



**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS
COMMISSION**

**Annual Report 2020/2021
And
Three-Year Strategy Plan**

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INTRODUCTION

This report presents a summary of the Turks and Caicos Islands (TCI) Telecommunications Commission's (the Commission) activities and achievements for the fiscal year 2020/2021.

It also contains the Commission's audited financial statements for the fiscal year 2020/2021, and Three-Year Strategy Plan, 2021/2022 to 2023/2024.

The report is structured as follows:

- **Section 1:** Explains the Commission's function and operations
- **Section 2:** Provides information on the telecommunications sector in TCI
- **Section 3:** Sets out key regulatory activities carried out by the Commission in 2020/21
- **Section 4:** Provides information on administrative and human resources matters
- **Section 5:** Contains the Commission's three-year strategy plan 2021/22 – 2023/24
- **Section 6:** The Commission's budget and budget forecast
- **Section 7:** The statutory statement of internal control

The report includes an annex, which sets out community activities undertaken by industry in the reporting period.

MESSAGE FROM THE MINISTER



Hon. Otis C. Morris

The telecommunications sector is central to the wellbeing of the Turks and Caicos Islands, delivering significant benefits to our society and the economy. Therefore, it is vitally important that we maintain the health of the sector and continue to provide an environment in which efficient investment and innovation are rewarded.

The Telecommunications Commission's stewardship of the regulatory framework is key to the sector's success. Since liberalization, the government has recognized the importance of a strong and independent regulator to safeguard consumers, promote competition and ensure telecommunications services work well for everyone. My government is pleased that the Commission continues to excel in fulfilling its remit. As a result, consumers now have a greater choice of services than ever. In addition, my government will continue its effort to see that our communities are well served by two established providers and a licensing system that is ready to support further growth and investment.

Looking forward, my government is determined to ensure that the Turks and Caicos Islands continue to enjoy world-class telecommunications. However, we cannot stand still and are actively pursuing policies to ensure that the islands are well-positioned to benefit from advances in fixed and mobile technology, for example, 5G and fiber deployment.

We will also continue to investigate options for greater efficiency in regulation, such as creating a multi-sector regulatory authority encompassing telecommunications, energy, water, and sewerage.

I am delighted that Mr. Clayton Been has taken up office as Chairman of the Commission this year and would like to thank his predecessor, Mr. Sean Penn, for his service and achievements. I look forward to working with Chairman Been, Director-General Mr. Kenva Williams, and the Commission staff to deliver our ambitious plan for the sector.

In closing, I want to thank the Commission for their hard work and significant achievements during a tough year when everything we did was affected by the covid-19 pandemic. Like the Chairman and Director General, I am delighted that the sector could support our community through the unprecedented challenges of lockdown, and I thank everyone involved.

MESSAGE FROM THE CHAIRMAN



Clayton Been

Firstly, I am delighted to have been appointed Chairman of the Telecommunications Commission.

This annual report for 2020/21 covers the period immediately before my appointment. I want to congratulate my predecessor Mr. Sean Penn; and the Director-General, Mr. Kenva Williams, and his staff for their achievements during this period. They were able to deliver much-needed reforms in areas critical to the sector, such as interconnection, when the covid-19 pandemic heavily disrupted the work of the Commission.

Telecommunications services and their infrastructure have become central to our way of life, which became even more critical during the pandemic to support virtually everything we do, from maintaining social interactions to keeping government and businesses going. I am grateful that our sector and the regulatory system underpinning it could provide this support.

As we emerge from the pandemic, there is a lot for us to do, and the Commission will be very busy during the three-year strategy period set out in this document. We have opportunities to further improve the sector, for example, through investment in an inter-island fiber system to support faster better quality services, and arrangements to build resilience through hurricanes and other emergencies. I am grateful that the Director-General and his staff are already working on these and other initiatives.

The Commission enters the next period on firm operational and financial footings as set out in this report; we look forward to working ahead with great enthusiasm and commitment.

MESSAGE FROM THE DIRECTOR GENERAL



Kenva Williams

2020/21 was as unique a year for the Commission, as it was for everyone in our community and across the world. The Covid-19 pandemic gave us unprecedented challenges in every area of life. I want to start by paying tribute to my colleagues who continually work and kept our organization running through the lockdown.

It is also a testament to our sector that communications networks and systems held up well at a time when they were even more critical than ever in keeping us connected socially and for business. I commend everyone who worked to achieve this.

Despite the pandemic, the Commission was busy in several vital areas in 2020/21. Among our achievements, we completed the interconnection rate review, improved efficiency when Digicel and Flow exchange traffic, and put needed reforms to the Telecommunications (Fee Structure) Regulations.

The sector we regulate is critical to the wellbeing of all citizens and our economy's success. For this reason, we will continue to work on improvements to infrastructure and the quality of services provided in the sector. I am particularly excited as we start work to examine the feasibility of a national fiber ring to improve the reliability, quality, and resilience of connectivity between the islands and internationally.

We are also working to improve the resilience of network facilities and essential services in the event of hurricanes or other emergencies. I am pleased to report that work on the Telecommunications Emergency Preparedness and Response Policy (TEPRP) has progressed well and is on schedule to be completed in the current period (2021/22).

A key focus for us is to improve the competitive landscape in the sector and hence drive benefits to consumers and society. We will continue this work, and in 2021/22 will take the vital step to begin the implementation of number portability. Giving consumers the ability to keep their phone number when they switch between providers will drive better competition in TCI, as it did in other markets.

I remain grateful for the opportunity to lead the Commission. I am committed to ensuring our objectives and mission are met and excited by the opportunities and challenges ahead.

In closing, I want to thank my team once again. Only through their dedication and expertise, the Commission can continue to improve the sector through its achievements and look forward with confidence.

ABOUT THE TELECOMMUNICATIONS COMMISSION

The Telecommunications Commission is an independent regulatory body, established by the Telecommunications Ordinance, 2004 (the Ordinance). The Ordinance is the governing legislation through which the sector was liberalized and opened to competition.

The Commission is responsible for the regulation and licensing of all the telecommunications service providers, and users of radio spectrum in the TCI.¹ This includes fixed-line operators, mobile operators, broadcasting station transmitters, and internet service providers.

Section 4 of the Ordinance established the roles and functions of the Commission including:

- to advise the Minister on telecommunications;
- to regulate telecommunications in accordance with the policy guidelines published in the Gazette from time to time and in accordance with the principle of technological neutrality;
- to facilitate, maintain and promote effective and sustainable competition in telecommunications;
- to promote the interests of consumers, encourage licensees to operate efficiently; and
- to prescribe standards for the quality of telecommunications services to be delivered to the public.

The Commission is also responsible for enforcing regulations that are established under the Ordinance and which set out rules and procedures relating to regulatory matters, including universal service, interconnection, retail prices, spectrum licensing, and frequency management.

In exercising its functions under the Ordinance, the Commission is guided by clear statements of our vision and mission.

OUR VISION

All Turks and Caicos Islands citizens will have available – at reasonable cost and without discrimination – rapid, efficient, national, and international telecommunication services.

OUR MISSION

Our mission is to ensure that all consumers and businesses in the TCI have access to quality telecommunications services, at reasonable rates, in a fully competitive marketplace. We will continue to work at improving the sector's performance so that the economy will achieve growth, increased employment opportunities, revenue inflows, and a vibrant telecommunications industry.

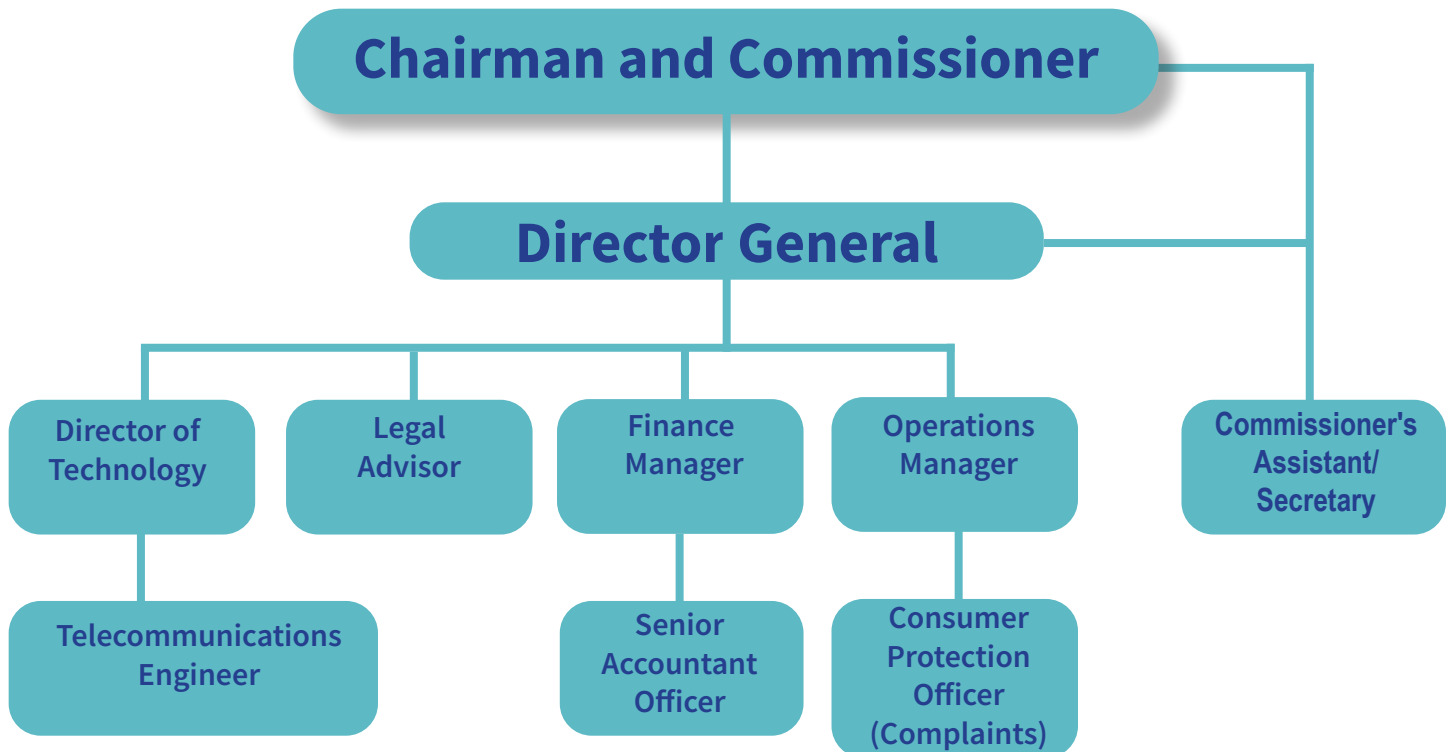
¹ <http://online.fliphtml5.com/fizd/bpkc/#p=1>

ORGANIZATIONAL STRUCTURE AND STAFFING OF THE COMMISSION

The Commission consists of up to six board members, which includes the Chairman of the Board, the Permanent Secretary of the ministry responsible for telecommunications, and four other members. All board members are appointed by the Minister responsible for Telecommunications, acting with the approval of Cabinet. Board members are appointed in accordance with the Ordinance which defines specific occupational requirements for board appointees.

The Commission currently has a complement of nine staff positions, eight of which are currently filled with one vacancy. The organizational structure of the Commission is shown in Figure 1 below.

Figure 1. Telecommunications Commission Organizational Structure



CONSULTANCY SUPPORT

Where necessary, the Commission engages the services of external expert consultants to assist with regulatory matters. In such cases, a tendering process is used to select and engage external resources and ensure value for money.

REGIONAL AFFILIATIONS

The Commission maintains membership of and engages with regional organizations which are active in policy or regulation in relation to the telecommunications sector, including:

- The Caribbean Association of National Telecommunications Organizations (**CANTO**),² a non-profit association made up of operators, other organizations, companies and individuals in the ICT (telecommunications) sector. The Association has a Caribbean focus as it relates to ICT issues for the region with a global perspective.
- The Organization of Caribbean Utility Regulators (**OOCUR**),³ is a non-profit organization that works to improve utility regulation, facilitate training and information sharing, and foster transparent and stable utility regulation.
- The Caribbean Telecommunications Union (**CTU**)⁴ whose mission is to create an environment in partnership with members to optimise returns from ICT resources for the benefit of stakeholders.

TCI



² <https://www.canto.org>

³ www.oocur.org

⁴ <https://www.ctu.int>

TELECOMMUNICATIONS SECTOR OVERVIEW AND PERFORMANCE

The Telecommunications sector in the TCI was liberalized following the enactment of the Telecommunications Ordinance in 2004. This ordinance opened the market to competition and established the regulatory framework. Subsequently, there has been a competitive entry into virtually every segment of the sector.

The Commission has issued telecoms network licences, of which two - Digicel and Flow - are currently active in the provision of both fixed and mobile public voice and data services. The Commission has also issued multiple spectrum licences, for the provision of radio and mobile services.

Digicel and Flow are vertically integrated operators, whose licences encompass the network and service components of their business. The Commission has determined that Flow is dominant in the domestic fixed public telephone network market (including domestic termination of the fixed public international network).

The Commission does not regulate television services. However, we report on the provision of pay-tv services since this is a significant segment of the communications sector overall in the TCI. Andrews' Communications Ltd. (ACL), Digicel, and Flow all provide services using a variety of technologies including fixed wireless, cable, and IPTV over copper, coax, and/or fiber.⁵

In Figure 2 we report on performance in the sector in 2020 across key metrics – overall sector revenues, subscriber numbers, and penetration data.⁶ The data shows reductions between 2019 and 2020 across all metrics except for fixed voice subscribers and penetration. We attribute this to the effects of covid-19, but some of these effects are unlikely to be fully captured in our data. Four factors, in particular, are relevant.

- A number of residents migrated away from the TCI during the pandemic reducing the overall population. Not having exact data on the number of departed residents, our penetration calculations were made using government data estimated following the 2012 census. This is unlikely to have fully captured the impact of persons leaving during the pandemic making our penetration estimates for 2020 overestimated.
- Tourism was suspended during the lockdown, materially affecting sector revenues.
- People's use of telecoms services is likely to have changed during the pandemic, for example making less use of services outside the home.
- Some customers may have decided to reduce their usage, and expenditure if their income was negatively affected by the pandemic.

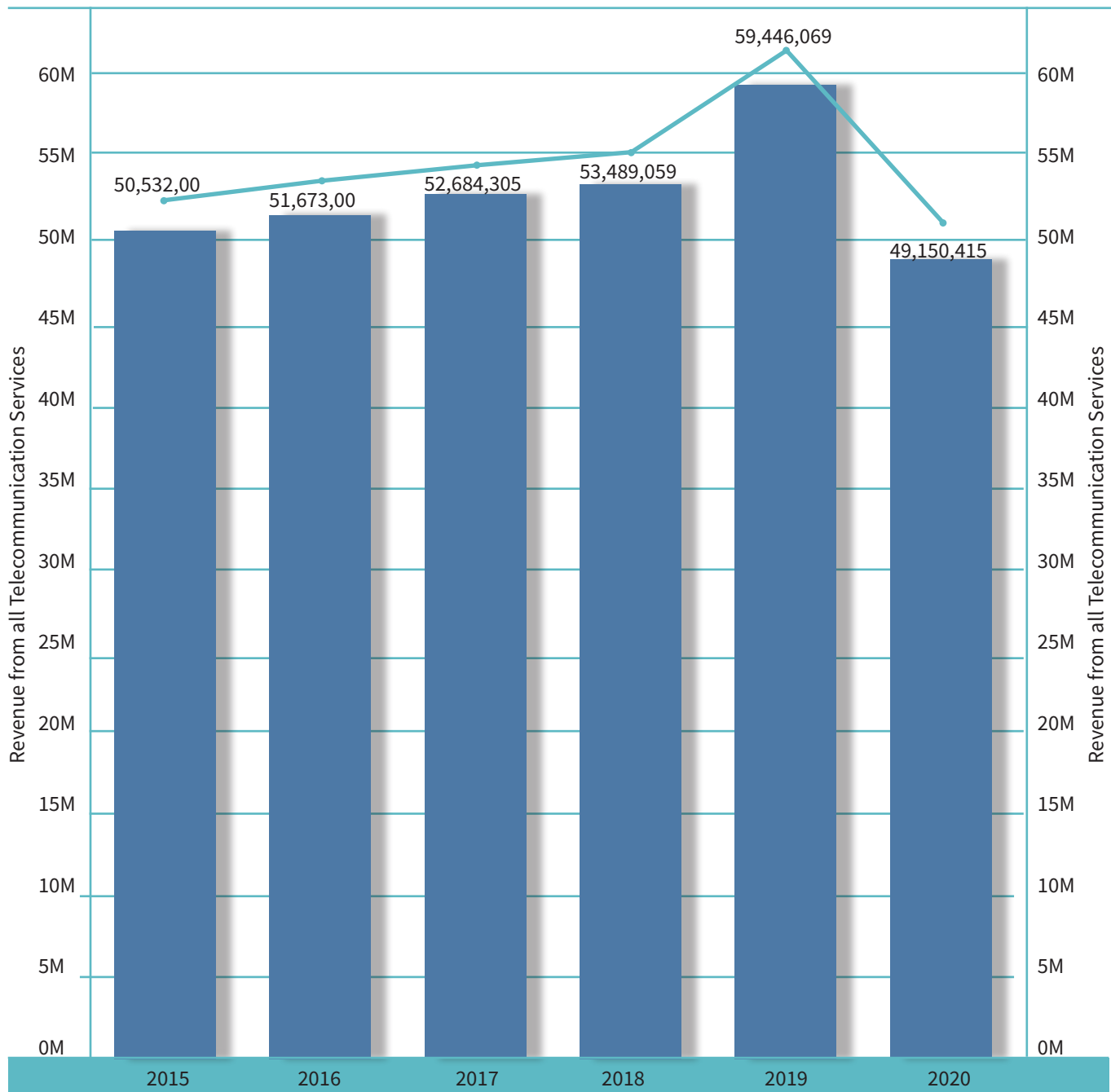


⁵ No account is taken for subscriptions in TCI to out-of-market satellite pay-tv services.

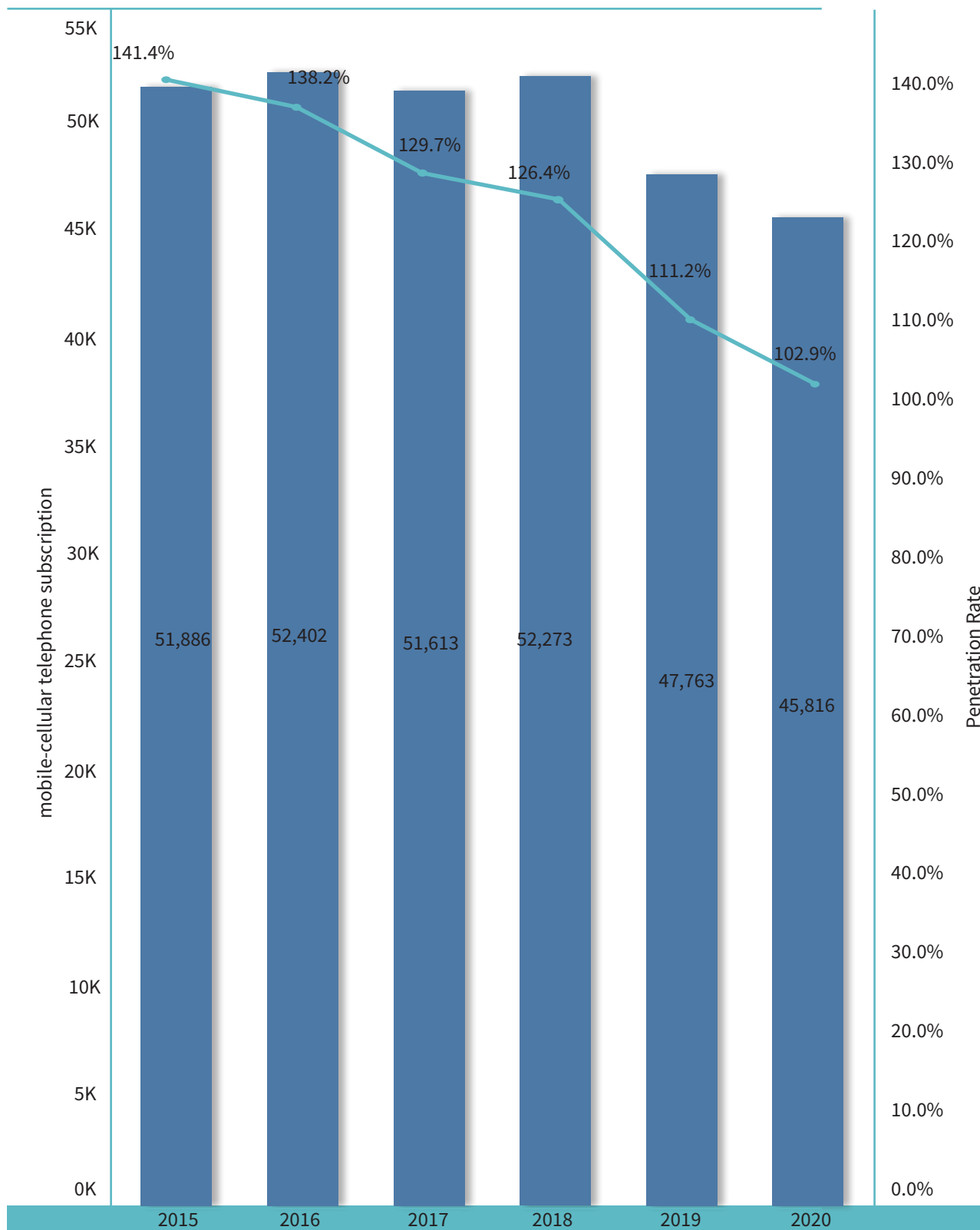
⁶ Penetration figures are calculated using government estimates for household numbers for fixed broadband, fixed voice and pay-tv penetration, and population data for mobile penetration.

Figure 2 – Reports for key sector performance metrics

TCI Telecommunications Sector Gross Revenue (\$M)



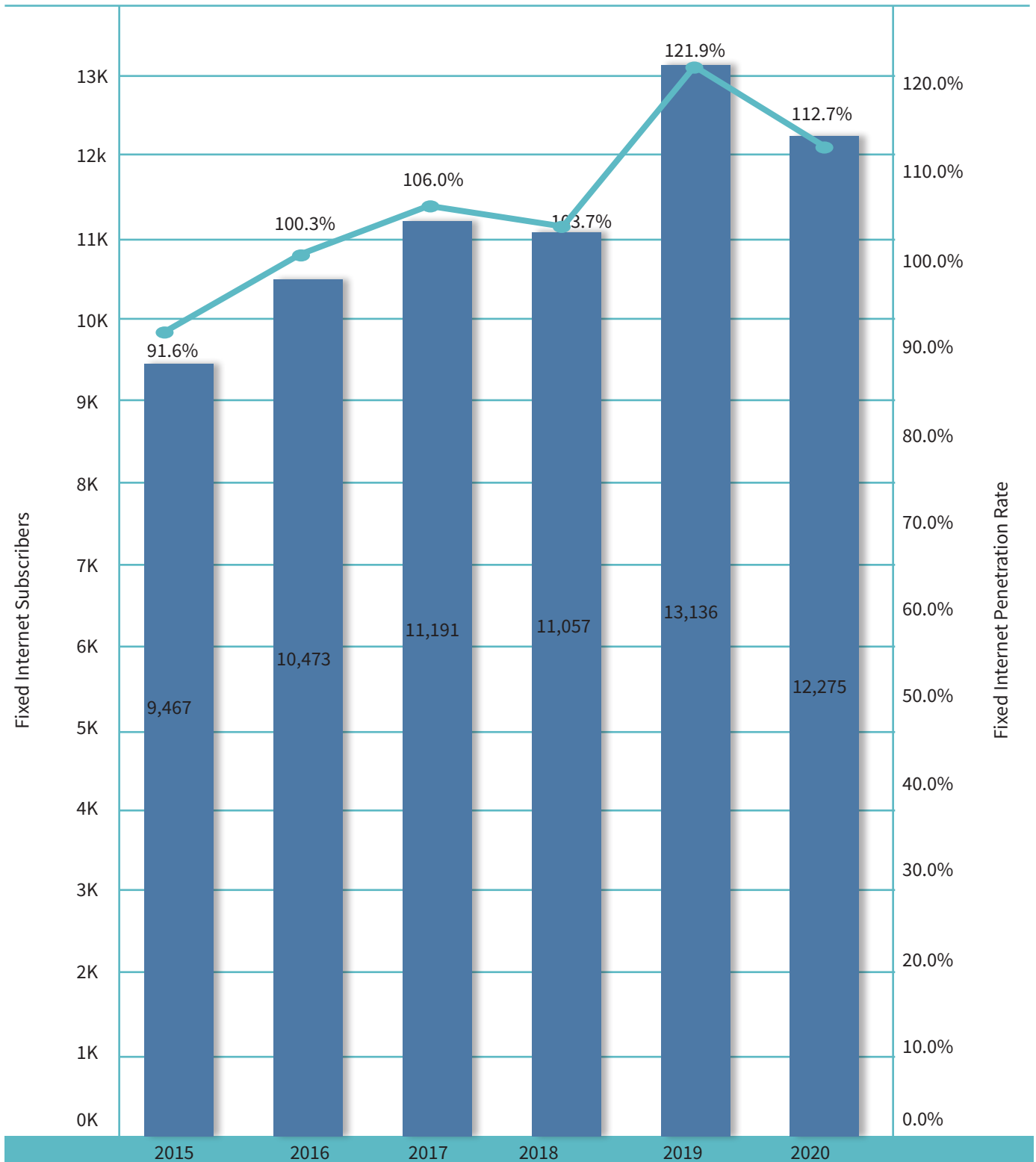
TCI Mobile Subscribers and Penetration Rate



Legend

- Mobile Penetration Rate
- Mobile Subscribers

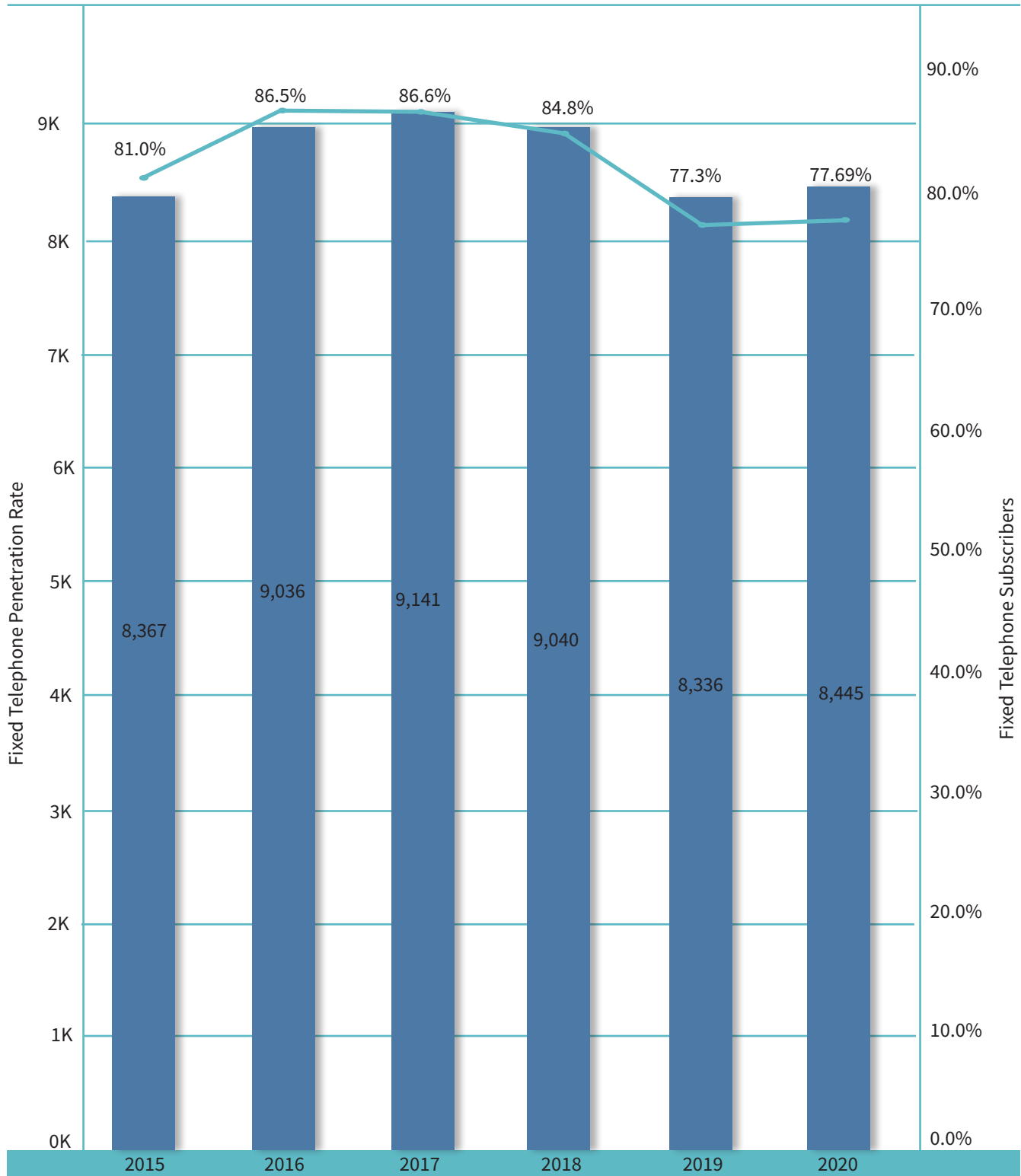
Fixed Internet Subscribers and Household Penetration Rate



Legend

- Penetration Rate
- Subscribers

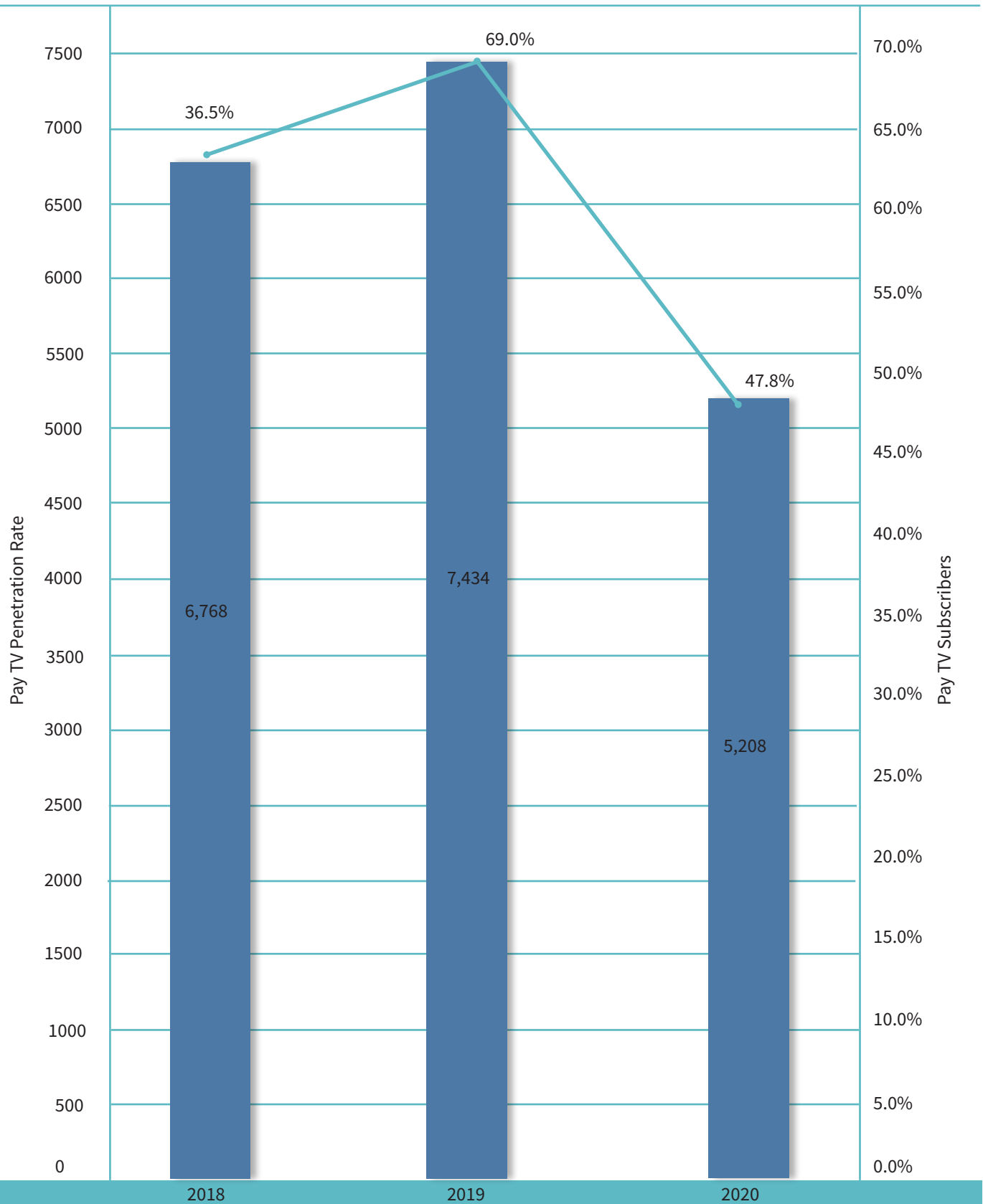
Fixed Telephones Subscribers and Household Penetration Rate



Legend

- Fixed Telephone Penetration Rate
- Fixed Telephone Subscribers

Pay TV Subscribers and Household Penetration Rate



Measure Names

- Pay TV Penetration Rate
- Pay TV Subscribers

KEY REGULATORY ACTIVITIES IN 2020/21

IMPACT OF THE COVID 19 PANDEMIC

The global pandemic has had an extraordinary impact on the lives of people around the world, including the TCI. For the Communications sector and its stakeholders it has led to increased focus on communications technology as the services became the principal (often only) method of communicating with friends and colleagues, and as well as for conducting business domestically and internationally. Generally, the sector has performed well, standing up to the challenges of keeping everyone connected and supporting the economy.

However, the pandemic has had a disruptive impact on some activities, with work delayed as a result. This is reflected in the Commission's 2021/2022 work plans which include some re-scheduling of projects affected by the pandemic.

CONSULTATIONS

Table 1 contains a summary of the consultations in progress or completed during the year, with further information in each case provided below.

Table 1: Consultations in progress or completed

Description	Start Date	Status	Completion Date
Licensing of Television Services, including IPTV	Aug 2017	Submissions filed and under review	Pending
Telecommunications (Fee Structure) Regulations	Feb 2018	Completed	Dec 2020

LICENSING OF TELEVISION SERVICES, INCLUDING IPTV

In August 2017 we launched a consultation on the provision of TV services in TCI. This followed a complaint submitted in 2016 by Andrew's Communications Ltd (ACL), Island TV, and Island Cable Network that Flow's IPTV service was not properly authorized under the TCI regulatory framework.

The complainants sought to appeal the Commission's original response to their complaint through an application for judicial review to the High Court. While the application for judicial review was pending, the Commission decided to hold a public inquiry into the provision of TV services. Because of this decision, the Court made an order with the consent of the complainants to discontinue the application for judicial review.

In August 2017, the Commission launched a public consultation process (PN 2017-5), with two primary purposes as follows:

- The consultation carried out the requirements, of the Consent Order made by the Supreme Court that the Commission should reassess whether Flow is authorized to provide IPTV services to the public under the existing regulatory regime in TCI.

- The consultation examined whether the existing regulatory regime in TCI is satisfactory for the regulation of television services, including but not limited to IPTV services, and whether, for the future, a different regulatory regime should be adopted, for television services.

The Commission's decision on this public consultation is pending, linked to work on the Ordinance and ongoing litigation in relation to the legal costs of the complainants' appeal which the Commission has challenged. The Commission awaits a ruling from the Court on this matter.

COMPLAINTS AND DISPUTES

Table 2 contains a summary of the complaints and disputes in progress or completed during the year, with further information in each case provided below.

Table 2: Complaints and disputes in progress

Description	Start Date	Status	Completion Date
Digicel Home Network Identifier	September 2015	Migration on schedule to be completed 2021/22.	2021/22
IPTV Services	June 2016	Decision awaiting resolution of outstanding litigation.	Pending
Flow's Licence Fees	July 2018	Pending Cabinet decision.	Pending
Andrew's Communications' Licence Fees	ACL's licence was issued in 2006	Pending Cabinet decision.	Pending

DIGICEL HOME NETWORK IDENTIFIER (HNI)

In 2006, Digicel launched services in TCI using its Jamaican Home Network Identifier (HNI). This was permitted to allow a speedy deployment by Digicel for its TCI market entry.⁷

However, to conform to the International Telecommunication Union Telecommunication Standardization (ITU-T) Recommendations E. 212, Digicel must use a TCI HNI in the TCI. Whilst the Commission initially allowed Digicel to continue using the Jamaican HNI for a reasonable period (DN 2008-4), Digicel has continued to use its Jamaican HNI in TCI.

In September 2015, Cable & Wireless Communications (CWC) filed a complaint about Digicel's use of its Jamaican HNI. In response to CWC's complaint, the Commission directed Digicel to use a TCI HNI within three months of the date of its decision (DN 2016-6). Digicel is yet to comply with this Direction.

The Commission has conducted consultations with the affected parties in this matter in good faith to try to address this ongoing non-compliance matter. Digicel appealed the Commission's original decision and the 2016 direction, but that appeal has not been heard since the Telecommunications Tribunal to which the matter was appealed is not yet established.

⁷ An HNI is an identifier of a public mobile service provider network and consists of a Mobile Country Code (MCC) and a Mobile Network Code (MNC). The MCC is used to identify the country in which a mobile operator is operating, and the MNC identifies the mobile operator's network. A HNI is assigned to every public mobile service operator that provides international roaming capabilities.

In March 2021 Digicel indicated that it had initiated a project to migrate to the correct TCI HNI in compliance with the ITU's rules and the Commission's Direction. This will involve programming their network to recognize the TCI HNI, updating other roaming providers and carriers, and replacing every customer's SIM card. The migration is expected to be completed in 2021/22.

IPTV SERVICES

See section on licensing of television services including IPTV under Consultations above.

FLOW LICENCE FEES

A proportion of licence fees levied on Flow are disputed by them. This matter is to be addressed by Cabinet. The Commission expects the disputed fees to be laid before the Cabinet for a proposed settlement during the 2021/22 financial year.

ANDREW'S COMMUNICATIONS (ACL) LICENCE FEES

ACL was issued a telecommunications 15 year network and spectrum licence in 2006. ACL never set up their telecommunications network, nor paid the required licence fee. Since then the Commission facilitated many meetings and correspondences with ACL, and in 2020, a meeting was held to settle the matter. The Commission subsequently arrived at a proposal to settle all of ACL's outstanding network licence fees and all financial obligations of the Commission regarding ACL's litigation cost.

A Cabinet paper was laid proposing several options to settle the matter but was rejected by the Government. A second attempt will be made during the 2021/2022 financial year to lay the matter before Cabinet for resolution.

LICENSING

The Commission processes applications for telecommunications and spectrum licenses.

In addition to telecommunications licensing, the Commission is responsible for issuing:

- Aircraft Radio Certificates
- Amateur Radio Licenses
- Ship Radio Licenses

Short-term licenses are issued for special circumstances such as emergencies, and sometimes for time limited experiments or trials.

Type Approval Certifications are issued to equipment vendors to allow their products to be sold and used within the Turks and Caicos Islands.

Aircraft and Ship Radio licenses are issued to certify the radiocommunication equipment on board ships and aircraft.

We conduct public consultation via the Gazette to gather public feedback and opinion for each licence application under review. The Commission takes into account all comments received, and complies with the requirements of the Ordinance in reaching its decision on each application.

Table 3 contains information on the two licences issued during the year.

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Table 3: Licences issued

Applicant	Date of application	Date of issue	Licence type	Completion Date
WPG-TCI	September 2015	November 2020	Spectrum	The application was for a spectrum licence to operate two commercial FM radio stations throughout the Turks and Caicos Islands. Station 1: 88.9 MHz, 231 MHz, and 90.5 MHz Station 2: 90.1 MHz and 231.5 MHz.
Apollo Mobile Communications	November 2020	February 2021	Internet Service Provider (ISP)	The application was for a Telecommunications INS-2 Internet Services Provider (ISP) license, to establish a WiFi network for the provision of internet services throughout the Turks and Caicos Islands over the unlicensed frequency bands in the 2.4 GHz and 5 GHz bands.

Table 4 contains information on the four applications for new licences and licence renewals pending at the end of the year.

Table 4: Licence applications and licence renewals pending at the end of the year

Applicant	Date of application	Licence type	Completion Date
Cable & Wireless (Flow)	September 2020	Spectrum	The application was for additional frequencies to support bandwidth expansion between Providenciales and Grand Turk. (Note: this licence was issued after the end of the reporting period, in Sept 2021)
Cable & Wireless (Flow)	October 2020	Network and services	Application for licence renewal.
Digicel Turks & Caicos	March 2021	Network and services	Application for licence renewal.
AFF Installation	November 2020	Internet Service Provider (ISP)	The application was to facilitate wireless broadband internet services.

POLICY CONSULTATIONS

INTERCONNECTION RATE REVIEW

In 2019 the Commission launched a review of fixed and mobile interconnection rates (the Interconnection Rate Review – IRR). We engaged Sepulveda Consulting to support this work.

The IRR covered rates for:

- fixed call termination
- mobile call termination
- transit between networks

In the IRR we utilized benchmarking analysis of comparable interconnection rates in the Caribbean region.

The IRR decision with new ceilings for the rates was approved and published in October 2020. The Telecommunications (Infrastructure and Access to Telecommunications Facilities) Regulations were amended by the Attorney General Chambers, and published in the Turks and Caicos Islands Government (TCIG) Gazette.⁸

CONSULTATION ON TELECOMMUNICATIONS (FEE STRUCTURE) REGULATIONS

In February 2018 (PN 2018-5), the Commission launched a consultation to amend the Fee Structure Regulations. The proposed amendments included:

- changes to the definition of gross revenue to simplify the calculation and reduce the risk of fraud;
- revision to the full telecommunications network/service licence, triple play, and quad play licence fees to reflect market developments. These amendments were completed in December 2020.

In 2021/2022 the Commission intends to follow this work with a further review of licence fees to assess fee structures in light of market dynamics and market developments.

NATIONAL SPECTRUM PLAN

In 2019 the Commission invited proposals from consultants to update the National Spectrum Plan and Frequency Allocation Table. The TCI Spectrum Plan follows ITU recommendations for efficient and harmonised use of spectrum, with appropriate adaptations for the local factors.

We have decided to review and update the Spectrum Plan and Frequency Allocation Table to ensure it efficiently meets the current needs of the market, taking into account the development of services and technology in the telecommunications sector.

The Commission received and evaluated a number of responses to our invitation for proposals. We appointed Cenerva to carry out this work. We will be consulting on the Spectrum Plan and Frequency Allocation Table and will complete this project in 2021/22.

⁸ The Turks and Caicos Islands Government (TCIG) Gazette February 19, 2021, Vol.172. No.16.

RESEARCH

BROADBAND SURVEY

In 2020, the Commission conducted a broadband survey to assess the quality and performance of broadband internet access in the TCI. Findings from the survey were published in October 2020.

The survey results provide valuable evidence for our work to develop the quality and reliability of broadband services (e.g. through our quality of service project, and investigation of a national fiber ring).

4. HUMAN RESOURCES AND ADMINISTRATION

STAFF COMPLEMENT

At the end of the reporting period, the Commission had a full roster of nine full-time positions, of which eight were filled and one vacant. There were no new hires in 2020/21. See Table 5.⁹

Table 5: Human Resources summary (at end 2020/21)

Number of full-time positions filled	Vacancies	New Hires
8	1	0

HUMAN RESOURCES REVIEW

In November 2020, (PN 2020-14) the Commission engaged McConnell HR Consulting Inc to support a comprehensive review of the Commission's organizational and human resources performance. The review will include an assessment of strategic management competencies, planning, and organizational development, employee relations, performance management, coaching, consulting support, statistics and reporting, training and development, and succession planning. This project is expected to be completed in 2021/22.

EVENTS AND TRAINING

The telecommunications sector is subject to continuous change. To keep pace with industry policy and technology developments, the Commission is committed to ensuring that its staff can improve their knowledge and skills by attending relevant conferences, workshops, forums, seminars, and upgrading their professional certifications through training programs and courses.

CARIBBEAN UTILITY REGULATORS (OOCUR) 2020 - VIRTUAL SYMPOSIUM

The Commission staff attended the Caribbean Utility Regulators (OOCUR) 2020 Virtual Symposium, hosted by Public Utilities Commission (PUC) Guyana, on December 1st and 3rd, 2020, under the theme Forging the Path in a Post COVID-19 Era. The Virtual Symposium attracted several presenters, and attendees from various utility regulatory agencies, utility providers, Government officials, international and regional academia, civil society amongst other interested groups to discuss topics relating to the regulation of Water, Wastewater, and Sewerage, Telecommunications/ICTs, Electricity and Energy.

⁹ <https://telecommission.tc/decisions/dn-2021-1-broadband-survey-report/>

PEAKFORD MANAGEMENT CONSULTANTS INC (PMC) – VIRTUAL CORPORATE GOVERNANCE TRAINING

In March 2021 Commission staff participated in virtual training on corporate governance, with Peakford Management Consultants Inc (PMC). The course was facilitated by Kim Anderson, a global corporate governance expert who has worked in the United States, UK, Zambia, Malawi, Namibia, Mozambique, Madagascar, Thailand and Mauritius. Who discussed the principles of good corporate governance, roles, responsibilities and duties of a Board, among other topics to effectively meet challenges, in an organization.

OTHER TRAINING

Throughout the year the Commission conducted various training initiatives in key areas including statistical data preparation, and professional training to improve the efficiency of our operations.

THE COMMISSION’S WEBSITE

The Commission has engaged a web design and maintenance service provider to redesign, host, and maintain the Commission’s website (www.telecommission.tc). This work is in its final stages, and we expect to conclude the website development project in Q1 FY-2021/2022.

THE COMMISSION’S OFFICE

The Commission will continue efforts to construct an office. We want the Commission’s office to be a flexible workspace enabling expansion if needed (e.g. to house a multi-sector regulator) with modern facilities for meetings and workshops. Potentially a new modern facility could also be used to provide a command centre or resilience in disaster and emergency scenarios, and be the site to establish an Internet Exchange Point (IXP – see Section 6).

Propose Office Building



5.THREE-YEAR STRATEGY PLAN

The Commission's Three-Year Strategy Plan covers ongoing, and planned activity over the coming three-year period 2021/22 to 2023/24.

ONGOING ACTIVITIES

Our planned schedule of activity in this period for ongoing projects is shown in Table 6.

Table 6: Planned ongoing activities

Planned activities 2021/22 – 2023/24				
Ongoing activities				
Activity	Status	2021/22	2022/23	2023/24
Licensing of television services, including pay-tv (see Section 3)	The Commission's decision on this public consultation is pending.	The Commission plans to complete this consultation and issue its decision in 2021/22, dependent on related planned amendments to the Ordinance. There is a contingency for the project to be completed after 2021/22 if there are delays.		
Digicel HNI (see Section 3)	Digicel has started to migrate to the correct TCI HNI	Migration is expected to be completed by the end of Q4		
Flow's Licence Fees (see Section 3)	Pending Cabinet decision	The Commission will submit recommendations to Cabinet and aims to resolve this issue by the end of Q4		
ACL Licence Fees (see Section 3)	Pending Cabinet decision	The Commission will submit recommendations to Cabinet and aims to resolve this issue by the end of Q4		
Telecommunications (Fee Structure) Regulations (see Section 3)	Amendments were completed in December 2020	Further review of licence fees scheduled to be completed in Q4		
National Spectrum Plan (see Section 3)	Review of the National Spectrum Plan and Frequency Allocation Table	The review is scheduled to complete in Q2		
Licensing (see Section 3)	Licence applications from Digicel, Flow, and AFF Installation	Licensing activity in relation to these applications is scheduled to be completed by the end of Q4		
HR Review (see Section 4)	In 2020 the Commission started a review of organizational and human resources performance	The review is scheduled to complete in Q1		
Commission office (see Section 4)	The Commission is searching for new office accommodation	Ongoing		
Commission website (see Section 4)	The Commission is redesigning its website	The review is scheduled to complete in Q1		
Complaints (see Section 3)	The Commission will continue to monitor and resolve complaints submitted to us	Ongoing		

NEW ACTIVITIES

The Commission will undertake a number of new activities during the period. These are described below and in Table 7.

TELECOMMUNICATIONS EMERGENCY PREPAREDNESS AND RESPONSE POLICY (TEPRP) & EMERGENCY PREPAREDNESS AGREEMENT (EPA)

After the 2017 hurricanes Irma and Maria, the Commission asked Digicel and Flow to develop an Emergency Preparedness Agreement (EPA) to mitigate the risk of network failures in future emergencies. The broad objective of the EPA was to enable the shared use of facilities between the networks during emergencies. Digicel and Flow have not yet developed, nor agreed, on an EPA, and the Commission decided to develop the Telecommunications Emergency Preparedness and Response Policy (TEPRP) to provide a more secure policy framework for the EPA.

The Commission engaged consultants Cenerva to support the development of both the TEPRP and EPA. Work on the TEPRP and EPA in 2020/21 was delayed as a result of the covid-19 pandemic. Work on these projects is underway and scheduled to be completed in 2021/22.

NUMBER PORTABILITY (NP)

Number portability is the ability to keep your 'phone number when you switch between providers. It is a well-established mechanism in many jurisdictions to improve the switching experience for consumers and create efficient competitive intensity between providers by removing a recognized barrier to switching.

In 2019, the Commission carried out research into consumer switching which found that most consumers regarded the phone number as very important.¹⁰

The Commission is committed to the introduction of number portability for mobile and fixed services in the TCI. We have engaged Cenerva to provide technical support in number portability. We plan to commence work on number portability implementation in Q3 2021/22.

ELECTROMAGNETIC FIELD (EMF) SYSTEM

The EMF system is being deployed using a phased implementation approach and is divided into four phases. The first phase has been completed which involved the deployment of 2 (two) additional units in Providenciales, in May 2021. Additional equipment will be acquired and deployed on an annual basis following assessments to identify key areas to monitor. The remaining phases of this project are expected to be completed by Q4 FY-2021/2022.

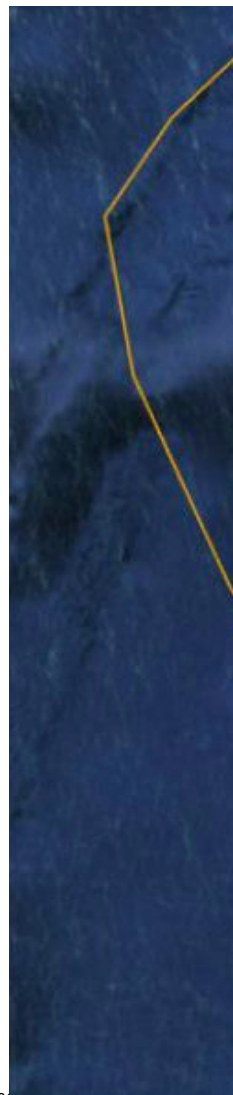
SPECTRUM MANAGEMENT SYSTEM

The Commission plans to purchase Spectrum Management System, this year, to update the current system. This will provide a more modern and efficient spectrum analyzing and licensing system to meet demands daily. This project is scheduled to be completed by Q2 FY-2021/22.

TCI TOP LEVEL INTERNET DOMAIN .TC

The Commission will assist the Government in the administration of the internet domain .TC.

¹⁰. Number Portability Marketing Research <https://telecommission.tc/wp-content/uploads/2021/03/20200703195403-Telecom-Commission-Number-Portability-Survey-2019.pdf>



ESTABLISHMENT OF A TCI INTERNET EXCHANGE POINT (IXP)

The Commission is investigating options to establish an IXP in TCI. This would provide a point of physical colocation between networks and ISPs enabling local traffic to be exchanged, reducing the need for international routing. The Commission considers that a TCI-based IXP should be established so that all local internet traffic (e.g., emails) would remain in TCI, without being routed internationally. The Commission is considering creating IXP facilities as part of its project to establish a new office and facilities (see Section 4).

MARITIME SHIP RADIO LICENSING (MSRL)

The Commission will develop a licensing and regulatory framework, and commence regulatory operations for MSRL in 2022/23.

NATIONAL FIBER RING

The Commission plans to investigate the feasibility and practicality of constructing a National Fiber Ring to connect the inhabited islands of the TCI. The fiber ring would exponentially boost capacity for international and inter-island connectivity and hence improve quality of service and network resilience, including in disasters and emergencies. Transmission capacity on the ring would be made available to licensed operators on a wholesale lease basis. The proposal will include options of connectivity and cost analyses for a long-term broadband solution for the TCI. This project will be a joint initiative between the Government and the Commission.

Propose Fiber Ring Network



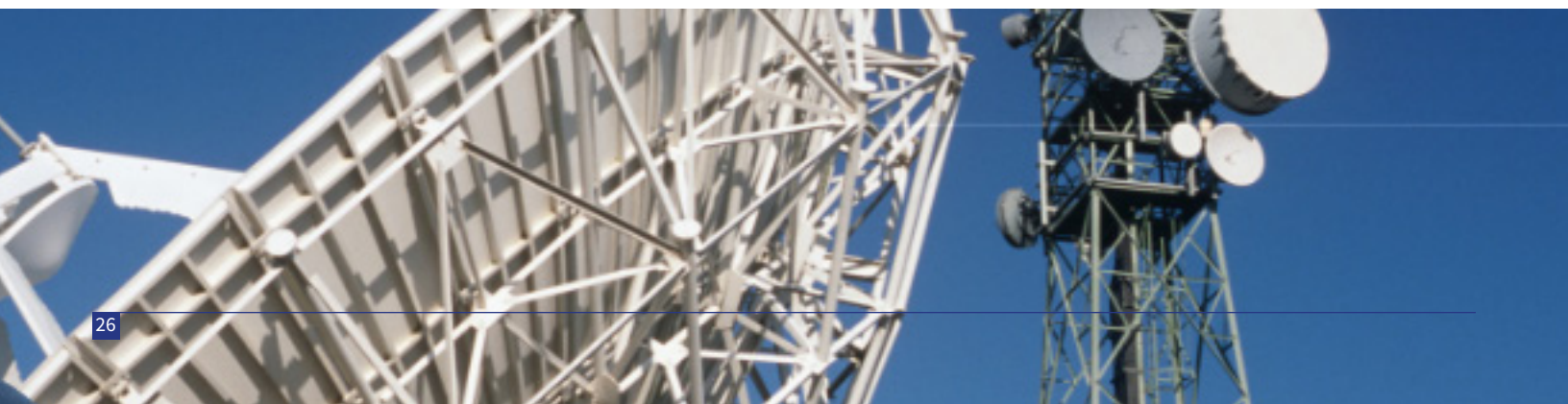
QUALITY OF SERVICE REGULATION

The Commission will develop a licensing and regulatory framework, and commence regulatory operations for MSRL in 2022/23.

The schedule for new activities is shown in Table 7.

Table 7: Planned new activities

Planned activities 2021/22 – 2023/24				
New activities				
Activity	Status	2021/22	2022/23	2023/24
TEPRP and EPA	Work on these projects is underway	The Commission expects to complete the TEPRP in Q3 2021/22 and the EPA in Q4		
Number portability	Starting technical work on the implementation of number portability	Implementation of phase one is planned to start in Q3 2021/22.	Ongoing implementation	Completion Q3 2023/4
EMF system	The first phase was complete in 2021. The Commission is working on the remaining phases.	The first phase of this project is scheduled to complete in Q4	Ongoing implementation	
Spectrum management system	Purchase a new spectrum management system	This project is scheduled to complete in Q2		
Top level domain (.TC)	Assist the Government in the administration of the internet domain .TC	Ongoing		
Establishment of TCI IXP	Investigate options to establish an IXP in TCI	The project is linked with the construction of the Commission's office	Possible implementation (depending on outcome of office building)	Possible implementation (depending on outcome of office building)
National fiber ring	Investigate the feasibility and practicality of constructing a national fiber ring	Feasibility work is scheduled to complete by the end of Q4	Possible implementation (depending on outcome of feasibility study)	Possible implementation (depending on outcome of feasibility study)
MSRL	Develop a licensing and regulatory framework, and commence regulatory operation for MSRL		Development of the framework and commence regulatory operation	Ongoing operation
Quality of service regulation	Establish a framework to monitor and regulate quality of service. We plan to start work on this in 2022/23		Commence work and develop the framework	Ongoing operation



6. TELECOMMUNICATIONS COMMISSION BUDGET 2021 AND BUDGET FORECAST TO 2023

GOVERNMENT OF THE TURKS AND CAICOS ISLANDS

ESTIMATES OF INCOME AND EXPENDITURE FOR APRIL 2020- MARCH 2021

Telecommunications commission

	2018/19	2019/20			2020/2021	2021/22	2022/23
	Unaudited Actuals	Approved Budget	Revised Budget	Forecast Outturn	Estimates	Forward Estimate	Forward Estimate
Regulatory Fees	1,159,548	1,328,929	1,328,929	1,134,677	840,321	1,200,458	1,200,458
Spectrum Fees	1,005,171	1,129,395	1,129,395	1,069,437	1,110,210	1,110,210	1,110,210
Other License Fees	-	95,202	95,202	61,730	78,500	78,500	78,500
Miscellaneous	120,663	20,400	20,400	35,352	32,000	32,000	32,000
Interest	3,193	3,275	3,275	4,931	3,200	3,200	3,200
TOTAL INCOME	2,288,575	2,577,201	2,577,201	2,306,127	2,064,231	2,424,368	2,424,368
Salaries	440,957	714,216	714,216	465,185	714,216	714,216	714,216
Allowances	28,361	89,760	89,760	65,494	86,388	86,388	86,388
Pension and Gratuities	-	79,078	79,078	62,462	79,078	79,078	79,078
National Insurance Contributions	13,384	19,872	19,872	14,145	19,872	19,872	19,872
National Health Insurance Contributions	20,566	33,561	33,561	22,336	33,033	33,033	33,033
Employment Costs	503,268	936,487	936,487	629,623	932,587	932,587	932,587
Local Travel and Subsistence	5,402	7,500	7,500	5,688	7,350	10,500	10,500
International Travel and Subsistence	53,942	40,000	40,000	37,832	36,750	52,500	52,500
International Travel and Subsistence (Minister)	-	30,000	30,000	22,827	22,050	31,500	31,500
Utilities	26,128	31,500	31,500	32,791	34,650	34,650	34,650
Communications Expenses	27,603	26,250	26,250	33,560	34,000	34,000	34,000
Office Expenses	17,649	21,000	21,000	19,067	22,470	22,470	22,470
Rental of Assets	78,000	78,000	78,000	78,000	94,500	94,500	94,500
Maintenance Expenses	41,232	46,200	46,200	46,253	42,483	60,690	60,690
Professional and Consultancy Services	61,213	300,000	300,000	214,869	220,500	315,000	315,000
Insurance	1,890	3,000	3,000	2,602	3,255	3,255	3,255
Hosting and Entertainment	6,549	7,000	7,000	8,591	5,145	7,350	7,350
Training	70,625	60,000	60,000	38,409	36,750	52,500	52,500
Subscriptions and Contributions	14,769	15,000	15,000	13,999	7,350	10,500	10,500
Advertising & Promotions	-	-	-	-	8,820	12,600	12,600
Auditing and Accounting	37,050	47,050	47,050	44,205	21,000	21,000	21,000
Board Expenses	118,312	130,000	130,000	101,311	98,490	140,700	140,700
Depreciation and Amortization	53,730	60,000	60,000	52,005	63,000	63,000	63,000
Bad debt write off/increase provisions	-	-	-	-	-	-	-
Bank Charges	1,993	3,500	3,500	3,011	5,250	5,250	5,250
Other Operating Expenses	6,006	15,000	15,000	15,235	11,246	16,065	16,065
Operating Costs	622,093	921,000	921,000	770,255	775,059	988,030	988,030
Total Expenditure	1,125,361	1,857,487	1,857,487	1,399,877	1,707,646	1,920,617	1,920,617
Operating Surplus before Capital Projects	1,163,214	719,714	719,714	906,250	356,585	503,751	503,751
Capital Projects	92780	90,000	90,000	88,847	143,500	-	-
Cash Funding Required to Support Operating Expenditure and Capital Projects	1,164,411	1,887,487	1,887,487	1,436,719	1,788,146	1,857,617	1,857,617
Transfer to TCIG	(861,456)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Surplus/Deficityafter Capital Expenditure and Transfer to TCIG	262,708	189,714	189,714	369,408	(223,915)	66,751	66,751
Transfer from Reserve Fund to Fund Capital Expenditure					223,915		
Net Deficit/Surplus	262,708	189,714	189,714	369,408	0	66,751	66,751

7. STATEMENT OF INTERNAL CONTROL

TCI TELECOMMUNICATIONS COMMISSION STATEMENT OF INTERNAL CONTROL

Scope of responsibility

The Turks and Caicos Islands Telecommunications Commission (the Commission) is accountable for internal control. As the Director General for the Commission, I have the responsibility for maintaining a sound system of internal control and risk management that supports the achievement of the organization's policies, and objectives, while safeguarding the public funds and the organization's assets, in accordance with the guidelines established by the Commission and the National Audit Office (NAO).

The Commission's Board of Directors oversees management's responsibilities for financial reporting through the National Audit Office (NAO) that is comprised entirely of outside directors. The NAO meets with the external auditors to discuss the audit results, the adequacy of the internal accounting controls, and the quality and integrity of financial reporting. The NAO reviews the Commission's Annual Financial Statements before the Board of Directors reviews the statements for approval. The external auditors have full and free access to the NAO. The NAO has the duty to review and adopt any accounting principles and practices which have a material effect on the Annual Financial Statements.

The purpose of the system of internal control

The internal control system is to manage risks to a reasonable level rather than to eliminate all risk of failure to achieve the company's policies and objectives. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritize the risks to the achievement of organizational policy and objectives, and to evaluate the likelihood of those risks being realized, and the impact - should they be realized, and to manage them efficiently, effectively, and economically.

Capacity to handle risk

From its inception, the Commission has always recognized the importance of effective risk management strategies, which are integral in conforming to the principles of good governance, and essential to the delivery of its regulatory objectives. During this time of organizational restructuring, the Commission introduced systems of Internal Control to ensure continuity of Corporate Governance.

The risk and control framework

The Commission recognizes that risk management is an integral part of good management practice and, as such, it is integrated into the philosophy, practice and business plans of the organization and not viewed as a separate process. The risk management strategy recognizes that risk is inherent in all the organization's activities and that it is imperative that responsibilities and accountabilities are clearly defined. It outlines responsibility for managing risk from the Board through the organizational structure.

In determining the risk appetite of the organization, the Commission has considered its principal objectives, both strategic and operational, while identifying the principal risks that may threaten the achievement of those objectives. In doing so, the Commission is aware that the process involves managing potential principal risks and not merely being reactive in the event of any risk exposure. It acknowledges that the Public Procurement Ordinance (PPO) 2014 procedure cannot be consistently achieved without some risks being observed, due to the Commission's responsibility to regulate a dynamic telecommunications industry and execute its decisions within a reasonable timeframe; failure to act quickly in certain situations could potentially expose the organisation to financial loss or judicial review. For this reason, the Commission is not always able to acquire three quotes as per the PPO but ensures that it follows appropriate procurement guidelines whenever three quotes are unobtainable.

Review of effectiveness

As the Director General, I have the responsibility for reviewing the effectiveness of the systems of internal control. My review of the effectiveness of the system of internal control is confirmed by the work of the external auditors and the managers within the organization who have responsibility for the development and maintenance of the internal control framework, and comments made by the auditors in their management letter and other reports. I will continue to address weaknesses to ensure continuous improvement to the system in place. In meeting its responsibility for the reliability and integrity of the Annual Financial Statements, management has developed and maintained guidelines of accounting and reporting, which provides for the necessary internal controls to ensure that assets are safeguarded, liabilities are recognized, and transactions are duly authorized. The Commission focuses on the need for qualified staff, and effective communication between management and staff.

Disclosure Controls and Procedures

The Commission will establish and maintained a Company's disclosure controls and procedures for Commissioners and employees to provide reasonable assurance that material information relating to the Company made known to them is not disclosed to others. The Commission is committed to regularly reviewing the critical components of its internal controls and risk management arrangements.



Kenva Williams, Director General

TCI Telecommunications Commission

Date: July 1, 2021

ANNEX: INDUSTRY COMMUNITY ACTIVITIES

The Commission is pleased that the sector we regulate is active and plays a role to support our communities. In this annex we feature reports and graphics provided by Digicel and Flow, highlighting some of their activities in this area.

DIGICEL COMMUNITY SUPPORT HIGHLIGHT ACTIVITIES

We are pleased to report that Digicel TCI provided the below philanthropic community activities in the Financial Year 2020/2021:

- Partnership with Ministry of Education to provide 1000 tablets and plans for Public Schools.
- Provided over 75 Free Mi-fi Devices to the Ministry of Education with free services for up to 3 months for students in need.
- Created a special education plan for e-learning with specific zero rated sites and applications (e.g. Teams, learning apps, and portals).
- Open Wi-Fi services at Community Centers, Fish Fry, Grand Turk Clock Tower, Blue Hills Basketball Court, and Five Cays for the community, resident, and visitor use and Dialysis units at the Hospitals in Providenciales and Grand Turk.
- CCTV Surveillance and Internet Connectivity at Drug Prevention Center.
- Provided all primary health care facilities with handsets and plans i.e., 21 devices with 30 day plans.
- Provided phones, and plans to nurses at the Cheshire Hall Hospital involved in the vaccination drive 7 devices with 30 day plans.
- Partnered with Pine Cay Project to provide 300 tablets and plans underprivileged students.
- Donated laptops, MiFi's and Student Plan to students of the Enid Capron Primary School Five Cays and Iris Stubbs Primary and Marjorie Basden High School South Caicos to aid e-learning.
- Provided free internet to the Provo Children's home and Ashley Learning Center.

Digicel

Aiming for 70 percent Vaccinated for Herd Immunity says DG Williams on Natl Vaccination Day

Friday March 26 was National Vaccination Day in Turks and Caicos and the Deputy Governor dropped in at activities at the mobile clinic where residents were turning out well for COVID-19 vaccines.

Local activities were brought to the Deputy Governor, Anna Williams brought the message.

"There is no more need for us to try to have any more loss of lives if we try to work to arm ourselves with the tools that are necessary to help us to protect ourselves. Here in the Turks and Caicos, we have already

our provision, over 10,000 persons have already been vaccinated but for us that's just not good enough. Our goal is to get to 70 percent of persons vaccinated here in these islands so that we can have herd immunity," said DG Anna Williams, Deputy Governor and Co-Chair of the COVID-19 Vaccine Oversight Committee.

Those supplied by private Turks and Caicos, to guarantee being the first-in-line. COVID-19 vaccine were granted to residents who turned out for their first shot at the Ministry of Health's Mobile Clinic. It was parked in down town Providence on the day.

"We thank Digicel Turks and Caicos, our thank Governor, USA, Business Solutions and

are providing for this program. Last night, we held an Ask the Doctor panel discussion at Beaches Turks and Caicos, and we thank them for their support in that program. We hope that (DG) the District would have answered a lot of the questions that persons had about why they should be vaccinated."

Initially, just across the street physical distancing rules, one of the COVID-19 public health protocols was focused on residents queued up for their government-issued. Governor's Relief financial distress. The need for the physical distancing rule was made more germane to the contents of residents who told Magnate Media news they want to see life get back to some



Digicel Supplies Chrome-Books To Enid Capron Primary School



By Deandrea Hamilton

Posted on March 27, 2021



A group of deserving students attending the Enid Capron Primary School were the recipients of 10 HP Chrome-books on Wednesday, March 25. This initiative, powered by Digicel, will aid the students in their at-home and advanced studies for the remainder of the school year.



Report on Flow TCI Philanthropic Community Activity 2020/21

2020

- **MARCH 4** : Flow/CWCF donates \$100,000 in ICT equipment to Oseta Jolly Primary School
- **MARCH 7** : Flow sponsors Nationals 2020 & launches Win \$5000 for your School Competition
- **MARCH 15**: Flow donates \$5000 to HJ Robinson High School (Winner in Inter School Competition)
- **MARCH 31**: More than 7000 Students in TCI benefit from Virtual Online Learning Platform
- **JULY 1**: Final two students graduate from Flow Scholarship Program which has invested over \$500K in Educating Top Performers in the TCI since it's inception
- **JULY 31**: Flow TCI sponsored National Youth Parliament Virtual Graduation Experience to recognize Class of 2020 students graduating during the Pandemic
- **SEPTEMBER 26**: Flow TCI partnered with Invest TCI to launch a virtual entrepreneurship workshop in recognition of National Youth Day 2020
- **NOVEMBER 16**: Flow TCI celebrates Mission Day 2021 by completing a tree planting and refurbishment exercise at Felix Morley Community Center and installing FREE high-speed internet for displaced students of Enid Capron Primary School
- **NOVEMBER 30**: Flow TCI installs FREE public internet hotspot for students in South Caicos

2021

- **MAY 7-8**: Flow TCI sponsors 2021 CARIFTA Trials celebrating over 10 years of partnership with the Turks and Caicos Islands Amateur Athletic Association & TCI Sports Commission
- **JUNE 1**: Flow TCI awards Class of 2021 Top Performers for All Public Secondary Schools



FLOW



TURKS AND CAICOS ISLANDS TELECOMMUNICATIONS COMMISSION

**FINANCIAL STATEMENTS
and Independent Auditor's Report for the Year Ended
March 31, 2020**

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Financial Statements
For the Year Ended March 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To The Commissioners of the Turks and Caicos Islands Telecommunications Commission

Opinion

We have audited the accompanying financial statements of The Turks and Caicos Islands Telecommunications Commission, which comprise the statement of financial position as at March 31, 2020, and the statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and I have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Telecommunications Commission's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternatives but to do so.

Those charge with governance are responsible for overseeing the Telecommunications Commission's financial reporting process.

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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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- 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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Telecommunications Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, I am required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Telecommunications Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Other Matters

This report, including the opinion, has been prepared for and only for the members of the Commission as a body and the Government of the Turks & Caicos Islands in accordance with the term of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

June 17, 2021

hlbtci.com

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HLB TCI Ltd. is an independent member of HLB the global advisory and accounting network.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Statement of Financial Position
As at March 31, 2020**

		2020	2019
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	(Note 6)	\$ 2,023,229	1,458,012
Accounts receivable	(Note 7)	232,883	113,147
Prepayments	(Note 8)	58,014	3,396
		2,314,126	1,574,555
<i>Non Current Assets</i>			
Deposits		2,150	8,100
Right of use asset	(Note 9)	235,181	-
Property, plant and equipment	(Note 10)	292,304	313,865
TOTAL ASSETS		2,843,761	1,896,520
LIABILITIES AND EQUITY			
<i>Current Liabilities</i>			
Deferred income	(Note 11)	384,980	376,564
Accounts payable		254,200	300,198
Accrued expenses	(Note 12)	1,464,592	936,054
		2,103,772	1,612,816
<i>Non-Current Liabilities</i>			
Lease Liability	(Note 13)	233,950	-
		233,950	-
TOTAL LIABILITIES		2,337,722	1,612,816
<i>Equity</i>			
Reserve fund		58,436	58,436
Retained surplus		447,603	225,268
		506,039	283,704
TOTAL LIABILITIES AND EQUITY		\$ 2,843,761	1,896,520

Approved for issuance on behalf of the Board of Directors of the Turks and Caicos Islands
Telecommunications Commission on _____

Chairman

Director General

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Statement of Changes in Equity
For the Year Ended March 31, 2020**

		2020	2019
INCOME			
Regulatory fees	<i>(Note 14)</i>	\$ 1,099,189	1,159,524
Spectrum fees	<i>(Note 14)</i>	1,059,496	1,003,816
Type Approval fees and other Licenses fees		58,147	72,572
Application fees		29,315	29,390
		2,246,147	2,265,302
EXPENSES			
Management salaries		317,771	293,938
Salaries (non management)		155,750	163,248
Depreciation	<i>(Note 10)</i>	114,577	53,740
Professional fees		108,473	98,263
Travel		64,778	59,344
Commissioners' fees	<i>(Note 15)</i>	54,000	67,000
Employees' benefits (non management)		47,602	49,440
Commissioners' expenses	<i>(Note 15)</i>	46,471	51,313
Office expense		41,959	38,751
Staff training		37,785	70,625
Telephone		34,977	27,604
Utilities		31,654	27,514
Motor expenses		32,270	25,572
Janitorial expense		16,200	16,200
Management benefits		14,070	12,870
Lease expense	<i>(Note 13)</i>	12,215	-
Meals and entertainment		8,249	6,549
Bank and interest charges		3,224	1,993
Insurance		2,549	1,890
Rent		-	84,500
		1,144,574	1,150,354
NET INCOME FROM OPERATIONS		\$ 1,101,573	1,114,948
NON-OPERATING INCOME			
Bad debts recovered		5,000	-
Interest income		5,103	3,193
Gain on disposal of assets		-	18,700
		10,103	21,893
NET COMPREHENSIVE INCOME		\$ 1,111,676	1,136,841

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Statement of Changes in Equity
For the Year Ended March 31 2020**

	Retained Surplus	Reserved Fund	Total
Balance as at March, 2019	\$ 225,268	58,436	283,704
Adjustment for 80% of current surplus	(889,341)		(889,341)
<i>Comprehensive Income</i>			
Net surplus and total comprehensive income for the year	1,111,676		1,111,676
Balance as at March, 2020	<u>\$ 447,603</u>	<u>\$ 58,436</u>	<u>\$ 506,039</u>

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Statement of Cash Flow
For the Year Ended March 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Net surplus and total comprehensive income for the year	\$ 1,111,676	1,136,841
<i>Adjustment for:</i>		
TCIG payment (non cash)	-	(216,627)
Lease expense	12,215	-
Depreciation	114,577	53,740
	<u>1,238,468</u>	<u>973,954</u>
<i>Changes in operating assets:</i>		
Change in accounts receivables	(119,736)	268,475
Change in deposits and prepayment	(48,668)	9,687
<i>Changes in operating liabilities:</i>		
Change in trade and other payables	482,540	277,533
Change in deferred income	8,416	(766)
<i>Net cash provided by operating activities</i>	<u>1,561,020</u>	<u>1,528,883</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(22,462)	(92,009)
<i>Net cash used in investing activities</i>	<u>(22,462)</u>	<u>(92,009)</u>
FINANCING ACTIVITIES		
Lease payments	(84,000)	-
Payment of funds to TCIG	(889,341)	(866,056)
<i>Net cash used in financing activities</i>	<u>(973,341)</u>	<u>(866,056)</u>
Increase in cash and cash equivalents	565,217	570,818
Cash and cash equivalents, beginning of year	1,458,012	887,194
Cash and cash equivalents, end of year	<u>\$ 2,023,229</u>	<u>1,458,012</u>

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION**
Notes to the Financial Statements
For the Year Ended March 31st, 2020

1. General information

Turks and Caicos Islands Telecommunications Commission (the Commission) is an independent regulatory body, which was created under the Turks and Caicos Islands (TCI) Telecommunications Ordinance 2004 (the Ordinance), and is responsible for the regulation and licensing of all telecommunications service providers and users of the radio spectrum in TCI. This responsibility includes fixed line operators, broadcasting station transmitters, internet service providers and mobile telephone operators.

The primary functions of the Commission are: to facilitate, maintain and promote effective and sustainable competition in telecommunications; to promote the interests of consumers; to encourage licensees to operate efficiently; and to prescribe standards for the quality of telecommunications services to be delivered to the public.

The Commission is committed to ensuring that all consumers and businesses in TCI have access to quality telecommunications services at reasonable prices, in a fully competitive marketplace.

The registered office of the Commission is at P.O. Box 203, Business Solutions Office Complex, Leeward Highway, Providenciales, TCI.

2. Basis of preparation

(a) Statement of compliance.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of measurement

These financial statements have been prepared on historical cost basis. The methods used to measure fair values are discussed further in Note 5.

(c) Functional and presentation currency

These financial statements are presented in United States (US) dollars, which is the Commission's functional currency. All financial information presented in US dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. Basis of preparation, continued

(d) Use of estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following Notes:

- Note 3(d) – Basis for regulatory fee estimation and allocation to licensees

(e) Changes in Accounting policy and disclosures

This note explains the impact of the adoption of IFRS 9 Financial Instruments, IFRS 15 from Revenue from Contracts with customers on the Commission's financial statements. This note also explains the adoption of IFRS 16.

IFRS 9 replaces the provision of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 did not result in any adjustments to the amounts recognized in the financial statements.

The adoption of IFRS 15 Revenue from Contracts from 1 January 2018 did not result in any adjustments to the amounts recognized in the financial statements.

IFRS 16 requires the recognition of the right of use of asset and lease liability. The adoption of IFRS 16 resulted in adjustment to the accounting of the lease of the asset for the Commission.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Commission.

(a) Non-derivative financial assets

The Commission initially recognizes loans, receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Commission becomes a party to the contractual provisions of the instrument.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

The Commission derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership off the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Commission is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Commission has a legal right to offset the amount and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Commission's non-derivative financial assets comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest rate method, less impairment losses.

Loans and receivables of the Commission comprise cash, accounts receivable, due from related parties and deposits.

(i) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits with original maturities of three months or less from the date of purchase. Any bank drafts that are payable on demand and form an integral part of the Commission's cash management are included as a component of cash for the purpose of cash flows.

(ii) Accounts receivable-net, other receivables, deposits and prepayments

Accounts receivables-net, other receivables and deposits are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provisions for impairment. A provision for impairment is established when there is objective evidence that the Commission will not be able to recover all amounts due according to the original terms of the contracts.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the statement of comprehensive income.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

3. Significant accounting policies, continued

(b) Non-derivative financial liabilities

The Commission recognizes debt securities issued and subordinated liabilities on the date they are originated. All other financial liabilities are recognized initially on the trade date at which the Commission becomes a party to the contractual provisions of the instrument.

The Commission derecognizes a financial liability when its contractual obligations are discharged, cancelled or expires. The Commission has accounts payable as non-derivative financial liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Accounts payable

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of property, plant and equipment. Gains or losses arising from the disposal of property, plant and equipment are reflected in the statement of comprehensive income. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied will flow to the Commission and its cost can be measured reliably. The cost of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if necessary.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

3. Significant accounting policies, continued

Land and construction work in progress are not depreciated.

Useful lives for assets are as follows:

Leasehold improvements	Shorter of 7 years or lease term
Office furniture and fixtures	3 years
Motor vehicles	4 years
Computer equipment	3 years
Spectrum equipment	7 years

(d) Regulatory, spectrum fees, Type Approval fees and application fees

Regulatory fees are assessed for each registered licensee of the Commission based on 1.8% of the carriers' gross revenue in accordance with Telecommunications (Fee Structure) Regulations 2016. Spectrum fees are assessed for each registered licensee of the Commission based on the nature of the spectrum applied for by the licensee regulated by schedule 3 (regulation 5) of the Telecommunications Ordinance. Regulatory and spectrum fees are recognized on an accruals basis of accounting on a yearly basis from the date the registered licensee was approved by the Commission.

Type Approval fees, other licenses fees and applications fees are recognized on an accrual basis of accounting. Type Approval fees are fees for approval granted to a product or device confirming its technical and operational parameters. Application fees are fees charged for each application. Other licence fees are those associated with licenses defined under schedule 4 of the Fee Structure Regulation.

(e) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor; restructuring of an amount due to the Commission on terms that the Commission would not consider otherwise; indications that a debtor or issuer will enter

**TURKS AND CAICOS ISLANDS
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Notes to the Financial Statements
For the Year Ended March 31st, 2020**

bankruptcy or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. In assessing collective impairment, the Commission uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment.

All impairment losses are recognized in the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Commission's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(ii) Non-financial assets, continued

The carrying amounts of the Commission's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

(f) Lease payments

For the year ended March 31, 2020, the Commission has adopted IFRS 16, a new standard issued and effective for financial years beginning on, or after, January 1, 2019.

IFRS 16 requires lessees to recognise assets and liabilities on the statement of financial position for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Right of use asset (note 9) is initially measured at cost (lease liability plus payments made at commencement date) then subsequently measured using cost method (cost less accumulated depreciation and adjusted for interest and lease payments). The right of use asset is depreciated over the remainder of the lease term which is 3 years (note 13)

(g) Provisions

A provision is recognized if, as a result of a past event, the commission has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(h) Translation of foreign currencies

A foreign currency translation is recorded at the rate of exchange at the date of transaction.

(i) Employee benefits

For the defined contribution plan in the Turks & Caicos, the Commission is required to pay contribution to a publicly administered insurance/pension plan on a mandatory basis. The contributions are recognized as employee benefits expense when they are due. The Commission also provides an island allowance and telephone allowance to their employees.

(j) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

(i) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

- is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.

(ii) An entity is related to a reporting entity if any of the following conditions apply:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the other).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled, or jointly controlled, by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(k) New standards, amendments to standards and interpretations not yet adopted

IFRS 17, Insurance Contracts – IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

IFRS 17 is initially effective for annual reporting periods beginning on or after January 1, 2022 with early adoption permitted only for entities that also apply both IFRS 9 and 15.

IFRS 17 is expected by management to be either not relevant or not significant to the Commission operations, accordingly, will not have a material impact on the Commission financial statements and/or accounting policies.

4. Key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Commission makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
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Critical judgments in applying the entity's accounting policies

(a) Revenue recognition

The Commission has recognized revenue amounting to \$1,059,496 as disclosed in Note 14 for Spectrum licensing fees and \$Nil for Annual License fees during 2020. The Annual License fees were paid directly to Government.

The Board has determined that Spectrum licensing falls under the sole mandate of the Commission, and to that end all fees for Spectrum use will be remitted and managed by the Commission. Annual License fees remain within the remit and approval of the Minister (i.e. Government) and no such fees have been remitted or managed by the Commission.

The Ordinance is not clear whether the Spectrum fees and/or License fees should be held to the benefit of the Commission. The Ordinance states:

“Part III: Telecommunication network and services section 12 (1) The prescribed fees (Annual License fee) payable under section 11(4) shall be in respect of the year commencing on the date on which the license comes into force, and (2) The prescribed fees under section 11(4) shall be payable for each year for which the licence is in force and such fee shall be due on each anniversary of the date on which the license was issued.”

“Part IV: Spectrum Management, section 33 (1) The prescribed fees (Spectrum fee) payable under section 32(2) shall be in respect of the year commencing on the date on which the licence comes into force, and (2) The prescribed fees under section 32 may enable the Commission to recover an amount in excess of the amounts under subsection (1) to reflect the market value of the license granted”

The recognition of one or either of these fees as revenue is dependent on the judgement of management. In the event that the Commission was operating as an agency of Government in the collection of Spectrum fees, revenue would be reduced by \$1,059,496.

(b) Reserve accounting

Pursuant to Section 2(3) of the second schedule of the Ordinance, "any money standing to the credit of the Commission and not required for current purposes ('surplus funds') may, with the consent of the Minister, be carried to a reserve fund. The Commission shall pay 80% of the surplus funds into the consolidated fund and to the licensees in the appropriate manner. The Commission may manage any reserve fund".

In the event that the entire retained surplus should in fact be recognized as "surplus funds", equity would decrease with an equivalent increase in accounts payable as at year end. The Reserve Fund would increase by the same.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

5. Financial instruments

(a) Financial risk management

The Commission's activities expose it to a variety of financial risks namely Credit and Liquid risks.

The Members of the Commission has overall responsibility for the establishment and oversight of the Commission's risk management framework. The Members are responsible for developing and monitoring the Commission's risk management policies.

The Commission's risk management policies are established to identify and analyze the risks faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities.

The Commission, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Members of the Commission oversees how management monitors compliance with the Commission's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Commission.

(i) Credit risk

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Commission's cash, accounts receivable, due from related parties and deposits.

The Commission banks primarily with recognized banks and financial institutions with minimal risk of default apparent. Provision is made where there is apparent default from a financial institution.

The Commission establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts and other receivables. Management assesses the credit quality of the counterparty, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk for cash, accounts receivable, due from related party and deposits equates to the carrying value of those financial instruments. There is no exposure to credit risk from other financial instruments.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
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Under the terms of the Ordinance, the Commission has the right to suspend licensees in arrears and to seek recovery. Provision for impairment losses is made when required. All receivables are based within the Turks & Caicos Islands.

The carrying amount of financial assets represents the maximum amount of exposure. The maximum amount of exposure to credit risk at the reporting date was:

	2020	2019
Cash and cash equivalents	2,023,229	1,458,012
Accounts receivable	232,883	113,147
Deposits and prepayments	60,164	11,496
	2,316,276	1,582,655

Credit quality of financial assets

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

(ii) Liquidity Risk

Liquidity risk is the risk that the Commission will encounter difficulties meeting its financial obligations as they fall due. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Commission's reputation.

All the Commission's liabilities fall due within one year.

(b) Fair Value Determination

A number of the Commission's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes as described below. Where applicable, further information about the assumptions made in determining fair value has been disclosed in the Notes specific to that asset or liability.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
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Due to their short-term nature, the carrying amounts of the financial assets and liabilities of the Commission approximate to their fair value.

6 CASH AND CASH EQUIVALENTS

The account consists of the following:

	2020	2019
Money Master	1,512,190	827,087
Checking account	510,561	630,382
Petty Cash	400	400
Hallmark card	78	143
	<u>2,023,229</u>	<u>1,458,012</u>

7 ACCOUNTS RECEIVABLE

The account consists of the following:

	2020	2019
Digicel	118,895	33,879
Cable & Wireless	47,491	-
Others	66,497	79,268
	<u>232,883</u>	<u>113,147</u>

The number of days outstanding for trade receivables is as follows

	2020	2019
91 days and over	22,642	92,985
61 - 90 days	46,500	(75,000)
31 - 60 days	13,383	5,675
0 -30 days	150,358	89,487
	<u>232,883</u>	<u>113,147</u>

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
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8 PREPAYMENT

The account consists of the following:

	2020	2019
Insurance	3,250	3,396
Travel	11,598	-
Equipment	41,541	-
Cleaning	1,625	-
	<u>58,014</u>	<u>3,396</u>

9 RIGHT OF USE ASSET

	2020			2019
	Cost	Accum Depr	NBV	NBV
Building	305,735	(70,554)	235,181	-
	<u>305,735</u>	<u>(70,554)</u>	<u>235,181</u>	<u>-</u>

The Commission is in a lease agreement with Business Solutions Ltd. Which expires on July 31, 2020. On expiration, the Commission has extended the lease for for a 3 year period expiring on July 31, 2023. The monthly fixed lease rental cost is \$6500. The right of use asset is depreciated over the lease term.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

10 PROPERTY AND EQUIPMENT

	Office furniture and fixtures	Motor vehicles	Computer equipment	Spectrum equipment	Land	Total
Cost						
At March 31, 2019	\$ 37,994	156,674	30,574	168,777	204,037	598,056
Additions	6,155	-	16,309	-	-	22,464
Disposals	-	-	-	-	-	-
At March 31, 2020	<u>44,149</u>	<u>156,674</u>	<u>46,883</u>	<u>168,777</u>	<u>204,037</u>	<u>620,520</u>
Accumulated Depreciation						
At March 31, 2019	13,721	104,019	25,770	140,682	-	284,192
Depreciation for year	9,297	18,356	3,983	12,387	-	44,023
Disposals	-	-	-	-	-	-
At March 31, 2020	<u>23,018</u>	<u>122,375</u>	<u>29,753</u>	<u>153,069</u>	<u>-</u>	<u>328,215</u>
Net Book Value:						
At March 31, 2019	<u>\$ 24,273</u>	<u>52,655</u>	<u>4,804</u>	<u>28,096</u>	<u>204,037</u>	<u>313,865</u>
At March 31, 2020	<u>\$ 21,131</u>	<u>34,299</u>	<u>17,130</u>	<u>15,709</u>	<u>204,037</u>	<u>292,304</u>

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

**TURKS AND CAICOS ISLANDS
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Notes to the Financial Statements
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11 DEFERRED INCOME

The account consists of the following:

	2020	2019
Spectrum Fees - Cable & Wireless	128,880	118,911
Spectrum Fees - Digicel	204,821	206,156
Spectrum Fees - WIV Radio	2,170	2,182
Regulatory Fees - Columbus Network	49,109	49,315
	<u>384,980</u>	<u>376,564</u>

12 ACCRUED EXPENSES

The account consists of the following:

	2020	2019
Surplus Fees to TCIG	1,415,417	909,473
Other Licences	13,590	-
Audit Fees	18,750	18,750
Vehicle fuel expense	700	-
Motor Vehicle expenses	16,135	-
Vacation Pay	-	16,229
	<u>1,464,592</u>	<u>944,452</u>

13 LEASE LIABILITY

The account consists of the following:

	2020	2019
Amount at initial measurement	305,735	-
Payments	(84,000)	-
Interest	12,215	-
	<u>233,950</u>	<u>-</u>

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

14 REGULATORY FEES AND SPECTRUM FEES

Regulatory Fees

	2020	2019
Cable & Wireless TCI Ltd.	497,437	532,524
Digicel TCI Limited	427,135	422,125
TCT	66,412	103,875
Columbus Network	75,205	75,000
Others	33,000	26,000
	<u>1,099,189</u>	<u>1,159,524</u>

Spectrum Fees

	2020	2019
Cable & Wireless TCI Ltd.	489,842	459,400
Digicel TCI Limited	469,635	487,525
Others	100,019	56,891
	<u>1,059,496</u>	<u>1,003,816</u>

15. Related Party Transactions

a. Key Management compensation

	2020	2019
Management salaries and benefits	331,841	306,808
Commissioners' fees and expenses	100,471	118,313
	<u>432,312</u>	<u>425,121</u>

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

b. Board allowances and expenses

Allowances paid to Members of the Commission of \$54,000 (2019: \$67,000) are included within expenses as reported in the statement of comprehensive income.

c. Payments to TCIG

	2020	2019
TCIG	430,000	866,056
	430,000	866,056

d. Accrued Related Party Transactions

Surplus payments to TCIG for this financial year in the amount of \$889,341 (80% of 1,111,676) is accrued at year end plus the remaining unpaid balance of \$534,473 from last year.

e. Other Related Party Transactions

Payments made during the current year to the other related parties include:

	2020	2019
NHIB	22,377	20,567
NIB	14,134	13,384
	36,511	33,951

16. Comparative Figures

Certain comparative figures have been restated where necessary to conform with current period presentation.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st, 2020**

17. Subsequent Events

Covid 19

The World Health Organisation declared a global pandemic on March 11, 2020 caused by the Covid 19 virus. To contain the spread of the coronavirus global and local economies were severely disrupted. This has resulted in economic uncertainties which are likely to have negative consequences as assessed by the management of the Commission for the year ended 31 March 2020 and possibility beyond this date. Management has determined that there are no material events which require disclosure for the 31 March 2020 to the reporting date of these financial statements.

18. Going Concern

On the basis of management evaluation on the impact of the covid 19 pandemic on the operations of the Commission management has determined that that the Commission will be able to meet its obligations as they fall due and the Commission will continue as a going concern in the foreseeable future.



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