



Office of the Director of  
**Telecommunications  
Regulation**

# **Accounting Separation and Publication of Financial Information for Telecommunications Operators**

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Decision Notice D9/00

&

Issue for Further Consideration

**Document No. ODTR 00/59**

**18 August, 2000**

**Oifig an Stiúirthóra Rialála Teileachumarsáide**  
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# 1. Introduction

During 1999, the Office of the Director of Telecommunications Regulation (“ODTR”) carried out a consultation process in relation to accounting separation and publication of financial information for telecommunications operators, with the publication of consultation document (ODTR 99/10)<sup>1</sup> in March, and certain issues for further consultation (ODTR 99/35)<sup>2</sup> in May 1999. This consultation process resulted in two decision notices, Decision Notice D5/99 was published in May, and in August Decision Notice D10/99 (ODTR 99/52)<sup>3</sup>. In July 1999, the ODTR published a related Decision Notice on Costing Methodologies for use in Accounting Separation (ODTR 99/43)<sup>4</sup>. The aforementioned decision notices are referred to in this document as the “Decision Notices”.

eircom published on the 29<sup>th</sup> October 1999 Historical Cost Account (“HCA”) Separated Accounts for the year ended 1<sup>st</sup> April 1999 and supporting Accounting Documents, with the publication on the 3<sup>rd</sup> March 2000 of Supplemental Information relating to the Separated Accounts.

The Director considers it useful to publish a commentary in the light of the experience of the first year and to publish new decisions on the detailed implementation of accounting separation in the light of that experience. One of the key objectives of accounting separation is transparency in and access to the accounts of telecommunications operators providing fixed public telephone networks and designated as having Significant Market Power (“SMP”). The purpose of this direction is to further clarify the current position of accounting separation in Ireland. The Director believes that the development of the accounting separation framework is an iterative process, and expects to issue directions from time to time on accounting separation, to either further define the current framework or to set out the framework for areas not previously covered in her Decision Notices.

At present eircom is the only fixed operator that has been designated as having SMP in the fixed, interconnect and leased line markets<sup>5</sup>. Accounting separation in relation to mobile operators is being considered separately.

This document sets out the Director’s current position on accounting separation and publication of financial information for telecommunications operators, without prejudice to the legal position or the rights and duties of the Director to regulate the market generally.

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<sup>1</sup> Accounting Separation and Publication of Financial Information for Telecommunications Operators, Consultation Paper, (Document No. ODTR 99/10)

<sup>2</sup> Accounting Separation and Publication of Financial Information for Telecommunications Operators, Decision Notice D5/99 and Consultation Report and Issues for Further Consideration, (Document No. ODTR 99/35)

<sup>3</sup> Accounting Separation and Publication of Financial Information for Telecommunications Operators, Decision Notice D10/99, (Document No. ODTR 99/52)

<sup>4</sup> Costing Methodologies for use in Accounting Separation, Decision Notice D8/99 & Consultation Report, (Document No. ODTR 99/43)

<sup>5</sup> Significant Market Power in the Irish Telecommunications Sector, Decision Notice D15/99 and Report on the Consultation Paper ODTR 99/59, (Document No. ODTR 99/75)

The Director would welcome comments in relation to the scope of an Internet Service Provision (ISP) business unit for the purposes of Accounting Separation (See Section 4.4) which should be submitted in writing before 30th September 2000 to

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## 2. Background

Both EU and Irish legislation recognise that, in the interests of developing and sustaining competition in the telecommunications industry, new entrants to the market must have the facility to interconnect to the network of an incumbent operator. Under the legislation, a telecommunications operator providing fixed public telephone networks and designated as having SMP, is required to publish a Reference Interconnection Offer (“RIO”). The RIO must include a statement of the rates at which other licensed operators may interconnect to the SMP operator’s network. To assist in ensuring that these rates fairly reflect the associated costs, the legislation also requires transparency in and access to the accounts of such organisations. This transparency/access mandate includes "accounting separation".

The purpose of accounting separation is to provide an analysis of information derived from financial records to reflect as closely as possible the performance of parts of a business as if they were operating as separate businesses. The information in turn is a valuable tool in demonstrating that there is no undue discrimination between the SMP operators’ own downstream arm and competing operators or between one competitor and another when providing similar services.

The Director may under 9(5) of the Interconnection Regulation obtain and publish any information she sees fit which contributes to an open and competitive market, while taking account of considerations of commercial confidentiality.

The aim of accounting separation is to assist in ensuring that charges are cost based, transparent and non-discriminatory, which in turn promotes a competitive environment in a number of ways, including;

- helping other operators to understand how the SMP operator's revenues relate to costs,
- building confidence that the interconnection arrangements are equitable and that there is no over or under recovery of the SMP operator’s network costs, and
- providing supporting evidence that is no unfair cross subsidisation taking place.

### 3. Legislative Background

There is a range of relevant legislation in this area; the most relevant of which is summarised below:

#### **Interconnection Legislation:**

- *Council Directive 97/33/EC on interconnection in Telecommunications with regard to ensuring universal service and interoperability through application of the principles of Open Network Provision (ONP) and*
- *The European Communities (Interconnection In Telecommunication) Regulations, 1998, SI No. 15 of 1998, transposing the above directive.*

This legislation states that organisations providing public telecommunications networks and/or publicly available services and which have been designated by the Director as having SMP, and which offer interconnection services to other organisations are required to keep separate accounts for their activities relating to interconnection and ‘other activities’. These accounts should identify all elements of cost and revenue, ‘with the basis of their calculation and the detailed attribution methods used, related to their interconnection activity including an itemised breakdown of fixed asset and structural costs.’

National regulatory authorities (NRA’s) are obliged to ensure that a description of the cost accounting system, showing the main categories under which costs are grouped and the rules used for the allocation of costs to interconnection, is made available on request.

NRA’s “may publish such information as would contribute to an open and competitive market, while taking account of considerations of commercial confidentiality.”

An organisation providing interconnection shall ensure that its cost accounting systems are suitable for implementation of the requirements of the legislation and are documented to a sufficient level of detail.

The Director shall verify that the cost accounting systems comply with the legislation and may direct the organisation concerned to carry out adjustments to its cost accounting system.

#### **Voice Telephony Legislation**

- *Council Directive 98/10/EC on the application of open network provision (ONP) to voice telephony and on universal service for telecommunications in a competitive environment, and*
- *European Communities (Voice Telephony and Universal Service) Regulations, 1999, SI No. 71 of 1999, transposing the above directive and Directive No. 97/33/EC*

This legislation states that an organisation, which has an obligation for its tariffs to follow the principles of transparency and cost orientation in accordance with the legislation, shall operate and maintain a cost accounting system based on generally accepted accounting practices and which is suitable for compliance with the legislation’s requirements.

Compliance by an organisation with the cost accounting system referred to in the above paragraph shall be verified by a person or body independent of the organisation and selected by the organisation with the prior approval of the Director.

The Director may issue directions establishing standards for cost accounting systems required pursuant to this legislation and an organisation subject to this legislation shall comply with any such directions.

### **Leased Lines**

- *Council Directive 92/44/EC on the application of open network provision to leased lines as amended by 94/439/EC and Directive 97/51/EC*
- *European Communities (Leased Lines) Regulations, 1998, SI No. 109 of 1998, transposing the above directive*

This legislation states that tariffs for leased lines must follow the basic principles of cost orientation and transparency, and are independent of the type of application, which the users of the leased lines implement. A notified<sup>6</sup> organisation shall operate and maintain a cost accounting system suitable for the implementation of these and other principles set out in the legislation.

### **Licence Condition**

*Pro Forma General Telecommunications Licence (ODTR Document No. 98/50R)*

Condition 15 of the General Telecommunications Licence applies to organisations that have been designated as having SMP in the fixed telephone network and services market. The condition provides, inter alia, that the licensee shall maintain accounting records in a form which enables the activities of any business unit specified in any direction given by the Director to be separately identifiable, and which the Director considers to be sufficient to show and explain the transactions of each of those business units.

### **European Commission Recommendations**

In addition, the Commission has published recommendations on the pricing of interconnection as well as on costing methods that could be used to calculate such prices. The relevant documents are:

*Commission Recommendation of 8 January 1998 on interconnection in a liberalised telecommunications market (as amended) – Part 1 Interconnection Pricing (98/195/EC as amended by 98/511/EC)*

This Recommendation states that interconnect costs should be calculated on the basis of forward-looking long run average incremental costs since these costs closely approximate those of an efficient operator employing modern technology.

*Commission Recommendation of 8 April 1998 on interconnection in a liberalised telecommunications market – Part 2 – Accounting separation and cost accounting (98/322/EC)*

This Recommendation concerns the implementation of accounting separation and cost accounting systems by operators designated by their NRA as having significant

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<sup>6</sup> An organisation directed by the Director to provide at any point within a specific geographic area, a type of leased line that is specified in Annex II, as amended by Article 1 of Commission Decision 94/439, of Council Directive 92/44.

market power in accordance with Article 8(2) of Directive 97/33/EC for implementation of interconnection obligations, with particular regard to the principles of transparency and cost orientation.



## 4. Publication of Accounting Separation Information

Following the publication of the Decision Notices and her review of eircom's published Separated Accounts, the Director has decided to issue directions under section 15.2 of the General Telecommunications Licence to clarify issues which arose from decisions contained in ODTR 99/35, ODTR 99/43 and ODTR 99/52. In addition this Decision Notice sets out pro-forma templates for Current Cost Accounting (CCA) and Long Run Incremental Costing (LRIC) Separated Accounts.

### 4.1 Timeframe for Publication of Separated Accounts and Financial Information

eircom published HCA Separated Accounts<sup>7</sup> on the 29<sup>th</sup> October 1999. In accordance with Decision 3.10 of ODTR document 99/35, the timeframe for publication of these accounts was the 1<sup>st</sup> October 1999. Prior to this date, eircom requested a 20 working day extension to the publication date. After due consideration of the issues involved, the Director granted the 20 working day extension. Additional information was published at the request of the ODTR in March 2000.

eircom are currently completing the development of a new costing system, which will replace their existing system for the production of the 1999/2000<sup>8</sup> Separated Accounts. The development of this new system, in addition to the need to carry out a non-financial data improvement programme, has required substantial internal resources in terms of time and personnel, and on the 1<sup>st</sup> March 2000 eircom formally requested an extension to the deadline for the publication of the 1999/2000 Separated Accounts. In accordance with Decision 3.10 of ODTR 99/35, the Separated Accounts for 1999/2000 are to be published by 31<sup>st</sup> July 2000 or two months from the publication date of the statutory accounts if sooner. eircom has requested that the dates for publication be as follows: -

1. the HCA Separated Accounts be extended to the 30<sup>th</sup> September 2000,
2. the CCA Separated Accounts<sup>9</sup> be extended to 1<sup>st</sup> December 2000, and
3. the LRIC Separated Accounts<sup>10</sup> be extended to 1<sup>st</sup> December 2000.

The Director is of the view that for accounting separation to be effective, the information should be published in a timely manner. However, the publication of information that has not been adequately and properly prepared would lessen the value of the accounting separation process and fail to meet the aims and objectives mentioned in section 2 of this document. The Director has decided to amend Decision 3.10 to extend the deadline for the publication of the Separated Accounts to allow time for changes in the accounting system. The dates proposed by eircom are therefore acceptable.

The Director requires that a set of draft Separated Accounts be submitted to the ODTR by the 15<sup>th</sup> September 2000, and draft CCA and LRIC accounts by the 31<sup>st</sup> October. These draft accounts should reflect the intended format of the published separated accounts with the most up to date draft figures. The Director understands that these draft figures could be subject to change.

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<sup>7</sup> Financial year ended 1<sup>st</sup> April 1999

<sup>8</sup> Financial year ended 31<sup>st</sup> March 2000

<sup>9</sup> These accounts will only contain CCA information in respect of the Core Network.

<sup>10</sup> These accounts will only contain LRIC information in respect of the Core Network.

#### **Decision 4.1.1**

**Decision 3.10 of ODTR 99/35 is replaced by the following text:**

**“For the first year operation (1998/1999), Historical Cost Separated Accounting information is to be published within seven months after the end of the period to which it relates. For the second year of operation (1999/2000), Historical Cost Separated Accounting information is to be published within six months of the end of the period to which it relates.**

**Current Cost Accounting and LRIC Separated Accounts are to be published within eight months after the end of the period to which they relate. Thereafter (2000/2001 and future years) Historic Cost Separated Accounts are to be published within two months after the date on which the SMP operator’s annual statutory financial statements are published and, in any event within four months after the end of the period to which they relate. Current Cost and LRIC Separated Accounts are to be published within six months after the end of the period to which they relate.”**

#### **Decision 4.1.2**

**eircom shall provide draft Separated Accounts for 1999/2000 to the ODTR as follows:-**

- 1. HCA Separated Accounts by the 15<sup>th</sup> September 2000,**
- 2. CCA Separated Accounts by the 31<sup>st</sup> October 2000, and**
- 3. LRIC Separated Accounts by the 31<sup>st</sup> October 2000.**

## **4.2 Comparative Figures**

Principle (f) in Section 5 ‘Format of Accounting Separation Statements’ of ODTR 99/35 states that “Separated accounts shall be published annually and contain comparative information. Where there are material changes to Regulatory Accounting Principles, Cost Allocation Methodology, Attribution Methods, or to Accounting Policies that have a material effect on the information reported in the separated accounts of a main business area or a disaggregated activity, the parts of the previous year’s separated accounts affected by the changes shall be restated.”

The Separated Accounts published on the 29<sup>th</sup> October 1999 did not contain comparative figures. eircom stated at that time that they were not in a position to publish comparative information for a number of reasons including:-

- the non-availability of audited Separated Accounts for 1997/1998,
- the different reporting requirements of the Decision Notices, and
- significant changes in 1998/1999 to the costing methodology used by eircom.

Following consideration of the above and other information, the Director gave eircom a derogation from the requirement to include comparative information in its 1998/1999 Separated Accounts.

eircom's new cost accounting system uses a more detailed cost allocation structure than the previous system. The costing methodology used is similar to that used in the previous system, but the underlying costing studies provide more detailed information ensuring that cost allocation is more detailed and precise. eircom believe that any changes being made to the costing methodology are not fundamental. However, due to the change in systems and the more detailed level of non-financial information being used, eircom have requested that the comparatives to be published in the 1999/2000 historical cost separated accounts be those published in the 1998/1999 HCA separated accounts, as they do not believe it would be possible to restate the HCA separated accounts figures to reflect the new cost allocation process.

The Director has considered eircom's request and the information provided by eircom on its new costing system. She has decided to allow eircom's request, except where any of the other decisions in this document should contradict this decision. Comparative information will not be required for the CCA and LRIC Separated Accounts as this is the first year in which they are being produced.

#### **Decision 4.2**

**Principle (f) in Section 5 'Format of Accounting Separation Statements' in ODTR 99/35 is modified by replacing the text with the following text:**

**"Separated accounts shall be published annually and contain comparative information. Where there are material changes to Regulatory Accounting Principles, Cost Allocation Methodology, Attribution Methods, or to Accounting Policies that have a material effect on the information reported in the separated accounts of a main business area or a disaggregated activity, the parts of the previous year's separated accounts affected by the changes shall be restated."**

**This principle shall apply except in the following cases: -**

**The HCA Cost Separated Accounts for 1999/2000 shall contain the 1998/1999 results as comparative figures. These results do not have to be restated in accordance with the previous paragraph. The 1999/2000 CCA separated accounts and LRIC statements are not required to contain comparative information.**

#### **4.3 Format of Separated Accounts**

Certain matters came to light, regarding the format of the Separated Accounts set out in ODTR 99/35 and 99/52, when the ODTR reviewed the 1998/1999 published HCA Separated Accounts.

### 4.3.1 Exceptional Items

The Separated Accounts published by eircom generally only disclosed a total figure for operating costs on the face of the various Profit and Loss accounts. However, this heading also contained significant levels of exceptional costs.<sup>11</sup> Following discussions with the ODTR, eircom published Supplemental Information on the 3<sup>rd</sup> March which included an analysis of these costs for its various activities. This information was published to aid the understanding and increase the transparency of the Separated Accounts.

The Director believes that for 1999/2000 and future years exceptional costs should be separately identified in the Separated Accounts and shown as a separate line on the face of each of the Profit and Loss statements, the Network Statement of Costs and other statements/notes in the Separated Accounts, where these costs are included. This is to ensure greater transparency and clarity in the presentation of information.

#### Decision 4.3.1

**From 1999/2000 onwards, exceptional costs should be separately identified in the Separated Accounts statements.**

### 4.3.2 Analysis of Turnover

Per Decision 3.6 of ODTR 99/35 “The separated accounts should be prepared in the format as set out in Appendix IV, which is consistent with the EU Recommendation. LRIC adjustments will be required to be shown from 1999/2000 onwards.” These formats contained an analysis of turnover between connection, rentals, call charges and other turnover for the Retail Main Business Area and its disaggregated activities.

Following discussions with the ODTR, eircom published supplemental information on the 3<sup>rd</sup> March that included this analysis of turnover. Going forward this information will be analysed and disclosed as part of the accounting separation statements.

### 4.3.3 Network Statement of Costs

The Decision Notices set out a number of decisions in relation to the Network Statement of Costs and the Statement of Costs of Network Services. These were principally contained in Decision 3.8 of ODTR 99/35 and Decision 3.3 of ODTR 99/52. In summary these required the statements to show the: -

- average per minute cost of each conveyance network component (inclusive of WACC)
- average per minute cost of each non-conveyance network component
- routing factors for traffic
- Time of Day Gradients
- Final Charges
- Reconciliation (if different to eircom internal transfer charges)

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<sup>11</sup> Redundancy, transformation and other exceptional costs.

In the reasoning supporting Decision 3.8 of ODTR 99/35 the Director considered that these statements should be sufficiently detailed to show that eircom's own downstream arm is not treated more or less favourably than other operators.

The following matters arose during the ODTR's review of the Network Statement of Costs. The disclosure of exceptional costs on the face of this statement has been previously discussed.

The format of the network statement focused extensively on the costs of conveyance network elements and components (hereafter referred to as "network elements"). Non-conveyance network elements were not analysed to the same level of detail. After discussions with eircom it transpired that there were a number of reasons for this, in particular the availability of appropriately detailed non-financial data to enable certain network elements to be appropriately analysed. Following consideration of the representations made by eircom, the early state of the development of Accounting Separation in Ireland and of the charging principles for RIO services, the Director accepted that the level of information disclosed was adequate for the 1998/1999 separated accounts.

The Director believes that the Network Statement of Costs is an essential element to ensure transparency as part of accounting separation. For 1999/2000 and subsequent years this statement should identify the cost components of the individual network elements that are used to provide the RIO and Retail and Other Activities services. In particular, this statement should additionally disclose as a minimum the following network elements: -

- Average per minute costs for National Directory enquiries
- Average per minute costs for International Directory enquiries
- Average per minute costs for Carrier Administration<sup>12</sup>
- Average per minute costs for Carrier Billing<sup>13</sup>
- Average per call costs for use of the Intelligent Network (identifying deferred costs where relevant)
- Average per minute costs for National Operator Assistance
- Average per minute costs for International Operator Assistance

Where necessary, if the above network elements are not sufficiently unbundled to enable identification of the individual network elements that are used to provide the RIO and Retail and Other Activities services, eircom should further disaggregate the above headings to a sufficient level of detail (or include additional network elements) to enable this identification.

### **Decision 4.3.3**

**The Network Statement of Costs should additionally identify the following network elements:-**

- **National Directory enquiries**

<sup>12</sup> This per minute cost should be calculated in accordance with the RIO Decision Notice D7/00, (Document No. ODTR 00/31)

<sup>13</sup> This per minute cost should be calculated in accordance with the RIO Decision Notice D7/00, (Document No. ODTR 00/31)

- **International Directory enquiries**
- **Carrier Administration**
- **Carrier Billing**
- **Intelligent Network (identifying deferred costs where relevant)**
- **National Operator Assistance**
- **International Operator Assistance**

**Pro forma statements for the Network Statement of Costs for HCA, CCA and LRIC are set out in Appendix I, II and III.**

#### **4.3.4 Return on Capital Employed**

The return on capital employed has a direct impact on the cost of network services and is separately identified in the Network Statement of Costs. As part of the process of setting the recent interim conveyance rates, the Director determined that return on capital employed applicable to eircom from 1 April 2000 onwards is 12%.<sup>14</sup> This rate should also be used in the preparation of all Separated Accounts for 1999/2000.

The above return on capital employed should continue to be used until a revised figure has been approved by Director.

#### **Decision 4.3.4**

**The return on capital employed to be used in the Separated Accounts shall be 12% for 1999/2000. This shall continue forward until such time as the Director approves a different rate for the return on capital employed.**

#### **4.3.5 Statement of Costs of Network Services**

A number of the issues that arose following the review of the Statement of Costs of Network Services are linked to the points arising from the review of the Network Statement of Costs. The per minute\per call costs of network elements to be included in this statement should be sufficient to identify the individual network elements that are used to make-up the various RIO, Retail and Other Activities services.

The main issues that arose from the review were:-

1. the statement did not contain sufficient analysis of the non-conveyance network element,
2. the statement did not identify all of the services included in the RIO that was in effect at that time, nor a sufficient number of the services provided to the Retail and Other Activities main business areas.

Following representations from eircom to the effect that the required information could not be extracted from the system or that detailed data was not captured, the Director has decided that the level of information disclosed is adequate for the

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<sup>14</sup> The return on capital employed is pre-tax

1998/1999 separated accounts considering the early state of the development of accounting separation in Ireland and of the charging principles for RIO services, but not for future years.

The Director considers that in addition to the network elements identified in section 4.3.3 on the Network Statement of Costs, that the Statement of Costs of Network Services should include the per minute costs for the following as if they were network elements: -

- Payphone Access Charge
- Retail costs applicable to Number Translation Code services

This statement should additionally identify as separate row items the following: -

- All RIO Services that are included in the RIO in effect during the period of the Separated Accounts:
  - National Call Termination
  - National Call Origination
  - National Transit
  - Customer Sited Interconnection
  - In-Span Interconnection
  - Access to Premium Rate Services
  - Access to Freephone Services
  - Access to LoCall Services
  - Access to Callsave Services
  - Universal Number Access
  - Personal Numbering Access
  - National Directory Enquiries
  - International Directory Enquiries
  - National Operator Assistance
  - International Operator Assistance
  - Packet Service Access
  - Paging Service Access
  - International Access including Northern Ireland
  - NGNP Services
  - Data Management Amendment
- All Retail Services that were set out in Appendix II ODTR 99/35 and Appendix II ODTR 99/52
  - Local Calls
  - National Calls
  - International Calls
  - Calls to Mobile
  - Calls to Internet
  - National Directory Enquiries
  - International Directory Enquiries
  - Supplementary Services
  - Remaining Activities
  - Leased Lines
  - Internet Service Supply
- The individual services provided to the retail disaggregated activities, Internet Services Supply and Supplemental Services.
- The National Operator assistance service provided to eircom's retail business.
- The International Operator assistance service provided to eircom's retail business.

- The Number Translation Code Services provided to eircom retail (analysed by service).

The ODTR is currently considering the treatment of Directory Enquiry call completion services.

#### **Decision 4.3.5**

**The Statement of Costs of Network Services should additionally identify the following network elements:-**

- **Payphone Access Charge.**
- **Retail costs applicable to Number Translation Code services.**
- **All RIO Services that are included in the RIO in effect during the period of the Separated Accounts as set out above.**
- **All Retail Services should be included as set out above.**
- **The individual services provided to the retail disaggregated activities, Internet Services Supply and Supplemental Services.**
- **The National Operator assistance service provided to eircom’s retail business.**
- **The International Operator assistance service provided to eircom’s retail business.**

**Pro forma statements for Statement of Costs of Network Services for HCA, CCA and LRIC are set out in Appendix IV, V and VI.**

#### **4.3.6 Gradients**

The methodology for calculating gradients has been set out in the recent RIO Decision Notice.<sup>15</sup> The same gradient should be applied to all services included in the Statement of Costs of Network Services.

#### **Decision 4.3.6**

**The same gradient as set out in D7/00 should be applied to all services included in the Statement of Costs of Network Services.**

### **4.4 Extent of Disaggregated Activities**

ODTR 99/52 set out the extent to which the activities of eircom’s subsidiaries should be separately disaggregated within the ‘Other Activities’ main business area. Decision 3.2 specified that trading subsidiaries carrying out licensable telecom services within Ireland should be shown separately within “Other Activities”. The Director also reserved the right to review the level of disaggregated activities as set out in that paper in light inter alia of relevant market growth or changes in product offerings by eircom.

<sup>15</sup> eircom’s Reference Interconnection Offer, Decision Notice D7/00, (Document No. ODTR 00/31)



Eircom subsequently made representations along with Indigo, eircom's subsidiary in the Internet Service Provision (ISP) market, that Indigo was not and is not engaged in providing licensable telecom services and as such it should not hold a licence and its activities should not be disaggregated in the Separated Accounts.

The Director has considered the representations made by eircom and Indigo and, without prejudice to her final decision on whether or not Indigo should hold a licence going forward, the Director has concluded that as the company has been providing licensable services for the relevant period (financial year ended 31<sup>st</sup> March 2000), in accordance with Decision Notice D10/99, its activities should be separately identified within Other Activities in the 1999/2000 Separated Accounts with comparatives for 1998/1999.

#### **Decision 4.4**

**The "Other Activities" category in the 1999/2000 Separated Accounts shall be further disaggregated to show separately the activities of Indigo and shall include comparatives for 1998/1999.**

In relation to future years, the Director has considered the representations in the context of the ISP market in Ireland and the overall objective of publishing Separated Accounts. The Director believes that the disclosure of activities in the Separated Accounts contributes to an open and competitive market as it increases operators' confidence that proper accounting relationships exist between eircom and its various business units. It also provides supporting evidence that such business units are not the beneficiary of unfair cross-subsidies from other areas within the eircom Group. It should be noted that this does not affect the Director's right to carry out investigations into the possibility of unfair cross subsidisation.

The ISP market is a very important one in terms of the development of telecommunications in Ireland. It is a significant growth area and the numbers of users has increased from 379,000<sup>16</sup> users (May 1999) to 713,000<sup>17</sup> users (April 2000) driven partly by the falling cost of using the Internet following the launch of 'free ISPs'. This, together with the continuing fall in PC prices and growing consumer awareness of the value of the Internet, is increasing Ireland's internet usage significantly.

Therefore the Director considers that Internet Service Provision is an activity that should be treated as a separate business unit in accordance with eircom's General Licence condition 15.1. The Director believes that information should be provided on ISP's which would be separately identified within "Other Activities". Taking into account the growing importance of ISP's within the Irish telecommunications market the Director would welcome comments from interested parties on the following:

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<sup>16</sup> Amarach Consulting, March 2000

<sup>17</sup> Nielsen/NetRatings, April 2000

*Q 1. Do you agree that an ISP business unit should be separately disclosed in the Separated Accounts?*

*Q 2. What activities should be included in the ISP business unit?*

The Director is currently carrying out a separate investigation into the activities of Indigo to ascertain whether or not there is evidence of unfair cross-subsidisation and the outcome of this investigation will be available shortly.

#### **4.5 Format of Current Cost and LRIC Separated Accounts**

Decision 8.3 of ODTR 99/43 states that the Separated Accounts should be adjusted for current cost information for the year 1999/2000 at a minimum for call origination, termination and transit and that as additional information becomes available the accounts should be adjusted accordingly. In addition Decision 3.6 of 99/35 stated that LRIC adjustments would be required in the separated accounts from 1999/2000 onwards.

Set out in Appendices VII are pro-forma formats for CCA and LRIC Separated Accounts. These statements will be published in addition to HCA statements and will replace HCA Separated Accounts over time. As envisaged in Decision 8.3 as additional information becomes available more of the formats in the Appendices will be used. In addition, the transfer charges included in these Separated Accounts should be based on the appropriate costing basis (CCA or LRIC).

##### **Decision 4.5**

**The Current Cost Separated Accounts should be prepared in the format as set out in Appendix VII, where the information is available, which is consistent with the EU Recommendation. LRIC adjustments will be required to be shown on the face of the Profit and Loss statements.**

#### **4.6 Transfer Charges**

The format of the templates for transfer charges has been changed to incorporate the separation of Calls to Internet and Internet Service Supply that was decided in ODTR 99/52. Also Other Activities has been analysed to separately identify Eircell and Indigo.

In November 1999, the ODTR published Dispute Resolution Determination Numbers 01/99 and 02/99, in which the Director accepted eircom's proposal to charge its own retail arm an appropriate charge in respect of the traffic passing between local exchanges and the eircom frame relay network. This virtual access charge should therefore be included as part of the transfer charges to the Frame Relay retail division.

In ODTR 99/35 section 3.11 Principles for a Transfer Charging System, the Director decided that two of the principles that should be applied in relation to transfer charges are: -

- The transfer charges for internal usage should be determined as the product of usage and unit charges.
- The charge for internal usage should be equivalent to the charge that would be levied if the product or service were sold externally rather than internally. For accounting separation purposes, it should be assumed that the retail business pays the same interconnection charge for the same service as set out in the RIO, if different this charge must be appropriately justified.

In accordance with the above principles, the Director believes that transfer charges should include charges relating to:-

- the use of shared premises/exchanges
- inter-company loans
- seconded staff and other operating overheads
- compensation for expenditure incurred by one group company on behalf of another group company, etc.

Charges in relation to these should be included as part of the transfer charges shown in the Separated Accounts.

#### **Decision 4.6**

**The pro-forma schedules for transfer charges have been amended to incorporate decision 3.2 and decision 3.5 as detailed in decision notice 10/99 (ODTR 99/52). See Appendix VIII.**

**The virtual access charge arising from the Dispute Resolution Determination Numbers 01/99 and 02/99, shall be included as part of the transfer charges to the Frame Relay retail division.**

#### **Charges relating to**

- **the use of shared premises/exchanges**
- **inter-company loans**
- **seconded staff and other operating overheads**
- **compensation for expenditure incurred by one group company on behalf of another group company, etc.**

**shall be included as part of the transfer charges shown in the Separated Accounts.**

#### **4.6.1 Public Payphone Transfer Charges**

Included as part of the supplemental information published on the 3<sup>rd</sup> March 1999 was a statement providing a breakdown of the transfer charge to the Retail – Public Payphones disaggregated activity. The Director believes that this statement should be included as part of the published Separated Accounts from 1999/2000 onwards.

#### **Decision 4.6.1**

**The Separated Accounts shall include a statement analysing the transfer charge to Retail - Public Payphones as set out in Appendix VIII.**

## 5. Audit of Separated Accounts

### 5.1 Audit Opinion

Principle (h) in Section 5 ‘Format of Accounting Separation Statements’ of ODTR 99/35 states that “The separated accounts shall be subject to an audit, in accordance with the relevant rules of Irish legislation.” The audit opinion expressed on eircom’s Separated Accounts for the year ended 1<sup>st</sup> April 1999 was that they were “prepared in accordance with” eircom’s Accounting Documents for the year ended 1<sup>st</sup> April 1999. While this wording complies with Decision 4.1 of ODTR 99/43, the Director considers that it would be appropriate to include an additional audit opinion as to whether the separated accounts are fairly presented in accordance with eircom’s Accounting Documents to comply with principle (h) above. This type of opinion has been used in a number of other jurisdictions, and a positive opinion would be in the following format: -

“Each of the financial statements of each of the Businesses and each of the Activities for the year ended XXXX which have been prepared in accordance with the Accounting Documents dated XXXX fairly presents in accordance with the Accounting Documents dated XXXX the results and mean capital employed of, and costs incurred by, each of the Businesses and each of the Activities;”

Where relevant, the Director expects the above opinion (assuming it is positive) to be included in respect of the comparative figures.

To date the Director has issued a number of documents setting out the framework for accounting separation in Ireland. She believes that the audit report should contain an opinion as to whether the Separated Accounts comply with her Decision notices in this area which include Accounting Separation, Costing Methodologies and LRIC<sup>18</sup> Decision notices, as amended from time to time. This opinion should state whether each of the financial statements of each of the Businesses and each of the Activities, and also the supporting notes to the Separated Accounts comply with the requirements of the Decision Notices issued by the ODTR. As well as this statement, the Director considers that an opinion should be included as to whether the information specified by the Decision Notices to be published in the Separated Accounts has indeed been published.

The Director requires the decision in the previous paragraphs to be fully implemented for the 2000/2001 Separated Accounts.

The Director is of the view that the 1999/2000 Separated Accounts should have a separate audit report for the HCA Separated Accounts and the CCA/LRIC Statements.

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<sup>18</sup> The Development of Long Run Incremental Costing for Interconnection, Decision Notice D6/99 and Report on Consultation Paper ODTR 99/17, (Document No. ODTR 99/38)

## Decision 5.1

**The audit report on the separated accounts shall additionally state for the 2000/2001 separated accounts whether:-**

- **the separated accounts are fairly presented in accordance with eircom's Accounting Documents,**
- **whether the Separated Accounts comply with the ODTR's Decision Notices in this area, as amended from time to time.**
- **whether the information specified by the Decision Notices to be published in the Separated Accounts has indeed been published in the separated accounts.**

**Separate audit opinions should be issued on the HCA and the CCA/LRIC Separated Accounts.**

## 5.2 Appointment of Auditors

As mentioned in the previous section, the Director has set out that under Principle (h) "The separated accounts shall be subject to an audit, in accordance with the relevant rules of Irish legislation." For eircom's financial year 2000/2001, the Director requires eircom to submit a list of appropriate independent persons/bodies to carry out the audit of the Separated Accounts for her approval, at least 8 months before the Separated Accounts are due to be published. This submission should contain all relevant information to enable the Director to decide whether or not to approve the independent person/body. The Director reserves the right to appoint the independent person/body if she does not approve of eircom's list of independent persons/bodies.

In addition to the requirement to prepare audited Separated Accounts there are a number of obligations relating to the costing system contained in relevant legislation, these include: -

- the requirement under Regulation 8 (13) of the Interconnection Regulations<sup>19</sup> for the Director to verify that the cost accounting systems of applicable organisations comply with the regulation. This verification may be carried out, at the option of the Director, by the Director or by a person engaged by, but independent of, the organisation concerned, and approved of in advance by the Director.
- the requirement under Regulation<sup>20</sup> 22 (2) for the compliance by an applicable organisation with Regulation 22 (1) to be verified by a person or body independent of the organisation and selected by the organisation with the prior approval of the Director.

The Director will at a minimum, require the independent person or body to submit a report to her on the cost accounting system that contains:-

- A certificate of compliance, expressing an opinion on whether the cost accounting system complies with the requirements set out in the Interconnection Regulations.
- Details of the areas in the costing system which do not comply with the Regulations.
- A list of recommendations for further improvements.

<sup>19</sup> European Communities (Interconnection in Telecommunications) Regulation 1998, (S.I. No. 15 of 1998)

<sup>20</sup> European Communities (Voice Telephony and Universal Service) Regulation 1999, (S.I. No. 71 of 1999)

In view of the time constraint and the state of development of eircom's cost accounting system the Director believes that for 1999/2000 the most suitable organisation to verify the accounting system in relation to the Interconnection Regulation are the auditors of eircom's Separated Accounts.

**Decision 5.2**

**eircom shall submit a list of appropriate independent persons/bodies to carry out the audit of the Separated Accounts to the ODTR at least 8 months before the Separated Accounts are due to be published, for the approval of the Director. This shall apply to Separated Accounts for 2000/2001 and onwards.**

## 6. Non Relevant Costs

The Director stated in ODTR 99/35 that the Separated Accounts should include all the cost incurred by TE in the provision of the services and that the basis established for the purposes of accounting separation may not be applicable for setting interconnection rates. The Interconnection rates set out in the RIO are based on relevant costs, non-relevant costs are excluded when determining charges for services and these are judged on a case by case basis. The issue of non-relevant costs was discussed in ODTR 99/43, Decision 4.6 stated that “Non-relevant costs for regulatory decision purposes should be disclosed as reconciling items after the 1999/2000 Separated Accounts” therefore the distinction between relevant and non-relevant costs will not be shown in the Separated Accounts until 2000/2001.

The Director appreciates that the actual treatment of non-relevant costs for regulatory decision purposes is important for accounting separation. Non-relevant costs for regulatory decision purposes should be disclosed as a reconciling item. This would be the best approach as it is transparent, avoids further re-allocation of costs, and will enable easy reconciliation to the statutory accounts. The purpose of publishing this information is to provide transparency in the calculation of Interconnection charges, this is to ensure that other market players are in a position to ascertain that the charges have been fully and properly calculated.

### Decision 6.1

**From 2000/2001 onwards, operating costs for the Core Network shall be the relevant costs as determined or agreed by the Director for the calculation of the rates in the RIO that is applicable to the accounting period. Non-relevant costs should be disclosed as a reconciling item in the statement of reconciliation between the Separated Accounts and the Financial Statements.**

The Director considers that transparency of Interconnection charges will be aided by the publication of a forecast Network Statement of Costs and a forecast Statement of Costs of Network Services which set out the relevant forecast of costs used in calculating the interim RIO rates currently in force. These statements should be published with the Separated Accounts for 1999/2000 together with the RIO rates that came into force in accordance with the Director’s directions as set out in ODTR 00/31.<sup>21</sup> These statements will be published for the first time with the Separated Accounts for 1999/2000 and will only include forecast relevant costs. The Director notes that these statements will be based on forward looking costs from 1<sup>st</sup> April 2000 onwards and are not directly comparable with the actual results contained in the Separated Accounts for 1999/2000.

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<sup>21</sup> eircom Reference Interconnection offer , Decision Notice D7/00 and Response on the Consultation, (Document No. ODTR 00/31)

**Decision 6.2**

**eircom shall publish a forecast Network Statement of Costs and a forecast Statement of Costs of Network Services which forms the basis of calculating the interim RIO rates currently in force. Only forecast relevant costs shall be included. These schedules shall be published in 1999/2000 for the first time at the same time as the publication of the Separated Accounts and shall be republished annually.**



## **7. Description of eircom's Costing System**

A description of eircom's costing system, together with its cost drivers must be published by eircom in accordance with EU legislation and the Decision Notices. eircom published a description of its costing system as part of the Accounting Documents published with the Separated Accounts for 1998/1999.

With the publication of CCA and LRIC Separated Accounts, the description of the costing system should be extended to include a detailed description of CCA and LRIC.

In light of the wording of the audit opinion in Section 5, the ODTR is currently considering whether a more detailed description of the costing system should be made publicly available to set out in more detail how the principles in the Accounting Documents have been carried out in practice.

### **Decision 7**

**The costing system description should be extended to include CCA and LRIC.**

## **8. Reconciliation of HCA to CCA and to LRIC**

With the production of CCA and LRIC Separated Accounts it will be necessary to include reconciliation statements with the published accounts. The reconciliations should include the following:-

- a) Reconciliation statement of HCA profits\losses before taxation to CCA profits\losses before taxation,
- b) Reconciliation statement of HCA mean capital employed to CCA mean capital employed,
- c) Reconciliation of Statement of Costs of Network Services CCA to Statement of Costs of Network Services LRIC.

### **Decision 8**

**The Separated Accounts shall include, where relevant, the following reconciliation statements:-**

- **Reconciliation statement of HCA profits\losses before taxation to CCA profits\losses before taxation,**
- **Reconciliation statement of HCA mean capital employed to CCA mean capital employed,**
- **Reconciliation of Statement of Costs of Network Services CCA to Statement of Costs of Network Services LRIC.**

## 9. Quarterly Separated Accounts

Under Licence condition 15.1<sup>22</sup> eircom is required to provide on demand to the ODTR Separated Accounts for each calendar quarter. eircom's has currently devoted substantial resources to developing its new costing system and producing the 1999/2000 Separated Accounts (HCA, CCA and LRIC). eircom believe that the preparation of the quarterly accounts will lead to delays in the publication of the Historical Cost Separated Account for 1999/2000.

In the Directors opinion the publication of the annual Separated Accounts should take precedence over the quarterly Separated Accounts, and she is therefore giving eircom a derogation from producing quarterly Separated Accounts. Instead, the Director requires that half yearly Separated Accounts be prepared and submitted to her within four months of the end of the period to which they relate. These accounts will not require an audit opinion but should be on a group basis, reconciled to eircom's half yearly results and be prepared in accordance with the framework set out for the annual Separated Accounts. The issue of the requirement to prepare quarterly Separated Accounts will be reviewed at a later date.

Decision Notice ODTR 99/43 states that the costing methodologies and attribution methods must be updated annually. The costing methodology and attribution methods used in the half yearly Separated Accounts should be updated to reflect the most recent information. The Director considers that the allocation of costs should reflect the most up to date information that is available, the costing methodology and attribution methods should be updated as appropriate.

### Decision 9

**Half-yearly Separated Accounts shall be submitted to the ODTR within four months of the end of the period to which they relate. The half-yearly Separated Accounts should be prepared as set out above.**

### 9.1 Traffic Volumes

Section 4.3 of Decision Notice ODTR 98/52<sup>23</sup> requires eircom to provide the ODTR with quarterly updates of volume data for all types of PSTN traffic. This information will be confidential to the ODTR

#### Decision 9.1

**Volume data for all types of PSTN traffic shall be submitted to the ODTR four months after the quarter end.**

<sup>22</sup> General Telecommunications Licence

<sup>23</sup> Interconnection Rates in the Irish Telecommunications Sector, (Document No.ODTR 98/52)

## **10. Local Loop Unbundling and Separated Accounts**

The report on the ODTR consultation on local loop unbundling (ODTR 00/30)<sup>24</sup> published in April, set out a number of positions in regard to the costing of Co-Location and Local Loop Unbundling (“LLU”) services and products. In particular position 7.3 stated that “the Director considers that LRIC forms an appropriate basis for calculation of prices for LLU. However, the Director also notes that there are circumstances that may justify a deviation from the LRIC standard initially and these will be taken into account in any final pricing arrangements.”

The development of the LLU regime will have a major impact on the format and content of the Separated Accounts. In particular a Statement of Costs of Access Network Services will have to be published, this will be finalised following further consideration by the ODTR.

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<sup>24</sup> Report on the ODTR Consultation on Local Loop unbundling, Decision Notice D6/00, (Document No.ODTR 00/30)

# Appendix I – Network Statement of Costs HCA

For the Year Ended dd mm yyyy	Operating Costs €'000	Exceptional Costs €'000	Capital Employed €'000	Rate of Return €'000	Capital Costs €'000	Total Operating and Capital Costs €'000	Total Unit Volume	Average Cost Cents/Unit <sup>25</sup>
<i>Traffic Sensitive</i>								
Subscriber Unit	X	X	X	X	X	X	X	X
Primary Switch	X	X	X	X	X	X	X	X
Secondary Switch	X	X	X	X	X	X	X	X
Tertiary Switch	X	X	X	X	X	X	X	X
<i>Transmission – Non-Length Dependent</i>								
RSU to Primary/Secondary Link	X	X	X	X	X	X	X	X
Primary to Primary Link	X	X	X	X	X	X	X	X
Primary to Secondary Link	X	X	X	X	X	X	X	X
Secondary to Secondary Link	X	X	X	X	X	X	X	X
Secondary to Tertiary Link	X	X	X	X	X	X	X	X
Tertiary to Tertiary Link	X	X	X	X	X	X	X	X
<i>Transmission – Length Dependent</i>								
RSU to Primary/Secondary Length	X	X	X	X	X	X	X	X
Primary to Primary Length	X	X	X	X	X	X	X	X
Primary to Secondary Length	X	X	X	X	X	X	X	X
Secondary to Secondary Length	X	X	X	X	X	X	X	X
Secondary to Tertiary Length	X	X	X	X	X	X	X	X
Tertiary to Tertiary Length	X	X	X	X	X	X	X	X
<i>International Transmission</i>	X	X	X	X	X	X	X	X
<i>Outpayments</i>	X	X	X	X	X	X	X	X
<i>National Directory Enquiry</i>	X	X	X	X	X	X	X	X
<i>International Directory Enquiry</i>	X	X	X	X	X	X	X	X
<i>Private Circuits\Leased Lines</i>	X	X	X	X	X	X	X	X
<i>Interconnect Connections and Rentals</i>	X	X	X	X	X	X	X	X
<i>Carrier Administration</i>	X	X	X	X	X	X	X	X
<i>Carrier Billing</i>	X	X	X	X	X	X	X	X
<i>Intelligent Network</i>	X	X	X	X	X	X	X	X
<i>National Operator Assistance</i>	X	X	X	X	X	X	X	X
<i>International Operator Assistance</i>	X	X	X	X	X	X	X	X
<i>Other categories will be included as appropriate</i>	X	X	X	X	X	X	X	X
<b>Total Conveyance</b>	X	X	X	X	X	X	X	X

<sup>25</sup> Average cost per unit is based on a per minute or a per call basis depending on how the service is included in the RIO.

## Appendix II – Network Statement of Costs CCA

For the Year Ended dd mm yyyy	HCA Operating Costs €'000	Supplementary Depreciation €'000	Holding Gain & CCA Adjustments €'000	Total CCA Operating Costs €'000	CCA Mean Capital Employed €'000	Rate of Return €'000	Capital Costs €'000	Total Operating and Capital Costs €'000	Total Unit Volume	Average Cost Cents/Unit
<i>Traffic Sensitive</i>										
Subscriber Unit	X	X	X	X	X	X	X	X	X	X
Primary Switch	X	X	X	X	X	X	X	X	X	X
Secondary Switch	X	X	X	X	X	X	X	X	X	X
Tertiary Switch	X	X	X	X	X	X	X	X	X	X
<i>Transmission - Non-Length Dependent</i>										
RSU to Primary/Secondary Link	X	X	X	X	X	X	X	X	X	X
Primary to Primary Link	X	X	X	X	X	X	X	X	X	X
Primary to Secondary Link	X	X	X	X	X	X	X	X	X	X
Secondary to Secondary Link	X	X	X	X	X	X	X	X	X	X
Secondary to Tertiary Link	X	X	X	X	X	X	X	X	X	X
Tertiary to Tertiary Link	X	X	X	X	X	X	X	X	X	X
<i>Transmission - Length Dependent</i>										
RSU to Primary/Secondary Length	X	X	X	X	X	X	X	X	X	X
Primary to Primary Length	X	X	X	X	X	X	X	X	X	X
Primary to Secondary Length	X	X	X	X	X	X	X	X	X	X
Secondary to Secondary Length	X	X	X	X	X	X	X	X	X	X
Secondary to Tertiary Length	X	X	X	X	X	X	X	X	X	X
Tertiary to Tertiary Length	X	X	X	X	X	X	X	X	X	X
<i>International Transmission</i>										
<i>Outpayments</i>	X	X	X	X	X	X	X	X	X	X
<i>National Directory Enquiry</i>	X	X	X	X	X	X	X	X	X	X
<i>International Directory Enquiry</i>	X	X	X	X	X	X	X	X	X	X
<i>Private Circuits\Leased Lines</i>	X	X	X	X	X	X	X	X	X	X
<i>Interconnect Connections and Rentals</i>	X	X	X	X	X	X	X	X	X	X
<i>Carrier Administration</i>	X	X	X	X	X	X	X	X	X	X
<i>Carrier Billing</i>	X	X	X	X	X	X	X	X	X	X
<i>Intelligent Network</i>	X	X	X	X	X	X	X	X	X	X
<i>National Operator Assistance</i>	X	X	X	X	X	X	X	X	X	X
<i>International Operator Assistance</i>	X	X	X	X	X	X	X	X	X	X
<i>Other categories will be included as appropriate</i>	X	X	X	X	X	X	X	X	X	X
<b>Total Conveyance</b>	X	X	X	X	X	X	X	X	X	X

# Appendix III – Network Statement of Costs LRIC

For the Year Ended dd mm yyyy	← Long Run Incremental Costs →						
	Operating Costs €'000	Mean capital Employed €'000	Rate of Return €'000	Capital Costs €'000	Total Operating and Capital Costs €'000	Total Unit Volume	Average Cost Cents/Unit
<i>Traffic Sensitive</i>							
Subscriber Unit	X	X	X	X	X	X	X
Primary Switch	X	X	X	X	X	X	X
Secondary Switch	X	X	X	X	X	X	X
Tertiary Switch	X	X	X	X	X	X	X
<i>Transmission - Non-Length Dependent</i>							
RSU to Primary/Secondary Link	X	X	X	X	X	X	X
Primary to Primary Link	X	X	X	X	X	X	X
Primary to Secondary Link	X	X	X	X	X	X	X
Secondary to Secondary Link	X	X	X	X	X	X	X
Secondary to Tertiary Link	X	X	X	X	X	X	X
Tertiary to Tertiary Link	X	X	X	X	X	X	X
<i>Transmission - Length Dependent</i>							
RSU to Primary/Secondary Length	X	X	X	X	X	X	X
Primary to Primary Length	X	X	X	X	X	X	X
Primary to Secondary Length	X	X	X	X	X	X	X
Secondary to Secondary Length	X	X	X	X	X	X	X
Secondary to Tertiary Length	X	X	X	X	X	X	X
Tertiary to Tertiary Length	X	X	X	X	X	X	X
<i>International Transmission</i>	X	X	X	X	X	X	X
<i>Outpayments</i>	X	X	X	X	X	X	X
<i>National Directory Enquiry</i>	X	X	X	X	X	X	X
<i>International Directory Enquiry</i>	X	X	X	X	X	X	X
<i>Private Circuits\Leased Lines</i>	X	X	X	X	X	X	X
<i>Interconnect Connections and Rentals</i>	X	X	X	X	X	X	X
<i>Carrier Administration</i>	X	X	X	X	X	X	X
<i>Carrier Billing</i>	X	X	X	X	X	X	X
<i>Intelligent Network</i>	X	X	X	X	X	X	X
<i>National Operator Assistance</i>	X	X	X	X	X	X	X
<i>International Operator Assistance</i>	X	X	X	X	X	X	X
<i>Other categories should be included as appropriate</i>	X	X	X	X	X	X	X
<b>Total Conveyance</b>	X	X	X	X	X	X	X

# Appendix IV- Statement of Costs of Network Services HCA

	Traffic Sensitive				Non-length Dependent						Length Dependent						Non Conveyance Costs																				
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Length	Primary to Primary Length	Primary to Secondary Length	Secondary to Secondary Length	Secondary to Tertiary Length	Tertiary to Tertiary Length	International Transmission	Outpayments	National Directory Enquiries	International Directory Enquiries	Private Circuit Network	Interconnect Connections & Rentals	Carrier Administration	Carrier Billing	Intelligent Network	National Operator Assistance	International Operator Assistance	Other Costs- Network	Other Costs - Non Network	Gradient - Peak	Gradient - Off Peak	Gradient - Weekend	Call Conveyance Cost - Peak	Call Conveyance Cost - Off Peak	Call Conveyance Cost - Weekend		
<b>Average Cost Cents/Unit</b>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
<b>Total Costs</b>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
<b>Usage Factors (Routing or percentages)</b>																																					
<b>Retail Services</b>																																					
Local Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
National Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
International Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
<i>(Other Retail Services mentioned in 4.3.5)</i>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x									
<b>RIO Services</b>																																					
National Call Termination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
National Call Origination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
National Transit	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
<i>(Other RIO Services mentioned in 4.3.5)</i>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x									
<b>National Call Termination</b>																																					
Primary	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x									
Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x									
Double Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x									
<b>National Call Origination</b>																																					
Primary	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x									
Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x									
Double Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x									





# Appendix V- Statement of Costs of Network Services CCA

	Traffic Sensitive				Non-length Dependent					Length Dependent					Non Conveyance Costs																						
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Length	Primary to Primary Length	Primary to Secondary Length	Secondary to Secondary Length	Secondary to Tertiary Length	Tertiary to Tertiary Length	International Transmission	Outpayments	National Directory Enquiries	International Directory Enquiries	Private Circuit Network	Interconnect Connections & Rentals	Carrier Administration	Carrier Billing	Intelligent Network	National Operator Assistance	International Operator Assistance	Other Costs- Network	Other Costs - Non Network	Gradient - Peak	Gradient - Off Peak	Gradient - Weekend	Call Conveyance Cost - Peak	Call Conveyance Cost - Off Peak	Call Conveyance Cost - Weekend		
<b>Average Cost Cents/Unit</b>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x							
<b>Total Costs</b>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x							
<b>Usage Factors (Routing or percentages)</b>																																					
<b>Retail Services</b>																																					
Local Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
National Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
International Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
<i>(Other Retail Services mentioned in 4.3.5)</i>																																					
<b>RIO Services</b>																																					
National Call Termination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
National Call Origination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
National Transit	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
<i>(Other RIO services mentioned in 4.3.5)</i>																																					
<b>National Call Termination</b>																																					
Primary	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
Double Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
<b>National Call Origination</b>																																					
Primary	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								
Double Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x								

# Appendix V (Contd.)- Statement of Costs of Network Services CCA

	Traffic Sensitive				Non-length Dependent					Length Dependent					Non Conveyance Costs																							
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Length	Primary to Primary Length	Primary to Secondary Length	Secondary to Secondary Length	Secondary to Tertiary Length	Tertiary to Tertiary Length	International Transmission	Outpayments	National Directory Enquiries	International Directory Enquiries	Private Circuit Network	Interconnect Connections & Rentals	Carrier Administration	Carrier Billing	Intelligent Network	National Operator Assistance	International Operator Assistance	Other Costs- Network	Other Costs - Non Network	Gradient - Peak	Gradient - Off Peak	Gradient - Weekend	Call Conveyance Cost - Peak	Call Conveyance Cost - Off Peak	Call Conveyance Cost - Weekend			
<b>Average Cost/Unit</b>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<b>Retail Services</b>																																						
Local Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
National Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
International Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<i>(Other Retail Services mentioned in 4.3.5)</i>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<b>RIO Services</b>																																						
National Call Termination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
National Call Origination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
National Transit	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<i>(Other RIO Services mentioned in 4.3.5)</i>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<b>National Call Termination</b>																																						
Primary	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Double Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<b>National Call Origination</b>																																						
Primary	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Double Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		

# Appendix VI- Statement of Costs of Network Services LRIC

	Traffic Sensitive				Non-length Dependent				Length Dependent				Non Conveyance Costs																							
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Length	Primary to Primary Length	Primary to Secondary Length	Secondary to Secondary Length	Secondary to Tertiary Length	Tertiary to Tertiary Length	International Transmission	Outpayments	National Directory Enquiries	International Directory Enquiries	Private Circuit Network	Interconnect Connections & Rentals	Carrier Administration	Carrier Billing	Intelligent Network	National Operator Assistance	International Operator Assistance	Other Costs- Network	Other Costs - Non Network	Gradient - Peak	Gradient - Off Peak	Gradient - Weekend	Call Conveyance Cost - Peak	Call Conveyance Cost - Off Peak	Call Conveyance Cost - Weekend	
<b>Average Cost Cents/Unit</b>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x						
Total Costs	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x						
<b>Usage Factors (Routing or percentages)</b>																																				
<b>Retail Services</b>																																				
Local Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
National Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
International Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
<i>(Other Retail Services mentioned in 4.3.5)</i>																																				
<b>RIO Services</b>																																				
National Call Termination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
National Call Origination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
National Transit	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
<i>(Other RIO Services mentioned in 4.3.5)</i>																																				
<b>National Call Termination</b>																																				
Primary	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Double Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
<b>National Call Origination</b>																																				
Primary	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Double Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	

# Appendix VI (Contd.)- Statement of Costs of Network Services LRIC

	Traffic Sensitive				Non-length Dependent					Length Dependent					Non Conveyance Costs																							
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Length	Primary to Primary Length	Primary to Secondary Length	Secondary to Secondary Length	Secondary to Tertiary Length	Tertiary to Tertiary Length	International Transmission	Outpayments	National Directory Enquiries	International Directory Enquiries	Private Circuit Network	Interconnect Connections & Rentals	Carrier Administration	Carrier Billing	Intelligent Network	National Operator Assistance	International Operator Assistance	Other Costs- Network	Other Costs - Non Network	Gradient - Peak	Gradient - Off Peak	Gradient - Weekend	Call Conveyance Cost - Peak	Call Conveyance Cost - Off Peak	Call Conveyance Cost - Weekend			
<b>Average Cost/Unit</b>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<b>Retail Services</b>																																						
Local Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
National Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
International Calls	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<i>(Other Retail Services mentioned in 4.3.5)</i>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<b>RIO Services</b>																																						
National Call Termination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
National Call Origination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
National Transit	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
<i>(Other RIO Services mentioned in 4.3.5)</i>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<b>National Call Termination</b>																																						
Primary	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Double Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
<b>National Call Origination</b>																																						
Primary	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Double Tandem	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		

## Appendix VII – Current Cost Accounting Formats

### Local Access Network Business CCA

PROFIT AND LOSS ACCOUNT for the year ended dd mm yyyy	Year Ended dd mm yyyy €000	Year Ended dd mm yyyy €000
Notes		
<b>Turnover</b>		
From Other Operators	X	X
Transfer Charges to Retail	X	X
<b>Total Turnover</b>	<b>X</b>	<b>X</b>
Operating Costs	X	X
Exceptional Operating Costs	X	X
Holding (Gain)/Loss and Other Adjustments	X	X
Supplementary Depreciation	X	X
<b>Total Operating Costs</b>	<b>X</b>	<b>X</b>
<b>Return</b>	<b>X</b>	<b>X</b>
RETURN ON MEAN CAPITAL EMPLOYED	Year Ended dd mm yyyy €000	Year Ended dd mm yyyy €000
<b>Return</b>	X	X
<b>Mean Capital Employed</b>	X	X
<b>Return on Mean Capital Employed</b>	<b>X%</b>	<b>X%</b>
<b>Return on Turnover</b>	<b>X%</b>	<b>X%</b>

## Local Access Network Business CCA

STATEMENT OF MEAN CAPITAL EMPLOYED as at dd mm yyyy	Notes	Year Ended dd mm yyyy €'000	Year Ended dd mm yyyy €'000
<b>Fixed assets</b>			
Tangible Fixed Assets		X	X
Intangible Fixed Assets		X	X
<b>Total Fixed Assets</b>		X	X
<b>Current Assets</b>			
Stocks		X	X
Debtors		X	X
Cash at Bank and in Hand		X	X
<b>Total Current Assets</b>		X	X
<b>Creditors</b>		(X)	(X)
<b>Provisions for Liabilities and Charges</b>		(X)	(X)
<b>Mean Capital Employed</b>		X	X

## Core Network Business CCA

PROFIT AND LOSS ACCOUNT for the year ended dd mm yyyy	Notes	Year Ended dd mm yyyy €'000	Year Ended dd mm yyyy €'000
<b>Turnover</b>			
Other Operators		X	X
From Retail and Other		X	X
<b>Total Turnover</b>		X	X
Operating Costs		X	X
Exceptional Operating Costs		X	X
Holding (Gain)/Loss and Other Adjustments		X	X
Supplementary Depreciation		X	X
<b>Total Operating Costs</b>		X	X
<b>Return</b>		X	X
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		Year Ended dd mm yyyy €'000	Year Ended dd mm yyyy €'000
<b>Return</b>		X	X
<b>Mean Capital Employed</b>		X	X
<b>Return on Mean Capital Employed</b>		X%	X%
<b>Return on Turnover</b>		X%	X%

## BALANCE SHEET

As for Local Access Network



## Retail Business CCA

### PROFIT AND LOSS ACCOUNT

for the year ended dd mm yyyy

Notes

	Year Ended dd mm yyyy €000	Year Ended dd mm yyyy €000
<b>Turnover</b>		
Connections	X	X
Rental	X	X
Call Charges	X	X
Other	X	X
<b>Total Turnover</b>	X	X
<b>Operating Costs</b>		
Operating Costs Specific to Retail	X	X
Transfer Charges from Core Network	X	X
Transfer Charges from Local Access Network	X	X
Exceptional Operating Costs Specific to Retail	X	X
Holding (Gain)/Loss and Other Adjustments	X	X
Supplementary Depreciation	X	X
<b>Total Operating Costs</b>	X	X
<b>Return</b>	X	X

### RETURN ON MEAN CAPITAL EMPLOYED

	Year Ended dd mm yyyy €000	Year Ended dd mm yyyy €000
<b>Return</b>	X	X
<b>Mean Capital Employed</b>	X	X
<b>Return on Mean Capital Employed</b>	X%	X%
<b>Return on Turnover</b>	X%	X%

### BALANCE SHEET

As for Local Access Network

## Retail Business (Disaggregated) CCA

### PROFIT AND LOSS ACCOUNT

for the year ended dd mm yyyy

Notes

#### Turnover

Connections

Rental

Call Charges

Other

#### Total Turnover

#### Operating Costs

Operating Costs Specific to Retail

Transfer Charges from Core Network

Transfer Charges from Local Access Network

Exceptional Operating Costs Specific to Retail

Holding (Gain)/Loss and Other Adjustments

Supplementary Depreciation

#### Total Operating Costs

#### Return

### RETURN ON MEAN CAPITAL EMPLOYED

#### Return

Mean Capital Employed

Return on Mean Capital Employed

Return on Turnover

### BALANCE SHEET

As for Local Access Network

Year Ended  
dd mm yyyy  
€000

Year Ended  
dd mm yyyy  
€000

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

Year Ended  
dd mm yyyy  
€000

Year Ended  
dd mm yyyy  
€000

X

X

X

X

X%

X%

X%

X%

## Retail Business Reconciliation CCA

<b>RETURN</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>for the year ended dd mm yyyy</b>	<b>dd mm yyyy</b>	<b>dd mm yyyy</b>
	<b>€000</b>	<b>€000</b>
Access	X	X
Local Calls	X	X
National Calls	X	X
International Calls	X	X
Calls to Mobile	X	X
Directory Enquiry	X	X
Leased Lines	X	X
Public Payphones	X	X
Calls to Internet	X	X
Internet Services Supply	X	X
Supplemental Services	X	X
Remaining Activities	X	X
<b>TOTAL RETAIL BUSINESS</b>	<b>X</b>	<b>X</b>

  

<b>MEAN CAPITAL EMPLOYED</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>for the year ended dd mm yyyy</b>	<b>dd mm yyyy</b>	<b>dd mm yyyy</b>
	<b>€000</b>	<b>€000</b>
Access	X	X
Local Calls	X	X
National Calls	X	X
International Calls	X	X
Calls to Mobile	X	X
Directory Enquiry	X	X
Leased Lines	X	X
Public Payphones	X	X
Calls to Internet	X	X
Internet Services Supply	X	X
Supplemental Services	X	X
Remaining Activities	X	X
<b>TOTAL RETAIL BUSINESS</b>	<b>X</b>	<b>X</b>

## Other Business CCA

PROFIT AND LOSS ACCOUNT for the year ended dd mm yyyy	Notes	Year Ended dd mm yyyy €000	Year Ended dd mm yyyy €000
<b>Turnover</b>			
Turnover from Operations		X	X
<b>Operating Costs</b>			
Operating Costs Specific to Business		X	X
Transfer Charges from Core Network		X	X
Transfer Charges from Local Access Network		X	X
Exceptional Operating Costs Specific to Business		X	X
Holding (Gain)/Loss and Other Adjustments		X	X
Supplementary Depreciation		X	X
<b>Total Operating Costs</b>		X	X
<b>Return</b>		X	X
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		Year Ended dd mm yyyy €000	Year Ended dd mm yyyy €000
<b>Return</b>		X	X
<b>Mean Capital Employed</b>		X	X
<b>Return on Mean Capital Employed</b>		X%	X%
<b>Return on Turnover</b>		X%	X%

## BALANCE SHEET

As for Local Access Network

## Other Business – (Disaggregated) CCA

PROFIT AND LOSS ACCOUNT for the year ended dd mm yyyy	Year Ended dd mm yyyy €000	Year Ended dd mm yyyy €000
Notes		
<b>Turnover</b>		
Turnover from Operations	X	X
<b>Operating Costs</b>		
Operating Costs Specific to Business	X	X
Transfer Charges from Core Network	X	X
Transfer Charges from Local Access Network	X	X
Exceptional Operating Costs Specific to Business	X	X
Holding (Gain)/Loss and Other Adjustments	X	X
Supplementary Depreciation	X	X
<b>Total Operating Costs</b>	X	X
<b>Return</b>	X	X
RETURN ON MEAN CAPITAL EMPLOYED		
	Year Ended dd mm yyyy €000	Year Ended dd mm yyyy €000
<b>Return</b>	X	X
<b>Mean Capital Employed</b>	X	X
<b>Return on Mean Capital Employed</b>	X%	X%
<b>Return on Turnover</b>	X%	X%
<b>BALANCE SHEET</b>		
As for Local Access Network		

## Other Business Reconciliation CCA

<b>RETURN</b> for the year ended dd mm yyyy	<b>Year Ended</b> dd mm yyyy €000	<b>Year Ended</b> dd mm yyyy €000
Apparatus Supply	X	X
Other Remaining	X	X
Eircell	X	X
Indigo	X	X
Other Subsidiaries	X	X
<b>TOTAL OTHER BUSINESS</b>	<b>X</b>	<b>X</b>
<b>MEAN CAPITAL EMPLOYED</b> for the year ended dd mm yyyy	<b>Year Ended</b> dd mm yyyy €000	<b>Year Ended</b> dd mm yyyy €000
Apparatus Supply	X	X
Other Remaining	X	X
Eircell	X	X
Indigo	X	X
Other Subsidiaries	X	X
<b>TOTAL OTHER BUSINESS</b>	<b>X</b>	<b>X</b>

# Appendix VIII - Transfer Charges

	Retail Services												Other Activities				
Costs/Services	Access	Local Calls	National Calls	International Calls	Calls to Mobile	Directory Enquiry	Lensed Lines	Public Payphone	Calls to Internet	Internet Services Supply	Supplementary Services	Remaining Activities	Apparatus Supply	Other Remaining Activities	Eircell	Indigo	Other Subsidiaries
<b>Core Network Costs</b>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<b>Local Access Network Costs</b>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<b>Other Operating Costs</b>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<b>Total Transfer Charges</b>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<b>Public Payphone Transfer Charge</b>																	
Operating Costs Specific to Retail	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a
Transfer Charge from Core Network	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b
Exceptional Operating Costs	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c
Exceptional Transfer Charges from Core Network (If Applicable)	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d
Retail Area Markup	e	e	e	e	e	e	e	e	e	e	e	e	e	e	e	e	e
Total Retail Charges	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e	a+b+c+d+e
Wholesale Discount	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)
Transfer Charge to Public Payphones	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)	a+b+c+d+e+(f)