Case T-127

Regulatory Financial Reporting: 2025 Submission Information Note

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Information Note

Regulatory accounting and financial information are important elements of telecoms regulation. The Jersey Competition Regulatory Authority (the **JCRA**) has developed a regulatory financial reporting framework to enable JT (Jersey) Limited (**JT**) to provide annual regulatory accounting information.[1] The framework consists of a template and explanatory note. Non-confidential versions of both documents are available alongside this Information Note and on JT's Wholesale Portal.

The JCRA's work in this area:

- Underpins JT's ongoing obligation to maintain appropriate accounting records, providing additional clarity on the regulatory policy framework;
- Incorporates regulatory reporting best practice from other jurisdictions, including small nations, whilst being tailored to reflect JT's functionality and structure; and
- Provides information that will allow the JCRA to more efficiently complete and implement market reviews and any associated remedies, such as price controls.

JT's Regulatory Financial Reporting submission for the 2025 financial year was received by the deadline in May 2026. Consistent with previous years, and with support from Frontier Economics[2], the JCRA has reviewed the submission and accompanying explanatory note. The review was undertaken through a combination of document review, information requests and discussions with JT.

JT's 2025 submission applies a series of new cost drivers (and cost allocations). There are 15 main adjustments to cost drivers (and cost allocations) in the 2025 submission; page 17 of the non-confidential explanatory note contains a full list and description of the adjustments. These changes reflect the availability of more granular cost data, and in some cases, methodological changes developed through the Wholesale Broadband Price Control.[3]

Alongside increases in annual operating costs, the changes have the effect of increasing certain categories of cost in all regulated markets (Market 1, 2, 3 and 4). JT is required to explain any material year-on-year changes in costs and other key variables, with its explanation of significant movements set out on page 18 of the non-confidential explanatory note.

[1] See: T-080 - Regulatory Financial Reporting

[2] Frontier Economics is a microeconomics consultancy providing economic advice to public and private sector clients. Frontier has extensive experience in advising regulators and operators in developing, reviewing and auditing regulatory accounts and associated documentation, across multiple jurisdictions

[3] See: T-138 - Wholesale Broadband Price Control | JCRA

Frontier Economics was engaged to provide an independent assessment of the submission, including the appropriateness of the cost allocation methodologies applied by JT and compliance with the requirements of the Regulatory Financial Reporting framework.

A summary of Frontier's review is provided in Box 1.

Box 1: Frontier's assessment of the 2025 submission

"Based on the agreed scope of our review, JT's submission is in line with the requirements of the Final Decision. In particular, we find that:

- *The financial template is accurate and complete [...]*
- *The explanatory note provides an explanation of the approach, data, systems and processes used by JT to generate the template outputs, and explanations of material year-on-year changes."*

This indicates that JT's submission is in line with the requirements of the Final Decision (and relevant Directions).

In respect of the adjustments to certain cost drivers (and cost allocations), Frontier consider that these represent an improvement to the cost allocation approach adopted in previous Regulatory Financial Reporting submissions:

"Changes made to the underpinning allocation of costs between markets have been justified, and reflect improved information available to JT, or in some cases, methodological changes developed as part of the JCRA's Wholesale Broadband Price Control. These cost allocation changes have had the expected impact on the level of costs in each market."

Recognising that cost systems, processes and methodologies are subject to change, the JCRA will continue to develop its regulatory financial reporting framework. The JCRA's ongoing telecoms work programme will require further analysis of costs and allocation methodologies, which may inform future submissions from JT, including the 2027 submission.