (Expense)

Interest income represents earnings of 1.0 basis percentage point on a certificate of deposit held at The Windward Island Bank Ltd. Finance cost represents the 6.25% interest paid on the non-revolving credit facilities granted by WIB to BTP (see note 11). Gain (loss) on assets disposal of ANG 1,029 (5,176) represents net result of disposed office assets and a replaced automobile for the years 2018 and 2017, respectively. Other income comprises finance income gained on the certificate of deposit.

22.1 Restoration gain (Disaster loss)

Passing of Hurricane Irma and Maria: in September 2017, catastrophic hurricanes Irma and Maria (category 5) passed over Sint Maarten resulting in severe damages to the island on both an economic and infrastructural level. As a result, the Bureau's operations were negatively impacted, and the event triggered increased exposures to its operations. Other significant effects were as follows:

Impact on Leah Complex Building

Hurricanes Irma and Maria battered the Leah Complex Building (thereafter referred to as the "Building") causing damage to the property and future benefits to be enjoyed from its continuing use. The total insured sum of the Building was USD 3.5M as indicated on policy number F05413/12. On 8 October 2017, a damage claim report was made for Hurricane Irma and Maria. The report stated that a visual inspection approach was applied throughout the Building on 26 September 2017 whilst utilities on the island were not yet restored; and as such, the functionality of utilities, furniture, security, internet, cable and other equipment infrastructure/systems were not determinable.

The assessed damage on the Building was USD 800,099 as determined by those damage experts. After further deliberations with the loss adjuster(s) an agreed upon settlement was signed on 26 March 2018 of the amount USD 640,000 for the full discharge of all loss claims on the Building. This means an under-settlement cash flow loss for the Bureau of the amount USD 160,099 due to rejected loss claims. Payment of the amount USD 634,693 (USD 640,000 less re-instatement fee USD 385 less Policy "AR00197/11 and V84010/06 renewal premiums USD 4,921) was received on 9 April 2018 from NAGICO as final settlement for the Building.

Impact on Equipment, Vehicles and Furnishings

On 17 November 2017, a damage claim report was made for Hurricane Irma and Maria losses on equipment, vehicles and furnishings. The assessed damage on all equipment/systems insured under policy # AR00197/11 was USD 78,614. The assessed damage on all furniture and furnishings insured under policy # AR00185/11 was USD 62,962. The assessed damage on all vehicles insured under policy # V84010/06 was USD 10,795. The aggregated sum total of damage claims under the above policies was USD 152,372. After further deliberations with the loss adjuster(s) the following agreed upon settlements for policy# AR00197/11 and AR00185/11 were signed on 17 November 2017 of the amounts USD 74,378 and USD 60,962, respectively for each policy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

22.1 Restoration gain (Disaster loss)

Impact on Equipment, Vehicles and Furnishings (continued)

For policy# V84010/06 the agreed upon settlement was USD 9,109. This means an aggregated under-settlement cash flow loss for the Bureau of the amount USD 7,923 due to rejected loss claims. Payment of the amount USD 74,170 (USD 74,378 less re-instatement fee USD 208) and USD 60,395 (USD 60,962 less re-instatement fee USD 569) were received on 8 December 2017 from NAGICO as the final settlements for policy # AR00197/11 and # AR00185/11, respectively. And, final payment of the amount USD 9,109 was received on 13 November 2017 from NAGICO as final settlement for policy # V84010/06.

In summary, disaster loss sustained over the passing of hurricanes Irma and Maria in September 2017 was determined by examination of actual cash restoration costs as the most reliable measure of fair value instead of damage reports, increased by, any and all approved future billings at the expected amounts under enforceable contractual obligations. Total costs incurred on building restoration was ANG 1,160,971, and costs on common areas (fences, elevator, generator, and other common use items) were a combined ANG 193,689. Restoration costs to be incurred for vehicles, furniture and fixtures, office equipment and operating equipment was a combined ANG 274,270. Other minimal costs directly attributed to the disaster loss was ANG 6,300 for the damaged inspection and assessment report completed during Q4 of 2017.

Total disaster loss recognized in 2017 was an aggregate ANG 1,635,230 that comprises cash outflows in Q4 2017, and provisions for future restoration expenditures which were paid during 2018 and 2019. As at reporting date, a restoration gain was recognized at ANG 1,042,142 by use of insurance funds to replace damaged assets.

22.2 Impairment loss

In accordance with the accounting policies of the Bureau, impairment testing is required when conditions indicate that a tangible capital asset no longer contributes to the entity's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, in which case the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value.

As such, in light of the alleged excess payments rendered for the building (owner-occupied and investment property) restoration/betterments post hurricane Irma and Maria, a potential carrying value impairment existed and required testing. A test of impairment results in a loss when the asset or CGU's carrying value exceeds its recoverable amount. The recoverable amount is the higher of;

- a) Value-in-use, and
- b) Fair value less cost of disposal

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

22.2 Impairment loss (continued)

The carrying value (CV) as of reporting date (post restoration gain) was ANG 11.943M (ANG 6.97M for owner-occupied portion and ANG 4.973M for investment property). As per appraisal report effective 18th October 2019, the FV (fair value) was ANG 12.24M and the liquidation value/floor-value was ANG 8.721M (71.25% of FV). As per our assessment dated 18th October 2021, the VIU (value-in-use) was estimated at ANG 10.264M. Hence, the recoverable amount is ANG 11.506M (12.24M less 6% cost of disposal). Therefore, the excess of CV over recoverable amount was ANG 437K (11.943M – 11.506M), thus an impairment charge to operations.

In summary, the capitalized building's restoration costs/ betterments of ANG 1.014M (ANG 1.042M less equipment costs of ANG 28K) from payments to Taliesin was reduced by ANG 437K to eliminate the excess of carrying value over recoverable amount. This accounting treatment was preferable, especially in light of the alleged excess amounts paid to related parties over hurricane restoration works.

23. Contingent Liabilities

As of 2nd of September 2021, BTP received updated listings of ongoing legal matters and claims from all legal counsels, including the Ministry of TEATT, with correspondence dates between 31st August to 2nd September 2021. The updated listing of court cases comprised pending legal matters covering the period 10th November 2018 to 2nd September 2021. The following are ongoing legal matters of the Bureau.

Minister of TEATT vs Netstar N. V. (Lar 30/2018):

Netstar submitted a Lob request in this case by letter of 4 August 2017, in which it requested the Minister to provide information on, among other things, proof of approval and the training background of certain BTP employees. The Minister rejected these requests by decision of 16 February 2018. Netstar then brought an action before the General Court against the decision. A statement of defense was submitted to the General Court on 3 October 2018. The Court of First Instance ruled on 11 February 2019, ruling that the Ministers must provide Netstar with the requested information about the employees' training grounds. This case was reported as closed by legal letter dated 29 April 2019.

Minister van TEATT vs Netstar N.V. (Lar 312/2018):

Netstar filed a Lob request in this case on 9 February 2017, requesting an overview of all legal entities and license holders receiving bills based on the category: "distribution frequency fee holders: data services without speech in any form whatsoever". A request was also made for copies of their permits and accounts issued in 2016. The Minister rejected the requests by decision of 4 July 2017. Netstar appealed against this decision to the Court. October 2018, the General Court upheld the appeal and instructed the Minister to take a new decision within four weeks on the forfeiture of a penalty of ANG 500 per day with a maximum of ANG 50,000. This case was reported as closed by legal letter dated 29 April 2019.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

23. Contingent Liabilities (continued)

Minister of TEATT vs Netstar N.V. (Lar SXM201900178):

By judgment of 18 October 2018 (Lar 312/2018), the General Court instructed the Minister to take a decision on the Lob request in respect of the overview requested by Netstar of all legal entities and license holders receiving bills based on the category: "distribution of frequency fee holders: data services without speech in any form whatsoever". On 11 January 2019, the Minister made a (positive) decision on the Lob request. By an appeal of 21 February 2019, Netstar appealed pro forma against this decision. The grounds for the appeal had not yet been submitted as of the date of this letter.

Minister of TEATT vs Netstar N.V. (Lar SXM2020H00061):

In these proceedings, Netstar has submitted a request on the basis of the National Ordinance, on openness of information. Netstar has requested copies of several invoices sent by BTP. By decision of 11th January 2019, the invoices were issued, but it is justified why certain information on the invoices has been made anonymous/illegible. Netstar brought an action against the decision before the Court. Netstar's appeal was dismissed as unfounded and Netstar appealed against the judgment on 13th May 2020. The case is currently before the appeal's court.

Minister of TEATT vs Netstar N.V. (Lar SXM201801586):

By an appeal of 9 April 2018, Netstar brought an action before the General Court against two decisions of 15 November 2018, issued on 20 November 2018 under numbers 17098A/18 and 17098B/18. Through these decisions, the Minister has grounds for the authorization granted to Netstar in the year 2002 an annual fee from ANG 42,000 per year imposed in connection with the supervision of compliance with the legal requirements and the use of the allocated frequencies. Netstar states, among other things, that the authorization expired in 2008 and that, as a result, the Minister cannot base the imposition of the annual fee on the authorization. After a statement of defense has been submitted to the General Court by the Minister, a date will be set for the oral proceedings. This case was reported as closed by legal letter dated 29 April 2019.

Minister van TEATT vs Caribbean Teleview Services N.V. ('Cable TV') (Lar-57 /18):

The shares in Cable TV have been disposed of without having obtained the necessary permission. In addition, the activities of Cable TV are carried out by a third party, and its employees are dismissed. Cable TV has therefore violated various conditions of its license and has also failed to follow the instructions of the director of BTP. Fines were subsequently imposed by order of 5 May 2018 for a total amount of \$ 7,777.78. Cable TV appealed to the General Court on 15 June 2018. A statement of defense was submitted to the General Court on 3 September 2018. This case was reported as closed by legal letter dated 29 April 2019.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

23. Contingent Liabilities (continued)

Minister van TEATT vs Caribbean Teleview Services N.V. ('Cable TV') (Lar-108/18):

By order of 5 May 2018, BTP imposed fines of \$7,777.78 on behalf of the Minister that Cable TV did not pay. (See previous case, Lar 57/18), As Cable TV did not pay these fines, BTP imposed an administrative fine of 1.5% on the outstanding fines of Cable TV by letter of 16 July 2018. Cable TV appealed to the General Court by letter of appeal of 24 August 2018. A statement of defense was submitted on 2 October 2018 on behalf of the Minister. This case was reported as closed by legal letter dated 29 April 2019.

Minister van TEATT vs Caribbean Teleview Services N.V. ('Cable TV') en Sint Maarten Telephone Company N.V. ('Telem') (Lar-97/18):

Telem has submitted a request on behalf of Cable TV to the Minister to change the name on the authorization and license of Cable TV to the name of Sint Maarten Telephone Company N.V. By order of 18 June 2018, the Minister rejected the request for name change. Telem and Cable TV brought an action before the General Court against that decision. A statement of defense was lodged with the General Court on 25 September 2018. This case was reported as closed by legal letter dated 29 April 2019.

Minister van TEATT vs Sint Maarten Telcommunication Operating Company N.V en Telcell N.V. (Lar 34/18):

Telem and Telcell have lodged an objection with the Minister against invoices charged for assigned frequencies. Telem and Telcell, stated that a number of frequencies are no longer in use by them and that for this reason the related invoices have been incorrectly charged. The Minister by ruling on 21 February 2018, stated that the objection was inadmissible because TELEM had submitted their claim too late. Telem and Telcell, appealed to the Court of First Instance against the decision on the objection, and the Ministry of TEATT was subsequently advised to withdraw the contested decision on the objection, and have a new decision on the objection from Telem and Telcell. On 23 July 2020, a settlement was approved by all parties via a national decree (in dutch: landsbesluit) nr.20/0384. This case was reported as closed by legal letter dated 29 April 2019.

Minister van TEATT vs Sint Maarten Telcommunication Operating Company N.V. en Telcell N.V. (Lar 42/18):

Telem and Telcell, have appealed against a letter from BTP dated 15 March 2018, in which, following correspondence from 11 December 2017, BTP claims that it has imposed an administrative fine of 1.5% on Telem and Telcell in its own name (not on behalf of the Minister), due to late payment of invoices sent by BTP to these entities. A statement of defense was filed on 5 July 2018 on the advice of BTP, arguing that the imposition of the fine is a legal act under private law, and that the Court of First Instance must declare itself inadmissible, or declare Telem and Telcell inadmissible in their action. On 23 July 2020, a settlement was approved by all parties via a national decree (in dutch: landsbesluit) nr.20/0384.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

23. Contingent Liabilities (continued)

Minister van TEATT vs TELEM (Lar 74/18), SMITCOMS (Lar 75/18), TELCELL (Lar 76/18): These procedures concern the same discussion with regard to the imposition of administrative fines of 1.5% for late payment of invoices as described in the above procedure under 'Lar 42/18'. A statement of defense was submitted on 14 August 2018 on behalf of the Minister. On 23 July 2020, a settlement was approved by all parties via a national decree (in dutch: landsbesluit) nr.20/0384.

Minister van TEATT vs Caribbean Televie Services N.V. (Cable TV) [Lar 155/2018]: By letter of 29 October 2018, BTP imposed an administrative fine of 1.5% per month on Cable TV for the unpaid bill dated 4 May 2018 of \$7,777.78. By an appeal of 7 December 2018, Cable Tv brought an action before the General Court against the imposition of that fine. On behalf of the Minister, a statement of defense was filed on 11 January 2019, requesting the General Court to declare Netstar inadmissible, or the application unfounded. This case was reported as closed by legal letter dated 29 April 2019.

Ruling on International and Mobile concession fees: In July of 2017, the judge ruled in favor of BTP against Global Comtrade, Scarlet AARC and Beach Mart whereby they were instructed to pay all billed concession fees to BTP. BTP has since proceeded to collections in accordance with its debt collection policy. **Scarlet:** LAR 75/2015-76/2015-77/2015; **BeachMart:** LAR 11/2016 – 12/2016; **Global Comtrade:** LAR 14/2016- 14/2014- 18/2015. Subsequently, Global Comtrade requested for the cancellation of their international concession that was granted, retroactive to 2017 and executed on April 5, 2018.

BTP vs Kiwisat: this litigation was commenced by Kiwi Communication SAS (thereafter referred to as Kiwisat) to establish that the entity can conduct business in Sint Maarten, without falling under the regulatory oversight of the Bureau.
Status of the case and the defense: the case is currently in Appeal. The defense is that the Bureau has regulatory oversight on all entities active in Sint Maarten and offering telecommunications services. The Appeal was filed by the Bureau as the court of first instance decided that a foreign entity like Kiwisat is permitted under the Concordia Treaty to offer its services here without requiring a permit and not falling under the supervision of the Bureau.
Potential impact of the outcome of the litigation: this case is on the principle of the applicability of the laws of Sint Maarten as it relates to cross border services being placed under the workings of the Concordia treaty. The litigation concerns the authority of the Bureau in such cases. The outcome of the litigation does not financially impact the Bureau. The claim awarded for court costs and attorney's fees in first instance is the sole financial impact of this case.

Where applicable, for pending court cases, provisions for doubtful receivables have been made under the account "Provisions for doubtful accounts". For all other pending cases that's considered possible or remote, the required provision or lack thereof will be made upon obtaining sufficient evidence of probability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

24. Subsequent Events

24.1: TELEM Group of companies' trade receivables: as it pertains to the Group, we report the following adjusting events which existed at the statement of financial position date.

a) Re: Set-off of TELEM's receivables against Country of Sint Maarten's payables

On 6 July 2018, TELEM wrote a letter to the Minister of Finance, seeking a resolution on the subject matter for the offset of its outstanding receivables against its payables.

The Bureau's financial exposure on the subject matter was, the collectability of outstanding spectrum fees receivable from TELEM of the amount ANG 3,303,420 as the proposed amount to be set-off against Government of Sint Maarten's payables, as at reported date 28 March 2018. TELEM's position was to set-off its spectrum fees payable against its outstanding receivable from Government of the amount ANG 32,643,039. Within the same letter, TELEM informed the Minister of Finance that it will be offsetting future spectrum fees payable against the net balance of ANG 32,643,039 until full settlement is achieved at "NIL".

b) TELEM Group Outstanding Receivables

As of January 2014, TELEM began the trend of defaulting on its spectrum payments. The outstanding amount of ANG 6,353,679 as presented in Note 5 represents mainly the period, January 2014 to 31 December 2018.

TELEM disputed over the accuracy and allocation of ANG 1.267M of spectrum fees which were billed by the Bureau, but rights to payment dishonored by TELEM. This basis for dispute was independently investigated and have since been resolved. Nonetheless, TELEM continued its non-payment campaign that resulted in the Bureau sending its receivables to the collection agency in April 2018. As of 1 July 2020, total receivables due from TELEM Group was ANG 14.278M.

TELEM submitted a letter of request to the Minister of TEATT on 6 July 2018, in which, the proposal was made to set-off its spectrum fees payable to BTP against its receivables due from Government of Sint Maarten.

After much deliberations, this matter was subsequently resolved on 23 July 2020 by way of a national decree (in dutch: landsbesluit) nr.20/0384 for a total approved settlement amount of ANG 10,998,889 (set-off ANG 5.5M of TELEM receivables vs. Government payables, and payment by TELEM of ANG 5.499M). On 27 January 2021, TELEM and BTP further agreed on the payment of ANG 781,845 of the initially disputed ANG 1,267,451 of invoices (UMTS and LTE). The residue of ANG 485,606 was a written-off expense on the account of BTP. The net outcome of these adjustments was an increase in each of receivables, net operating result through bad debt recovery, and net assets as at 31 December 2017. As at 31st August 2021, TELEM's outstanding receivables was NIL (fully settled).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

24. Subsequent Events (continued)

24.2: we report the following non-adjusting events which occurred after the statement of financial position date but before the financial statements are issued.

a) Coronavirus (covid-19)

Covid-19 triggered a series of unfolding events, sequenced as follows, the discovery of the China-Wuhan outbreak, world pandemic announcement, local containment efforts and government relief packages to individuals and entities alike. These effects of covid-19 events first impacted our shores in Sint Maarten during March 2020. As of reporting date, covid-19 remains an ongoing crisis with significant impacts on global markets-and-their players, supply chains, valuation of assets, consumer spending power-and-sentiments, market rates, interest rates, capital structures, disruptions in production, workforce restrictions/changes, travel restrictions, new norms of communications/meetings, rapid evolution-and-dependence on technologies amongst others. All the above are consequential factors which adversely and/or favorably impacted our jurisdiction and the Bureau, regardless of the severity. These impacts will have future lasting indirect effects on the financial performance, condition and cash flows of the Bureau, and therefore constitute disclosable events. However, from a financial statement risk perspective, covid-19 have not triggered any direct material adverse impact on the Bureau's financial performance, cash flows and condition, from both a quantitative and qualitative aspect.

b) Cancelled and/or discontinued contracts

During the course of the year 2020 several contractual agreements (deemed high risk) inherited by this current administration and are/were subjects of ongoing investigations had been cancelled, modified or discontinued by default. The listing of these contracts is as follows.

i. ACTIS

On 16th March 2012, the BTP (the Bureau) and Advanced Communications and Technology Infrastructure Services N.V (thereinafter referred to as ACTIS) entered into a comprehensive 3-years agreement with a renewal option. The agreed contract price was at a fixed annual amount of USD 75,000, increased by 10% expense, and 10% administrative overhead to an aggregate of USD 90,000 and payable in monthly lumpsums of USD 7,500. On 27th January 2021, parties agreed to a contract price and term modification as follows: the current contract shall terminate on 16th March 2022, a 15% price reduction was made effective 1st November 2020 and ending on 16th March 2022, and ultimately, a set future date assessment shall occur on 31st October 2021.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

24. Subsequent Events (continued)

b) Cancelled and/or discontinued contracts (continued)

ii. Curtis T. White Law Offices

Effective 30th September 2011, Sint Maarten became a participant in the North American Numbering Plan (NANP). The participatory consortium included numerous Caribbean countries, Canada, and the U.S.A. The U.S.A asserted initial jurisdiction because the Consortium started with the old Bell system. This jurisdictional administration was expressly subject to directives from regulatory authorities in the member countries. Accordingly, member States retained plenary authority, and in doing so, agree to abide by certain protocols and guidelines. Further to this plenary authority's obligation and commitment, member States were engaged in due diligence, analysis and interface activities to ensure compliance, and simultaneously protect the interests of Government. To represent the Bureau in such matters, Curtis T. White Law Offices, was retained with the primary responsibility of representing the Bureau in all claims, disputes, threatened or actual litigation, or other inquiries that may be lodged against it in the U.S.A and North America. A contract price modification was made on 14th May 2018 for an extended 2-year term at a monthly retainer rate of USD 4,680 plus authorized expenses. This agreement ended on 19th May 2020 by default.

iii. Building maintenance contract

On 5th October 2012, BTP (the Bureau) and Taliesin Construction N.V (the vendor) entered into a comprehensive 10-years agreement ending on December 2022 for the maintenance of the Leah Complex Building at a monthly cost of USD 10,800 and payable each quadrimester at USD 43,200. This created contractual rights and obligations to be satisfied by parties to the contract, but over the years BTP has expressed dissatisfaction with the vendor's performance obligations. As such BTP sent its final "notice of default maintenance agreement Leah building" on 18th June 2020, prior to subsequent mailed termination letter to Taliesin Construction N.V on 6th July 2020. The termination was motivated by infractions in regards to cleaning, elevator repairs and maintenance, and pending hurricane Irma repair services. On 31st July 2020, a lawyer's reaction letter on behalf of Taliesin was received at the BTP with the claim that grounds for early termination are unfounded and misleading, thus hereby refuted. On 13th August 2020, BTP responded to the vendor's legal by noting that the termination was done in compliance with article 1.2 of the maintenance agreement and that no legal nor other factual grounds were presented by the vendor to convince otherwise, and as such the termination remain legally binding. Thereafter, an invoice of the amount USD 43,200 was received on 17th August 2020 for the 2nd quadrimester of 2020. This action by the vendor was met with a protest letter from the Bureau (ref# BTPDIR-180920-055) reiterating its position that the contract was terminated with letter ref# BTPDIR-060720-033.

On the 23rd September 2020, a counter-protest letter was received from the vendor claiming that BTP is obligated to payout the remaining value under contract for the years 2020 to 2022. In the same letter, the vendor also threatened legal action if its invoice remains unpaid. As of reporting date, five months later, management has assessed the likelihood of any outflow of economic resources as remote, therefore requiring no contingency disclosure at reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

24. Subsequent Events (continued)

24.2: we report the following non-adjusting events which occurred after the statement of financial position date but before the financial statements are issued.

b) Cancelled and/or discontinued contracts (continued)

iv. 1st floor lease agreement

On 20th August 2012, a lease confirmation letter was signed between the predecessor Director of the BTP and the then Minister of TEATT for the leasing of 4 floors of the Leah Building, once purchased by the BTP. The lease rate was a monthly payment per floor of USD 7,500 for an indefinite period, subject to review at each 5-year intervals, and said lease shall commence on 1st January 2013. Within same lease confirmation letter, it was stated that a lease agreement shall be executed at least 60 days prior to commencement date. On 20th December 2012, the predecessor Director of the BTP sent a lease confirmation letter to Taliesin Construction N.V (Lessor 1st floor) whereby conditions for the 1st floor lease was formalized to create a “rental pool” that comprises BTP owned-floors and 1st floor.

A response letter to inquiries of the 1st floor lease continuation was received from the Minister of TEATT on 27th February 2020 with instructions as follows: The ministry of TEATT and the Government of Sint Maarten no longer desire to maintain the 1st floor of the Leah building as part of the rental pool, and as such, instructed BTP to terminate any and all agreements pertaining thereto. Hence, on the 4th March 2020, the current Director of BTP sent a lease termination letter to Taliesin Construction N.V (Lessor) with ref# BTPDIR-040320-016. The letter also stated that rental payments for the months of March and April 2020 will be collected and thereafter cease.

v. The Law Firm/ Duncan Brandon & Hoeve

Duncan Brandon & Hoeve

On 14th September 2011, the BTP (the Bureau) and Duncan Brandon & Hoeve (thereinafter referred to as Consultant) entered into an agreement for a term of 1-year commencing on 1st October 2011 and ending on 30th September 2012. The summary scope of the agreement covered the need to achieve the completion of executed policies and the migration of the Bureau into its new regulatory format and the formalization of the regulatory framework. The agreed contract price was at a fixed monthly lumpsum of USD 19,662.92 for the period 1st October 2011 until 31st December 2011; and thereafter, the fixed monthly consulting fee was stated at USD 20,786.52, plus out-of-pocket expenses, when applicable.

On 14th October 2012, a new contract was approved between parties for the extension of expert services for the transition-and-transfer of the then incoming Director on the 1st of November 2012, as well as procurement of legal support, policy and legislative advice. The contract price comprised USD 12,000 for “transition-and-transfer services” for the period 1st November until 30th April 2013; and thereafter, an USD 8,000 monthly retainer fee (plus out-of-pocket expenses when applicable) for “legal support” for the period 1st May 2013 until 31st October 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

24. Subsequent Events (continued)

24.2: we report the following non-adjusting events which occurred after the statement of financial position date but before the financial statements are issued.

b) Cancelled and/or discontinued contracts (continued)

v. The Law Firm/ Duncan Brandon & Hoeve

The Law Firm

On 10th October 2019, a new contract was approved between parties under the newly rebranded entity, The Law Firm, for all legal advice and representation in all matters, intended, threatened, pending and/or before the courts of Sint Maarten as plaintiff or defendant. Moreover, services extended over the examination of documents, preparation of agreements, undertaking of collections and all other legal services at a monthly retainer fee of USD 2,500. The contract governed a term commencing on 1st November 2019 and ended on 31st October 2020 by default.

c) Governance changes

On the 26th of August 2021, the Honorable Minister of TEATT, Mr. Roger Lawrence was sworn in as the new Minister with direct control over the BTP as per Lv.BTP, lid.16, accountability and control.

The Supervisory Board: as per article 8, Supervisory Board Composition, of the national ordinance BTP (in Dutch: Landsverordening BTP) states, the Supervisory Board (SBOD) shall be composed of at least three and not more than five members, including one Chairman. The members of the SBOD shall be appointed, suspended, and dismissed by act of a national decree (in Dutch: Landsbesluit).

As of reporting date, the supervisory board (SBOD) of the Bureau remain vacant. The last sitting SBOD occupied a term of 3 years and ended on 31st October 2020. As of reporting date, Government is considering the undertaking of a more transparent vetting process to acquire a pool of competent candidates for the selection of a new SBOD.

d) Leah Building – 4th floor lease occupancy

On the 18th of March 2021, Government (through the Ministry of TEATT) invoked its lease right (created by lease confirmation on 13th July 2012) to occupy the 4th-floor of the Leah Building. The honorable Minister Ms. L. de Weever informed the Director of BTP Mr. A.Carty that the Division of Inspection from the Ministry of ECYS (Education, Culture, Youth and Sport) had been awarded the right to use the 4th-floor as their office space. The move was successfully completed on the 15th of April 2021.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Stated in Antillean Guilders)**

24. Subsequent Events (continued)

24.2: we report the following non-adjusting events which occurred after the statement of financial position date but before the financial statements are issued.

e) BTP vs Kiwisat

On the 15th of June 2021, the Court of First Instance ruled in favor of Kiwisat. In summary, the Court ruled that Kiwisat is entitled, in return for payment, to transmit satellite signals relating to foreign TV stations that can be received in the Country of Sint Maarten by means of devices sold by Kiwisat in Saint Martin, but satellite dishes localized in the Country of Sint Maarten. Kiwisat may also sell and deliver TV channels, and TV satellite dishes to persons residing in Saint Martin or residing in the Country of Sint Maarten. The Country of Sint Maarten and BTP are prohibited from making public statements, in word and writing, that conflict with the declaration of right given by the Court or pay a penalty of USD 500 for each violation up to a maximum of USD 100,000 each. The Court also noted that the island of Saint Martin/Sint Maarten is characterized by 'open borders' and 'free trade' between the two jurisdictions under the Concordia Treaty, i.e., telecommunications legislation of the Country of Sint Maarten does not apply to Kiwisat. An appeal was filed on 26th July 2021 and the outcome is pending.

f) Suspension of the BTP Director

On the 17th of August 2021, the honorable Minister of TEATT, Ms. L.de Weever suspended the Director of the BTP (Mr. A. Carty) by way of a national decree (in Dutch: Landsbesluit) signed effective 13th August 2021.

Legal basis: As per article 16, accountability and control, of the national ordinance BTP (in Dutch: Landsverordening BTP) states that the Director is accountable to the Minister; therefore, sets out the premise of control over the BTP and its Director. Article 3 of the national ordinance BTP (in Dutch: Landsverordening BTP) established the legal basis by which the Director of the BTP can be appointed, suspended, or dismissed by the execution of a national decree, and this instrument was exercised by the Honorable Minister on suspension date.

Motivation for suspension: as per Landsbesluit no.021/0333 (dated 13th August 2021) stated,

- integrity is an essential basic condition for trust in and legitimacy of the public administration, and
- the integrity of the Director of the BTP is in question and it is necessary to prevent the trust in and legitimacy of the public administration from being undermined

Based on the foregoing, amongst others, the Director was suspended for the duration of the criminal investigation and a follow-up decision will be taken after completion of the criminal investigation. Acting Director: per Lv.BTP, art.3, the director shall appoint one of the staff of the Office as his alternate. Such an act requires the approval of the Minister.

If the director and his alternate are both unable to perform their duties simultaneously for more than one week because of their absence or incapacity, the Minister shall, acting in accordance with the support of the Council of Ministers, appoint a person to temporarily assume the duties of the director. In view of the foregoing, the Minister of TEATT appointed the Deputy Director, Mrs. J.Labega-Hoeve to act as Director of the BTP.