

The background of the cover is a collage of images related to telecommunications and technology, arranged in a diamond pattern. The images include: a blue circuit board with glowing components; a woman smiling while talking on a purple mobile phone; a tall orange and yellow telecommunications tower against a blue sky; and a man in a suit smiling while working on a laptop.

EASTERN CARIBBEAN TELECOMMUNICATIONS AUTHORITY

ANNUAL REPORT
2015



Table of Contents

03	Vision and Mission	20	15th Anniversary Celebration in Pictures
04	Corporate Information	23	Independent Auditors Report
05	National Telecommunications Regulatory Commissions (NTRCs)	24	Financial Statement
06	About ECTEL	25	Statement of Comprehensive Income and Expenditure
07	Governance	26	Statement of Cash Flows
08	The Functions of the Board of Directors	27	Notes to Financial Statements
09	Organisational Structure		General Information
10	ECTEL's Board of Directors		Summary of Significant Accounting Policies
11	Organisational Chart	31	Financial Risk Management
12	Committed to harmonized benefits for the citizens of our region	32	Critical Accounting Estimates and Judgements
13	ECTEL Annual Electronic Sector Review-Key Findings	32	Cash and Cash Equivalents
	Main Sector Findings	33	Trade and Other Receivables
15	Report on ECTEL's Work Programme	35	Provision for Impairment of Trade Receivables
	ECTEL'S Work Plan	35	Investment Securities
16	Programme Implementation	36	Property, Plant and Equipment
	Draft Electronic Communications (EC) Bill	37	Trade and Other Payables
	Revised Treaty or Protocol to Amend the Treaty	37	Contributed Capital
	Regulation of Roaming in the Eastern Caribbean	38	Spectrum Fees, Net
	Regional Collaboration	38	Other Income, Net
17	CANTO	39	Expenses by Nature
	Training and Human Resources Development	40	Employee Benefit Expense
	Regional Collaboration	40	Distribution fo Surplus to Contracting States
	ECTEL 15th Anniversary Celebrations		
	Frequency Authorisation		
	Finance		
	Challenges		



VISION

Regulatory leadership committed to consumer empowerment and harmonized benefits in a unified space.

MISSION STATEMENT

To provide transformative regulatory leadership which results in a competitive and innovative electronic communications sector.

ORGANISATION STRUCTURE

The Managing Director is responsible for the day to day running and operations of the work and staff at the Directorate. The ECTEL staff provide a range of expertise and advice to all aspects of the work of the Directorate.

› ECTEL Corporate Information

Registered Office & Postal Address

Vide Boutielle
P O Box 1886
Castries
SAINT LUCIA
WEST INDIES

Email: ectel@ectel.int
Website: www.ectel.int
Telephone: 1 758 458 1701/2
Fax: 1 758 458 1698



Chairman:
MR. ISAAC SOLOMON



Managing Director:
Mr. Embert Charles



General Counsel:
Ms Deborah Bowers

› National Telecommunications Regulatory Commissions (NTRCs)

DOMINICA

P. O. Box
26 King George V Street
Roseau, Commonwealth of Dominica
Tel: 1 (767) 440 0627
Fax: 1 (767) 440 0835
Email: secretariat@ntrcdom.org
Website: www.ntrcdom.org

ST. KITTS AND NEVIS

P. O. Box 1958
Cnr. Wigley Ave. & Jones Street
Fortlands , Basseterre, St. Kitts
Tel: 1 (869) 466 8997
Fax: 1 (869) 466 6817
Email: ntrcskn@ectel.int
Website: www.ntrc.kn

GRENADA

Suite #8
Grande Anse Shopping Complex
P. O. Box 854
St. George's, Grenada
Tel: 1 (473) 435 6872
Fax: 1 (473) 435 2132
Email: gntrc@ectel.int
Website: www.ntrc.gd

ST. VINCENT AND THE GRENADINES

2nd Floor, NIS Building
Upper Bay Street
P. O. box 2368, Kingstown
St. Vincent and the Grenadines
Tel: 1 (784) 457 2279
Fax: 1 (784) 457 2834
Email: ntrc@ntrc.vc
Website: www.ntrc.vc

SAINT LUCIA

1st & 2nd Floor Rajana Group of Companies
Building, P. O. Box GM 690
Gros Islet
Tel: 1 (758) 458 0585/2035/452-6871/452-9527
Fax: 1 (758) 453 2558
Email: ntrc_slucandw.lc
Website: www.ntrc.org.lc

MEMBERSHIPS / AFFILIATIONS

Caribbean Telecommunications Union (CTU)
International Telecommunications Union (ITU)
Internet Society (ISOC)
Organisation of Caribbean Utility Regulators (OOCUR)



The Eastern Caribbean Telecommunications Authority was established by the Governments of five Eastern Caribbean states (Commonwealth of Dominica, Grenada, Saint Christopher and Nevis, Saint Lucia and Saint Vincent and The Grenadines) to promote market liberalization and competition in telecommunications of the contracting states.

National Telecommunications Regulatory Commissions (NTRCs) have been established in each state to complement the work of ECTEL.

《About ECTEL》

◀ Governance

The Council of Ministers comprises the Ministers responsible for Telecommunications in the ECTEL states, and the Director General of the OECS as an ex-officio member. Responsibilities include giving directives to the Board of Directors on matters arising out of the Treaty, and ensuring that the Board is responsive to the needs of the Member States in the implementation of telecommunications policy.

The Board of Directors comprises one member and an alternate from each Member State and the Managing Director of ECTEL as an ex-officio member. Responsibilities include making recommendations to the Council on any matter relating to telecommunications, and establishing rules and procedures consistent with the Treaty for the management and operation of the ECTEL Directorate.

The NTRCs – National Telecommunications Regulatory Commissions – are the Telecommunications regulators at the national level in each Member State. They are responsible for the processing of applications and advising the Minister on the award of licences.

» The Functions of the Board of Directors are to:

- ensure effective implementation of the ECTEL Treaty and policies in accordance with the directives from the Council;
- make recommendations to the Council on any matter relating to telecommunications;
- report to the Council on the activities of the Board and Managing Director;
- devise the forms and process for the application and recommendation for an individual licence, and to ensure the transparency of the process;
- recommend to the Council the internal organisational structure of ECTEL;
- authorise the tender procedures and fees payable to ECTEL for applications
- determine the fees payable for the open tender process for individual licences where relevant,
- recommend directions to licensees and frequency authorisation holders in relation to non-compliance with relevant telecommunications legislation, licences, frequency authorisations and regulations;
- advise Contracting States on the management of the Universal Service Fund
- establish rules and procedures consistent with this Treaty for the management and operation of ECTEL.
- establish procedures for the operation of the ECTEL Fund, including receipt of revenues from the applications process and disbursements for the operations of ECTEL;
- ensure prompt consideration of an application for an individual licence;
- monitor, in conjunction with the respective National Telecommunications Regulatory Commissions, compliance with relevant telecommunications legislation, licences or frequency authorisations, and recommendations made by ECTEL by licensees and frequency authorisation holders;
- advise the Contracting States of any breach of telecommunications legislation, licence or frequency authorisation or recommendation of ECTEL for appropriate action.

› ORGANISATIONAL STRUCTURE

Two broad areas form the basis on which ECTEL is structured. They are Policy and Regulation and Operations. Professionals in Technical Services, Economics and Finance and Legal Affairs make up the Policy and Regulations component, while the area of Operations includes Accounts, Human Resources, Corporate Relations and Communications & Administration and Information Systems.

› Council of Ministers



**Honourable Gregory Bowen
(Chairman)**
Minister of Communications,
Works, Physical Development,
Public Utilities and ICT
Grenada



Honourable Kelter Darroux
Minister of Information,
Science, Telecommunications
and Technology
Dominica



**Senator the Honourable
Dr. James Fletcher**
Minister of Public Service,
Sustainable Development,
Energy, Science and
Technology
Saint Lucia



Honourable Vincent Byron Jr.
Attorney General and
Minister of Justice, Legal
Affairs and Communications
St. Kitts & Nevis



**Senator the Honourable
Camillo M. Gonsalves**
Minister of Foreign Affairs,
Foreign Trade, Commerce and
Information
Technology
St. Vincent and the Grenadines



Dr. Didacus Jules
Director General,
Organisation of
Eastern Caribbean States
Ex-officio



**Saint Kitts
and Nevis**

Dominica

Saint Lucia

**Saint Vincent and
The Grenadines**

Grenada

› ECTEL's Board of Directors



MR. ISAAC SOLOMON
Chairman



MR. IGNATIUS JEAN
Saint Lucia



MR. IAN MUNRO
Dominica



MR. DUANE NOEL
Grenada

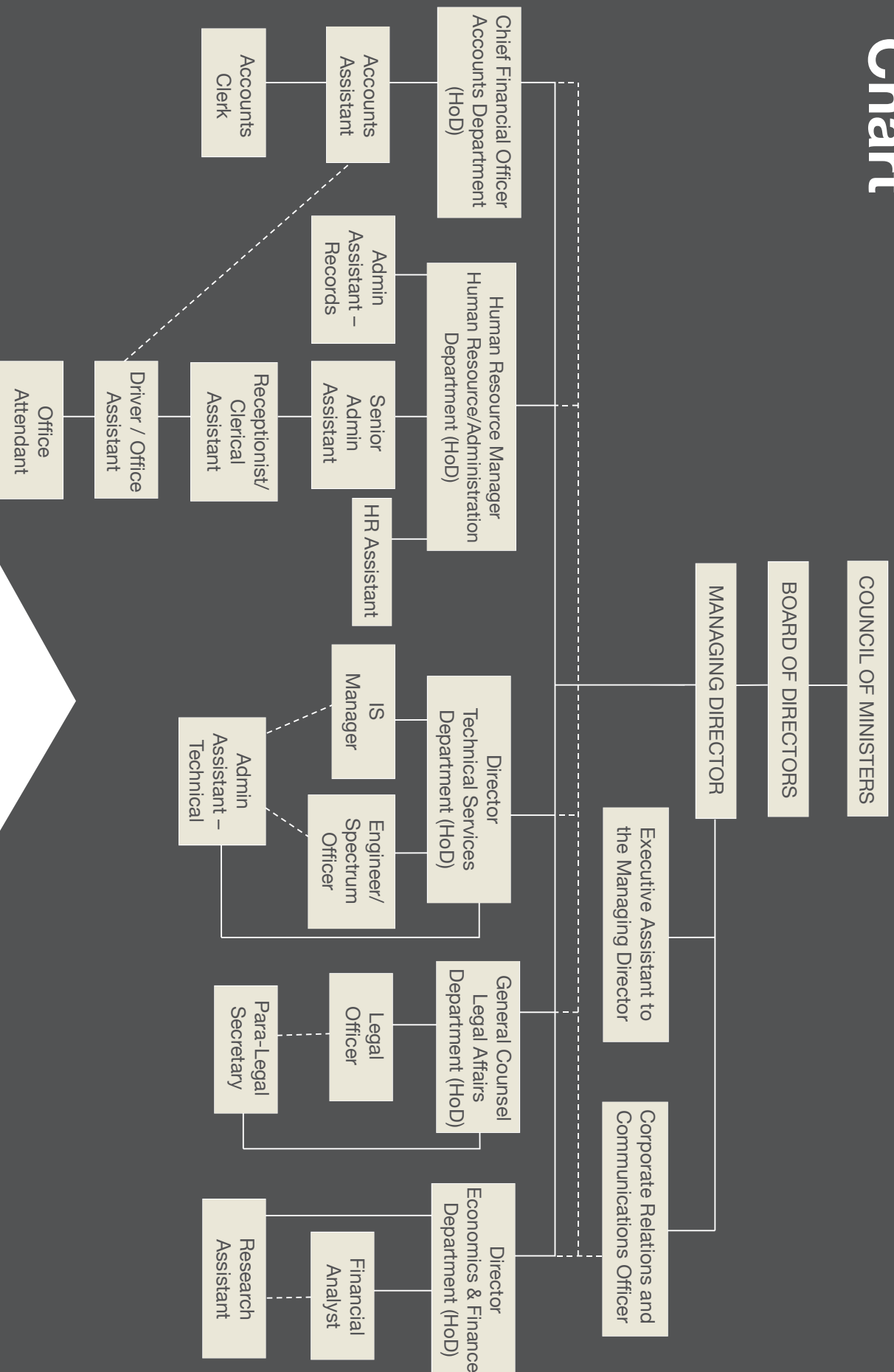


MR. LAURINSTON MATTHEW
St. Kitts and Nevis



MR. EMBERT CHARLES
Managing Director

ECTEL Organisational Chart



“Committed to harmonized benefits for the citizens of our region”



MR. ISAAC SOLOMON
Chairman

The second annual report of the Eastern Caribbean Telecommunications Authority (ECTEL) is being presented against the background of some major developments in the telecommunications sector in the Caribbean region. The rapid progress by the two major service providers Cable and Wireless plc and Columbus Communications International towards the integration of business following the announcement of the merger has had a significant impact on the delivery of services. Another development is the completion of another round on public consultations on a draft Electronic Communications Bill to replace the Telecommunications Acts in all the ECTEL Member States. Some of the new provisions in this new bill are designed to address the shortcomings of the current regulatory mechanism.

The report covers the range of regulatory and administrative operations of the ECTEL Directorate. It also provides the report of the audited financial statements for the period October 1 2014 to September 30, 2015. It was a challenging period for all regulators in the region.

In the midst of these challenging conditions, the governance structure of ECTEL has continued to be an exemplar in the Caribbean region, with limited financial and technical resources.

Under the guidance of the Council of Ministers, ECTEL has recommitted its energies to ensuring that the policies on development of telecommunications services redound to the benefit of the citizens of the OECS. The Council has remained resolute in its commitment to a

liberalized environment in the region. Consequently, its recommendations to address the impact of the merger are all geared to ensuring that consumer choice is maintained and the climate for continuing investments is secured.

During the past year, there was increased training and capacity building for all members of the ECTEL Directorate technical team and the senior technical and regulatory officers of the five Commissions. Ongoing training for the regulatory team is critical in this rapidly changing electronic communications sector.

Through the collective effort of all the Commissions and the Directorate, ECTEL has ensured that the spectrum resources of the five ECTEL contracting states have been managed efficiently.

As we commence another year we look forward to the completion of work on the Electronic Communications Bill. We are also proud to report that a suite of new regulatory instruments which have been produced through the CARCIP project will address consumer protection, wholesale and retail pricing and infrastructure sharing.

On behalf of the The Board of Directors and the Council of Ministers, I extend sincere thanks to the numerous agencies with which we have collaborated to deliver the work programme of ECTEL for the past year – The Commissions of the five ECTEL Member States, the respective ministries for telecommunications, the Caribbean Telecommunications Union, The International Telecommunications Union, Caribbean Regulators and training partners.

ECTEL Annual Electronic Sector Review-Key Findings

The Eastern Caribbean Telecommunications Authority ECTEL, has released the findings of its review of the electronic communications sector across Member States for the period April 2014 to March 2015.

The key findings point to an increase in sector investment in excess of \$150 million, acceleration in the growth of fixed broadband subscription and availability of 4G/HSPA+ mobile broadband service in all Member States. However, there was a ten percent drop in call volumes from fixed and mobile networks.

Key Indicators

Table i: Key telecommunications service indicators in the ECTEL Member States

Indicator	2011	2012	2013	2014	2015
Revenue (EC\$M)	\$805	\$802	\$777	\$778	\$779
Investment (EC\$M)	\$80	\$83	\$90	\$121	\$157
Employment	1,356	1,369	1,202	938	945
Fixed voice service penetration	24.6%	24.2%	23.1%	23.0%	24.5%
Mobile service penetration	129.9%	131.3%	129.6%	110.1	112.7%
Fixed broadband penetration	14.6%	15.2%	16.3%	17.4%	19.2%
Mobile broadband penetration			0.2%	7.5%	40.6%
Local voice minutes (millions)	1,284	1,331	1,319	1,187	1066
International voice minutes (millions)	141	132	103	96	82

Source: ECTEL / Operators

Main Sector findings

The key findings of the review of the electronic communications sector across the ECTEL Member States for the period ended March 2014 are:

- Sector investment exceeded \$150 million: For the second year running sector investment recorded double digit growth. Following the 35 per cent rise in the previous period, investment in the telecommunications sector surged a further 29 per cent to \$157 million. This was again driven by infrastructure upgrades for the launch of 4G/HSPA+ mobile broadband series in the Member States.
- Fixed broadband subscription growth accelerated: The number of fixed broadband subscriptions rose 11 per cent to 97,000 resulting in a fixed broadband penetration rate of 19.2 per cent up from 17.2 per cent in the previous period.
- 4G/HSPA+ mobile broadband service available in all ECTEL Member States: At the end of March 2015, mobile broadband via HSPA+ technology was finally available in all ECTEL Member States. As consumers in the Member States migrated from 2G to 4G service, the number of mobile broadband subscriptions grew by more than 400 per cent to 205, 000.

Call volumes from fixed and mobile networks fell 10 per cent: Fixed originated local calling minutes fell 9 per cent to 497 million minutes and local calling minutes from mobile networks was 11 per cent less than in the previous period. Overall consumers generated just over 1 billion local calling minutes.

In respect of direct employment, following a 22 per cent contraction in the number of persons employed full time in the telecoms sector, there was a 1 per cent increase in sector employment

At March 2015, there were 945 persons employed by telecoms operators. This increase in sector employment was driven by growth in sector employment in Dominica and St Vincent and the Grenadines.





REPORT ON ECTEL's WORK PROGRAMME OCTOBER 2014 to SEPTEMBER 2015

INTRODUCTION

The ECTEL Annual Report outlines the main achievements of the Directorate over the financial year. That is during the period October 2014 to September 2015.

This reporting format is consistent with the general principles of regulation which require regulators to be fully accountable to all stakeholders through regular and timely reporting.

ECTEL'S WORK PLAN

At its 30th meeting in Grenada on October 3rd, 2014, the ECTEL Council of Ministers approved the work plan as well as the budget for ECTEL and the NTRC's for the 2014-2015 financial year.

In an effort to achieve the goals laid out in ECTEL's mission statement, which is: *"To provide transformative regulatory leadership which results in a competitive and innovative electronic communications sector,"* the Directorate determined that the strategic priorities for the next three years would be as follows.

- To reform the ECTEL regulatory framework to respond to the major changes in the electronic communications sector.
- To improve rules and regulations which relate to quality of service and consumer protection.
- To strengthen the rules and arrangements for the management of the competitive environment in the sector.
- To modernize and improve the efficiency of the spectrum management and monitoring systems.
- To promote regulatory policies and legislation that facilitate the expansion of broadband access in the ECTEL Member States.
- To expand and deepen collaboration with regulatory and developmental ICT/Telecommunications institutions.

As a basis for developing harmonized work programmes, the Directorate shared these goals with the National Commissions.

This report presents a summary of the implementation of the strategic goals in general, but specifically for the programme year -1st October 2014 to September 30, 2015.

A significant proportion of the reporting period was characterized by the coordinated response of ECTEL to the announcement and merger of Cable and Wireless Plc. And Columbus Communications Inc. While these events occupied both the time and resources of ECTEL during the reporting period, progress was made on a number of major programmes and projects. The Directorate continued in its prudence with regard to the management of the technical and financial resources of ECTEL.



The following programmes and projects were completed or significantly advanced during the reporting period.



PROGRAMME IMPLEMENTATION

Draft Electronic Communications (EC) Bill

In 2010, the Directorate recommended revision of the Telecommunications Act to ascertain its relevance to current issues in telecommunications such as convergence, competition and new licensing arrangements.

The final draft of that Bill was revised at the 25th meeting of the Legal Affairs Committee (LAC) of the Organisation of Eastern Caribbean States (OECS) from 7th to 8th May 2014. The LAC advised that the Treaty establishing ECTEL needed to be revised to enable the draft Bill to comply with it. The draft Bill also needed further revision due to a decision by the Heads of Government in May 2015 to review the implementation of an OECS Competition Commission. The impact of this decision was to incorporate provisions relating to competition into the draft EC Bill.

The Directorate therefore undertook to reintroduce the provisions relating to competition. Additional consultations on the revised draft of the EC Bill were scheduled to commence on 7th October 2015 and conclude on 4th November 2015.

Revised Treaty or Protocol to amend the Treaty

In its review of the issues relating to the draft EC Bill, ECTEL contracted a legislative drafter consultant to review the Treaty. The consultant has proposed that the Treaty may be amended via a protocol, or it may be totally revised and a new Treaty signed by the Member States. The

protocol to amend the Treaty will leave in place the original Treaty if adopted, whilst the relevant changes will be contained within the protocol.

Regulation of Roaming in the Eastern Caribbean

The ECTEL Directorate received assistance from the ITU Regional Office in the Caribbean, to implement the decisions of Council to introduce legislation for roaming in the ECTEL Member States. The consultant commenced work in August 2015 and has submitted his first report. The report includes a review of the existing legislations, the comparative analysis of regulatory treatment in other parts of the world, and also the recommendation on national roaming.

The review examined the regulation of roaming in the European Union States, six countries covering the Persian Gulf (Gulf Cooperation Council), and fifteen countries in southern Africa (Southern African Development Community).

In the review of the existing legislation, the consultant concurred with the initial assessment by the Directorate that the existing Telecommunications Act and Regulations do not offer a clear path for the regulation of roaming prices. It was noted, however, that the new Retail Tariff Regulations, which has been passed in Grenada and the Commonwealth of Dominica, offer some limited powers to the Commission to address the regulation of roaming prices.

Following the review and analysis, the consultant presented a number of recommendations.

Regional Collaboration

Caribbean Regional Infrastructure Project (CARCIP).

The CARCIP project accounted for a considerable proportion of ECTEL's programming activities during the period. Additionally, ECTEL staff participated in the regular meetings of the CARCIP Steering Committee and the CARCIP Project Planning Committee. Regular meetings were also held with the main consultants for the project and ECTEL. The six new regulations are designed to improve on consumer protection, enhance competitiveness through retail and wholesale regulations and also infrastructure sharing. The new regulations will give effect to some of the new provisions in the draft EC Bill.

(CARCIP) is an initiative funded through World Bank and currently being implemented in three ECTEL Member states (Grenada, Saint Lucia and St. Vincent and the Grenadines). The development objective of the Program is "to increase access to regional broadband networks and advance the development of ICT-enabled services industry in the Caribbean Region." It is envisaged that this will significantly assist the region to achieve increased regional integration and social and economic development.

Harmonised Caribbean Spectrum Planning and Management Project (HCSPMP). ECTEL continued to serve on the HCSPMP Task Force. During the reporting period ECTEL participated in the Project Task Force meeting, and also in the evaluation of proposals related to minimising cross border interference between beneficiary countries. The project aims to build capacity in spectrum management, prepare the region to manage the increased demand for spectrum from emerging technologies and to develop consensus for a Caribbean position for the upcoming ITU World Radio Conference. The HCSPMP is coordinated by Caribbean Telecommunications Union (CTU), and funded by the Inter-American Development Bank.

CANTO: The Annual Conference of the Caribbean Association of National Telecommunications Organisations (CANTO) took place in Miami, USA from July 27 – 29th 2015 under the theme- "Improving lives through broadband innovation". At that meeting, ECTEL Member States called on telecommunications service providers in the

Caribbean region to propose solutions to the issue of Over-the-Top (OTT) services for the consideration of policy



Honourable James Fletcher at CANTO 2015.

makers and regulators. Other Ministers from the Caribbean region including Barbados, Turks and Caicos Islands, Antigua and Barbuda have supported this call.

During the Ministerial panel the Ministers also stated that over the past few years, consumers have already latched on to OTTS and therefore as a group, they must be engaged in the discussions on the solutions. Minister of the Public Service, Sustainable Development, Energy, Science and Technology, Information and Broadcasting of Saint Lucia and Member of the ECTEL Council of Ministers Dr. James Fletcher insisted that against the backdrop of the positive impact of OTTs on communities and small businesses, the policy makers must consider all aspects of the issue. He also called on telecommunications service providers to come up with home-grown solutions that would allow Caribbean regulators to respond effectively. The Ministers also called on CANTO members to address the issues of high roaming rates within the Caribbean region.



ECTEL Regulatory Training Workshop in St.Kitts June 2015

Training and Human Resources Development

In addition to the joint training programme with the NTRCs, members of the Directorate received training in the following areas -

- Advance Legal Writing
- Network Security
- Digital Switch Over & White Space Management
- Introduction- Financial Accounting and Computer Applications
- Records Management
- Human Capital and Strategic Business
- Public Procurement
- Regional ITU Information and Communication Technology Indicators

ECTEL 15th Anniversary Celebrations

In May, the Directorate embarked on a series of events to mark ECTEL's milestone 15th anniversary. The activities commenced with a major international conference held at the Bay Gardens Hotel at Rodney Bay, Saint Lucia. Other major events held up to September 20, 2015 include an Open Day for secondary school students in and around Castries, a regulatory training workshop for Staff, NTRC's and colleagues from Antigua and Barbuda and Montserrat.

Frequency Authorisations

A total of sixty- seven frequency authorisations were recommended by the Directorate during the period under review. These included renewals and or modifications, as well as new initiatives.

Finance

Collections of spectrum fees revenue for the first half of the year occurred at a faster rate than the corresponding period last year. The Directorate, in collaboration with the NTRCs, has been quite aggressive in following up with providers that have been delinquent in meeting their obligations to the regulatory system. This approach has been useful in boosting collections for the period.

Quarterly disbursements to NTRCs and the Directorate were made in accordance with the approved budget.

The financial performance of ECTEL is presented in the Auditors' report for the corresponding period.

Challenges

The Directorate is able to report on achievements during the period under review, despite some key challenges.

The limited human resources of the Directorate continue to be stretched, even as efforts were made to implement the priority activities while responding to the increasing requests from the Commissions and the Member States. The Directorate was able to enhance its public education and awareness thrust with the employment of a seasoned Communications Practitioner thereby positioning itself to provide this area of expertise and competence to its human resource arsenal and addressing one of the critical areas that had been until then one of the deficits in its overall programming. During the period April 20 to September 30, 2015, a total of seventeen news releases were



Chairman of the Board of Directors of ECTEL Isaac Solomon hands over Cheque to OECS Director Dr Didacus Jules for Dominica relief efforts

issued and disseminated to the regional media. The first, 1 of 1, headlined “ECTEL Turns 15-Celebrates with Commitment to Broadband and Open Access” was issued on April 29th and the last for the period under review tagged: “ECTEL Makes Donation to Dominica Relief Efforts,” focused on a monetary donation made by the Directorate in response to the devastating floods a few weeks earlier. Additionally, new media contacts were established and old ones revived as the CRCO settled into developing the Directorate’s Communication Strategy among other tasks including preparation for producing and publishing of the first annual report and the 15th anniversary commemorative magazine.

With the fast moving changes in the Telecoms/ICT sector, the Directorate still requires new areas of expertise particularly in the areas of research and policy development. Proposals will be presented when the 2015 - 2016 Work Plan and Budget are presented for the consideration of the Council of Ministers.

ACKNOWLEDGEMENTS

The Directorate wishes to put on record its gratitude to the staff who all worked tirelessly in a continuously challenging environment, for their commitment and dedication in implementing most of the scheduled activities for the period. The Board of Directors and the ECTEL Council of Ministers continue to provide critical oversight which is a major success factor in the Directorate’s operations.

ECTEL 15th Anniversary Conference



Prime Minister Dr. Kenny Anthony delivers the feature address at the opening of the conference.





Participants at ECTEL's 15th Anniversary Conference held at Bay Gardens Hotel. Seated are the Ministers as well as former Ministers with responsibility for Telecommunications, from throughout the OECS.



March 4, 2016

Independent Auditor's Report

To the Members of
Eastern Caribbean Telecommunications Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Caribbean Telecommunications Authority (the Authority) which comprise the balance sheet as of September 30, 2015 and the statements of comprehensive income and expenditure, changes in members' surplus and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

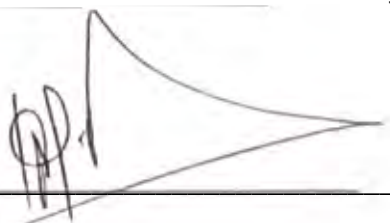
In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Authority as of September 30, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Eastern Caribbean Telecommunications Authority Financial Statements

Eastern Caribbean Telecommunications Authority Balance Sheet As of September 30, 2015 (expressed in Eastern Caribbean dollars)

	2015 \$	2014 \$
Assets		
Current assets		
Cash and cash equivalents (Note 5)	14,638,110	21,016,736
Trade and other receivables (Note 6)	2,620,432	3,654,555
Investment securities: Loans and receivables (Note 8)	4,208,455	4,446,658
	<u>21,466,997</u>	<u>29,117,949</u>
Property, plant and equipment (Note 9)	825,853	663,893
Total assets	<u>22,292,850</u>	<u>29,781,842</u>
Liabilities		
Current liabilities		
Trade and other payables (Note 10)	3,474,054	689,519
Advance deposits	1,041,181	618,662
Total liabilities	<u>4,515,235</u>	<u>1,308,181</u>
Members' Surplus		
Contributed capital (Note 11)	8,164,838	8,299,319
Accumulated fund	9,612,777	20,174,342
Total members' surplus	<u>17,777,615</u>	<u>28,473,661</u>
Total liabilities and members' surplus	<u>22,292,850</u>	<u>29,781,842</u>

Approved by the Board of Directors on January 22, 2016



Director



Director

The accompanying notes form an integral part of these financial statements.

Eastern Caribbean Telecommunications Authority
Statement of Comprehensive Income and Expenditure
For the year ended September 30, 2015

(expressed in Eastern Caribbean dollars)

	2015	2014
	\$	\$
Revenue		
Spectrum fees, net (Note 12)	6,563,813	6,739,755
Administrative expenses	(6,542,048)	(4,975,972)
	21,765	1,763,783
Other income, net (Note 13)	282,189	315,268
Excess of comprehensive income over expenditure for the year	303,954	2,079,051

Eastern Caribbean Telecommunications Authority
Statement of Changes in Members' Surplus
For the year ended September 30, 2015

(expressed in Eastern Caribbean dollars)

	Contributed Capital	Accumulated Fund	Members Surplus
	\$	\$	\$
Balance at October 1, 2013	8,462,066	17,932,544	26,394,610
Excess of comprehensive income over expenditure for the year	–	2,079,051	2,079,051
Amortisation of contributed capital (Note 11)	(162,747)	162,747	–
Balance at September 30, 2014	8,299,319	20,174,342	28,473,661
Balance at October 1, 2014	8,299,319	20,174,342	28,473,661
Excess of comprehensive income over expenditure for the year	–	303,954	303,954
Amortisation of contributed capital (Note 11)	(134,481)	134,481	–
Transactions with Owners			
Distribution of surplus funds (Note 16)	–	(11,000,000)	(11,000,000)
Balance at September 30, 2015	8,164,838	9,612,777	17,777,615

The accompanying notes form an integral part of these financial statements.

Eastern Caribbean Telecommunications Authority
Statement of Cash Flows
For the year ended September 30, 2015
(expressed in Eastern Caribbean dollars)

	2015	2014
	\$	\$
Cash flows from operating activities		
Excess of income over expenditure for the year	303,954	2,079,051
Adjustments for:		
Depreciation (Note 9)	178,988	237,643
Interest income	(235,884)	(329,154)
(Gain)/loss on disposal of property plant and equipment	(43,461)	2,845
Operating surplus before working capital changes	203,597	1,990,385
(Decrease)/Increase in trade and other receivables	1,034,123	(310,663)
Increase/(decrease) in trade and other payables	589,071	(184,271)
Increase in advance deposits	422,519	76,434
Net cash from operations	2,249,310	1,571,885
Interest received	168,163	254,958
Net cash generated from operating activities	2,417,473	1,826,843
Cash flows from investing activities		
Purchase of property, plant and equipment	(342,749)	(63,594)
Proceeds from sales of property, plant and equipment	45,262	–
Decrease/(increase) in investment securities, net	305,924	(86,245)
Net cash from/(used) in investing activities	8,437	(149,839)
Cash flows from financing activities		
Payment of distribution of surplus to member states	(8,804,536)	–
Net (decrease)/ increase in cash and cash equivalents	(6,378,626)	1,677,004
Cash and cash equivalents, beginning of year	21,016,736	19,339,732
Cash and cash equivalents, end of year (Note 5)	14,638,110	21,016,736

The accompanying notes form an integral part of these financial statements.

1 General Information

Eastern Caribbean Telecommunications Authority (the Authority) was established on May 4, 2000, by treaty among the contracting Member States of the Organisation of Eastern Caribbean States (OECS) to administer and provide technical advice to Member States. The Member States are St. Lucia, Dominica, Grenada, St. Kitts and St. Vincent and the Grenadines. The Authority was given certain privileges and immunities under its Headquarters agreement with the Government of St. Lucia.

The Liberalisation of the telecommunication services within the Member States initially started with the OECS Telecommunication Reform Project (the Project) which commenced in 2000 and was funded by the World Bank with contributions from Member States. The Authority was to run concurrently with the Project and assume fully responsibilities thereafter. All assets of the Project were transferred to the Authority on January 1, 2005.

The Authority's headquarters is located in Castries, St. Lucia.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The financial statements of the Eastern Caribbean Telecommunications Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Changes in Accounting Policies and Disclosures

New and revised standards that are effective for annual periods beginning on or after October 1, 2014.

(a) A number of new and revised standards are effective for annual periods beginning on or after October 1, 2014. Information on these new standards is presented below:

- **IFRIC 21, 'Levies'**, clarifies that: (a) the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period, then the entire obligation is recognized on that date; and, (b) the same recognition principles apply in the annual and interim financial statements. IFRIC 21 has no material effect on the Company's financial statements.
- **Amendments to IAS 32, 'Financial Instruments: Offsetting financial assets and financial liabilities'**. These amendments clarify the application of certain offsetting criteria in IAS 32, including: (a) the meaning of 'currently has a legally enforceable right of set-off'; and, (b) that some gross settlement mechanisms may be considered equivalent to net settlement. The amendments had no material effect on the Company's financial statements.

2 Summary of significant accounting policies ... continued

Changes in Accounting policies and disclosures ...continued

(b) New standards, amendments and interpretations issued but not effective and not early adopted

- **IFRS 9, 'Financial Instruments'**. The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Company has yet to assess the impact of IFRS 9 on the Company's financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.
- **IFRS 15 'Revenue from Contracts with Customers'** (effective for reporting periods beginning on or after January 1, 2018. IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. The Authority's management have not yet assessed the impact of IFRS 15 on the financial statements.
- **IAS 16 (Amendments) 'Property, Plant and Equipment'**, (effective for annual periods beginning on or after January 1, 2016) prohibit the use of a revenue-based depreciation method for property, plant and equipment because:
 - A depreciation method which is based on revenue allocates the asset's depreciable amount based on revenue generated in an accounting period as a proportion of total expected revenue during the asset's useful life.
 - Revenue reflects a pattern of economic benefits that are generated from operating the business rather than the economic benefits that are being consumed through use of the asset.

Additionally, the Amendments to IAS 16 provide guidance in the application of the diminishing balance method for property, plant and equipment.

- **IAS 38(Amendments) 'Intangible Assets'** (effective for annual periods beginning on or after January 1, 2016) present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons set out above. This rebuttable presumption can be overcome, ie a revenue-based amortisation method might be appropriate, only in two limited circumstances:
 - The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold; or
 - When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- **Amendments to IFRS 11 Joint Arrangements** (effective for reporting periods beginning on or after January 1, 2016). These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Authority.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2 Summary of significant accounting policies ... continued

Trade Receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial delinquency in payments are considered good indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and expenditure.

Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Property, Plant and Equipment

Property, plant and equipment were transferred to the Authority on completion of the OECS Telecommunication Reform project and are recorded at written down value which approximates the fair value of the assets at that date less accumulated depreciation. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income and expenditure during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual useful lives as follows:

Furniture and equipment	5%
Motor vehicles	10 - 20%
Computer and equipment	20%
Spectrum equipment and software	10 - 33%
Office equipment	15%
Leasehold improvements	2%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of income and expenditure.

Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

2 Summary of significant accounting policies ... continued

Financial Assets

The Authority classifies its investments as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to their original terms.

Regular way purchases and sales of investments are recognised on trade-date – the date on which the Authority commits to purchase or sell the asset. Investments are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Investments are derecognised when the rights to receive cash flows from the investment have expired or where they have been transferred and the Authority has also transferred substantially all risks and rewards of ownership.

The Authority assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Revenue Recognition

Revenues comprise the fair value of services rendered in the ordinary course of the Authority's activities. Revenue is shown net of distributions.

The Authority recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Authority's activities described below. The amount of the revenue is not considered to be reliably measurable until all contingencies relating to the sale are resolved.

Spectrum fees

Sales of services are recognized in the accounting period in which the services are rendered, by reference to the allocation of spectrum space to customers.

Advance deposits

Advance payments for services which have not yet been performed.

Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Authority's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and expenditure.

Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

3 Financial Risk Management

The Authority's activities expose it to a variety of financial risk: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. Management of these risks are done by management in conjunction with the Board of Directors.

(a) Market Risk

(i) Foreign exchange risk

The Authority operates in the telecommunication industry and is exposed to foreign exchange risk arising from transactions in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar (US\$) has been formally pegged at EC\$2.70 = US\$1.00 since 1976.

(ii) Cash flow and fair value interest rate risk

The Authority has interest-bearing assets. They consist primarily of debt securities classified as loans and receivables. Debt securities are at fixed interest rates, as such the Authority's income and operating cash flows are substantially independent of changes in the market place.

(b) Credit Risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Authority. Credit risk is managed on an entity level. Credit risk arises from and deposits with banks and financial institutions, debt securities classified as loans and receivables and trade and other receivables. Individual risk limits are not set by Management. Management monitors and follows up on trade and other receivables regularly.

Credit quality of financial assets

Financial assets that are neither past due nor impaired (Note 6) are not independently rated.

The amount of the Authority's maximum exposure to credit risk is indicated by the carrying amount of its financial assets at the balance sheet date.

Maximum exposure to credit risk is as follows:

	2015	2014
	\$	\$
Cash at bank	14,637,631	21,016,308
Investment securities: loans and receivables	4,208,455	4,446,658
Trade and other receivables	2,565,614	3,568,577
	<u>21,411,700</u>	<u>29,031,543</u>

Financial Risk Management Continued

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Trade and other payables and deferred revenue are due within 12 months based on the remaining period at the balance sheet date to the contractual maturity date. The contractual undiscounted cash flows approximate the carrying amounts at the balance sheet date. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(d) Capital Risk Management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Authority may seek financing from the member states.

4 Critical Accounting Estimates and Judgements

Estimates and judgements 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 Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Cash and Cash Equivalents

	2015	2014
	\$	\$
Cash on hand	479	428
Cash in bank	14,230,032	20,621,172
	14,230,511	20,621,600
Short term investments with a maturity of 90 days	407,599	395,136
	14,638,110	21,016,736
Short term investments bear interest at 6% and mature in November 2015.		

6 Trade and Other Receivables

	2015	2014
	\$	\$
Trade receivables	5,640,771	6,772,650
Less: provisions for impairment of trade receivables	(3,133,083)	(3,751,916)
Trade receivables, net	<u>2,507,688</u>	<u>3,020,734</u>
Other receivables	57,926	547,843
Prepayments	<u>54,818</u>	<u>85,978</u>
	<u>112,744</u>	<u>633,821</u>
	<u>2,620,432</u>	<u>3,654,555</u>

The fair value of trade and other receivables approximates the carrying values.

All amounts are short-term. The net carrying value of trade receivables and other receivables is considered a reasonable approximation of fair value.

The quality of trade receivables are summarised as follows:

	2015	2014
	\$	\$
Trade receivables		
Neither past due nor impaired	999,156	1,044,323
Past due but not impaired	1,508,532	1,976,411
Impaired	<u>3,133,083</u>	<u>3,751,916</u>
Gross	<u>5,640,771</u>	<u>6,772,650</u>

Note 6 Trade and other receivables... continued

Trade receivables that are less than three months past due are not considered impaired. These relate to a number of independent customers for whom there is no recent history of default.

The aging of trade receivables that are past due and not impaired is as follows:

	2015	2014
	\$	\$
Up to 1 month	–	385,132
1 to 2 months	–	46,125
Over 2 months	<u>1,508,532</u>	<u>1,545,154</u>
	<u>1,508,532</u>	<u>1,976,411</u>

The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

The aging of trade receivables that are impaired is as follows:

	2015	2014
	\$	\$
Over 2 months	<u>3,133,083</u>	<u>3,751,916</u>
Other receivables do not contain impaired assets.		

7 Provision for Impairment of Trade Receivables

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Authority does not hold any collateral as security.

The movement in the provision for impairment of receivables is as follows:

	2015 \$	2014 \$
At October 1,	3,751,916	4,045,072
Provisions made during the year	693,695	842,594
Recovered during the year	(256,528)	(1,128,762)
Written off during the year	(1,056,000)	(6,988)
	<hr/>	<hr/>
At September 30, 2015	3,133,083	3,751,916

The creation and release of provision for impaired receivables have been included in general and administrative expenses in the statement of comprehensive income and expenditure. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

8 Investment Securities

	2015 \$	2014 \$
Loans and receivables		
Debt securities - unlisted	4,208,455	4,446,658
	<hr/>	<hr/>

The weighted average effective interest rate on debt securities at September 30, 2015 was 3.22% (2014 – 3.62%). Debt securities mature between October 2015 and August 2016.

9 Property, Plant and Equipment

	Furniture Fixtures and Fittings \$	Computer and Peripherals \$	Office Equipment \$	Motor Vehicles \$	Spectrum Equipment \$	Leasehold Improvement \$	Total \$
At October 1, 2013							
Cost or valuation	280,127	655,764	221,199	3,180,185	2,493,050	87,650	6,917,975
Accumulated depreciation	(154,197)	(533,727)	(172,305)	(2,756,852)	(2,453,051)	(7,056)	(6,077,188)
Net book amount	125,930	122,037	48,894	423,333	39,999	80,594	840,787
Year ended September 30, 2014							
Opening net book amount	125,930	122,037	48,894	423,333	39,999	80,594	840,787
Additions	3,180	47,712	9,806	–	2,896	–	63,594
Disposals	–	(781)	(1,696)	–	(368)	–	(2,845)
Depreciation charge	(14,020)	(44,072)	(12,654)	(126,876)	(38,267)	(1,754)	(237,643)
Closing net book amount	115,090	124,896	44,350	296,457	4,260	78,840	663,893
At September 30, 2014							
Cost or valuation	283,307	370,067	164,795	3,180,185	2,241,740	87,650	6,327,744
Accumulated depreciation	(168,217)	(245,171)	(120,445)	(2,883,728)	(2,237,480)	(8,810)	(5,663,851)
Net book amount	115,090	124,896	44,350	296,457	4,260	78,840	663,893
Year ended September 30, 2015							
Opening net book amount	115,090	124,896	44,350	296,457	4,260	78,840	663,893
Additions	–	104,199	20,954	210,000	–	7,596	342,749
Disposals	–	–	(1,801)	–	–	–	(1,801)
Depreciation charge	(14,153)	(55,161)	(11,313)	(94,456)	(2,037)	(1,868)	(178,988)
Closing net book amount	100,937	173,934	52,190	412,001	2,223	84,568	825,853
At September 30, 2015							
Cost or valuation	283,307	474,266	174,820	3,319,685	2,241,740	95,246	6,589,064
Accumulated depreciation	(182,370)	(300,332)	(122,630)	(2,907,684)	(2,239,517)	(10,678)	(5,763,211)
Net book amount	100,937	173,934	52,190	412,001	2,223	84,568	825,853

During the year the Authority disposed of fully depreciated assets at cost totalling \$70,500.

10 Trade and Other Payables

	2015	2014
	\$	\$
Trade payables	60,363	17,085
Accrued expenses	1,218,227	672,434
Surplus distribution payable St. Kitts & Nevis	2,195,464	–
	3,474,054	689,519

All amounts are short-term. The carrying value of trade and other payables is considered a reasonable approximation of fair value

11 Contributed Capital

Contributed capital represents contributions received from the five OECS governments and the CDB under the World Bank Agreement for the funding of the OECS Telecommunications Project. Upon completion of the Project the assets were transferred to the Authority with the responsibility of managing and monitoring the Telecommunication sector in the respective Member States.

	2015	2014
	\$	\$
St. Lucia	5,286,673	5,286,673
Dominica	3,364,935	3,364,935
Grenada	5,268,673	5,268,673
St. Kitts and Nevis	5,268,673	5,268,673
St. Vincent and the Grenadines	4,071,903	4,071,903
Caribbean Development Bank	218,700	218,700
	23,479,557	23,479,557
Less:		
Cumulative expenditure prior to assumption of Project	(10,524,981)	(10,524,981)
Amortisation of capital contribution	(4,789,738)	(4,655,257)
	(15,314,719)	(15,180,238)
Contributed capital at year end	8,164,838	8,299,319

12 Spectrum Fees, Net

	2015	2014
	\$	\$
Gross spectrum fees	<u>10,882,207</u>	10,912,276
Less spectrum fees distribution – NTRCs		
St. Lucia	(872,518)	(842,784)
Dominica	(854,369)	(818,060)
Grenada	(883,286)	(874,456)
St. Kitts and Nevis	(734,960)	(714,960)
St. Vincent and the Grenadines	(973,261)	(922,261)
	<u>(4,318,394)</u>	(4,172,521)
Spectrum fees, net	<u>6,563,813</u>	6,739,755

Spectrum fees distribution represents disbursements to the National Telecommunication Regulatory Commissions (NTRC) of the five Member States to meet their operational expenses. The NTRCs monitor and collect spectrum fees from the telecommunication service providers in their respective territories on behalf of the Authority.

13 Other Income, Net

	2015	2014
	\$	\$
Interest income	235,884	329,154
Other income/(expenses)	2,844	(11,041)
Gain/(loss) on disposal of property plant and equipment	43,461	(2,845)
	<u>282,189</u>	315,268

14 Expenses by Nature

	2015	2014
	\$	\$
Spectrum fund distributions NTRCs (Note 12)	4,318,394	4,172,521
Employee benefit expense (Note 15)	2,743,627	2,320,854
Bad debt expense	1,104,976	676,931
Legal and professional fees	637,494	387,188
Training	507,560	359,201
Project meetings	277,616	248,062
Advertising and public campaign	206,582	37,096
Depreciation (Note 9)	178,989	237,643
Travel	116,873	93,914
Utility	114,824	117,136
Board dues	109,500	96,950
Insurance	81,590	81,063
Repairs and maintenance	68,940	52,971
Security expenses	54,656	54,784
Computer costs	45,914	20,513
Dues and subscriptions	38,254	13,857
Audit fees	31,655	30,775
Telephone and network expenses	24,541	24,766
Bank charges	10,508	10,591
Other expenses	187,949	111,677
Total spectrum fees distributions and administrative expenses	10,860,442	9,148,493

15 Employee Benefit Expense

	2015	2014
	\$	\$
Salaries and wages	2,147,893	1,800,989
Social security costs	123,765	112,975
Gratuities	397,922	329,972
Other staff costs	74,047	76,918
	<u>2,743,627</u>	<u>2,320,854</u>

16 Distribution of Surplus to Contracting States

On May 13, 2015, the Council of Ministers approved a distribution of surplus to the Contracting States for the amount of \$11,000,000. This distribution is accounted for in the members' surplus as an appropriation of accumulated fund. The allocation of the surplus funds distribution to the Contracting States, was based on the weighted average proportion of the Spectrum revenue earned and the contributed capital of the Contracting States.

The distribution of surplus to the Contracting States was as follows:

	\$
St. Lucia	2,727,013
Grenada	2,621,824
St. Kitts and Nevis	2,195,464
St. Vincent and the Grenadines	1,729,473
Dominica	<u>1,726,226</u>
	<u>11,000,000</u>

EASTERN CARIBBEAN TELECOMMUNICATIONS AUTHORITY
Vide Boutielle, P.O. Box 1886, Castries, Saint Lucia
Tel: (758) 458 1701/1702, Fax: (758) 458 1698,
Web: www.ectel.int, ectel@ectel.int

