

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR* ECONOMIC DEVELOPMENT

THE GUERNSEY COMPETITION AND REGULATORY AUTHORITY:
ACCOUNTS AND AUDITORS' REPORT FOR THE YEAR ENDING 31st DECEMBER 2021

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled "The Guernsey Competition and Regulatory Authority: Accounts and Auditors' Report for the year ending 31st December 2021" dated 10th August 2022, they are of the opinion:-

1. To note the accounts of the Guernsey Competition and Regulatory Authority and auditors' report for the year ended 31st December 2021.

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees

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The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

22nd September 2022

Dear Sir

1 Executive Summary

- 1.1 The 2021 annual accounts of the Guernsey Competition and Regulatory Authority (“GCRA”) and auditors' report are hereby presented to the States in accordance with section 13(5) of the Guernsey Competition and Regulatory Authority Ordinance, 2012.

2 Proposition

- 2.1 The States are asked to note the accounts of the GCRA and auditors' report for the year ended 31st December 2021.

3 Compliance with Rule 4

- 3.1 Rule 4 of the Rules of Procedure of the States and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 3.2 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the proposition above has the unanimous support of the Committee *for* Economic Development.

Yours faithfully

N R Inder
President

Annual Report

2021



GUERNSEY
COMPETITION &
REGULATORY
AUTHORITY

About this document

This document sets out our annual report and accounts for the period 1 January 2021 to 31 December 2021. It is presented to Guernsey's Committee for Economic Development pursuant to Section 13 of The Guernsey Competition and Regulatory Authority Ordinance, 2012.

Further information about our work is available on our website www.GCRA.gg

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Overview



GUERNSEY
COMPETITION &
REGULATORY
AUTHORITY

Chairman's Foreword

I am pleased to present the 2021 Annual Report and Accounts of the Guernsey Competition and Regulatory Authority ("GCRA"). In last year's report, I said that "at the start of 2020, no-one could have predicted how the year would turn out". 2021 has been equally unpredictable, although hopefully now we are approaching a more stable position, both in terms of the external environment and our own activities.

By the second half of 2021, travel between the UK and Guernsey was beginning to ease, and I was able to visit the island on three occasions. One of these was for a Board strategy session, when we were able to stand back and take a broader view of the issues likely to face us in 2022 and beyond. We were able to reflect some of our conclusions in the work programme we published in December 2021.

Following an online meeting with the Committee for Economic Development in November, we have continued in 2022 to develop contacts with Committees and Deputies. This is very much a two-way process, giving us the opportunity to explain our approach but also enabling us to understand States priorities better and reflect this in our work programme. Without that sort of dialogue, we will not be able to deliver on our aim of promoting value and choice for Guernsey consumers, to the benefit of the Guernsey economy, taking account of the distinctive features of the Bailiwick.

As Michael Byrne sets out in his report, our work in 2021 was dominated by two major competition cases started under the aegis of the previous Channel Islands Competition and Regulatory Authority, which was disbanded

in 2020. Because of the novel and important issues these cases covered, the Authority devoted a considerable amount of time reviewing the material presented by the parties, and the analysis prepared by officers, and only reached its decisions when it was satisfied that they were robustly based. As they were the first decisions taken under the 2012 Competition Ordinance, it is perhaps not surprising that both have been appealed by the Parties. We will of course defend those appeals. But we will also want to learn and share lessons - for ourselves, for undertakings, and for legal advisers - when they are completed. Effective competition is important for a well-functioning economy, and due process must of course be followed in applying competition law, but it is not in anyone's interests for decisions to be reached only after extensive and expensive legal proceedings.

As an Authority, we have however tried to ensure that other important issues are not sidelined by these two cases. Recognising the importance of effective and efficient communication systems - made even clearer by the pandemic - the development of the broadband market both for households and businesses has been another priority. And although we were

disappointed by the decision to remove our role in respect of electricity supply pricing, we are committed to working with the States Trading and Supervisory Board to support its new role in ensuring security and value in electricity.

As last year, I pay tribute to the hard work and wise counsel of the other non-executive members of the Authority, Caroline Chan, John Curran and Philip Marsden, and to the work of our Chief Executive, Michael Byrne, and the whole of the GCRA team. We look forward to 2022 with confidence and with a renewed focus on the priorities of the Bailiwick of Guernsey's economy.

Chris Bolt
Chairman

Chief Executive's Foreword

The GCRA has four areas of focus that inform its priorities and therefore how it gauges success. It is established to promote value and choice for Guernsey consumers, protect consumers that have no direct way of making their voices heard, support States policy, and keep the operation of markets under review with the aim of promoting trust in markets. Over 2021 there were several areas the GCRA progressed with these aims to the fore.

Facilitating availability and access to technological progress and the advantages it brings is a key means of promoting choice, especially in a fast-changing sector such as telecoms. The Authority has been supporting the potential of new satellite technology, by adapting the existing regulatory framework to enable the introduction of this technology in Guernsey. Given its potential to support the delivery of advanced broadband services and complement existing undersea cable connectivity, further progress is anticipated over 2022. As well as technological progress, alternative providers are key to expanding choice and innovation. The Authority received and processed two electricity generation licences over 2021 from organisations with ambitions to contribute to the renewable energy ambitions of the Bailiwick. As the States of Guernsey develops its energy policy the contribution from such alternative providers will undoubtedly be significant.

Supporting the development and delivery of States policy is a key priority for the Authority. It has supported the States in the airline sector, where the States owned airline has been evaluating coordination options with other airlines. A facility exists internationally for cooperation between competitors that is beneficial to consumers through

exemption facilities in competition law. Since this sector is exempt from Guernsey competition law, the Authority has been able to assist by advising Aurigny's considerations given the potential for scrutiny of such arrangements by international competition bodies such as the UK's Competition and Markets Authority and the European Competition Commission.

A further key States policy priority over 2021 has been the rollout of fibre to households and businesses to deliver higher quality broadband. A pilot phase for the installation of these connections began in 2021 and to support the programme the Authority worked with the fibre network provider, Sure, to provide a bespoke licensing framework that ensured access to fixed line emergency calls by vulnerable customers through the pilot phase while allowing this rollout programme to proceed. In parallel, a longer-term regulatory framework is being developed in consultation with civil society groups and other stakeholders.

Guernsey also needs to maintain telecommunication security that meets international standards for the protection of its citizens and its reputation as a jurisdiction that is safe to do business in. The Authority played a key role in this area over 2021 following the UK passing into law a legal framework

for telecoms security standards. The need to develop an approach to implementing high standards in this area, in the context of a small island economy telecoms infrastructure, has involved the Authority supporting the States of Guernsey through close cooperation with civil servants advising the States and liaison with OFCOM, the UK telecommunications regulator.

Ensuring the market for telecommunications business connectivity services functions well has also been a priority area for the Authority over 2021, and it has been conducting a periodic review to assess the way this market functions given the strong concentration of market power that has historically existed. Business connectivity is a fundamental building block for the telecoms sector. The finance industry relies on these services to maintain the jurisdiction's competitive advantage on the world stage, the States (and therefore the taxpayer) is the largest Guernsey customer of these services, and mobile providers rely on them to link their local mast networks to users on the Island and with the outside world. The Authority's review over 2021 led to substantial reductions in the price of these connections. It also identified a discriminatory practice that potentially contravened a licensee's obligations but who stopped the practice sufficiently rapidly to

enable a lighter touch resolution through voluntary undertakings, without the need for a large-scale investigation.

A competition law framework that is proportionate to the risks to competition using an approach that is in line with international standards provides clarity for doing business in Guernsey without compromising protection of fair competition. Working with the Guernsey Law Officers and the Committee for Economic Development, the Authority supported the enactment of the vertical exemptions law, reducing the risk to businesses that might want to enter the Guernsey market using franchise arrangements for example. Since they fall within a category of agreements that present low risks to competition and consumers in Guernsey, the Authority sought law changes to provide for such an exemption category which the Law Office and Committee supported and was enacted in 2021.

The Authority concluded the first two major competition investigations in Guernsey since the commencement of the competition law in 2012. A significant number of concerns about commercial dealings will come to the attention of the Authority over the course of a year, many of them benign or the extent of the contraventions are not of sufficient gravity that they can't be resolved through informal channels. Two forms of behaviour were however uncovered that represent serious contraventions of competition law, namely excessively restrictive covenants that prevent persons from competing when they leave a business and agreements that are collusive which unlawfully substitute cooperation between competitors for competition. The Authority prosecuted two such

cases in 2021 after comprehensive consideration of the evidence. Both these matters are under appeal and those cases will be heard by the Royal Court in 2022.

Markets can work against the interests of consumers through increased concentration when competitors merge or acquire one another. In these circumstances there is a risk of reducing the benefit and choice, that a competitive market is capable of. Over 2021 the GCRA considered eight notified mergers, all receiving approval, with the average time taken for clearance at just under 15 days which by international standards constitutes a high level of performance.

The charges by the three Guernsey mobile operators for the termination of calls to their mobile networks was reduced to 27% of their pre-price-controlled levels in 2021. This significant reduction followed a regulatory intervention finding these charges were excessive which then placed substantial downward pressure on retail mobile call costs. The charges will fall even further by 1 June 2022 to 17% of their pre-price-controlled levels putting them in line with the UK.

Finally, the above is the outcome of the work of a small team supported by a Board of individuals committed to the aims of the body and in serving the interests of Guernsey in this specialist area. I am grateful to my team and Board and in particular Chris Bolt who has provided sound leadership and sage advice throughout the year.

Michael Byrne
Chief Executive



Our Powers and Duties

We are an independent public authority, accountable to the States Assembly in Guernsey established as the Guernsey Competition and Regulatory Authority (“GCRA”) under the Guernsey Competition and Regulatory Authority Ordinance, 2012. Our functions and legal duties guide the direction of our work and are set out in legislation passed by the States, to whom we are accountable.

What we are here to do

We are responsible for administering competition law and regulating the telecoms sector and electricity sectors in Guernsey. We are one of a number of agencies that contribute to the reputation of Guernsey as a well-regulated jurisdiction.

The GCRA is focussed on four key objectives, namely to:

- **promote value and choice** for Guernsey consumers to the benefit of the Guernsey economy,
- **protect the interests of consumers** who have no direct way of making their voices heard,
- **support development and delivery of Government policy**, in particular, in the sectors subject to economic regulation, to achieve the best outcome for Guernsey consumers,
- **keep the operation of markets and regulated companies under review** to identify and address new forms of detriment and issues for potential action, and thereby to promote trust in markets.

Our priorities

We have four priorities that support our aims:

- **remaining alert to possible market failures which could require action, reviewing a range of evidence and engaging with relevant stakeholders in doing so,**
- **discussing with Government those areas for investigation we propose to initiate,**
- **responding to all complaints about anti-competitive behaviour where the complaint is supported by evidence, but only take further action where this is consistent with our prioritisation principles,**
- **in respect of telecoms and electricity, enforce licence conditions in a proportionate way.**

How we work

We recognise that a small island economy has distinctive features which influence the outcomes that are desirable and achievable; where this results in an approach different from that in a larger economy, we make clear the reasons for this.

We operate within the law and adopt best practice in our procedures but promote changes in the law where there are perceived deficiencies. We work to clear administrative timetables and are transparent about the reasons for any necessary changes, being clear about the principles we adopt in deciding whether to intervene. Where we do intervene we will be clear about the detriment resulting from inaction, and the potential improvements that our action could bring. Where different stakeholders have different objectives, we look to be clear about how we have taken those differences into account in any final decision.

Our advocacy programme targeted at local law firms and States officials is designed to develop an awareness of the law and the responsibilities of various parties in terms of compliance. These programmes also serve as a means of enabling people in key areas of contact with business to become more familiar with the sort of behaviours that are likely to harm competition or weaken the competitive process. Law firms have a unique insight into commercial practices in Guernsey and are therefore in a unique position to alert parties to risks of falling on the wrong side of competition law. States officials that run bidding procedures for States contracts make key decisions on the use of taxpayer money, so being better versed in potential illegal practices can assist them in the design of their bidding processes, protect taxpayer money by ensuring States contracts are made on their merits and deliver best value for money to our community.

Engagement with stakeholders - Consumers and Islanders

Understanding consumers' and Islanders' interests and behaviour is vital to our work.

In supporting certain workstreams we may undertake research to better understand what matters to consumers and tailor our work accordingly. Our annual Telecommunication Statistics Market Report provides specific insight into the trends in the telecoms sector. And our oversight of quality of service in the telecoms sector assists us to identify and focus our capacity and capability on those areas that matter most to consumers.

The GCRA receives calls, emails and letters directly from consumers. We are not a fair-trading consumer body and our focus is in large part on the competitive process itself, nevertheless the information that consumers provide and the issues they highlight can help us to prioritise areas of focus. Our contact details are available on our website **www.GCRA.gg**

Engagement with stakeholders - Co-regulators and other bodies

We work alongside Ofcom (the UK telecoms regulator) to support our work in regulating the telecoms sector. This includes collaborative working on cross-border issues and making recommendations for the effective allocation of spectrum, through issuance of wireless telegraphy licences.

When assessing applications for the approval of certain mergers and acquisitions where appropriate we consult colleagues in the UK's Competition and Markets Authority and the European Commission to ensure we are working to high standards in terms of process and analysis.

When we regulate

Our prioritisation principles are:



Actionable.

We consider whether we have the necessary legal powers to properly assess and address the nature of the concerns that have arisen. The powers given by legislation as well as the absence of powers are all relevant in considering whether the Authority has the legal means to proceed in considering matters that may arise.



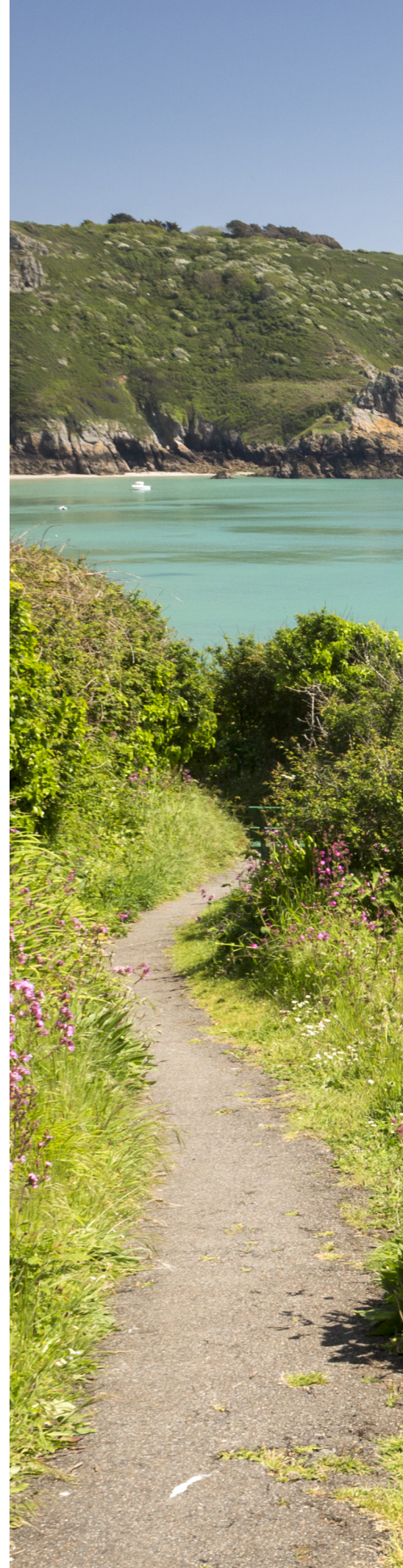
Realistic.

A small jurisdiction competition authority like the GCRA needs to carefully weigh up whether the benefits of prohibiting certain transactions are realistically achievable through enforcement action. Even where it has the legal powers to do so, the practicalities of carrying out investigations and taking action and whether our actions will have sufficient impact are factors we take into consideration in deciding whether to take a matter forward.



Meaningful.

Ultimately, we want to be as sure as we can that any action taken has a net positive benefit to the functioning of local markets, mindful of the fact that any intervention – or indeed not intervening at all - will have some cost.



When we don't regulate

There are a range of customer protection issues and assistance sought by consumers from time to time that are not within the GCRA's remit and other regulatory bodies provide the primary forum for dealing with these matters. In Guernsey, the States of Guernsey including its Trading Standards Services, the Financial Ombudsman, and the Citizens' Advice Bureau have different purposes and powers which support consumers.

As a rule, the GCRA does not deal with individual consumer issues in the sectors it regulates, for example equipment failures or contractual disputes between consumers and providers, since consumers would be expected to rely on contracts and complaints procedures to address these.

Other forms of protection can be set by the States which the GCRA is specifically tasked to monitor. The setting of health and safety standards for mobile mast emission levels are for example set by the States of Guernsey and the GCRA's role is to conduct audits to ensure mobile providers comply with such standards.

In some cases, the GCRA may act to protect consumers where it becomes apparent there is a systemic problem affecting the market, such as a pattern of issues that suggest the market is not working sufficiently well. On the other hand, certain areas of the GCRA's remit do not allow for discretion, for example, the GCRA has a duty to investigate mergers and acquisitions that meet the relevant statutory tests, to undertake market investigations requested by relevant departments, to defend its decisions where there are regulatory appeals, and to consider and respond to complaints.

Openness, Integrity and Accountability

We abide by the principles of openness, integrity and accountability – and those standards which are widely recognised as being applicable to public service, and to the conduct of all involved in public life. In the discharge of our duties, we will ensure that:

- subject to the appropriate level of confidentiality, we maintain an openness in our public affairs, in order that islanders can have confidence in our actions and decision-making processes, in the management of our activities, and in the Members and staff of the GCRA
- we maintain an appropriate degree of integrity in the conduct of our affairs at all times. Integrity comprises both straightforward dealing and completeness. We base our integrity upon honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of our funds and management of our affairs,
- we are fully accountable in the application of the fees and grant monies entrusted to us and that these are properly safeguarded, and are used economically, efficiently and effectively. To that end six monthly key performance reports are provided to the Committee for Economic Development under the terms of the grant agreement with the Authority.

The three fundamental principles have been refined to include the findings and recommendations of the Nolan Committee on Standards in Public Life. We will make our best efforts to abide by Nolan's seven general principles that underpin public life, namely: selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

Financial Review

We are a not-for-profit organisation. Until 2020, where we received more funding (from grants or licence fees) than we required in any particular year, the surplus income was deferred to the next year. Following the separation from JCRA, the GCRA reviewed its accounting policies. Together with adopting Section 1A of FRS 102, applicable to small entities, we have changed the accounting policy relating to the deferral of income. Any aggregate surplus or deficit is carried as a reserve in the Statement of Financial Position.

All of the activities we undertake are separately funded, by island and by sector: cross-subsidisation is not permitted, and common costs are shared between sectors. A working capital balance and an appropriate level of reserves are maintained at all times.

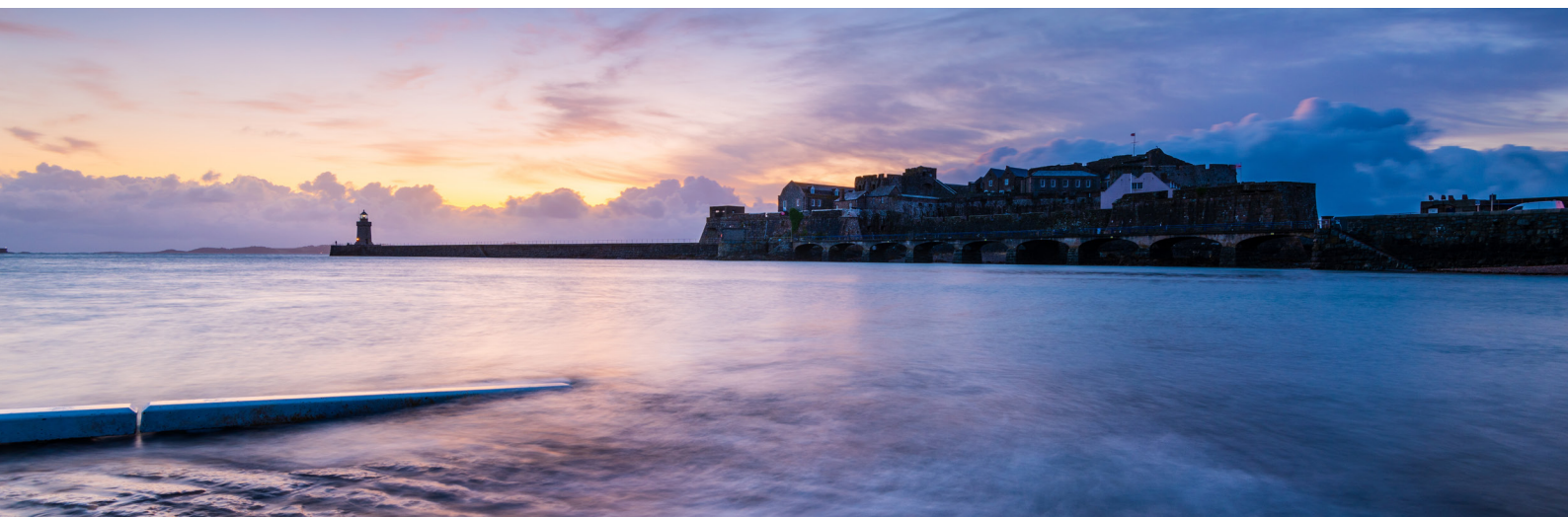
We set a budget for the GCRA of £1,254k for 2021 to cover the expected costs of our regulatory and competition law activities in the Bailiwick of Guernsey.

Delivering our duties and value for money

The work we undertake each year varies significantly and is dependent on a range of factors, but we always aim to ensure that we work efficiently both in time and expenditure.

For 2021, the income needed to cover our costs was £1,114k, 11.2% below budget. The shortfall of the grants and licence fees we received will be offset against the surpluses accumulated in past years which were retained for future use. The remaining surplus will be retained in order to allow us to maintain appropriate working capital and reserves.

Expenditure is closely controlled through maintaining strict internal guidelines for purchasing including tendering for services which, combined with appropriate best practice corporate governance, helps to ensure that the GCRA is run as an effective and efficient organisation. Independent internal auditors audit policies and procedures annually, to ensure that high standards are maintained and that appropriate processes are in place.



Grant funding

Grant funding is received from the Committee for Economic Development in Guernsey to cover the costs of administering and enforcing the competition laws. Basic funding for this area has remained at £140k per annum in Guernsey since 2013.

We recognise the financial constraints faced by government and have continued to take active measures to reduce our fixed and administrative overheads, rather than restrict our work administering and enforcing competition law.

In addition to grant funding, we receive fees from parties making applications for approval of notifiable mergers and acquisitions. During 2021, these fees amounted to £80k. These applications and costs are by their nature unpredictable. Any costs in excess of fees received are funded through the competition law grant.

In total, the cost for all competition law activity during 2021 was £408k. Grant income in excess of costs is, with the agreement of the States department, either voluntarily returned to that department after the year end or held to fund future work.

While we will continue to seek further efficiencies, in the near term, when faced with continued grant freezes, there will be a direct impact on our effectiveness and the impact we can have as the island's competition body. We will continue engagement with government officials in this regard.

Licence fees

Sector-specific regulation is funded through licence fees paid by licensed operators in each of the regulated sectors. The licence fees are calculated based on the forecasted cost of regulating the sector for the year in question.

Any surplus licence fees above costs are either returned to operators after the year end or held to fund future work.

A breakdown of the licence fees charged, the cost of regulating the sector and the surplus for the year is provided below. Amounts returned to licensees are also shown.

£'000	Telecoms		Postal		Electricity	
	2021	2020	2021	2020	2021	2020
Licence and application fees - charged in year	634	614	-	-	183	120
Costs	(557)	(576)	-	-	(149)	(150)
Surplus/(loss) for the year	77	38	-	-	34	(30)
Returned to licensees	-	-	-	-	-	-

¹ The electricity sector in Guernsey has also required some work recently, notwithstanding an extant decision of the States of Deliberation to remove electricity from regulation by the GCRA.

Accountability Report



GUERNSEY
COMPETITION &
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The GCRA Board



Chris Bolt - Chairman

Chris Bolt is an economist who has worked in the field of economic regulation in the UK for more than thirty years, holding senior roles in both the public and private sectors. His experience has included senior roles in Ofwat, the Office of the Rail Regulator, where he was for a short period interim Rail Regulator, and Transco plc. He was the first statutory Arbiter for the London Underground Public-Private Partnership Agreements (2002-2011), and the first Chairman of the Office of Rail Regulation (2004-2009). He was a member, and subsequently chairman, of the UK Regulators Network Expert Advisor Panel from 2014 to 2018. He was regulation adviser to the London law firm Bryan Cave Leighton Paisner for ten years and was an independent non-executive director of Affinity Water Ltd from 2015 to 2019.

Chris was made a Companion of the Order of the Bath (CB) in the New Year Honours 2010. Chris was appointed as Treasurer and a Trustee of the Kennet and Avon Canal Trust in January 2019.



Michael Byrne - Chief Executive

Michael has extensive experience in the UK and Channel Islands of applied economic regulation in the energy, ports and telecoms sectors. He has over 25 years of experience in the field of competition law across a range of industries in the UK, and the Channel Islands.

He holds a diploma in Company Direction from the Institute of Directors, an MBA from the University of Warwick, a post-graduate qualification in UK and European Competition Law, as well as undergraduate and postgraduate Bachelor of Science degrees in Mathematical Statistics.

Before moving to Guernsey Michael's roles included, Head of Economic Assessment at the macro-economic statistics division of the Office for National Statistics, leading regulatory reviews and competition investigations in the UK's public and commercial television sectors at the Independent Television Commission, and he was Head of Retail Energy Markets at the UK's energy regulator, Ofgem.



Caroline Chan - Non-Executive Director

Caroline is a Guernsey Advocate and has practised as a corporate lawyer for over 30 years. She has particular experience in advising on corporate and commercial transactions, financings, investment funds and stock exchange listings.

Caroline joined the GCRA Board in May 2020 after her retirement as a Partner at Mourant Ozannes. She was a Partner in the corporate team at Ogier from 2008 to 2015.

Having grown up in Guernsey, Caroline attended The Ladies' College, before studying law at St Anne's College, Oxford. She spent nearly 9 years with Allen & Overy, working in their corporate finance teams in London and Hong Kong after qualifying with them as a solicitor in both jurisdictions (now both non-practising). She returned to the Island in 1998 and was admitted to the Guernsey Bar in 2003.

Caroline is currently a non-executive Director of Round Hill Music Royalty Fund Limited, a London listed Guernsey investment fund, and Chair of the Board of Governors of The Ladies' College.

The GCRA Board



John Curran - Non-Executive Director

John is a former Chief Executive of GCRA and led the integration of the Guernsey and Jersey regulators in 2010. He was Director General of the Guernsey Office of Utility Regulation from January 2005 before being asked to also head up the JCRA in 2010.

John is currently a Non-Executive Director of the Guernsey Data Protection Authority and Chairman of the Guernsey Employment Trust.

Before moving to Guernsey in 2003, John worked with the largest telecoms provider in Australia, Telstra, and the Irish telecoms regulator, Comreg, where he was involved with the introduction of competition to the communications market there.



Philip Marsden - Non-Executive Director

Dr Philip Marsden has over 30 years of experience enforcing financial services and competition law and devising new frameworks of regulation. His current portfolio includes academic, government and private sector roles. Philip is Deputy Chair of the Bank of England's Enforcement Decision Making Committee and case decision maker at the Financial Conduct Authority, the Payment Systems Regulator and OFGEM.

He is also Professor of Law and Economics at the College of Europe, Bruges, teaching the core Masters in Law.



The GCRA Team



Sarah Livestro - Legal Director

Sarah joined GCRA in November 2015. She is an experienced competition lawyer, having practised exclusively in this field since qualifying in 2000.

Following qualification, Sarah spent 4 years working as a competition lawyer with Lovells' Antitrust and Competition Team, based in Brussels. Subsequently, and until joining GCRA, she was a Senior Associate with Shoosmiths. Sarah has extensive experience advising on the full range of competition law matters, including EU and UK merger control rules, competition authority investigations, cooperation agreements, supply and distribution arrangements, franchising, R&D agreements and the competition rules relating to online selling. Her practice covered a wide variety of industry sectors including automotive, oil and gas, building materials, white goods and groceries. She is also an experienced State Aid practitioner and for a number of years ran the Shoosmiths' State Aid practice.

Sarah has first class degrees in Law (MA and LLM) from the University of Cambridge. She holds a professional certificate in Mediation Skills and is an Associate Member of the Chartered Institute of Arbitrators.



Fergus Reid - In-House Counsel

Fergus joined the GCRA in September 2020. He is an experienced competition lawyer and has practised extensively in both litigious and non-litigious roles, in a wide variety of legal fields including public law (constitutional, administrative and regulatory), property, pensions, contract and criminal law.

Fergus is a former solicitor of England and Wales as well as a former South African attorney, notary and conveyancer and is currently a non-practising South African Advocate/Barrister. He was formerly a Principle Analyst at the South African Competition Commission where he investigated both mergers and abuses of dominance across a wide variety of financial, industrial, wholesale and retail, property, packaging and other sectors. Fergus has managed a team of analysts and advised on finding for premature implementation of mergers. Thereafter, in private practice both as an attorney and advocate, he continued to advise with regard to a wide variety of competition issues including anti-competitive contractual restraints, predation, cartel and price-fixing matters, merger notifications, joint ventures, abusers of dominance, Competition Tribunal remedial powers, complaint and referral procedures and administrative penalties.

Fergus practised at a number of South African and British law firms before joining the Cape Bar of Advocates and has lectured at the University of Cape Town from time to time. Fergus holds Bachelor of Arts (BA), Bachelor of Laws (LLB), Master of Laws (Corporate Law Specialisation) and Post-Graduate Diploma in EU Competition Law (Kings College, London) qualifications.



Richard Harrington - In-House Counsel

Richard is an experienced dispute resolution lawyer and joined GCRA in December 2019. He previously worked in private practice in London and Guernsey, dealing with a wide range of contractual disputes, partnership disputes, insolvency cases, contentious trusts, matters involving fraud, and professional negligence disputes.

At GCRA, he advises the team on pre-litigation and litigation matters across the full range of supervisory areas and supports competition law enforcement investigations and interventions. He also advises on economic regulatory matters in Guernsey and assists the Legal Director with assessments of mergers and acquisitions notifications.

Prior to training as a lawyer, Richard enjoyed a broad and varied career, initially working in the construction industry and a number of charities before a period in local government. He studied International Politics at university and was called to the Bar before cross qualifying as a solicitor. He happily cycles to work in all weather conditions and longs for the day that people return to bicycles as a form of public transport. He has a young family to enjoy outside of work and in the little spare time left, he plays veterans football for Rovers AC, and likes to read widely on matters of history, politics, and economics.



Ian Hayes - Regulatory Economist

Ian is an economist with extensive experience in the economic regulation of water, waste water and electricity utilities.

Prior to joining the GCRA, IAN was an industry economist for the Ministry of Finance and Economic Management in the Cook Islands, working on a wide variety of matters. This followed a stint as principle regulatory economist for ActewAGL Distribution, the local electricity distributor in Canberra, Australia and before that a role as senior regulatory advisor for the ACT Independent Competition and Regulatory Commission. As a regulator, Ian was mainly engaged in price investigations and tariff reviews, setting retail water, waste water and electricity prices for the local utility service providers.

Ian holds BSc Economics (City University), MSc Agricultural Economics (Wye College, University of London) and Doctor of Philosophy (Wye College, University of London) qualifications.



Lin Gallienne - Executive Assistant

Lin has extensive experience as Executive Assistant in many sectors, including assisting Doctors and specialist Consultants both inside and outside of the HSSD.

Guernsey-born and raised, Lin has a particular interest in information technology, holds numerous IT and secretarial qualifications, and in 20210 launched her own IT Training and Consultancy company. Her company still offers certification tracks for technical and non-technical IT users throughout the Channel Islands, Great Britain and the EU.

Accountability Report

Governance Statement

The Governance Structure

Whilst the GCRA is not subject to the UK Corporate Governance Code, the Board is committed to maintaining a high standard of Corporate Governance. The Board follows the Corporate Governance Handbook which is based on the best practice principles of the UK Corporate Governance Code, issued by the Financial Reporting Council, where it is appropriate and practical to do so.

GCRA

The GCRA is a statutory body corporate, the Guernsey Competition and Regulatory Authority, under Section 1 of the Guernsey Competition and Regulatory Authority Ordinance, 2012.

The Board

The GCRA is led by a Board. Legislation requires the GCRA to comprise, as a minimum, three Members, with one as Chairman. As at 31 December 2021 the Board consisted of a Chairman, three non-executive Members and one executive Member. The Board leads the organisation. Its core activities include.

- Establishing and maintaining GCRA's vision, mission & values

- Setting and monitoring the overall strategy and structure

- Acting as the decision-making Authority as established in law

- Board and executive management and succession planning

- Defining GCRA's appetite for risk

- Obtaining assurance that material risks to GCRA are identified and that appropriate systems of risk management and control exist to mitigate such risks

The Board believes that Members have, between them, a wide range of experience which ensures an effective Board to lead and control the GCRA. The non-executive Members comprise a majority of the Board.

The Board considers all the non-executive Members to be independent of management and free of any business or other relationship which could materially interfere with the exercise of their judgment. However, should circumstances arise which suggest an actual or perceived conflict of interest, appropriate action is taken to ensure that independence is maintained.

Appointments to the Board

The Chairman is appointed by the States of Deliberation in Guernsey on the recommendation of the Committee for Economic Development. Members are appointed to the Board of the GCRA after consultation with the Chairman. Customarily, appointments are for periods of three years although periods of up to five years are provided for in legislation and shorter appointments may be made when appropriate

The Chairman

The Board is led by the Chairman, who manages the Board to ensure that:

- GCRA has appropriate strategic objectives and an effective forward work programme
- A structure is in place to allow the effective contribution of all Members

- The Executive Directors and senior management are able to deliver against the strategic objectives and forward work programme
- Oversight of risk is properly established, composed and operated

- Procedures are in place to inform the Board of performance against the strategic objectives and forward work programme
- GCRA is operating in accordance with the highest standards of corporate governance

Meetings

The Board meets regularly. Customarily, there are eight scheduled meetings each year with additional meetings when circumstances require it. During 2021, the GCRA board met on 11 occasions. The table below details meetings and attendances for 2021.

	Board	Audit and Risk
Chris Bolt	11/11	2*/2
Caroline Chan	11/11	4/4
John Curran	11/11	4/4
Philip Marsden	11/11	4/4
Michael Byrne	11/11	4*/4

*In attendance only

Accountability Report

Remuneration

In preparing the remuneration report the Board has given consideration to, and adopts the provisions of, the UK Corporate Governance Code where it considers it is appropriate, proportionate and applicable.

General policy

The Board believes that the GCRA should, within the constraints of being a public body, provide rewards that will attract and retain the high-calibre management necessary for the GCRA to fulfil its statutory remit and responsibilities. This overall approach is not expected to change in the coming year.

The remuneration paid to Executive Members and the fees paid to non-executive Members are set with the agreement of the Committee for Economic Development in Guernsey.

Components of remuneration

Executive Member are members of the Authority and officers of the GCRA; their remuneration is confined to salary which encompasses the entirety of the remuneration package and receive no fees as members of the Authority.

The basic salary for the Executive Member is determined by taking into account each individual's responsibilities, performance and experience together with market trends. All basic salaries are reviewed annually, effective 1 January, by the non-executive Members.

Non-executive Members' remuneration

Fees are determined by the Committee for Economic Development in Guernsey.

Audited Financial Statements



GUERNSEY
COMPETITION &
REGULATORY
AUTHORITY

Members' Report to the Financial Statements

For the Year Ended 31 December 2021

In preparing the remuneration report the Board has given consideration to, and adopts the provisions of, the UK Corporate Governance Code where it considers it is appropriate, proportionate and applicable.

Members

The Members in office during the year are shown on pages 15 to 16.

Events during the reporting period

2021 was the first full year as a separate Authority after the governments of Jersey and Guernsey enacted a decision to revert back to separate independent insular island authorities.

Operationally this had little impact on the GCRA given the seniority of Officers that were already based in Guernsey at the time of the reversion to two separate Authorities and the body recruited to return to full staffing complement. Financially, the income streams of both entities were already separate, but they no longer share costs or a Board in the way that they had since 2012.

Terms of the Members extended during 2021:

John Curran – term extended to 31st December 2023,

Caroline Chan – term extended to 12th March 2023,

Michael Byrne – term extended to 23rd July 2025

There have been no events between the statement of financial position date and the date when the financial statements were authorised for issue that need to be disclosed or recognised in the financial statements.

Members' disclosure

As far as each Member is aware, there is no relevant audit information of which the auditor has not been made aware. All reasonable steps have been taken by each Member in order to make themselves aware of any relevant audit information to establish that the auditor is aware of this information.

Members' responsibilities

The Members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Guernsey Competition and Regulatory Authority Ordinance, 2012, requires Members to keep proper accounts and proper records in relation to those accounts. The Members therefore consider themselves responsible for keeping adequate accounting records that are sufficient to show and explain the GCRA's transactions and disclose with reasonable accuracy, at any time, the financial position of the GCRA and which enable them to ensure that these financial statements comply with the Ordinance. They also consider that they are responsible for safeguarding the assets of the GCRA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Ordinance also requires Members to prepare accounts in respect of each financial year, and once audited by auditors appointed by the States of Guernsey on the recommendation of the Public Accounts Committee, to submit to the Committee for Economic Development a statement of account giving a true and fair review of the state of the GCRA's affairs together with the auditor's report.

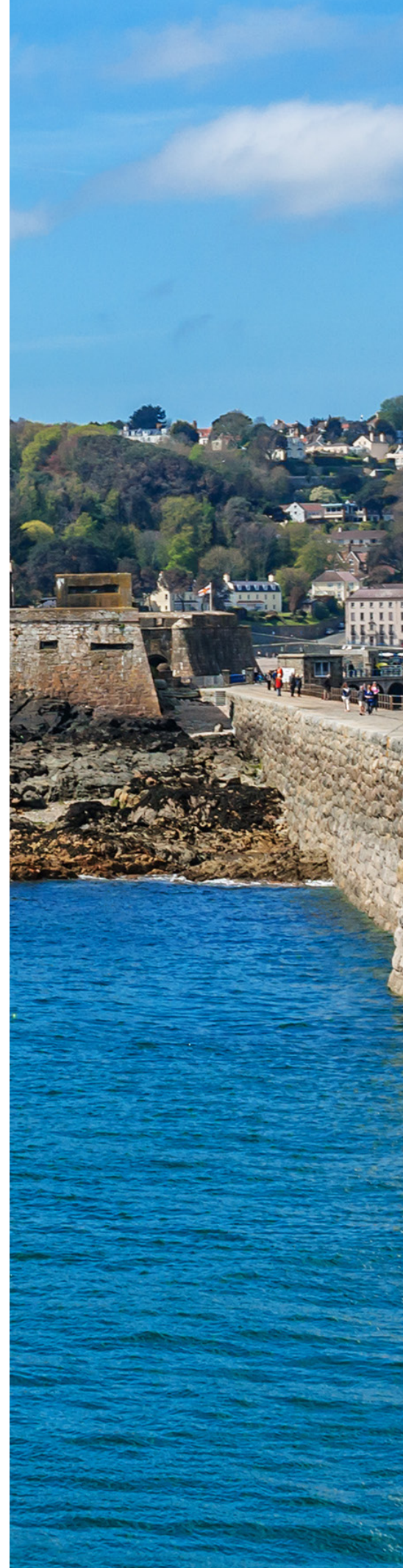
The Committee for Economic Development, in turn, must submit the accounts and the auditor's report thereon to the States of Guernsey.

The Members have elected to prepare the financial statements in accordance with Section 1A of Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, as applicable to small entities ("FRS 102").

In preparing the financial statements the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the GCRA will continue in operation.

The Members confirm that these financial statements comply with these requirements.





Change of Accounting Policy

As a result of the dissolution of CICRA, the Board has taken the opportunity to review the accounting policies adopted by the Authority. The Board has decided to adopt Section 1A of FRS 102 which is applicable to small entities (small being defined by the UK Companies Act 2006) and remove the Statement of Cash Flows from the financial statements.

Furthermore, the accounting policy relating to the recognition of income has been amended to reflect that the fees charged to licensees are no longer deferred. The change in accounting policy has been applied retrospectively and the comparatives have been restated. Refer to note 10 to the financial statements for details of the effect on the financial statements.

Independent auditor

The auditor, BDO Limited, which was appointed in accordance with Section 13(4)(a) of The Guernsey Competition and Regulatory Authority Ordinance, 2012, had indicated its willingness to continue in office as auditor. However subsequent to the publication of the 2020 financial statements BDO found that it had a conflict and needed to resign. Lince Salisbury Limited has been appointed as the auditor with immediate effect.

Approval

This report was approved by the Members and signed on their behalf by:

Chris Bolt
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GUERNSEY COMPETITION AND REGULATORY AUTHORITY

Opinion on the financial statements

In our opinion, the financial statements of the Guernsey Competition and Regulatory Authority ("the Authority"):

- give a true and fair view of the state of the Authority's affairs as at 31 December 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with Section 1 A of Financial Reporting Standard 102, The Financial Reporting Standard in the UK and Republic of Ireland ("FRS 102"); and
- have been properly prepared in accordance with the requirements of the Guernsey Competition and Regulatory Authority Ordinance, 2012.

We have audited the financial statements of the Authority for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("FRC's") Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Members with respect to going concern are described in the relevant sections of this report.

Other information

The Members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Members

As explained more fully in the Members' responsibilities statement within the Members' Report, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members determine 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, the Members are responsible for assessing the Authority'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 the Members either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have held discussions with those charged with governance regarding their knowledge or awareness of any fraud or any instances of non-compliance with the Ordinance. This has been communicated via the planning and the final report.

We have also reviewed and evaluated the effectiveness of the controls in place which are designed to prevent and mitigate irregularities. We have conducted this via discussion with the appropriate personnel, documentation of these procedures, and obtaining supporting evidence of the control effectiveness.

We have reviewed journal entries posted within the financial year to identify any potential characteristics of any potential fraud which may have occurred. We have reviewed the published board and audit committee meetings to identify any instances of irregularities which management may have been aware of.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available at the FRC's website at: <https://www.frc.org.uk/auditorsresponsibilities>

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Authority's Members, as a body, in accordance with Section 13 of The Guernsey Competition and Regulatory Authority Ordinance, 2012. Our audit work has been undertaken so that we might state to the Authority's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lince Salisbury Limited
Chartered Accountants
Avenue House
St Julian's Avenue
St Peter Port
Guernsey
GY1 3PN



Date: 7 June 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2021 £
Income			
Telecommunications licence and application fees		633,419	613,828
Electricity licence and application fees		182,500	120,500
Competition law grant		343,153	286,407
Mergers and acquisitions fees		80,000	20,000
		1,239,072	1,040,735
Expenditure			
Salaries and staff costs		640,067	423,601
Board Members' fees and expenses		66,986	58,300
Consultancy fees		139,822	251,400
Operating lease rentals		62,248	63,838
Travel and entertainment		4,901	5,692
Conference and course fees		19,497	27,155
Depreciation	4	14,590	14,206
Administration expenses		16,308	12,125
Legal and professional fees		34,005	44,601
Audit and accountancy fees		18,725	26,736
Advertising and publicity		14,509	12,165
Repairs and maintenance		53,353	59,340
Heat, light and water		3,172	2,138
Recruitment		3,609	28,587
General expenses		22,123	19,604
		1,113,915	1,049,488
Surplus/(loss) for the Financial Year	7	125,157	(8,753)

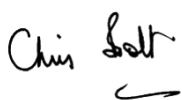
The notes on pages 30 to 37 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	2021 £
Fixed Assets			
Tangible assets	4	33,750	16,559
Current Assets			
Debtors	5	120,854	263,763
Cash at bank		441,285	268,727
		562,139	532,490
Current Liabilities			
Creditors: amounts falling due within one year	6	41,682	119,999
Net Current Assets		520,457	412,491
Net Assets		554,207	429,050
Retained Reserve	7	554,207	429,050

The financial statements on pages 22 to 29 were approved on 7 June 2022 and authorised for issue by the Members, and signed on their behalf by:



Chris Bolt
Chairman



John Curran
Member

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

1. GENERAL INFORMATION

The Guernsey Competition and Regulatory Authority (“GCRA”) is a statutory body corporate, the Guernsey Competition and Regulatory Authority under Section 1 of the Guernsey Competition and Regulatory Authority Ordinance, 2012. The principal activity of the GCRA is administering competition law and sector-specific regulation in Guernsey. The registered address of the GCRA is Suite 4, 1st Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey, GY1 1WG.

2. ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless specifically stated in the accounting policies, and in accordance with Section 1A of Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, applicable to small entities (“FRS 102”).

The presentation currency of these financial statements is sterling with all amounts rounded to the nearest whole pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Members to exercise judgement in applying the accounting policies.

The following principal accounting policies have been consistently applied:

b) Going concern

The Board confirms its assumption that the GCRA is a going concern, and that no significant uncertainty exists in this respect. The assumption is based on its incorporation and relation with Government which is established in law.

c) Income

Income is received from a government grant and other fees raised in respect of the GCRA’s responsibilities as the administrator and enforcer of Guernsey’s competition law, as well as through fees raised through the licensing regime in place for certain sectors.

Further details are given below:

i) Grants and other fees

Grants received are of a revenue nature and are recognised in the Statement of Comprehensive Income in the same period as the related expenditure. The annual grant received for 2021 was £140,000 (2020:£140,000) and additional grants of £203,153 (2020: £146,407) were received for specific cases in the year.

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

'Mergers and acquisitions fees' comprise fees received for the assessment of certain notifiable mergers and acquisitions. These fees are recognised in the Statement of Comprehensive Income once the proposed transaction has been formally registered with the GCRA. Fees received in 2021 were £80,000 (2020: £20,000).

Any unused funds at the financial year end are either retained or repaid to the Committee for Economic Development ("CfED"). Any deficits are funded from agreed releases of reserves or recovered from future grants. The deficit of grant income for the year amounted to £16,980 (2020: deficit £12,829).

ii) Licence fees

Licence fees across regulated sectors are set on the basis of cost recovery in accordance with sector-specific legislation and are recognised in the period to which they relate.

The GCRA's costs are estimated on an annual basis and these are recovered either by applying a percentage to the licensed revenue of each licensed operator (in the case of telecoms) or through charging an annual fee (in the cases of post and electricity).

If fee income exceeds costs the balance is transferred to retained reserve but segregated by class. Licence fee percentages / charges and reserve balances are set out below:

	2021	2020
	Licence fee % / charge	Licence fee % / charge
Telecoms	1.2% of relevant turnover	1.2% of relevant turnover
Post	-	-
Electricity	£180,500	£120,500

d) Expenditure

Expenditure is accounted for on an accruals basis and is measured at its transaction price.

e) Lease commitments

All leases entered into by the GCRA are operating leases. Rentals payable under operating leases are charged in the statement of comprehensive income on a straight-line basis over the lease term.

f) Taxation

Under section 12 of The Guernsey Competition and Regulatory Authority Ordinance, 2012, the GCRA is exempt from Guernsey income tax.

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

g) Tangible assets

Tangible assets are stated at cost less depreciation and any impairment. Depreciation is provided on all fixed assets at rates calculated to write down their cost on a straight-line basis to their estimated residual values over their expected useful economic lives. The depreciation rates used are as follows:

Office equipment	20% per annum
Fixtures and fittings	20% per annum
Computer equipment	20% per annum
Website costs	33% per annum
Leasehold improvements	shorter of remaining length of lease or expected useful life

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

h) Debtors

Short term debtors are measured at transaction price, less any impairment.

i) Cash at bank

Cash at bank include current bank accounts and deposits with original maturity dates of no more than three months and are readily convertible to known amounts of cash with insignificant risk of change in value.

j) Creditors

Short term creditors are measured at transaction price.

k) Retained reserve

The retained reserve represents cumulative surpluses and losses.

3. SIGNIFICANT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the GCRA's accounting policies, which are described in note 2, the Members are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. The critical judgements made by management that have a significant effect on the amounts recognised in the financial statements are described below:

- (comparatives only) Determine the split of general expenses incurred for work undertaken under the aegis of the Channel Islands Competition and Regulatory Authorities ("CICRA"). These decisions depend on an assessment of resource allocation, including that of staff time.
- Legal costs relating to decision appeals are carried by the Authority as an expense in the period incurred as the outcome of any appeal is uncertain until judgement is received. Dependent on the outcome of the appeal the Authority may seek to recover these from the appellant in whole or in part in the period when judgement is received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

4. TANGIBLE ASSETS

	Leasehold improvements £	Computer equipment £	Website £	Fixtures & fittings £	Office equipment £	Total £
<i>Cost</i>						
As at 1 January 2021	34,761	22,935	17,001	21,112	605	96,414
Additions	18,963	9,943	-	1,537	1,338	31,781
Disposals	(10,219)	(6,869)	-	(5,395)	(180)	(22,663)
As at 31 December 2021	43,505	26,009	17,001	17,254	1,763	105,532
<i>Depreciation</i>						
As at 1 January 2021	31,383	11,549	17,001	19,400	522	79,855
Charge for the year	6,538	6,538	-	1,196	318	14,590
Disposals	(10,219)	(6,869)	-	(5,395)	(180)	(22,663)
As at 31 December 2021	27,702	11,218	17,001	15,201	660	71,782
<i>Net book value</i>						
As at 31 December 2021	15,803	14,791	-	2,053	1,103	33,750
As at 31 December 2020	3,378	11,386	-	1,712	83	16,559

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

5. DEBTORS

	2021 £	2020 £
Licence fee and other debtors	95,069	240,640
Prepayments	25,785	23,123
	120,854	263,763

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Bank overdraft	-	3,708
Trade creditors	20,323	54,964
Accruals	20,900	58,825
Amounts due to the Jersey Competition and Regulatory Authority	459	2,502
	41,682	119,999

7. MOVEMENT ON RETAINED RESERVE

	General £	Electricity £	Grant £	M & A £	Post £	Telecoms £	Total £
At 1 January 2020	200,002	22,187	85,171	(4,813)	20,912	114,344	437,803
(Loss)/surplus for the year	-	(30,022)	(12,829)	(4,167)	-	38,265	(8,753)
At 31 December 2020	200,002	(7,835)	72,342	(8,980)	20,912	152,609	429,050
(Loss)/surplus for the year	-	33,617	(16,980)	31,866	-	76,654	125,157
At 31 December 2021	200,002	25,782	55,362	22,886	20,912	229,263	554,207

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

8. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2021, the GCRA had commitments under non-cancellable operating leases as set out below:

	Buildings	
	2021 £	2020 £
Amounts payable under operating leases:		
Not later than one year	52,000	27,880
In more than one year but less than five years	78,000	-
	130,000	27,880

In June 2021, with the consent of the CfED, the GCRA entered into a six year lease at a cost of £52,000 per annum, including service charge and parking for office accommodation at La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey. The rental amount is £52,000 per annum subject to review effective 24 June 2024. The GCRA may determine the lease at 24 June 2024 having given six months notice if it so wishes. The lease comes to an end on 24 June 2027.

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

9. RELATED PARTY DISCLOSURES

a) The GCRA and the Committee for Economic Development (“CfED”)

The GCRA acts independently of the States of Guernsey but is accountable to the States of Guernsey through the CfED for funding received to administer and enforce Guernsey’s competition law, which is also covered by a service level agreement. The CfED acts as a conduit for requests from other States departments which may request the GCRA to carry out projects. The GCRA reports formally to the States of Guernsey through the CfED on an annual basis.

In 2021, the CfED provided £343,153 (2020: £286,407) in funding to the GCRA to finance the administration and enforcement of The Competition (Guernsey) Ordinance, 2012, under the provisions contained within that legislation. The fixed grant of £140,000 was enhanced by pre-agreed additional funding which could be drawn upon if certain specific work needed to be done. At 31 December 2021 £203,153 (2020: £146,407) had been invoiced of which £79,568 (2020: £120,535) was outstanding. The funding deficit for the year ended 31 December 2021, which has been notified to CfED as required under the service level agreement, amounted to £16,980 (2020: deficit £12,829). The accumulated reserve attributed to grant income at the year-end was £55,362 (2020: £72,342).

b) The GCRA and the Jersey Competition Regulatory Authority (“JCRA”)

The GCRA and the JCRA worked together until 30 June 2020 under the aegis of CICRA, sharing a board, resources and expertise between the islands, whilst retaining their own separate legal identities. Recharges were made for expenses incurred (including staff costs) on a no gain no loss basis.

During 2021, £nil (2020: £128,012) was invoiced by the GCRA to the JCRA and £4,392 (2020: £168,250) was invoiced by the JCRA to the GCRA. At the statement of financial position date, the amount owed by the GCRA to the JCRA was £459 (2020: £2,502) and the amount owed by the JCRA to the GCRA was £nil (2020: £nil). Subsequent to the year end any outstanding amounts have been settled.

c) Key management personnel

Key management personnel include all members of the GCRA who together have authority and responsibility for planning, directing and controlling the Authority’s activities. The total compensation paid to key management personnel for services provided to the GCRA was £195,166 (2020: £183,337).

d) Controlling party

Throughout the year, the GCRA was under the control of the Members acting in concert. In the opinion of the Members there is no controlling party as no party has the ability to direct the financial and operating policies of the GCRA with a view to gaining economic benefit from their direction.

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

10. CHANGE IN ACCOUNTING POLICY

As a result of the dissolution of CICRA in June 2020 the Board took the opportunity to review the accounting policies adopted by the Authority. The Board decided to change the accounting policy relating to the deferral of income.

Previously, fee income was recognised in the same period as the related expenditure and any income that was in excess of expenditure was deferred to the next financial period. Due to the change in accounting policy, the fees are no longer deferred and are recognised in the financial period to which they relate. The change in accounting policy has been applied retrospectively. A summary of the impact of the changes is included in note 7 and in the tables below:

Reconciliation of retained reserve	At 1 January 2021 £	At 31 December 2021 £
Retained reserve (as previously stated)	200,002	200,003
Reversal of deferred income	221,059	237,800
Retained reserve (as restated)	421,061	437,803

Reconciliation of surplus or loss	Year ended 31 December 2021 £
Surplus for the year (as previously stated)	1
Reversal of deferred income	16,741
Surplus for the year (as restated)	16,742



GUERNSEY
COMPETITION &
REGULATORY
AUTHORITY

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