

Response to

Regulatory financial reporting: a review

from Gamma Telecom Holdings Ltd

2 Nov 2012

Gamma Telecom Holdings Limited (“Gamma”) welcomes the opportunity to respond to the **Regulatory financial reporting: a review** consultation; our non-confidential response is appended.

Introduction

Gamma is a Network Operator that provides wholesale fixed and mobile telephony and data services, mainly to resellers who sell to the Small to Medium Enterprise sector throughout the UK. Gamma’s group turnover is c£130m per annum.

This consultation response relates to Gamma Telecom Holdings Limited and additionally represents the views of the subsidiaries Gamma Telecom Limited, Gamma Business Communications Limited (formerly incorporated as Uni World Communications Limited) and Gamma Network Solutions Limited (formerly incorporated as Varidion Limited). It does not represent the views of any other group company unless otherwise expressly stated. Any conflict between the implied position of Gamma in any UK Competitive Telecommunications Association (UKCTA), Internet Telephony Services Providers Association (ITSPA) or Federation of Communication Services (FCS) responses is accidental and we consider that our views in this response should prevail.

Response

Gamma believes that the financial data provided by BT needs to be in a form (and at a level of granularity) to enable Ofcom and other CPs to evaluate whether BT is meeting its regulatory obligations and commitments, in particular BT’s cost orientation obligations. It should also enable users: to have confidence that the information provided is both reliable and consistent; to have confidence that any evaluation based on it is sound; to do their own analysis where they have concerns. It should also enable Ofcom to gather the data it needs to frame future regulation and to investigate disputes.

Gamma believes that Ofcom's analysis (as set out in the consultation document) is broadly sound, and Gamma therefore supports the proposals set out by Ofcom in the consultation.

We believe that the level of granularity of data published by BT should not be relaxed; this is particularly since in the past there have been instances where Communications Providers have identified anomalies in this data which have then flushed out important issues. Whilst a new accounting regime may remove some issues at source and give CPs improved confidence, this confidence will only come once the new system has been proven in practice and is seen by CPs to be operating well in the details as well as at a high level.

Given our lack of confidence in the existing Regulatory Financial Statements we believe that the transition period to new arrangements should be made as short as is realistically possible.