

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 2023

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 2023" dated 12th November 2024, 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 2023.

The above Proposition has been submitted to His 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.

THE STATES OF DELIBERATION

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THE GUERNSEY COMPETITION AND REGULATORY AUTHORITY:

ACCOUNTS AND AUDITORS' REPORT FOR THE YEAR ENDING 31st DECEMBER 2023

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

12th November 2024

Dear Sir

1 Executive Summary

- 1.1 The 2023 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 Guernsey Competition and Regulatory Authority and auditors' report for the year ended 31st December 2023.

3 Compliance with Rule 4

- 3.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States of Deliberation.
- 3.2 In accordance with Rule 4(1)(a) the proposition contributes to the Committee for Economic Development’s mandated responsibilities for competition and regulation.

- 3.3 In accordance with Rule 4(1)(b) there has been no consultation with other Committees or stakeholders in the preparation of the proposition.
- 3.4 In accordance with Rule 4(1)(c), the Proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- 3.5 In accordance with Rule 4(1)(d) there are no financial implications of carrying this proposal into effect.
- 3.6 In accordance with Rule 4(2)(a), the Proposition relates to the duties of the Committee with respect to competition and regulation.
- 3.7 In accordance with Rule 4(2)(b) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the above proposition has the unanimous support of the Committee.

Yours faithfully

N R Inder
President

S J Falla
Vice-President

A Kazantseva-Miller
N G Moakes
S P J Vermeulen

A Niles
A Mancini
Non-States Members

ANNUAL REPORT 2023



GUERNSEY COMPETITION &
REGULATORY AUTHORITY

ABOUT THIS DOCUMENT

This document sets out our annual report and accounts for the period **1 January 2023 to 31 December 2023**. 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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Welcome To Our 2023 Annual Report

CHAIRMAN'S FOREWORD



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A tight, focused and dynamic team

“As a small Authority, it is important that we look to ensure our work focuses on areas that will give the best value for money for consumers and the regulated sectors.”

I am pleased to present the 2023 Annual Report and Accounts of the Guernsey Competition and Regulatory Authority (“GCRA”).

As can be seen from this report, 2023 was a busy year for the Authority. The GCRA is here to serve Islanders to ensure, in those areas where we have been given responsibility by the States of Guernsey, that they receive fair priced and good quality service.

A challenge for any regulator or competition body is balancing what is accepted to be a fair price and good quality with what consumers perceive it to be. This is a difficult balance in any market but is more challenging in what is a relatively small market such as Guernsey.

Additionally, a low price alone may not be an indicator of a job well done by a regulator. Ensuring the service meets the needs of consumers now and in the future requires careful balancing of a fair price with the ability of providers to invest and innovate.

As part of our work, we are looking to see how competition law and regulation needs to evolve for the changing world in which we now exist.

The traditional focus on matters such as choice, price, and efficiency as the primary emphasis for competition authorities may no longer be broad enough in a changing environment that is as interconnected as we now are.

The need to shift focus on to human well-being, the broader interests of citizens and of course climate change may have a larger part to play in how competition bodies fulfil their role in the years ahead.

A further evolution is the increasing overlap between the work of regulators in different spheres. The importance of data as a commodity, the competitive edge it potentially provides, means we are seeing closer co-operation between competition bodies and data protection authorities at an international level.

We are closely watching developments in other jurisdictions to understand the implications for islanders from this and I am pleased to say we already work closely with The Office of the Data Protection Authority and I expect this to increase into the future.

Welcome To Our 2023 Annual Report

CHAIRMAN'S FOREWORD



Additionally with the passing in 2023 of the Trading Standards (Fair Trading) (Guernsey) Ordinance, the GCRA and Trading Standards have signed a Memorandum of Understanding (MoU) to allow for better co-operation between us to help support Guernsey consumers to have better protection in the supply of goods and services on-island.

Our regulatory focus continues to be primarily in the communications sector. The work we have undertaken through 2023 has resulted in a significant reduction in wholesale charges for both broadband and leased lines products.

We expect to see these reductions passed through to consumers and will monitor developments in this area to ensure consumers ultimately benefit. We continue to assist the States of Guernsey on areas of mutual interest including the future rollout of 5G and telecoms security.

In the area of competition having been primarily engaged in competition investigations more recently, our aim going forward is to increase our role in carrying out market reviews.

A key component of the competition law is that it allows us to undertake market reviews – at the request of the Economic Development Committee (EDC) – to assess whether those sectors of the economy that Islanders rely on are working as efficiently and as fairly as possible.

We intend to work closely with EDC to ensure our work aligns with that Committee's priorities. Subject to funding for this work being in place, our aim is to commence this work in January 2025. In addition to this, merger activity and our

international engagement through the International Competition Network will be key areas going forward.

Our work requires experienced professional staff to undertake the very wide remit given to us by the States of Guernsey and we are fortunate to have a hard-working team supporting the Board in our endeavours. On behalf of the Board, I want to thank them for their enthusiasm and energy.

I am fortunate to be supported on the board by George and Hilary who bring a wealth of international experience which compliments the local knowledge of the team.

In December 2023, Philip Marsden stood down at the end of his second stint as a member of the Authority and I want to put on record my appreciation for his time, energy, and counsel during his time on the Authority.

As a small Authority, it is important that we look to ensure our work focuses on areas that will give the best value for money for consumers and the regulated sectors.

This invariably requires us to prioritise our work in certain areas. But we will look to do so in ways in which Islanders can gain confidence that their interests are being taken account of as we progress with our work.

John Curran
CHAIRMAN, GCRA

Welcome To Our 2023 Annual Report

CHIEF EXECUTIVE'S FOREWORD



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Ensuring a more level playing field

“Together these two controls amounted to over £11m in savings to purchasers of these services, enabling them to compete on a more level playing field with the incumbent provider”

A central aim of the GCRA is to ensure markets work well and this feeds into how we prioritise the use of the resources available to us.

There were significant decisions made by the GCRA during 2023 as well as other landmark developments. Two substantial price reviews led to significant reductions in the cost of accessing Guernsey's telecoms infrastructure, reducing the cost of doing business in Guernsey.

The first Royal Court judgment on a competition law appeal case was issued during 2023, while the optometric services market was investigated after we received information suggesting there may be illegal cooperation between competitors in this market.

As the economic regulator of the telecoms sector, our priorities include promoting value and choice for Guernsey consumers to the benefit of the Guernsey economy, and to keep the operation of markets under review to identify issues for potential action.

We have put that into effect by seeking to create conditions where regulatory infrastructure is dependable and efficient, and ensure markets are operating on a more level playing field.

The two price controls that concluded in 2023 came into effect on 1st April 2024, reducing prices for wholesale broadband by 31% and leased lines by 23%.

It was essential that the regulatory conditions supported appropriate investment, so that telecoms infrastructure is both dependable and efficiently priced. In deciding to reduce charges to the extent that we did, in particular we needed to ensure that the network provider could fund its fibre investment programme and earn a reasonable return.

We are confident that the drop in charges is justified and that Sure has reasonable opportunity to earn a fair return on its investment. Together these two controls amounted to over £11m in savings to purchasers of these services, enabling them to compete on a more level playing field with the incumbent provider.

As these were wholesale price controls, if retail competition is working as it should, we would expect households and businesses to see the benefit reflected in their bills as the savings are shared with them.

Welcome To Our 2023 Annual Report

CHIEF EXECUTIVE'S FOREWORD



The GCRA was notified of and concluded reviews of 5 merger transactions during 2023. All were approved given none of the notified transactions presented a significant risk of lessening competition in those sectors affected.

By applying a risk-based approach we have been able to conclude unproblematic transactions quickly, assisting business certainty. The average time taken to consider a decision was 14.4 days, which compares well with other jurisdictions and well within our administrative target of 25 days.

A competition case was opened in the provision of optometrist services, arising from initial concerns and evidence that joint working between optometrists might have crossed the line into illegal collusion.

The formal case was closed after review concluding there was no further case to answer, though concerns emerged that smaller businesses may not fully appreciate the risk of cooperating with their competitors.

It was nevertheless encouraging to find that some optometrists had high standards of compliance and awareness of competition law.

These Guernsey businesses went to considerable lengths to ensure that their interactions with their competitors remained on the right side of the line and credit goes to their legal advisors and the businesses concerned.

They evidently have successfully embedded a compliance culture into their working practices which we would like to see more widely in Guernsey. It also underlines the importance and benefits of the education workshops we have invested in because they reduce the chances of behaviour that breaks the law.

An element of a significant competition law decision in the medical sector was appealed against and remitted back to us by the Guernsey Royal Court for further consideration. The guidance from the Royal Court has been reviewed and will be applied in any future consideration of this case and others.

While that formal case continues, as is often the case the benefits of the competition law intervention have gone beyond the specific issue investigated. These include a reappraisal by Health & Social Care of excessively narrow criteria for accepting prescriptions and diagnostics from medical professionals outside of MSG.

Such changes can only serve Guernsey patients better and make medical care more affordable.

A successful year is down to the dedication of a small team of people and advisors. The team together with a board of non-executives who are generous in their time and wise counsel, have helped make markets more fair in Guernsey than they would otherwise have been.

Promoting trust in markets is an outcome we continue to aspire to and protecting the interests of consumers, especially those who have no direct way of making their voices heard, is part of how we achieve that.

Our priorities for 2024 map out our ambitions to achieve even more and I look forward to working with my colleagues, board, and policy makers to do even better for consumers in 2024 and beyond.

Michael Byrne
CHIEF EXECUTIVE, GCRA

OUR POWERS & 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.

We are responsible for administering competition law and are the utility regulator for the telecoms sector.

Our role as the utility regulator of the electricity and postal sectors in Guernsey is extremely limited. It is largely administrative in the electricity sector following a regulation relating to the setting of electricity tariffs being transferred to the States Trading Supervisory Board ("the STSB") in 2021.

On proportionality grounds, we maintain only a watching brief over the postal sector since a policy decision made in 2015 was made to suspend the licensing of Guernsey Post Limited.

What we are here to do

We are one of several 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 those 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



Remaining alert to possible market failures which could require action, reviewing a range of evidence and engaging with relevant stakeholders in doing so



Responding to all complaints about anti-competitive behaviour where the complaint is supported by evidence, and only take further action where this is consistent with our prioritisation principles



Discussing with Government those areas for investigation we propose to initiate, where appropriate



In respect of telecoms, enforcing licence conditions in a proportionate way

HOW WE WORK

We recognise that a small island economy has distinctive features that may 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 enforce the existing law and adopt best practice in our procedures and analysis but promote changes to the law where there are perceived deficiencies.

We work to clear administrative timetables where feasible 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 or harm resulting from the actions of market operators, 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.

Engagement with stakeholders - Consumers and Islanders

Consumers' and Islanders' interests and behaviour is vital to our work. In supporting certain workstreams we may therefore 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 will also receive calls, emails, and letters directly from consumers that may point to systemic issues within a sector. We are however 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.

HOW WE WORK

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.

Our relationship with Ofcom also assists us in keeping informed of technology and related regulatory developments in the sector.

We are grateful for the closer relationship with other regulators such as The Office of the Data Protection Authority, the Financial Ombudsman's office, the Guernsey Financial Services Commission, and Trading Standards. Shared market intelligence and cooperation is becoming even more important for us all to carry out our roles more effectively.

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.

An effective competition law enforcement body benefits from adherence to internationally recognised standards and sharing of best practice because the standards the competition authority holds itself to matter when competition law is enforced. This is a key reason why we became members of a global initiative under the International Competition Network to support the key principles of procedural fairness and transparency.

The procedures ensure all parties are aware of their obligations and rights when a competition investigation takes place.

These forms of co-operation illustrate the close collaboration within the international competition community. Sharing of best practice is not only healthy but given the vital links Guernsey has with other national economies, the importance of working to high standards of enforcement practices and fair and transparent procedures is key for legal certainty and a level playing field for market operators, both of which matter for Guernsey's economic reputation on the world stage.

HOW WE WORK

When we regulate

Our prioritisation principles guide us in deciding where we focus. We consider three key aspects before we commit significant resources to issues arising, which 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 nature of 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 when considering matters that may arise.
- ✓ **Realistic.** A small jurisdiction competition authority like the GCRA needs to carefully weigh up whether the benefits of say, 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 or 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 customer protection issues and assistance sought by consumers from time to time that are not within the GCRA's remit. Other bodies can provide a forum for dealing with these matters. In Guernsey, the Trading Standards Services, the Financial Ombudsman, and the Citizens' Advice Bureau have different purposes and powers which support consumers and in some circumstances are better placed to assist in resolving immediate issues that people might have.

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

Other forms of protection can be set by the States which the GCRA is specifically tasked to monitor. 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 made by participants in the market.

HOW WE WORK

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. So 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 integrity in the conduct of our affairs, integrity comprises both straightforward dealing and completeness, and we base our integrity upon honesty, selflessness and objectivity, set 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.

GCRA ACHIEVEMENTS



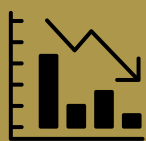
PRICE REDUCTIONS

GCRA conducted an extensive review into Wholesale Broadband. The review identified the Wholesale charges passed on to retailers were higher than justified. The GCRA intervened by requiring Sure to reduce its Wholesale Broadband charges significantly. If these reductions are fully passed on to Retail Broadband households and businesses, we expect to see an average annual saving of around £116 per household.



JOINED UP REGULATION

Most complaints referred to the GCRA are individual issues about whether the customer's service provider has complied with their terms and conditions. Trading Standards Service are best placed to deal with these. Working with Trading Standard Services, and with the support of the States, a law change has enabled customers to make Trading Standard Services a "one-stop shop" for such consumer issues. This new law has, since early 2024, been supplemented by a Memorandum of Understanding between the GCRA and Trading Standards Services to allow the two organisations to liaise and share information where this would be in consumers' interests.



PRICE REDUCTIONS

The GCRA's review in 2023 concluded Sure Wholesale's on island Leased Line prices were higher than justified. The GCRA intervened, requiring Sure to reduce its Wholesale Leased Line charges. The average annual price of these services (around £7,800) will go down to £6,300. We also expect it will help to reduce the cost of mobile services.



ENABLED POSITIVE GROWTH

During 2023 the GCRA received and cleared five merger applications. The average clearance days for mergers considered in Guernsey is 14.4 days.

GCRA ACHIEVEMENTS



ENABLED POSITIVE GROWTH

The GCRA was consulted on the proposed exemption by the Committee for Economic Development of the acquisition in the telecoms sector by Sure of Airtel from the merger notification regime. We provided two substantive responses setting out our views which highlighted the risks to competition of a merger between these two competitors.



INVESTIGATIONS

The GCRA opened an investigation into whether there was any anti-competitive behaviour in the optometrist sector, following information received indicating optometrists might be negotiating with the States in an uncompetitive manner. The investigation concluded that there was not a case that the competition law had been contravened in the manner alleged. The investigation nevertheless found that some firms had good competition law compliance programmes in place and while the matter was not pursued there was sufficient concern to suggest guidance was required to ensure all parties understand their obligations to comply with the competition law in future.



INVESTIGATIONS

GCRA acted to protect patient choice and service innovation in the health sector by preventing excessive post-employment non-compete restrictions. This was initiated by a complaint about a five-year restriction being enforced by the Medical Specialist Group. The matter went to the Royal Court where the GCRA's decision to prevent the effect of five-year restrictions was not appealed against, but the Royal Court remitted the decision back to the GCRA to redo the decision to prohibit its two year restrictions based on the guidance given by the Court.



MARKET MONITORING

In June 2023 the Authority published its annual telecommunications statistics covering the prior year providing market intelligence on developments in this key economic sector, ensuring we have objective information and insight into the sector. This is carried out as a pan-Channel Island initiative in cooperation with our counterparts in the island of Jersey.

FINANCIAL REVIEW

Summary

We are a not-for-profit organisation. All of the activities we undertake are separately funded by sector: cross-subsidisation is not permitted, though common costs are shared between sectors. A working capital balance and an appropriate level of reserves are maintained.

Delivering our duties and value for money

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

For 2023, the income needed to cover our costs was £955k (2022: £2,012k).

The shortfall of the competition grant by £125k (2022: £68k) added to the shortfall of £13k carried over from last year. The resultant shortfall of £138k has been covered by a transfer of £82k from the related M & A reserve and a further transfer of £56k from the General reserve.

The surplus in each of the utility sectors is retained for the purpose of maintaining 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. The grant funding was £147k in 2023 (2022: £147k).

This is an inadequate level of funding to deliver the role tasked to us by the States in law and our ability to protect the process of competition is lessened considerably.

FINANCIAL REVIEW

Grant funding (continued)

We have conveyed this position to the Committee for Economic Development since 2013. An interim arrangement is in place for specific requests for funding which is made to a political committee (Policy & Resources) for funding of significant competition enquiries or defence of appeals made against decisions made by us in the Royal Court or Court of Appeals.

This was the case in both 2023 and 2022. It undermines the independence of the competition authority and is a process that is in urgent need of change.

We recognise the financial constraints faced by government and have continued to take active measures to reduce our fixed and administrative overheads.

In addition to grant funding, we receive fees from parties making applications for approval of notifiable mergers and acquisitions which cover the costs of administering the merger process. During 2023, these fees amounted to £50k (2022: £30k). These applications and costs are by their nature unpredictable. Any merger related costs in excess of fees received must necessarily be funded through the competition law grant.

In total, the cost for all competition law activity during 2023 was £401k. The additional funding was necessary to support the conclusion of two significant competition investigations.

This funding was requested of the Policy & Resources Committee. 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.

FINANCIAL REVIEW

Licence fees

Sector-specific regulation is funded through licence fees paid by licensed operators in each of the regulated sectors.^[1]

The licence fees are calculated based on the forecasted cost of regulating the sector for the year in question.

A breakdown of the licence fees charged, the cost of regulating the sector, and the surplus for the year is provided below.

£'000	Telecoms		Postal		Electricity	
	2023	2022	2023	2022	2023	2022
Licence and application fees charged in year	672	646	-	-	1	182
Costs	(822)	(557)	(6)	(3)	(32)	(131)
Surplus/(deficit) for the year	(150)	77	(6)	(3)	(31)	51
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

The GCRA Board



JOHN CURRAN
CHAIRMAN

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. He is 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.



MICHAEL BYRNE
CHIEF EXECUTIVE
AND EXECUTIVE
MEMBER

Michael has extensive experience in the UK and Channel Islands of utility regulation in the energy, ports and telecoms sectors. He also has over 25 years of experience in the field of competition law in 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 a first class 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.



GEORGE RITCHIE
NON-EXECUTIVE
MEMBER

George has more than 25 years regulatory, competition law and public law experience in the telecoms sector. After an early legal career in private practice and government service, he joined British Telecommunications plc in 1995 as a regulatory, competition and public law lawyer.

Since then, George has undertaken the full gamut of telecoms regulatory and behavioural competition law work. He was Chief Counsel Competition & Regulation for BT Wholesale from 2003 to 2009 and for BT Group from 2009 to 2017.

From 2017 to 2022 George was BT's Commitments Assurance Director, independently monitoring BT's compliance with its Commitments to make Openreach a separate subsidiary company with its own board of directors and with greater strategic, financial and operational independence.

He was directly accountable to the BT Compliance Committee (BTCC), a BT Group plc Board Committee, and indirectly to Ofcom via its Openreach Monitoring Unit. In 2020, Mr Ritchie helped secure BT Board approval to the BTCC taking on responsibility for monitoring BT's Consumer Fairness commitments. He retired from BT in 2022 after Ofcom announced it was satisfied the Openreach governance arrangements were embedded and sustainable.

ACCOUNTABILITY REPORT

The GCRA Board (continued)



HILARY JENNINGS
NON-EXECUTIVE
MEMBER

Hilary Jennings is a Board Member of the UK Regulatory Policy Committee and an independent consultant specialising in competition, regulation and market access policies.

Her core work over the last 25 years has been providing best practice advice to competition authorities and government departments, particularly in emerging economies, and working with organisations such as the European Commission, the OECD and the World Bank.

She previously held senior roles at the OECD and the UK's Office of Fair Trading (now the CMA), as well as in the private sector.



PHILIP MARSDEN
NON-EXECUTIVE
MEMBER

Dr Philip Marsden 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.

He 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.

The GCRA Team



SARAH LIVESTRO
LEGAL DIRECTOR

Sarah is the GCRA's Legal Director. She joined the Authority in 2015, having spent the previous fifteen years in private practice as a competition and State aid lawyer working in London, Brussels and subsequently for a large national firm in the UK.

Since joining the GCRA, Sarah has been involved in the full range of casework undertaken by the Authority, including competition law investigations, mergers and regulatory compliance.

She is responsible for delivering the GCRA's strategic objectives in the area of competition law enforcement and providing in-house legal support to the organisation across all utility sectors in which it operates.

Sarah gained first class degrees in Law (MA and LLM) from the University of Cambridge. She was called to the Bar of England and Wales in 1999, was admitted as a solicitor of England and Wales in 2007 and holds a professional certificate in Mediation and Mediation Skills from Queen Margaret University.

ACCOUNTABILITY REPORT

The GCRA Team (continued)



**RICHARD
HARRINGTON**
IN-HOUSE
COUNSEL

Richard Harrington is in-house counsel with the GCRA. He joined the Authority in 2019 as an experienced litigation lawyer, having previously worked in private practice in London and Guernsey.

Since joining the GCRA, Richard has been involved in the range of work undertaken by the Authority, including advising the team on legal risk and litigation matters across the full range of supervisory areas and supporting competition law enforcement investigations and interventions.

He also advises on utility matters in the telecommunications and electricity sectors and assists the Legal Director with assessments of mergers and acquisitions notifications.

Richard was called to the Bar of England and Wales in 2010, was admitted as a solicitor of England and Wales in 2014. He studied International Politics as his undergraduate degree and is a member of the Guernsey International Legal Association



**SONIA
RAGOOPATH**
REGULATORY
ECONOMIST

Sonia Ragoopath is a Regulatory Economist with the GCRA. She joined the Authority in 2023. She is an experienced economist who has worked in the utility regulation field for the past 7 years.

Since joining the GCRA, Sonia has been involved in price control decisions and price control compliance for the telecoms market.

She has published and presented her work with the Organization of Caribbean Utility Regulators (OOCUR) and holds a Bachelor of Science Degree in Economics from the University of the West Indies as well as Master of Science Degree in Development Statistics also from the University of the West Indies.



AYBERK KURT
COMPETITION
LAWYER

Ayberk is a Competition Lawyer. He joined the Authority in March 2023. Ayberk has worked as a competition lawyer since 2016 and has been involved in many merger cases (including Phase II procedures) and investigations before the Turkish Competition Authority. He has also created tailor-made competition compliance programs for his clients.

Since joining the GCRA, Ayberk has been involved in the full range of work undertaken by the Authority. This has included all aspects of competition law investigations from case opening through to appeals, telecoms regulation, assessments of mergers and acquisitions and general governance and compliance matters.

Ayberk gained his LLB degree from Istanbul Bilgi University in Turkey and holds an LLM degree in Law & Economics from the European Master in Law & Economics Programme (EMLE). During his master's year, he studied in Erasmus University Rotterdam and University of Vienna. Ayberk also has a certificate in EU Competition Law from the College of Europe.

ACCOUNTABILITY REPORT

The GCRA Team (continued)



HARRIET PAYNE
OFFICE MANAGER

Harriet is the GCRA's Office Manager and joined the Authority in October 2022. She is an experienced Project Manager and team leader, having previously worked in this area for a number of organisations, including seven years with British Gas in the UK.

Harriet has experience in heading a diverse range of business projects to drive improvements in processes and efficiencies, including in sales process management, customer strategy management and business improvement analysis.

Harriet gained a BSc in Economics from the University of York. She holds a Foundation Certificate in Business Analysis and an Accreditation in International Continuous Improvement Methodology from the University of Cardiff.

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, as set out, 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 2023 the Board consisted of a Chairman, two non-executive Members and one executive Member. The Board leads the organisation. Its core activities include:

- Establishing and maintaining GCRA's vision, mission, and 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.

ACCOUNTABILITY REPORT

GOVERNANCE STATEMENT

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.

During 2023, the GCRA board met on ten occasions. The table details meetings and attendances for 2023.

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.

	Meetings attended
John Curran	10/10
Michael Byrne	10/10
George Ritchie	9/9
Caroline Chan	2/2
Hilary Jennings	9/9
Philip Marsden	9/10

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 taking into account 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

AUDITED FINANCIAL STATEMENTS

MEMBERS' REPORT TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Members present their report and the audited annual financial statements for the Guernsey Competition and Regulatory Authority ("GCRA") for the year ended 31 December 2023.

Members

The Members in office during the year are shown on pages 18 to 19.

Events during the reporting period

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 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.

AUDITED FINANCIAL STATEMENTS

Members' responsibilities (continued)

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.

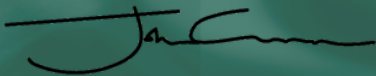
AUDITED FINANCIAL STATEMENTS

Independent auditor

Lince Salisbury Limited was appointed as the auditor and has audited both the 2022 and 2023 financial statements.

Approval

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



JOHN CURRAN
CHAIRMAN

AUDITED FINANCIAL STATEMENTS

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 2023 and of its loss 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 2023 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.

AUDITED FINANCIAL STATEMENTS

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.

AUDITED FINANCIAL STATEMENTS

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.

AUDITED FINANCIAL STATEMENTS

Auditor's responsibilities for the audit of the financial statements (continued)

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.

AUDITED FINANCIAL STATEMENTS

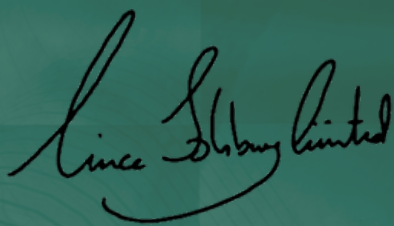
Use of our report

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: 15 August 2024

AUDITED FINANCIAL STATEMENTS

Statement of Comprehensive Income For the Year Ended 31 December 2023

	Notes	2023 £	2022 £
INCOME			
Telecommunications licence and application fees		671,502	645,969
Electricity licence and application fees		1,500	181,500
Competition law grant		272,000	1,155,289
Mergers and acquisitions fees		50,000	30,000
		995,002	2,012,758
EXPENDITURE			
Salaries and staff costs		624,241	561,265
Board Members' fees and expenses		64,448	63,385
Consultancy fees		182,988	172,848
Operating lease rentals		64,240	61,263
Travel and subsistence		10,467	5,937
Conference and course fees		21,799	22,930
Depreciation	4	10,302	10,752
Administration expenses		17,831	18,196
Legal and professional fees		150,991	867,582
Audit and accountancy fees		8,340	(2,302)
Advertising and publicity		18,647	12,863
Repairs and maintenance		49,589	35,469
Heat, light and water		3,970	3,748
Recruitment		4,163	23,801
General expenses		28,931	27,458
		1,260,947	1,885,195
(LOSS)/SURPLUS FOR THE FINANCIAL YEAR	7	(265,945)	127,563

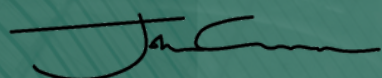
The notes on pages 36 to 45 form an integral part of these financial statements.

AUDITED FINANCIAL STATEMENTS

Statement of Financial Position As at 31 December 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	4	25,123	34,361
CURRENT ASSETS			
Debtors	5	78,332	318,217
Cash at bank		366,304	387,515
		444,636	705,732
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	6	53,934	58,323
Net current assets		390,702	647,409
NET ASSETS		415,825	681,770
RETAINED RESERVE	7	415,825	681,770

The financial statements on pages 34 to 42 were approved on 9 August 2024 and authorised for issue by the Members, and signed on their behalf by:



JOHN CURRAN
CHAIRMAN



MICHAEL BYRNE
MEMBER

The notes on pages 36 to 45 form an integral part of these financial statements.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (CONTINUED)

c) **Income**

Income is received from a government grant (and support re specific cases) 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 2023 was £147,000 (2022: £147,000) and additional grants of £125,000 (2022: £1,008,289) were received for specific cases in the year.

'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 2023 were £50,000 (2022: £30,000).

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 £125,477 (2022: deficit £67,973).

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).

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (CONTINUED)

c) Income (continued)

ii) Licence fees (continued)

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:

	2023	2022
	<i>Licence fee % / charge</i>	<i>Licence fee % / charge</i>
Telecoms	1.2% of relevant turnover	1.2% of relevant turnover
Post	-	-
Electricity	£1,500	£181,500

d) Expenditure

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

e) Lease commitments

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

f) Taxation

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

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (CONTINUED)

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.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (CONTINUED)

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:

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.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. TANGIBLE ASSETS

	Leasehold improvements £	Computer equipment £	Website £	Fixtures & fittings £	Office equipment £	Total £
Cost						
As at 1 January 2023	51,976	27,073	17,001	17,586	3,259	116,895
Additions	-	1,064	-	-	-	1,064
Disposals	-	-	-	-	-	-
As at 31 December 2023	51,976	28,137	17,001	17,586	3,259	117,959
Depreciation						
As at 1 January 2023	32,416	16,310	17,001	15,741	1,066	82,534
Charge for the year	4,856	4,792	-	87	567	10,302
Disposals	-	-	-	-	-	-
As at 31 December 2023	37,272	21,102	17,001	15,828	1,633	92,836
Net book value						
As at 31 December 2023	14,704	7,035	-	1,758	1,626	25,123
As at 31 December 2022	19,560	10,763	-	1,845	2,193	34,361

5. DEBTORS

	2023 £	2022 £
Licence fee and other debtors	51,500	291,291
Prepayments	26,832	26,926
	78,332	318,217

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	38,852	46,180
Accruals	15,082	12,143
	53,934	58,323

7. MOVEMENT ON RETAINED RESERVE

	General £	Electricity £	Grant £	M & A £	Post £	Telecoms £	Total £
At 1 January 2022	200,002	25,782	55,362	22,886	20,912	229,263	554,207
(Loss)/surplus for the year	-	51,088	(67,973)	12,628	(3,364)	135,184	127,563
At 31 December 2022	200,002	76,870	(12,611)	35,514	17,548	364,447	681,770
(Loss)/surplus for the year	-	(30,534)	(125,477)	46,390	(5,630)	(150,694)	(265,945)
	200,002	46,336	(138,088)	81,904	11,918	213,753	415,825
Transfers between reserves	(56,184)		138,088	(81,904)			-
At 31 December 2023	143,818	46,336	-	-	11,918	213,753	415,825

8. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2023, the GCRA had commitments under non-cancellable operating leases as set out below:

	Buildings 2023 £	2022 £
Amounts payable under operating leases:		
Not later than one year	52,000	52,000
In more than one year but less than five years	130,000	26,000
	182,000	78,000

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

8. COMMITMENTS UNDER OPERATING LEASES (CONTINUED)

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. As at 31 December 2023 GCRA has not given notice to terminate the lease early and the landlord has not notified of an intention to vary the rental amount.

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 2023, the Policy & Resources Committee provided £125,000 (2022: £1,008,289) in funding to the support significant investigations and the CfED provided £147,000 to finance the administration and enforcement of The Competition (Guernsey) Ordinance, 2012, under the provisions contained within that legislation.

The fixed grant of £147,000 (2022: £147,000) was enhanced by pre-agreed additional funding which could be drawn upon if certain specific work needed to be done.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. RELATED PARTY DISCLOSURES (CONTINUED)

a) The GCRA and the Committee for Economic Development ("CfED") (Continued)

At 31 December 2023 £125,000 (2022: £1,008,289) had been invoiced of which £50,000 (2022: £289,257) was outstanding. The funding deficit for the year ended 31 December 2023, which has been notified to CfED as required under the service level agreement, amounted to £125,477 (2022: deficit £67,973). The accumulated reserve attributed to grant income at the year-end was NIL (2022: overdrawn £12,611).

The position would have been £138,088 overdrawn if not for agreed transfers between reserves to cover this position being £81,904 from M & A (considered to part of competition regulation) and £56,184 from the general reserve.

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 2023, £nil (2022: £nil) was invoiced by the GCRA to the JCRA and £1,862 (2022: £1,862) 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 £nil (2022: nil) and the amount owed by the JCRA to the GCRA was £nil (2022: £nil). Subsequent to the year-end any outstanding amounts have been settled. The continuing relationship has been a joint equipment lease taken out in JCRA's name but this terminates in 2024.

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 net compensation paid to key management personnel for services provided to the GCRA was £173,712 (2022: £188,602).

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. RELATED PARTY DISCLOSURES (CONTINUED)

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.

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**GUERNSEY COMPETITION &
REGULATORY AUTHORITY**