



CABLE & WIRELESS

Proposed publication of JT's separated accounts

Comments by C&WJ on JCRA's proposed modification
to the class III licence granted to Jersey Telecom
Limited on 1st July 2003 concerning the
publication of separated accounts

14 July 2010



1. Introduction

Cable and Wireless Jersey Limited (C&WJ), also trading as Sure, welcomes the JCRA's proposals regarding the requirement for JT to publish its separated accounts and is grateful for the opportunity to comment further at this stage in the process.

2. Exclusion of reporting requirement for non-SMP related services

C&WJ has no objection to the proposed exclusion of the details of JT's various mobile markets, these having been deemed by the JCRA as non-SMP related. C&WJ would expect that JT's Mobile Business (as a single entity) would still be included within its separated accounts, as this will be required to prove that JT's separated accounts reconcile with its statutory accounts. While the JCRA commented on various matters raised by respondents to its consultation on the publication of JT's separated accounts¹ it was silent in its opinion of C&WJ's view that JT's Other Activities Business should not contain telecommunications services. C&WJ would urge the JCRA to adopt this principle, without which there could be a material distortion in the presentation of JT's results.

3. Audit requirement

C&WJ is pleased to note that the JCRA intends to require JT to have its separated accounts audited. There is, however, some ambiguity in the wording used. The JCRA's draft Decision² states that 'JT shall also audit its SA accounts', which could be interpreted to mean an internal audit. From the many issues highlighted by Regulaid in its report³ it is clear that JT's internal checks have so far offered little in the way of issue resolution and control and C&WJ is concerned that there would be no real incentive for JT to do otherwise.

C&WJ reiterates its stance regarding the importance of an annual external audit for JT's separated accounts. Without such a process there would always be concerns over the objectivity and appropriateness of JT's results. Should the JCRA intend its existing wording to relate to an external audit it may wish to amend this and also consider the type of external audit that would be required, i.e. "fairly presents" or "properly prepared".

4. Timing of submissions

The JCRA proposes to require JT to 'publish its separated accounts within one month of submitting the same to the JCRA'. C&WJ is surprised that the JCRA should consider that up to a month's delay is necessary for the publication of JT's separated accounts. This almost suggests that the JCRA is anticipating that JT might need to make changes to its submission before wider publication of its results. As these results will hopefully have been externally audited and signed off this would undermine the auditor's opinion if subsequent changes were made. C&WJ proposes that JT's separated accounts be published at the same time as they are submitted to the JCRA.

C&WJ notes the proposed changes to Condition 29 of JT's Telecommunications Licence and considers that to avoid any ambiguity it may be beneficial for the JCRA, as part of its Decision Notice, to specify the time period that it intends to

¹ www.jcra.je/pdf/091215%20JT%20Separated%20Accounts%20Consultation%20T-4.pdf

² Annex 3 of www.jcra.je/pdf/100624%20SEPARATED%20ACCOUNTS%20INITIAL%20NOTICE.pdf

³ www.jcra.je/pdf/091127%20final%20redacted.pdf

apply for JT to provide its annual separated accounts. A six month deadline is generally the norm and C&WJ sees no reason why JT should not be able to submit its separated accounts within this timeframe.

5. Conclusion

C&WJ considers that the additional requirements that the JCRA intends to relate to JT's accounting separation undertakings will enhance the quality of the results provided. The publication of separated accounts will, as the JCRA notes, bring JT in line with best international practice in this regard. However, there are ambiguities in the wording of the proposed Decision Notice, which C&WJ believes is important to resolve, so that JT's results can be provided in a timely manner and relied upon as being fit for purpose.

Cable & Wireless Jersey Limited

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