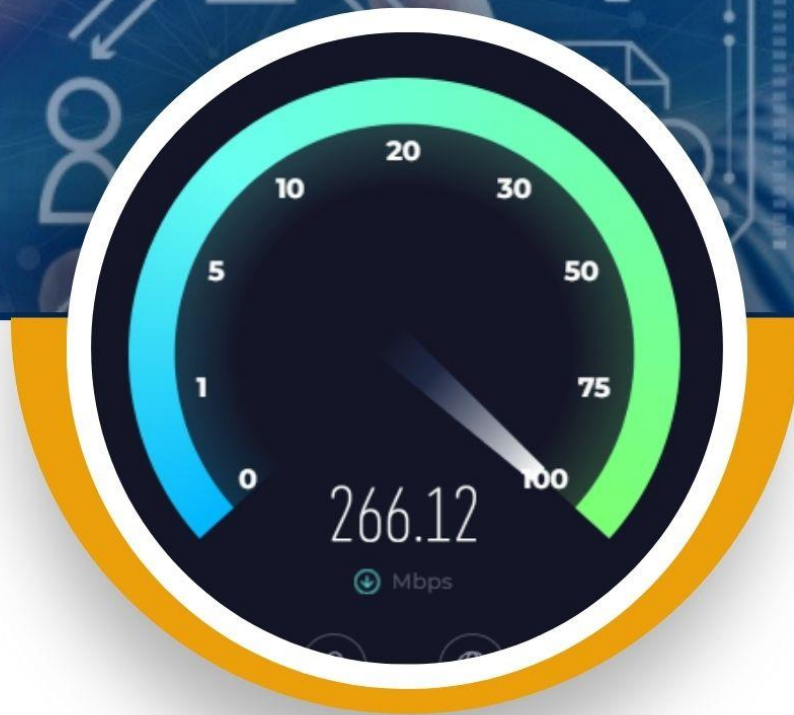


USE ANNUAL REPORT



2023



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1. BACKGROUND

The Universal Service Fund was established under Section 42 of Telecommunications Act (Cap 418) of the Revised Laws of St. Vincent and the Grenadines 2009. The Fund is managed by the National Telecommunications Regulatory Commission (NTRC) – which collects, disburses, and makes relevant decisions with regards to the proper and effective management of the Fund.

1.1 What is the Universal Service Fund?

The Universal Service Fund (USF) is a fund which is used by the NTRC to compensate any telecommunications provider that is required to provide or promote Universal Service.

Universal Service includes the provision of:

- Public voice telephony
- Internet access
- Telecommunications services to schools, hospitals, similar institutions and the physically challenged.
- Other services by which people access efficient, affordable, and modern telecommunications.

The Fund will encourage efficient access to and use of telecommunications networks and services throughout St. Vincent and the Grenadines with special focus on rural, under-served and maritime areas, and with the goal to help promote social, educational, and economic development.

The Fund will also ensure the reasonable availability and affordability of basic and advanced telecommunications services, where the commercial telecommunications market is unable to deliver such services in a financially viable manner independently; and to the physically challenged, elderly and indigent communities.

The Fund will also provide support for the introduction and expansion of telecommunications services to schools, health facilities and other organizations serving public needs.

1.2 Who contributes to the Universal Service Fund?

As set forth in the Telecommunications (Universal Service Fund Contribution) Order 2017, all telecommunications providers shall contribute to the Universal Service Fund (USF). In terms of due dates for payments of these contributions, Section 4 of the Contribution Order states that within forty-five (45) days of the reporting year, the contributor must pay and provide supporting documents used in the calculations. Parliament may also appropriate funds for use by the USF. Grants and donations may also be made to the Fund by individuals or legal entities.

1.3 Management of the Fund

Effective September 16, 2008, the Telecommunications (Universal Service Fund) Regulations 2008 was gazetted and came into operation. The aim of these Regulations is to provide for the efficient and effective management of the USF. The Regulations govern the way in which the Fund operates. Along with these Regulations, there

are Universal Service Guidelines issued under Section 7 of the Telecommunications (Universal Service Fund) Regulations to facilitate the proper operation of the Fund. These guidelines are an indication of the policy and procedures that must be followed in the operation of the Fund.

The USF plays an integral role in the development and technological innovation of the telecommunications sector and of the country.

2. SWOT ANALYSIS

2.1 Strengths

- The NTRC has been able to leverage the resources of the USF to ensure that new contracts are in place for projects which came to an end.
- The NTRC has continued to encourage ICT development nationally through the icode784 competition.
- The NTRC has been able to work along with various stakeholder agencies including the Government of St Vincent and the Grenadines in executing various initiatives.
- The NTRC has demonstrated success in implementing projects focused on enhancing and modernizing telecommunications infrastructure in rural and underdeveloped areas.

2.2 Weaknesses

- The Universal Service Fund has been unable to secure extra funding to carry out large-scale ICT projects such as Wi-Fi and solar charging stations at bus terminals.

2.3 Opportunities

- Given the widespread use of smartphones and wireless internet devices in St. Vincent and the Grenadines, the Wi-Fi service offered by the USF across the island will see increased usage compared to previous years.
- There is an opportunity to invest in digital literacy programs alongside infrastructure development to ensure that the targeted communities can effectively utilize the technology.

2.4 Threats

- With the increased use of internet services being provided by the USF, there is a potential for an increase in the occurrences of phishing, cyber predators, cyber bullying, and persons falling for cyber scams.
- There is the risk of investing in technologies that may become obsolete, requiring continuous evaluation and adaptation to emerging trends to maintain functionality.

3. CRITICAL ISSUES

There is one critical issue which is currently affecting the USF which is the ability to source additional funding to execute large scale ICT projects locally.

4. SECTOR REVIEW

Figure 1 shows the revenues generated by telecommunications operators between the years 2016-2023. There was an increase in revenue of 4% in 2023 compared to 2022.

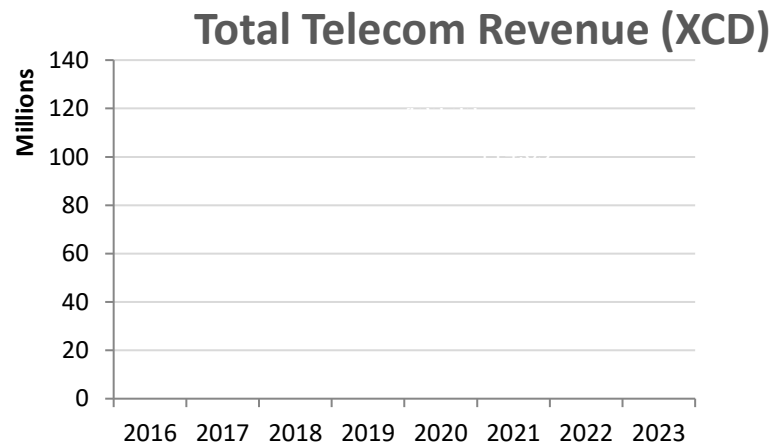


Fig 1. Source: NTRCs Annual Report 2023

4.1 Financial Performance of the Universal Service Fund

Revenue

For the year ending December 31, 2023, the Universal Service Fund projected to receive Two Million Five Hundred and Fifty-Three Thousand, Two Hundred and Forty-Three Dollars and Seventy Cents (\$2,553,243.70) from Telecommunications Providers and interest of Twenty-Three Thousand Seven Hundred Dollars (\$23,700.00). Two Million Four Hundred and Ninety-Seven Thousand, Five Hundred and Forty-Two Dollars and Fifty-One Cents (\$2,497,542.51) was received from Telecommunications Providers while Twenty-Five Thousand, Four Hundred and Twenty-Four Dollars and Seventy-Nine Cents (\$25,424.79) was received as interest. The USF also received grant funding amounting to Twenty-One Thousand Dollars (\$21,000.00) towards the cost of running the 2023 annual MyApp Summer Programs and the annual iCode784 competition.

Expenditure

Recurrent:

For the year ended December 31, 2023, the USF had projected to spend Five Hundred and Ninety Thousand, Four Hundred and Sixty-Five Dollars and Seventy-Four Cents (\$590,465.74) on recurrent expenditure. However, Five Hundred and Seventy-Six Thousand and Sixty-Five Dollars and Thirty-Six Cents (\$576,065.36) was spent. The NTRC was able to acquire free conference passes as well as a lower accommodation cost for the advance arrangements made for one staff member and the winners, from the Open category of the 2023

iCode784 competition, to travel to Barcelona as part of their prize to attend the GSMA 4YFN Startup event.

Capital:

For the year ended December 31, 2023, the USF projected to spend Twenty-Three Thousand Nine Hundred Dollars (\$23,900.00) on capital items. Twenty-Four Thousand and Twenty-Seven Dollars and Ninety-Four Cents (\$24,027.94) was spent in line with the projected amount.

Projects:

For the year ended December 31, 2023, the USF projected to spend Four Million and Thirty-Two Thousand, Three Hundred and Twenty-Seven Dollars and Eighty-Six Cents (\$4,032,327.86) for payments on projects. However, Three Million Six Hundred and Nineteen Thousand, Four Hundred and Forty Dollars and Seventy-Four Cents (\$3,619,440.74) was spent. This is primarily because the contractual obligations under some of the USF projects were not met and therefore, the payments of fees were deferred until the issues were resolved.

4.2 Projected Revenue for 2024

The Fund is projected to receive Two Million, Four Hundred and Sixty-Six Thousand Dollars (\$2,466,000.00) in 2024. Two Million, Four Hundred and Sixty-Three Thousand Five Hundred Dollars

(\$2,463,500.00) is expected to be collected from the Telecommunications Service Providers and interest of Two Thousand, Five Hundred Dollars (\$2,500.00) is projected on the fund’s balance in its savings account.

Figure 2 below shows the projected and actual revenues received by the USF from respective telecommunication operators.

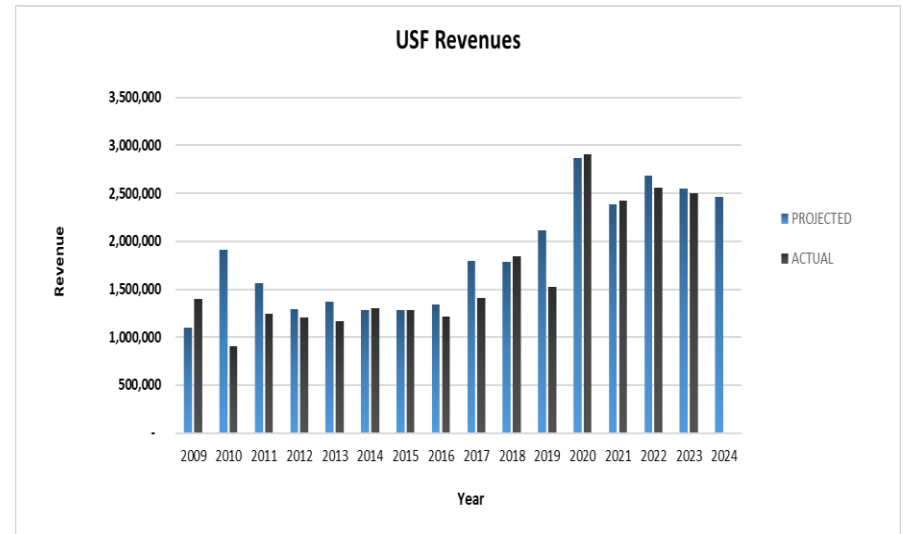


Fig 2. USF Projected Revenues

4.3 Public Awareness

In 2023, the NTRC executed several public awareness initiatives.

1. iCode784 competition

On Wednesday, September 13, 2023, the NTRC initiated its 11th iCode784 competition. The launch began with a video contest, where participant Mr. Bradley Alexander secured a brand-new HP Laptop from NTRC as the winner, earning the most likes on his video submission promoting the iCode784 competition. This event served as a platform challenging students to conceive and present projects in the form of ideas and/or mobile applications, targeting both the public and private sectors of St. Vincent and the Grenadines. The overarching goal was to contribute to our country's progress in achieving the targets outlined in the UN Sustainable Development Goals (SDGs). After the competition launch, a total of Fifty-Two (52) entries were submitted in 2023, in contrast to Fifty-Seven (57) entries in the 2022 competition. The Secondary Idea Category garnered participation from Twenty-Two (22) groups, while the Secondary Mobile Application Category had Twenty (20) groups, and the Open Category, catering to individuals under the age of thirty-five (35) years, received Ten (10) entries.

The Preliminary Judging round took place on October 24-25, 2023, during which the groups presented their projects via video submissions to a panel of judges. The Grand Finale, marking the conclusion of the competition, occurred on November 15, 2023. In the Open category, Team E-tech members Ansonique Cuffy and Nicholai Williams emerged as winners, earning a trip to attend the 4yfn (Four Years From Now) forum for tech startups, held in Barcelona, Spain, in March 2024.

The primary objective of the iCode784 competition is to motivate young individuals to actively participate in the software industry, an area where our Caribbean civilization is currently falling behind. Notably, the current global software and services industry boasts a market size of US\$474 billion and is projected to witness an 11% annual growth until 2030.

2. The NTRC's myApp Summer Program

In 2023, the Commission organized the MyApp summer program at two distinct locations: the Bequia Anglican School from July 17 to August 4, 2023, and the St. Vincent Grammar School from July 31 to August 18, 2023. The program engaged twenty-eight (28) students at the St. Vincent Grammar School and sixteen (16) students in Bequia. Aimed at students aged 13-18, these yearly summer programs provide participants with opportunities to explore and develop skills in coding (software) and robotics.

3. Financial Assistance Program

In 2017, the NTRC established an annual program offering financial support to a single Primary school student and one Secondary school student. This initiative persisted for its seventh consecutive year, and in a notable development in 2023, three primary school students received \$1000 each, while three secondary school students received \$1500 each for their educational expenses during the 2023/2024 academic year. The program is inclusive, targeting students across all schools in St. Vincent and the Grenadines.

To identify eligible recipients, letters were dispatched to all Primary and Secondary schools, prompting principals to submit names of qualifying students along with reasons justifying their consideration for assistance. Consequently, the NTRC selected students deemed to

be in the greatest need, aligning with the program's objectives. The financial assistance initiative is slated to continue into the foreseeable future, with plans underway to expand the number of recipients.

4. Radio and Interview Sessions

Interviews for both radio and television were held at the Agency for Public Information (API), Xtreme FM, WE FM, and Boom FM. These interviews served as a promotional strategy to disseminate information to the public about the ongoing initiatives by the NTRC, including the 2023 iCode784 competition and the MyApp Summer Program.

5. Social media Campaign

In order to broaden our outreach, the NTRC interacted with the public through Facebook, YouTube, and Instagram, offering information about our organization. This approach has not only fostered public engagement but has also led to an increased presence and interaction on these social media platforms.

6. Global Maritime Distress and Safety System (GMDSS) Training Sessions

The commission collaborated with the St. Vincent and the Grenadines Coast Guard Services to sustain the organization of GMDSS Radio Training Sessions for fishermen and individuals engaged in maritime activities throughout St. Vincent & the Grenadines. These training sessions aimed to educate participants about the GMDSS system, implemented by the NTRC to facilitate both emergency and non-emergency communications at sea.

Practical demonstrations were conducted to guide individuals on the utilization of handheld GMDSS radios, equipped with essential features for communication with the GMDSS system and ships.

The community training session took place at the Barrouallie Government School, where, following the session, a complimentary GMDSS radio was raffled among the attendees. In addition to these community sessions, the Commission also conducts training at various Police Stations across the island.

7. School Visits

In order to boost the number of entries for the eleventh annual iCode784 competition, the Public Awareness Committee visited several secondary schools that had not participated in the competition since its inception, as well as schools that had not been involved for numerous years. The presentations during these school events focused on the NTRC's iCode784 competition throughout the years, highlighting the various phases of the competition, providing guidance on how to register, and emphasizing the rewards associated with participating in the competition.

5. USF PROJECTS STATUS

The following gives an update of the USF projects currently being implemented under the USF:

5.1. Payphone Project

This project was signed with Cable and Wireless in 2011, at a cost of One Million, Four Hundred Thousand, Five Hundred and Seventy-Five Dollars (EC\$1,400,575). As part of this endeavor, twenty-five (25) payphones were strategically deployed at diverse locations throughout SVG, encompassing tourism sites, beaches, and key points along the main roads for public accessibility. Upon the completion of the payphone project in December 2021, the internet service, originally incorporated within the payphone framework, was transitioned to the Online 24/7 project. The surveillance cameras installed as part of the payphone initiative were retained. Facing persistent maintenance challenges, the NTRC has decided to discontinue the upkeep of payphones, leading to the removal of all payphones by December 2023.

5.2. Schools Project

The schools' project was first signed on June 7th, 2011, which saw all 107 schools throughout St. Vincent and the Grenadines given wireless internal and external internet access points with minimum speeds of 8Mbps download and 2Mbps upload. This original contract came to an end and a new contract for this project was signed on October 23rd, 2019, for a total of Two Million Five Hundred and Fifty-One Thousand and Fifty-Four Dollars and Eighty-Seven Cents

(EC\$2,551,054.87). Under the current project, speeds of 100 Mbps download and 15 Mbps upload are provided. The project will run for five years and would come to an end on October 22nd, 2024. In 2022, the NTRC identified that most of the schools experienced internet connectivity issues due to the malfunctioning of the older model access points that were installed from the first project, due to firmware updates. As such the NTRC procured 200 new access points in 2022 to alleviate this issue. All access points have since been installed. Commissioning of this component is expected to take place by the end of the first quarter of 2024.

5.3. Maritime Project

This project, which was implemented on November 20, 2012, serves to provide access to both emergency and non-emergency communications in the Exclusive Economic Zone (EEZ) of St Vincent and the Grenadines. Having seen its usefulness and efficiency, the project was retendered in 2017, signed on March 8, 2019 and commissioned in 2021 at a total cost of Five Hundred and Ninety-One Thousand, Eight Hundred and Forty Dollars and Sixty-Five Cents (\$591,840.65). The project will run for a period of five years following its March 2021 commissioning date. Under the current agreement the NTRC was able to purchase handheld GMDSS enabled radios and replacement components (such as antennas and batteries) for resale to sea fearers at a subsidized cost. The sale of these items as well as the maintenance of the maritime project continued in 2023.

5.4. GMDSS Expansion Project in Jerome Union Island

The GMDSS Expansion project is an extension of the maritime project. Its objective is to expand the coverage to the GMDSS system which is in place in St. Vincent and the Grenadines (SVG). Previously, coverage was limited to the Mainland and Northern Grenadines as there is only one transmission site located at Mount St. Andrews. The capital cost for this project amounts to EC\$448,071.82 for equipment and EC\$166,419.91 was agreed on for the maintenance. The addition of a new transmission site in Union Island is linked to the existing system using the newly installed Caribbean Regional Communications Infrastructure Program (CARCIP) Subsea fiber. Installation on this project was completed in November 2023. The GMDSS Expansion in Union serves to improve the GMDSS coverage in the southern Grenadines, resulting in a safer environment for our fisherfolk, yachts, cruise ships and all other vessels transiting our sea space.

5.5. Police and Health Center Project

This project was initially signed on November 1, 2012, and it provided wireless internet access at all twenty-nine (29) Police Stations and forty-two (42) Health Centers throughout St. Vincent and the Grenadines at a minimum speed of 8 Mbps. The cost of this project was Seven Hundred and Eleven Thousand, and Fifteen Dollars (EC\$711,015). This project came to an end in June 2017 and a new contract was signed on May 14, 2019. The contract for the second project was Five Hundred and Forty-One Thousand, Three Hundred and Forty Dollars (\$541,340.00) and ended in October 2021. Under this project, thirty (30) police stations and forty-four (44) health

centres are provided with internet at speeds of 100Mbps download and 5Mbps upload. The project was retendered in July 2022 and will cater for improved coverage and faster speeds. During the year 2023, the scope of works for this project was revised and the subsidy applications submitted by Cable & Wireless were negotiated and agreed at the cost of One Million Two Hundred & Fifty-Eight Thousand Two Hundred & Six Dollars and Thirty-One Cent (\$1,258,206.31) in the final quarter of 2023. Under the new contract, police and health centres will benefit from faster speeds of 350Mbps download and 50Mbps upload for years 1-2 of the contract and 500Mbps download and 100Mbps upload for years 3-5 of the contract.

5.6. SMART Project

The first contract for this project was signed on November 20th, 2012, at a total cost of One Million, Six Hundred and Ninety-Eight Thousand, Nine Hundred and Ninety-Four Dollars (EC\$1,698,994) for the supply of equipment and teaching aids at the St. Vincent and the Grenadines Community College (SVGCC) to enable them to offer specialized ICT training. This five-year project was commissioned on September 25th, 2014, and came to an end on September 24th, 2019. The project was retendered on July 24th, 2019, and the NTRC subsequently entered into a contract with Cable and Wireless on March 26th, 2020.

Under the new project and recognizing the need for specialists in the field of cyber security, NTRC provides financial aid to the Cyber Security Programme offered at the St. Vincent Community College from which seven (7) students graduated in June 2023.

The provision of access to subsidized internet at a cost of ten dollars per month is another component of this project. In 2022, a target was set to connect 160 households in 2023. This target was not met as only eighty-nine applications were received and seventy-Six (76) persons were approved and sent to C&W for connection of internet service. Under this project, six-Hundred and Forty (640) computers will be disbursed to various schools throughout St. Vincent and the Grenadines over the 5 years of the contract of which total of seventy-eight distributed in 2023 to eight (8) schools. An additional seventy-nine (79) computers were purchased at the end of 2023 for further distribution.

5.7. Online 24/7 Project

The Online 24/7 project is a new project that replaces the community access project and the payphone project. Four lots of this project were tendered in February 2022 however, the Commission decided to proceed with Lot 1 and Lot 4 of the project only. Lot 1 saw the continued provision of wireless internet access at 120 existing locations throughout the urban and rural areas of St. Vincent and the Grenadines. It also provided internet service to new locations and high traffic locations, NGOs, playing fields and hard courts with minimum speeds of 250Mbps download and 50Mbps upload in Year 1-2 then 300Mbps download and 100 Mbps upload from Year 3 – 5. These assignments were as follows: thirteen (13) learning resource centers, twenty-three (23) community centers, five (5) libraries, twenty-two (22) playing fields/hard courts, twenty-one (21) tourism sites, eight (8) fish markets, four (4) Grenadine Ports, ten (10) schools, sixteen (16) NGOs and five (5) government locations.

Lot 4 of this contract comprises of two components.

1. The provision of high-speed internet connection at the St. Vincent Community College with minimum speeds of 500 Mbps download and 300 Mbps upload for the first 2 years and 1 Gbps download and 700mbps upload for the last 3 years of the project and;
2. The provision of fifty (50) Internal Access Points

The contract for the project was signed on July 18, 2022, between Digicel SVG Limited and the NTRC in the amount of Four Million, Three Hundred and Twenty- Six Thousand Three Hundred and Sixty-Three Dollars and Five Cents (\$4,326,363.05), however an addendum was added in 2023 to include internet service to the two new vegetable markets and two weather stations. The project was commissioned at the end of October 2023.

6. STATISTICS

6.1 Fixed Line Subscriptions

Figure 3 shows Fixed Line Subscribers over the last ten (10) years.

Figure 3

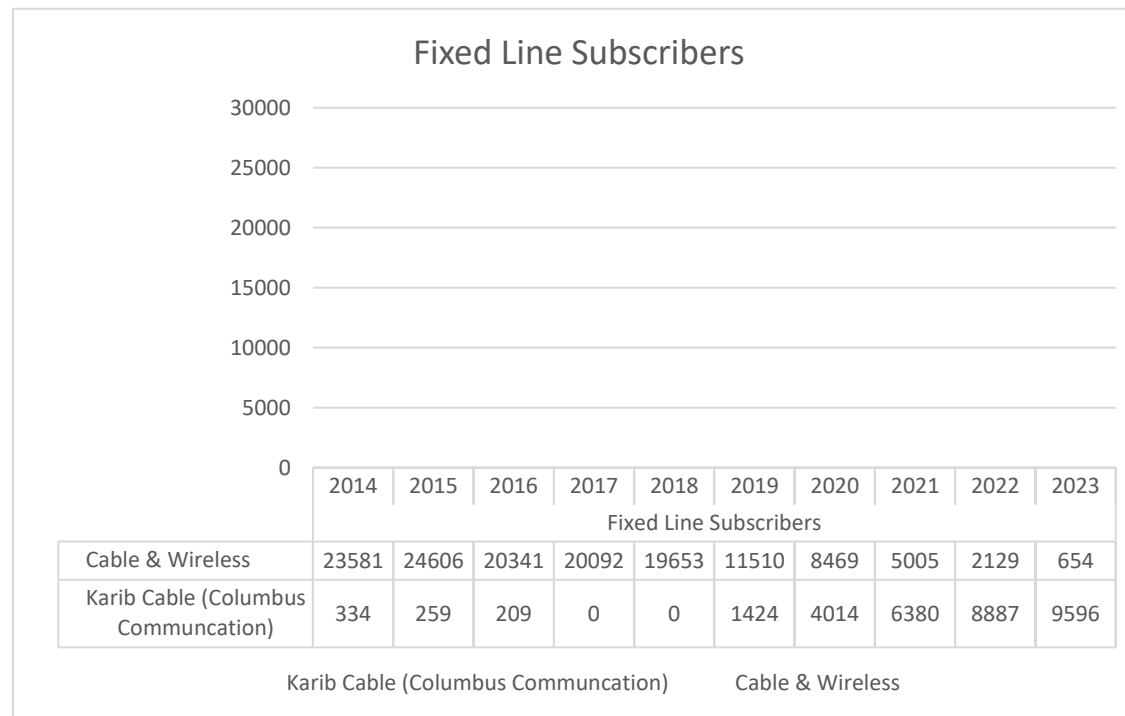


Fig 3. Fixed Line Subscribers (Source: NTRC)

6.2 Broadband Internet Subscribers

Figure 4 below shows the number of Broadband Internet Subscribers from 2015 to 2023. There has been an increase in the Broadband Internet Subscribers from 2015 to 2021 except for 2019 and 2020.

Figure 4

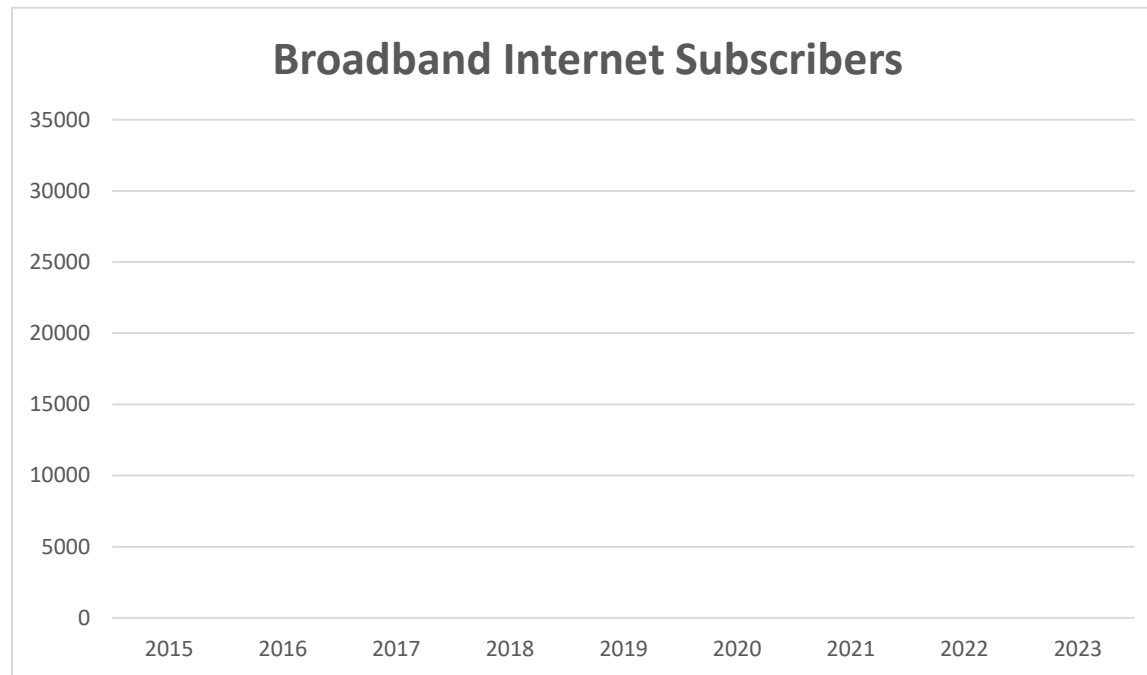


Fig 4. Broadband internet subscribers in SVG (Source: NTRC)

Figure 5 shows the number of broadband subscribers for the years 2013 to 2023. The figure shows a slight increase of subscribers in 2023 when compared to 2022. However, a decline in Cable and Wireless broadband subscribers in 2023 is seen, as they continue to migrate customers to Columbus Communications network.

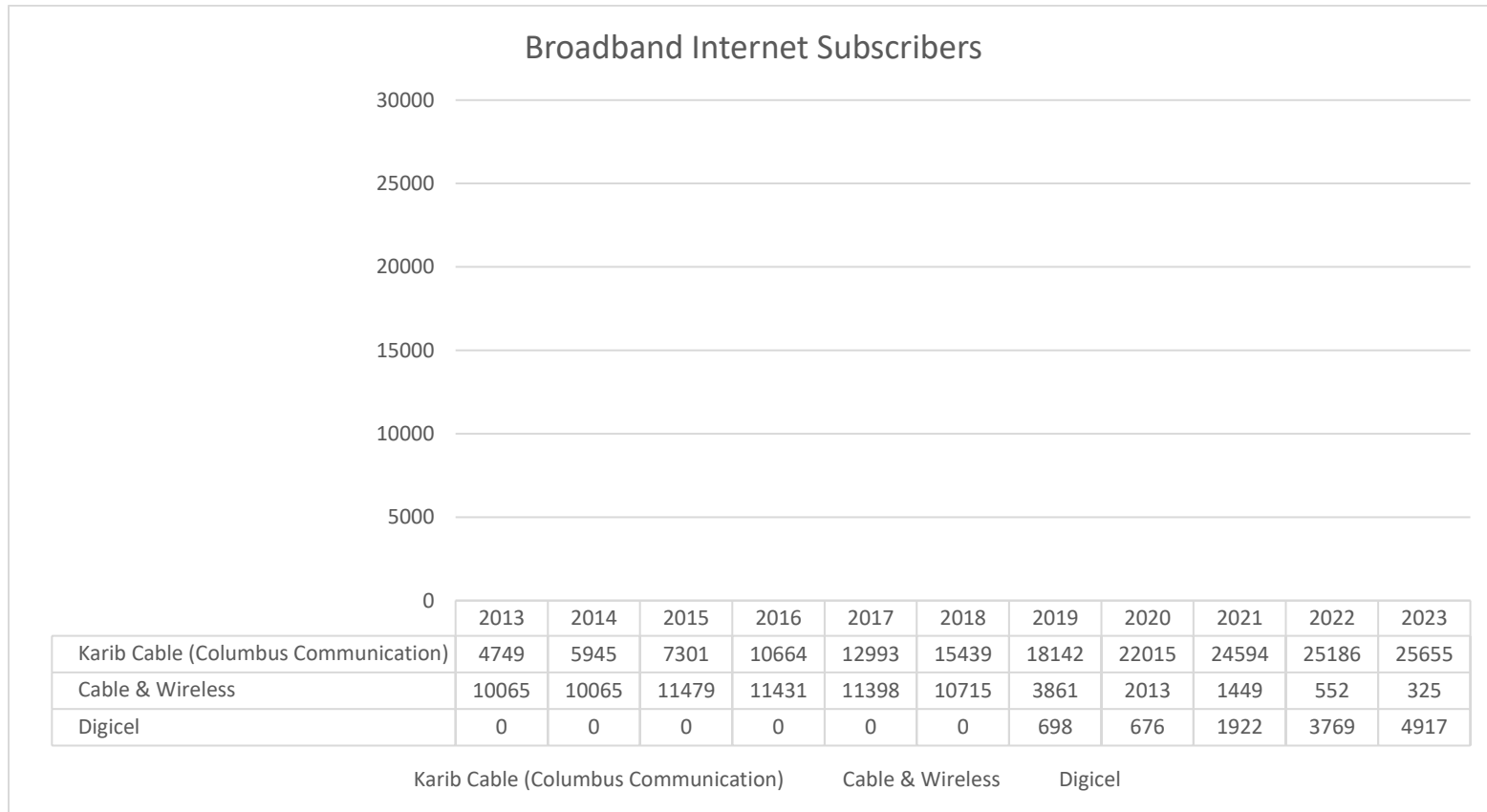


Fig 5. Source: NTRCs Annual Report 2023

Figure 6 shows the number of mobile subscribers for the years 2013 to 2023. The figure shows a slight decrease of subscribers in 2023 when compared to 2022.

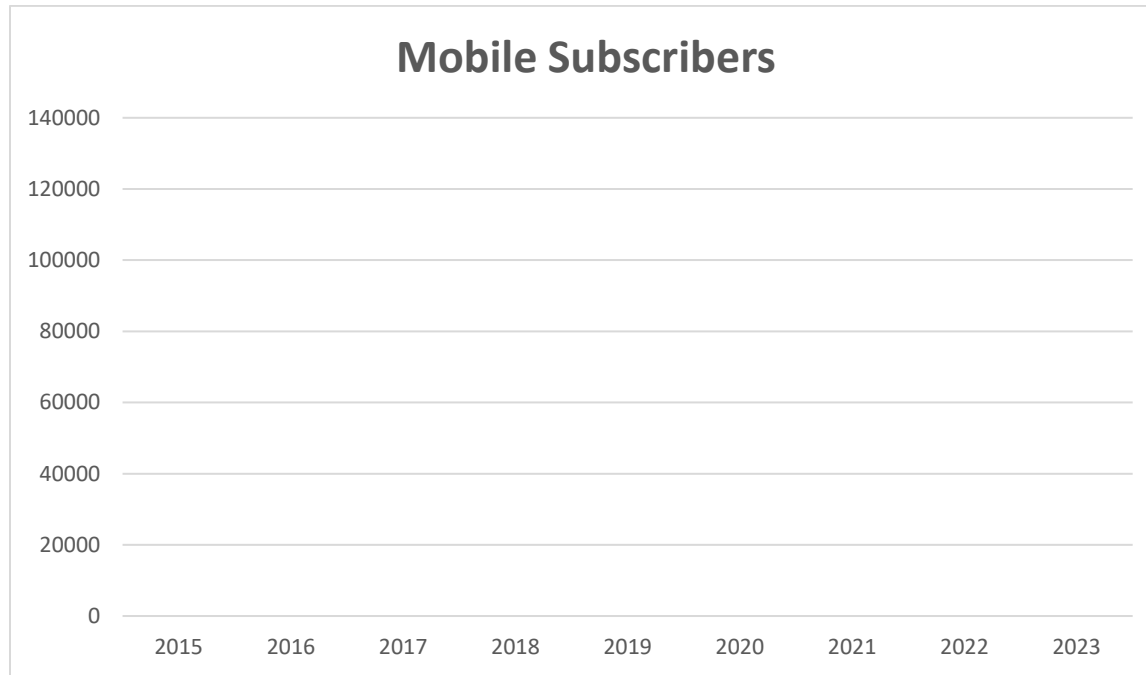


Fig 6. Source: NTRCs Annual Report 2023

6.3 Portable Computers

Figure 7 below depicts the number of portable computers entering St. Vincent and the Grenadines. Portable computers include Laptops, Notebooks and Netbooks. In 2022, four thousand two hundred and twenty-five devices were imported while nine thousand seven hundred and ninety-nine were imported in 2023. This represents an increase of 131.9% from 2022.

Figure 7

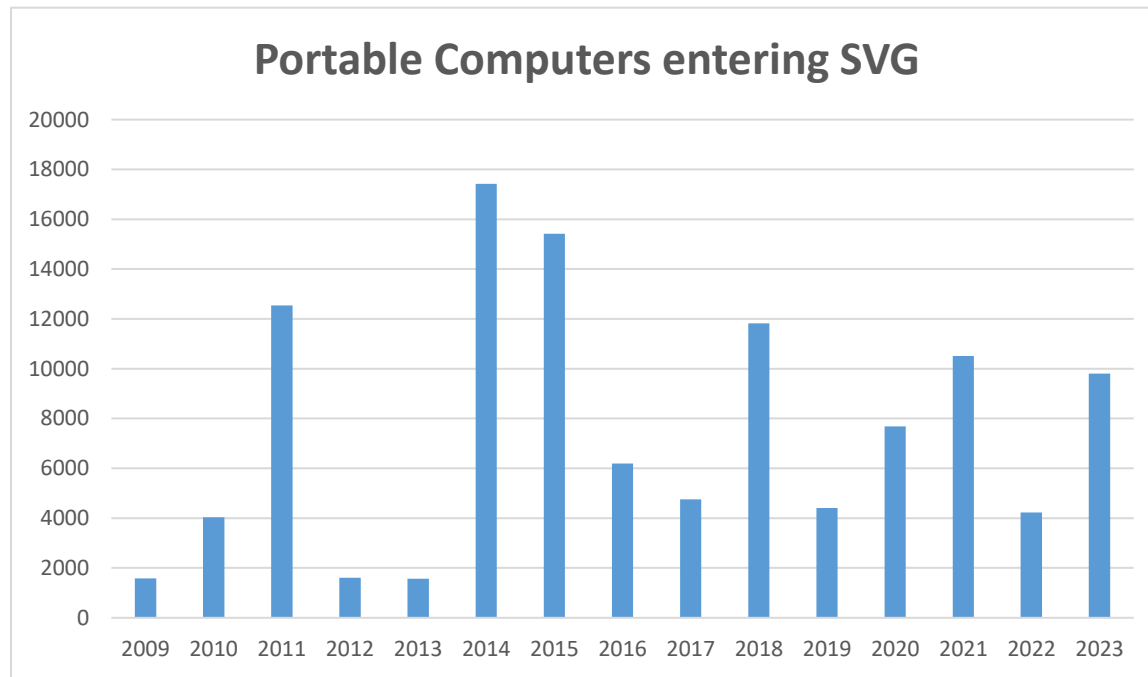


Fig 7. Portable computers entering SVG (Source: *The Customs and Excise Department*)

6.4 Desktop Computers

Figure 8 below shows the number of desktop computers entering the country. The graph shows that there was an increase in the number of desktops being imported in 2022 when compared to 2021 but a reduction was seen in the when a comparison is made for 2023 against what was imported for 2022. In 2022, one thousand four hundred and seventy-three (1473) desktops were imported representing a percentage increase of 71.5% when compared to 2021. However, this figure decreased in 2023 by 55% since only six hundred and fifty-nine desktops were imported.

Figure 8

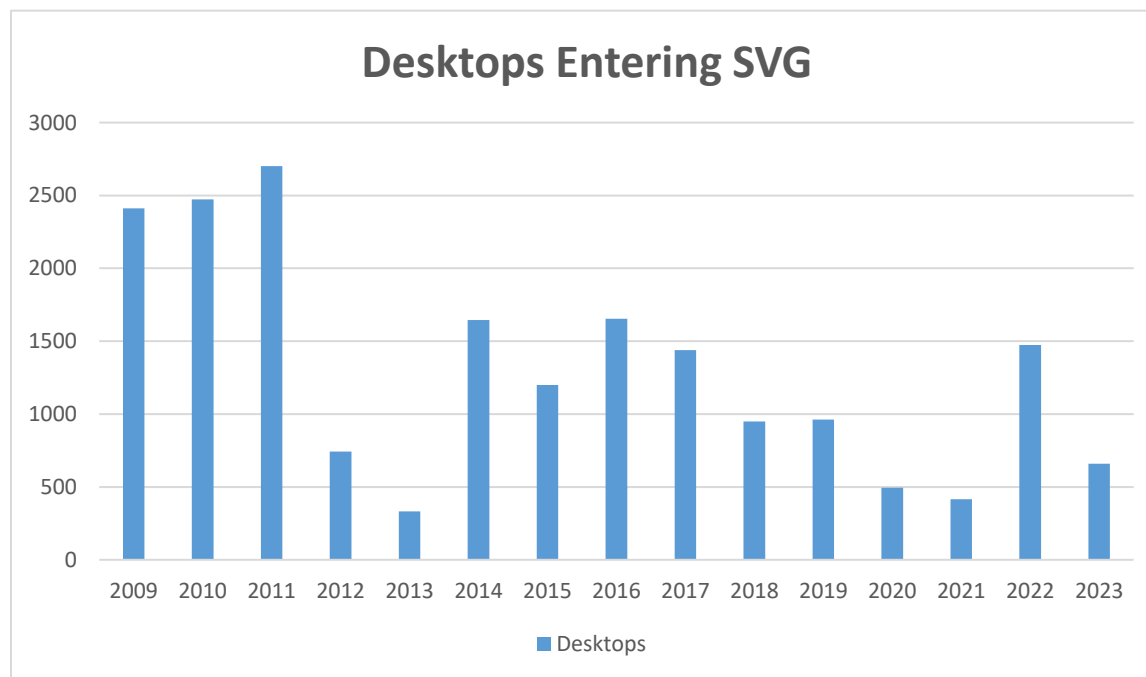


Fig 8. Desktop entering SVG (Source: *Customs and Excise Department*)

6.5 Mobile phones

Figure 9 below shows the number of mobile phones entering the country. The graph shows that there has been an increase in the number of mobile phones being imported. The figure for 2021 shows that twenty-one thousand, eight hundred and fifty mobile phones were imported. In 2022, an increase of 31.2% was seen as twenty-nine thousand, nine hundred and eighty mobile phones were imported. There was no data on mobile phones for 2023.

Figure 9

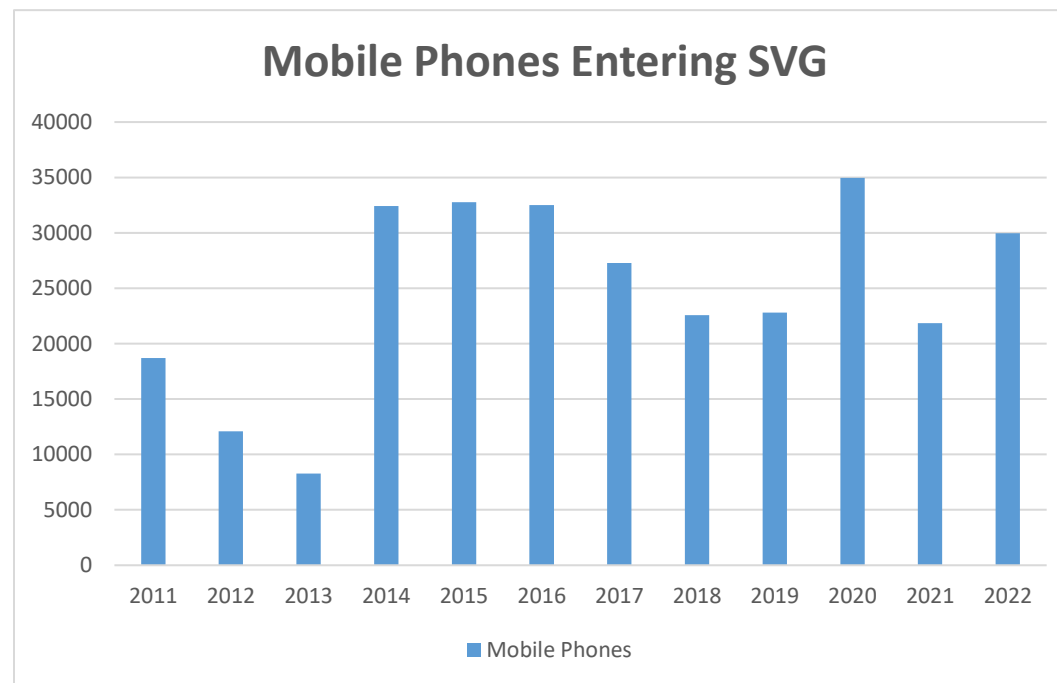


Fig 9. Mobile Phones imported (Source: *The Customs and Excise Department*)

7. BROAD RESPONSE STRATEGIES

1. Build on the success of iCode784 by creating more programs that foster innovation and creativity in the ICT sector. Encourage public participation and engagement in technology-related activities.
2. Maintain focus on the successful implementation of projects aimed at improving telecommunication infrastructure in rural and less developed regions and identifying key performance indicators for their success.
3. The USF will continue its field work activities by visiting those sites which have services and equipment under the various projects being implemented by the USF Island wide.
4. Explore government funding sources and alternative funding sources and partnerships to supplement the USF's budget thereby enabling the execution of larger-scale ICT projects.
5. Continue to Invest in digital literacy programs to ensure that individuals in target communities can use technology effectively and safely thereby promoting awareness campaigns to maximize the benefits of ICT while minimizing risks.
6. Support training programs that educate users about online safety and cyber security.

8. RESULT INDICATORS 2023

1. **The 2023 Operating Plan will be established by March 2023. This plan will set out the objectives of the Fund for the operating year 2023.**

The objective wasn't fully met. Between April and September, the USF department faced a reduction in resources. The USF administrator resigned at the end of March 2023, leaving the position unfilled until October 2023. As a result, while the department adhered to its annual work plan, it did not publish an operating plan for 2023.

2. **The USF will seek funding for one new projects through the Ministry of Finance, Economic Planning, and Information Technology.**

This objective is complete. The NTRC was able to receive funding in the amount of \$500,00.00 for the Police & Health Centre Project.

3. **Monthly site visits would be conducted under the five USF projects to ensure that the equipment is functional, and services are in place at the various locations.**

This objective was completed. The USF conducted regular checks on all projects which have been implemented by the USF. This includes physical visits to the project sites to ensure that the service and equipment are functional. The NTRC also remotely monitor the services at the selected locations to ensure that the services are functional, and this is done daily.

4. Connect 160 needy households with an internet connection in our efforts to bridge the digital divide.

The USF aimed to connect 160 people with subsidized internet at a cost of \$10.00 per month. Unfortunately, this target was not reached. Out of 89 applications received, 76 applicants met the criteria for approval based on their applications. These approved names were sent to Cable & Wireless for connection, but only 26 installations were completed following their verification process.

5. The USF will ensure that a GMDSS training session is executed in collaboration with Coast Guard radio operators.

This objective was accomplished. In August 2023, the NTRC organized a GMDSS training session at the Barrouallie Government School, where coast guard operators explained the Global Maritime Distress and Safety System (GMDSS) and demonstrated the use of VHF radios. Twenty (20) fisherfolk attended and participated in this training session.

6. Replace 200 internet access points in our schools.

This objective was achieved within twenty-nine (29) schools (secondary and primary) within the following schools:

1. Bishop's College Kingstown
2. Campden Park Secondary
3. Division of Technical Services (SVGCC)
4. Dr. J P Eustace Memorial
5. Emmanuel High Secondary
6. Emmanuel High Secondary Annex

7. Intermediate High School
8. St Joseph's Convent K/Town
9. St. Martin's Secondary
10. St. Vincent Grammar School
11. Adelphi Secondary School
12. Barrouallie Secondary
13. Bequia Community High
14. Bequia SDA Secondary
15. Buccament Bay Secondary
16. Canouan Secondary School
17. George Stephens Secondary
18. Mountain View S. D. A.
19. North Union secondary
20. Petit Bordel Secondary
21. Sandy Bay Secondary
22. St Joseph's Convent Mespo
23. St. Clair Dacon Secondary
24. Troumaca Secondary
25. Union Island Secondary
26. West St George Secondary
27. C. W Prescod Primary
28. St. Mary's Roman Catholic
29. Kingstown Preparatory School

9. OBJECTIVES FOR 2024

1. Execute the National ICT survey in the last quarter of 2024 with a sample size of 2000 persons.
2. Upgrade 43 police stations and 32 health facilities with enhanced internet connectivity, including more secure Wi-Fi access points and network switches. The initial minimum internet speed will be 350 Mbps for downloads and 50 Mbps for uploads during the first two years. For the third to fifth year, the speeds will increase to 500 Mbps for downloads and 100 Mbps for uploads.
3. Create a new USF project for people with disabilities and elderly citizens requiring specialized equipment.
4. Connect 157 needy households with wireless internet access at a subsidized price of \$10 per month in our efforts to bridge the digital divide.
5. Improve and expand the Wi-Fi service in our schools.
6. Retender the Schools Project to ensure that educational institutions continue to receive service

10. AUDITED FINANCIAL STATEMENTS

**NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION
UNIVERSAL SERVICE FUND**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

**National Telecommunications Regulatory Commission
Universal Service Fund
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For the year ended 31 December 2023**

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**National Telecommunications Regulatory Commission
Universal Service Fund
Kingstown
Corporate Information**

Commissioners

Mrs. Roxann Williams, L.L.B (Hons.), LL.M.
Mr. Petrus Gumbs, BSc
Mr. Sehon Marshall, M.A., LL.M
Mr. Avalon Morris, CCNA, Microsoft System Engineer, Eta fibre installer 1
Mr. Ivo Carr, Alevel

Chairperson

Mrs. Roxann Williams, LL.B (Hons.), LL.M.

Secretary

Mr. Apollo Knights, BSc., M.Sc.

Director

Mr. Apollo Knights, BSc., M.Sc.

USF Administrator

Ms. Descilla Samuel
Ms. Felica Thomas (Retired 30 April 2023)

Auditors

JM Accounting Services Ltd
Chartered Certified Accountants

Solicitor

Mr. Joseph Delves

Bankers

Bank of St. Vincent and the Grenadines

Registered Office

2nd Floor National Insurance Services Building
Upper Bay Street
Kingstown
St. Vincent and the Grenadines

**National Telecommunications Regulatory Commission
Universal Service Fund**

INDEPENDENT AUDITORS' REPORT

The Commissioners
The National Telecommunications Regulatory Commission
Universal Service Fund

Opinion

We have audited the statement of financial position of National Telecommunications Regulatory Commission - Universal Service Fund (the Fund) as at December 31, 2023 and the statements of changes on net assets; comprehensive income; and cash flows on pages 4 to 7 as well as the significant accounting policies and disclosure notes thereto on pages 8 to 21 for the year then ended.

In our opinion, these financial statement present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and the result of its operations and the changes in its net assets and its cash flows for the year then ended in accordance with international financial reporting standards.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management and those charged with governance of the company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards.

The responsibilities include inter alia:

- The designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies;
- Making accounting estimates that are reasonable in the circumstances; and
- Assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and the going concern basis of accounting unless management intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

National Telecommunications Regulatory Commission
Universal Service Fund

Our primary responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements consistent with the International Ethics Standard Board for Professional Accountants (IESBA Code); and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' professional judgment and the

- The identification and assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- Obtain 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 Company's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall financial statement presentation, structure and content, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and ascertain whether a material uncertainty exists relative to events and conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the disclosures in the financial statements or if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern,

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

JM Accounting Services Ltd

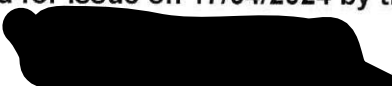
JM Accounting Services Ltd
Chartered Certified Accountants
Kingstown, St. Vincent and the Grenadines
17 April 2024

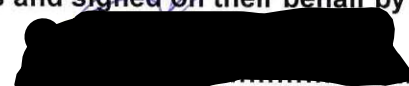
**National Telecommunications Regulatory Commission
Universal Service Fund
Statement of Financial Position
As at 31 December 2023**

| | | 2023 | 2022 |
|--|-----|------------------|------------------|
| | | EC\$ | EC\$ |
| ASSETS | | | |
| Cash and cash equivalents | 4.6 | 1,431,008 | 1,764,201 |
| Equipment | 6 | 2,834,850 | 1,288,572 |
| Due from related parties | 11 | 4,683 | 767,594 |
| Accounts receivable | 10 | 157,609 | 672,864 |
| Total assets | | 4,428,150 | 4,493,231 |
| LIABILITIES AND MEMBERS' EQUITY | | | |
| Liabilities | | | |
| Due to related parties | 9 | 630 | 668 |
| Accounts payable and accruals | 11 | 666,387 | 831,531 |
| Deferred revenue | 16 | - | 271,198 |
| Total liabilities | | 667,017 | 1,103,397 |
| Net assets | | 3,761,133 | 3,389,834 |
| Represented by fund balance | | 4,428,150 | 4,493,231 |

The accompanying significant accounting policies and notes form an integral part of these financial statements.

Approved for issue on 17/04/2024 by the Commissioners and signed on their behalf by


Mrs. Roxann Williams, L.L.B (Hons.), LL.M
Chairperson


Mr. Petrus Gumbs, B.Sc.
Commissioner

National Telecommunications Regulatory Commission
Universal Service Fund
Statement of Comprehensive Income
For the year ended 31 December 2023

| | Notes | 2023 | 2022 |
|--|--------|---------------------------|---------------------------|
| | 5.2 | EC\$ | EC\$ |
| Income by nature | | | |
| Fund contribution | | 2,616,851 | 2,557,658 |
| Interest income | | 25,425 | 27,143 |
| Grant funding and contributions | | 44,662 | 28,031 |
| Government contribution | | 271,198 | - |
| Penalties | | 83,099 | 564,199 |
| Total Income | | <u>3,041,235</u> | <u>3,177,031</u> |
| Expenses by nature | | | |
| Loss on disposal of equipment | 6 | (101,921) | (192) |
| General and administrative expenses | 13, 14 | (632,457) | (507,669) |
| Projects expenses | 15 | (1,935,558) | (2,313,575) |
| Total expenses by nature | | <u>(2,669,936)</u> | <u>(2,821,436)</u> |
| Total comprehensive income for the year | | <u>371,299</u> | <u>355,595</u> |

The accompanying significant accounting policies and notes form an integral part of these financial statements.

National Telecommunications Regulatory Commission
Universal Service Fund
Statement of Changes in Net Assets
For the year ended 31 December 2023

| | Notes | 2023 EC\$ | 2022 EC\$ |
|---|-------|-------------------------|-------------------------|
| Net assets - beginning of the year | | 3,389,834 | 3,034,239 |
| Total comprehensive income for the year | | 371,299 | 355,595 |
| Net assets - end of year | | <u>3,761,133</u> | <u>3,389,834</u> |

The accompanying significant accounting policies and notes form an integral part of these financial statements.

National Telecommunications Regulatory Commission
Universal Service Fund
Statement of Cash Flows
For the year ended 31 December 2023

| | 2023 | 2022 |
|---|--------------------|------------------|
| | EC\$ | EC\$ |
| Cash Flows from Operating Activities | | |
| Total comprehensive income for the year | 371,299 | 355,595 |
| Adjustment for non-cash income and expenses: | | |
| Depreciation and amortization | 6 709,884 | 323,532 |
| Operating surplus before changes in operating assets | 1,081,183 | 679,127 |
| Changes in operating assets and liabilities: | | |
| Change in related party | 9 762,911 | (33,690) |
| Change in accounts receivable | 10 515,255 | (764,090) |
| Change in accounts payables and accruals | 11 (165,144) | 339,554 |
| Change in deferred revenue | 16 (271,198) | - |
| Net cash from operating activities | 1,923,007 | 220,901 |
| Cash flows from investing activities | | |
| Project fund equipment | 6 (2,352,700) | (368,402) |
| Furniture and equipment | 6 (5,421) | (8,586) |
| Loss on disposal of equipment | 6 101,921 | 192 |
| Net cash used in investing activities | (2,256,200) | (376,796) |
| Cash flows from financing activities | | |
| Proceeds from sale of equipment | 6 - | 100 |
| Net cash used in financing activities | - | 100 |
| Net increase (decrease) in cash and cash equivalents | (333,193) | (155,795) |
| Cash and cash equivalents at beginning of year | 1,764,201 | 1,919,996 |
| Cash and cash equivalents at end of year | 4.6 1,431,008 | 1,764,201 |

The accompanying significant accounting policies and notes form an integral part of these financial statements.

National Telecommunications Regulatory Commission
Universal Service Fund
Accounting policies and explanatory notes to the financial statements
For the year ended 31 December 2023

1 Legal Status

The National Telecommunication Regulatory Commission - Universal Service Fund (the Fund) was established in accordance with Sections 42 and 43 of the St. Vincent and the Grenadines Telecommunications Act 2001 subsequently revised as the Telecommunications Act (Cap 418) of the Revised Laws of St. Vincent and the Grenadines of 2009.

2 Date of Authorisation

These financial statements were approved by the Commissioners on 17/04/2024.

3 Objectives and scope

The main objectives of the Fund are to support the provision of Universal Telecommunications Service throughout St. Vincent and the Grenadines. In addition, the Universal Service Fund is to provide financial support to projects that meet specific requirements as outlined in the Telecommunications (Universal Service Fund) Guidelines. The Universal Service Fund is mainly funded by annual payments made by telecommunication providers. The Fund may also receive income from appropriations by Parliament and official grants, donations, bequests or other contributions of the National Telecommunication Regulatory Commission considers if consistent with the best interest of the Fund.

4 Basis of presentation

- 4.1** These financial statements have been prepared assuming that the Fund will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Fund be unable to continue as a going concern.
- 4.2** These financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium Entities (IFRS for SMEs), hereinafter referred to as IFRS, adopted by the International Accounting Standards Board.

National Telecommunications Regulatory Commission
Universal Service Fund
Accounting policies and explanatory notes to the financial statements
For the year ended 31 December 2023

4 Basis of presentation cont'd

- 4.3** Consistent with IFRS, these financial statements have been prepared in accordance with fund accounting principles, under the restricted fund method of accounting, which contemplates the collective procedures resulting in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions of the board of commissioners. The restricted fund method of accounting considers the details of financial statement elements by each fund in such a way that the Fund reports total general funds of one or more restricted funds.
- 4.4** These financial statements are stated in Eastern Caribbean Currency on the historical cost basis. The preparation of these financial statements in conformity with IFRS for SMEs requires management and those in charge with governance to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses during the reporting period. Notwithstanding IFRS for SMEs, there are two notable standards that are considered in the preparation of these financial statements, namely: IFRS 9, financial instruments; and IFRS 15 Revenue from contracts with customers.
- IFRS 9, 'Financial Instruments'. The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets, IFRS 9 also provides new guidance on the application of hedge accounting. The Universal Service Fund assessed the impact of IFRS 9 on its financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.
 - IFRS 15, 'Revenue from Contracts with Customers'. IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018.
- 4.5** These financial statements are expressed in Eastern Caribbean dollars presented on a comparative basis.

National Telecommunications Regulatory Commission
Universal Service Fund
Accounting policies and explanatory notes to the financial statements
For the year ended 31 December 2023

4 Basis of presentation cont'd

- 4.6** Cash and cash equivalents as shown in the statements of net assets and changes in net assets comprise cash on hand and cash held at banks.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting and the use of estimates

These financial statements have been prepared in accordance with the accrual method of accounting, under the historical cost convention, consistent with international accounting standards. Conformity with these standards requires management and those charged with governance to make estimates and assumptions. Accordingly, actual results could differ from those reported.

Under the accrual method of recording transactions, revenue and expenses are reflected in the financial statements in the period in which they are earned and incurred, respectively, whether or not such transactions have been finally settled by receipt or payment of cash or its equivalent.

Likewise, assets and liabilities are reflected in the financial statements in the period in which they are acquired and where there is a legal or constructive obligation, respectively, whether or not such transactions have been finally settled by payment of cash or its equivalent.

5.2 Revenue and cost recognition

The annual payments received from telecommunication, internet and cable providers (service providers) is calculated as a percentage of their gross annual revenue considering the number of years in operation. The payment structure range from 0.25% of gross revenue for the first year of operation, 0.5% of gross revenue for the second year, 1% for the third year, 1.5% for the fourth year, 1.75% for the fifth year and 2% for the sixth year and each subsequent year of the service providers' operation.

•The annual payments from service providers are accounted in accordance with established contracts on an accrual basis whilst appropriations by Parliament and official grants, donations, bequests or other contributions are accounted for at the time of receipt or at the time of the pledges and/or when obligations become due whichever is the earliest.

National Telecommunications Regulatory Commission
Universal Service Fund
Accounting policies and explanatory notes to the financial statements
For the year ended 31 December 2023

5 SIGNIFICANT ACCOUNTING POLICIES cont'd

5.2 Revenue and cost recognition cont'd

•On the other hand, assessed penalties are recognized at the time of assessments whilst interest income is recognized in accordance with investment agreements. Gains and losses on foreign exchange transactions and translations and disposals of capital assets are recognized as outlined in accounting policies and notes below.

•Administrative and projects expenses are recognized in accordance with performance under established contracts or at the time of receipt of the goods and services and/or at the time of transfer of ownership to the Fund, whichever is the earliest.

5.3 Financial instruments

Recognition, initial measurement and derecognition

Financial assets are recognised when the Fund becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Classification and subsequent measurement

The Fund's financial assets are classified as receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these receivables would be measured at amortised cost using the effective interest method, less provision for impairment. Discounting would be omitted when the effect of discounting is immaterial.

All financial assets would be reviewed for impairment (expected credit loss) at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets are impaired.

**National Telecommunications Regulatory Commission
Universal Service Fund
Accounting policies and explanatory notes to the financial statements
For the year ended 31 December 2023**

5 SIGNIFICANT ACCOUNTING POLICIES cont'd

5.4 Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Eastern Caribbean dollars at rates prevailing at the end of the financial year, except for capital assets, which are recorded at historical cost. All revenues and expenses denominated in foreign currencies are translated, using the prevailing exchange rates at the date of the transactions, except for depreciation, which is based on the historical cost. Realized and unrealized translation gains or losses arising on the settlement or conversion of foreign currency denominated balances are reflected in the earnings for the reporting period, in accordance with the International Financial Reporting Standards for Financial Instruments.

5.5 Equipment and depreciation

The various pieces of equipment are stated at amortized cost net of depreciation. These assets are depreciated at 20%, except for computers at 25%, of the carrying value on a reducing balance method without any provision for salvage values.

The cost of fixed assets replaced, retired or otherwise disposed of, and the accumulated depreciation thereon is eliminated from the accounts and the resulting gain or loss reflected in the operations. The Universal Service Fund periodically appraises these assets, to ascertain their salvage values, which consider replacement cost of the used assets, market conditions and other circumstances in making such estimates and valuation. Generally, any salvage value in excess of book value is reflected in the carrying value of capital assets and appraisal surplus and/or other appropriate capital account is credited with that amount. Likewise, any diminution in previously established salvage value is charged against appraisal surplus and/or other capital account as deemed appropriate under the circumstances.

**National Telecommunications Regulatory Commission
Universal Service Fund
Accounting policies and explanatory notes to the financial statements
For the year ended 31 December 2023**

5 SIGNIFICANT ACCOUNTING POLICIES cont'd

5.6 Accounts receivable

Trade receivables almost exclusively pertain to unpaid fees from telecommunication, internet and cable providers. Unpaid fees are stated at their carrying values net of provision for expected credit losses. Accounts that are performing but where the future collectability of the outstanding balances is in doubt will be considered impaired. Generally, accounts will be written off upon the termination of recovery procedures or in the case of fully provided positions when collection of any recovery is highly unlikely. Write-offs will be charged against previously established provisions for the respective accounts and therefore will not normally represent a charge to the income statement in the reporting period (year) in which the account is written off.

5.7 Accounts payable

Accounts payable almost exclusively pertain to unpaid projects expenses in respect to contractual agreements with Cable and Wireless (St. Vincent and the Grenadines) Limited.

5.8 Provisions

Provisions are recognized when the Universal Service Fund has a present legal or constructive obligation as a result of past and potential future events, it is more than likely that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

National Telecommunications Regulatory Commission
 Universal Service Fund
 Accounting policies and explanatory notes to the financial statements
 For the year ended 31 December 2023

| 6. Equipment | School Project Equipment EC\$ | Payphone Project Equipment EC\$ | Computer Equipment EC\$ | Furniture EC\$ | Maritime Project EC\$ | Police and Health Project EC\$ | SMART Project EC\$ | Community Access Project EC\$ | GMDSS Expansion Project | Online Project | Total EC\$ |
|--|--|--|-------------------------------|-------------------|-----------------------------|---|--------------------------|--|-------------------------------|-------------------|------------------|
| Cost | | | | | | | | | | | |
| 01 January 2023 | 2,525,939 | 629,544 | 44,250 | 17,214 | 793,390 | 573,691 | 1,023,208 | 358,192 | - | - | 5,965,428 |
| Additions | 417,401 | - | 2,087 | 3,317 | - | - | - | - | 448,072 | 1,487,227 | 2,358,084 |
| Disposals | - | (493,522) | - | - | - | - | - | (358,192) | - | - | (851,714) |
| 31 December 2023 | <u>2,943,340</u> | <u>136,022</u> | <u>46,317</u> | <u>20,531</u> | <u>793,390</u> | <u>573,691</u> | <u>1,023,208</u> | <u>-</u> | <u>448,072</u> | <u>1,487,227</u> | <u>7,471,798</u> |
| Accumulated depreciation and impairment | | | | | | | | | | | |
| 01 January 2023 | 1,888,841 | 522,908 | 27,526 | 12,463 | 636,219 | 418,660 | 890,554 | 279,684 | - | - | 4,676,856 |
| Disposals | - | (470,108) | - | - | - | - | - | (279,684) | - | - | (749,792) |
| Charge for the year | 210,900 | 16,644 | 4,698 | 1,614 | 31,434 | 31,004 | 26,531 | - | 89,614 | 297,445 | 709,884 |
| 31 December 2023 | <u>2,099,741</u> | <u>89,446</u> | <u>32,224</u> | <u>14,077</u> | <u>667,653</u> | <u>449,664</u> | <u>917,085</u> | <u>-</u> | <u>89,614</u> | <u>297,445</u> | <u>4,636,948</u> |
| Carrying amount | | | | | | | | | | | |
| 01 January 2023 | 637,098 | 106,636 | 16,724 | 4,751 | 157,171 | 155,031 | 132,654 | 78,508 | - | - | 1,288,572 |
| 31 December 2023 | <u>843,599</u> | <u>66,577</u> | <u>14,093</u> | <u>6,454</u> | <u>125,737</u> | <u>124,027</u> | <u>106,123</u> | <u>-</u> | <u>358,458</u> | <u>1,189,782</u> | <u>2,834,860</u> |

National Telecommunications Regulatory Commission
Universal Service Fund
Accounting policies and explanatory notes to the financial statements
For the year ended 31 December 2023

| | School Project Equipment EC\$ | Payphone Project Equipment EC\$ | Computer Equipment EC\$ | Furniture EC\$ | Maritime Project EC\$ | Police and Health Project EC\$ | SMART Project EC\$ | Community Access Project EC\$ | Total EC\$ |
|--|--|--|-------------------------------|-------------------|-----------------------------|---|--------------------------|--|------------------|
| 6. Equipment | | | | | | | | | |
| Cost | | | | | | | | | |
| 01 January 2022 | 2,157,537 | 629,544 | 37,592 | 16,518 | 793,390 | 573,691 | 1,023,208 | 358,192 | 5,589,672 |
| Additions | 368,402 | - | 7,890 | 696 | - | - | - | - | 376,988 |
| Disposals | - | - | (1,232) | - | - | - | - | - | (1,232) |
| 31 December 2022 | <u>2,525,939</u> | <u>629,544</u> | <u>44,250</u> | <u>17,214</u> | <u>793,390</u> | <u>573,691</u> | <u>1,023,208</u> | <u>358,192</u> | <u>5,965,428</u> |
| Accumulated depreciation and impairment | | | | | | | | | |
| 01 January 2022 | 1,729,567 | 496,251 | 22,891 | 11,275 | 596,926 | 379,905 | 857,391 | 260,058 | 4,354,264 |
| Disposal | - | - | (940) | - | - | - | - | - | (940) |
| Charge for the year | 159,274 | 26,658 | 5,575 | 1,188 | 39,293 | 38,755 | 33,163 | 19,626 | 323,532 |
| 31 December 2022 | <u>1,888,841</u> | <u>522,909</u> | <u>27,526</u> | <u>12,463</u> | <u>636,219</u> | <u>418,660</u> | <u>890,554</u> | <u>279,684</u> | <u>4,676,856</u> |
| Carrying amount | | | | | | | | | |
| 01 January 2022 | 427,970 | 133,293 | 14,701 | 5,243 | 196,464 | 193,786 | 165,817 | 98,134 | 1,235,408 |
| 31 December 2022 | <u>637,098</u> | <u>106,635</u> | <u>16,724</u> | <u>4,751</u> | <u>157,171</u> | <u>155,031</u> | <u>132,654</u> | <u>78,508</u> | <u>1,288,572</u> |

National Telecommunications Regulatory Commission
Universal Service Fund
Accounting policies and explanatory notes to the financial statements
For the year ended 31 December 2023

7 Capitalisation

The Fund is an arm of the National Telecommunication Regulatory Commission. It was established in accordance with Sections 42 and 43 of the St. Vincent and the Grenadines Telecommunications Act 2001 subsequently revised as the Telecommunications Act (Cap 418) of the Revised Laws of St. Vincent and the Grenadines. The Fund has no share capital and is mandated to carry out activities without pecuniary gain to its commissioners and any profits or other accretions are to be used in furthering its undertaking.

8 Income tax

The Fund is exempt from the payment of income tax in accordance with section 25 of the Income Tax Act (CAP 435) of St. Vincent and the Grenadines, as revised.

9 Related party transactions

A party is related to the company if:

- (a) directly or indirectly the party: (1) controls, is controlled by, or is under common control with the company; (2) has an interest in the company that gives it significant influence over the company; or (3) has joint control over the company;
- (b) The party is a member of the key management personnel of the company;
- (c) The party is a close member of the family of any individual referred to in (1) or (2); and
- (d) The party is in a pot employment benefit plan for the benefit of employees in the company or company that is a related party of the company.

| 10 Trade receivables | 2023 | 2022 |
|--|----------------|------------------|
| | EC\$ | EC\$ |
| Cable and Wireless St. Vincent and the Grenadines Ltd. | 38,236 | 514,142 |
| National Telecommunication Regulatory Commission | 4,683 | 767,594 |
| Digicel | - | 158,722 |
| Kelcom (Columbus Communications) | 91,575 | - |
| Southern Caribbean Fibre | 27,798 | - |
| | <u>162,292</u> | <u>1,440,458</u> |

National Telecommunications Regulatory Commission
Universal Service Fund
Accounting policies and explanatory notes to the financial statements
For the year ended 31 December 2023

| | | | |
|-----------|---|----------------|----------------|
| 11 | Accounts payable and accruals | 2023 | 2022 |
| | | EC\$ | EC\$ |
| | Trade payables and accruals | 35,482 | 14,509 |
| | Project funds payable | 630,905 | 817,022 |
| | | <u>666,387</u> | <u>831,531</u> |
| | | | |
| 12 | General and administrative expenses | EC\$ | EC\$ |
| | | 2023 | 2022 |
| | Expenses by nature | | |
| | Advertisement and public relations expenses | 185,508 | 173,984 |
| | Audit and accounting | 5,000 | 5,000 |
| | Bank charges | 377 | 244 |
| | Cleaning | 283 | 283 |
| | Commissioners' allowances | 5,520 | 5,520 |
| | Contribution to vehicle expense | 8,677 | 9,157 |
| | Contribution toward motor vehicle purchase | 18,644 | - |
| | Depreciation | 6,312 | 6,762 |
| | Electricity | 5,635 | 4,230 |
| | Entertainment | 6,220 | 3,000 |
| | Insurance | 2,080 | 2,226 |
| | Legal and professional fees | 1,200 | 5,120 |
| | Management and technical support fees | 8,000 | 8,000 |
| | Meals and local travel | 3,743 | 920 |
| | Operating lease | 16,501 | 16,501 |
| | Periodical & publication | 1,444 | 1,116 |
| | Personnel expenses - note 13 | 220,293 | 225,332 |
| | Professional fees | 86,117 | - |
| | Stationery and office supplies | 5,165 | 2,368 |
| | Subscription/contribution | 4,542 | 4,590 |
| | Telcommunication | 2,295 | 1,055 |
| | Training | 38,901 | 32,261 |
| | | <u>632,457</u> | <u>507,669</u> |

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| 13 Personnel expenses | 2023 | 2022 |
|---|------------------|------------------|
| | EC\$ | EC\$ |
| Expenses by nature | | |
| Universal Service Fund Administrator | 52,971 | 51,022 |
| Universal Service Fund Assistant | 14,560 | - |
| Consumer and Public Relations Manager | 29,312 | 26,874 |
| Software Developer | 46,831 | 45,486 |
| Public Relations Officer | 32,245 | 31,315 |
| Administrator Support Officer | - | 18,560 |
| Allowances | 13,073 | 11,425 |
| Gratuity | - | 11,710 |
| Performance pay | 7,008 | 6,886 |
| National Insurance Services Contributions | 8,292 | 8,126 |
| Medical and life insurance | 8,874 | 7,648 |
| Pension contributions | 6,908 | 5,698 |
| Staff uniform | 219 | 582 |
| | <u>220,293</u> | <u>225,332</u> |
| | | |
| Number of persons employed by the fund | <u>4</u> | <u>4</u> |
| | | |
| 14 Project expenses | 2023 | 2022 |
| | EC\$ | EC\$ |
| Expenses by nature | | |
| Maritime project - insurance | 9,452 | 65,259 |
| Maritime project - maintenance | 65,259 | 4,726 |
| Payphone project - insurance | - | 2,756 |
| Payphone project - maintenance | 33,914 | 96,905 |
| School project - maintenance | 387,513 | 553,188 |
| School project insurance | 10,743 | 10,743 |
| SMART Project - insurance | 4,147 | 4,147 |
| SMART Project - lecturers' cost | 25,545 | 24,330 |
| SMART Project - maintenance | 13,992 | 43,285 |
| SMART Project - ict equipment | 274,620 | 350,328 |
| SMART Project Online Learning | 8,807 | 5,156 |
| SMART Project - subsidised internet cost | 118,350 | 538,560 |
| Police & health - insurance | 2,534 | 2,534 |
| Police & health - maintenance | 165,120 | 253,357 |
| Community access insurance | - | 2,086 |
| Community access maintenance | 30,665 | 39,443 |
| Depreciation | 703,572 | 316,772 |
| Meraki licences | 81,325 | - |
| | <u>1,935,558</u> | <u>2,313,575</u> |

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15 Commitments

The Fund has entered into contractual agreements with Cable and Wireless. These contracts have varying terms of compensation, providers' warranties and compensation.

Disbursements over the duration of the contracts are as follows:

2023 Financial Year

| Project cost | Contract signature date | Terms | Contract commitment amount | 2024 | | 2 years | | 3 years | |
|----------------------------------|-------------------------|-----------|----------------------------|------------------|------------------|------------------|------------------|------------------|---------|
| | | | | EC\$ | 1 year | 2026 | 2027 | 4 years | 2028 |
| Smart project | March 26, 2020 | 2020-2025 | 2,909,861 | 611,005 | 271,619 | 347,739 | 745,909 | 933,589 | |
| Maritime project | March 8, 2019 | 2019-2024 | 349,925 | 69,985 | 69,985 | 69,985 | 69,985 | 69,985 | 69,985 |
| Police and health centre project | May 14, 2019 | 2019-2021 | 1,421,126 | 697,174 | 180,988 | 180,988 | 180,988 | 180,988 | 180,988 |
| Schools project | October 23, 2019 | 2019-2024 | 2,464,291 | 631,039 | 398,313 | 398,313 | 638,313 | 398,313 | 398,313 |
| Online 24/7 Project | July 18, 2022 | 2022-2026 | 2,927,150 | 585,430 | 585,430 | 585,430 | 585,430 | 585,430 | 585,430 |
| GMDSS Expansion Project | March 8, 2019 | 2019-2020 | 357,172 | 224,036 | 33,284 | 33,284 | 33,284 | 33,284 | 33,284 |
| Payohne Project | | | 108,420 | 21,684 | 21,684 | 21,684 | 21,684 | 21,684 | 21,684 |
| | | | 10,537,945 | 2,840,353 | 1,561,303 | 1,637,423 | 2,275,593 | 2,223,273 | |

2022 Financial Year

| Project cost | Contract signature date | Terms | Contract commitment amount | 2022 | | 2 years | | 3 years | |
|----------------------------------|-------------------------|-----------|----------------------------|------------------|------------------|------------------|------------------|------------------|---------|
| | | | | EC\$ | 1 year | 2024 | 2025 | 4 years | 2026 |
| Smart project | March 26, 2020 | 2020-2025 | 2,762,036 | 357,035 | 1,289,728 | 398,595 | 210,939 | 505,739 | |
| Maritime project | March 8, 2019 | 2019-2024 | 474,465 | 124,541 | 139,969 | 69,985 | 69,985 | 69,985 | 69,985 |
| Police and health centre project | May 14, 2019 | 2019-2021 | 685,054 | - | 173,164 | 170,630 | 170,630 | 170,630 | 170,630 |
| Schools project | October 23, 2019 | 2019-2024 | 3,197,929 | 1,359,041 | 643,949 | 398,313 | 398,313 | 398,313 | 398,313 |
| Online 24/7 Project | July 18, 2022 | 2022-2026 | 3,236,675 | - | 1,533,194 | 567,827 | 567,827 | 567,827 | 567,827 |
| GMDSS Expansion Project | May 17, 2022 | 2023-2026 | 503,117 | - | 403,265 | 33,284 | 33,284 | 33,284 | 33,284 |
| | | | 10,859,276 | 1,840,617 | 4,183,269 | 1,638,634 | 1,450,978 | 1,745,778 | |

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16 Financial risk management

Since the nature of the Fund's activities is to support the provision of Universal Telecommunications Service throughout St. Vincent and the Grenadines, management and those charged with governance seek to maximize cash flow by minimizing its exposure to credit, interest, and market and valuation risks. Moreover, the Fund endeavours to improve efficiency by prudent management of its activities in order to generate sufficient liquidity to meet obligations.

16.1 Fair values of financial assets and liabilities

Fair value represents the amount at which financial instruments could be exchanged between informed and prudent parties dealing at arms-length, neither party being under any compulsion obligation to transact and is best evidenced by a quoted market price, if one exists. Many of the Fund's financial instruments lack any available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and may not necessarily be indicative of the amounts realizable in an immediate settlement of the instruments. In addition, the calculation of estimated fair value is based on market conditions at a specific point in time and may not be reflective of future values.

Movements in interest rates; foreign currency fluctuations; and changing market conditions are the main cause of changes in the fair value of the financial instruments, the majority of which are carried at historical cost, and are adjusted to reflect increases and decreases in fair value due to market fluctuations, including those due to interest rate changes. In view of the relatively short-term nature of these financial instruments, their carrying values are assumed to approximate their fair value.

16.2 Credit risk:

There is exposure to credit risk which is the risk that a counterparty will be unable to meet agreed upon obligations in due dates. The company structures the credit risk levels by placing limits on the acceptable risks to debtors. Exposure to risk is managed by way of regular performance and analysis of debtors to meet their obligations and by changing the credit limits as deemed appropriate. Further, cash is deposited with credible commercial banks and institutions. Credit risk on receivables are limited as these are reported net of allowance for expected credit loss.

16.3 Foreign exchange risk:

The Fund is exposed to the effects of fluctuation in the prevailing exchange rates on its financial position and cash flows. Management asserts that exchange risk is minimal as transactions are conducted in Eastern Caribbean Currency.

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16 Financial risk management cont'd

16.4 Interest rate risk:

Differences in maturities of re-pricing dates of financial instruments create an interest rate gap and may expose the company to interest rate risk. Management does not believe significant interest rate risks existed at the balance sheet date