



ANNUAL REPORT 2020

ABOUT THIS DOCUMENT

This document sets out our annual report and accounts for the period 1 January 2020 to 31 December 2020. It is presented to Guernsey's Committee *for* Economic Development pursuant to Section 13 of The Guernsey Competition and Regulatory Authority Ordinance, 2012.

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

CONTENTS

	Pages
OVERVIEW	
Chairman’s Message	5 – 6
Chief Executive’s Report	7 – 8
Our Powers and Duties	9
How We Work	10 - 12
Financial Review	13 – 14
ACCOUNTABILITY REPORT	
The GCRA Board	16 – 17
The GCRA Team	18
Governance Statement	19 -20
Remuneration Report	21
AUDITED FINANCIAL STATEMENTS	
Members’ Report to the Financial Statements	23 – 24
Independent Auditor’s Report	25 – 27
Statement of Comprehensive Income	28
Statement of Financial Position	29
Notes to the Financial Statements	30 – 37

OVERVIEW

CHAIRMAN'S MESSAGE

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

At the start of 2020, no-one could have predicted how the year would turn out. Obviously the Covid pandemic has been the biggest change, affecting all countries. Although the experience in Guernsey has been very different from that in the UK, with considerably greater freedom benefitting many local businesses, this has been achieved through stricter controls on movement to and from the Bailiwick which have had an inevitable impact on the Guernsey economy and on the operation of organisations such as GCRA.

For GCRA itself, 2020 was also a year of great change. After eight years as part of the pan-island Channel Islands Competition and Regulatory Authority ("CICRA"), the Jersey Government announced in February that it was withdrawing from this arrangement. As a consequence, GCRA was re-established as an independent authority on 1 July, with its own Board and staff, and I was appointed as Chairman. Recognising that a number of issues are common to Jersey and Guernsey, we have entered into a Memorandum of Understanding with the Jersey Competition Regulatory Authority ("JCRA") which includes regular dialogue between the respective Chairs, without of course compromising the independence of either authority.

My own background is mainly in utility regulation in the UK, both as a regulator and as a director of a regulated company. But I have had some involvement with regulatory issues in Guernsey in the past and I am well aware of the importance of the need for a different approach in a small island compared with the UK - and indeed potentially a different approach from that taken by CICRA.

One of our early tasks, therefore, was to review our approach and priorities. We are clear that our focus should be working to promote value and choice for Guernsey consumers, to the benefit of the Guernsey economy, taking account of the distinctive features of the Bailiwick. Starting of course from the powers and duties given to us in law, we will approach this task in an open and flexible way, intervening only where we believe that this will bring a tangible benefit and doing so in a proportionate way. The work of a competition and regulatory authority is an enabling one - a means to achieving the end of better outcomes for consumers - not an end in itself.

To achieve this, it is important that we engage with all our stakeholders, including Government and the States of Guernsey, businesses and individual consumers to understand their concerns, and at the same time to ensure that there is proper understanding of our role and approach. Engagement with Government, for example, is all the more important given the change in approach and priorities following the general election in October. Given travel restrictions, I have only been able to meet officials face to (socially distanced) face once, and I have not been able to meet businesses and other stakeholders in person. I regret that. Video-conferencing, which we have also had to use for our Board meetings, does not have the same immediacy as meeting in person. I very much hope that, later in 2021, I will be able to visit the island more regularly.

Most of GCRA's current workload has been inherited from CICRA, and the Board regularly reviews progress to ensure that issues are brought to an effective and timely conclusion. We will also make sure that our approach reflects regulatory good practice, so we maintain dialogue both with UK regulators and with JCRA. With two of the non-executive Board members living on Guernsey, and two (including me) living in Southern England - within easy reach of Southampton airport once travel restrictions are lifted - the Board is well placed to achieve our objective of taking proper account of the particular circumstances in Guernsey while operating to international standards of good regulatory practice.

CHAIRMAN'S MESSAGE (continued)

I would like to pay tribute in particular to Paul Masterton, who chaired CICRA until it split, and to John Curran who led the work to separate GCRA from CICRA and remains as a non-executive member of the GCRA Board. But the success of GCRA is a real team effort, and also depends on the expertise and dedication of our other two non-executives, Caroline Chan and Philip Marsden, and our Chief Executive, Michael Byrne, and the whole of the GCRA team. We look forward to 2021 with confidence and with a renewed focus on the priorities of the Bailiwick of Guernsey's economy.

Chris Bolt - Chairman

CHIEF EXECUTIVE'S REPORT

Working to promote value and choice for Guernsey consumers, to the benefit of the Guernsey economy describes the GCRA's remit and informs its priorities. Over 2020 the Authority sought to promote these objectives, having regard to the challenges and opportunities of a small- scale market economy in the context of two significant events, namely the reversion to a separate independent Authority for Guernsey and the Covid-19 pandemic. Those events have brought into sharp focus the wider role of a body such as ours, which as the Chairman refers to above, includes being an enabler - a means to achieving the end of better outcomes for Guernsey consumers.

On that theme, the reversion to a single Guernsey Authority saw a renewed exclusive strategic focus on Guernsey in support of the States' policy priorities, in particular the Revive and Thrive vision. The disbanding of the channel island approach, while significant at a strategic level, was achieved relatively quickly without any significant operational impact and considerable credit must go to the teams in Guernsey and Jersey for accomplishing that in such short timescales.

Since many of our areas of work require the engagement of parties whose core activities are fundamental to the continuity of key services, a reassessment of our areas of work for 2020 was carried out at an early stage given the pressures they faced. Following a re-evaluation of the Authority's priorities, some planned initiatives were suspended to reduce the regulatory burden on those businesses. In support of government decision making during the crisis our role as an advisor on competition and policy matters took on a greater urgency, and in parallel the Authority continued to progress several significant regulatory and competition law matters.

The telecommunications and electricity sectors, where the Authority has an economic regulatory role, were especially critical in supporting continuity of business as well as other functions that society depended on through the challenges of 2020, giving a glimpse of the demands on future infrastructure capability the island will need to cater for in future. Reliance on fixed and mobile broadband to support homeworking was particularly acute, where for example online education provision and the continuation of the functioning of government through the crisis were able to benefit from different forms of access and choice of provider that the regulatory framework facilitated and oversaw.

The connectivity between Guernsey and its key markets relied on its off-island telecoms infrastructure while the electricity cable link to the continent provided key access to electricity supply. The ongoing importance of reliable, resilient core infrastructure on and off island was certainly underlined by the events of 2020 and the experience will inform policy decisions and the priorities of the Authority going forward. The Authority's focus on business connectivity over 2020 and its future work programme certainly reflect this.

It is worth noting at this point that the ability and commitment of our licensees and their people operating these key infrastructures and services was vital to the ability of the economy and society to continue with minimal disruption, as it did, and they deserve considerable credit for the role they played.

The Authority made a significant intervention in the telecoms market in 2020, with a decision to reduce the level of charges to a fraction of their existing level that mobile network operators charge to terminate voice calls. This is a cost that consumers ultimately pay and where there is little incentive for the industry to reduce charges absent intervention. Ensuring that such charges are fair and reducing distortions to competition were key reasons for the Authority's intervention which will support better outcomes for consumers.

CHIEF EXECUTIVE'S REPORT (continued)

Guernsey's electricity sector was exposed to unfavourable exchange rate movements and suboptimal despatch decisions given the failure of the interconnector over 2019, requiring recovery of those costs over 2020. An allowance to recover those costs was agreed with Guernsey Electricity following an application for additional revenues funded by tariff increases. The final decision was delayed out of consideration for the financial stress that many businesses and households experienced in the first half of 2020 but in July after the island came out of lockdown the Authority confirmed the increase to allow Guernsey Electricity to recover these costs.

Two significant competition law investigations, in the medical and mobile sectors, proceeded over 2020. These investigations required a careful analysis of a considerable body of evidence given the issues under investigation and the right of reply of parties under investigation. The conclusion of those matters is expected in the first half of 2021.

The ability of the Authority to deliver against its remit depends on expert and committed individuals, both at Officer level and the Members of the Authority, and I am grateful for their support, expertise and commitment over 2020 in meeting the challenges of the year. The Authority has also been able to build on the body of regulatory work developed by its predecessors who made decisions in the past that enabled healthier market conditions with greater resilience, reliability and where appropriate, choice, in the provision of key infrastructure and services. The foresight, prioritisation and planning evident in regulatory decisions made several years ago in no small way contributed to the positive position the island finds itself in. We intend to build on their legacy in achieving even better outcomes for consumers in future.

Michael Byrne - Chief Executive

OUR POWERS AND DUTIES

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

What we are here to do

We are responsible for administering competition law and regulating the telecoms sector and electricity sectors in Guernsey. We are one of a number of agencies that contribute to the reputation of Guernsey as a well-regulated jurisdiction. The GCRA is focussed on four key objectives, namely:

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

Our priorities

We have four key areas that we prioritise in achieving our aims.

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

HOW WE WORK

We recognise that a small island economy has distinctive features which influence the outcomes which are desirable and achievable; where this results in an approach different from that in a larger economy, we make clear the reasons for this. We operate within the law and adopt best practice in our procedures but promote changes in the law where there are perceived deficiencies. We work to clear administrative timetables and be transparent about the reasons for any necessary changes, being clear about the principles we adopt in deciding whether to take action in a particular case. Where we take action, we will be clear about the detriment resulting from inaction, and the potential improvements that our action could bring. Where different stakeholders have different objectives, we look to be clear about how we have taken those differences into account in any final decision.

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

Engagement with stakeholders - Consumers and Islanders

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

In supporting certain workstreams we may undertake research to better understand what matters to consumers and tailor our work accordingly. Our annual Telecommunication Statistics Market Report provides specific insight into the trends in the telecoms sector. And our oversight of quality of service in the telecoms sector assists us in identifying and focussing our capacity and capabilities 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.

The GCRA receives calls, emails and letters directly from consumers. While we are not a consumer body in the sense that fair trading standards protects consumers and our focus is in large part on the competitive process itself, 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.gcra.gg.

Engagement with stakeholders - Co-regulators and other bodies

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

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

HOW WE WORK (continued)

When we regulate

Our prioritisation principles are:

- ✓ **Actionable.** We consider whether we have the necessary legal powers to properly assess and address the nature of the concerns that have arisen. The powers given by legislation as well as the absence of powers are all relevant in considering whether the Authority has the legal means to proceed in considering matters that may arise.
- ✓ **Realistic.** A small jurisdiction competition authority like the GCRA needs to carefully weigh up whether the benefits of prohibiting certain transactions are realistically achievable through enforcement action. Even where it has the legal powers to do so, the practicalities of carrying out investigations and taking action and whether our actions will have sufficient impact are factors we take into consideration in deciding whether to take a matter forward.
- ✓ **Meaningful.** Ultimately, we want to be as sure as we can that any action taken has a net positive benefit to the functioning of local markets, mindful of the fact that any intervention – or indeed not intervening at all - will have some cost.

There are a range of customer protection issues and assistance sought by consumers from time to time that are not within the GCRA's remit and other bodies provide the primary forum for dealing with these matters. In Guernsey, the States of Guernsey's Trading Standards Services, the Financial Ombudsman, and the Citizens' Advice Bureau have different purposes and powers which support consumers. The GCRA does not as a general rule deal with individual consumer issues in the sectors it regulates, such as equipment failures or contractual disputes between consumers and providers. The setting of health and safety standards for mobile mast emission levels are for example set by the States of Guernsey and the GCRA's role is to conduct audits to ensure mobile providers comply with such standards. In some cases, the GCRA may act to protect consumers where it becomes apparent there is a systemic problem affecting the market, such as a pattern of issues that suggest the market is not working sufficiently well. On the other hand, certain areas of the GCRA's remit do not allow for discretion, for example, GCRA has a duty to investigate mergers and acquisitions that meet the relevant statutory tests, to undertake market investigations requested by relevant departments, to defend its decisions where there are regulatory appeals, and to consider and respond to complaints.

Openness, Integrity and Accountability

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

- subject to the appropriate level of confidentiality, we maintain an openness in our public affairs, in order that islanders can have confidence in our actions and decision-making processes, in the management of our activities, and in the Members and staff of GCRA 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.

HOW WE WORK (continued)

Openness, Integrity and Accountability (continued)

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

FINANCIAL REVIEW

Summary

We are a not-for-profit organisation. Until 2020, where we received more funding (from grants or licence fees) than we required in any particular year, the surplus income was deferred to the next year. Following the separation from JCRA, GCRA has taken the opportunity to review its accounting policies. Together with adopting Section 1A of FRS 102, applicable to small entities, we have changed the accounting policy relating to the deferral of income. Any aggregate surplus or deficit is carried as a reserve in the Statement of Financial Position. All of the activities we undertake are separately funded, by island and by sector: cross-subsidisation is not permitted, and common costs are shared between sectors. A working capital balance and an appropriate level of reserves are maintained at all times.

We set a budget for GCRA of £1,194k for 2020 to cover the expected costs of our regulatory and competition law activities in the Bailiwick of Guernsey.

Delivering our duties and value for money

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

For 2020, the income needed to cover our costs was £1,016k, 14.8% below budget. The shortfall of the grants and licence fees we received will be offset against the surpluses accumulated in past years which were retained for future use. The remaining surplus will be retained in order to allow us to maintain appropriate working capital and reserves.

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

Grant funding

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

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

In addition to grant funding, we receive fees from parties making applications for approval of notifiable mergers and acquisitions. During 2020, these fees amounted to £20k 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.

FINANCIAL REVIEW (continued)

Grant funding (continued)

In total, the cost for all competition law activity during 2020 was £322k. Grant income in excess of costs is, with the agreement of the States department, either voluntarily returned to that department after the year end or held to fund future work.

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

Licence fees

Sector-specific regulation is funded through licence fees paid by licensed operators in each of the 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		Postal		Electricity	
	2020	2019 (restated)	2020	2019 (restated)	2020	2019 (restated)
Licence and application fees						
- charged in year	614	585	-	-	120	11
Costs	(576)	(532)	-	-	(150)	(39)
<i>Surplus/(loss) for the year</i>	38	53	-	-	(30)	(28)
Returned to licensees	-	-	-	-	-	-

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

ACCOUNTABILITY REPORT

ACCOUNTABILITY REPORT – THE GCRA BOARD



1



2



3



4



5

1. Chris Bolt - Chairman

Chris Bolt is an economist who has worked in the field of economic regulation in the UK for more than thirty years, holding senior roles in both the public and private sectors. His experience has included senior roles in Ofwat, the Office of the Rail Regulator, where he was for a short period interim Rail Regulator, and Transco plc. He was the first statutory Arbiter for the London Underground Public-Private Partnership Agreements (2002-2011), and the first Chairman of the Office of Rail Regulation (2004-2009).

He was a member, and subsequently chairman, of the UK Regulators Network Expert Advisor Panel from 2014 to 2018. He was regulation adviser to the London law firm Bryan Cave Leighton Paisner for ten years and was an independent non-executive director of Affinity Water Ltd from 2015 to 2019.

Chris was made a Companion of the Order of the Bath (CB) in the New Year Honours 2010.

Chris was appointed as Treasurer and a Trustee of the Kennet and Avon Canal Trust in January 2019.

3. Caroline Chan – Non-Executive Director

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

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

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

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

2. Michael Byrne - Chief Executive

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

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

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

4. John Curran – Non-Executive Director

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

John is currently a Non-Executive Director of the Channel Islands Financial Ombudsman and of the Guernsey Data Protection Authority. He is Chairman of Guernsey Employment Trust.

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

5. Philip Marsden – Non-Executive Director

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

ACCOUNTABILITY REPORT – THE GCRA TEAM



Sarah Livestro – Legal Director
Competition

Jill Perkins – Office Manager
Administration



Richard Harrington – In-House Counsel
Competition and regulatory laws, legal practice and
procedure

Fergus Reid – In-House Counsel
Competition and regulatory laws, legal practice and
procedure



ACCOUNTABILITY REPORT – GOVERNANCE STATEMENT

The Governance Structure

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

GCRA

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

The Board

GCRA is led by a Board. Legislation requires GCRA to comprise, as a minimum, three Members, with one as Chair. As at 31 December 2020 the Board consisted of a Chair, three non-executive Members and one executive Member. The Board leads the organisation. Its core activities include:

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

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

The non-executive Members comprise a majority of the Board.

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

Appointments to the Board

The Chair is appointed as Chair of the GCRA by the States of Deliberation in Guernsey on the recommendation of the Committee *for* Economic Development. Members are appointed to the Board of the GCRA after consultation with the Chair. 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.

ACCOUNTABILITY REPORT – GOVERNANCE STATEMENT (continued)

The Chair

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

- GCRA has appropriate strategic objectives and an effective forward work programme
- The Executive Directors and senior management are able to deliver against the strategic objectives and forward work programme
- Procedures are in place to inform the Board of performance against the strategic objectives and forward work programme
- A structure is in place to allow the effective contribution of all Members
- The Audit and Risk Committee is properly established, composed and operated
- GCRA is operating in accordance with the highest standards of corporate governance

Meetings

The Board meets regularly. Customarily, there are eight scheduled meetings each year with additional meetings when circumstances require it. During 2020, the GCRA board met on 9 occasions. The table below details meetings and attendances for 2020.

	BOARD	AUDIT AND RISK
Chris Bolt	4/4	
Caroline Chan	5/5	
John Curran	9/9	2/2
Philip Marsden	6/6	
Paul Masterton	1/1	2/2
Hannah Nixon	4/4	1/2
Michael Byrne	9/9	2*/2

*In attendance only

Board Committees

Legislation allows GCRA 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. John Curran succeeded Hannah Nixon as committee Chair in August 2020. 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 GCRA should, within the constraints of being a public body, provide rewards that will attract and retain the high-calibre management necessary for GCRA to fulfil its statutory remit and responsibilities. This overall approach is not expected to change in the coming year.

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

Components of remuneration

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

Executive Members are members of the Authority and employees of GCRA.

Executive Members receive no fees as members of the Authority.

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 for approval.

Non-executive Members' remuneration

Fees are determined by the Committee *for* Economic Development in Guernsey. Until 30 June 2020, each Member's fees were split equally between the GCRA and JCRA.

AUDITED FINANCIAL STATEMENTS

Members' Report to the Financial Statements For the Year Ended 31 December 2020

The Members present their report and the audited annual financial statements for the Guernsey Competition and Regulatory Authority ("GCRA") for the year ended 31 December 2020.

Members

The Members in office during the year are shown on pages 16 to 17.

Events during the reporting period

As at 30 June 2020 the governments of Jersey and Guernsey enacted a decision to revert back to separate independent insular island authorities.

Operationally there has been little impact on GCRA with the basic work of the GCRA remaining unchanged. Financially, the income streams of both entities were already separate, but they no longer share costs or a Board in the way that they have since 2012.

John Curran assumed the interim Chairmanship and Paul Masterton and Hannah Nixon resigned from the Board. Philip Marsden was reappointed as a non-executive Board member and new non-executive; Caroline Chan was also appointed. Chris Bolt has been appointed as permanent Chairman.

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

Members' disclosure

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

Members' responsibilities

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

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

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

Members' Report to the Financial Statements For the Year Ended 31 December 2020

Members' responsibilities (continued)

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

In preparing the financial statements the Members are required to:

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

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

Change of Accounting Policy

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

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

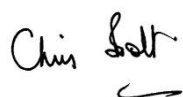
Independent auditor

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

Approval

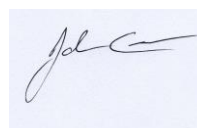
This report was approved by the Members and signed on their behalf by:

Chris Bolt



Chairman

John Curran



Chairman - ARC

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

Opinion on the financial statements

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

- give a true and fair view of the state of the Authority's affairs as at 31 December 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with Section 1 A of Financial Reporting Standard 102, The Financial Reporting Standard in the UK and Republic of Ireland ("FRS 102"); and
- have been properly prepared in accordance with the requirements of the Guernsey Competition and Regulatory Authority Ordinance, 2012.

We have audited the financial statements of the Authority for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

We have nothing to report in this regard.

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

Responsibilities of Members

As explained more fully in the Members' responsibilities statement within the Members' Report, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

We have also reviewed and evaluating the effectiveness of the controls in place which are designed to prevent and mitigate irregularities. We have conducted this via conducting control walkthroughs with the appropriate personnel and obtained supporting evidence of the control effectiveness.

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

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

A further description of our responsibilities is available at the FRC's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

Use of our report

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

BDO Limited

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

Date: 1 June 2021

Statement of Comprehensive Income
For the Year Ended 31 December 2020

	Notes	2020 £	2019 (restated) £
INCOME			
Telecommunications licence and application fees		613,828	582,734
Electricity licence and application fees		120,500	10,500
Competition law grant		286,407	140,000
Mergers and acquisitions fees		20,000	11,000
		1,040,735	744,234
EXPENDITURE			
Salaries and staff costs		423,601	369,214
Board Members' fees and expenses		58,300	63,367
Consultancy fees		251,400	88,568
Operating lease rentals		63,838	62,033
Travel and entertainment		5,692	19,895
Conference and course fees		27,155	17,904
Depreciation	4	14,206	17,067
Administration expenses		12,125	9,577
Legal and professional fees		44,601	(1,500)
Audit and accountancy fees		26,736	8,653
Advertising and publicity		12,165	11,849
Repairs and maintenance		59,340	22,800
Heat, light and water		2,138	2,501
Recruitment		28,587	21,094
General expenses		19,604	14,470
		1,049,488	727,492
(LOSS)/SURPLUS FOR THE FINANCIAL YEAR	7	(8,753)	16,742

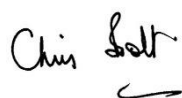
The notes on pages 30 to 37 form an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2020

	Notes	2020 £	2019 (restated) £
FIXED ASSETS			
Tangible assets	4	16,559	29,746
CURRENT ASSETS			
Debtors	5	263,763	129,725
Cash at bank		268,727	393,304
		532,490	523,029
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	6	119,999	114,972
Net current assets		412,491	408,057
NET ASSETS		429,050	437,803
RETAINED RESERVE	7	429,050	437,803

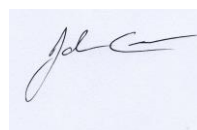
The financial statements on pages 28 to 37 were approved on 26 May 2021 and authorised for issue by the Members, and signed on their behalf by:

Chris Bolt



Chairman

John Curran



Chairman - ARC

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

Notes to the Financial Statements For the Year Ended 31 December 2020

1. GENERAL INFORMATION

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

2. ACCOUNTING POLICIES

a) *Basis of preparation of financial statements*

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

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

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

The following principal accounting policies have been consistently applied:

b) *Going concern*

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

c) *Income*

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

Further details are given below:

i) Grants and other fees

Grants received are of a revenue nature and are recognised in the Statement of Comprehensive Income in the same period as the related expenditure. The annual grant received for 2020 was £140,000 (2019:£140,000) and additional grants of £146,407 (2019: £nil) were received for specific cases in the year.

Notes to the Financial Statements
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

c) *Income (continued)*

i) Grants and other fees (continued)

‘Mergers and acquisitions fees’ comprise fees received for the assessment of certain notifiable mergers and acquisitions. These fees are recognised in the Statement of Comprehensive Income once the proposed transaction has been formally registered with the GCRA. Fees received in 2020 were £20,000 (2019: £11,000).

Any unused funds at the financial year end are either retained or repaid to the Committee for Economic Development (“CfED”). Any deficits are funded from agreed releases of reserves or recovered from future grants. The deficit of grant income for the year amounted to £12,829 (2019: £3,407).

ii) Licence fees

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

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

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

	2020	2019
	<i>Licence fee % / charge</i>	<i>Licence fee % / charge</i>
Telecoms	1.2% of relevant turnover	1.2% of relevant turnover
Post	-	-
Electricity	£120,500	£10,500

d) *Expenditure*

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

e) *Lease commitments*

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

f) *Taxation*

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

Notes to the Financial Statements (Continued)
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

g) *Tangible assets*

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

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

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

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

h) *Debtors*

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

i) *Cash at bank*

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

j) *Creditors*

Short term creditors are measured at transaction price.

k) *Retained reserve*

The retained reserve represents cumulative surpluses and losses.

Notes to the Financial Statements (continued)
For the Year Ended 31 December 2020

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

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

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

4. TANGIBLE ASSETS

	Leasehold improvements £	Computer equipment £	Website £	Fixtures & fittings £	Office equipment £	Total £
Cost						
As at 1 January 2020	34,761	22,935	17,001	20,093	605	95,395
Additions	-	-	-	1,019	-	1,019
As at 31 December 2020	34,761	22,935	17,001	21,112	605	96,414
Depreciation						
As at 1 January 2020	25,277	7,856	13,576	18,440	500	65,649
Charge for the year	6,106	3,693	3,425	960	22	14,206
As at 31 December 2020	31,383	11,549	17,001	19,400	522	79,855
Net book value						
As at 31 December 2020	3,378	11,386	-	1,712	83	16,559
As at 31 December 2019	9,484	15,079	3,425	1,653	105	29,746

Notes to the Financial Statements (continued)
For the Year Ended 31 December 2020

5. DEBTORS

	2020 £	2019 £
Licence fee and other debtors	240,640	51,963
Prepayments	23,123	15,706
Amount due from the Jersey Competition Regulatory Authority	-	62,056
	263,763	129,725

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 (restated) £
Bank overdraft	3,708	-
Trade creditors	54,964	1,843
Accruals	58,825	20,600
Amounts due to the Jersey Competition and Regulatory Authority	2,502	92,529
	119,999	114,972

7. MOVEMENT ON RETAINED RESERVE

	General £	Electricity £	Grant £	M & A £	Post £	Telecoms £	Total £
At 1 January 2019 (as previously stated)	200,002	-	-	-	-	-	200,002
Change in accounting policy (note 10)	-	50,120	88,578	-	20,989	61,372	221,059
At 1 January 2019 (as restated)	200,002	50,120	88,578	-	20,989	61,372	421,061
(Loss)/surplus for the year (as restated)	-	(27,933)	(3,407)	(4,813)	(77)	52,972	16,742
At 31 December 2019 (as restated)	200,002	22,187	85,171	(4,813)	20,912	114,344	437,803
(Loss)/surplus for the year	-	(30,022)	(12,829)	(4,167)	-	38,265	(8,753)
At 31 December 2020	200,002	(7,835)	72,342	(8,980)	20,912	152,609	429,050

Notes to the Financial Statements (continued)
For the Year Ended 31 December 2020

8. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020, the GCRA had commitments under non-cancellable operating leases as set out below:

	Buildings	
	2020	2019
	£	£
Amounts payable under operating leases:		
Not later than one year	27,880	58,150
In more than one year but less than five years	-	27,880
	27,880	86,030

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. The lease comes to an end on 24 June 2021. As at 31 December 2020 the GCRA has agreed to renew the lease but the terms had yet to be agreed. Subsequent to the year-end terms have been agreed for a new six-year lease ending 24 June 2027 which has a break clause at 24 June 2024 and a starting rent of £52,000pa.

9. RELATED PARTY DISCLOSURES

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

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

In 2020, the CfED provided £286,407 (2019: £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 fixed grant of £140,000 was enhanced by pre-agreed additional funding which could be drawn upon if certain specific work needed to be done. At 31 December 2020 £146,407 had been invoiced of which £120,535 was outstanding. The funding deficit for the year ended 31 December 2020, which has been notified to CfED as required under the service level agreement, amounted to £12,829 (2019: deficit £3,407). The accumulated reserve attributed to grant income at the year-end was £72,342 (2019: £85,171).

Notes to the Financial Statements
For the Year Ended 31 December 2020

9. RELATED PARTY DISCLOSURES (CONTINUED)

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

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

During 2020, £128,012 (2019: £43,830) was invoiced by the GCRA to the JCRA and £168,250 (2019: £224,806) 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 £2,502 (2019: £92,529) and the amount owed by the JCRA to the GCRA was £Nil (2019: £62,056). Subsequent to the year end this amount has been settled.

c) *Key management personnel*

Key management personnel include all members of the GCRA who together have authority and responsibility for planning, directing and controlling the Authority’s activities. The total compensation paid to key management personnel for services provided to the GCRA was £183,337 (2019: £181,201).

d) *Controlling party*

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

10. CHANGE IN ACCOUNTING POLICY

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

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

Reconciliation of retained reserve	At 1 January 2019 £	At 31 December 2019 £
Retained reserve (as previously stated)	200,003	200,002
Reversal of deferred income	237,800	221,059
Retained reserve (as restated)	437,803	421,061

Notes to the Financial Statements
For the Year Ended 31 December 2020

10. CHANGE IN ACCOUNTING POLICY (continued)

Reconciliation of surplus or loss	Year ended 31 December 2019 £
Surplus for the year (as previously stated)	1
Reversal of deferred income	16,741
Surplus for the year (as restated)	16,742