

REVIEW OF JT'S REGULATORY FINANCIAL REPORTING INFORMATION FOR YEAR 2023

01 November 2024

The Jersey Competition and Regulatory Authority (JCRA) issued a statutory Final Decision (Final Decision) on 29th May 2024 for regulatory financial reporting, which applies to JT Group Limited's activities in Jersey (JT). This decision requires JT to complete and to submit to the JCRA a regulatory financial reporting (RFR) template and an explanatory note on an annual basis. It also highlighted that the JCRA would undertake a detailed review of JT's first Regulatory Financial Reporting submission, including an assessment of JT's approach to the underlying cost allocation.

JT's first regulatory financial reporting template and explanatory note, which covers the financial year 2023, was submitted at the end of June 2024. The JCRA has commissioned Frontier to support their review of JT's submission in order to ensure the submission is consistent with the requirements of the JCRA Final Decision. This review process was carried out in close collaboration with both the JCRA and JT through information requests and calls.

Overall, our review indicates that JT has demonstrated a considered and methodical approach in the construction of the RFR (and its underlying accounting systems).

We find that JT's RFR is consistent with the requirements of the Final Decision: the financial template is completed accurately, and the explanatory note meets the specified requirements, providing adequate detail on the approach used to generate the required information.

While we have not fully audited JT's cost accounting system (as it was not in scope of the project), JT has clearly documented the steps and allocation drivers used. This documentation suggests that the allocation methodology has been implemented in line with best practice and at the appropriate level of granularity.

Furthermore, based on our high-level review, the outputs appear consistent with our understanding of the telecommunications markets in Jersey and are aligned with the typical cost breakdowns observed in other jurisdictions.

We therefore consider that JT's first submission will serve as a strong foundation for ongoing regulatory analysis. However, further supplementary information requests may be required in the future to ensure a more informed and transparent regulation.