



Office of the Director of  
**Telecommunications  
Regulation**

**DECISION NOTICE**

**Revision of Timetable for Publication of  
Separated Accounts and Financial  
Information by *eircom***

**Decision No:** D12/01  
**Document No:** 01/61  
**Date:** August 2001

**Oifig an Stiúirthóra Rialála Teileachumarsáide**  
**Office of the Director of Telecommunications Regulation**  
Abbey Court, Irish Life Centre  
Lower Abbey Street, Dublin 1, Ireland  
Tel. +353 1 804 9600 Fax. +353 1 804 9680 E-mail [info@odtr.ie](mailto:info@odtr.ie)

## Contents

<b>1</b>	<b>INTRODUCTION.....</b>	<b>2</b>
<b>2</b>	<b>BACKGROUND .....</b>	<b>2</b>
<b>3</b>	<b>CONSULTATION ISSUE .....</b>	<b>2</b>
3.1	Question .....	3
3.2	Response Received .....	3
3.3	ODTR Position .....	3
3.4	Decision .....	4

## 1 INTRODUCTION

In July 2001, the ODTR issued a Consultation Paper (ODTR 01/54) that outlined a request received from *eircom* that the timeframes for the publication of Separated Accounting information be extended by two months from the dates published in Decision Notice D7/01.

The paper also indicated committed dates for publication of Separated Accounting information in 2002 and made provision for the preparation of a detailed timetable and project plan in respect of the financial year 2001/2002.

## 2 BACKGROUND

In March 2001, the Director carried out a consultation<sup>1</sup> on Accounting Separation and publication of financial information for telecommunication operators. Taking into account the responses received, the Director issued a Decision Notice<sup>2</sup> in which, inter alia was a decision concerning the timeframes for the publication of *eircom*'s Separated Accounts. *eircom* subsequently approached the ODTR seeking a two-month extension to the published timeframes.

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 and for demonstrating that there is no undue discrimination between an SMP operator's own downstream arm and competing operators or between one competitor and another when providing similar services.

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 SMP. The Director believes that the development of the accounting separation framework is an iterative process, and expects to issue consultations and decision notices from time to time on accounting separation. The purpose of this process is to either further improve the current framework and/or to set out the framework for areas not previously covered. This Decision Notice and the Consultation Paper that preceded it, are a part of this iterative process.

The opinions set out in this document are without prejudice to the legal position or the rights and duties of the Director to regulate the market generally.

## 3 CONSULTATION ISSUE

This consultation process was concerned solely with the timeframes for the publication of *eircom*'s Separated Accounts for the years 2000/01 and 2001/02.

---

<sup>1</sup> *eircom*'s Reference Interconnection Offer & Accounting Separation and Publication of Financial Information for Telecommunications Operators (Document no. ODTR 01/11)

<sup>2</sup> *eircom*'s Reference Interconnection Offer & Accounting Separation and Publication of Financial Information for Telecommunications Operators D7/01 (Document no. ODTR 01/24). *Eircom* has issued legal proceedings against Decision notice D7/01.

For a number of reasons *eircom* are unable to meet the timetable for this year and have written to the Director requesting that the timeframes for the publication of Separated Accounting information be extended by two months from the dates published in Decision Notice D7/01. They propose that HCA Separated Accounts be published by 30<sup>th</sup> September 2001 and CCA and LRIC Accounts by 30<sup>th</sup> November 2001.

Particular issues which have caused delays in the process this year included: achievement of a higher level of audit opinion; a number of significant changes to the reporting requirements for the Separated Accounts; and some bottlenecks relating to the implementation of new costing and accounting systems.

### 3.1 Question

The question asked in the consultation paper was:

*Do you agree with eircom's proposed timeframe for publishing HCA, CCA and LRIC Separated Accounts? If you disagree, what is your basis for your proposed timeframe?*

### 3.2 Response Received

Only one response was received to the consultation – from *eircom*.

In their response to the consultation, *eircom* has referred to the arguments contained in their submission in relation to the earlier consultation (ODTR 01/11) and to a number of subsequent submissions and representations. The additional inputs have helped to clarify some of the issues that caused delay to the accounts preparation process. The following are some of the issues raised by *eircom*:

- a) For the year 2000/01 *eircom* are seeking to achieve a higher level of audit endorsement ("fairly presents in accordance with etc."). The practicalities of meeting this standard requires an increase in the number of apportionment surveys, many of which have proved to be long and complex to carry out, involving significant additional resources.
- b) Decision Notice D7/01 introduced a number of significant changes to the reporting requirements for the Separated Accounts. *eircom* consider that the implementation of these changes has increased the requirements for data gathering and analysis and, in some instances, has given rise to processing problems through their accounting systems.
- c) The 1999/00 HCA and CCA/LRIC accounts were prepared in the new Telecompass costing system for the first time, having moved from the previous costing system. While the change has made improvements in terms of quality and functionality, *eircom* have encountered some bottlenecks within the system that need to be overcome.

### 3.3 ODTR Position

The view of the Director is that, for Accounting Separation and the associated Financial Information to be effective, publication must take place in a timely manner. The proposed time-scale which results in the publication of important CCA and LRIC data eight months after the end of the relevant financial year cannot be regarded as a satisfactory situation. The Director accepts that, in respect of the financial year 2000/2001, *eircom* cannot meet the deadlines set in D7/01 although this should have been possible with adequate planning for the process.

The Director has required significant improvement in the timetable in the coming year. In this regard, *eircom* has committed to the publication of the HCA Accounts for 2001/02 by 31<sup>st</sup> August 2002 and the CCA/LRIC Accounts by 30<sup>th</sup> September 2002. In addition, *eircom* will provide ODTR with a detailed timetable and project plan for the publication of the 2001/2002 accounts by 30<sup>th</sup> September 2001 together with the process for appointment of auditors.

The timetable for the production of separated accounts set by the ODTR in three successive years has not been met by *eircom* and derogations have had to be granted annually. This situation cannot continue and in this context the Director will consider publishing a monthly status report on the achievement by *eircom* of milestones set in the project plan referred to above.

### 3.4 Decision

#### Decision 1

**The time-table for publication of Separated Accounts and Financial Information for the year ended 31<sup>st</sup> March 2001 is as follows:**

**Historic Cost Accounts - 30<sup>th</sup> September 2001**

**CCA and LRIC Statements - 30<sup>th</sup> November 2001**

**In addition to the above draft accounts will be presented to ODTR at the end of the prior month, i.e.**

**Draft Historic Cost Accounts - 31<sup>st</sup> August 2001**

**Draft CCA and LRIC Statements - 31<sup>st</sup> October 2001**

#### Decision 2

**The time-table for publication of Separated Accounts and Financial Information for the year ended 31<sup>st</sup> March 2002 will be:**

**Historic Cost Accounts - 31<sup>st</sup> August 2002**

**CCA and LRIC Statements - 30<sup>th</sup> September 2002**

#### Decision 3

***eircom* will provide to ODTR, no later than 30<sup>th</sup> September 2001, a project plan relating to the process leading to the publication of the Separated Accounts and Financial Information for 2001/2002 and appointment of auditors.**