



**Bureau Telecommunications  
and Post St. Maarten**

# FINANCIAL STATEMENTS

December 31, 2021

Expressed in Antillean Guilders



**FOR THE YEAR ENDED 31 DECEMBER 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the acting minister of Tourism, Economic Affairs,  
Transport and Telecommunication,  
Mr. O.E.C. Ottley  
Soualiga Road 1  
Sint Maarten

### Report on the audit of the 2021 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 2021 financial statements of Bureau Telecommunications and Post St. Maarten ("the Bureau"), Cannegieter Street 15 - Unit 5.1, Philipsburg, Sint Maarten.

In our opinion, the accompanying 2021 financial statements 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 20 up to and including 26) of the 2021 financial statements of the Bureau.

The 2021 financial statements comprise:

1. the statement of financial position as at 31 December 2021;
2. the statement of operations for 2021;
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.

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, Transport and Telecommunication and are prepared to assist the Bureau Telecommunications and Post St. 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 St. Maarten and the minister of Tourism, Economic Affairs, Transport 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

#### Responsibilities of management 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.

#### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Audit Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and evaluating whether the financial statements represent the underlying transactions and events free from material misstatement.

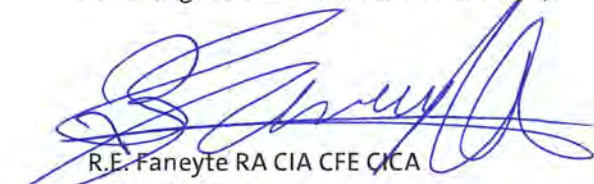
### Going-concern and COVID-19

We draw your attention to the note 1 page 22 "Going concern disclosure" 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, November 10, 2022

On behalf of

Stichting Overheidsaccountantsbureau,



R.E. Faneyte RA CIA CFE CICA  
Managing Director

Initials for authentication purposes:



SOAB | We know government.

## Director's Report

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021. 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 2021. This report is prepared as at 12<sup>th</sup> September 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;

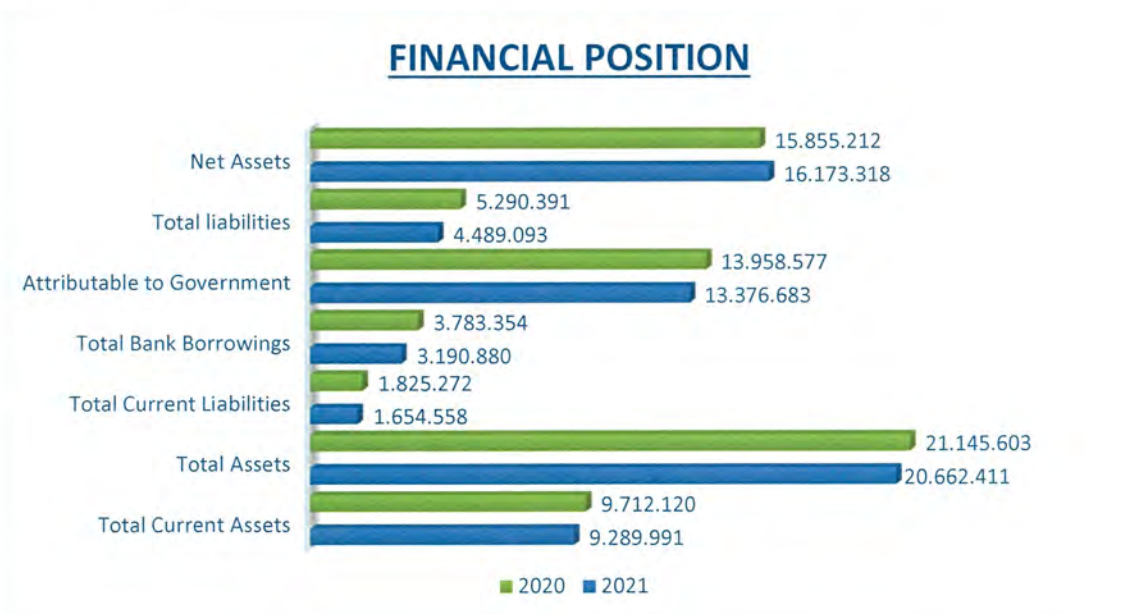
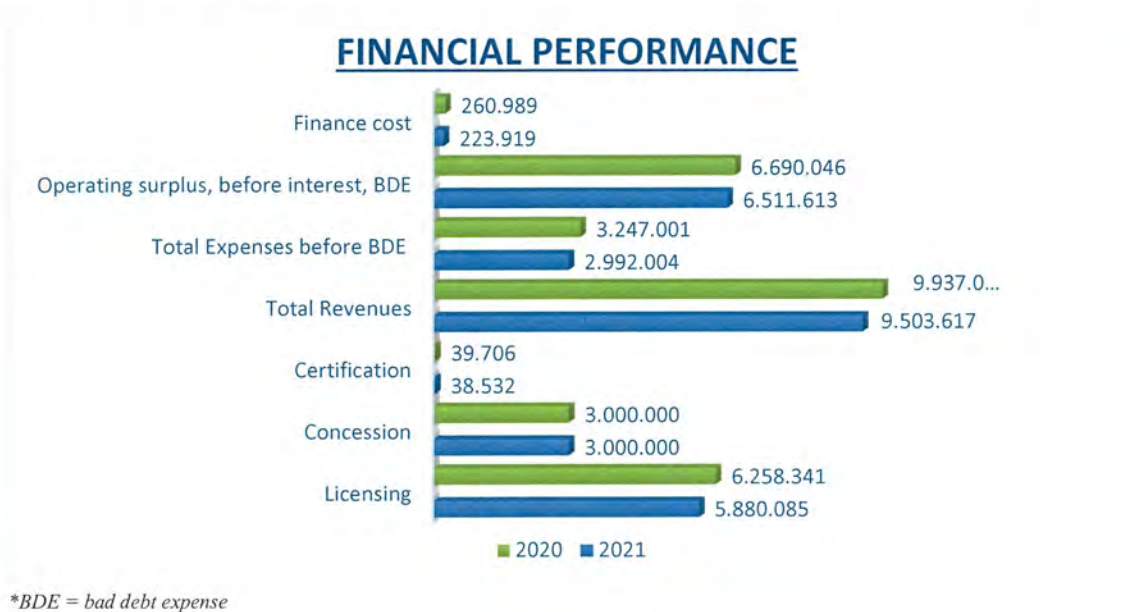
- Fiber optic to the home projects
- Net neutrality
- Big data control and regulations
- Cyber Security and Resilience
- E-waste policies
- Robotic process automation (RPA)
- Mergers and consolidations in the industry
- Teleco's investment in technology companies
- 5G and 4G LTE deployment
- Internet-of-Things (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 and the effects of the Ukraine/Russian conflict. 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 2021 and comparative 2020, are as follows (in Antillean Guilders):





## Director's Report

### FINANCIAL PERSPECTIVE (CONTINUED)

#### Trend and Ratio Analysis

##### **Liquidity**

- **Current ratio:** was 5.6x and 5.3x for the years ended 2021 and 2020, respectively. This net increase in liquid assets was substantially due to Telem's 2021/2020 settlement agreements with agreed-upon lumpsum collections on stale-dated AR. This event increased cash significantly, decreased AR in equal proportions and enabled the Bureau to settle current liabilities to effect a more optimal liquidity position. Additionally, these collections enabled the entity to transfer to government a significant ANG 4.428M, above the required cash surplus for that operating year. Nonetheless, this bodes well for the Bureau's compliance with its governing charter (Lv.BTP) and further evidence that BTP is able to meet its current obligations as they come due.
- **Accounts receivable turnover (excluding rental and other income):** was 6x and 5x for the years ended 2021 and 2020, respectively. This 9% improved credit risk was directly attributable to Telem's settlement agreements of 2021 and 2020. Cash held in credit sales was 622 days at year-end 2021 (2020: 741 days), i.e., an improved collection cycle by 120 days. The quality of net aging receivables improved materially to 6% from 35% of total credit sales for the years ended 2021 and 2020, respectively. The foregoing had a favorable impact on the working capital and the going concern of BTP.
- **Working capital per day:** was ANG 20,919 and ANG 21,608 for the years ended 2021 and 2020, respectively. Hence, a minimal decrease by ANG 0.7K as a result of the above average payment to government and a 15% reduction of total liabilities for the year ended 2021. Regardless, of the negative year-on-year (Y/Y) change, this bodes well for the Bureau's compliance with its governing charter (Lv.BTP). Additionally, BTP's pre-covid annual expenses was roughly ANG 4M, i.e., required before capex is a daily cash of ANG 11K compared to the year-end working capital per day of ANG 21K. The foregoing indicates the BTP is able to meet its current obligations as they come due and maintain the going concern assumption.

##### **Solvency**

- **Total debt-to-net assets:** remained unchanged at 0.3x for both years ended 2021 and 2020. Although, total debt decreased Y/Y by ANG 801K or -15%, government settlement of ANG 4.428M from accumulated surpluses decreased net assets by equal weightings whereby the solvency ratio remained unchanged. Nonetheless, this change is favorable for BTP's solvency and support of the going concern (reduction in debt and obligation to government).

##### **Profitability**

- **Licensing % of total revenues:** decreased by -1% Y/Y to 62% at year-end 2021 (2020: 63%). The Bureau continued its effective regulatory oversight over spectrum usage, however returned frequencies by some Telecom Operators led to an unfavorable change.
- **Concession % of total revenues:** was 32% and 30% due to the above slight decrease in total revenues, however, this income class remained unchanged Y/Y at ANG 3M.

## Director's Report

### FINANCIAL PERSPECTIVE (CONTINUED)

#### Trend and Ratio Analysis

#### **Profitability**

- **Operating margin (before other expenses and BDE):** increased Y/Y by 2%, (2021: 69% and 2020: 67%). Significant highlights of operating margin components were as follows;
  - Revenue: decreased by ANG -379K (excluding rental income) due to the effects of frequencies returned during 2020, i.e., partially billed in 2020 but unbilled for the 12 months of 2021 (see FS note 16). Rental income decreased Y/Y by ANG 54K due to the cancelled 1<sup>st</sup> floor lease agreement. The most significant net Y/Y changes by category were “*Licensing revenue*” wherein Telecom decreased by ANG -366K and Maritime decreased by ANG -11K.
  - Expenses (excluding other expenses): decreased by ANG -255K for the following reasons; Legal and professional decreased by -38% or ANG -180K, substantially due to a cancelled legal contract, a status change of an agreement from outsourced work to salaried employee, and a non-recurring 2020 collection fee of ANG 184K related to Telem’s bad debt. Housing decreased by -29% or ANG -42K substantially due to the cancelled 1<sup>st</sup> floor lease contract. G&A increased by 3% or ANG 13K as a result of the net change incurred on a one-time cyber-security agreement, reconvened travel to sector conferences, less an acute decrease in R&M due to the cancelled loss-making contract in 2020.
- **Bad debts:** decreased by -56% or ANG -861K substantially due to the improved quality of receivables and a one-time adjustment required to restate two pre-10/10/10 accounts to their recoverable amounts.
- **Return-on-assets (ROA):** remained unchanged at 32% for the years ended 2021 and 2020. This indicates that the Bureau has maintained its efficiency in generating surpluses from invested assets. Although revenues decreased by -4% for reasons outside the control of the entity, it was able to control expenses to a realized -8% Y/Y favorable change.
- **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 57% and 70% for the years ended 2021 and 2020. The experienced -13% decrease is a direct consequence of payments to government which were above the required surplus from operations and a significant reduction of aging liabilities. The positive QOE ratio signals operational sustainability, efficiency in generating positive cash flows and continued realization of the going concern assumption.

## Director's Report

### OPERATIONAL PERSPECTIVE

- **Technical events and other operational activities** – major technical activities carried out during 2021 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 2021. 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) **One Infrastructure** – BTP has always been a proponent of "Infrastructure sharing" in the Telecom industry as outlined in an official publication by BTP on 13<sup>th</sup> February 2017, and continued to be an advocate for such throughout 2021. 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.

- 3) **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 2021, no major spectrum quality issues were recorded.
- 4) **DataAxis Telecom Software** – on the 7<sup>th</sup> of December 2021, the Acting Director of the BTP signed an agreement with ICTLabs B.V to have developed a spectrum management system to enhance spectrum management and monitoring activities. Core attributes of the DataAxis Telecom software are management of sites, spectrum, financial integration, equipment, contracts and mobile application to name a few. These are translatable into core benefits such as improved efficiency, accessibility, communication, reporting, data centralization and rapid access to accurate information.

## Director's Report

### OPERATIONAL PERSPECTIVE (CONTINUED)

- 5) **Development of xRM Tool:** the Bureau 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 access to information, reduction in paper footprint, improved information reporting (such as spectrum and license data), and use of digital approvals to enhance document process flows. The asset remained incomplete at year-end.
- 6) **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 2021.

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.

- 7) **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 22<sup>nd</sup>, 2021. The migration project has enabled the Bureau to operate more efficiently and effectively.
- 8) **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 (8<sup>th</sup> December 2019), the WHO declared public health emergency (30<sup>th</sup> January 2020), effects of covid-19 first felt on our shores (March 2020), local containment efforts and government relief packages were still ongoing (18<sup>th</sup> February 2022), fast-forward to present day, the effects have simmered down globally with new strains being reported. As of report date, the after-effects are still creating issues regionally and internationally with stakeholders placing more reliance on telecommunications and postal services. As the Regulator, we remain on high alert as it relates to the needs of our society and how we can satisfy those needs with resources at our disposal.

## Director's Report

### OPERATIONAL PERSPECTIVE (CONTINUED)

- 8) **COVID-19 (cont'd)** – On the 1<sup>st</sup> of May 2020, as head of the ESF 2 (Emergency Support Functions), the BTP executed an assessment within the telecommunications 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. The functioning of our role as head of the ESF 2 continued throughout 2021 in our assessment and response to adverse events within society.

Covid-19 financial statement (FS) impact: see FS note No.1 (going-concern disclosure).

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

Donations and outreach: During the year 2021, the Bureau's donation and outreach efforts continued as follows;

White & Yellow Cross, Charlotte Brookson Academy, Still Beautiful Foundation – breast cancer awareness, Heaven Touch International ministries - Christmas 2021 food drive, Educare Foundation - upgrade of children playground.

- 9) **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.

- 10) **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" and "the inclusion of internet regulation under the Jurisdiction of BTP" has been affected, as far as the required approvals, and inputs from the Executive Body is concern.

## Director's Report

### OPERATIONAL PERSPECTIVE (CONTINUED)

- 11) **Regulations** – with the added utilities mandate, the Bureau has concluded the research phase in 2019 with further activities having been concluded in 2020. Moving forward we will continue relevant 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 permits of antenna-mast.

- 12) **Cyber Security** – 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.
- 13) **Utilization BTP building lease spaces/cancelled contracts** – on 18<sup>th</sup> March 2021, the BTP was informed by the Minister of TEATT that in accordance with the lease confirmation dated 13<sup>th</sup> July 2012, the Division of Inspection at the Ministry of Education, Culture, Youth & Sport has been assigned the 4<sup>th</sup> floor of the Leah Building Complex to use as their office spaces. Additionally, the lease of the first floor was terminated in 2020 under the instruction of the Honorable Minister of TEATT.
- 14) **Governance changes** - On the 26<sup>th</sup> 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, art.16, accountability and control.

On the 1<sup>st</sup> of May 2022, a new supervisory board (SBOD) was installed at the Bureau by way of national decrees for each of the three members. This SBOD will serve a term of three (3) consecutive years.

On the 29<sup>th</sup> of July 2022, the resignation of the Honorable Minister of TEATT, Mr. Roger A. Lawrence was finalized by national decree. In the interim, the Honorable Minister, Mr. O. Ottley has been charged with acting Minister of TEATT.

We welcome the new amendments to our governance structure and look-forward to a fruitful and productive working relationship with both bodies.

## Director's Report

### OPERATIONAL PERSPECTIVE (CONTINUED)

15) **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
- Update postal sector legislation to stimulate self-sustainability

### KEY SUBSEQUENT EVENTS

1) **Reform and Modernization of the Postal Sector (PSS N.V)** – pursuant to commitment letter signed on 20<sup>th</sup> September 2021 by the Hon. Prime Minister, Ms. Silveria Jacobs and the acceptance of commitment by the Director General, Mr. Bishar A. Hussein of the Universal Postal Union (UPU); parties thereby agreed to the postal sector reform and modernization on Sint Maarten. This commitment was in light of discussions and request for assistance initiated by the Acting/Interim Director of the BTP, Mrs. J. Labega-Hoeve at the 24<sup>th</sup> annual UPAEP Congress (held August 2021), wherein discussions were held on the state of Postal services/PSS N.V on Sint Maarten with Mr. Nicholas Bilhoto (Coordinator of Latin America and the Caribbean) and other representatives of UPU. During said discussions, an offer was made to assist Sint Maarten as a member of UPU by updating its postal legislation which would enable BTP to better regulate the Postal sector and enable PSS N.V to become self-sustainable. This project is being carried out throughout UPU member-states with the objective to support the modernization and development of the postal sector through cooperation, working with governments and other sector stakeholders to give appropriate direction by way of an Integrated Postal Reform and Development Plan (IPDP) methodology as developed by the UPU International Bureau.

During August 21<sup>st</sup> to 27<sup>th</sup> 2022, BTP hosted two UPU assigned consultants here on Sint Maarten whereby several working sessions were held with various stakeholders such as the Ministry of Finance, Ministry of TEATT, Ministry of General Affairs and PSS NV. Information relevant to the modernization project was gathered by those consultants, but it was concluded that more information is required from PSS N.V. Due to PSS's limited staffing and resources, BTP offered to assist with the further information gathering by engaging SOAB (8<sup>th</sup> of September 2022) to ensure information obtained is reliable and relevant. This expense at ANG 15,500 will be incurred by the regulator of postal services, BTP, in its commitment to a self-sustainable PSS N.V. It was further deemed appropriate to halt the modernization project until SOAB concludes its engagement.

## Director's Report

### KEY SUBSEQUENT EVENTS (CONTINUED)

- 2) **Donation to the 1<sup>st</sup> Carnival Post Covid-19 Crowd Restriction** – during the year 2022 the Bureau donated ANG 54K to the Sint Maarten Carnival Development Foundation. The Foundation reached out to the Bureau in its time of need, and we were able to fill that void to ensure our society and economy benefitted from this cultural event.
- 3) **Donation to White & Yellow Cross** – under the theme of 2022 World Telecom Day, the Bureau approved a donation of ANG 13,419 towards the social inclusion of our elderly. The package included the purchase of;
  - ✓ computer workstations (desktop pc's, desks, office chairs, sound) for the elderly care buildings and the recovery center,
  - ✓ Tablets for the activity center – for education- and entertainment programs,
  - ✓ Basic smart phones – to enable the elderly to communicate with their families, and
  - ✓ Touch screen smartboards for education and entertainment purposes

### FORWARD-LOOKING STATEMENTS

- 1) **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 those 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.
- 2) **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 as part of our Corporate Social Responsibility (CSR).
- 3) **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.



## Director's Report

### KEY SUBSEQUENT EVENTS (CONTINUED)

- 4) **Participation CAP** – Common Alerting Protocol (CAP) training program hosted by the Government 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, and we will continue to follow suite with this protocol.
- 5) **Netstar N.V denial of license renewal** – On the 6<sup>th</sup> of September 2022 a letter was sent to the honorable Prime Minister, Ms. Silveria Jacobs, to inform her that Netstar's license term had ended, and it will not be renewed. In discussion and agreement between government's IT department and BTP, it has been agreed upon that government will request its own spectrum for use on its internal network connection.

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021  
(Stated in Antillean Guilders)**

<b><u>ASSETS</u></b>	Notes	December 31,	
		2021	2020
<b>NON-CURRENT ASSETS</b>			
Capital assets, net	(3)	6,538,728	6,619,843
Investment Property, net	(3)	4,582,146	4,712,140
Other long-lived assets	(15)	251,546	101,500
<b>Total non-current assets</b>		<b>11,372,420</b>	<b>11,433,483</b>
<b>CURRENT ASSETS</b>			
Prepayments and other current assets	(4)	136,178	246,892
Trade receivables, net	(5&6)	573,668	3,232,801
Time deposit held	(7)	453,302	452,849
Cash and cash equivalents	(8)	8,126,843	5,779,578
<b>Total current assets</b>		<b>9,289,991</b>	<b>9,712,120</b>
<b>TOTAL ASSETS</b>		<b>20,662,411</b>	<b>21,145,603</b>
<b><u>NET ASSETS AND LIABILITIES</u></b>			
<b>NET ASSETS</b>			
Attributable to government	(9)	13,376,683	13,958,577
Operational reserve fund	(10)	1,980,000	1,080,000
Investment reserve fund	(10)	816,635	816,635
<b>Total net assets</b>		<b>16,173,318</b>	<b>15,855,212</b>
<b>NON-CURRENT LIABILITIES</b>			
Asset restoration obligation	(14)	278,603	278,603
Long-term debt	(11)	2,555,932	3,186,516
<b>Total non-current liabilities</b>		<b>2,834,535</b>	<b>3,465,119</b>
<b>CURRENT LIABILITIES</b>			
Current portion of long-term debt	(11)	634,948	596,838
Payroll liabilities	(12)	251,343	233,638
Trade payables and accruals	(13)	768,267	994,796
<b>Total current liabilities</b>		<b>1,654,558</b>	<b>1,825,272</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>20,662,411</b>	<b>21,145,603</b>

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

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
(Stated in Antillean Guilders)**

	Notes	January 1 - December 31,	
		2021	2020
<b><u>REVENUES</u></b>			
Licensing		5,880,085	6,258,341
Concession		3,000,000	3,000,000
Certification		38,532	39,706
Numbering		99,000	99,000
Lease income		486,000	540,000
<b>Net revenues</b>	(16)	<u>9,503,617</u>	<u>9,937,047</u>
<b><u>OPERATING EXPENSES</u></b>			
Personnel	(17)	1,595,384	1,645,147
Housing	(18)	103,809	145,961
Legal and Professional	(19)	290,718	470,504
Insurance	(20)	162,109	155,605
General and administrative	(21)	413,136	399,884
Depreciation	(3)	426,848	429,900
Bad debts expense	(6)	688,711	1,550,117
<b>Total operating expenses</b>		<u>3,680,715</u>	<u>4,797,118</u>
<b>Operating income</b>		5,822,902	5,139,929
<b><u>OTHER INCOME (EXPENSE)</u></b>			
Other income		453	453
Loss on assets disposal		--	(2,281)
Finance cost		(223,919)	(260,989)
<b>Total other (expense) income</b>	(22)	<u>(223,466)</u>	<u>(262,817)</u>
<b>Net result for the year</b>		<u>5,599,436</u>	<u>4,877,112</u>

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

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
(Stated in Antillean Guilders)**

	Attributable to Government	Operational Reserve Fund	Investment Reserve Fund	Net Assets
Balance as at December 31, 2019	18,340,210	1,080,000	816,635	20,236,845
Paid to Government	(8,500,000)	--	--	(8,500,000)
Payments on behalf of Government	(218,745)	--	--	(218,745)
Lease receivable from Government	(540,000)	--	--	(540,000)
Adjustment to prior years' accruals	--	--	--	--
Provision for reserve funds	--	--	--	--
Net result for the year	4,877,112	--	--	4,877,112
Balance as at December 31, 2020	13,958,577	1,080,000	816,635	15,855,212
Paid to Government	(4,428,008)	--	--	(4,428,008)
Payments on behalf of Government	(388,322)	--	--	(388,322)
Lease receivable from Government	(486,000)	--	--	(486,000)
Adjustment to prior years' accruals	20,999	--	--	20,999
Provision for reserve funds	(900,000)	900,000	--	--
Net result for the year	5,599,436	--	--	5,599,436
Balance as at December 31, 2021	13,376,683	1,980,000	816,635	16,173,318

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
(Stated in Antillean Guilders)**

	January 1 - December 31, 2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net result for the year	5,599,436	4,877,112
Adjustments made to reconcile net result to net cash used in operating activities:		
Depreciation and amortization	426,848	429,900
Bad debt expense	688,711	1,550,117
Loss on assets disposal	--	2,281
Changes in net working capital items:		
Decrease in trade and other receivables, net	1,970,422	5,753,093
Decrease (Increase) in prepayments and other current assets	110,714	(179,439)
(Decrease) in attributable to Government	(5,281,331)	(9,258,745)
(Increase) in other long-lived assets	(150,046)	(66,497)
Increase in payroll liabilities	17,705	20,576
(Decrease) Increase in trade payables and accruals	(226,529)	250,745
Increase in current portion of long-term debt	38,109	35,724
<b>Net cash provided by operating activities</b>	<b>3,194,039</b>	<b>3,414,867</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in short-term investments	(453)	(452)
(Investment) Divestment in work-in-progress	--	(28,379)
Acquisition of capital assets	(215,738)	(17,811)
<b>Net cash (used in) investing activities</b>	<b>(216,191)</b>	<b>(46,642)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(630,584)	(591,130)
<b>Net cash (used in) financing activities</b>	<b>(630,584)</b>	<b>(591,130)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,347,264</b>	<b>2,777,095</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>5,779,578</b>	<b>3,002,483</b>
<b>Cash and cash equivalents, end of year</b>	<b>8,126,843</b>	<b>5,779,578</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
(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 2021  
(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 2021  
(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 2021  
(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 2021

(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 2021  
(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 2021**  
(Stated in Antillean Guilders)

**3. Capital Assets, net**

	<u>Building</u>	<u>Office Equipment</u>	<u>Furniture &amp; Fixtures</u>	<u>Vehicles</u>	<u>Operations Equipment</u>	<u>Total</u>
Balance as at 31 Dec. 2020						
Cost	7,664,815	648,161	198,399	173,404	1,515,904	10,201,834
Accumulated depreciation	<u>(1,380,996)</u>	<u>(514,944)</u>	<u>(190,584)</u>	<u>(131,598)</u>	<u>(1,362,718)</u>	<u>(3,581,991)</u>
<b>Net book value</b>	6,283,819	133,217	7,815	41,806	153,186	6,619,843
<u>Changes in book value</u>						
Additions	--	194,389	21,349	--	--	215,738
Disposal	--	--	--	--	--	--
Impairment loss	--	--	--	--	--	--
Depreciation	<u>(172,458)</u>	<u>(98,879)</u>	<u>(7,731)</u>	<u>(16,234)</u>	<u>(1,551)</u>	<u>(296,853)</u>
<b>Net change for the period</b>	<u>(172,458)</u>	<u>95,510</u>	<u>13,618</u>	<u>(16,234)</u>	<u>(1,551)</u>	<u>(81,115)</u>
Balance as at 31 Dec. 2021						
Cost	7,664,815	842,550	219,748	173,404	1,515,904	10,416,421
Accumulated depreciation	<u>(1,553,454)</u>	<u>(613,823)</u>	<u>(198,315)</u>	<u>(147,832)</u>	<u>(1,364,269)</u>	<u>(3,877,693)</u>
<b>Net book value</b>	<u>6,111,361</u>	<u>228,727</u>	<u>21,433</u>	<u>25,572</u>	<u>151,635</u>	<u>6,538,728</u>

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 6.6M or ANG 11.88M. In addition to the purchase price, additional work or betterments were done to the interior of the 5<sup>th</sup> and 6<sup>th</sup> 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 2021  
(Stated in Antillean Guilders)**

**3. Investment Property, net (continued)**

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 leased 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, 2020	
Cost	6,230,692
Accumulated depreciation and impairment	<u>(1,518,552)</u>
<b>Net book value</b>	<b>4,712,140</b>
Changes in book value for the year	
Additions	--
Impairment loss	--
Depreciation	<u>(129,994)</u>
<b>Net change for the year</b>	<b>(129,994)</b>
Balance as at December 31, 2021	
Cost	6,230,692
Accumulated depreciation and impairment	<u>(1,648,546)</u>
<b>Net book value</b>	<b><u>4,582,146</u></b>

As at reporting date, investment properties are being improved for immediate occupancy, except for the 4<sup>th</sup> floor that's been in use.

Leah Building – 4<sup>th</sup> floor lease occupancy

On the 18<sup>th</sup> of March 2021, Government (through the Ministry of TEATT) invoked its lease right (created by lease confirmation on 13<sup>th</sup> July 2012) to occupy the 4<sup>th</sup>-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 4<sup>th</sup>-floor as their office space. The move was successfully completed on the 15<sup>th</sup> of April 2021.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
(Stated in Antillean Guilders)**

**4. Prepayments and Other Current Assets**

	<u>31-Dec-21</u>	<u>31-Dec-20</u>
Security deposits	29,189	29,189
Personnel advances	3,083	2,349
Advances to suppliers	82,378	194,159
Loans, PSS N.V	10,440	10,440
Provision for doubtful loan	(10,440)	(10,440)
Prepaid insurance	21,528	21,195
	<u>136,178</u>	<u>246,892</u>

**5. Trade Receivables, net**

	<u>31-Dec-21</u>	<u>31-Dec-20</u>
Netstar N.V	368,538	370,638
Radcomm Corporation N.V (UTS)	--	45,507
Telem Group of Companies	49,000	2,793,573
Global Comtrade	2,141,909	2,141,909
3SCS Station	159,600	147,900
Corporate Innovations	3,999,999	3,549,999
All Americas cable and radio Curacao	3,850,000	3,500,000
Beach Mart Television N.V	3,149,986	2,699,986
Critical Communication Caribbean (C3)	3,476	70,544
EBS Executive Business Services	30,000	30,000
Wireless Telecom Network (WTN)	266,576	263,752
Others	346,756	395,341
	<u>14,365,840</u>	<u>16,009,149</u>
<b>Less: provision for doubtful accounts</b>	<u>(13,792,172)</u>	<u>(12,776,348)</u>
	<u>573,668</u>	<u>3,232,801</u>

Significant matters regarding trade and other receivables are as follows:

- Telem Group of companies: 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
(Stated in Antillean Guilders)**

**5. Trade Receivables, net (Continued)**

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. Telem Group of companies: 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.

- 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 5<sup>th</sup> April 2018, Global Comtrade's international concession was revoked retroactive to 2017.

**6. Provision for Doubtful Accounts**

	<b>Balance 31-Dec-21</b>	<b>Bad debt 2021</b>	<b>Balance 31-Dec-20</b>
WTN	179,804	40,466	139,338
Netstar N.V.	202,645	--	202,645
3SCS	159,600	11,700	147,900
Beach Mart	3,149,986	450,000	2,699,986
Global Comtrade	2,141,909	--	2,141,909
AACR	3,850,000	350,000	3,500,000
Corporate Innovations	4,000,000	450,000	3,550,000
Critical Communications (C3)	--	(56,645)	56,645
Executive Business Services	30,000	--	30,000
Media One	13,574	3,353	10,221
Caribbean Televue Services	23,005	--	23,005
Postal Services St. Maarten (PSS)	12,303	2,500	9,803
Telem Group	49,000	49,000	--
Radcomm Corporation	--	(45,507)	45,507
Wilson Broadcasting Network	--	(4,488)	4,488
Others	(19,654)	(234,555)	214,901
<b>Provision for doubtful accounts</b>	<b>13,792,172</b>	<b>1,015,824</b>	<b>12,776,348</b>
Billing modifications pre-10/10/10	--	(327,113)	--
<b>Bad debt expense</b>		<b>688,711</b>	



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**7. Time Deposit Held**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
Certificate of deposit - Windward Islands Bank Ltd.	453,196	452,744
Interest income, thereon	106	105
	<u>453,302</u>	<u>452,849</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%.

**8. Cash and Cash Equivalents**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
Windward Island Bank USD	4,383,808	3,002,518
Windward Island Bank ANG	3,742,558	2,776,516
Petty Cash	477	544
	<u>8,126,843</u>	<u>5,779,578</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**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
Attributable to Government, Opening	13,958,577	18,340,210
Adjustments to prior years' accruals	20,999	--
Paid to Government	(4,428,008)	(8,500,000)
Payments on behalf of Government	(388,322)	(218,745)
Lease receivable from Government	(486,000)	(540,000)
Net result for the year	5,599,436	4,877,112
Provision for reserve funds	(900,000)	--
	<u>13,376,683</u>	<u>13,958,577</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 credit notes on receivables for which the right to receive have been extinguished as of reporting date.

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**9. Attributable to Government (continued)**

The identified payments made to Government by BTP for the years 2013 – 2022 were as follows:

<b>Year</b>	<b>Amount</b>
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
2022 =	ANG 1,440,000
<b>Total =</b>	<b>ANG 24,104,907</b>

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).

**Other significant matters related to attributable to Government account**

**9.1 Government transfer receivable**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
Government transfer receivable – boedelscheiding	13,019,323	13,019,323
Allowance for doubtful transfer	(13,019,323)	(13,019,323)
	--	--

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.

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**9.1 Government transfer receivable (continued)**

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).

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.

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**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, joint control or significant influence 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.

*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 21 "repairs & maintenance"),
  - ✓ 2012-2020 1<sup>st</sup> floor lease agreement (see FS note 18),
  - ✓ 2017 hurricane damage assessment agreement, and
  - ✓ 2017 building restoration agreement
  
- ACTIS:
  - ✓ 2012-2022 service contract for the numbering plan of Sint Maarten (see FS note 21, numbering plan)

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**9.2 Related Parties (continued)**

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 ceased all contractual arrangements and dealings with ACTIS on contract expiration date of 16<sup>th</sup> March 2022.

**10. Operational and Investment Reserve Fund**

	<u>31-Dec-21</u>	<u>31-Dec-20</u>
Operational reserve fund	1,980,000	1,080,000
Investment reserve fund	816,635	816,635
	<u>2,796,635</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).

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**10. Operational and Investment Reserve Fund (continued)**

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, increased by ANG 630K for the approved budget of the year 2016. For the year ended 2021, an additional ANG 900K was funded to cover the likelihood of a future six-month loss.

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 addition was made to this reserve.

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.

**11. Long-Term Debt**

	<u>31-Dec-21</u>	<u>31-Dec-20</u>
W.I.B debt facility. b	3,190,880	3,783,354
<b>Total debt</b>	<u>3,190,880</u>	<u>3,783,354</u>
<b>Less:</b>		
Short-term portion	<u>(634,948)</u>	<u>(596,838)</u>
	<u>2,555,932</u>	<u>3,186,516</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.

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**11. Long-Term Debt (continued)**

On January 29<sup>th</sup>, 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.

**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 7<sup>th</sup> 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-21</u>	<u>31-Dec-20</u>
AVBZ	27,227	26,428
AOV/AWW	10,810	6,559
ZV/OV	2,775	2,696
Wage tax	85,511	70,617
Pension liability	15,620	17,938
Pension contributions refundable to employees	109,400	109,400
	<u>251,343</u>	<u>233,638</u>

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**12. Payroll Liabilities (continued)**

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.

**13. Trade Payables and Accruals**

	<u>31-Dec-21</u>	<u>31-Dec-20</u>
Actis	11,475	36,450
Accountability Center	95,280	101,743
NAAP Global Solutions Ltd.	12,103	--
SOAB	233,334	216,804
Computech	--	21,600
UPAEP	--	101,201
Other, trade payables	29,248	70,533
Accrued liabilities, UPU	263,370	303,813
Accrued liabilities, CTU	119,426	105,386
Credit cards	2,516	4,185
Redeemable checks	1,515	33,081
	<u>768,267</u>	<u>994,796</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-2022, i.e., provisions were made accordingly.

Respective of CTU (Caribbean Telecommunications Union), on 6<sup>th</sup> April 2022, a collection letter dated 23<sup>rd</sup> March 2022 was received at the BTP with a stated USD 74,148 obligation to be settled. As such, a provision was made for the probable obligation that existed at reporting date.

Other significant balances related to ACA and SOAB represent cumulative audit fees for the years 2018 to 2020 which were subsequently paid. Other accruals outstanding relates to audit fees for the year 2021 which were accrued at reporting date.



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**14. Asset Restoration Obligation**

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

Description	Amount (ANG)
Furniture, equipment and vehicles	258,611
Building	1,152,000
Generator	69,428
Elevator	58,212
Others	33,485
Total restoration obligation	<u>1,571,736</u>
Less: payments rendered during 4 <sup>th</sup> 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>

**15. Other long-lived assets**

	31-Dec-21	31-Dec-20
Work-in-progress	6,624	6,624
12.5% personnel cut recoverable	221,250	66,497
Credit card advances	23,672	28,379
	<u>251,546</u>	<u>101,500</u>

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.

12.5% personnel cut recoverable: on Wednesday, 3<sup>rd</sup> of February 2021, Parliament passed the law that formalized a 12.5% reduction in employment benefits for civil servants and those employed at (semi) public sector entities, i.e., BTP included. As such provisions was made accordingly.

Credit card: an amount recoverable of ANG 24K was reclassified from liabilities to *other long-lived assets* recovered in 2022. This condition existed due to advance funding made to cover a scheduled 2020 trip, however subsequently cancelled due to covid-19.

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**16. Revenue**

	<u>2021</u>	<u>2020</u>
Licensing	5,880,085	6,258,341
Concession	3,000,000	3,000,000
Certification	38,532	39,706
Numbering	99,000	99,000
Lease income	486,000	540,000
	<u>9,503,617</u>	<u>9,937,047</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 2021. The net unfavorable Y/Y (year-on-year) variance of ANG -0.378M for the year by sector were as follows:

	<u>2021</u>	<u>2020</u>
(A) Aviation	35,180	33,600
(B) Broadcasting	176,047	176,045
(T)Telecommunication	5,615,956	5,982,085
(MR) Maritime	32,902	44,111
(C) Certificate	--	--
(P) Postal	20,000	22,500
	<u>5,880,085</u>	<u>6,258,341</u>

Significant variances identified for this class were: ARC/spectrum/Telecom - unfavorable variance of ANG -635K | MRC/Spectrum/Telecom - favorable variance of ANG 277K | Mobile Radio Communications - unfavorable variance of ANG -12K | and, Maritime - unfavorable variance of ANG -11K. The net unfavorable variance experienced in the Telecom and Radio sectors were a direct consequence of returned frequencies by the largest operators during fiscal 2020. Hence, these frequencies were partially billed in 2020, but experienced no billings for the 12 months of 2021.

**Lease income:** decreased by ANG -54K due to the cancelled lease agreement of the 1<sup>st</sup> floor during the operating year 2020.

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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 unfavorable Y/Y variance of ANG -1.2K for the year by sector were as follows:

	<u>2021</u>	<u>2020</u>
(A) Aviation	9,433	9,000
(B) Broadcasting	477	1,329
(MB) Mobile - radio	--	90
(MR) Maritime	9,531	7,380
(E) Examinations	3,358	2,197
(TA) Type Approvals	15,678	19,125
Others	55	585
	<u>38,532</u>	<u>39,706</u>

Significant variances identified for this class were: Type Approvals - unfavorable variance of ANG -3.4K | Maritime - favorable variance of ANG 2.2K | Examinations favorable variance of ANG 1.2K and others in aggregate at an unfavorable variance of ANG -1.0K.

All other revenue categories remained on par with prior operating year 2020.

**17. Personnel**

	<u>2021</u>	<u>2020</u>
Gross salaries and wages	1,468,071	1,426,958
Social premiums	95,452	89,762
Pension premiums	151,309	169,675
Other personnel expenses	28,902	23,126
12.5% personnel cut	(148,350)	(64,374)
	<u>1,595,384</u>	<u>1,645,147</u>

Mutations to gross salaries and wages expense for the year ended 2021/2020 were:

- New hire of finance personnel at an unfavorable variance of ANG -24.4K.
- Expired term of the SBOD effected a net favorable variance of ANG 43.4K.
- Changes to legal personnel of a net favorable variance of ANG 26.8K.
- One-time compensation to technical dept. an unfavorable variance of ANG -10.9K.
- Management and other admin personnel changes to a net unfavorable ANG -76K post suspension of the Director.

For the financial year ended 31 December 2021, a total of eleven (11) individuals were employed by the Bureau compared to twelve (12) employees at year-end 2020.

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**18. Housing**

	<u>2021</u>	<u>2020</u>
Rent	--	54,000
Utilities	38,338	27,191
Telephone, data, and Internet	28,375	29,244
Janitorial expense	4,696	5,826
Security expense	--	5,400
Parking	32,400	24,300
	<u>103,809</u>	<u>145,961</u>

**19. Legal and Professional**

	<u>2021</u>	<u>2020</u>
Audit, financial and other consultancy	227,042	388,510
Legal	63,676	49,539
Management fees	--	32,455
	<u>290,718</u>	<u>470,504</u>

- a) Significant non-recurring or one-off expenses incurred in this category were:
- For the year ended 2021, there were no significant non-recurring expenses to report.
  - For the year ended 2020, a collection fee was paid to the collection agency for the successful settlement agreement of Telem's stale-dated AR. Total settlement was ANG 10.999M, but the collection fee was calculated based on an 8.5% threshold of ANG 2.16M to a total payout of ANG 183.6K.
- b) Significant contractual amendments for the year 2020 were:
- Curtis T. White Law Offices: effective 30<sup>th</sup> September 2011, Sint Maarten became a participant in the North American Numbering Plan (NANP). 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 14<sup>th</sup> May 2018 for an extended 2-year term at a monthly retainer rate of USD 4,680 plus authorized expenses. This agreement ended on 19<sup>th</sup> May 2020 by default.
  - Duncan Brandon & Hoeve: On 14<sup>th</sup> September 2011, the BTP (the Bureau) and Duncan Brandon & Hoeve (thereinafter referred to as consultant) entered into an agreement for a term of 1-year commencing on 1<sup>st</sup> October 2011 and ending on 30<sup>th</sup> 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.

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**19. Legal and Professional (continued)**

Duncan Brandon & Hoeve (cont'd): The agreed contract price was at a fixed monthly lumpsum of USD 19,662.92 for the period 1<sup>st</sup> October 2011 until 31<sup>st</sup> December 2011; and thereafter, the fixed monthly consulting fee was stated at USD 20,786.52, plus out-of-pocket expenses, when applicable. On 14<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> November until 30<sup>th</sup> April 2013; and thereafter, an USD 8,000 monthly retainer fee (plus out-of-pocket expenses when applicable) for “legal support” for the period 1<sup>st</sup> May 2013 until 31<sup>st</sup> October 2017.

- The Law Firm (ex-Duncan & Brandon): On 10<sup>th</sup> 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 1<sup>st</sup> November 2019 and ended on 31<sup>st</sup> October 2020 by default.

**20. Insurance Amortization**

	<b>2021</b>	<b>2020</b>
Personnel	75,337	70,054
Vehicles	9,946	8,621
Furniture	4,524	4,526
Equipment	7,649	7,656
Building	64,178	64,279
Public liability	475	469
	<u>162,109</u>	<u>155,605</u>

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**21. General and Administrative**

	<b>2021</b>	<b>2020</b>
Numbering plan	137,700	157,950
Membership fees	2,340	8,095
Travel and lodging	71,648	22,073
Representation	6,449	3,613
Donations and charitable contribution	14,400	4,410
Postage and courier	6,890	5,134
Automobile expense	15,176	10,047
Repair and maintenance	17,606	82,555
Office supplies	19,521	17,797
Computer and equipment	40,693	34,652
Network support expenses	69,869	27,883
Bank charges	7,966	6,979
Foreign exchange variances	2,278	18,696
ESF committee	600	--
	<u>413,136</u>	<u>399,884</u>

The most significant classes of transactions within general and administrative expense for the year ended 2021 were:

- Travel & lodging: increased as a result of reconvened travels to conferences and workshops to which the Bureau holds membership. These were halted in 2020 due to the covid-19 pandemic.
- Repairs & maintenance: decreased significantly as a result of the cancelled agreement during the first quadrimester of 2020.
- Network expense: increased significantly due to a non-recurring agreement executed with Cyber Security Professional Services to conduct an IT policy review, risk assessment and training.
- Numbering plan: expense relates 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 that ended on the 16<sup>th</sup> of March 2022.

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**22. Other Income (Expense)**

	<u>2021</u>	<u>2020</u>
Finance income	453	453
Finance cost	(223,919)	(260,989)
Gain on asset disposal	--	(2,281)
	<u>(223,466)</u>	<u>(262,817)</u>

Finance 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 facility granted by WIB to BTP (see note 11).

**23. Contingent Liabilities**

On the 7<sup>th</sup> of September 2022, BTP received an updated listing of ongoing legal matters and claims from legal counsels, including the Ministry of TEATT. The updated listing of court cases comprised pending/ongoing legal matters from prior periods and covering the period 28<sup>th</sup> June 2022 to 7<sup>th</sup> of September 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. LAR236/2017 (Lar SXM2018H00130):

On 14<sup>th</sup> June 2017 Netstar submitted an appeal against the decision of the Minister of TEATT dated 26<sup>th</sup> May 2017 in which decision Netstar was informed that-in accordance with the advice of BTP-Netstar's current license shall expire on 26<sup>th</sup> May 2017. By decision of the Court of First Instance of 25<sup>th</sup> 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 2<sup>nd</sup> 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.

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 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.

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**23. Contingent Liabilities (continued)**

BTP vs Kiwisat: (cont'd)

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.

On the 15<sup>th</sup> 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. As per legal letter dated 11<sup>th</sup> August 2022, the case remain in appeal with an anticipated favorable outcome.

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**

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

a) ACTIS – On 16<sup>th</sup> March 2012, the BTP (the Bureau) and Advanced Communications and Technology Infrastructure Services N.V (hereinafter 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 27<sup>th</sup> January 2021, parties agreed to a contract price and term modification as follows: the current contract shall terminate on 16<sup>th</sup> March 2022, a 15% price reduction was made effective 1<sup>st</sup> November 2020 and ended on 16<sup>th</sup> March 2022.

b) Governance changes – On the 1<sup>st</sup> of May 2022, a new supervisory board (SBOD) was installed at the Bureau by way of national decrees for each of the three members. This SBOD will serve a term of three (3) consecutive years.

On the 29<sup>th</sup> of July 2022, the resignation of the Honorable Minister of TEATT, Mr. Roger A. Lawrence was finalized by national decree. In the interim, the Honorable Minister, Mr. O. Ottley has been charged with acting Minister of TEATT.

c) Material Arrangement – Effective January 15, 2022, the Bureau signed an agreement with an independent consultant for a period of 12 months ending January 15, 2023. This agreement was signed under the directive of the ministry of TEATT with a fixed monthly obligation to be satisfied at ANG 18.2K. Agreed upon services to be provided by the consultant are stated as; work related to energy and waste to assist BTP's Director and SBOD succeed with a regulatory environment for a modernized telecommunications and post infrastructure, assist with the integration of government utility companies to improve efficiencies and create a mapped infrastructure that better serves the Country. Further, to assist with telecommunications and post related issues.

d) DataAxis Telecom Software – On the 7<sup>th</sup> of December 2021, the Acting Director of the BTP signed an agreement with ICTLabs B.V to have developed a spectrum management system to enhance spectrum management and monitoring activities. This agreement committed to a purchase price of USD 25,000 plus a monthly recurring SLA fee of USD 2,500. As of reporting date, the software remains in the operational testing phase.

e) Reform and Modernization of the Postal Sector (PSS N.V) – Pursuant to commitment letter signed on 20<sup>th</sup> September 2021 by the Hon. Prime Minister, Ms. Silveria Jacobs and the acceptance of commitment by the Director General, Mr. Bishar A. Hussein of the Universal Postal Union (UPU); BTP has joined in this commitment to reform and modernize the postal sector on Sint Maarten to become self-sustainable. Accordingly, on the 8<sup>th</sup> of September 2022, BTP allocated ANG 15,500 to assist PSS N.V with information gathering as deemed necessary for the UPU modernization project (see Director's Report – subsequent events nr.1).