

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 2022

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 2022" dated 27th February 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 2022.

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
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 2022

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

27th February 2024

Dear Sir

1 Executive Summary

- 1.1 The 2022 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 2022.

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)(c), the Proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- 3.3 In accordance with Rule 4(2)(a), the Proposition relates to the duties of the Committee with respect to finance sector development.
- 3.4 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 2022



GUERNSEY
COMPETITION &
REGULATORY
AUTHORITY

ABOUT THIS DOCUMENT

This document sets out our annual report and accounts for the period 1 January 2022 to 31 December 2022. 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.



OVERVIEW

Chairman's Foreword	5
Chief Executive's Foreword	7
Our Powers and Duties	10
How We Work	11
GCRA Timeline	14
Financial Review	16

ACCOUNTABILITY REPORT

The GCRA Board	20
The GCRA Team	22
Governance Statement	24
Remuneration Report	25

AUDITED FINANCIAL STATEMENTS

Members' Report to the Financial Statements	28
Independent Auditor's Report	30
Statement of Financial Position	32
Statement of Comprehensive Income	33
Notes to the Financial Statements	34

CHAIRMAN'S FOREWORD



I am pleased to present the 2022 Annual Report and Accounts of the Guernsey Competition and Regulatory Authority ("GCRA"). This is my first report as Chairman of the GCRA and I look forward to working closely with industry and relevant committees

of the States of Guernsey to ensure our work remains focused on key priorities for the economy and consumers. It is a difficult time economically and the first high inflationary period that a generation of consumers will have faced which creates unique challenges for our work.

Our focus in 2022 has been on two main areas, telecoms regulation and competition law. As the CEO report sets out, a large volume of work is undertaken by a very small team. It is therefore critically important that we devote our scarce resources effectively to ensure we deliver the best outcome for Guernsey.

To achieve this, it is important that we engage with all our stakeholders, including Government and the States of Guernsey, businesses and individual consumers to understand their concerns, and at the same time to ensure that there is proper understanding of our role and approach. I see our role as ensuring consumers get the best value possible taking account of the specifics of the island market we live on. It is, in my view, imperative that we fully understand both the opportunities and constraints to consumers receiving the best value possible.

In the telecoms market our work has focused on ensuring consumers get value for money and choice where possible. In 2022 we worked closely with the Economic Development Committee (EDC) on

the proposed exemption of the merger of Sure/Airtel from competition law and that work continues. While the outcome of this process has not yet been finalised, it highlights the managing the conflict that exists in small markets such as Guernsey between the expectation of consumers around choice and availability of services in a market of 63,000 is increasingly a challenge.

Similarly, 2022 saw two important competition investigations in the medical services and telecoms sectors finalised and while both were subject to appeals (and we await the outcome of the Sure/JT case) they also highlighted that protecting that choice for consumers where it is sustainable is important in delivering benefits to consumers. I and my board are clear that our role is not to guarantee choice in every single market. In exceptional cases this may not be the best outcome for consumers in the long term. That is why going forward the GCRA is going to look to engage in a more detailed way with the States of Guernsey and with EDC in particular to ensure our work aligns with Government policy.

We are very conscious that in the current financial climate that our work is as cost effective as possible. It is also important that our has the appropriate resources to enable it to properly carry out its role. In regulation our fees are paid by industry and therefore are within our control. The competition function however is subject to grant funding from the States of Guernsey and has remained broadly unchanged since 2012. This presents a challenge to effectively deliver on what is a wide remit under the Competition Law. I look forward to working close with The Committee for Economic Development on its review of the role of competition law and the GCRA to ensure going forward the level of funding is reflective of the cost of discharging the remit given to us by the States of Guernsey.

The organisation is served by a very small but hard working team and on behalf of the Board I wish to acknowledge their effort and expertise. I pay tribute to the hard work and wise counsel of the other non-executive members of the Authority. Hilary Jennings and George Ritchie joined our board this year and along with Philip Marsden bring a high level of experience and expertise to the organisation.

I wish to record my own personal thanks to Chris Bolt for his leadership as Chairperson of the GCRA and to Caroline Chan for her wise counsel as a member of the Authority and I thank them both for their hard work.

John Curran

**John Curran,
Chairman**



CHIEF EXECUTIVE'S FOREWORD



How well our society is served in the longer term by the prosperity created and who is being served by it are key measures of our success as a community. Most markets left to themselves are effective at delivering outcomes that support economies

and societies well in both of those areas. But in some cases, either for historic reasons or because of certain practises, there is a greater need to positively create conditions that increase the likelihood of that happening or to address negative behaviour that would lead to a few unfairly benefitting at the expense of others. The States and its Committees have the decisive role through their ability to set the policy and legal frameworks, to influence how wealth is generated and who benefits. As the Guernsey Competition and Regulatory Authority (GCRA) we are tasked with influencing many of the key conditions that support such outcomes, guided by the established will of the States using the legal tools and expertise available to us.

A point well made by others is that many of our public services and the quality of life which we all enjoy here is enabled by the contribution of the financial services industry to the island. Even that predominantly internationally facing sector does however rely considerably on how well Guernsey's local markets perform. All businesses and households in fact rely on local markets to meet needs adequately in a multitude of way from affordable housing, to reasonable utility costs, to accessible healthcare. If the limited budgets of households and businesses are instead squeezed by local markets that are not providing value for money or adequately meeting their needs, the prospect of investment coming

to Guernsey rather than elsewhere, businesses choosing Guernsey as a place to do business, and its attractiveness as a place to live and work, diminishes. Local markets therefore play a central role in Guernsey's sustainable prosperity which in turn rests on their ability to serve consumers well.

Fair competition and prioritising the consumers' interests over those of the producers, must be essential guiding principles to that end. It can however be tempting to underplay the importance of these principles when there are economic challenges as is the case now. In these conditions, protecting the process of fair competition and utility regulation can also be seen as a separate, narrow, technical role outside of the immediate needs of mainstream economic policy. There is however a growing recognition in many other jurisdictions that the tools of utility regulation and competition law are a vital component of economic policy, even more so when urgent and competing short term interests arise, which is a theme the GCRA is keen to engage policy makers on going forward as they develop strategies through the Government Work Plan.

In troubled times such as those we are in, there is in particular a growing risk from the fact that some businesses can generally be far better at protecting their commercial interests and command policy maker attention, than the diffuse and disconnected interest group we refer to as consumers. Given international and local forces on a small economy like Guernsey placing the fundamentals of economic growth under pressure, prioritising commercial interests even at the expense of the long term interests of consumers can seem an attractive option in the short term. But where the interest of that broad consumer group is subordinate to that of commercial interests local markets are liable to drift toward concentration. Reliance on very few providers means markets become more fragile, less innovative as pressure from challengers

weakens, and living costs go up more than is reasonable because controlling costs and restraining price rises is not generally a priority for businesses whose customers have few alternatives. Market concentration therefore has very real consequences for how well our society is served in the longer term by the prosperity created and who is being served by it.

The Authority has therefore been particularly focussed on mitigating the risks in such markets. Since competition is the most effective means we know of to support resilience, innovation, choice, and value for money, promoting and protecting the process of competition has remained high on our priorities over 2022.

One of the areas targeted over 2022 was the completion of the second competition law investigation the Authority has undertaken since that law came into effect in 2012. Both this decision and that reached by the Authority in 2021 in its first competition law investigation were appealed in 2022. Defending these appeals was therefore a significant part of the Authority's focus in 2022. The Authority had found that the behaviours of concern - the first in the medical sector and the second in the telecoms sector - were aimed at restricting competition or substituting competition for cooperation between competitors. This sort of conduct is harmful to consumers because businesses then get ahead by looking after their commercial interests at the expense of consumers. We await the conclusion of the legal process with considerable interest since the outcomes will dictate how competition law enforcement in Guernsey will look in the future.

Mergers and acquisitions are normal features of any marketplace and these can benefit consumers, but in some cases they can also lead to reduced choice, poorer quality, and higher prices. In common with most market economies, and to protect consumers from these potentially harmful outcomes, Guernsey

operates a system of merger control rules. Many notified mergers pose little or no risk to consumers, so the speed of processing these transactions by a competition body is a measure of an Authority's effectiveness and efficiency. The Authority reviewed four transactions over 2022, with little or no evidence to suggest consumers might be worse off if they went ahead. They were cleared on average within 13 days, which is a speedy clearance process by any standard.

A wider economic challenge for a small island economy is to find ways of benefitting from competition to the extent that its size will feasibly allow. Often alternative providers depend on established businesses for key inputs and are therefore vulnerable to exploitation. In challenging economic times, there is a perceived tension between the importance on the one hand of ensuring incumbents continue to flourish, employ, invest, and contribute to the community, and the promotion of healthy competition that puts pressure on those incumbents to better align with the interests of consumers. The Authority has therefore been delivering on its workplan to address pricing in those sectors it regulates where they are found to be unreasonably high. The Authority imposed a significant reduction in Mobile Termination Rates and these had fallen by more than a fifth of their previous levels in 2022, to a level that is on a par with many other jurisdictions for the first time. These important components of the cost of making calls to local mobile network providers were a factor of more than 5x higher than elsewhere and the impact on the cost of calls to local mobile networks is likely to be significant.

In the provision of business circuits and broadband, the incumbent network provider sells key technical inputs to its competitors. The Authority reviewed the charges in these areas to ensure costs were efficient and excessive profits were not being made and recently reached a provisional finding that private circuit charges made to retailers were 18% higher

than could be justified. It has proposed pricing remedies to address that. In broadband, following a similar review the Authority proposed reductions of 11%.

Another positive development for consumers was the arrival in Guernsey of a new provider of broadband. The Authority processed an application for a licence by Starlink Internet Services Limited operated by the American aerospace company SpaceX. Starlink applied for and was granted a telecommunications licence to provide broadband services using its international satellite infrastructure. It is a different technology platform from the more traditional fixed and mobile platforms, making an alternative technology accessible to consumers, particularly those whose location affects the quality of connectivity they can get through the more traditional platforms and is an interesting development for a small island jurisdiction.

Protecting the interests of consumers who have no direct way of making their voices heard is an important part of the Authority's role and the rollout of fibre across the island's telecommunications network meant that emergency calls could not be made if there was a power failure. The Authority looked at best practice around the world where similar challenges are faced, with a view to looking after members of the community that are more vulnerable when faced with an emergency at the same time as the lights going out in their home. We spoke to several Guernsey bodies with insight into the challenges such people face and established a mandatory process to supply equipment to assist vulnerable people to communicate with emergency services in the event of an emergency during a power failure.

The Authority looks to policy guidance to inform its priorities and its focus. It also relies on legislation

to adapt to market developments so that it can be more effective in delivering its mandate. In the area of 5G spectrum which is critical to supporting next generation wireless technology, policy development is awaited and the Authority anticipates this area will move up the priority list so that next generation mobile technology can be available in Guernsey.

The States energy policy was in development over 2022 and the powers to set prices for the incumbent commercialised electricity business were transferred to a political body rather than through independent regulation. The Authority awaits further policy clarity given these substantial changes to its regulatory functions. Modernising the mergers and acquisitions law is a process that looks to be near completion and we look forward to the new legal framework that will undoubtedly provide an improved oversight regime for mergers and acquisitions in Guernsey.

Finally, the support of my Chairman Chris Bolt was invaluable throughout his tenure, who left midway through 2022 and I will miss his wise counsel. I am however grateful that John Curran was available to take over that role; his support over the years has been key to the ongoing success of the Authority as has that of Philip Marsden and Caroline Chan. Our small team has been tireless in supporting the work of the Authority, concluding demanding workstreams to a high standard and much credit and my thanks go to them for their dedication over 2022.



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 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. 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 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,
- where appropriate, 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, 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 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 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.

ENGAGEMENT WITH STAKEHOLDERS - CONSUMERS AND ISLANDERS

Understanding consumers’ and Islanders’ interests 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.

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 that assist us in our own priorities.

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 common 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 fair process and transparency are key to having a respected place on the world stage for Guernsey.

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 general 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.

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 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, we 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.



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.

GCRA TIMELINE

JANUARY

- GCRA investigation leads to Sure correcting anomalies in its retail leased line prices.
- Annual mobile mast emission survey results announced.
- Published consultation recommending large price reductions in Sure's Very High Bandwidth (VHB) wholesale on-island leased lines.

Issued a 'Call for Information' to consult on how Telecom licence fees are charged.

FEBRUARY

MARCH

- As a result of GCRA consultation on VHB leased line costs, Sure voluntary reduced its wholesale prices.
- Amended Telecom Licences to allow GCRA to suspend licences or impose financial penalties.
- Published framework for licensing of satellite internet, enabling Elon Musk's Starlink to apply for a licence to operate from Guernsey.
- GCRA proposes changes to Telecom licences re 999 calls so that fibre broadband can be rolled out.

APRIL

- MSG v GCRA - Appeal hearing before Royal Court against Competition Law infringement findings.
- GCRA publishes changes to Telecom licences re 999 calls to protect vulnerable Islanders after switchover to fibre broadband.

MAY

- GCRA launches survey to evaluate savings on conveyancing fees since price competition was introduced in 2013.
- Published proposed fine to JT and Sure for intentionally breaking the Competition Law.

JUNE

- Published consultation paper and Customer Survey on Broadband Quality of Service Framework.
- Elon Musk's Starlink issued with licence to operate satellite broadband earth station from Guernsey.
- Published update on Telecom Licence Fees.

- Calling Line Identity – investigation launched into preventing scam/fraudulent telephone calls.
- Commissioned a report into cyber security regarding satellite broadband.
- Published Final Fine of £3.2m on Sure and JT for Competition Law infringement.

JULY

AUGUST

Published Final Decision on Business Connectivity Market Review.

Advised States of Guernsey on competition law considerations on CPTPP free trade agreement for telecoms providers in 11 Pacific Rim countries.

SEPTEMBER

OCTOBER

- Cleared merger between Alternative Solutions and Next Generation.
- Launched preliminary competition law investigation in construction sector following complaint.

- Evaluated and assessed a complaint on market for the supply of school uniforms.
- Royal Court hears appeal by Sure and Airtel against GCRA findings of competition law infringement (July).

NOVEMBER

DECEMBER

Opened investigation into competition for optometrist services in Guernsey.



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 2022, the income needed to cover our costs was £1,885k. The shortfall of the competition grant by £68k was only partly offset by the surplus of £55k carried over from last year. The surplus in each of the utility sectors is retained to 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 2022. This

is an inadequate level of funding to deliver the role tasked with by the States in law and our ability to protect the process of competition is lessened considerably. 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 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. During 2022, these fees amounted to £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 2022 was 1,185k. The additional funding was necessary to support the conclusion of two significant competition investigations in 2022 and defending against two appeals made to the Royal Court. 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.

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	
	2022	2021	2022	2021	2022	2021
Licence and application fees charged in year	646	634	-	-	182	183
Costs	(511)	(557)	(3)	-	(131)	(149)
Surplus/(deficit) for the year	135	77	(3)	-	51	34
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.



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

ACCOUNTABILITY REPORT



2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

64%

76%

52%

WVAZ
TVRZ
TTAV
CCAD
HAEW
JJAS
RRAP

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 Channel Islands Financial Ombudsman and of the Guernsey Data Protection Authority. He is Chairman of the Guernsey Employment Trust.

Before moving to Guernsey 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

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 DIRECTOR

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.

HILARY JENNINGS, NON-EXECUTIVE DIRECTOR

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 DIRECTOR

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.



GCRA Board



John Curran
Chairman



Michael Byrne
Chief Executive



George Ritchie
Non-Executive Director



Hilary Jennings
Non-Executive Director



Philip Marsden
Non-Executive Director

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 case work 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.

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.

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.



GCRA Team



Sarah Livestro
Legal Director



Richard Harrington
In-House Counsel



Sonia Ragoopath
Regulatory Economist



Ayberk Kurt
Competition Lawyer



Harriet Payne
Office Manager

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 2022 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
- Board and executive management and succession planning
- Obtaining assurance that material risks to GCRA are identified and that appropriate systems of risk management and control exist to mitigate such risks
- Setting and monitoring the overall strategy and structure
- Defining GCRA’s appetite for risk
- Acting as the decision-making Authority as established in law

- 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
- The Executive Directors and senior management are able to deliver against the strategic objectives and forward work programme
- Procedures are in place to inform the Board of performance against the strategic objectives and forward work programme

- A structure is in place to allow the effective contribution of all Members
- Oversight of risk is properly established, composed and operated
- 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 2022, the GCRA board met on eight occasions. The table below details meetings and attendances for 2022.

	BOARD
Chris Bolt	5/5
Caroline Chan	8/8
John Curran	8/8
Philip Marsden	7/8
Michael Byrne	8/8

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



TTAW	▲	+0.14	▲	+0.14
CCAD	▲	+131.94	▲	+
HAEW	▼	+74.68	▼	
JJAS	▲	+0.11	▲	+0.11
RRAP	▼	+77.91	▼	-59.36



MEMBERS' REPORT TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

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 2022.

MEMBERS

The Members in office during the year are shown on pages 22 and 23.

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. 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

The Board adopt Section 1A of FRS 102 accounting standards 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

Lince Salisbury Limited was appointed as the auditor and has audited both the 2021 and 2022 financial statements.

APPROVAL

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



John Curran
Chairman



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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GCRA

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

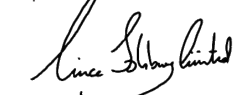
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GCRA (CONTINUED)

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: 9 November 2023

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

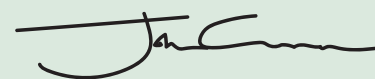
	Notes	2022 (£)	2021 (£)
FIXED ASSETS			
Tangible assets	4	34,361	33,750
CURRENT ASSETS			
Debtors	5	318,217	120,854
Cash at bank		387,515	441,285
		705,732	562,139
CURRENT LIABILITIES			
Creditors*	6	58,323	41,682
Net current assets		647,409	520,457
NET ASSETS		681,770	554,207
RETAINED RESERVE	7	681,770	554,207

* Amounts falling due within one year

The financial statements on pages 29 to 35 were approved on 9 November 2023 and authorised for issue by the Members, and signed on their behalf by:



Michael Byrne, Chief Executive



John Curran, Member

The notes on pages 34 to 39 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2022

	Notes	2022 (£)	2021 (£)
INCOME			
Telecommunications licence and application fees		645,969	633,419
Electricity licence and application fees		181,500	182,500
Competition law grant		1,155,289	343,153
Mergers and acquisitions fees		30,000	80,000
		2,012,758	1,239,072
EXPENDITURE			
Salaries and staff costs		561,265	640,067
Board Members' fees and expenses		63,385	66,986
Consultancy fees		172,848	139,822
Operating lease rentals		61,263	62,248
Travel and entertainment		5,937	4,901
Conference and course fees		22,930	19,497
Depreciation	4	10,752	14,590
Administration expenses		18,196	16,308
Legal and professional fees		867,582	34,005
Audit and accountancy fees		(2,302)	18,725
Advertising and publicity		12,863	14,509
Repairs and maintenance		35,469	53,353
Heat, light and water		3,748	3,172
Recruitment		23,801	3,609
General expenses		27,458	22,123
		1,885,195	1,113,915
SURPLUS/(LOSS) FOR THE FINANCIAL YEAR	7	127,563	125,157

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

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 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 2022 was £147,000 (2021:£140,000) and additional grants of £1,008,289 (2021: £203,153) 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 2022 were £30,000 (2021: £80,000).

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 £67,973 (2021: deficit £16,980).

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:

	2022	2021
	Licence fee % /charge	Licence fee % /charge
Telecoms	1.2% of of relevant turnover	1.2% of relevant turnover
Post	-	-
Electricity	£181,500	£182,500

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2022

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.

4. TANGIBLE ASSETS

	Leasehold improvements (£)	Computer equipment (£)	Website (£)	Fixtures & fittings (£)	Office equipment (£)	Total (£)
Cost						
As at 1 January 2022	43,505	26,009	17,001	17,254	1,763	105,532
Additions	8,471	1,064	-	332	1,496	11,363
Disposals	-	-	-	-	-	-
As at 31 December 2022	51,976	27,073	17,001	17,586	3,259	116,895
Depreciation						
As at 1 January 2022	27,702	11,218	17,001	15,201	660	71,782
Charge for the year	4,714	5,092	-	540	406	10,752
Disposals	-	-	-	-	-	-
As at 31 December 2022	32,416	16,310	17,001	15,741	1,066	82,534
Net book value						
As at 31 December 2022	19,560	10,763	-	1,845	2,193	34,361
As at 31 December 2021	15,803	14,791	-	2,053	1,103	33,750

5. DEBTORS

	2022 (£)	2021 (£)
Licence fee & debtors	291,291	95,069
Prepayments	26,926	25,785
	318,217	120,854

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 (£)	2021 (£)
Trade creditors	46,180	20,323
Accruals	12,143	20,900
Amounts due to the JCRA	-	459
	58,323	41,682

7. MOVEMENT ON RETAINED RESERVE

	General (£)	Electricity (£)	Grant (£)	M & A (£)	Post (£)	Telecoms (£)	Total (£)
At 1 January 2021	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
(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

8. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2021, the GCRA had commitments under non-cancellable operating leases as set out below:		
Buildings	2022 (£)	2021 (£)
Amounts payable under operating leases:		
Not later than one year	52,000	52,000
In more than one year but less than five years	26,000	78,000
	78,000	130,000

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 (CONTINUED)

For the Year Ended 31 December 2022

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 2022, the Policy & Resources Committee provided £1,008,289 (2021: £343,153) in funding to the support significant investigations and the CfED provided £147k 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 (2021: £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 2022 £1,008,289 (2021: £203,153) had been invoiced of which £289,257 (2021: £79,568) was outstanding. The funding deficit for the year ended 31 December 2022, which has been notified to CfED as required under the service level agreement, amounted to £67,973 (2021: deficit £16,980). The accumulated reserve attributed to grant income at the year-end was overdrawn £(12,611) (2021: £55,362).

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 2022, £nil (2021: £nil) was invoiced by the GCRA to the JCRA and £1,862 (2021: £4,392) 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 (2021: £459) and the amount owed by the JCRA to the GCRA was £nil (2021: £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 £188,602 (2021: £195,166).

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.

Contact us

Suite 4, 1st Floor,
La Plaiderie Chambers,
La Plaiderie,
St Peter Port,
Guernsey,
GY1 1WG

Telephone: +44 (0) 1481 711120

Email: info@gcra.gg

Website: www.gcra.gg



**GUERNSEY
COMPETITION &
REGULATORY
AUTHORITY**

