

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 2019

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 2019" dated 4th May 2020, 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 2019.

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

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ACCOUNTS AND AUDITORS' REPORT FOR THE YEAR ENDING 31st DECEMBER 2019

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

4th May 2020

Dear Sir

1 Executive Summary

- 1.1 The 2019 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 2019.

3 Compliance with Rule 4

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

Yours faithfully

C N K Parkinson
President

A C Dudley-Owen
Vice-President

D de G de Lisle
N R Inder
J I Mooney



ANNUAL REPORT 2019

ABOUT THIS DOCUMENT

This document sets out our annual report and accounts for the period 1 January 2019 to 31 December 2019. It is presented to Guernsey's Committee for Economic Development and Jersey's Chief Minister pursuant to Section 13 of The Guernsey Competition and Regulatory Authority Ordinance, 2012 and Articles 17 and 18 of the Competition Regulatory Authority (Jersey) Law 2001.

Further information about our work is available on our website www.cicra.gg or www.cicra.je.

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CHAIR'S MESSAGE

As autonomous jurisdictions, Guernsey and Jersey take pride, rightly so, in the effective legislation, policy and government oversight structures that combine to provide the strong and stable governance that ensure the islands are well regulated in all aspects and especially regarding the economy. These structures and controls are imperative for sustained success and also for the standing and recognition that both islands enjoy internationally, not least with key bodies such as the OECD. CICRA, with its dual role of competition regulation and regulatory oversight for key sectors of the economy, plays an important role in this overarching governance network.

At CICRA, we work to ensure that Channel Islanders receive the best value, choice and access to high quality services, in addition to promoting competition and consumers' interests. In short CICRA's purpose is to help make markets work, supporting the economies of the islands and protecting the interests of consumers and of businesses.

In 2019 CICRA's strategic development focused in four key areas:

- Supporting development and delivery of government policy aims in key sectors of the economy
- Overseeing and developing sustainable and cost-effective provision of key island infrastructure
- Protecting and promotion of competition
- Developing efficient and effective processes and standards of transparency in competition law enforcement and economic regulation

As detailed in the report from the Chief Executive, significant progress was recorded in all four areas, enabled through the delivery of a detailed annual work plan. Of particular note in the year is the Authorities' work on the development of 5G, the successful conclusion of a multi-year price control agreement with Ports and Harbours in Jersey, determinations on mobile termination rates directly reducing costs to consumers and effectively multiple notifiable merger applications. At the same time the organisation has worked diligently on the development of competition oversight, together with an ongoing review of processes to provide more efficient and effective services to our end users.

At the time of writing CICRA is facing two fundamental challenges. Firstly, the impact of Covid19 is having fundamental socio-economic impacts and challenges that were largely inconceivable until recently. CICRA's objectives during these unprecedented times are to work closely with government and industry in the areas of competition and sector regulation to mitigate economic impacts of the virus, whilst ensuring both the protection of consumers and support of businesses. At the same time, we are working to ensure the well being of staff, both physical and mental. The work that CICRA undertakes can largely be performed remotely and, due to pre-crisis risk management planning, staff have successfully transferred to this mode of operation. There will be some impact on efficiency and time frames however the organisation remains fit for purpose.

Under normal business conditions competition law and regulation play a vitally important and positive role in shaping successful economies. Post Covid19 these functions will be key to helping economies recover and in protecting competition and consumer choice in what will be a challenging environment.

The second challenge relates to a decision by Senator Farnham, as the Jersey Minister for Economic Development, to withdraw from the bilateral agreement that formed CICRA and revert back to insular

authorities, those being the Jersey Competition & Regulatory Authority ('JCRA') and the Guernsey Competition & Regulatory Authority ('GCRA'). Responsibility for CICRA was transferred from the Chief Minister's office to Senator Farnham in February 2020 and he communicated his decision to his Guernsey counterpart, Deputy Charles Parkinson, on March 2nd 2020.

The CICRA Board was surprised to receive this decision by Senator Farnham not least given the recent endorsement of CICRA's approach and decision making from the independent review by Kassie Smith QC, the positive outcome of the last review meeting with the Jersey Chief Minister and the delivery against the 2019 work plan.

The Board recognises however that this is a matter of Ministerial direction, as do the Guernsey government, and consequently the bi-lateral agreement supporting CICRA will terminate on the 30th June 2020.

Whilst accepting the Minister's decision, the Board wishes to note its view that a combined authority remains the optimum and most efficient structure for competition and regulatory oversight for both Islands. Further it is the Board's view that reverting to insular authorities may have significant short- and long-term implications for both competition and regulation and the ability to deliver on government policy.

Reverting to insular authorities certainly increases the challenge of coordinated oversight across the jurisdictions, with the potential for increased delay between the Islands on critical matters. Critically this will also bring additional complexity to regulation of the telecommunications sector, including not least the 5G roll out and spectrum allocation. It is also apparent that it will result in increased costs. It will likely increase costs to businesses, in particular the regulated sectors, costs that will, in all probability, be passed on to consumers.

Planning is underway in both islands to ensure that impacts on the 2020 work plan are minimised, that certain key matters are seen to completion and that CICRA continues to fulfil its responsibilities through the transition period up to the separation date. Plans will also address the need for having properly constituted authorities in either island, that are able to take forward independent competition and regulatory oversight.

Looking to the future, with competition and regulation undertaken by separate insular authorities and in a world that will emerge from the Covid19 pandemic, it will be critically important that the two authorities forge a cooperative and collaborative relationship, working in tandem for the benefit of both islands and the Channel Islands overall. The original concept for CICRA was for the benefit of consumers and businesses and while, following the Minister's decision, the full benefits of a pan-island organisation will not be possible close cooperation should help mitigate this.

The full economic impacts of the pandemic have yet to be felt and will require coordinated and concerted efforts across many institutions, to minimise the consequences. For GCRA and JCRA this will undoubtedly include consideration for enhanced consumer protection and increase support for and collaboration among businesses. Given that economic recovery will likely be take several years, the long-term view that regulators take can work to strengthen that recovery, including successfully enabling 5G, promoting choice to drive competitive pricing and innovation and ensuring that vital sectors are supported to ensure they can continue to invest in the islands' futures for the benefit of all.

Throughout the year the small staff for CICRA has performed their duty with professionalism, diligence and commitment, dealing with often complex and challenging issues. At all times they acted with the fairness and impartiality and in line with the legal and regulatory requirements, as expected of a competition and regulatory body. On behalf of the board, I offer my thanks and commendation to the staff and to the leadership team led by Michael Byrne.

In addition, my thanks to the independent members, Hannah Nixon and John Curran for their support and wise counsel.

The Board expresses its thanks to Michael O'Higgins who stood down as chair in December at the end of his term. As senior independent member, I assumed the chair role as an interim during the search for a new chair. Given the separation to insular authorities, this has been replaced by separate searches on behalf of the GCRA and the JCRA.

Paul Masterton

Interim Chair

CHIEF EXECUTIVE'S REPORT

CICRA's responsibilities encompass both competition law and economic regulation, where it is responsible for the administration and enforcement of competition law across the Channel Islands together with the economic regulation of the telecom, ports and postal sectors in Jersey and the telecoms and electricity sectors in Guernsey.

Over 2019 CICRA has been particularly focussed on ensuring key regulatory building blocks are in place consistent with the policy priorities of each island and the legal duties placed on the GCRA and JCRA by the States of Guernsey and the States of Jersey respectively. CICRA will continue to be a significant contributor to the ongoing development of States policy priorities, including in next generation telecoms technology in both islands, the energy sectors in Guernsey as well as airport and harbours in Jersey.

Overseeing and developing a regulatory framework that supports and appropriately balances a wide range of priorities in key sectors where we have regulatory responsibility has challenges. Ensuring sustainable and cost-effective provision of key island infrastructure, that demand is adequately met and particular services are not more expensive than necessary continued to be high on CICRA's priorities over 2019. CICRA has for example worked with Ports of Jersey in its unique role as economic regulator of Jersey's harbours and airport, setting a medium term price control for Ports of Jersey. This provided a predictable price framework on which Ports of Jersey was able to plan its capital investment programmes to maintain and develop that infrastructure. In 2019 CICRA also responded to challenges faced by Guernsey Electricity given the impact of reduced capacity of its import links on costs of electricity supply, agreeing to an interim application for price changes. It also continued to monitor pricing controls previously placed on the telecommunication providers and maintained oversight of Jersey Post's quality of service provision.

Society and consumer interests are well served through effective competition where appropriate; and regulation where competition is not sufficient to adequately protect those interests. A thriving economic ecosystem where providers are delivering choice and providing services efficiently, especially where there is limited alternative in key areas, is essential to support economic growth while reducing both cost of doing business and cost of living. CICRA opened four competition cases across the Channel Islands over 2019 in the medical, media and telecommunications sectors, where concerns arose that the behaviour of producers risked undermining fair competition and choice, which in turn undermined the long term interests of consumers who pay for their services. Three of those cases proceeded further while one was found not to have merit and was therefore closed. Over 2019 CICRA reviewed 13 notifiable merger applications to ensure competition is not being undermined by competitors taking over rivals. CICRA also reached the final stages of its decision process in several areas of telecommunications, proposing to implement significant reductions to the charges mobile operators make to other networks to terminate calls to the extent that they would be 17% of their current level. CICRA was also obliged to investigate a complaint in the Jersey broadband sector which was upheld, finding a major telecom provider contravened its licence by its pricing behaviour which put competition at risk in a case of a repeated offence.

In line with similar bodies around the world CICRA revisits and improves its approach to how it fulfils its duties so they are fair and transparent, reflecting best practice appropriate to the scale of the islands. Work is continuing with government on proposed changes to the competition law, in particular, CICRA continues to press for modernisation of the legal framework in the Mergers & Acquisition and block exemptions regimes. These require attention as they continue to place burden on businesses that are avoidable. CICRA has however made

improvements where those are within its gift by putting in place a simplified administrative merger control procedure. It continues to process notified mergers ahead of its administrative target of 25 days with average clearance time less than 15 days over 2019. The Guernsey and Jersey Authorities were signatories to the International Competition Network's Framework on Competition Agency Procedures in 2019, joining a large number of international bodies with similar remits. It is a framework that provides for basic principles on procedural fairness, reflecting a broad consensus among competition agencies as well as supporting co-operation between competition agencies. Another important element of CICRA's approach is to engage with industry and other stakeholders, in particular through providing workshops and summits for businesses and civil servants. Our competition law workshops over 2019 focussed on the legal profession where we held training sessions for law firms. As conduits to small and medium businesses it is important that law firms are confident in key principles of competition law in advising their clients and CICRA is looking to support that through these dedicated workshops. Several telecommunications summits were also hosted by CICRA over 2019 involving a wide range of participants, with Ministers, key civil servants, telco companies and international experts in their fields attending. The summits covered next generation telecoms technology and discussed how best to place the islands on a sound footing to benefit from these technology changes. These were welcomed by all who attended and, as noted by our international speaker, ground breaking in bringing together such a wide range of contributors.

The resilience and capacity of key connectivity links to and within the islands have been tested emphatically by the worldwide pandemic. The quality of the infrastructure of both islands has been excellent in the face of exceptional challenges, due in no small part to the planning and efforts of numerous people, but also reflecting the benefits of regulatory frameworks that have taken a long term view. The flexibility of the competition law enforcement regime in circumstances where a degree of coordination between competitors became essential to support logistic supply lines and resilience of key service provision, meant that businesses continued to keep supply chains and working in a challenging context within safe regulatory harbours. Huge credit should be given to the teams in those businesses and within the States to the way the islands have coped with the challenges faced.

Looking beyond the impact of the current pandemic, the ability of the Channel Islands to continue to benefit from new technologies and the extent to which healthy markets assist in delivering those, will influence innovation, choice and value for money. The role of a competition and regulatory authority in key sectors going forward will therefore be as critical as ever in supporting economic growth and productivity. Ensuring investment in vital connectivity infrastructure in telecommunications, ports, energy and postal sectors remains on a sound footing and future ready will also continue to be a priority. Aside from providing employment and other benefits, small businesses are a vital source of competition especially in our island economies while the economic impact of the pandemic on this sector is unfortunately likely to be particularly acute. Consumer welfare is diminished if small businesses that serve their interest well are lost; in terms of CICRA's priorities it means the protection of fair competition will be as essential as ever.

As a key body in each island CICRA is tasked with an oversight role of sectors of the economy providing critical infrastructure and services to islanders. As a competition law enforcement body it also polices fair competition to ensure businesses that serve customers well thrive and are not undermined by those that do not. The range of responsibilities required to achieve those relies on a strong and capable team of professionals. I am proud to lead such a team who constantly impress with their dedication and commitment to carrying out the duties of the Authorities. I would like to thank my team and members of the Authorities who have supported the achievement on CICRA's work over 2019.

Michael Byrne

Chief Executive

OUR POWERS AND DUTIES

What we do

We are responsible for administering competition law and regulating the telecoms sector across the Channel Islands together with regulating the ports and postal sectors in Jersey and electricity in Guernsey.

We are one of a number of agencies that work together to help Channel Islands businesses and consumers get the best from services they receive and to protect them from unfair practices. We can also be called on to advise government on matters of economic regulation and competition.

Where appropriate, we support competition as the basis for delivering good consumer outcomes.

We are an independent public authority, accountable to the States Assemblies in Jersey and Guernsey.

We operate as CICRA but were established as two separate entities, the Guernsey Competition and Regulatory Authority (GCRA) under the Guernsey Competition and Regulatory Authority Ordinance, 2012 and the Jersey Competition Regulatory Authority (JCRA) under the Competition Regulatory Authority (Jersey) Law 2001.

Our functions and legal duties guide the direction of our work and are set out in legislation passed by the States Assemblies in each island, to whom we are accountable.

Our principal duty is to ensure markets work

In competition law, we ensure businesses compete fairly with each other by working in a way that generates the positive, defined benefits associated with free markets, has a positive impact on the Channel Islands economies as a whole, and delivers outcomes that are trusted, respected and as far as reasonable consistent with international norms.

In the telecoms sector, we carry out our functions in a way that maintains well-regulated Channel Islands telecoms markets, supports retail competition and the path to next generation connectivity (5G) and co-ordinates spectrum and number management with Ofcom (the UK telecoms regulator).

In the postal sector, we provide oversight of Jersey Post's behaviour and charges, as well as ensuring quality of service provision and universal service obligations (which ensures all users receive a minimum level of service).are met

In the ports sector, we provide oversight that ensures charges for services and facilities are reasonable as well as protecting consumers through a transparent and relevant range of quality of service standards.

WHO WE WORK WITH AND HOW WE WORK

Engagement with stakeholders - Industry and Government

We engage with a wide range of stakeholders across the Channel Islands, including States members, government officials, companies and industry bodies, consumer associations, and fellow regulatory bodies both locally-based and further afield.

An advantage of regulating in the Channel Islands is the relative proximity of key stakeholders. In particular, supporting the introduction of 5G and providing a longer term pricing framework for the ports sector have benefited from significant 'round table' engagement with industry and government, in conjunction with formal regulatory process.

Our advocacy programme targeted at local law firms has delivered training to 80 lawyers across the Channel Islands. This well-received programme will continue into 2020. We also ran a programme of competition law and procurement training sessions for the States of Guernsey.

Engagement with stakeholders - Consumers and Islanders

Understanding consumers' and Islanders' interests and behaviour is vital to our work. Our offices in Guernsey and Jersey provide us with insights into the particular challenges faced in each jurisdiction, although it is often the case that the challenges faced are common across the Channel Islands.

We 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, ports and postal sectors is targeted to identify and focus on those areas that matter most to consumers.

As a result of our intervention, local telecoms operators have voluntarily published details of their retail service standards and compensation and have met the UK standard for dispute resolution.

CICRA receives calls, emails and letters directly from consumers. The information that consumers provide and the issues they highlight help us to prioritise our work. Our contact details are available on our website www.cicra.gg or www.cicra.je.

Engagement with stakeholders - Co-regulators and other bodies

As a founding member of Jersey's Consumer Protection Network, we engage with various regulatory and consumer bodies on a regular basis.

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

When assessing applications for the approval of certain mergers and acquisitions we work alongside colleagues in the UK's Competition and Markets Authority and the European Commission to avoid duplication of effort both on our part and that of the parties to the transaction.

When we regulate

We operate with a bias against intervention, but with a willingness to intervene promptly and effectively where required.

We have choices to make in deciding where to focus our resources and the appropriate approach to take. Our published prioritisation principles support how we decide which matters to focus on, considering whether matters are Actionable (whether we have the power to effect change), Realistic (whether we have the capacity and capability to effect the change to the required legal standard), and Meaningful (the extent of the likely benefit to consumers).

As a consumer-focussed rather than consumer-facing organisation we encourage consumers with complaints to seek to resolve these, in the first instance, with their service provider, through that provider's complaints procedure. We also refer consumers to other consumer organisations such as Trading Standards, Citizen's Advice and Jersey's Consumer Council where these organisations are better placed to provide the consumer with the support they need. We only seek to broker a resolution on an individual consumer's behalf as a last resort.

How we regulate

When available, we regulate in accordance with the policies and frameworks provided by government. Where such policies and frameworks have not yet been developed, we base our work on established best practice elsewhere, having discussed our proposed plans and strategic direction with government.

We will always seek the least intrusive regulatory method of achieving our objective. We refer to this approach as principled pragmatism.

We focus on reducing regulation where it is appropriate to do so and believe that principled pragmatism means ensuring our work is properly targeted and does not impose undue burdens on stakeholders.

Across all areas of work we have regard to the principles of better regulation; that regulation should be transparent, proportionate, consistent, accountable and targeted only at cases where action is needed.

We regulate with a clearly articulated and publicly reviewed strategic objectives and annual work programme that has been the subject of consultation prior to being finalized.

Public consultation is a key way in which stakeholders are able to comment on and respond to our proposals before any final decisions are made. While we consider each consultation on its merits, we generally consult for four weeks to allow stakeholders time to prepare their responses.

During 2019, we continued to improve our regulatory consultation process and in competition law sought to align ourselves with an international framework of good practise by becoming a signatory to that alongside a number of similar bodies.

Openness, Integrity and Accountability

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

- subject to the appropriate level of confidentiality, we maintain an openness in our public affairs, in order that the Islanders can have confidence in the our actions and decision-making processes, in the management of our activities, and in the Members and staff of CICRA itself;
- we maintain, at all times, an appropriate degree of integrity in the conduct of our affairs. Integrity comprises both straightforward dealing and completeness. We base our integrity upon honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of our funds and management of our affairs;

- we are fully accountable in the application of the fees and grant monies entrusted to us and that these are properly safeguarded, and are used economically, efficiently and effectively.

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.

Summary

We are a not-for-profit organisation. Where we receive more funding (from grants or licence fees) than we require for any particular year, the surplus income is deferred to the next year. Each of the bodies of which CICRA is comprised therefore has a surplus of £1 for 2019. All of the activities we undertake are separately funded, by island and by sector: cross-subsidisation is not permitted, and common costs are shared between sectors. A working capital balance and an appropriate level of reserves are maintained at all times.

We set a budget for CICRA of £1,894k for 2019, which covered our regulatory and competition law activities across the Channel Islands.

Delivering our duties and value for money

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

For 2019, the income needed to cover our costs was £1,962k, 3.6% above budget, of which £730k related to Guernsey and £1,232k related to Jersey. The overrun of costs in Jersey was due exclusively to a single case which incurred unexpected, and therefore unbudgeted, costs of £366k of which £353k was recovered from the Chief Minister's Department. The surplus of the grants and licence fees we received will be retained for future use, or refunded as appropriate, in order to allow us to maintain appropriate working capital and reserves.

Expenditure is closely controlled through maintaining strict internal guidelines for purchasing including tendering for services which, combined with appropriate best practice corporate governance, helps to ensure that CICRA 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 and the Chief Minister's Department in Jersey to cover the costs of administering and enforcing the Channel Islands' competition laws. Basic funding has remained at £300k per annum in Jersey and £140k per annum in Guernsey since 2011 and 2013 respectively. With the exception of the £353k referred to above, in Jersey, we only drew down £150k of cash during 2019.

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

In addition to grant funding, we receive fees from parties making applications for approval of notifiable mergers and acquisitions. During 2019, these fees amounted to £85k in Jersey and £11k in Guernsey. These applications and costs are by their nature unpredictable. Any costs in excess of fees received are funded through the competition law grant.

In total, the cost for all competition law activity during 2019 was £731k, £160k in Guernsey and £571K in Jersey. Grant income in excess of costs is, with the agreement of the relevant States department, either returned to that department after the year end or held to fund future work.

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

Licence fees

Sector-specific regulation is funded through licence fees paid by licensed operators in each of the telecoms, postal and ports sectors.¹ The licence fees are calculated based on the forecasted cost of regulating the sector for the year in question.

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

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

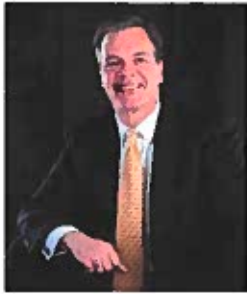
£'000	Telecoms				Ports	
	GCRA		JCRA		JCRA	
	2019	2018	2019	2018	2019	2018
Licence and application fees						
- charged in year	583	596	662	641	180	180
- released from reserves	0	0	0	0	0	0
<i>Total</i>	583	596	662	641	180	180
<i>Costs</i>	532	595	539	477	110	149
<i>Surplus for the year</i>	51	1	123	164	70	31
Returned to licensees	0	117	0	90	31	37

£'000	Postal				Electricity	
	GCRA		JCRA		GCRA	
	2019	2018	2019	2018	2019	2018
Licence and application fees						
- charged in year	0	0	22	22	11	61
- released from reserves	0	0	0	0	28	0
<i>Total</i>	0	0	22	22	39	61
<i>Costs</i>	0	0	12	14	39	26
<i>Surplus for the year</i>	0	0	10	8	0	35
Returned to licensees	0	0	0	11	0	0

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 CICRA.

ACCOUNTABILITY REPORT

ACCOUNTABILITY REPORT – THE CICRA BOARD



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4

1 Paul Masterton – Interim Chair

Paul, a resident of Jersey, joined CICRA as a Non-Executive Board Member in February 2017. He has spent most of his career in the printing and communications industry in the UK, USA and Asia.

From 2008 to 2013, Paul was the Chief Executive of the Durrell Wildlife Conservation Trust, an international wildlife charity.

Paul has a number of directorships in finance, insurance and property development and in 2012 was appointed as the founding Chair of Digital Jersey, a partnership between the States of Jersey and the digital sector to represent and promote the industry.

2 Michael Byrne - Chief Executive

Michael has extensive experience applying regulation and competition law in the UK energy, media and telecoms sectors.

Michael holds a diploma in Company Direction from the IoD, an MBA from the University of Warwick, post graduate qualifications in UK and European Competition Law, and a Bachelor of Science postgraduate degree in Mathematical Statistics.

3 Hannah Nixon - Non-Executive Director

Hannah has extensive experience in economic regulation and competition issues, working across a range of industries in the public and private sectors.

She was Managing Director of the UK Payment Systems Regulator and a Senior Partner at Ofgem, the UK gas and electricity regulator. She was also Ofgem's Head of Profession for Economics.

4 John Curran – Non-Executive Director

John is a former Chief Executive of CICRA 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 a non-voting member of the States of Guernsey Transport Licensing Authority.

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

ACCOUNTABILITY REPORT – THE CICRA TEAM



Sarah Livestro – Legal Director
Competition law

Sarah Price – Project manager

Mergers and acquisitions, competition law and telecoms regulation



Jill Perkins – Office Manager
Office administration, event co-ordination

Tim Ringsdore – Director
Telecoms regulation



Richard Harrington – In-House Counsel

Competition and regulatory laws, legal practice and procedure

ACCOUNTABILITY REPORT – GOVERNANCE STATEMENT

The governance structure

While CICRA 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.

CICRA

CICRA consists of two separate statutory bodies corporate, the Jersey Competition Regulatory Authority under Article 2 of the Competition Regulatory Authority (Jersey) Law 2001 and the Guernsey Competition and Regulatory Authority under Section 1 of the Guernsey Competition and Regulatory Authority Ordinance, 2012.

The Board

CICRA is led by a joint Board. Legislation requires CICRA to comprise, as a minimum, three Members, with one as Chair. As at 31 December 2019 the Board consisted of a Chair, three non-executive Members and one executive director Member. The Board leads the organisation. Its core activities include:

- Establishing and maintain CICRA'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 CICRA's appetite for risk
- Obtaining assurance that material risks to CICRA 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 CICRA.

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 Chair is appointed concurrently as Chair of the GCRA by the States of Deliberation in Guernsey on the recommendation of the Committee for Economic Development and Chair of the JCRA by the States of Jersey on the recommendation of the Chief Minister. Members are appointed to the Boards of the GCRA and JCRA by the Committee for Economic Development and the Chief Minister respectively after consultation with the Chair. Vacancies which arise are filled through an open and transparent process, consistent with the procedures recommended by the Jersey Appointments Commission. 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 Chair

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

- CICRA 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
- The Audit and Risk Committee is properly established, composed and operated
- CICRA 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 2019, the GCRA board met on 10 occasions and the JCRA board met on 10 occasions. The table below details meetings and attendances for 2019.

	GCRA BOARD	AUDIT AND RISK GCRA	JCRA BOARD	AUDIT AND RISK JCRA
Michael O'Higgins	10/10	-	10/10	-
John Curran	10/10	3/3	10/10	3/3
Paul Masterton	10/10	3/3	10/10	3/3
Hannah Nixon	10/10	3/3	10/10	3/3
Michael Byrne	10/10	3/3*	10/10	3/3*
Louise Read	2/10^	1/3*^	2/10^	1/3*^

*In attendance only

^Resigned February 2019

Board Committees

Legislation allows CICRA to establish committees, which it has done through the establishment of an Audit and Risk Committee. The members of this committee are the non-executive members, excluding the Chair; they are appointed by the Board. Hannah Nixon succeeded Philip Marsden as committee Chair in September 2018. Executive members attend Committee meetings in an advisory capacity. The key duties of the Committee are to

- consider certain matters relating to the external audit, including reviewing the financial statements prior to their consideration by the board
- review the mechanisms for ensuring the effectiveness of internal controls
- review and agree the internal auditor's work plan, monitor and review the effectiveness of internal audit work, and review all reports produced, monitoring the response to the findings and recommendations
- meet with the internal and external auditors at least once per year without the presence of the Executive
- review annually the application of corporate governance best practice

ACCOUNTABILITY REPORT – REMUNERATION REPORT

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 CICRA should, within the constraints of being a public body, provide rewards that will attract and retain the high-calibre management necessary for CICRA 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 of Economic Development in Guernsey and the Chief Minister in Jersey.

Components of remuneration

The main components of Executive Members' remuneration are salary and other benefits.

Executive Members are members of each authority and employees of either the JCRA or GCRA.

Executive Members receive no fees as members of the Authorities.

The basic salary for Executive Members is determined by taking into account each individual's responsibilities, performance and experience together with market trends. All basic salaries are reviewed annually, effective 1 January, by the non-executive members. Recommended changes are notified to the Committee for Economic Development in Guernsey and the Chief Minister in Jersey for approval.

In addition to salary, Jersey based Executive Members receive certain benefits; specifically private medical insurance, life insurance, critical illness insurance and a contributory pension scheme. These benefits are not disclosed in the remuneration tables below because they are not taxable as benefits in kind.

Non-executive Members' remuneration

Fees are determined by the Chief Minister in Jersey and the Committee for Economic Development in Guernsey. Customarily, each member's fees are split equally between the GCRA and JCRA.

Remuneration schedules

Details of the remuneration received for the Board are set out in the following tables. The tables reflect the remuneration for that part of the year during which individuals were members of the Board.

During 2019 Louise Read left CICRA and received a tax free lump sum payment of £43,560.

CICRA EXECUTIVE MEMBER REMUNERATION 2019

Executive Member	GCRA		JCRA	
	2019 £	2018 £	2019 £	2018 £
Michael Byrne	83,400	82,500	83,400	82,500
Louise Read	41,042	54,641	41,042	54,641
Total	124,442	137,141	124,442	137,141

CICRA NON-EXECUTIVE MEMBER REMUNERATION 2019

Member	GCRA		JCRA		Shared expenses	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Michael O'Higgins	25,000	25,000	25,000	38,333 ⁺⁺	3,833	7,108
Hannah Nixon	10,000	10,000	10,000	10,000	2,222	2,073
Paul Masterton	11,759	10,000	11,759	10,000	1,081	634
John Curran	10,000	3,333 ⁺	10,000	3,333 ⁺	532	710
Peter Neville	-	5,758 ⁺	-	5,758 ⁺	-	320 ⁺
Philip Marsden	-	8,000 ⁺	-	8,000 ⁺	-	1,219 ⁺
Total	56,759	62,091	56,759	75,424	7,668	12,064

+part year only ++ includes additional work commissioned by Jersey's Minister for Economic Development, Tourism and Culture

FINANCIAL STATEMENTS

MEMBERS' REPORT FOR THE FINANCIAL STATEMENTS

Members

The Members in office during the year are shown on pages 15 to 17.

Events after the end of the reporting period

There have been no events, other than noted below, 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.

Following the year end and before the financial statements were approved by each Authority the governments of Jersey and Guernsey made a decision to revert back to separate independent insular island authorities.

Operationally it is anticipated that there will be little impact on each Authority with the basic work of both Authorities remaining unchanged. Financially, the income streams of both entities were already separate but they will no longer share costs or a Board in the way that they have since 2012.

In Jersey Paul Masterton will remain as interim Chairman and Hannah Nixon will continue on the Board. However, John Curran will resign and a new non-executive member will be appointed to the Board of the JCRA.

In Guernsey John Curran will assume the interim Chairmanship and Paul Masterton will resign with a new non-executive appointed to the Board of the GCRA. Hannah Nixon will remain on the Board.

Michael Byrne will remain as Chief Executive Officer in Guernsey and as interim Chief Executive Office in Jersey until a new appointment is made.

Likely future developments in the activities of CICRA

Following the year end and before the financial statements were approved by each Authority the governments of Jersey and Guernsey made a decision to revert back to separate independent insular island authorities.

Independent auditor

The auditor, BDO Limited, which was appointed in accordance with Section 13(4)(a) of The Guernsey Competition and Regulatory Authority Ordinance, 2012, and Article 17 of the Competition Regulatory Authority (Jersey) Law 2001, has indicated its willingness to continue in office as auditor.

Members' disclosure

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

Members' responsibilities

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

The Guernsey Competition and Regulatory Authority Ordinance, 2012, and the Competition Regulatory Authority (Jersey) Law 2001 require 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 and JCRA's transactions and disclose with reasonable accuracy, at any

time, the financial position of the GCRA and JCRA and which enable them to ensure that these financial statements comply with the Ordinance and the Law. They also consider that they are responsible for safeguarding the assets of the GCRA and JCRA 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 Law also requires Members to prepare accounts in respect of each financial year, and once audited by auditors appointed by the Auditor and Comptroller General, to submit to the Chief Minister's Department the accounts together with the auditor's report. The Chief Minister's Department, in turn, must submit the accounts and auditor's report thereon to the States of Jersey.

The Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the GCRA and JCRA will continue in operation.

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

FINANCIAL STATEMENTS

GUERNSEY COMPETITION
AND REGULATORY
AUTHORITY

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

Opinion

We have audited the financial statements of Guernsey Competition and Regulatory Authority ("the Authority") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Cash Flows, 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 United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice').

In our opinion, the financial statements:

- give a true and fair view of the state of the Authority's affairs as at 31 December 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Guernsey Competition and Regulatory Authority Ordinance, 2012.

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 relevant to our audit of the financial statements in the UK, including the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Member's Report for the financial statements, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council'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 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.



BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date 29 April 2020

GUERNSEY COMPETITION AND REGULATORY AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		£	£
INCOME			
Telecommunications licence and application fees		529,762	594,485
Electricity licence and application fees		38,433	26,474
Postal licence fees		78	-
Competition law grant		143,408	136,208
Mergers and acquisitions fees		15,812	21,500
		727,493	778,667
EXPENDITURE			
Salaries and staff costs		432,581	522,211
Consultancy fees		88,568	53,351
Operating lease rentals		62,033	61,070
Travel and entertainment		19,895	30,909
Conference and course fees		17,904	7,928
Depreciation	3	17,067	14,122
Administration expenses		9,577	10,316
Legal and professional fees		(1,500)	8,643
Audit and accountancy fees		8,653	16,906
Advertising and publicity		11,849	14,218
Repairs and maintenance		22,800	22,774
Heat, light and water		2,501	2,489
Recruitment		21,094	3,479
General expenses		14,470	10,250
		727,492	778,666
SURPLUS FOR THE FINANCIAL YEAR	6	1	1

Where the GCRA receives more funding than it spends on its activities, the surplus income is deferred. Any shortfall in the year is released from deferred income. The GCRA therefore has a surplus of £1 for 2018 and 2019.

STATEMENT OF TOTAL COMPREHENSIVE INCOME

There are no differences between the surpluses for the financial years stated above and total comprehensive income.

The notes on pages 33 to 38 form an integral part of these financial statements.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31
DECEMBER 2019

	Notes	2019	2018
		£	£
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Surplus for the financial year</i>		1	1
Adjustments for:			
Depreciation of fixed assets	3	17,067	14,122
(Increase)/decrease in debtors and prepayments	4	(107,798)	2,713
Increase /(decrease) in creditors	5	79,470	(52,823)
<i>Net cash used in operating activities</i>		(11,260)	(35,987)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	3	(9,330)	(11,595)
<i>Net cash used in investing activities</i>		(9,330)	(11,595)
<i>Net decrease in cash and cash equivalents</i>		(20,590)	(47,582)
<i>Cash and Cash Equivalents at the Beginning of the Year</i>		413,894	461,476
CASH AND CASH EQUIVALENTS AT THE YEAR END		393,304	413,894

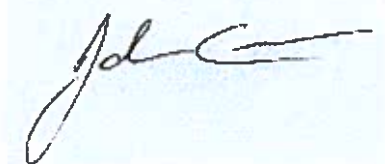
The notes on pages 33 to 38 form an integral part of these financial statements.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019	2018
		£	£
FIXED ASSETS			
Fixed assets	3	29,746	37,483
CURRENT ASSETS			
Debtors and prepayments	4	129,725	21,927
Cash and cash equivalents		393,304	413,894
		523,029	435,821
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	5	352,772	273,302
<i>Net Current Assets</i>		170,257	162,519
TOTAL ASSETS LESS CURRENT LIABILITIES		200,003	200,002
RETAINED SURPLUS	6	200,003	200,002

The financial statements on pages 30 to 38 were approved on 29 April 2020 and authorised for issue by the Members, and signed on their behalf by:



John Curran

Chair

The notes on pages 33 to 38 form an integral part of these financial statements.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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:

a) Income

Income is received from a government grant and other charges 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 charges

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 grant received for 2019 was £140,000 (2018:£140,000). £143,908 is reflected in the statement of comprehensive income in order to match the expenditure incurred in relation to competition law matters during 2019. 'Mergers and acquisitions fees' comprises 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 2019 were £11,000 (2018: £21,500) with £15,812 (2018:£21,205) reflected in the statement of comprehensive income to recognise the expenditure incurred. Any unused funds at the financial year end are either deferred or repaid to the Committee for Economic Development. Any deficits are funded from agreed releases of deferred income or recovered from future grants. The deficit of grant income for the year amounted to £3,908 (2018: a surplus of £3,792 was transferred to reserve).

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 deferred income. License fee percentages / charges and deferred income balances are set out overleaf:

	2019		2018	
	<i>Licence fee % / charge</i>	<i>Deferred income balance</i>	<i>Licence fee % / charge</i>	<i>Deferred income balance</i>
Telecoms	1.1% of relevant turnover	£114,344	1.1% of relevant turnover	£62,392
Post	-	£20,911	-	£20,988
Electricity	£10,500	£22,187	£60,500	£50,121

b) Expenditure

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

c) Fixed assets

Fixed assets are stated at cost less depreciation. 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.

d) Leasing 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.

e) Taxation

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

2. 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 1, 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:

- Determined whether leases entered into by the GCRA as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determined whether there are indicators of impairment of the GCRA's fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset.
- Determined the split of general expenses incurred for work undertaken under the aegis of the Channel Islands Competition and Regulatory Authorities. These decisions depend on an assessment of resource allocation, including that of staff time.
- Determining the appropriate treatment for the costs incurred in developing a new website. Factors taken into consideration in reaching the decision include: the ability to separate the asset from the GCRA; the benefit of an improved website internally and externally; the intention to complete the project and bring the website into use, noting that it has the resources so to do; and the ability to reliably measure the expenditure incurred on developing the website during the development phase.

Key sources of estimation uncertainty:

- Fixed assets (see note 3) are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. FIXED ASSETS

	<i>Leasehold Improvements</i>	<i>Computer Equipment</i>	<i>Website</i>	<i>Fixtures & Fittings</i>	<i>Office Equipment</i>	<i>Total</i>
	£	£	£	£	£	£
<i>Cost</i>						
As at 1 January 2019	34,761	20,619	17,001	20,093	497	92,971
Additions	-	9,222	-	-	108	9,330
Disposals	-	(6,906)	-	-	-	(6,906)
As at 31 December 2019	34,761	22,935	17,001	20,093	605	95,395
<i>Depreciation</i>						
As at 1 January 2019	19,171	10,714	7,670	17,436	497	55,488
Provided for the year	6,106	4,048	5,906	1,004	3	17,067
Disposals	-	(6,906)	-	-	-	(6,906)
As at 31 December 2019	25,277	7,856	13,576	18,440	500	65,649
<i>Net Book Value</i>						
As at 31 December 2019	9,484	15,079	3,425	1,653	105	29,746
As at 31 December 2018	15,590	9,905	9,331	2,657	-	37,483

4. DEBTORS AND PREPAYMENTS

	<i>2019</i>	<i>2018</i>
	£	£
Prepayments	15,706	20,802
Amount due from the Jersey Competition Regulatory Authority	62,056	937
Other debtors	51,963	188
	129,725	21,927

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>2019</i>	<i>2018</i>
	£	£
Accruals	20,600	29,170
Deferred licence fee and grant income	237,799	222,078
Trade creditors	1,844	3,202
Amounts due to the Jersey Competition and Regulatory Authority	92,529	18,852
	352,772	273,302

6. MOVEMENT ON RETAINED SURPLUS

	2019	2018
	£	£
At 1 January	200,002	200,001
Surplus for the year	1	1
	200,003	200,002

7. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the GCRA had commitments under non-cancellable operating leases as set out below:

	Buildings	
	2019	2018
	£	£
Amounts payable under operating leases:		
Not later than one year	58,150	58,150
In more than one year but less than five years	27,880	86,030
	86,030	144,180

In February 2015, with the consent of the CfED, the GCRA entered into a six and a half-year lease at a cost of £54,000 per annum, including service charge and parking for office accommodation at La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey. The rental amount increased to £58,150 per annum in February 2018.

8. 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 2019, the CfED provided £140,000 (2018: £140,000) in funding to the GCRA to finance the administration and enforcement of The Competition (Guernsey) Ordinance, 2012 under the provisions contained within that legislation. The funding deficit for the year ended 31 December 2019, which has been notified to CfED as required under the service level agreement, amounted to £3,408 (2018: surplus £3,792). The accumulated balance of deferred grant income at the year-end was £85,169 (2018: £88,577).

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

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

During 2019, £43,830 (2018: £72,636) was invoiced by the GCRA to the JCRA and £224,806 (2018: £123,966) 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 £92,529 (2018: £18,852) and the amount owed by the JCRA to the GCRA was £62,056 (2018: £937).

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 £181,201 (2018: £210,207).

9. EVENT AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Following the year end and before the financial statements were approved by each Authority the governments of Jersey and Guernsey made a decision to revert back to separate independent insular island authorities.

Operationally it is anticipated that there will be little impact on each authority with the basic work of both authorities remaining unchanged. Financially, the income streams of both entities were already separate but they will no longer share costs or a Board in the way that they have since 2012.

John Curran will assume the interim Chairmanship and Paul Masterton will resign with a new non-executive appointed to the Board of the GCRA. Hannah Nixon will remain on the Board.

A consultant which undertook a piece of work during 2018 decided during 2019 not to charge for the services provided, resulting in the cancellation of a liability of £7,300. This amount has been recognised in the financial year ending 31 December 2019.

FINANCIAL STATEMENTS

JERSEY COMPETITION
REGULATORY AUTHORITY

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

Opinion

We have audited the financial statements of Jersey Competition and Regulatory Authority ("the Authority") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Cash Flows, 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 United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice').

In our opinion, the financial statements:

- give a true and fair view of the state of the Authority's affairs as at 31 December 2019 of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Competition Regulation (Jersey) Law, 2001.

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 relevant to our audit of the financial statements in the UK, including the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Member's Report for the financial statements, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council'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 Article 17 of the Competition Regulatory Authority (Jersey) Law, 2001. 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.



BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date 29 April 2020

JERSEY COMPETITION REGULATORY AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		£	£
INCOME			
Telecommunications licence fees		537,305	476,805
Postal licence fees		12,204	13,770
Ports of Jersey incorporation grant and licence fees		109,265	149,458
Competition law grant and other competition law funding		540,882	271,412
Mergers and acquisitions fees		29,419	94,000
		1,229,075	1,005,445
EXPENDITURE			
Salaries and staff costs		534,081	636,322
Consultancy fees		113,964	82,488
Operating lease rentals		50,364	58,996
Travel and entertainment		22,148	30,282
Conference and course fees		15,897	8,416
Depreciation	3	9,400	7,772
Administration expenses		9,142	7,731
Legal and professional fees		372,038	87,965
Audit and accountancy fees		9,046	19,521
Advertising and publicity		9,770	14,218
Repairs and maintenance		26,298	22,842
Heat, light and water		3,324	2,836
Recruitment		21,177	3,479
General expenses		32,425	22,576
		1,229,074	1,005,444
SURPLUS FOR THE FINANCIAL YEAR	6	1	1

Where the JCRA receives more funding than it spends on its activities, the surplus income is deferred. Any shortfall in the year is released from deferred income. The JCRA therefore has a surplus of £1 for 2018 and 2019.

STATEMENT OF TOTAL COMPREHENSIVE INCOME

There are no differences between the surpluses for the financial years stated above and total comprehensive income.

The notes on pages 46 to 51 form an integral part of these financial statements.

JERSEY COMPETITION REGULATORY AUTHORITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31
DECEMBER 2019

	Notes	2019	2018
		£	£
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Surplus for the financial year</i>		1	1
Adjustments for:			
Depreciation of fixed assets	3	9,400	7,772
Increase in debtors and prepayments	4	(76,638)	(15,124)
Increase in creditors	5	230,308	7,896
<i>Net cash generated from operating activities</i>		163,071	545
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	3	(11,214)	(3,553)
<i>Net cash used in investing activities</i>		(11,214)	(3,553)
<i>Net increase/(decrease) in cash and cash equivalents</i>		151,857	(3,008)
<i>Cash and cash equivalents at beginning of the year</i>		549,851	552,859
CASH AND CASH EQUIVALENTS AT THE YEAR END		701,708	549,851

The notes on pages 46 to 51 form an integral part of these financial statements.

JERSEY COMPETITION REGULATORY AUTHORITY
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER
2019

	Notes	2019	2018
		£	£
FIXED ASSETS			
Fixed assets	3	17,173	15,359
CURRENT ASSETS			
Debtors and prepayments	4	126,371	49,733
Cash and cash equivalents		701,708	549,851
		828,079	599,584
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	5	719,794	489,486
<i>Net Current Assets</i>		108,285	110,098
TOTAL ASSETS LESS CURRENT LIABILITIES		125,458	125,457
RETAINED SURPLUS	6	125,458	125,457

The financial statements on pages 43 to 51 were approved on 29 April 2020 and authorised for issue by the Members and signed on their behalf by:



Paul Masterton

Chair

The notes on pages 46 to 51 form an integral part of these financial statements.

JERSEY COMPETITION REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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:

a) Income

Income is received from government grant and other charges raised in respect of the JCRA's responsibilities as the administrator and enforcer of Jersey's competition law and through fees raised through the licensing regime in place for certain sectors. Further details are given below:

i) Grants and other charges

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 grant received for 2019 was £278,087 (2018:£209,000). In 2019 £128,087 (2018: £62,412) was released from deferred income. Additional cash funding of £352,780 (2018: NIL) was provided to meet the specific cost of defending an appeal against a decision made by JCRA against anti-competitive behaviour. 'Mergers and acquisitions fees' comprises fees received for the assessment of certain notifiable mergers and acquisitions. They are recognised in the statement of comprehensive income once the proposed transaction has been formally registered with the JCRA, with partial deferral of fees where the work has not yet been completed at the year end. Fees recognised in 2019 were £85,000 (2018: £94,000) with expenditure of £29,418 (2018:£91,031) reflected in the statement of comprehensive income. Any unused funds at the financial year end are either deferred or repaid to the Chief Minister's Department. Any deficits are funded from agreed releases of deferred income or recovered from future grants. Total deferred grant income as at 31 December 2019 amounted to £144,941 (2018: £128,087).

ii) Licence fees

Licence fees across all 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 JCRA'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 ports). If fee income exceeds costs, the balance is transferred to deferred income. Licence fee percentages / charges and deferred income are set out overleaf:

1. ACCOUNTING POLICIES (CONTINUED)

	2019		2018	
	Licence fee % / charge	Deferred income balance	Licence fee % / charge	Deferred income balance
Telecoms	0.75% relevant turnover	£384,627	0.75% relevant turnover	£262,352
Post	Class II £20,000 Class I £1,000	£19,476	Class II £20,000 Class I £1,000	£9,730
Ports	£180,000	£70,235	£180,000	£30,542

b) Expenditure

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

c) Fixed assets

Fixed assets are stated at cost less depreciation. 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:

Other equipment	20% per annum
Fixtures and fittings	10% per annum
Computer equipment	33% 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.

d) Leasing commitments

All leases entered into by the JCRA 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.

e) Pensions

The JCRA provides a defined contribution pension scheme to some of its employees. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

f) Taxation

Article 16 of the Competition Regulatory Authority (Jersey) Law 2001 provides that the income of the JCRA shall not be liable to income tax under the Income Tax (Jersey) Law 1961.

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

In the application of the JCRA's accounting policies, which are described in note 1, 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:

- Determined whether leases entered into by the JCRA as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determined whether there are indicators of impairment of the JCRA's fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset.
- Determined the split of expenses incurred for work undertaken under the aegis of the Channel Islands Competition and Regulatory Authorities. These decisions depend on an assessment of resource allocation, including that of staff time.
- Determining the appropriate treatment for the costs incurred in developing a new website. Factors taken into consideration in reaching the decision include: the ability to separate the asset from the JCRA, the benefit of an improved website internally and externally, the intention to complete the project and bring the website into use, noting that it considers that it has the resources so to do, and the ability to reliably measure the expenditure incurred on developing the website during the development phase.

Key sources of estimation uncertainty:

- Tangible fixed assets (see note 3) are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. FIXED ASSETS

	<i>Leasehold Improvements</i>	<i>Computer Equipment</i>	<i>Website</i>	<i>Fixtures & Fittings</i>	<i>Equipment</i>	<i>Total</i>
	£	£	£	£	£	£
Cost						
As at 1 January 2019	38,570	37,404	17,001	22,266	989	116,230
Additions	-	11,067	-	147	-	11,214
Disposals	-	(7,566)	-	-	-	(7,566)
As at 31 December 2019	38,570	40,905	17,001	22,413	989	119,878
Depreciation						
As at 1 January 2019	37,213	35,488	7,671	19,510	989	100,871
Provided for the year	562	2,412	5,904	522	-	9,400
Disposals	-	(7,566)	-	-	-	(7,566)
As at 31 December 2019	37,775	30,334	13,575	20,032	989	102,705
Net Book Value						
As at 31 December 2019	795	10,571	3,426	2,381	-	17,173
As at 31 December 2018	1,357	1,916	9,330	2,756	-	15,359

4. DEBTORS AND PREPAYMENTS

	2019	2018
	£	£
Prepayments	32,818	22,886
Amounts due from the Guernsey Competition and Regulatory Authority	92,529	18,852
Trade and other debtors	1,024	7,995
	126,371	49,733

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Accruals	15,551	49,367
Deferred grant income	89,985	128,087
Deferred licence fee income and amounts paid in advance	476,215	302,624
Deferred mergers and acquisitions fee income	55,581	-
Trade and other creditors	20,406	8,471
Amounts due to the Guernsey Competition and Regulatory Authority	62,056	937
	719,794	489,486

6. MOVEMENT ON RETAINED SURPLUS

	2019	2018
	£	£
At 1 January	125,457	125,456
Surplus for the year	1	1
At 31 December	125,458	125,457

7. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the JCRA had commitments under non-cancellable operating leases as set out below:

	Buildings	
	2019	2018
	£	£
Amounts payable under operating leases:		
Not later than one year	58,263	58,263
In more than one year but less than five years	29,984	84,202
	88,247	142,465

The amount shown above relates to a five year lease which had an option to break at the end of year three for the JCRA's office in Salisbury House, Union Street, St. Helier. The lease expires in June 2021.

8. PENSION COMMITMENTS

The JCRA provided a defined contribution pension scheme (the Public Employees Contributory Retirement Scheme) to some of its employees. The assets of the scheme are held separately from those of the JCRA in an independently administered fund. Contributions of £NIL (2018: £20,326) were paid across in the year. There were no unpaid contributions at the year end.

9. RELATED PARTY DISCLOSURES*a) The JCRA and the Chief Minister*

The JCRA acts independently of the States of Jersey, but is accountable to the States of Jersey through the Chief Minister for the funding it receives to administer and enforce Jersey's competition law, and the funding is covered by a service level agreement. The Chief Minister acts as a conduit for requests from other Ministers who may request the JCRA to carry out projects. The JCRA reports formally to the States of Jersey through the Chief Minister on an annual basis.

In 2019, the Chief Minister's Department provided £278,087 (2018: £209,000) in funding to the JCRA to finance the administration and enforcement of the Competition (Jersey) Law 2005. Additional funding of £352,780 was provided (2018: £NIL). As at the year end the balance of deferred grant income due to the Chief Minister's Department was £89,985 (2018: £128,087).

b) The JCRA and the Guernsey Competition and Regulatory Authority (GCRA)

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

During 2019, £224,806 (2018: £123,966) was invoiced by the JCRA to the GCRA and £43,830 (2018: £72,636) was invoiced by the GCRA to the JCRA. At the statement of financial position date the amount owed by the JCRA to the GCRA was £62,056 (2018: £937) and the amount owed by the GCRA to the JCRA was £92,529 (2018: £18,852).

c) Key management personnel

Key management personnel includes all members of the JCRA who together have authority and responsibility for planning, directing and controlling the activities of the JCRA. The total compensation paid to key management personnel for services provided to the JCRA was £181,201 (2018: £223,540).

10. EVENT AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Following the year end and before the financial statements were approved by each Authority the governments of Jersey and Guernsey made a decision to revert back to separate independent insular island authorities.

Operationally it is anticipated that there will be little impact on each authority with the basic work of both authorities remaining unchanged. Financially, the income streams of both entities were already separate but they will no longer share costs or a Board in the way that they have since 2012.

Paul Masterton will remain as interim Chairman and Hannah Nixon will continue on the Board. However, John Curran will resign and a new non-executive member will be appointed to the Board of the JCRA.

Michael Byrne will remain as interim Chief Executive Office until a new appointment is made.

A consultant which undertook a piece of work during 2018 decided during 2019 not to charge for the services provided, resulting in the cancellation of a liability of £7,300. This amount has been recognised in the financial year ending 31 December 2019.