



**Bureau Telecommunications
and Post St. Maarten**

FINANCIAL STATEMENTS

December 31, 2019

Expressed in Antillean Guilders



FOR THE YEAR ENDED 31 DECEMBER 2019

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INDEPEDENT AUDITOR'S REPORT

INDEPEDENT AUDITOR'S REPORT

To the minister of Tourism, Economic Affairs,
Traffic and Telecommunication
Attn. Mr. R. Lawrence
Soualiga Road 1
Philipsburg, Sint Maarten

Report on the audit of the 2019 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 2019 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 2019 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 2019 financial statements of the Bureau.

The financial statements comprise:

1. the statement of financial position as at 31 December 2019;
2. the statement of operations for 2019;
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.

Report on the other information included in the annual report

In addition to the entity's financial statements and our auditor's report thereon, the annual report contains other information. Based on the following procedures performed, we conclude that the other information is consistent with the entity's financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

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By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report and other information in accordance with the "Landsverordening Bureau Telecommunicatie en Post" (AB 2013 GT no 466).

Emphasis of the basis of accounting and restriction on use and distribution

We draw attention to note 1 and 2 (reference hereby made to the contents of page 21 up to and including 27) to the financial statements, which describes the basis of accounting. The financial statements are intended for the minister of Tourism, Economic Affairs, Traffic and Telecommunication and are prepared to assist the Bureau Telecommunications and Post Sint Maarten to comply with the "Landsverordening Bureau Telecommunicatie en Post" (AB 2013 GT no 466). As a result, the financial statements may not be suitable for another purpose. Therefore, our auditor's report is intended solely for the Bureau Telecommunications and Post Sint Maarten and the minister of Tourism, Economic Affairs, Traffic and Telecommunication and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

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, March 4, 2022

On behalf of

Stichting Overheidsaccountantsbureau,



R.E. Faneyte RA CFE CICA
Managing Director

Initials for authentication purposes:

THE STATE OF CALIFORNIA

IN SENATE
January 11, 1911.

REPORT

OF THE
COMMISSIONERS OF THE LAND OFFICE

FOR THE YEAR
1910.

1911

1911

Director's Report

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019. 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 2019. This report is prepared as at 18th February 2022. 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 over the years of information technology and telecommunications on Sint Maarten are indicative of our capabilities as being equipped to serve a much broader market other 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

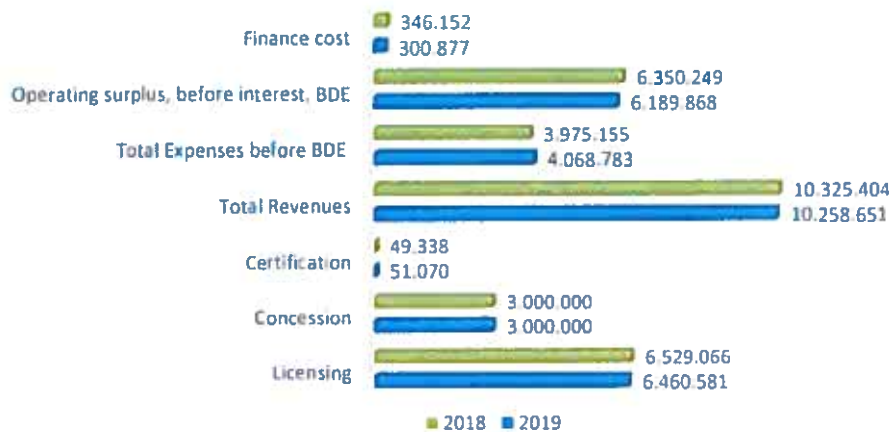
In continuance to the industry's developments, we remain alert of the current economic climate in our Country and the region; that's further exacerbated by the ongoing global covid-19 pandemic. These underlying economic shocks have stricken the successful achievement of research and development projects. 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 twenty-two months and we remain mindful of such need on a national level. However, we must not forget nor disregard the fact that, economically, we are operating in a soft market that negatively affects our operations and that of stakeholders. Hence, our drive to ensure proper infrastructure, regulations and networks to strengthen the service capacity of industry operators and consequential economic benefits for all. We aim to eliminate deterrents being faced by us as regulator, operators and our government in establishing a balanced playing field wherein all players can operate at a position of sustainability.

Director's Report

FINANCIAL PERSPECTIVE

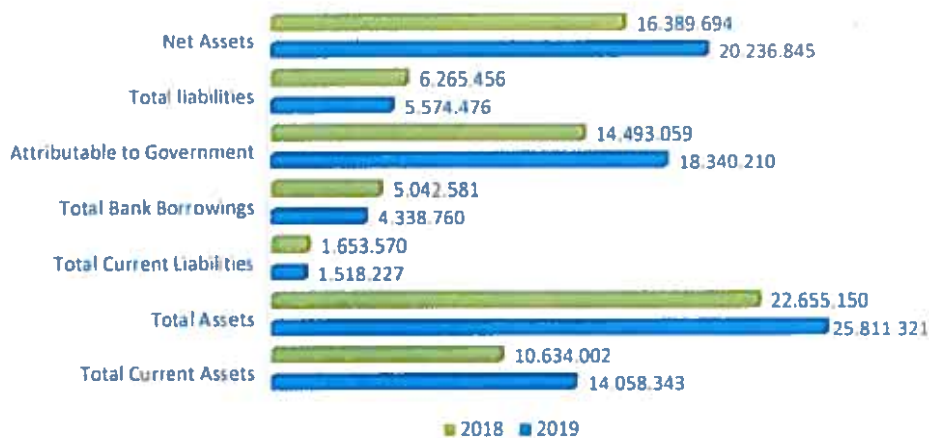
Results of operations and key performance indicators for the year then ended 31 December 2019 and comparative 2018, are as follows (in Antillean Guilders):

FINANCIAL PERFORMANCE



*BDE = bad debt expense

FINANCIAL POSITION



Director's Report

FINANCIAL PERSPECTIVE (CONTINUED)

Trend and Ratio Analysis

Liquidity

- **Current ratio:** was 9.3x and 6.4x for the years ended 2019 and 2018, 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 retirement of loans, final retro-pension liability, and final hurricane restoration works which all gave rise to a healthier liquidity position. This enables BTP to meet its current obligations as they come due.
- **Accounts receivable turnover (excluding rental and other income):** was 0.5x and 0.6x for the years ended 2019 and 2018, 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 year-on-year (Y/Y). Collections further slowed down by 0.1x over the year 2019 due to the ANG 3.7M 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 2019/2018 materially improved as TELEM's portion accounted for 46% and 37% of the aging population, respectively. Thus, although days in sales slowed down significantly by 180 days (2019: 744 and 2018: 564), 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 34,356 and ANG 24,604 for the years ended 2019 and 2018, respectively. Therefore, this further supports the above assertions on liquid assets such as TELEM's sharp increase in collectible AR of ANG 3.7M. This bodes well for support of the going concern assumption.

Solvency

- **Total debt-to-net assets:** was 0.3x and 0.4x for the years ended 2019 and 2018, respectively. This indicates that the Bureau was less leveraged by 0.1x basis points or ANG 700K 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 Y/Y at 63%. This demonstrates continued strength and consistency in regulatory activities over Operators, coupled with, the Bureau's effective monitoring and billing activities over spectrum usage.
- **Concession % of total revenues:** was consistent Y/Y at 29%, as issued and outstanding concessions remained unchanged over the fiscal year 2019.

Director's Report

FINANCIAL PERSPECTIVE (CONTINUED)

Trend and Ratio Analysis

Profitability

- **Operating margin (before other expenses and BDE):** decreased Y/Y by 2%, (2019: 60% and 2018: 62%). Significant highlights of operating margin components were as follows:
 - Revenue: mobile, telecom, and maritime experienced a combined decrease of -1% or ANG -68K due to discontinued frequencies and less certifications.
 - Expenses: Legal and professional increased by 29% or ANG 147K substantially due to three non-recurring projects (see FS note nr.19). Personnel remuneration decreased by -4% or -66K (see FS note nr.17), and an increased in insurance cost to realize full coverage on restored assets.
- **Bad debts:** increased by 14% or ANG 160K substantially due to increased delinquency of WTN that resulted in a Y/Y change of ANG 123K, halted provision on Netstar's account resulted in a Y/Y change of ANG 90K, and an aggregate ANG -54K decrease in other various accounts.
- **Restoration gain (Disaster loss):** a gain of ANG 90K was realized from insurance benefits used to replace damaged assets over the year 2019 (2018: ANG 1.042M). Total disaster loss recognized in fiscal year 2017 was ANG 1.6M. Noteworthy, 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 24% and 28% for the years ended 2019 and 2018, respectively; hence a -4% decline in 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 2019. Moreover, whilst ROA is normally a good indicator of management's stewardship over entrusted resources, one must remember that this was a year of significant non-recurring projects, such as, the evaluation over liberalization of the electronic communications moratorium and the utility sector research & prep study. Moreover, TELEM's settlement agreement significantly increased receivables, i.e., total assets so the spill-over was a decrease on ROA as EBIT before bad debts is the income level used in this calculation.
- **Quality of earnings (QOE):** is an index used to measure whether the net result for the year gives a fair view of cash flows generated from operations. QOE ratio was 19% and 47% for the years ended 2019 and 2018, vastly due to the normalizing effect of the ANG 1.152M non-recurring cash inflows from the insurance settlement of 2018. 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 2019 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 2019. 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.
 - 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, and continued to be an advocate for such throughout 2019. 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.

- **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 2019, no major spectrum quality issues were recorded.
- **Development of xRM Tool:** BTP SXM awarded a contract to IT company Computech for the development of an xRM tool with a tailor-made, fully functioning integrated Document Management System. This asset will be equipped with workflow processing tools and ready-to-use management dashboard. The main objectives of the xRM system are, to improve information access time, improve operational efficiency and productivity, ensure document security, worldwide information access, reduction in paper footprint, improved information reporting (such as spectrum and license data), and use of digital approvals to enhance document process flows.

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 2019.

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.

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

Donations and outreach: During the year 2019, focus was given to cultural and youth enhancement activities. Donations were awarded to the carnival development foundation and several carnival troupes/bands to solidify the 50th year of carnival celebration on Sint Maarten.

Donations were also made to the SXM Moot Court, St. Maarten Traffic Foundation, 8th annual SXM Interscholastic Idol Song Festival, Milton Peters College, Lions Association-softball tournament, Prison Christmas lunch, SXM Doet, Better Opportunity for Talent-world kickboxing, SXM's Day Festivities, and Dow's Musical N.V to name a few.

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 the 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 is concern.
- **Regulations** – with the added utilities mandate, the Bureau has concluded the research phase in 2019 and will continue the studies in this sector to realize an improved regulatory environment in which desired performance can 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;
 - One infrastructure MOU between stakeholders
 - Rate sheet review
 - Development of xRM Tool
 - Execution of energy regulations of the SOW for utilities as mandated
 - Update LTV with internet service billing
- **Seminar Emergency Communications** – On 13th June 2019, BTP (the Telecom Regulator of country Sint Maarten) as head of ESF 2, hosted a training session on Emergency Communications at Divi Little Bay Resort. The training session was geared towards members of the Emergency Operations Center (EOC), and their supporting staff. The Caribbean Disaster Emergency Management Agency (CDEMA) (*agency responsible for disaster management within the CARICOM*) gave a keynote address on the topic concerned, and officials of the FCC were among the presenters.
- **Meeting UPAEP** – On 22nd February 2019, Bureau Telecommunications and Post St. Maarten (BTP) & the vice-chair of the Supervisory Board of BTP conducted a meeting with the United Postal Union of the Americas, Portugal and Spain (UPAEP). UPAEP is an association of the postal authorities of the countries of the Americas, Spain and Portugal that promotes technical cooperation among Postal Operators of Member Countries. Discussions were held on how best to promote, develop and modernize postal services on Sint Maarten. Postal Services Sint Maarten (PSS) is currently facing financial and operational challenges, and collaboration with international organizations such as UPAEP is imperative to further strengthen the postal services on Sint Maarten.

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 February 2022). 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. Noteworthy, the lease of the first floor was terminated in 2020 under the instruction of the Honorable Minister of TEATT.

Directors Report

KEY SUBSEQUENT EVENTS

- **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 more efficiently and effectively.

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 administrations Minister of TEAT having direct influence over the Bureau's ongoing and future developments. As per reporting date the seats of the supervisory board remain vacant.
- **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.

Director's Report

FORWARD-LOOKING STATEMENTS

- **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. 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.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
(Stated in Antillean Guilders)**

ASSETS	Notes	December 31,	
		2019	2018
NON-CURRENT ASSETS			
Capital assets, net	(3)	6,903,864	6,982,424
Investment Property, net	(3)	4,842,490	4,972,484
Work-in-progress	(15)	6,624	66,240
Total non-current assets		11,752,978	12,021,148
CURRENT ASSETS			
Prepayments and other current assets	(4)	67,453	271,166
Trade receivables, net	(5&6)	10,536,011	7,084,215
Time deposit held	(7)	452,396	451,945
Cash and cash equivalents	(8)	3,002,483	2,826,676
Total current assets		14,058,343	10,634,002
TOTAL ASSETS		25,811,321	22,655,150
NET ASSETS AND LIABILITIES			
NET ASSETS			
Attributable to government	(9)	18,340,210	14,493,059
Operational reserve fund	(10)	1,080,000	1,080,000
Investment reserve fund	(10)	816,635	816,635
Total net assets		20,236,845	16,389,694
NON-CURRENT LIABILITIES			
Asset restoration obligation – long term	(14)	278,603	278,603
Long-term debt	(11)	3,777,646	4,333,283
Total non-current liabilities		4,056,249	4,611,886
CURRENT LIABILITIES			
Current portion of long-term debt	(11)	561,114	709,298
Asset restoration obligation – short term	(14)	--	90,000
Payroll liabilities	(12)	213,062	230,804
Trade payables and accruals	(13)	744,051	623,468
Total current liabilities		1,518,227	1,653,570
TOTAL NET ASSETS AND LIABILITIES		25,811,321	22,655,150

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

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Stated in Antillean Guilders)**

	Notes	January 1 - December 31, 2019	2018
<u>REVENUES</u>			
Licensing		6,460,581	6,529,066
Concession		3,000,000	3,000,000
Certification		51,070	49,338
Numbering		99,000	99,000
Lease income		648,000	648,000
Net revenues	(16)	<u>10,258,651</u>	<u>10,325,404</u>
<u>OPERATING EXPENSES</u>			
Personnel	(17)	1,674,962	1,741,032
Housing	(18)	263,674	263,216
Legal and Professional	(19)	644,846	497,956
Insurance	(20)	132,407	112,119
General and administrative	(21)	948,567	956,699
Depreciation	(3)	404,327	404,133
Bad debts expense	(6)	1,319,120	1,159,317
Total operating expenses		<u>5,387,903</u>	<u>5,134,472</u>
Operating income		4,870,748	5,190,932
<u>OTHER INCOME (EXPENSE)</u>			
Other income		452	451
Gain on assets disposal		--	1,029
Finance cost		(300,877)	(346,152)
Impairment loss		--	(436,927)
Restoration gain		90,000	1,042,142
Total other (expense) income	(22)	<u>(210,425)</u>	<u>260,543</u>
Net result for the year		<u>4,660,323</u>	<u>5,451,475</u>

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

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Stated in Antillean Guilders)**

	Attributable to Government	Operational Reserve Fund	Investment Reserve Fund	Net Assets
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
Paid to Government	--	--	--	--
Payments on behalf of Government	(93,800)	--	--	(93,800)
Lease receivable from Government	(648,000)	--	--	(648,000)
Adjustment to prior years' accruals	(71,372)	--	--	(71,372)
Provision for reserve funds	--	--	--	--
Net result for the year	4,660,323	--	--	4,660,323
Balance as at December 31, 2019	18,340,210	1,080,000	816,635	20,236,845

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Stated in Antillean Guilders)**

	January 1 - December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net result for the year	4,660,323	5,451,475
Adjustments made to reconcile net result to net cash used in operating activities:		
Depreciation and amortization	404,327	404,133
Bad debt expense	1,319,120	1,159,317
(Gain) on assets disposal	--	(1,029)
Impairment loss	--	436,927
Changes in net working capital items:		
(Increase) in trade and other receivables, net	(4,770,916)	(4,319,599)
Decrease (Increase) in prepayments and other current assets	203,713	(138,615)
(Decrease) in attributable to Government	(813,172)	(707,874)
(Decrease) in assets restoration obligation	(90,000)	(675,733)
Decrease in insurance settlement receivable, net	--	1,152,000
(Decrease) in payroll liabilities	(17,742)	(263,510)
Increase in trade payables and accruals	120,582	12,583
(Decrease) Increase in current portion of long-term debt	(148,184)	30,165
Net cash provided by operating activities	868,051	2,540,240
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term investments	(450)	(451)
Divestment in work-in-progress	59,616	184,652
Proceeds from assets disposal	--	6,075
Acquisition of capital assets	(195,773)	(1,365,740)
Net cash (used in) investing activities	(136,607)	(1,175,464)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(555,637)	(793,665)
Net cash (used in) financing activities	(555,637)	(793,665)
Net increase in cash and cash equivalents	175,807	571,111
Cash and cash equivalents, beginning of year	2,826,676	2,255,565
Cash and cash equivalents, end of year	3,002,483	2,826,676

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(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 2019
(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 2019
(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 2019
(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 2019
(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 2019
(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 2019
(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 2019
(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. 2018						
Cost	7,574,815	532,725	196,239	173,404	1,513,348	9,990,531
Accumulated depreciation	<u>(1,036,783)</u>	<u>(385,431)</u>	<u>(176,026)</u>	<u>(86,680)</u>	<u>(1,323,187)</u>	<u>(3,008,107)</u>
Net book value	6,538,032	147,294	20,213	86,724	190,161	6,982,424
Changes in book value						
Additions	90,000	101,057	2,160	--	2,556	195,773
Disposal	--	--	--	--	--	--
Impairment loss	--	--	--	--	--	--
Depreciation	<u>(171,282)</u>	<u>(49,856)</u>	<u>(7,218)</u>	<u>(24,334)</u>	<u>(21,643)</u>	<u>(274,333)</u>
Net change for the period	(81,282)	51,201	(5,058)	(24,334)	(19,087)	(78,560)
Balance as at 31 Dec. 2019						
Cost	7,664,815	633,782	198,399	173,404	1,515,904	10,186,304
Accumulated depreciation	<u>(1,208,065)</u>	<u>(435,287)</u>	<u>(183,244)</u>	<u>(111,014)</u>	<u>(1,344,830)</u>	<u>(3,282,440)</u>
Net book value	6,456,750	198,495	15,155	62,390	171,074	6,903,864

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 2019
(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, 2018	
Cost	6,230,692
Accumulated depreciation and impairment	<u>(1,258,208)</u>
Net book value	4,972,484
Changes in book value for the year	
Additions	--
Impairment loss	--
Depreciation	<u>(129,994)</u>
Net change for the year	(129,994)
Balance as at December 31, 2019	
Cost	6,230,692
Accumulated depreciation and impairment	<u>(1,388,202)</u>
Net book value	4,842,490

4. Prepayments and Other Current Assets

	<u>31-Dec-19</u>	<u>31-Dec-18</u>
Security deposits	29,189	29,189
Personnel advances	2,524	2,057
Advances to suppliers	14,662	215,831
Loans	10,440	10,440
Provision for doubtful loan	(10,440)	--
Prepaid insurance	<u>21,078</u>	<u>13,649</u>
	<u>67,453</u>	<u>271,166</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Stated in Antillean Guilders)**

5. Trade Receivables, net

	<u>31-Dec-19</u>	<u>31-Dec-18</u>
Netstar N.V.	328,640	334,943
Radcomm Corporation N.V. (UTS)	45,507	267,898
TELEM Group of companies	10,063,570	6,353,679
Global Comtrade	2,141,909	2,141,909
3SCS Station	136,200	124,500
Coral Telecom	15,999	15,999
Corporate Innovations	3,099,999	2,649,999
All Americas cable and radio Curacao	3,150,000	2,800,000
New Technologies Group N.V. (Caribserve)	--	44,798
Beach Mart Television N.V.	2,249,986	1,799,986
Critical Communication Caribbean (C3)	73,402	72,843
EBS Executive Business Services	30,000	27,500
Wireless Telecom Network (WTN)	174,144	173,945
Others	252,886	193,767
	<u>21,762,242</u>	<u>17,001,766</u>
Less: provision for doubtful accounts	<u>(11,226,231)</u>	<u>(9,917,551)</u>
	<u>10,536,011</u>	<u>7,084,215</u>

Significant matters regarding trade and other receivables are as follows:

- TELEM Group of companies: disregard to honor 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 2019
(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 (history and resolution): 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 2019
(Stated in Antillean Guilders)**

6. Provision for Doubtful Accounts

	Balance 31-Dec-19	Bad debt 2019	Balance 31-Dec-18
WTN	36,973	36,973	--
Netstar N.V.	202,645	--	202,645
3SCS	136,200	11,700	124,500
Beach Mart	2,249,986	450,000	1,799,986
Global Comtrade	2,141,909	--	2,141,909
AACR	3,150,000	350,000	2,800,000
Corporate Innovations	3,100,000	450,000	2,650,000
Executive Business Services	30,000	2,500	27,500
Media One	18,411	4,050	14,361
Caribbean Televue Services	14,005	--	14,005
Postal Services St. Maarten (PSS)	9,803	2,500	7,303
PSS – business loan	--	10,440	--
Others	136,299	957	135,342
	<u>11,226,231</u>	<u>1,319,120</u>	<u>9,917,551</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-19	31-Dec-18
Certificate of deposit - Windward Islands Bank Ltd.	452,291	451,839
Interest income, thereon	105	105
	<u>452,396</u>	<u>451,944</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. For the fiscal 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 2019
(Stated in Antillean Guilders)**

8. Cash and Cash Equivalents

	<u>31-Dec-19</u>	<u>31-Dec-18</u>
Windward Island Bank USD	2,780,721	2,701,300
Windward Island Bank ANG	221,594	125,013
Petty Cash	168	363
	<u>3,002,483</u>	<u>2,826,676</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

	<u>31-Dec-19</u>	<u>31-Dec-18</u>
Attributable to Government, Opening	14,493,059	9,749,458
Adjustments to prior years' accruals	(71,372)	41,382
Paid to Government	--	--
Payments on behalf of Government	(93,800)	(101,256)
Lease receivable from Government	(648,000)	(648,000)
Net result for the year	4,660,323	5,451,475
Provision for reserve funds	--	--
	<u>18,340,210</u>	<u>14,493,059</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 accruals for which the obligation to settle no longer exist as at reporting date.

The observed payments made to Government by BTP from 2013 – 2021 were as follows:

<u>Year</u>	<u>Amount</u>
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
2021 =	ANG 4,428,008
<u>Total</u> =	<u>ANG 22,664,907</u>

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).

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Other significant matters related to attributable to Government account

9.1 Government transfer receivable

	<u>31-Dec-19</u>	<u>31-Dec-18</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).

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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) at a point in time.

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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 1st floor 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.

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10. Operational and Investment Reserve Fund

	<u>31-Dec-19</u>	<u>31-Dec-18</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.

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11. Long-Term Debt

	<u>31-Dec-19</u>	<u>31-Dec-18</u>
W.I.B loan facility. a	--	181,764
W.I.B loan facility. b	4,338,760	4,860,817
Total debt	<u>4,338,760</u>	<u>5,042,581</u>
Less:		
W.I.B loan facility. a	--	(181,764)
W.I.B loan facility. b	(561,114)	(527,534)
Short-term portion	<u>(561,114)</u>	<u>(709,298)</u>
Long-term portion	<u>3,777,646</u>	<u>4,333,283</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. This credit facility was fully repaid in December 2019.

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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

	<u>31-Dec-19</u>	<u>31-Dec-18</u>
AVBZ	24,972	23,118
AOV/AWW	5,727	6,626
ZV/OV	1,961	5,728
Wage tax	41,864	43,483
Pension liability	12,555	40,825
Pension contributions refundable to employees	109,400	109,400
Net salaries and wages payable	<u>16,583</u>	<u>1,624</u>
	<u>213,062</u>	<u>230,804</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.

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13. Trade Payables and Accruals

	<u>31-Dec-19</u>	<u>31-Dec-18</u>
Actis	13,500	13,500
Accountability Center	75,383	66,717
Curtis White	8,424	8,424
SOAB	165,920	205,195
Computech	64,800	64,800
UPAEP	50,148	--
R-Experts	41,106	--
Other, trade payables	51,155	39,272
Accrued liabilities, UPU	251,408	220,706
Credit cards	2,106	2,536
Redeemable checks	20,101	2,318
	<u>744,051</u>	<u>623,468</u>

As it relates to the UPU (Universal Postal Union) accrual, 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, and subsequently billed to Sint Maarten for settlement over the years 2018-to-2021, i.e., provisions were made accordingly.

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.

<u>Description</u>	<u>Amount (ANG)</u>
Furniture, equipment and vehicles	258,611
Building	1.152.000
Generator	69,428
Elevator	58,212
Others	33,485
Total restoration obligation	<u>1,571,736</u>
Less: payments rendered during 4 th quarter 2017	<u>(527,400)</u>
Asset restoration obligation, net (31 Dec. 2017)	1,044,336
Less: payments rendered for the year 2018	<u>(675,733)</u>
Asset restoration obligation, net (31 Dec. 2018)	368,603
Less: payments rendered for the year 2019	<u>(90,000)</u>
Long-term ARO, net	<u>278,603</u>

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14. Asset Restoration Obligation (continued)

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, ANG 514,742, and ANG 90K for the years 2017, 2018 and 2019, respectively. As at reporting date, a settlement gain of ANG 90K was recognized on restoration works and the net insurance funds/ARO balance was ANG 278,603.

15. Work-in-progress

Work-in-progress (WIP) represents ongoing development of an XRM tool with a tailor-made, fully functioning integrated document management system, including a Workflow tool and ready-to-use management dashboards. The objectives of the xRM system are, to reduced costs and quicker access to information, improve efficiency and productivity, enhance document security and ease of information sharing, securely access information from anywhere at any time, reduce the use of paper, automate report generation-certificates-declarations-and-licenses, and digitize management approvals in a secured-and-controlled environment to increase return times. As at 31 December 2019, work-in-progress was as follows;

Description	Amount (ANG)
Contract price	86,400
Less: research expense	(20,160)
Work-in-progress, at 31 Dec. 2018	66,240
Less: capitalized costs	(59,616)
Work-in-progress, at 31 Dec. 2019	6,624

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16. Revenue

	<u>2019</u>	<u>2018</u>
Licensing	6,460,581	6,529,066
Concession	3,000,000	3,000,000
Certification	51,070	49,338
Numbering	99,000	99,000
Lease income	648,000	648,000
	<u>10,258,651</u>	<u>10,325,404</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 this 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 2019. The net unfavorable Y/Y (year-on-year) variance of ANG -0.068M for the year by sector were as follows:

	<u>2019</u>	<u>2018</u>
(A) Aviation	35,214	30,000
(B) Broadcasting	173,347	188,097
(T)Telecommunication	6,180,457	6,211,660
(MR) Maritime	46,063	76,331
(C) Certificate	500	50
(P) Postal	25,000	22,928
	<u>6,460,581</u>	<u>6,529,066</u>

Significant variances identified for this class were: Aviation favorable variance of ANG 5K | Studio and TV unfavorable variance of ANG -14K | ARC- Concession/Telecom favorable variance of ANG 4K | ARC/spectrum/Telecom favorable variance of ANG 301K | Mobile Radio Communications unfavorable variance of ANG -50K | MRC/Spectrum/Telecom unfavorable variance of ANG -284K | and a Maritime unfavorable variance of ANG -30K.

*Licensing sectors have been consolidated into their main domain classes to enhance understandability by users to the financial statements in a summarized view. The same remain true for prior year figures.

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16. Revenue (continued)

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 1.7K for the year by sector were as follows:

	<u>2019</u>	<u>2018</u>
(A) Aviation	9,798	7,000
(B) Broadcasting - radio	872	3,851
(MB) Mobile - radio	1,790	20
(MR) Maritime	8,681	11,025
(E) Examinations	6,381	5,760
(TA) Type Approvals	19,818	21,393
Others	3,730	289
	<u>51,070</u>	<u>49,338</u>

All other revenue categories remained on par with prior year 2018.

17. Personnel

	<u>2019</u>	<u>2018</u>
Gross salaries and wages	1,303,306	1,380,740
Social premiums	82,215	88,361
Pension premiums	203,270	209,194
Other personnel expenses	86,171	62,737
	<u>1,674,962</u>	<u>1,741,032</u>

Mutations to gross salaries and wages expense for the year ended 2019/2018 were:

- One discontinued admin staff at a favorable variance of ANG 38K.
- Changes to SBOD remuneration of a net favorable ANG 7K.
- Management and other admin personnel changes to a net favorable ANG 33K.

For the year ended 31 December 2019, a total of eleven (11) individuals were employed by the Bureau compared to twelve (12) employees at year-end 2018.

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18. Housing

	<u>2019</u>	<u>2018</u>
Rent	162,000	162,000
Utilities	31,789	33,820
Telephone, data, and Internet	27,045	32,630
Janitorial expense	3,600	3,900
Security expense	6,840	5,400
Parking	32,400	25,466
	<u>263,674</u>	<u>263,216</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 of March 2020: see note 24.2(b.iv)).

19. Legal and Professional

	<u>2019</u>	<u>2018</u>
Professional fees – legal, financial and other consultancy	519,647	376,727
Management fees	125,199	121,229
	<u>644,846</u>	<u>497,956</u>

Consulting: significant non-recurring or one-off expenses incurred in this category for the year were:

- ANG 36K: for the purpose of the establishment of a regulatory framework pertaining to the utilities sector as mandated by the Hon.Minister of TEATT on 28th June 2017 and published on 1st September 2017.
- ANG 41K: for the purpose of an evaluation of the moratorium and the impact of a market liberalization on electronic communications.
- ANG 117K: for the purpose of the preparation of a regulatory framework for the utilities sector.

20. Insurance Amortization

	<u>2019</u>	<u>2018</u>
Personnel	55,427	50,480
Vehicles	7,878	7,884
Furniture	2,852	760
Equipment	4,657	7,136
Building	61,126	45,455
Public liability	467	404
	<u>132,407</u>	<u>112,119</u>

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21. General and Administrative

	<u>2019</u>	<u>2018</u>
Numbering plan	162,000	162,000
Membership fees	34,822	16,020
Advertising and promotion	1,647	14,824
Travel and lodging	235,630	203,281
Representation	17,240	28,262
Donations and charitable contribution	47,421	32,006
Postage and courier	11,487	16,114
Automobile expense	22,047	17,541
Repair and maintenance	243,939	239,000
Office supplies	23,230	21,387
Computer and equipment	37,160	33,154
Network support expenses	75,518	104,668
Bank charges	9,090	10,188
foreign exchange variances	19,497	15,287
ESF committee	7,839	42,967
	<u>948,567</u>	<u>956,699</u>

The most significant classes of transactions of general and administrative expense were numbering plan, travel & lodging, 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 membership in regulatory bodies and competencies in regulatory oversight. Repairs and maintenance is a material expense that derived from a maintenance contract over the Leah Complex Building. Numbering plan expense is 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 increased reliance on electronic funds transfer systems rather than legacy forms of payment. 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.

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21. General and Administrative (continued)

Travel Expenses

Travel and lodging expense 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 the most significant class of the annual general and administrative expenses.

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). For the year ended 2018, a gain on assets disposal of ANG 1,029 was recognized on a replaced automobile. 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.

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22.1 Restoration gain (Disaster loss)

Impact on Leah Complex Building (continued)

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. 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. For the years ended 31 December 2019 and 2018, a restoration gain was recognized at ANG 90K and ANG 1,042,142, respectively.

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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

The carrying value (CV) as of 31 December 2018 (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 was ANG 11.506M (12.24M less 6% cost of disposal). The excess of CV over recoverable amount was ANG 437K (11.943M – 11.506M), thus an impairment charge to operations for the year 2018.

To summarize, 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 as at 31 December 2018. This accounting treatment was preferable, especially in light of the alleged excess amounts paid to related parties over hurricane restoration works.

Noteworthy, no indicators of impairment existed as at 31 December 2019.

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23. Contingent Liabilities

On the 16th of February 2022, BTP received an updated listings of ongoing legal matters and claims from legal counsels, including the Ministry of TEATT. The updated listing of court cases comprised pending legal matters covering the period 15th October 2021 to 16th February 2022. The following are ongoing legal matters of the Bureau as at statement of financial position and reporting date.

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.

Minister of TEATT vs Netstar N.V. LAR236/2017 (Lar SXM2018H00130):

On 14th June 2017 Netstar submitted an appeal against the decision of the Minister of TEATT dated 26th May 2017 in which decision Netstar was informed that-in accordance with the advice of BTP-Netstar's current license shall expire on 26th May 2017. By decision of the Court of First Instance of 25th June 2018 the Court declared the appeal of Netstar founded. The Minister of TEATT filed an appeal against the decision of the Court of First Instance and the pleadings in appeal took place on 2nd June 2021, and was further postponed to 2022. During the hearing the Court of Appeal encouraged parties to settle this matter amicably. The discussion and negotiations are ongoing. Although BTP is formally not a party in this case, the latter has advised the Minister of TEATT on this matter and had advanced the attorney fees. The expected costs in this procedure are limited to fees for litigation and costs of BTP /Minister of TEATT related to preparation, advice and litigation in this procedure.

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 it in 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.

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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.

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. Per legal letter dated 15th February 2022, the case is in appeal with the Courts final instruction slated for 18th February 2022.

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.

TELEM Group (disputed telephone bills):

The Bureau has a current ongoing dispute with TELEM Group over some telephone bills of prior years to the amount of ANG 11,037. This alleged obligation represents stale-dated BTPNA bills which were recently added to BTPSXM's account without consent to do so. BTPSXM have objected to these bills from the initial notice and TELEM acknowledged the objection by stating the dispute is being handled. The claim is therefore being disclosed until reasonable evidence is received on the probable outcome. Management believes a possible settlement is highly remote especially considering the fact that BTPSXM & BTPNA are two distinct entities under law.

Financial report impact of contingencies:

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.

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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 10,063,570 as presented in Note 5 represents mainly the period, January 2014 to 31 December 2019.

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 31st August 2021, TELEM's stale-dated receivables was NIL (fully settled).

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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.

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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 report date, 15th February 2022, management has assessed the likelihood of any outflow of economic resources as remote, therefore requiring no contingency disclosure at reporting date.

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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 were 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 of 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 (hereinafter 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.

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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.

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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.

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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.

g) Suspended Director of the BTP vs Honorable Minister of TEATT/Lt.Governor

On the 10th of September 2021, the suspended Director of the BTP started legal proceedings against the Honorable Minister/Lt.Governor by way of an objection filed with the Court of First Instance.

On the 30th of November 2021, an extension of the objection was granted by the Courts at the request of the plaintiff.

As of reporting date, no further update of the ongoing case was received. This matter was disclosed as the outcome may result in modification of the financial statements, at some future date, when reasonable evidence is obtained.

