



**Bureau Telecommunications
and Post St. Maarten**

FINANCIAL STATEMENTS

December 31, 2022

Expressed in Antillean Guilders

FOR THE YEAR ENDED 31 DECEMBER 2022

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Independent Auditor's Report

To the ad interim director of Bureau Telecommunications
and Post St. Maarten,
Mrs. J. Labega-Hoeve

Report on the audit of the 2022 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 2022 financial statements of Bureau Telecommunications and Post Sint Maarten ("the Bureau"), Cannegieter Street 15 – Unit 5.1, Philipsburg, Sint Maarten.

In our opinion, the accompanying financial statements 2022 are prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the entity, as set out in the notes (reference hereby made to the contents of page 22 up to and including 28) of the 2022 financial statements of the Bureau.

The financial statements comprise:

1. the statement of financial position as at 31 December 2022;
2. the statement of operations for 2022;
3. the statement of changes in net assets;
4. the statement of cashflows; and
5. the notes comprising 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, 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 22 up to and including 28) 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 Sint Maarten to comply with the "Landsverordening Bureau Telecommunicatie en Post" (AB 2013 GT no 466). As a result, the financial statements may not be suitable for another purpose. Therefore, our auditor's report is intended solely for the Bureau Telecommunications and Post Sint Maarten and the minister of Tourism, Economic Affairs, Transport and Telecommunication and should not be distributed to or used by other parties. Our opinion is not modified in respect to 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 necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the Bureau's ability to continue as a going concern in the financial statements.

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 on 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 in response 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;
- 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 24 "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 disclosed the current situation in the notes to the financial statements and rightfully prepared the financial statements on the basis of going concern assumption. Our opinion is not modified in respect of this matter.

Phillipsburg, 25 mei 2023

On behalf of

Stichting Overheidsaccountantsbureau,



R.E. Faneyte RA
Managing Director

Initials for authentication purposes:



Director's Report

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022. 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 2022. This report is prepared as at 11th April 2023. 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;

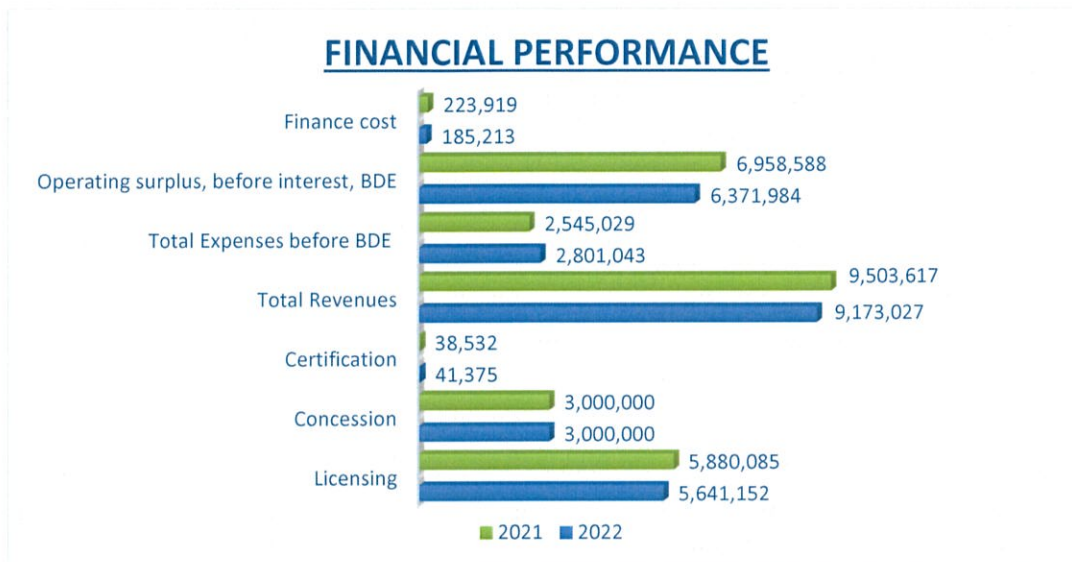
- Fiber optic to the home projects
- Net neutrality
- Big data control and regulations
- Cyber Security and Resilience
- E-waste policies
- Robotic process automation (RPA)
- Mergers and consolidations in the industry
- Teleco's investment in technology companies
- 5G and 4G LTE deployment
- Internet-of-Things (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.

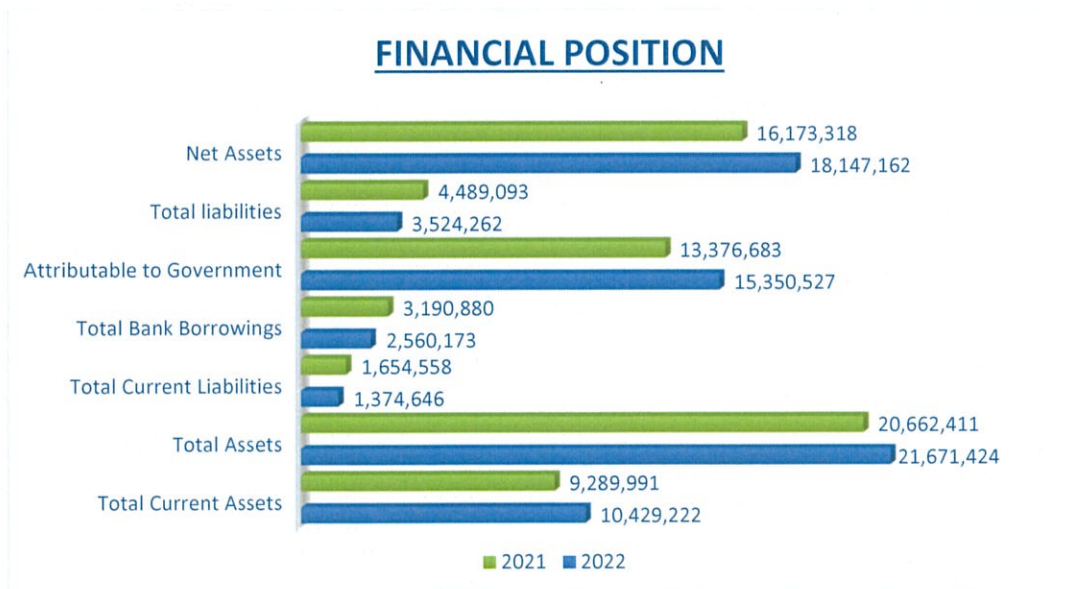
Director's Report

FINANCIAL PERSPECTIVE

Results of operations and key performance indicators for the year then ended 31 December 2022 and comparative 2021, are as follows (in Antillean Guilders):



*BDE = bad debt expense



Director's Report

FINANCIAL PERSPECTIVE (CONT'D)

Trend and Ratio Analysis

Liquidity

- **Current ratio:** was 7.6x and 5.6x for the years ended 2022 and 2021, respectively. This substantial increase in liquid assets was primarily due to a significant increase of ANG 1.38M in deemed collectible net receivables (AR), and the extensively settled ANG 290K of liabilities over the operating cycle. An outcome wherein liquid assets increased, and current liabilities decreased providing further evidence that BTP is able to meet its current obligations as they come due.
- **Accounts receivable turnover (excluding rental and other income):** was 0.5x and 0.6x for the years ended 2022 and 2021, respectively. This negative -7% change in credit risk was directly attributable to Telem's significant buildup of receivables over the reporting year (see FS note 5). Cash held in credit sales was 665 days at year-end 2022 (2021: 622 days), i.e., a deteriorated collection cycle by 44 days. However, to lend further insight on the year-on-year (Y/Y) change in trade receivables, one need to know that the population of outstanding AR comprise 83% of dead-weight balances and 17% of real operating AR.

Balances categorized as dead-weight consist of Global Comtrade at ANG 2.142M for a revoked license, but maintained in AR to enhance the clarity of total uncollectible AR in the determination of attributable to government. Other dead-weight balances represent Corporate Innovations, All Americas Cable & Radio Curacao and Beach Mart at a total ANG 12.25M spanning over some twelve years of neglected payment. In essence, with the absence of these dead-weight balances, a revised AR turnover would be as follows.

Revised AR turnover

The revised AR turnover ratio for real operating receivables was 4.2x and 3.3x for the years ended 2022 and 2021, respectively. This indicated an improved collection rate by 26% or some 23 days. The revised rate considered the reported gross AR of ANG 17.3M and ANG 14.4M for the years 2022 and 2021, respectively. These figures were reduced by the dead-weight AR balances to real operating gross AR of ANG 2.9M and ANG 1.2M for the years ended 2022 and 2021, respectively. This further illustrates that real operating net AR would have been reported as ANG 327K for the year ended 2022. The foregoing had a favorable impact on the working capital and the going concern of BTP.

- **Working capital per day:** was ANG 24,807 and ANG 20,919 for the years ended 2022 and 2021, respectively. Hence, an increase of ANG 3.9K as a result of the above liquidity discussion. 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 25K. The foregoing indicated that BTP is able to meet its current obligations as they come due and maintain the going concern assumption.

Director's Report

FINANCIAL PERSPECTIVE (CONT'D)

Trend and Ratio Analysis

Solvency

- **Total debt-to-net assets:** was 0.2x and 0.3x for the years ended 2022 and 2021, respectively. This indicated an improved solvency rate by 30% rendering the Bureau less leveraged, coupled with the continued effective management of invested capital to yield positive returns at year-end 2022. The outcome was favorable for BTP's solvency and support of the going concern.

Profitability

- **Licensing % of total revenues:** decreased by -1% Y/Y to 61% at year-end 2022 (2021: 62%). The Bureau continued its effective regulatory oversight over spectrum usage, however returned frequencies partially billed in 2021 resulted in NIL billings over 2022, thus the unfavorable Y/Y change.
- **Concession % of total revenues:** was 33% and 32% for the years ended 2022 and 2021, respectively. The increase was effected by the lower reported total revenues and not a result of higher concession revenues. This revenue class remained unchanged Y/Y at ANG 3M.
- **Operating margin (before other expenses and BDE):** decreased Y/Y by -4%, (2022: 69% vs 2021: 73%). Significant highlights of operating margin components were as follows;
 - Revenue: decreased by ANG -331K or -4% (excluding rental income) primarily due to the effects of frequencies returned during 2021, i.e., partially billed in 2021 but unbilled for the 12 months of 2022 (see FS note 16). The most significant net Y/Y changes by category were; (i) *Numbering revenue* decreased Y/Y by ANG -95K due to the cancelled ACTIS agreement (see FS note 21), (ii) *Licensing revenue* decreased by ANG -239K due to the above returned frequencies by TELCOs.
 - Expenses (excluding BDE and other expenses): increased by ANG 256K or 10% due to the following reasons; (i) *Personnel* increased by 22% or ANG 258K due to increased remuneration for the A.I Director at ANG 68K, office manager at ANG 33K, AR assistant accountant first-full-year employed at ANG 48K, implemented SBOD ANG 48K, and other personnel expenses at ANG 66K for training, personnel development and the year-end staff retreat to acknowledge a resilient year, (ii) *Legal and professional* decreased by -5% or ANG -14K, substantially due to less legal issues around the entity, (iii) *G&A* decreased by -3% or ANG 11K primarily due to the lingering benefits of the cancelled ACTIS contract and the one-time 2021 cyber-security expense, (iv) *Housing* increased by 15% or ANG 15K primarily due to a one-time rust removal job, and (v) *Insurance* increased by 9% or ANG 15K due to premium increases.

Director's Report

FINANCIAL PERSPECTIVE (CONT'D)

Trend and Ratio Analysis

Profitability

- **Bad debt expense:** increased by 124% or ANG 855K primarily due to the 2021 one-time credit required to restate two pre-10/10/10 accounts to their recoverable amounts. However, 2022 bad debt reverted back to normal levels. To enhance the understandability of bad debt expense, we can eliminate the **ANG 1.25M of dead-weight accounts (AARC, Corporate Innovations & Beach Mart)** to derive at real manageable AR debt. In doing so, net bad debt expense was ANG 294K reflecting manageable debt apart from non-manageable accounts or dead-weight AR. Noteworthy, on the 16th of March 2023, a debt collection agreement was signed with a third-party agency in view of improving collections and reducing bad debt.
- **Return-on-assets (ROA):** was 29% and 34% for the years ended 2022 and 2021, respectively. This indicated that the Bureau's efficiency over the management of invested assets has deteriorated. The unfavorable Y/Y change by -5% can be attributed to, (i) the net -3% decrease in total revenues that's outside the control of the Bureau, (ii) increased personnel expense by 22% for required staffing after suspension of the Director, and (iii) the increased bad debt expense as outlined above.
- **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 11% and 53% for the years ended 2022 and 2021. The decreased -42% was primarily a direct consequence of Telem's significant AR buildup for the year 2022, thereby having reduced operating cash flow by approximately ANG -1.5M. Nonetheless, the QOE ratio remained positive, signaling operational sustainability, efficiency in generating positive cash flows and continued realization of the going concern assumption.

OPERATIONAL PERSPECTIVE

Technical Events and Other Operational Activities

Reportable operational activities for the year ended 2022 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 2022. 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.

Director's Report

OPERATIONAL PERSPECTIVE (CONT'D)

Technical Events and Other Operational Activities

- 2) **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 2022, no major spectrum quality issues were recorded. There was one noteworthy issue on 24th December 2022 whereby the island was unable to have data connectivity for over 4-hours. This was caused by a sub-cable connectivity issue on Flow's cable (on which both local operators are connected) out of St. Kitts. The issue basically had the entire business and banking sector incapacitated for several hours. This issue was resolved after five hours of down-time.
- 3) **DataAxis Telecom Software** – on the 7th of December 2021, the Acting Director of the BTP signed an agreement with ICT Labs 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. At reporting date 31st December 2022, a major component named the sharepoint module was still under development. On the 19th of April 2023, live trainings will commence for retrieving financial data and drone data gathering interface with the Dataaxis software.
- 4) **Development of xRM Tool:** the Bureau awarded a contract to the IT company Computech for the development of an xRM tool with a tailor-made, fully functioning integrated Document Management System. This intangible asset was meant to provide the Bureau with better equipped workflow processing tools and ready-to-use management dashboards. However, the vendor failed to complete the asset as intended, so the Bureau changed-over to ICT Labs B.V to have the data management software completed. As of reporting date, the Bureau is looking into reparatory actions.
- 5) **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 2022.

Director's Report

OPERATIONAL PERSPECTIVE (CONT'D)

Technical Events and Other Operational Activities

Consumer Satisfaction (cont'd):

To ensure consumer satisfaction: the Bureau retains advanced measurement probes (equipment) to effectively measure the quality of telecommunication services as provided by Sint Maarten's telecom Operators. The use of this specialized equipment enables BTP 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.

- 6) **Regulations** – the Bureau has been actively engaged in developing and modernizing regulations, and as such we highlight the following.
 - a) **Utilities mandate** – the Bureau has concluded the research phase in 2019 with further activities having been concluded in most recent years. On the 20th of December 2022, the Bureau signed a consultant agreement with Practical Solutions N.V to spearhead this framework. A draft legislative framework and operational models are in the final phase. 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.
 - b) **Construction of telecommunications mast** – the Bureau has forged working collaboration with the department of VROMI to provide advisory on request by service-providers for new building permits of antenna-mast. This alliance remained applicable throughout 2022.
 - c) **Netstar N.V denial of license renewal** – On the 6th 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. The relevant request for a spectrum license has been submitted and is expected to be issued in early May 2023.

Director's Report

OPERATIONAL PERSPECTIVE (CONT'D)

Technical Events and Other Operational Activities

Regulations (cont'd):

- a) **One Infrastructure** – the Bureau has always been a proponent of “Infrastructure sharing” in the Telecom industry as outlined in an official publication by BTP on 13th February 2017, and continued to be an advocate for such throughout 2022. 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, ultra-fast 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. An extensive study and advice hereon have been submitted to the Honorable Minister of TEATT and we await the realization of this much needed regulation.

- b) **Governance changes** - On the 26th of August 2021, the Honorable Minister of TEATT, Mr. Roger Lawrence was sworn in as the new Minister with direct control over the BTP as per Lv.BTP, art.16, accountability and control.

On the 29th of July 2022, the resignation of the Honorable Minister of TEATT, Mr. Roger A. Lawrence was finalized by national decree. For the remainder of the year 2022, the Honorable Minister, Mr. O. Ottley was charged with acting Minister of TEATT. The Bureau hereby expresses its sincerest gratitude to the ministry for its support over the year 2022 withstanding so many changes from the top. Nonetheless, we await the approval of the draft law that has been submitted for the inclusion of internet under BTP's regulatory oversight.

On the 1st 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.

Director's Report

OPERATIONAL PERSPECTIVE (CONT'D)

Technical Events and Other Operational Activities

- 7) **Corporate Social Responsibility** – amongst others the following donations and outreach were undertaken during the year 2022;
- a) **Donation to the 1st 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.
 - b) **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
- 8) **Interference Weather Station** – in September 2022, the technical department of BTP provided technical assistance to the Meteorological Department of the Government of Sint Maarten. The Met office installed a new weather station on St. Peters Hill however it failed to function as intended due to interference issues. BTP technicians assisted the vendors with trouble shooting and in getting the issues resolved.
- 9) **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 for the remaining term. 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", "utilities" 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 (CONT'D)

Technical Events and Other Operational Activities

10) **COVID-19** - the novel coronavirus has triggered a series of unfolding events since its outbreak and continues to cripple economies and our way of life. The outbreak sequenced as the discovery of the China-Wuhan outbreak (8th December 2019), the WHO declared public health emergency (30th January 2020), effects of covid-19 first felt on our shores (March 2020), local containment efforts and government relief packages continued to reporting date. Fast-forward to present day, the effects have simmered down globally but the effect on our economy still lingers. This residual effect has created issues regionally and internationally with stakeholders placing more reliance on telecommunications and postal services. Thus, 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.

Developments and Projects - the Bureau is currently occupied with the following ongoing projects;

- One infrastructure MOU between stakeholders
- Rate sheet review
- Development of data management 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

11) **Reform and Modernization of the Postal Sector (PSS N.V)** – pursuant to commitment letter signed on 20th 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 24th annual UPAEP Congress (held August 2021). At this meeting 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.

Director's Report

OPERATIONAL PERSPECTIVE (CONT'D)

Technical Events and Other Operational Activities

Developments and Projects (cont'd):

During August 21st to 27th 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. The consultants collected information for the modernization project, but determined that additional information from PSS N.V was required to move forward. Due to PSS's limited staffing and resources, BTP offered to assist with the further information gathering by engaging SOAB (8th of September 2022) to ensure information obtained was reliable and relevant. This expense at ANG 15,500 was incurred by the Bureau as the regulator of postal services, confirming its commitment to a self-sustainable PSS N.V. The final UN report for phase-1 was received on the 17th of March 2023 and has been submitted to the Honorable Prime Minister for feedback.

- 12) **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 rapid 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.
- 13) **5G prep project** – the Bureau attended a high-level Caribbean round table session hosted by GSMA and 5G Americas on September 29th, 2022, to discuss 5G deployment, Spectrum Management, Digital Transformation, Ecosystem Readiness, Internet of Things, and Regulatory frameworks with industry leaders from the Caribbean. These sessions are crucial for future-proofing policies and regulatory frameworks in the region to support innovations and foster growth and development in various sectors, such as e-commerce, education, health care and government services.

KEY SUBSEQUENT EVENTS

- 1) **Cyber Crime Awareness** – in December 2022 the Bureau kicked off a project to help raise awareness in Sint Maarten on how the general population can protect their digital assets from cyber threats. In doing so, BTP is collaborating with the Computer Science class of Milton Peters College (MPC) to start a nationwide cyber-crime campaign, and to enhance cyber awareness among students.

On the 21st of February 2023, BTP approved the sum of ANG 18K for this project. These funds will be used by MPC to support the school's computer science programs, to upgrade the ICT facilities in their technology classroom, and to provide modern tools to students for use during the cyber-crime project to be executed on behalf of BTP and all other future ICT related projects.

Director's Report

KEY SUBSEQUENT EVENTS (CONT'D)

- 2) **Spectrum Coordination** – in March 2023, the telecom administrators of Sint Maarten, Saint Martin/St. Barth, Anguilla, Saba and Statia finalized a revised spectrum coordination agreement to allow for seamless deployment of 5G services across the islands. Having established an equitable division of spectrum for 5G usage on Sint Maarten, all service providers that require 5G spectrum can now begin to apply for the necessary license(s) to be able to render such. Noteworthy, 5G is continuously proving itself to be the catalyst for progress and innovation across all sectors throughout markets. The revised spectrum agreement is a testament to the strong partnership between BTP and the telecom authorities of neighboring islands in our shared commitment to ensuring that our citizens have access to high-quality communication services.

FORWARD-LOOKING STATEMENTS

- 1) **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.
- 2) **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.

Director's Report

FORWARD-LOOKING STATEMENTS (CONT'D)

- 3) **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), and we pledge to continue doing so.
- 4) **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.


**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(Stated in Antillean Guilders)**

<u>ASSETS</u>	Notes	December 31,	
		2022	2021
NON-CURRENT ASSETS			
Capital assets, net	(3)	6,332,122	6,538,728
Investment Property, net	(3)	4,452,152	4,582,146
Other long-lived assets	(13)	457,928	251,546
Total non-current assets		<u>11,242,202</u>	<u>11,372,420</u>
CURRENT ASSETS			
Prepayments and other current assets	(4)	147,961	136,178
Trade receivables, net	(5&6)	1,953,685	573,668
Time deposit held	(7)	2,797,948	453,302
Cash and cash equivalents	(8)	5,529,628	8,126,843
Total current assets		<u>10,429,222</u>	<u>9,289,991</u>
TOTAL ASSETS		<u>21,671,424</u>	<u>20,662,411</u>
<u>NET ASSETS AND LIABILITIES</u>			
NET ASSETS			
Attributable to government	(9)	15,350,527	13,376,683
Operational reserve fund	(10)	1,980,000	1,980,000
Investment reserve fund	(10)	816,635	816,635
Total net assets		<u>18,147,162</u>	<u>16,173,318</u>
NON-CURRENT LIABILITIES			
Asset restoration obligation	(15)	264,959	278,603
Long-term debt	(11)	1,884,657	2,555,932
Total non-current liabilities		<u>2,149,616</u>	<u>2,834,535</u>
CURRENT LIABILITIES			
Current portion of long-term debt	(11)	675,516	634,948
Asset restoration obligation	(15)	10,471	--
Payroll liabilities	(12)	268,644	251,343
Trade payables and accruals	(14)	420,015	768,267
Total current liabilities		<u>1,374,646</u>	<u>1,654,558</u>
TOTAL NET ASSETS AND LIABILITIES		<u>21,671,424</u>	<u>20,662,411</u>

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

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Stated in Antillean Guilders)**


	Notes	January 1 - December 31,	
		2022	2021
<u>REVENUES</u>			
Licensing		5,641,152	5,880,085
Concession		3,000,000	3,000,000
Certification		41,375	38,532
Numbering		4,500	99,000
Lease income		486,000	486,000
Net revenues	(16)	9,173,027	9,503,617
<u>OPERATING EXPENSES</u>			
Personnel	(17) *	1,406,243	1,148,409
Housing	(18)	119,105	103,809
Legal and Professional	(19) *	276,409	290,718
Insurance	(20)	177,324	162,109
General and administrative	(21)	401,891	413,136
Depreciation	(3)	420,071	426,848
Bad debts expense	(6)	1,543,960	688,711
Total operating expenses		4,345,003	3,233,740
Operating income		4,828,024	6,269,877
<u>OTHER INCOME (EXPENSE)</u>			
Other income		1,207	453
Restoration gain		3,172	--
Finance cost		(185,213)	(223,919)
Total other (expense) income	(22)	(180,834)	(223,466)
Net result for the year	*	4,647,190	6,046,411

 * Prior year figures have been restated for presentation purposes

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

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Stated in Antillean Guilders)**


	Attributable to Government	Operational Reserve Fund	Investment Reserve Fund	Net Assets
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	* (835,297)	--	--	(835,297)
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	* 6,046,411	--	--	6,046,411
Balance as at December 31, 2021	13,376,683	1,980,000	816,635	16,173,318
Paid to Government	(1,440,000)	--	--	(1,440,000)
Payments on behalf of Government	(747,346)	--	--	(747,346)
Lease receivable from Government	(486,000)	--	--	(486,000)
Adjustment to prior years' accruals	--	--	--	--
Provision for reserve funds	--	--	--	--
Net result for the year	4,647,190	--	--	4,647,190
Balance as at December 31, 2022	15,350,527	1,980,000	816,635	18,147,162

 * Prior year figures have been restated for presentation purposes

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Stated in Antillean Guilders)**

	January 1 - December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net result for the year	* 4,647,190	6,046,411
Adjustments made to reconcile net result to net cash used in operating activities:		
Depreciation and amortization	420,071	426,848
Bad debt expense	1,543,960	688,711
Changes in net working capital items:		
(Increase) Decrease in trade and other receivables, net	(2,923,977)	1,970,422
(Increase) Decrease in prepayments and other current assets	(1,307)	110,714
(Increase) in other long-lived assets	(206,382)	(150,046)
(Increase) in attributable to Government	* (2,673,346)	(5,728,306)
(Decrease) in assets restoration obligation	(3,173)	--
Increase in payroll liabilities	17,301	17,705
(Decrease) in trade payables and accruals	(348,252)	(226,529)
Increase in current portion of long-term debt	40,568	38,109
Net cash provided by operating activities	512,653	3,194,039
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in short-term instruments	(2,344,646)	(453)
Investment in work-in-progress	(10,476)	--
Acquisition of capital assets	(83,471)	(215,738)
Net cash (used in) investing activities	(2,438,593)	(216,191)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(671,275)	(630,584)
Net cash (used in) financing activities	(671,275)	(630,584)
Net (decrease) increase in cash and cash equivalents	(2,597,215)	2,347,264
Cash and cash equivalents, beginning of year	8,126,843	5,779,578
Cash and cash equivalents, end of year	5,529,628	8,126,843

 * Prior year figures have been restated for presentation purposes

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(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 chair and deputy chair from among their members. This choice will be communicated to the Minister. The members of the SBOD shall be appointed for an office term 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 2022
(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 2022
(Stated in Antillean Guilders)**

Going concern (continued)

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

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

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

Statement of cash flows

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

Foreign currency transactions

a) Functional currencies

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

b) Transactions and balances

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(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 delinquent 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 2022
(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 operations 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 operations 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 2022
(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. Primary 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, trade and other receivables, 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 operations for the period. The cost of repairs and maintenance is charged to net operations as incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(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 applied in prior years, with the exception of changes in certain account balances, transactions, disclosures, and presentation as set out in the relevant sections, where applicable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Stated in Antillean Guilders)**

3. Capital Assets, net

	<u>Building</u>	<u>Office Equipment</u>	<u>Furniture & Fixtures</u>	<u>Vehicles</u>	<u>Operations Equipment</u>	<u>Total</u>
Balance as at 31 Dec. 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>
Net book value	6,111,361	228,727	21,433	25,572	151,635	6,538,728
<u>Changes in book value</u>						
Additions	--	75,119	2,250	--	6,102	83,471
Disposal	--	--	--	--	--	--
Depreciation	<u>(172,458)</u>	<u>(98,138)</u>	<u>(6,732)</u>	<u>(11,677)</u>	<u>(1,072)</u>	<u>(290,077)</u>
Net change for the period	<u>(172,458)</u>	<u>(23,019)</u>	<u>(4,482)</u>	<u>(11,677)</u>	<u>5,030</u>	<u>(206,606)</u>
Balance as at 31 Dec. 2022						
Cost	7,664,815	917,669	221,998	173,404	1,522,006	10,499,892
Accumulated depreciation	<u>(1,725,912)</u>	<u>(711,961)</u>	<u>(205,047)</u>	<u>(159,509)</u>	<u>(1,365,341)</u>	<u>(4,167,770)</u>
Net book value	<u>5,938,903</u>	<u>205,708</u>	<u>16,951</u>	<u>13,895</u>	<u>156,665</u>	<u>6,332,122</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 5th and 6th floors, elevator shaft and roof to make these office spaces suitable for occupancy by BTP. The final value of the building, inclusive of the betterments to the interior was ANG 14,180,542 (comprises investment property and owner-occupied portions).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

(Stated in Antillean Guilders)

3. Investment Property, net

The 2nd to 4th floors of the Leah Complex Building are being rented out to the Government of Sint Maarten departments. Given the fact that the Leah Complex Building 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, 2021	
Cost	6,230,692
Accumulated depreciation and impairment	<u>(1,648,546)</u>
Net book value	4,582,146
Changes in book value for the year	
Additions	--
Impairment loss	--
Depreciation	<u>(129,994)</u>
Net change for the year	(129,994)
Balance as at December 31, 2022	
Cost	6,230,692
Accumulated depreciation and impairment	<u>(1,778,540)</u>
Net book value	4,452,152

As at reporting date, investment properties have been fully occupied from the 2nd to 4th floor.

Leah Building – 4th floor lease occupancy

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Stated in Antillean Guilders)**

3. Investment Property, net (continued)

Leah Complex Building – 2nd floor lease occupancy

In February 2023, Government (through the Ministry of TEATT) invoked its lease right (created by lease confirmation on 13th July 2012) to occupy the 2nd-floor of the Leah Complex Building. Government informed the A.I Director of BTP, Mrs. J.Labega-Hoeve that the Division of Public Education from the Ministry of ECYS (Education, Culture, Youth and Sport) had been awarded the right to use the 2nd-floor as their office space. The move was confirmed to BTP on the 14th of March 2023.

Leah Complex Building – 3rd floor lease occupancy

In February 2023, Government (through the Ministry of TEATT) invoked its lease right (created by lease confirmation on 13th July 2012) to occupy the 3rd-floor of the Leah Complex Building. Government informed the A.I Director of BTP, Mrs. J.Labega-Hoeve that the Department of Inspectors from the Ministry of TEATT (Tourism, Economic Affairs, Transportation and Telecommunications) had been awarded the right to use the 3rd-floor as their office space. The move was confirmed to BTP on the 14th of March 2023.

4. Prepayments and Other Current Assets

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Security deposits	29,189	29,189
Personnel advances	5,594	3,083
Advances to suppliers	73,486	82,378
Loans, PSS N.V	10,440	10,440
Provision for doubtful loan	(10,440)	(10,440)
Prepaid insurance	21,317	21,528
Credit card advances	7,899	--
Work-in-progress	10,476	--
	<u>147,961</u>	<u>136,178</u>

Work-in-progress (WIP): on the 7th of December 2021, the Acting Director of the BTP signed an agreement with ICT Labs B.V to acquire a DataAxis Telecom Software at a stated price of USD 45K. The software was implemented in the pilot stage on the 4th of July 2022 to enhance the spectrum management and monitoring activities of the Bureau. However, at year-end, a distinct component dubbed the “Sharepoint platform” was still under development at a total stated cost of ANG 62,352. For the reporting year, cost transferred-in WIP was ANG 28,044, and non-product cost of ANG 17,568 was expensed with the residue billable as work-in-progress.

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5. Trade Receivables, net

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Netstar N.V	371,338	368,538
Radcomm Corporation N.V (UTS)	149,994	--
Telem Group of Companies	1,523,979	49,000
Global Comtrade	2,141,909	2,141,909
3SCS Station	171,300	159,600
Corporate Innovations	4,449,999	3,999,999
All Americas Cable and Radio Curacao	4,200,000	3,850,000
Beach Mart Television N.V	3,599,986	3,149,986
Critical Communication Caribbean (C3)	--	3,476
EBS Executive Business Services	30,000	30,000
Wireless Telecom Network (WTN)	266,776	266,576
Media one	16,071	--
The Voice of St. Maarten	24,700	--
Others	343,765	346,756
	<u>17,289,817</u>	<u>14,365,840</u>
Less: provision for doubtful accounts	<u>(15,336,132)</u>	<u>(13,792,172)</u>
	<u>1,953,685</u>	<u>573,668</u>

Significant matters regarding trade and other receivables are as follows:

- Telem Group of companies: the Bureau experienced a payment drought from Telem for the first seven months of the year 2022, despite continued collection efforts. In August 2022 parties agreed upon a fixed monthly lumpsum of USD 306K until the account reaches current status. However, Telem's ability to maintain the payment agreement was restricted by other obligations, resulting in a significant buildup of aged receivables at year end. This suggest that Telem may be experiencing financial difficulties and/or challenges in managing cash flows effectively. Nonetheless, these receivables are deemed collectible as Telem has demonstrated the intent and ability to pay by a written assertion that they can reconvene agreed upon monthly payments within two months of 1st April 2023.
- Global Comtrade, Corporate Innovations, All Americas cable and radio Curacao, and Beach Mart Television N.V: in July 2017, the judge ruled in favor of BTP against these entities whereby they were instructed to pay all their concession fees. BTP has since proceeded to collect on the outstanding in accordance with its collection policy, but to no avail. On 5th April 2018, Global Comtrade's international concession was revoked retroactive to 2017.

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6. Provision for Doubtful Accounts

	Balance 31-Dec-22	Bad debt 2022	Balance 31-Dec-21
WTN	184,299	4,495	179,804
Netstar N.V.	202,645	--	202,645
3SCS	171,300	11,700	159,600
Beach Mart	3,599,986	450,000	3,149,986
Global Comtrade	2,141,909	--	2,141,909
AACR	4,200,000	350,000	3,850,000
Corporate Innovations	4,450,000	450,000	4,000,000
Executive Business Services	30,000	--	30,000
Media One	9,772	(3,802)	13,574
Caribbean Teleview Services	27,505	4,500	23,005
Postal Services St. Maarten (PSS)	14,803	2,500	12,303
Telem Group	49,000	--	49,000
Others	254,913	274,567	(19,654)
Provision for doubtful accounts	15,336,132	1,543,960	13,792,172

A joint effort between BTP and the Ministry of TEATT is ongoing to collect amounts due from WTN, Netstar, Beachmart, AACR, Corporate Innovations, Telem Group and others in aggregate.

7. Time Deposit Held

	31-Dec-22	31-Dec-21
Certificate of deposit WIB #1- Infrastructure reserve	817,123	453,196
Certificate of deposit WIB #2- Operational reserve	1,980,000	--
Interest income, thereon	825	106
	2,797,948	453,302

Financing for the investment in short-term instruments 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.

Certificate of deposit #1: 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%.

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7. Time Deposit Held (continued)

Certificate of deposit #1 (cont'd): on the 20th of September 2022 an additional USD 202K investment was executed to reflect the substance of the approved infrastructure reserve account.

Certificate of deposit #2: on the 3rd of November 2022, a new term deposit was opened with a principal investment of USD 1.1M to reflect the substance of the approved operational reserve account in accordance with Lv.BTP. This investment remains invested for a recurring term to maturity of six months, and enjoys interest at an effective rate of 0.1%. The interest income shall form part of normal operating funds. See note 10 for the legal basis of the established certificate of deposit and reserve funds.

8. Cash and Cash Equivalents

	31-Dec-22	31-Dec-21
Windward Island Bank USD	2,443,411	4,383,808
Windward Island Bank ANG	3,085,748	3,742,558
Petty Cash	469	477
	<u>5,529,628</u>	<u>8,126,843</u>

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

9. Attributable to Government

	31-Dec-22	31-Dec-21
Attributable to Government, Opening	13,376,683	13,958,577
Adjustments to prior years' accruals	--	20,999
Paid to Government	(1,440,000)	(4,428,008)
Payments on behalf of Government ¹	* (747,346)	(835,297)
Lease receivable from Government	(486,000)	(486,000)
Net result for the year	* 4,647,190	6,046,411
Provision for reserve funds	--	(900,000)
	<u>15,350,527</u>	<u>13,376,683</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. *Prior year figures of personnel expenses (the suspended Director salary) were reclassified to payments on behalf of Government for presentation purposes (see following disclosures).

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9. Attributable to Government (continued)

¹ Payments on behalf of Government: comprise amounts for which the Bureau received approved payment instructions from Government and those of a constructive nature.

Remuneration of the suspended Director

Amounts paid to the suspended Director of the Bureau for which no exchange of services were received formed part of a constructive obligation. Hence, a non-reciprocal exchange with no returned benefit nor revenue generating activity to the Bureau. As such, this cash outflow was not ordinary and necessary to the BTP, i.e., a non-operating activity that's been classified as payment on behalf of Government since only the Minister of TEATT has the power to dictate the change in this cash flow.

This foregoing reclassification of the suspended Director's remuneration is one that's essential, because it enhances the understandability and comparability of the financial statements to the Users. Moreover, absent of this reclassification, the double personnel expense for the same role may negatively influence the decision making of the Users to the financial statement.

Material contract

Another constructive obligation relates to the mandate received from the Ministry of TEATT to form an agreement with a consultant who was tasked with sector reform amongst others. However, this contract evolved into an onerous arrangement that the Bureau was forced to discontinue in January 2023. The expense incurred of ANG 126K under this contract was reclassified as payment on behalf of Government as it derived from the Ministry's instruction.

Amounts paid to Government

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

Year	Amount
2013 =	ANG 3,000,000
2014 =	ANG 2,193,663
2015 =	ANG 1,972,000
2016 =	ANG 1,121,236
2017 =	ANG 1,450,000
2020 =	ANG 8,500,000
2021 =	ANG 4,428,008
2022 =	ANG 1,440,000
Total	ANG 24,104,907

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). The years 2021/2020 experienced substantial transfers to Government due to agreements executed between Telem-Government-BTP. However, for fiscal 2022, operations reverted back to some normalcy, and the net operating cash flows paid to Government reflect the same.

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Other significant matters related to attributable to Government account

9.1 Government transfer receivable

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Government transfer receivable – boedelscheiding	13,019,323	13,019,323
Allowance for doubtful transfer	<u>(13,019,323)</u>	<u>(13,019,323)</u>
	<u> --</u>	<u> --</u>

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

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

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

Two issues arose from the split-off as follows:

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

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

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

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

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9.1 Government transfer receivable (continued)

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

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

9.2 Related Parties

As of reporting date a new financial reporting issue existed, wherein the BTP had various contractual arrangements with parties who were allegedly at non-arm's length, so should the investigation conclude with this being fact, a new FS (financial statements) risk may 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 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.

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9.2 Related Parties (continued)

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

Thus, in accordance with the applicable accounting policies, a disclosure was 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,
 - ✓ 2012-2020 1st floor lease agreement,
 - ✓ 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)

Out-of-Court Settlement

Hence, in consideration thereof, recognition of any economic loss was dependent on the totality of the official evidence to be included in the court's verdict. However, on the 22nd of February 2023, the prosecutor's office reported an out-of-court settlement with no further financial implications for the Bureau. Nevertheless, the building was already adjusted to its recoverable amount in fiscal year 2018. Thus, any loss from the alleged overpayment of restoration work post Hurricane Irma have already been captured through impairment.

Nonetheless, 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 16th March 2022.

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10. Operational and Investment Reserve Fund

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Operational reserve fund	1,980,000	1,980,000
Investment reserve fund	816,635	816,635
	<u>2,796,635</u>	<u>2,796,635</u>

Operational reserve fund: basis of recognition

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

Investment reserve fund: basis of recognition

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

Establishment of the reserve funds of BTP Sint Maarten

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

In the budget of 2013, an amount of ANG 450K was budgeted for the established 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.

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.

There were no further allocations to these reserve funds during the reporting period.

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11. Long-Term Debt

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
W.I.B debt facility, B	2,560,173	3,190,880
Total debt	<u>2,560,173</u>	<u>3,190,880</u>
Less:		
Short-term portion	<u>(675,516)</u>	<u>(634,948)</u>
	<u>1,884,657</u>	<u>2,555,932</u>

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

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

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

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

Facility A:

A non-revolving loan up to the amount of USD 616,008.35 for a term of 79 months, bearing a floating interest rate of 6.25% per annum and repayable at a stated monthly balloon payment of USD 9,625 of principal and interest. This credit facility was fully repaid in December 2019.

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.

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11. Long-Term Debt (continued)

Securities pledged are as follows:

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

12. Payroll Liabilities

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
AVBZ	27,458	27,227
AOV/AWW	12,644	10,810
ZV/OV	9,763	2,775
Wage tax	88,821	85,511
Pension liability	20,558	15,620
Pension contributions refundable to employees	109,400	109,400
	<u>268,644</u>	<u>251,343</u>

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

13. Other long-lived assets

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Work-in-progress	6,624	6,624
12.5% personnel cut recoverable	451,304	221,250
Credit card advances	--	23,672
	<u>457,928</u>	<u>251,546</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.

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13. Other long-lived assets (continued)

The objectives of the xRM system are, to reduce costs, quicker access to information, improve efficiency and productivity, enhance document security, ease of information sharing, secure remote access, increase paperless operations, automate report generation-certificates-declarations-and-licenses, and digitize management approvals in a secured-and-controlled environment to increase response times.

12.5% personnel cut recoverable: on Wednesday, 3rd 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.

14. Trade Payables and Accruals

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Actis	--	11,475
Accountability Center, ACA	27,564	95,280
NAAP Global Solutions Ltd.	12,103	12,103
SOAB	75,500	233,334
ICT labs B.V	36,954	--
Kenneth C. Haynes	36,000	--
G.E.B.E	28,519	2,712
Other, trade payables	33,945	26,536
Accrued liabilities, UPU	169,034	263,370
Accrued liabilities, CTU	--	119,426
Credit cards	--	2,516
Redeemable checks	396	1,515
	<u>420,015</u>	<u>768,267</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. As of June 2022, BTP Curacao was fully repaid for contributions due.

Respective of CTU (Caribbean Telecommunications Union), on 6th April 2022, a collection letter dated 23rd March 2022 was received at the BTP with a stated USD 74,148 obligation to be settled. On the 14th of September 2022, the balance outstanding was fully paid by the Bureau under instruction from the Ministry of TEATT.

Other significant balances: amounts payable to SOAB represent audit 2022 fees plus consulting fees incurred obo PSS N.V. Amounts due to ACA represent consultancy and annual reporting for the year 2022. Due to ICT Labs B.V represent amounts payable for an ERM system under development. Amounts due to G.E.B.E represent an estimate of unpaid bills at year-end, as a definitive open balance was not obtainable due to many 2022 billing errors. Amounts due to K.C Haynes represent unpaid consultancy fees under an engagement mandated by the Ministry of TEATT.

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15. Asset Restoration Obligation

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

Description	Amount ANG
Furniture, equipment and vehicles	258,611
Building	1,152,000
Generator	69,428
Elevator	58,212
Others	33,485
Total restoration obligation	1,571,736
Less: payments rendered during 4 th quarter 2017	(527,400)
Asset restoration obligation, net (31 Dec. 2017)	1,044,336
Less: payments rendered for the year 2018	(675,733)
Asset restoration obligation, net (31 Dec. 2018)	368,603
Less: payments rendered for the year 2019	(90,000)
Asset restoration obligation, net (31 Dec. 2019)	278,603
Less: payments rendered for the year 2022	(3,173)
Balance ARO	275,430
Less: short-term portion	(10,471)
Long-term ARO, net	264,959

16. Revenue

	2022	2021
Licensing	5,641,152	5,880,085
Concession	3,000,000	3,000,000
Certification	41,375	38,532
Numbering	4,500	99,000
Lease income	486,000	486,000
	9,173,027	9,503,617

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.

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16. Revenue (continued)

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 2022. The net unfavorable Y/Y (year-on-year) variance of ANG -0.239M for the year by sector were as follows:

	2022	2021
(A) Aviation	33,600	35,180
(B) Broadcasting	171,347	176,047
(T) Telecommunication	5,372,289	5,615,956
(MR) Maritime	43,916	32,902
(P) Postal	20,000	20,000
	<u>5,641,152</u>	<u>5,880,085</u>

Significant variances identified for this class were: ARC/spectrum/Telecom - unfavorable variance of ANG -235K | ARC- Concession/Telecom – unfavorable variance of ANG -5K | MRC/Spectrum/Telecom - unfavorable variance of ANG -4K | Broadcasting - unfavorable variance of ANG -5K | and, Maritime - favorable variance of ANG +11K. The net unfavorable variance experienced in the Telecom sector was primarily due to returned or changed frequencies in 2021, resulting in zero billings for the entire fiscal year of 2022.

Lease income: remained unchanged at ANG 486K under the existing lease agreement for the 2nd to 4th floor of the Leah Complex Building.

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

Certification revenue: relates to transactions with a wide-range of operators at the point-in-time when their need for new certifications arose. The net favorable Y/Y variance of ANG 3K for the year by sector were as follows:

	2022	2021
(A) Aviation	9,000	9,433
(B) Broadcasting	55	477
(MR) Maritime	12,961	9,531
(E) Examinations	243	3,358
(TA) Type Approvals	19,116	15,678
Others	--	55
	<u>41,375</u>	<u>38,532</u>

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16. Revenue (continued)

Significant variances identified for this class were: Type Approvals - favorable variance of ANG 3.4K | Maritime - favorable variance of ANG 3.4K | Examinations- unfavorable variance of ANG -3K and other insignificant decreases.

Numbering revenue was discontinued following the termination of ACTIS agreement, as no legal basis was found to justify continued billings. The revenue for 2022 reflects the use of annual common short codes (CSC).

17. Personnel

	<u>2022</u>	<u>2021</u>
Gross salaries and wages	1,679,728	1,468,071
Social premiums	117,415	95,452
Pension premiums	156,823	151,309
Other personnel expenses	95,290	28,902
Non-active Director remuneration ¹	(494,552)	(493,911)
12.5% personnel cut	(148,461)	(101,415)
	<u>1,406,243</u>	<u>1,148,408</u>

Mutations to gross salaries and wages expense for the year ended 2022/2021 were:

- A.I Director increased remuneration at an unfavorable variance of ANG -68K.
- Added role of office manager at an unfavorable variance of ANG -33K.
- Assistant accountant, AR, first full year wages at an unfavorable ANG -48K.
- Newly implemented SBOD compensation at an unfavorable ANG -48K.
- Others in aggregate reflects an unfavorable variance of ANG -14K.
- ¹Non-active Director remuneration: see note 9, attributable to government.

Wage tax was not separably verifiable as the official 2022 tax table was not issued by Tax Administration, i.e., amounts were determined by use of the payroll software tax table.

For the financial year ended 31 December 2022, a total of fourteen (14) individuals were employed by the Bureau (including SBOD) compared to eleven (11) employees at year-end 2021.

18. Housing

	<u>2022</u>	<u>2021</u>
Utilities	40,882	38,338
Telephone, data, and internet	24,036	28,375
Janitorial expense	16,387	4,696
Security expense	5,400	--
Parking	32,400	32,400
	<u>119,105</u>	<u>103,809</u>

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19. Legal and Professional

	<u>2022</u>	<u>2021</u>
Audit and financial services	217,649	133,034
Other consultancy	54,500	94,008
Legal	4,260	63,676
	<u>276,409</u>	<u>290,718</u>

a) Significant non-recurring or one-off expenses incurred in this category were:

- One-time financial service fee: in view of reforming and modernizing the Postal Sector (PSS N.V) a commitment letter was signed on 20th September 2021 by the Honorable Prime Minister, Ms. Silveria Jacobs. This followed up with the acceptance of commitment by the Director General, Mr. Bishar A. Hussein of the Universal Postal Union (UPU). As the regulator of this sector, BTP has joined in this commitment to reform and modernize the postal sector on Sint Maarten to enable it to become self-sustainable. Accordingly, on the 8th of September 2022, BTP allocated ANG 15,500 to assist PSS N.V with information gathering as deemed necessary for the UPU modernization project.

b) Significant contractual amendments for the year 2022:

- Outsourced finance personnel: increased by ANG 69K to bolster the finance department as the CFO was bumped to Acting Director after the suspension of the Director. Additionally, an outsourced assistant accountant was hired to further strengthen the department, so this expense decreased by ANG -38K.
- Audit fees remained unchanged at ANG 60K.
- Legal fees decreased by a favorable ANG -59K citing less contingent risk at the entity level.

20. Insurance Amortization

	<u>2022</u>	<u>2021</u>
Personnel	90,924	75,337
Vehicles	9,555	9,946
Furniture	4,527	4,524
Equipment	7,653	7,649
Building	64,188	64,178
Public liability	477	475
	<u>177,324</u>	<u>162,109</u>

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21. General and Administrative

	<u>2022</u>	<u>2021</u>
Numbering plan	28,733	137,700
Membership fees	7,111	2,340
Travel and lodging	87,359	71,648
Representation	11,707	6,449
Donations and charitable contribution	77,634	14,400
Postage and courier	1,735	6,890
Automobile expense	19,634	15,176
Repair and maintenance	10,261	17,606
Office expense	19,356	19,521
Computer and equipment	56,138	40,693
Network support expense	68,992	69,869
Bank charges	10,869	7,966
Foreign exchange variances	367	2,278
ESF committee	1,995	600
	<u>401,891</u>	<u>413,136</u>

The most significant classes of transactions within general and administrative expense for the year ended 2022 were:

- Travel & lodging, representation, and membership fees: increased as a result of reconvened travels to conferences and workshops to which the Bureau holds membership. These were near halted in 2020 due to the covid-19 pandemic, but reconvened during the year 2022.
- Network support: on the 7th of December 2021, the Acting Director of the BTP signed an agreement with ICTLabs B.V to have developed a spectrum management system (DataAxis Telecom Software) 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 pilot phase.
- Donations & charitable contributions: increased significantly as a result of direct funding to SCDF to enable the success of 2022 carnival season as a national cultural event in the shadows of the subsided covid-19 pandemic, amongst other outreaches.
- 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 NANP requires compliance with the rules, regulations, standards, and conventions set by the North American Numbering Association. Management thereof, was moved in-house upon the termination of ACTIS agreement on the 16th of March 2022, resulting in a decreased ANG -109K.

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22. Other Income (Expense)

	<u>2022</u>	<u>2021</u>
Finance income	1,206	453
Finance cost	(185,213)	(223,919)
Restoration gain	3,173	--
	<u>(180,834)</u>	<u>(223,466)</u>

Finance income represents earnings of 1.0 basis percentage point on two certificates 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 6th of March 2023, 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 8th of September 2022 to 6th of March 2023. 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 14th June 2017 Netstar submitted an appeal against the decision of the Minister of TEATT dated 26th May 2017 in which decision Netstar was informed that-in accordance with the advice of BTP-Netstar's current license shall expire on 26th May 2017. By decision of the Court of First Instance of 25th June 2018 the Court declared the appeal of Netstar founded. The Minister of TEATT filed an appeal against the decision of the Court of First Instance and the pleadings in appeal took place on 2nd June 2021, and was further postponed to 2022. During the hearing the Court of Appeal encouraged parties to settle this matter amicably. The discussion and negotiations are ongoing.

On the 22nd of July 2022, Netstar submitted a pro-forma objection against the decision of the Minister of TEATT dated 9th June 2022, in which decision Netstar was informed that – in accordance with the advice of BTP – Netstar's request/application dated 16th April 2021 for the renewal of its 2022 license for current activities and for the allocation of additional frequencies have been denied. Moreover, BTP received no elucidation of Netstar's grounds from the Minister of TEATT, and the Court has not issued a date for the Ministry of TEATT to respond to Netstar's objection.

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.

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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.

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 15th of June 2021, the Court of First Instance ruled in favor of Kiwisat. In summary, the Court ruled that Kiwisat is entitled, in return for payment, to transmit satellite signals relating to foreign TV stations that can be received in the Country of Sint Maarten by means of devices sold by Kiwisat in Saint Martin, but satellite dishes localized in the Country of Sint Maarten. Kiwisat may also sell and deliver TV channels, and TV satellite dishes to persons residing in Saint Martin or residing in the Country of Sint Maarten. The Country of Sint Maarten and BTP are prohibited from making public statements, in word and writing, that conflict with the declaration of right given by the Court or pay a penalty of USD 500 for each violation up to a maximum of USD 100,000 each. The Court also noted that the island of Saint Martin/Sint Maarten is characterized by 'open borders' and 'free trade' between the two jurisdictions under the Concordia Treaty, i.e., telecommunications legislation of the Country of Sint Maarten does not apply to Kiwisat. As per legal letter dated 16th February 2023, the case remains 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 were issued.

- a) Telem Group – On the 14th of March 2023, Telem submitted a written request for a two-month moratorium on its payment plan. In 2022, the operator agreed to a payment plan of USD 306K monthly until full settlement of its stale-dated receivables. However, due to recent challenges, the operator was unable to comply fully. Nevertheless, Telem's management has provided written assertions that it intends to resume payment in May 2023 and has the ability to do so in accordance with the payment plan. On the same request date, the A.I Director of BTP granted Telem a two-month moratorium beginning 1st April 2023 and ending on 31st May 2023.
- b) Governance changes – On the 29th of July 2022, the resignation of the Honorable Minister of TEATT, Mr. Roger A. Lawrence was finalized by a national decree. During the interim, the Honorable Minister, Mr. O. Ottley was charged with acting Minister of TEATT.

On the 11th of January 2023, the Honorable Minister of TEATT, Mr. Arthur H.L. Lambriex was inaugurated and assumed direct control over the Bureau.

- c) Material Arrangement – On the 20th of December 2022, the Bureau signed a consultant agreement with Practical Solutions N.V, represented by its partner Mr. F.Sluis. The main objective of this arrangement is to reform the Postal Sector on Sint Maarten to enable it to become sustainable. Further, to develop BTP into an effective multisector regulator for the benefit of all stakeholders. The agreed upon price is USD 8K, increased by 8% admin fees and 6% sales tax. This contract commenced on the 1st of January 2023.
- d) 12.5% personnel cut recoverable – on Wednesday, 3rd 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 under note 13. This law was rescinded on the 4th of January 2023 by LB-22/0687, and applied retrospectively to the end date 31 December 2022.