RAS Instructions

to

Qtel Qatar (Qtel) Q.S.C.

The Supreme Council of Information and Communication Technology “ictQATAR”

Consultation Document

ICTRA 2012/10/23
23 October 2012

Table of Contents

1 INSTRUCTIONS FOR RESPONDING TO THIS CONSULTATION

1.1 Consultation Procedures

All interested parties are invited to submit responses to the questions specifically identified in this document and to provide their views on any other relevant aspects. Comments should reference the number of the question being addressed or the specific section of this document if not responding to a particular question.

ictQATAR asks that, to the extent possible, submissions be supported by examples or relevant evidence. Any submissions received in response to this consultation will be carefully considered by ictQATAR when progressing to revised RAS Instruction. Nothing included in this consultation document is final or binding. However, ictQATAR is under no obligation to adopt or implement any comments or proposals submitted.

Comments should be submitted by email to rschnepfleitner@ict.gov.qa **on 29 November 2012** at the latest. The subject reference in the email should be stated as "RAS Instruction 2012". It is not necessary to provide a hard copy in addition to the soft copy sent by email.

1.2 Publication of Comments

In the interests of transparency and public accountability, ictQATAR intends to publish the submissions to this consultation on its website at www.ictqatar.qa. All submissions will be processed and treated as non-confidential unless confidential treatment of all or parts of a response has been requested.

In order to claim confidentiality for information in submissions that stakeholders regard as business secrets or otherwise confidential, stakeholders must provide a non-confidential version of such documents in which the information considered confidential is blacked out. This "blackened out" should be contained in square brackets. From the non-confidential version it has to be clear where information has been deleted. To understand where redactions have been made, stakeholders must add indications such as "business secret", "confidential" or "confidential information".

A comprehensive justification must be provided for each and every part of the submission required to be treated as confidential. Furthermore, confidentiality cannot be claimed for the entire or whole sections of the document as it is normally possible to protect confidential information with limited redactions.

While ictQATAR will endeavor to respect the wishes of respondents, in all instances the decision to publish responses in full, in part or not at all remains at the sole discretion of ictQATAR. By making submissions to ictQATAR in this consultation, respondents will be deemed to have waived all copyright that may apply to intellectual property contained therein.

For more clarification concerning the consultation process, please contact Dr. Rainer Schnepfleitner, Manager Economic & Licensing, rschnepfeitner@ict.gov.qa.

2 Executive Summary

The State of Qatar has empowered and authorized the Supreme Council of Information and Communication Technology (**ictQATAR**) to liberalize and regulate the telecommunications sector under Decree Law 34 of 2006 and the Telecommunications Law (**Telecommunications Law**), and Executive By-Law 1 of 2009 for the Telecommunications Law (**By-Law**). These laws establish the objectives and legal framework for ictQATAR to create the appropriate legal and regulatory conditions for the development of sustainable competition in the telecommunications sector so that, amongst other things, telecommunications may become a factor for promoting social and economic development.

Under the Telecommunications Law and By-Law, ictQATAR has specific objectives and powers to ensure the prices and charges of service providers are efficiently cost-based and appropriately applied to products and services offered at a wholesale or retail level. Service providers are also subject to any related regulations, rules, orders, notices, decisions, directions and instructions, as well as telecommunications licenses issued to them. Together this comprises the Applicable Regulatory Framework (**ARF**) that applies to licensed telecommunications service providers.

Qatar Telecom (Qtel) Q.S.C. (**QTel**) was designated as a Dominant Service Provider (DSP) in various retail markets and wholesale markets in the telecommunications sector in Qatar[1].

Designation as a DSP means QTel will be subject to specific provisions, obligations and remedies that are now part of the ARF or may be in the future, which apply to or will apply to DSPs, concerning conduct and activities in or connected with those relevant markets that include costing and accounting by the DSP.[2] These include access and interconnection pricing, accounting separation and tariffs based on efficient costs.

ictQATAR issued RAS Instructions in 2010 (ICTRA 08/10). Since then QTel has developed a Regulatory Accounting System (**RAS**) based on the financial year (**FY**) 2009. ictQATAR has reviewed the system and information supplied. In addition, ictQATAR has developed its own understanding of the current and likely future needs for cost and revenue data. In light of these developments, these new Instructions are issued to ensure the future submissions remain in line with Qatari requirements.

These RAS Instructions are formal Instructions to QTel to comply with the following:

- Prepare and participate in the further development of the RAS as approved by ictQATAR;
- Meet the timelines for the RAS implementation process according to the timelines set out in Section 5 Timeframe for implementing the RAS;
- Prepare and submit written reports, plans and responses to information requests from ictQATAR as part of the RAS; and
- Apply the RAS information in its own business systems and practices that relate to price setting and to demonstrate the application and implementation of the RAS system and information.

These requirements are immediate and will be on-going, subject to adjustments in the details and required timeframes, as specified by ictQATAR.

In arriving at these new Instructions, ictQATAR has provided QTel with a number of draft documents and discussion papers, including the following:

- Draft Direction and Instructions – Regulatory Accounting System, 4 December 2009;
- Detailed output requirements and deliverables for the Regulatory Accounting System, 13 October 2009;
- Comments on the RAS and data relating to the 2009 RAS, specifically on 27 September 2012.

[1] Recently Notice and Orders ICTRA 2011/10/31 of 31 October 2011

[2] This includes obligations and remedies contained in the annexures to QTel's public telecommunications licenses, and in particular, annexures D (procedures for implementing and revising tariffs), F (interconnection, access and wholesale services), I (additional obligations of dominant service providers) and J (transitional provisions – including fast-track interconnection process).

The Regulatory Accounting System Instructions (**RAS Instructions**) relates specifically to QTel. The general principles contained herein would apply equally to any other Service Provider that was designated to be a DSP and on whom an Accounting Separation obligation was imposed.

These Instructions set out:

- The relevant provisions and requirements of the ARF in respect of a RAS;
- The objectives, function and tasks of the RAS;
- The obligations of QTel in respect of the RAS; and
- The detailed regulatory accounting requirements.

The RAS provides a set of systems, processes, policies and procedures that enable QTel to establish a record keeping regime necessary to meet its regulatory obligations. These systems keep track of revenues, costs, assets and capital employed.

One of the key objectives of the RAS is to calculate, trace and analyze costs in order to demonstrate compliance with a cost orientation and non-discrimination obligation for regulated services. The main instruments of the RAS, which are depicted in Figure 1 below, are: (i) the Cost Model that forms the central part of the RAS (ii) the Separated Financial Statements; and, (iii) the Audit and Statement of Compliance.

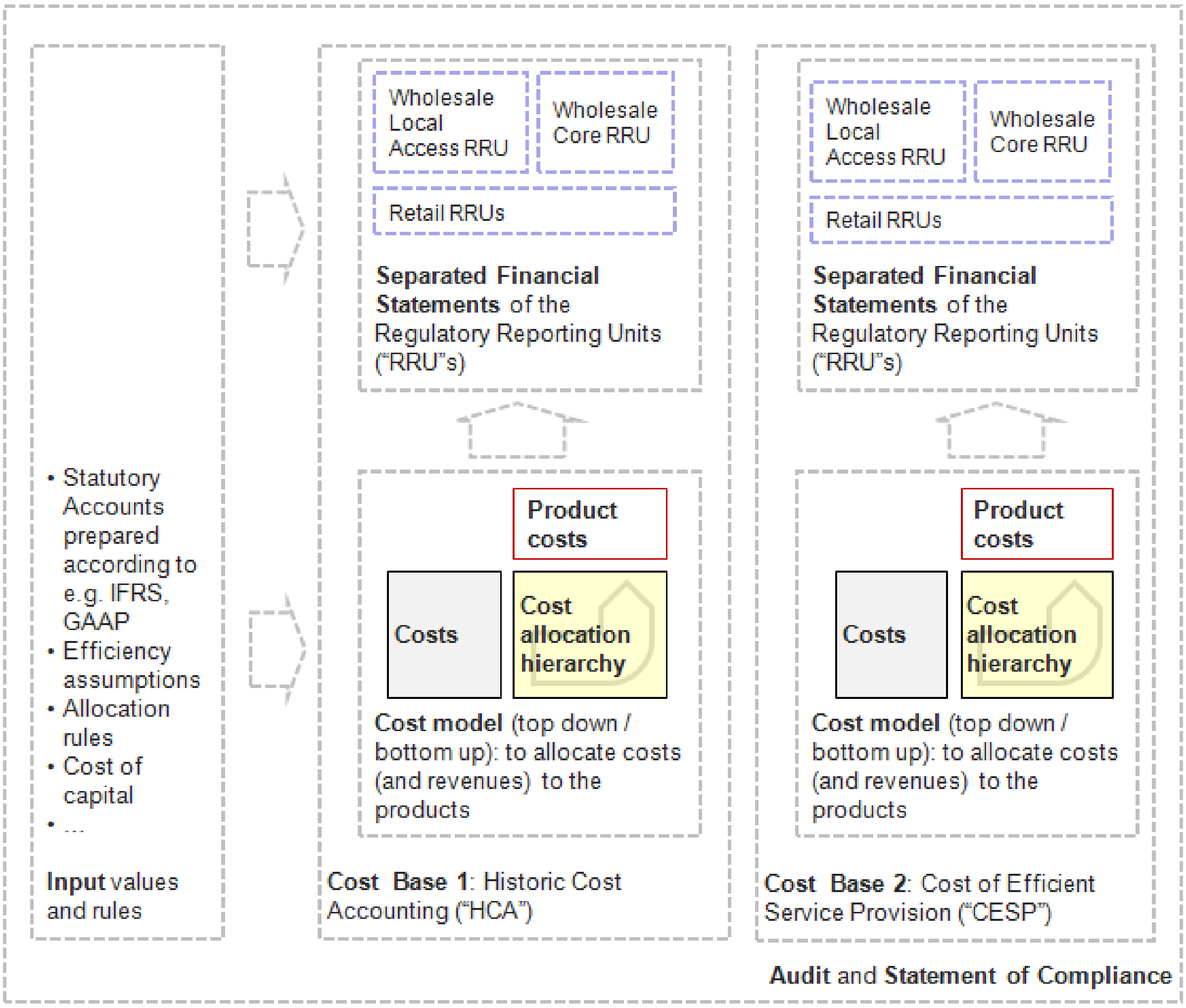

Figure 1 Simplified elements of the RAS showing two related reporting outputs

The Cost Model allocates costs and revenues in a causal manner to the DSP's products. The allocation of costs to service categories and products shall be subject to internationally agreed principles, of which cost causation is the most important.

The Separated Financial Statements (**SFS**), or Separated Accounts (**SA**), form a second main instrument of the RAS. They ensure that each Regulatory Report Unit (**RRU**) includes only costs and revenues that are relevant to this RRU and its products. The Separated Financial Statements can indicate the existence or the absence of anti-competitive behavior.

The SFS shall include accounting statements that identify not only the overall RRU's profit and loss and balance sheet, but also more detailed analysis of individual products and services supplied by the RRUs. This must include sufficient detail to enable understanding of the nature of the cost components. This is required for ictQATAR to analyze the business and prices and so support ictQATAR in its obligations relating to price approvals and ensuring the best outcomes for the Qatari market.

Historic Cost Accounting (**HCA**) is required. The basis for historic costs is the statutory accounts and the audited annual financial statements.

The Cost of Efficient Service Provision (**CESP**), as prescribed by the Telecommunications Law, is required in addition to the HCA cost base. Further information and requirements regarding the introduction of CESP is included in section 4.4.2 Cost of Efficient Service Provision on page 17ff.

The RAS will cover the full extent of the DSP's operations. International (overseas) subsidiaries or group structures shall be reported on only if they materially impact domestic operations. In any event the international operations shall be included to enable clear reconciliation of the SFS with the company Statutory Accounts.

Question 1	Do you agree that currently Fully Allocated Cost (FAC) based on HCA is currently the required cost base and cost standard?
Question 2	Do you currently see addiditional bases required for regulatory controls? If yes, which bases do you foresee and why?

3 Policy Objectives and Legal Basis

These are formal Instructions from ictQATAR to QTel directing QTel to comply with the requirements outlined in these Instructions concerning the development and implementation of the RAS.

The objectives and legal basis for issuing these Instructions are outlined below.

3.1 Policy Goals, Objectives and Powers

ictQATAR has mandated objectives and goals to achieve under the Telecommunications Law. Article 2 outlines the main objectives that apply for the purposes of these Instructions on the RAS:

> Article 2 (2) enhancing the telecommunications sector's performance in the State of Qatar through encouraging competition and fostering use of telecommunications;
> Article 2 (5) encouraging sustainable investment in the telecommunications sector;
> Article 2 (7) identifying and addressing anti-competitive practices in the telecommunications sector;
> Article 2 (9) establishing a fair regime that meets the requirements of the competitive market place through the implementation of interconnection between service providers and all procedures related thereto;
> Article 2 (12) ensuring that the regulation of the telecommunications sector remains in line with international rules; and
> Article 2 (13) ensuring the orderly development and regulation of the telecommunications sector.

Article 4 empowers ictQATAR to set and enforce remedies to prevent anti-competitive practices (Article 4(4)), set the terms of interconnection and access between service providers (Article 4 (6)), safeguard the interests of customers (Article 4(8)), and require the provision of information relating to financial and accounting records (Article 4(10)).

Article 19 (1) of the Telecommunications Law also requires ictQATAR to undertake functions and duties in respect of interconnection and access to promote appropriate, effective low cost interconnection between telecommunications networks and promote access to facilities of other service providers to ensure interoperability.

Article 29 of the Telecommunications Law requires tariffs to be based on the cost of efficient service provision without excessive charges which may result from dominance. Under this Article 29, ictQATAR may issue decisions to amend tariffs where it finds they are not in line with the cost of service provision.

In order to achieve these objectives and goals, the ARF authorizes ictQATAR to impose requirements on DSPs to carry out or participate in the preparation of a cost study and, if necessary, adopt business and accounting practices to separate and determine costs (Articles 32 and 33 of the Telecommunications Law and Annexure I of Licenses).

3.2 Legal Basis

The legal basis for the RAS can be found in various parts of the ARF as follows. These mostly apply to DSPs.

Dominance Designation

On 31 October 2011, QTel was issued Notice and Orders[3] designating it as a DSP in retail and wholesale Relevant Markets in the telecommunications sector in Qatar. The implications and

[3] ICTRA 2011/10/31

operation of the designation Notice and Orders are that QTel will be subject to specific provisions, obligations and remedies in the ARF that apply to DSPs. QTel may also be made subject to additional ex ante obligations and remedies, if required.

Telecommunications Law

Article 18 (8) of the Telecommunications Law cites the rights, obligations and terms of interconnection and access, which are available to each licensed service provider including the following:

> "….Each licensed service provider shall have the rights and obligations regarding interconnection and access as follows:
>
> 8. any obligations or requests to a dominant service provider regarding **interconnection and access** as specified by the General Secretariat and which relate to its charges or **calculation of costs** or the **requirements of accounting separation** pursuant to the rules of article (24), (25) and (33) of this Law.

The RAS is an obligation imposed on QTel as a DSP that relates to its charges, calculation of costs and requirements of accounting separation in due course.

Article 24 provides that a DSP must provide interconnection and access to all service providers on the same terms and quality as it provides to itself or other affiliates. The RAS process enables the identification of costs that lead to ascertaining such equivalence.

Article 25 provides that the RAS itself is a direction and instruction in respect of the rights and obligations of DSPs regarding interconnection and access charges or relating to calculation of costs or accounting separation.

Other provisions in the law empower ictQATAR to undertake functions and duties to ensure interconnection and access agreements meet legal requirements (Article 19(4)), and to determine any additional obligations on DSPs regarding interconnection and access (Article 19 (6)).

The RAS is an essential part of identifying the cost of efficient service provision for the purpose of ensuring the tariffs of DSPs do not contain any excessive charges (Article 29).

Article 32 enables ictQATAR to require a cost study such as that to be carried out as part of the RAS, and Article 33 requires a DSP to adopt the RAS and any other accounting or business practices as a means to prevent anti-competitive conduct.

Article 62 enables ictQATAR to obtain from a service provider the information it needs to exercise its regulatory powers including ensuring that DSPs comply with their license obligations and meet the legal requirements of the Telecommunications Law.

Executive By-Law

Article 49(1) of the By-Law requires DSPs to meet any requirements relating to interconnection or access charges.

Article 50(1) of the By-Law requires DSPs to take direction from ictQATAR to implement specific charges or change such charges as determined by ictQATAR. Article 50 (2) requires access charges of a DSP to be cost-based and in accordance with rules or standards determined by ictQATAR. Article 50(3) requires a DSP to comply with any orders applicable to any pricing, costing and cost separation requirements as prescribed by ictQATAR.

Article 59 of the By-Law says that if ictQATAR requires a DSP to prepare or participate in the development of a cost study and the DSP shall comply. Such a cost study involves ictQATAR deciding on cost categories, form, approach, procedures and timing for the cost study and its implementation (Article 59). The DSP can then be required to adopt identified cost accounting practices to facilitate the cost study or to achieve any other regulatory purpose including the separation of accounts (Article 59).

QTel's Individual Licenses

On 7 October 2007, QTel was granted and issued two telecommunications licenses to provide public mobile and fixed telecommunications networks and services (License for the provision of Public Mobile Telecommunication Networks and Service ICTRA 08/07A and License for the provision of Public Fixed Telecommunication Networks and Service ICTRA 08/07B).

QTel is required under these licenses to comply with the terms and conditions of the licenses and the ARF (Clauses 4 and 14.1). It is also required under Sub-clause 14.2 to take all reasonable and practicable steps and measures necessary to adapt its business practices and processes to facilitate the introduction and development of competition as directed by ictQATAR. The development of, and the adoption of the RAS into its processes, are part of this process.

Clause 11 of the Licenses places specific obligations on Licensees to provide facilities and services to wholesale customers in accordance with pricing, interconnection and access prescribed by the ARF. The RAS exercise is part of enabling the Licensee to fulfill this license requirement.

Sub-clause 2.1 of Annexure F of the Licenses states that an interconnection or access agreement will contain interconnection or access prices and any additional cost components of the Licensee or the requesting licensee. Such costs, and prices based on costs, will become apparent during the RAS process and will enable the Licensee and any requesting licensee to enter into agreements based on efficient cost pricing and reduce the instance of disputes over this.

Sub-clause 1.1 of Annexure I of the Licenses clearly states that when a DSP is ordered by ictQATAR to prepare or otherwise participate in a cost study, it will comply. Sub-clause 1.2 of Annexure I orders the compliance by a DSP with an ictQATAR direction to retain an independent auditor. Sub-clause 1.3 of Annexure I orders and directs the same compliance regarding the adoption and implementation of accounting procedures, and sub-clause 1.4 orders and directs the same compliance regarding accounting separation requirements.

These Instructions to QTel direct QTel to comply with the requirements outlined in these Instructions and in the ARF, including the directions in Clause 1 of Annexure I outlined above concerning the RAS.

Clause 3 of Annexure I lists specific conduct by a DSP that is prohibited. The RAS exercise is expected to produce transparent costing and accounting information that will support business activities and processes that do not involve such prohibited conduct or the risk of such conduct.

Ancillary Provisions concerning the RAS

The ARF mentions further provisions that may be linked to the RAS including Number Portability[4] and Universal Service[5].

These and other detailed analysis may be specified by ictQATAR in the future. Specific Instructions may be issued to enhance the RAS to assist with such investigations.

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[4] Q1M license and Q2M license; Annexure J: The Licensee shall ensure that any charges that it imposes for the provision of Mobile Number Portability are reasonable and cost-oriented.

[5] Telecommunications Law, Articles 37 to 39: The Board after the approval of the universal service policy may establish a fund to be called "Universal Service Fund" to **subsidize the costs** resulting from the provision of the universal service.

4 The Regulatory Accounting System (“RAS”)

4.1 Guiding principles

This Chapter sets out the tasks and applicable guiding principles which ictQATAR requires QTel to apply and implement as part of the RAS. These principles shall ensure the primary aims are met, making the RAS fit for purpose. These aims include *inter alia,* but are not limited to, the following:

- The provision of cost information to inform ictQATAR on the costs of retail and wholesale services and provide insights to assist with price approvals and price setting;
- The provision of revenue and cost information to enable ictQATAR to identify margins and so assist in the determination if services are making reasonable profits;
- The provision of cost information to assist with the setting of prices for new services;
- The provision of cost and revenue information to identify any market distortions;
- The assurance that the business is not acting in any anti-competitive manner;
- To provide inputs to both *ex ante* and *ex post* regulatory remedies;
- To provide inputs in regulatory proceedings and dispute settlements.

The RAS[6] contains a set of systems, processes, rules and procedures which, inter alia, enables QTel to establish a record keeping regime necessary to meet its regulatory obligations and which keeps track of and reports on revenues, costs, assets and capital employed.

According to the ARF, and to international best practice, regulatory financial information must be relevant, reliable, comparable, verifiable, transparent and comprehensive. ictQATAR, therefore, requires the following standards in respect of data supplied for the RAS to apply:

Relevant

Information is relevant if it has the ability to influence economic decisions, and is provided in time to influence those decisions. The qualitative characteristic of relevance is applied as a selection criterion at all stages of the RAS process.

Reliable

There are a number of criteria that can be applied to test if information is reliable, such as whether:

- It represents faithfully what it purports to represent;
- It is free from deliberate or systematic bias;
- It is free from material error and free of arbitrary elements;
- It is complete (subject to materiality tests);
- Its basis of preparation is carried out in an objective (fair) way;
- It has a degree of caution (i.e. prudence) applied in exercising judgement and making the necessary estimates.

Comparable

The information contained in a financial statement is only useful if it can be compared with similar information for other reporting periods in order to identify trends and differences. This aspect is particularly valuable where comparable information is used to assess the impact of competition or establish cost trends for price control purposes. Comparability implies consistency over time in the way in which a DSP prepares and reports regulatory accounting information.

Verifiable

Information needs to be auditable. This usually means, that a complete “audit trail” must exist, which allows the regulatory accounting information to be traced and reconciled between (both to and from) the source data and the regulatory final financial reports of the DSP. The audit trail should set out sufficient evidence for a reviewer to demonstrate the reliability of the RAS. This also implies that the auditor has full access to any data, information or documents used in the RAS.

[6] The Regulatory Accounting System is sometimes referred to as regulatory **cost accounting system** or **cost model**. As revenues are explicitly in scope the more generic term is used.

Transparent and comprehensive

Information needs to be understandable for the recipient. QTel has to ensure that any data, information or document used in the RAS is prepared and documented to a standard that allows a suitably informed reader to gain a clear understanding of that information etc.

All information needs to be conveyed to ictQATAR in a standard electronic format, which can be processed by ictQATAR[7]. Where information is provided in spreadsheet format, links and all formulae need to be visible and workable. This will allow ictQATAR to perform its own analysis of the data contained in the RAS.

Transparency also requires that ictQATAR has an electronic copy of the RAS system, with all documentation and user guides. ictQATAR may agree to alternatives, subject to meeting the requirement that all key information and calculation stages can be verified and investigated by ictQATAR.

All information conveyed to ictQATAR shall be in English to enable the involvement of a wide range of staff and international experts.

Question 3	Are there comments or additional requirements on the overall guiding principles?
Question 4	Do you agree that ictQATAR should have full access to the RAS and how can this be ensured?

4.2 Elements of the RAS

QTel's RAS shall include, inter alia, the following elements:

Description of the RAS

The description of the RAS "framework", containing, inter alia the applicable standards like cost base, cost standard and how they are set in place. This shall also include details on the processing stages and the data used in the RAS to carry out these processes. All values in the RAS must be documented and be available.

Cost Model itself

The (electronic) framework for allocating costs and revenues. This shall include operating and user guides. Subject to agreement by ictQATAR alternative arrangements to allow ictQATAR to access the model or to investigate the system and its data, may be agreed to.

Separated Financial Statements (SFS)

Statements are needed for QTel's regulatory reporting units.

Statements are required for the products and services within these units.

Statements shall show cost transferrals between the units and shall show details of the types of costs within the services

Audit and statement of compliance

Executed by an independent auditor to testify the compliancy with the rules of the ARF and the RAS.

The detailed deliverables in relation to each of the above elements of the RAS are set out in section 4.10.

4.3 Extent of the RAS

The RAS itself needs to cover the **entire** operations of the Qtel group. The coverage of all geographic markets and service categories[8] and products is a prerequisite to ensure the coherence of data, to

[7] e.g. figures must be conveyed in .xls (including formulas and links) and not in .pdf.

[8] The Licenses in Annexure I, 1.3 use the term "service categories". For the extent of the RAS service categories shall be used for groups of products and specific products as appropriate.

avoid double counting and to detect possible anti-competitive actions like unreasonable cross-subsidization. How the (cost and revenues) of the local operations QTel Qatar Q.S.C will be separated from e.g. Qtel Group is described in the following sections.

For the purposes of RAS QTel's operations need to be disaggregated into Regulatory Reporting Units (**RRU**), which are aggregation units for the cost model and the separated financial statements. This is illustrated in Figure 2 below.

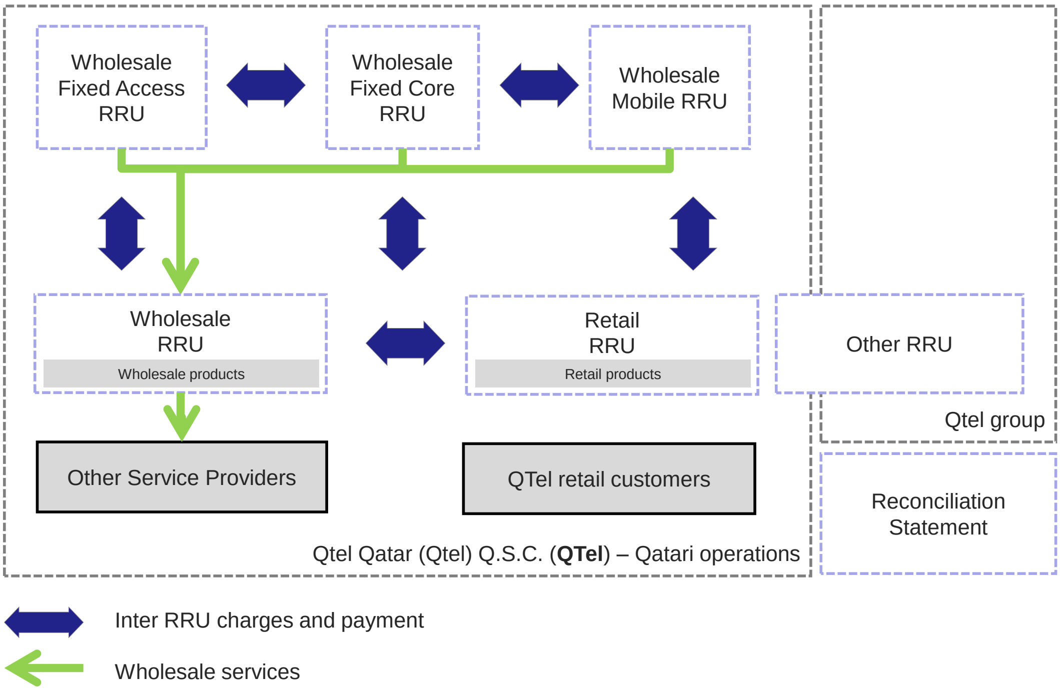

Figure 2 Generic structure of RAS and Regulatory Reporting Units (RRUs)

The RAS shall employ a structure of RRUs, which distinguishes the domestic operations between the wholesale (also sometimes termed "network" RRUs) and the retail RRU. International operations and other activities that are not relevant to domestic telecom-related services can be grouped in to the "Other" RRU.

A reconciliation statement is included to ensure the accounts in all of the RRUs and the full statutory accounts can be correctly compared.

All transfer charges between units and charges to/from external services providers shall be shown in a transparent manner[9].

Question 5	Do you agree that a wholesale unit is required? If not how should inter-operator costs be reported on?
Question 6	Are there changes required to the RRUs? What are the changes and why are they required?

Set out below is a brief description of each of the RRUs.

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[9] For the avoidance of doubt, international ("overseas") operations in this context refers to other operating companies who provide services to customers outside Qatar. The result of these operators, to the extent that they appear in the financial statements of Qatar Telecom (Qtel) Q.S.C. must be separated from the results of QTel's domestic operations within Qatar. QTel's domestic operations include the provision of international services such as IDD, leased lines etc. These services will be included in their relevant RRU (e.g. Retail and Wholesale).

4.3.1 Wholesale Fixed Network Access RRU

This RRU provides connections from customers to the Core Network. The accounts for this RRU include the costs and capital employed associated with providing and maintaining these connections. For Accounting Separation, this RRU includes all the customer-dedicated components of the network including, for example, the copper and access ducts. The investments in access fibre and fixed wireless access networks are also included.

The revenues of this RRU will derive from the sale (i.e. transfer) of wholesale services to the Wholesale RRU (and hence to other service providers) and from transfer charges to other RRUs. The costs of this RRU will be the Fully Allocated Costs (**FAC**) of the Fixed Access network.

The network components in this RRU, that deliver the access services include *inter alia*, but not limited to:

- Copper local loops, including the duct and operational costs;
- Fibre local loops, including the duct and operational costs;
- Subscriber-related costs – those that are not related to traffic volumes but are related to the customer. This includes customer related electronic systems;
- Indirect costs that contribute to the total operational costs. This requirement must also be met by all other RRUs.

These components deliver the wholesale and retail access services such as PSTN lines, ISDN lines and leased lines. The network component costs shall be reported on in detailed statements that supplement the main SFS for the RRU (as identified in the pro forma SFS, see Annex VI). This requirement must be met for all RRUs.

The definition of the products (service categories) and their mapping to this and other RRUs shall be developed by QTel and submitted to ictQATAR for approval in updated pro forma accounting reports or in RAS definition documents.

4.3.2 Wholesale Fixed Network Core RRU

This RRU provides a range of services internally and externally in order to allow the customer of one operator to communicate with customers of the same or another operator, or to access services provided by another operator. These services include the switching and conveyance of calls.

The Wholesale Fixed Core Network comprises of, but is not limited to:

- The PSTN network with its remote concentrators, local and tandem exchanges;
- International Gateway and other facilities necessary for the handling of international calls;
- Various data networks and transmission systems;
- The necessary operational support and business support systems (**OSS**/**BSS**) and staff.

The revenues of this RRU derive from the sale (transfer) of wholesale services to the Wholesale RRU (and hence to other service providers) and transfer charges to other RRUs. The costs of this RRU are the FAC of the Fixed Core Network.

4.3.3 Wholesale Mobile Network RRU

This RRU comprises all wholesale network components of the mobile network. This includes, but is not limited to: sites, masts; mobile switches; transmission; fibers; ducts and ancillary infrastructure such as network management systems.

The revenues of this RRU derive from the sale (i.e. transfer) of wholesale services to the Wholesale RRU (and hence to other service providers) and transfer charges to other RRUs. These services include mobile to mobile calls, messages and data services.

The costs of this RRU are the FAC of the Mobile Network.

4.3.4 Retail RRU

This RRU provides the final services sold to and consumed by customers in Qatar. The Retail RRU includes all of the fixed, mobile, data and other services. The full list of retail services includes all services provided by QTel to its customers, not only services listed in the Licenses, such as the sale of Customer Premises Equipment (**CPE**) and value added service for businesses. Such services should not be considered part of the "Other RRU," as they are considered part of the Qatari retail telecoms business.

Retail specific costs include: the costs of sale: customer care; marketing; payments to sales outlets; and billing costs that are incurred to deliver the retail products.

Revenues shall be reported under key categories such as connections, rentals and calls. These services shall be grouped to identify service types, based on the nature of the retail customer's bill, such as:

- Mobile;
- Fixed traffic;
- Fixed Access;
- Leased lines;
- Subscriptions;
- CPEs;
- …

The products shall also be grouped by the Relevant Markets, as defined in the Market Definition and Dominance Designation.

The revenues of this RRU will derive from the sale of services to QTel's retail customers.

The costs of this RRU will be the FAC of the Retail Unit which will include: the transfer charged network costs from other RRUs; out-payments for wholesale services to other service providers needed to complete the service; and the RRU's own retail costs of sale.

4.3.5 Wholesale RRU

This RRU enables the clear division between services provided to other SPs and retail customers.

The Wholesale RRU provides the wholesale sales and purchase functions to other service providers. This RRU takes the wholesale services from the network units (access, core and mobile) and provides these to other service providers. Additional costs such as wholesale capacity planning and wholesale billing services are provided by the RRU.

The unit buys wholesale services such as call termination in another network in Qatar or calls that terminate in another country. These are obtained from other service providers (incurring "outpayments" – the fees to other providers) and these are transferred to the other business units. The transferred cost includes the specific cost of the wholesale RRU, as well as the outpayments.

The revenues are from the sale of wholesale services (such as call termination in QTel) to other service providers and transfer charges made to the Retail RRU.

This unit is included to ensure transparency of the additional wholesale-service specific costs that are not part of the wholesale network RRUs. It also enables wholesale markets to be clearly identified in line with the Market and Dominance definitions.

4.3.6 Other RRU

This RRU enables business costs to be identified and collected, which are not subject to detailed regulatory supervision. The Other RRU ensures transparency of the rest of the business's costs.

This RRU enables services (national or overseas) to be collated in a transparent manner, even though their data need not be broken down to the detailed cost or revenue components required in other RRUs. It also ensures clear reconciliation to audited statutory financial statements, when combined with the reconciliation unit (described below) by ensuring services and business operations are defined in this Other RRU, whilst accounting adjustments are identified in the Reconciling.

The Other RRU collects all services that are not relevant to the other units. These may include:

- Overseas investments;
- Other non-telecoms ventures in Qatar or elsewhere (this may include property investments, or overseas businesses);
- Investment income.

The ictQATAR may amend the definitions of the items in “Other,” on an as-needed basis. “Residual” business unit is an alternative name that emphasizes the nature of the unit to collect the rest of the business activities that are not in the other RRUs.

4.3.7 Reconciliation Statement

The Cost Model is focused on QTel’s (the Qatari) operations. Some operations of QTel group include items that do not pertain to operations in Qatar. These business activities will normally be included in the Other RRU.

However there may be specific accounts that are part of the statutory accounts cannot be conveniently and clearly reported on in the Other RRU. This may include for example: interest payments, taxes or one off redundancy payments and other accounts that are excluded from the RAS reports.

As a result there must be a Reconciliation Statement (which is not technically a RRU) showing the accounting and other cost or revenue adjustments that are required in order to only include QTel’s relevant operations in the RAS. The relevant operations are the important national services in the main RRUs with the less relevant and international group activities in the Other RRU.” The sum of all the items in the RRUs, including the Other RRU, plus the items in Reconciliation Statement should equal the values in the statutory accounts.

The Reconciliation Statement becomes additionally important to identify the adjustments to asset and operational costs under CESP reporting as these adjustments mean that the sum of the total final product’s costs will not be the same as the accounting costs fed in from the statutory accounts. Such efficiency-adjusted-costs are not part of the Other RRU.

All reconciling items and adjustments must be clearly defined.

4.4 Cost base

IctQATAR requires the preparation of the RAS according to the cost bases (i) Historic Cost Accounting (**HCA**) and, in future, (ii) Cost of Efficient Service Provision (**CESP**).

4.4.1 Historic Cost Accounting

The statutory accounts and the disaggregated figures of the audited financial statement of the DSP, as prepared in accordance with international financial reporting standards and signed by an independent auditor, are the basis for HCA. Therefore, reconciliation with the audited annual financial statement is both possible and necessary.

The starting part for the separated accounts prepared on a HCA basis will be QTel’s actual performance as presented in its statutory accounts. This performance is then separated between the different reporting units.

The main assumptions underpinning HCA in the context of RAS are:

- Gross Book Values (**GBV**) are presented on the basis of the historic cost of the purchased assets.
- Net Book Values (**NBV**) are presented as the difference between GBV and accumulated depreciation for all the assets currently in place.
- Annual depreciation is on a straight-line basis.

Given that the starting point for reporting under a HCA basis is QTel's actual network, operations and associated costs, it is necessary for ictQATAR to develop an understanding the main components of QTel's network and operations. The detailed deliverables in section 4.10 set out the information requirements that will provide ictQATAR with such an understanding.

4.4.2 Cost of Efficient Service Provision

The Telecommunications Law prescribes clearly, that the tariffs for telecommunications services provided by a DSP must be based on the cost of efficient service provisioning (**CESP**).[10]

The CESP determination process takes account of such factors as an efficient operator, modern equivalent assets and various efficiency standards.

The underlying rationale is that only costs incurred by an efficient operator, operating in a competitive environment, are used for tariff calculations. This approach therefore simulates a competitive environment and hence tariffs in a competitive market are calculated.

Theory suggests and experience shows that tariffs in a competitive environment are significantly lower than in a monopolistic market. As the DSP's competitors will require the use of certain key wholesale inputs in order to launch their own services, this CESP cost base: will give the DSP a fair return if it introduces efficiency changes; it will not unduly burden other service providers; and will generally give the right "build or buy" incentive. Other service providers will build networks only if it is more efficient and can produce the same service for a lower cost. Therefore CESP encourages efficient investment decisions, which is beneficial for consumers.

The first adjustment under CESP is in the asset values, to ensure they are reflecting those of an efficient (modern) business. The valuation of asset inputs follows the modern equivalent asset (**MEA**) concept. Assets are valued using the cost of replacement with the MEA. The MEA is the lowest cost asset, which serves the same function as the asset being valued. It will generally incorporate the latest available and proven technology, and is the asset which a new entrant might be expected to employ. In a world in which technology is changing rapidly it is quite likely that, for some assets, the MEA will differ from the asset that an incumbent currently has in place. (Examples include copper versus fibre cables; wired versus wireless technologies for local access; PDH transmission technology versus SDH technology; IP versus switched technologies for voice traffic; ...). This methodology is termed current cost accounting (**CCA**).

This re-valuation can be considered in typically two stages:

- **Revaluation adjustments** of the assets using the MEA. This can replace the assets with equivalent equipment as would be bought today. This is the central aspect of CCA.
- Adjustment of the number of assets and/or the configuration of these assets to reflect an efficient business structure (**efficiency adjustments**).

The effect of the CCA changes ensures the capital employed reflects the prices paid today for the equipment. HCA values may over or under-estimate the real values, as seen today. It is these prices paid today that an efficient (new) operator would incur. CCA also ensures the depreciation values reflect the future costs that must be met to replace the asset. This mirrors the costs that a new efficient business would in theory incur if it built the same network today.

There are two primary forms of CCA – Operational Capital Maintenance (**OCM**) and Financial Capital Maintenance (**FCM**). These are described in standard accounting literature. ictQATAR would require

[10] Telecommunications Law, Article 29

FCM to be used, unless there are clear reasons given why this is not possible and does not cause any negative effects on competition.

CCA may be implemented using the same FAC HCA structure used in cost base 1 to deliver CCA FAC results, without the additional *business efficiency* changes. These additional efficiency changes include the following adjustments.

Spare capacity adjustments. The efficient spare capacity is required in the foreseeable future, as technically and/or economically warranted capacity and can be objectively justified in operational or economic terms. This includes unavoidable capacity because of equipment modularity or additional systems necessary to satisfy reasonable levels of current and foreseeable peak demands. The related costs should be taken into account in the cost calculation. **Excess** capacity however is not sensibly needed in the foreseeable future as it provides no operational or direct economic benefit. Examples include vacant accommodation or network resilience that is in excess of normal engineering parameters). A prudent operator would not have built this capacity and, therefore, these costs will not be considered and must be removed from the CESP basis. Unnecessary costs due to superior quality ('gold-plating') shall also not be taken into account and should be removed in the adjustment.

The MEA efficiency concept focuses not only on assets. Operational and maintenance costs must also be re-evaluated. If, for example, the operator uses analogue switches (with high maintenance costs) the assets of these switches should be valued using the cost of replacement with the MEA (digital or softswitch). The maintenance costs must also be reduced to the cost of maintaining the modern equipment. In the context of human resources, only personnel that are relevant for the service provided by the operator using efficient asset structures are considered. So, only the relevant costs of efficient business processes are taken into account.

CESP is a theoretical concept, simulating a competitive market. The efficiency assumptions are not based on an existing operator who would typically strive for efficiency during the course of its normal business (workable efficiency), but on a theoretically efficient operator's efficiency (theoretic efficiency). Therefore an analysis of the technologies and processes has to be conducted.

CESP adjustments may be carried out to one or all business areas, as required by ictQATAR. The changes are relevant to the provision of wholesale services, so CESP changes are not planned for the retail business.

The underlying efficiency considerations and adjustments must be clearly described by the DSP and will be scrutinized by ictQATAR. ictQATAR may direct the DSP to implement certain efficiency considerations.

The exact timing for implementing CESP will be determined by ictQATAR. ictQATAR is aware that the development of reporting based on CESP is an iterative process and that the establishment of the full efficiency gains could require some re-modeling over time.

CESP reconciliations must separately identify:

- Adjustments due to asset revaluations (CCA). These impact the asset base reported on in the RAS;
- Efficiency adjustment that alter the operational costs. These adjustments alter the RAS costs so that the final costs will not directly reconcile with the statutory accounts. These efficiency changes shall be identified and reported on.

Section 4.10 sets out the detailed deliverables on an annual basis. However, given that the timing and exact nature of reporting on a CESP basis is yet to be determined, the annual deliverables only contain generic details in relation to CESP.

Question 7	Please indicate if there are reasons for not using FCM as part of the CCA/CESP cost base.
Question 8	What are the features and timeframes for CESP reporting, if this is required?

4.5 Cost standard

The cost bases (HCA, CCA, CCA plus full CESP) need to be combined with a costing standard (e.g. FAC or Long Run Incremental Cost (**LRIC**) to allocate costs and revenues to products. LRIC is explained below after a short explanation of the FAC approach and the different cost types that must be allocated.

4.5.1 FAC

The FAC[11] approach allocates all relevant costs and revenues incurred by the DSP to its products. FAC is used for the costs bases HCA and CESP. This is illustrated in the following Figure 3:

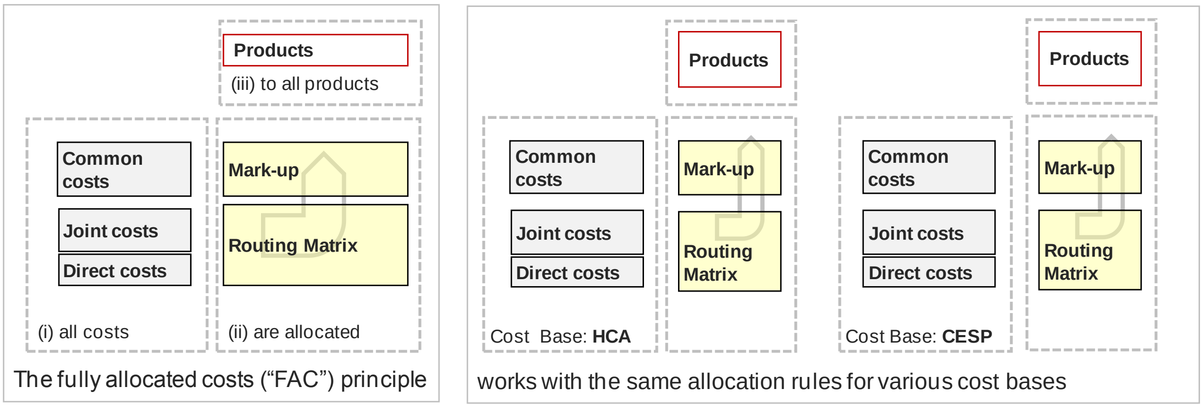

Figure 3 Allocating costs (and revenues) with the cost standard FAC

4.5.2 Cost Types

The following table defines the primary cost types and the typical allocation methods required.

Cost Type	Characteristic	Allocation
Direct Cost	This cost can be directly attributed to products. E.g. a SMSC is allocated to SMS services	Direct
Joint Cost	These occur where an input produces two or more separable outputs in fixed proportions irrespective of volume.	Routing Factors
Common Cost	Certain types of indirectly attributable costs are "common' to a number of activities. The cost of these inputs are necessary to produce one or more services, which cannot be directly assigned to specific services	Cost causal allocations such as ABC or suitable proxies, where possible.
Indirect operational costs	This cost relates to supporting services and items that are indirectly related to the network and services. Example: IT support. The cost is similar to a joint cost as it supports several outputs, but there are clear cost drivers and the output is usually a direct operational cost center. Therefore IT support supplies activities that support the network operational staff	Cost causal basis such as Activity Based Costing or proxy allocations that have a close to cost-causal basis, to direct cost elements
Direct operational costs	This cost relates directly to the production of services or the operation of network	Cost causal basis such as Activity Based Costing

[11] Also referred as fully distributed costs (**FDC**)

Cost Type	Characteristic	Allocation
	components. Example: network operational staff or sales staff. This is a type of direct cost, but does not have the one to one link to products as the SMSC example	

Figure 4 Cost Types and their allocation

FAC allocates all costs. This includes costs that are not directly related to the products (joint and common costs). These joint and common costs pertain to many products, but must be included in a FAC system in the final products' costs.

One type of common cost is the "business sustaining" cost which includes costs that are relevant to the entire business[12], but do not have a strong cost driver. Such costs are also sometimes referred to as "un-attributable" costs, but they have to still be recovered and must be reported on in a FAC system. Examples may include: annual audit costs, or chairman's office costs or a license to operate. These relate to the entire business and do not have a clear cost driver that relates to other parts of the business and services in the same way as the examples given in Figure 4 above.

The Figure 3 above shows such common costs included as a "mark-up" that enables these costs to be assigned to the final products as an additional cost. ictQATAR will review and specify the mark-up approach depending on the size and nature of the cost. There are two primary options:

- The costs may be allocated to services using cost, revenues or other allocation bases. Specific mark-up values may be defined. Equal proportional mark-ups (**EPMU**) is one example mark-up where the costs are allocated in proportion to the directly allocated costs;
- The common costs may be allocated to cost centers and other cost pools in the RAS, based on drivers such as: the costs already within the centers or annual investment levels. The costs are then further allocated using the robust cost allocations through the rest of the RAS. This is an "absorbed cost" approach.

Both methods result in the common costs included in the final services.

ictQATAR will approve and adjust the recovery method as needed. The absorbed cost approach is acceptable but the business sustaining costs must be identified in the final products' reports (see the pro forma SFS).

The approaches described above produce HCA-FAC or CESP-FAC reports.

4.5.3 Incremental Costing

Often an Incremental Cost (**IC**) standard is employed. The IC cost standard distinguishes between larger cost output units, the so-called Increments[13]. These identify the cost change (i.e. the variable costs) due to the volume increases: in a service; in a range of services; or caused by another input factor such as the provision of service coverage to an area. The latter defines the increment caused by providing a basic coverage of services that is clearly separate from the increment due to an additional change (or increment) in traffic.

Using this cost basis, both the Stand Alone Cost (**SAC**) and the Incremental Cost (**IC**) of the various Increments can be calculated. The following Figure 5 gives an example of the IC and the SAC of a given increment A.

[12] There can be similar un-attributable/business sustaining common costs that are relate just to a sub-unit such as "all of mobile" that are not directly related to the individual mobile services and have cost-drivers that limited cost causality

[13] These increments are
- typically in the fixed network: the core and the access network with the related products/services
- typically in the mobile network: the coverage and the capacity network
- also defined (groups) of products/services

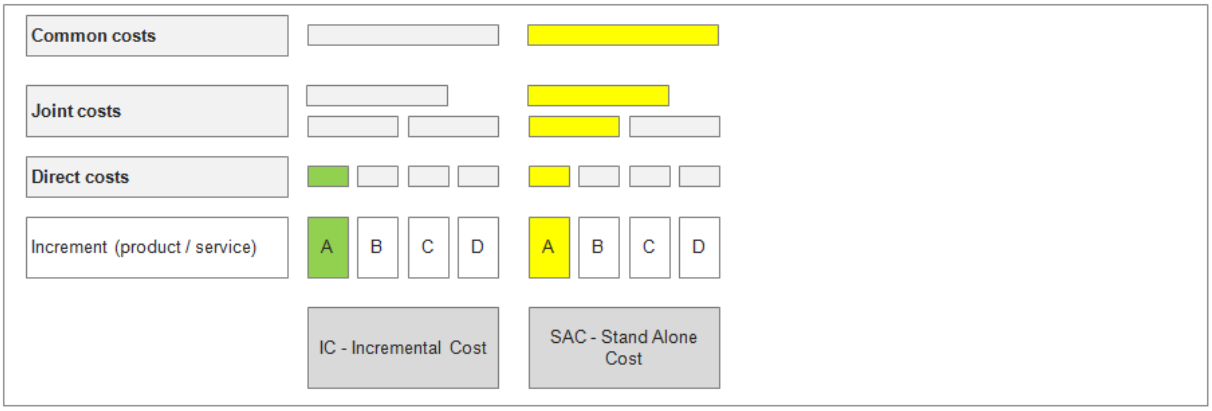

Figure 5 Incremental Cost ("IC") versus Stand Alone Cost ("SAC")

For a given increment, the SAC can be used to define a price ceiling, whereas the IC gives a price floor. If priced below the IC, the costs for producing service A are not recovered and other services would need to bear the cost, if the total business is to remain profitable. If priced above the SAC, all costs that are even partly related to the product are exceeded and this this may indicate excessive prices.

Article 43(6) of the Telecommunications Law states that it is an abuse of dominance to supply competitive telecommunications services at prices below long run incremental costs or *any other cost standard* specified by the ictQATAR.[14]

IC cost information can be important, but the implementation of an incremental cost standard is complex. For the initial stages of the RAS, ictQATAR deems the cost standard FAC, as sufficient and does not require the application of an incremental cost standard at this stage. FAC can allocate costs according to the cost bases (i) HCA, or (ii) CESP.

If the cost standard FAC proves to be insufficient to achieve regulatory objectives including compliance with the ARF, ictQATAR may oblige QTel to implement an IC or another suitable cost standard.

Question 9	Is there a need for incremental costing and where would this be applied?
Question 10	If an IC approach is required a) how should it be implemented? b) which increments should be defined? c) what would be advantage?

4.6 Cost and revenue allocation

4.6.1 Allocation principles and transfer charges

Under the FAC standard, all costs and revenues are allocated to specific products. The guiding principles of cost allocation according to international best practice and required by ictQATAR are:

Causality

Costs or revenues are allocated to the products that "cause" them to arise. This requires the implementation of appropriate cost and revenue allocation methodologies[15].

Objectivity

This supports the causality principle, requiring allocations to reflect causality using an objective (e.g. determined in an unbiased manner) driver. This also ensures that an audit is

[14] C.f. Licenses, Annexure I, 3.6
[15] e.g. the use of a documented Activity Based Costing (**ABC**) to ensure robust cost-causal allocations are employed

possible.

One time allocation

There should be no double counting or undocumented exclusion of cost or revenue items. This is demonstrated by reconciling the separated accounts to the statutory accounts.

Transparency

The descriptions of the allocation methods should provide sufficient information such that a suitably informed reader can easily gain a clear understanding of the structure, the methodologies and drivers applied. The RAS has to include all the relevant material, so that the results can be fully analyzed by ictQATAR.

Consistency of treatment

The structures, methodologies and drivers should be consistent from one period to the next. Deviations from a chosen structure or methodology need to be documented and justified.

A system of Transfer Charges needs to be clearly identified in sufficient detail to allow ictQATAR to assess whether there are any potential issues in relation to QTel's non-discrimination obligations, e.g. between its own retail unit and other SPs. The internal transfer charging system will ensure that the total transfer charges between the RRUs will be clearly identified and reconciled between retail and wholesale RRUs. This system will make explicit the total charges between the different RRUs such as, for example, from the wholesale core network RRU to the retail RRU.

The RAS provides the clarity on Transfer Charges. This will help *inter alia* to identify cases of non-discrimination.

Transfer charges must be calculated to ensure transparency between wholesale and retail activities and external operators. These transfer charges shall be based on the costs of the services consumed (transferred) by the other RRU. The transferal amount is the cost of the service as determined in the RAS.

There is no requirement to develop a transfer tariff system whereby tariffs transferred between RRUs are on an equivalent basis to the tariffs charged to external parties. ictQATAR may modify this requirement in a detailed direction to QTel.

In respect of this direction, transfer charges are an instrument to provide transparency whereby the costs of one RRU are notionally transferred to another RRU. The transfer charge is recorded as revenue in the accounts of the RRU that is supplying the service and as cost in the accounts of the RRU that is purchasing the service.

Transferal charges shall clarify both the total costs (and revenues) and the individual service's costs. The total cost of a transferred service includes a cost of capital (see Section 4.7)

Question 11	Do you agree with the cost transferral approach? Alternatively, if cost transferrals are to be based on for example the wholesale rates paid by other service providers then how should internal transfers such on an on-net call be defined, as these services are not available externally?

4.6.2 Cost allocation hierarchy

The cost allocation hierarchy gives the structure of the allocation of costs (and revenues) to products according to QTel's existing FAC/HCA model.

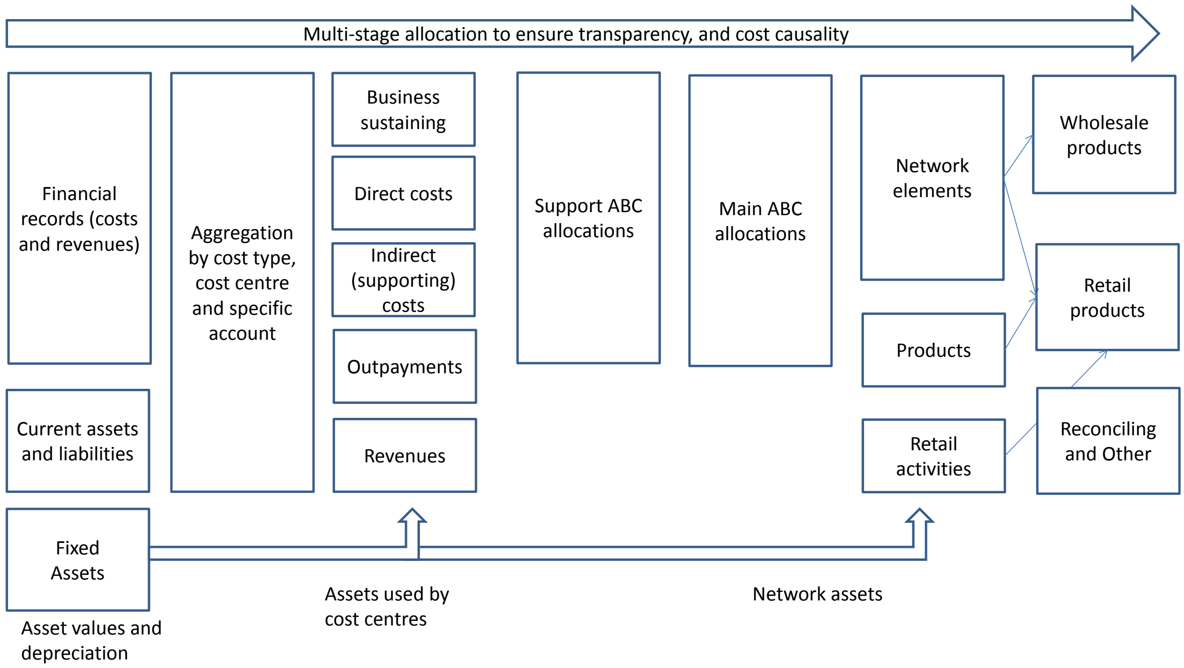

Figure 6	Cost allocation hierarchy –minimum requirements (illustrative)

The above hierarchy is consistent with an Activity Based Costing (**ABC**[16]) system which follows a multi-layer approach to cost allocation. Under such an approach costs are allocated progressively to network elements and retail activities through a number of allocation layers. The costs of network elements and retail activities are then allocated to wholesale and then to retail products. The network elements provide the wholesale "costs of production" – the network products that are transferred from the network wholesale RRUs to the Retail and Wholesale RRUs.

The hierarchy shown above only reflects the minimum expected cost allocation stages to ensure robust, transparent allocations that reflect cost causality. The products' outputs from the cost model will be used in conjunction with revenue data and the RRU structure in order to generate the Separated Financial Statements.

The network elements identify the main wholesale components and therefore the Wholesale RRU that the cost resides in. The assignment of the network element's costs to the different RRUs must be made transparent.

The cost information in the Separated Accounts (derived from the general ledger and asset register inputs to the RAS) must be disaggregated in the SFS reports to ensure cost transparency. At a minimum this must separately identify:

- Capital costs (asset values and depreciation);
- Operational costs (salaries etc.);
- Overheads (rentals, power);
- Outpayments (interconnection costs);
- Cost of sales – retail and related costs;
- Working capital (current assets and liabilities);
- Business sustaining costs.

[16] ABC is a management accounting approach that allows **causal** relations to be established between costs and products. ABC views the products as a series of activities, each of which consumes resources and therefore generates costs. This methodology, based on cost drivers allocates costs through the activities performed and establishes a clear cause-and-effect relationship between activities, their associated costs and the resulting output.
ABC may introduce an intermediate stage of activities, enabling some costs - that would otherwise be allocated in a less direct way - to be attributed to the services that cause them to occur. This technique may therefore strengthen the causal link for certain types of indirect cost where alternative approaches may prove less robust.

The business sustaining costs are shown allocated as “absorbed costs” in the above figure. Only if directed by ictQATAR, such costs may be alternatively assigned to the final products using an ictQATAR-specified mark-up approach in line with the options defined in Section 4.5.2

The business sustaining costs will include salaries and overhead costs. This creates two forms of salary costs – those identified as business sustaining and other salary costs (without this identifier). This does not impact the allocations used in Figure 6, but the assignment of business sustaining as an identifier to some costs enables final regulatory reports to separate these costs.

ictQATAR appreciates that the costing method and structure shown above is robust and reflects international practice. With the introduction of Next Generation Networks (**NGNs**), where the mobile and fixed networks are more intimately integrated, the approach of identifying network components as being part of the relevant RRUs (access, fixed or mobile) is insufficient. NGNs use IP as a shared platform for many diverse services. An IP router is conceptually neither fixed nor mobile, but it supports both types of services. The approach to be used is proposed to be based on the following (subject to submission to ictQATAR and final approval):

- Network components that unequivocally related to a RRU are assigned to the RRU;
- Network *partial products* that use the components can then be defined in the cost model and these are assigned to the relevant RRU. A mobile to fixed total product is made up of a mobile outbound plus a fixed internal-to-business termination product. These two partial products each clearly relate to the relevant RRU, even if the same network IP platforms delivering these partial products are shared. The network element may be used by both the fixed and the mobile partial products.

This approach avoids the need for an additional “basic network” unit that transfers the IP costs to both the fixed and the mobile units which *then* defines the final services’ reporting unit.

Next generation access (**NGA**) networks are being developed (fiber in the loop). The RAS must evolve to reflect the cost causality and provide the correct RRU reporting of products delivered using the NGA. The principles of cost causality of these Instructions also apply.

To meet the ARF requirements, ictQATAR will give detailed directions where required to ensure adequate reporting of tariff bundles and cost allocations where cost elements such as access fibers are common to several products.

This approach ensures cost transparency at the lowest practical level and avoids any assumptions on the relative costs of a product sold individually or in a bundle or on the split of fiber to the diverse services on that fiber. Such assumptions would be required if a basic service such as PSTN line rental were to be reported on only once as a final service: combining the alternative costs occurred when it is sold both individually and in a bundle. Such assumptions are not part of the RAS cost model (see: the earlier objectivity requirement). The product is therefore reported on twice: when sold individually and also when sold as a tariff bundle.

The delivery of the network components’ costs and the wholesale transfer products’ costs, plus the retail costs at the lowest practical level, together provide transparency of the relevant cost elements to ensure sufficient clarity of the NGN access costs.

Question 12	Do you agree with the absorbed cost approach for business sustaining type costs or should these be allocated using a mark-up regime?
Question 13	Do you agree with the principles for moving the RAS to cope with NGN and NGA costs? If there are other suggestions, please elaborate.
Question 14	Fibre in the loop is expected to become a major cost and major service providing platform. Are there other approaches to ensure adequate cost information is available?

4.7 Cost of Capital

Apart from including depreciation in the RAS, there is also a need to include a return on capital employed. This allows ictQATAR to assess the profitability of the different Regulatory Reporting Units taking into account the need to earn a return on capital investments. In line with international best practice, a Cost of Capital (**CoC**) value is specified by ictQATAR to be included in the cost transfer calculations. The CoC shall be included in the SFS and all product or network costs reports, as a discrete item that can be separated from the operational costs (see pro forma SFS).

The calculation of the CoC, typically expressed as the Weighted Average Cost of Capital (**WACC**), is subject to a specific separate definition process.

4.8 Working Capital

Working Capital (**WC**) includes cash as a current asset and other short term assets and liabilities. The WC is low or even negative in some operators. In the absence of CESP, the WC must still be limited, as experience shows that cash levels can vary substantially and this distorts an assessment of the true/reasonable costs.

ictQATAR specifies that the working capital levels are maintained in the FAC HCA reports to a reasonable level. The actual net working capital value should be used subject to an upper limit of one month of the total average operating costs[17]. This is deemed a reasonable level.

Working capital levels above this should be allocated to the Other RRU or to Reconciling. High positive levels reflect large cash levels or current assets that can be used for other purposes – so are not relevant to Qatari product monitoring.

Question 15 Do you agree with the capping of WC and cash and is this a reasonable level?

4.9 Retail product costs and revenue allocations

FAC reporting requires costs (and revenues) to be allocated fully – to the final (market) products. Cost causality can be assured, to a high degree, for the network (wholesale products).

Retail products must also be reported on and information must be produced by the RAS to support ictQATAR's requirements for retail price approvals and to assist with price investigations. Retail cost of sales must be included in the final retail costs, along with the "cost of production" from the network wholesale RRUs.

Retail cost allocations should comply with cost causality where ever possible. Direct costs of sales shall be allocated to the product, or products that cause the cost.

Where costs are causally related to a range of services then these costs shall be allocated to a cost pool that is common those services. Common retail cost pools shall be defined to enable the products that relate to it, to be identified.

The common retail cost pools will include general promotions, marketing campaigns or billing that covers many call and message types. These form a robust set of general cost pools that have clear cost causation. A secondary stage is also required to enable a reasonable view of the final products' costs under a FAC approach. Proxy cost drivers may be employed, even if the cost relationship may be low. Revenues, volumes, subscriber numbers may be used. The approach used should be clear and documented. ictQATAR may revise the allocation basis, on an as needed basis.

Retail product reports shall allow ictQATAR to identify the common retail cost pools that do have robust costs assignments as well as the final FAC product costs, including the other less-robust allocations. Reports should allow retail costs (and revenues) to be grouped by ictQATAR to enable analysis of general service areas. This is in line with the approach described in more detail in section 4.10.2.2. These groupings will be defined by ictQATAR and they may reflect already-identified markets[18]. The response to this consultation is not required to define such markets.

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[17] or 8.3%, where operating costs covers salaries and other operating expenses, excluding depreciation and outpayments to other operators

[18] Telecom Markets have been formally defined. Clearly pricing investigations might consider mobile or fixed calls as separate areas and the profit and loss of each can be segregated. International calls might be a sub market for analysis.

Retail costs that relate to a tariff bundle that is sold should be assigned to the bundle and not be assigned to the services in each, unless there is a clear cost causation.

Revenues are expected to be allocated to products on a causal basis. Revenues that relate to a tariff bundle should be assigned to the bundle and not to the individual products within the bundle.

Question 16	Do you agree with the retail cost allocation method? ictQATAR is well aware of the limitations and the above approach is only an *indication* of a product's cost value and it cannot be taken as a definitive basis for evaluations and price controls. Price control precedures are not part of this Consultation.

4.10 Deliverables required on an annual basis

ictQATAR's requires the RAS to be delivered annually, with updates to reflect business changes and to include specific clarifications and requirements from ictQATAR that may be issued to enhance the general demands specified in these instructions.

QTel's deliverables on an annual basis will include:

- A description of the RAS (cf. section 4.10.1 below);
- The Cost Model itself (cf. section 4.10.2 below), with user guide, subject to points raised in Section 4.1. ictQATAR expects to have a copy of the model or else full access rights to it;
- An Accounting Manual that defines the full structure of the RAS, the reporting fields, the nature of allocations and processes, driver types etc. This should be submitted to ictQATAR for approval. This provides the formal definition of the model functions and so it is also the basis for the audit – the RAS should function in accordance with this document, these Instructions and other directions that ictQATAR may submit;
- Pro forma (audit report scope and what the auditor will be signing off to, defined in advance) of the auditor's statement;
- Reports on:
  - Network element (component) costs broken down by cost type and showing the total and per-unit cost[19]
  - The cost (total and per unit) of the transferred products from the wholesale units to the retail unit. These are the "costs of production." The reports must also show the discrete cost types
  - Retail product costs (total and per unit) by cost type. These must show the costs of production separate to the retail cost of sales;
- Separated Financial Statements (**SFS**) (cf. section 4.10.3 below);
- Audit opinion and statement of compliance.

4.10.1 Description of the RAS

The DSP will provide detailed documentation of the RAS on an annual basis. The documentation will include details relating to the accounting policies followed, the valuation principles employed and the cost and revenue allocation principles that underpin the RAS.

Regarding the accounting policies, the documentation must detail the methodologies including:

- Accounting principles and policies including asset lives;
- Cost base;
- Cost standard;
- Efficiency adjustments (when reporting on a CESP basis).

Regarding the valuation methodologies, the documentation must describe the methods used to derive cost re-valuations (CCA). This is most relevant when reporting on a CESP basis.

[19] Each final network element (after allocations) is used by products. The element has to have only one cost driver (subscribers, minutes, messages etc.). The per-unit cost provides inputs to inform with element based charging and to assess the RAS results.

The documentation must describe in detail the methods of attributing costs, revenues, assets and liabilities. This includes details on the way costs and revenues for services are accumulated such as a detailed description of the cost-allocation hierarchy including a description for each allocation step in the cost allocation hierarchy. The allocation principles must also set out the transfer charging methodologies.

The documentation must describe how costs are treated from their initial appearance in the QTel's accounting records to their final attribution to services. The attribution methodology must provide the linkage between the inputs from QTel's financial records and the RAS.

When reporting under a HCA basis, the starting point for the regulatory accounts will be QTel's actual performance in relation to its existing infrastructure (i.e. with no efficiency adjustments). Therefore, as part of its annual reporting, QTel is required to present its network facilities (i.e. the physical network systems) that were in place during the year, shown in an aggregated manner to enable the main service delivering components to be identified and related to the RAS costs. The RAS description therefore should include annexes that have network schematics to show the main network components and how they are used by the primary network and retail services.

4.10.2 Cost model

QTel will provide the cost model to ictQATAR on an annual basis. The cost model includes:

- A comprehensive description of the IT system (the cost model), its capabilities and limitations;
- A comprehensive description of the modules in the cost model with the relevant assumptions;
- A user guide on how the system is used, operates and can be analyzed;
- The IT system (the cost model) itself in electronic form, enabling ictQATAR to perform its own analytical review procedures.

4.10.2.1 Model inputs and parameters

The model must also include model documentation setting out the key inputs and parameters that are used in the model, as well as a general description of the model. QTel will also provide comprehensive details and descriptions of its networks (e.g. fixed, mobile and data), supported by up to date network diagrams, including network nodes and their locations.

The documentation must include a comprehensive list of services and their definitions within each of the RRUs, and how these services map to the detailed breakdown of revenue that is required as part of the financial statements of the Retail RRU.

With respect to Input values, the documentation must be comprehensive, including the source, method and date of collection and an indication whether the input is up to date.

The model inputs must be transparent and unequivocal. Inputs to the model should be directly sourced from QTel's operating and financial systems, or other solid sources that can be verified and audited to ensure cost causality (for example the use of ABC interviews and technical-calculation data).

Costs can be categorized into a more manageable set of inputs for the cost model allocation stages. There should be no pre-allocation of costs outside of the costing system, e.g. if the fixed asset register only records duct in a single code, the accounting entries in relation to duct should not be split between core duct, access duct and shared duct prior to entering the cost model input layer.

With respect to model parameters, the documentation should include justifications for any assumptions that are used. If expert judgments are used, the expert's name, his/her position and a justification for the assumption is to be included. If sampling and statistical methods are used, the documentation should include details of:

- The sample per se;
- Detailed statement of the statistical sampling techniques used or which generally accepted statistical techniques the sample was based on;

- Justification why the sample is statistically significant and objective.

4.10.2.2 Calculation results

The full results and product reports cannot be specified in advance for all products. The following describes the general expectation and level of detail that should be produced. The reports and system is expected to be flexible to enable a variety of reports to satisfy likely future investigations.

Product reports should cover:

- Product Code;
- Product Group;
- Product Name;
- Relevant Market allocations to indicate how revenues/cost of this product allocates to the Relevant Market(s);
- Volume;
- Price;
- Revenue;
- Total Unit Cost, split by cost type (see below);
- Total Cost, split in the same categories.

Ultimately, the allocation of costs and revenues will be to individual services. QTel must include a two dimensional flexibility to present the costs and revenues, where a "drill down" is possible, or else cost analysis data that enables such investigations to be carried out. The required reporting to achieve this transparency as described in the pro-forma accounts.

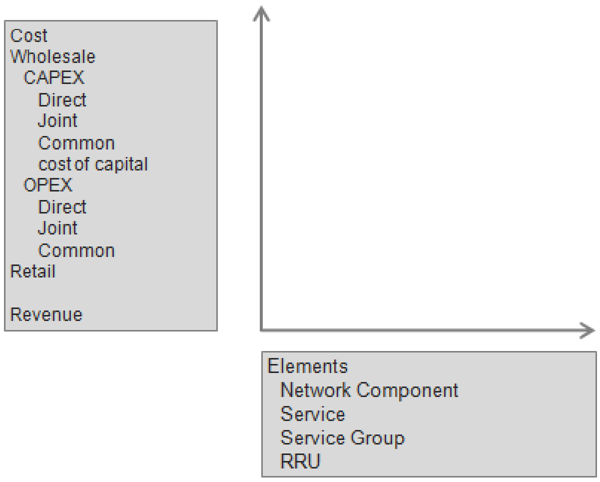

Figure 7 Analysis is required of individual or groups of products by cost type

The first dimension is on the service level. A grouping / filtering according to the different levels of the service hierarchy has to be enabled:

- Service (one service or a number of services together);
- Service Group (to be defined – the reports must be flexible). It should be possible to define Markets to group the products;
- Entire RRU.

The second dimension is according to the cost level. The following dimensions have to be distinguished:

- Wholesale transferred costs;
- Capital costs (depreciation, capital employed and cost of capital);
- Operating costs (direct, pay cost, overhead etc.);
- Outpayments to other operators;
- Network components' cost (only in the case of network products from the Wholesale network RRUs);
- Business sustaining;
- Retail cost of sales (separable into capital and operating costs).

Network component should enable their costs to be broken down by the cost types (capital, operational etc.) to give transparency of the cost sources.

The representation of any sensible combination has to be enabled (e.g. via specific reports, or Excel Pivots tables on source data). These reports have to be:

(i) implemented in the cost model; and

(ii) made available in form of flexible reports. They have to be easily transferrable to Excel.

Revenues will be directly allocated to the services to which they relate based on accounting records and billing system information. In cases where direct allocation is not possible (e.g. bundles), revenues should be attributed on the basis of causation to the lowest level possible, without additional assumptions (unless such assumptions are agreed to by ictQATAR).

4.10.3 Separated Financial Statements

A key process of the RAS is the creation of Separated Financial Statements (**SFS**) or sometimes called Separated Accounts. Financial information produced for this purpose should be at a level of detail which demonstrates compliance with the principles of non-discrimination and transparency. The data should adequately identify and attribute revenues and costs from various activities performed by QTel.

The provision of SFS is especially important in the case of vertically integrated and multinational organizations, as they make transfer charges transparent and help to assess whether the operator has engaged in any anti-competitive pricing. The outputs from such a system must be capable of independent verification (auditable) and fairly present the financial position of QTel.

The separated accounts are prepared by QTel for the separate Regulatory Reporting Units ("RRUs"), based on the market activities of QTel in the state of Qatar.

The SFS will follow the RRU structure of the RAS as a whole as set out in section 4.3. and requires the following RRU's:

a. Wholesale Fixed Core RRU;
b. Wholesale Fixed Access RRU;
c. Wholesale Mobile Network RRU
d. Retail RRU;
e. Wholesale RRU
f. Other RRU;
g. Reconciliation Statement (or Reconciliation RRU)

The pro-forma statements are included in Annex VI.

The SFS will be required on a Historical Cost basis and at a later date on a CESP basis.

Question 17	Have you any comments on the product reports (retail and wholesale), network element reports and SFS?

4.10.4 Audit and Statement of compliance

The RAS and SFS and reports should be audited to the level of Properly Prepared in Accordance with (**PPIA**), audit standard. This PPIA review is in line with international practice.

The RAS will include an audit process comprising the examination and verification of QTel's RAS and supporting documents. An audit process will provide clarity, transparency and confidence with QTel's figures. The auditor should be chosen based upon his resources and experience in such a way as to ensure a high level quality of the audit of the separated financial statements.

The main elements to be covered by the audit are, inter alia, but not limited to, the following:

- The scope of costs included in the model and the allocation to individual services and service categories;

- Methodologies used regarding valuation and depreciation of assets;
- Assurances that SFSs are derived from underlying general ledgers, properly prepared, including operational data as volumes and technological parameters;
- Transfer charges in the SFS; and
- The reconciliation between the cost model, the SFSs and the statutory accounts.

The statement of compliance will be prepared and signed by the independent auditor and includes, inter alia but not limited to, the following:

a. The work done by the auditor;
b. Whether the auditor has obtained all information and explanations that he or she has required;
c. Whether, in the auditor's opinion, as far as appears from an examination of them, proper accounting records have been kept by the DSP so as to enable the complete and accurate compilation of required information;
d. Whether, in the auditor's opinion, the SFS are prepared, in all material respects, in accordance with these Requirements;
e. A statement of whether the separated financial statements have been properly prepared;
f. A statement of accounting policies used in the preparation of the Separated Financial Statements;
g. The full description of the verification methodology followed;
h. A statement about the methodologies used regarding capitalization, valuation, amortization and allocation;
i. A statement regarding the appropriate implementation of the CESP regarding the identified efficiency potential;
j. A statement that the SFS have been prepared in with the accounting requirements of governing legislation in Qatar, in compliance with standard accounting practices with the Direction and Instruction and these Detailed Requirements from ictQATAR.
k. All identified irregularities and any matters of emphasis;
l. Any other comments and remarks;
m. The conclusions of the auditor.

As part of this process, QTel's Chief Executive Officer and Chief Financial Officer are required to sign a Representation Letter, attesting to the auditors that the accounts have been prepared in accordance with the principles defined by ictQATAR for Regulatory Accounting System.

5 Timeframe for implementing the RAS

5.1 RAS submissions – general provision

The HCA/FAC elements of the RAS, together with a description of the RAS, must be submitted for each financial year within **6 months** of the end of the financial year. This allows for a reasonable time for the annual audit which has to be reflected e.g. in the SFS. This should include the RAS cost model itself together with reports on network costs, transferred product costs, retail products costs and the SFS as set out in 4.10 above.

The Accounting Manual and system description shall be delivered at least 4 months in advance of the intended RAS completion date (i.e. no later than 2 months after the financial year end). The pro forma auditor's report should also be supplied. The pro forma SFS reports should also be supplied. These are needed for approval, and possible adjustments by ictQATAR.

All changes from the previous version should be highlighted.

During the RAS implementation, QTel will provide ictQATAR with the outputs of the steps shown above. Any required adjustments to the reports and SFS, that vary from these instructions should be reported on to ictQATAR when they become apparent.

The timing for the submission of the RAS and SFS on a CESP basis will be determined at the time when CESP is implemented. ictQATAR anticipates that this will be delivered to the same schedule as FAC.

ictQATAR reserves the right to secure the delivery of the RAS with Performance Bonds.

5.2 Specific provisions for RAS 2010, RAS 2011and RAS 2012

RAS 2010 and RAS 2011	RAS 2012	Content
1 December 2012	1 December 2012	Written status report regarding planning of the RAS.
fortnightly, starting from 1 December 2012	+ 3 months	Written monthly status report regarding the implementation of the RAS. This has to include a full overview of the past and planned activities any potential issues with the implementation of the RAS.
1 February 2013	+ 3 months	Pro forma of the auditor's statement (as per Section 4.10)
1 February 2013	+ 3 months	Complete description of the proposed RAS.
1 February 2013	+ 3 months	Accounting Manual (as per Section 4.10)
15 February 2013	+ 3 months	ictQATAR review. approval and changes to the RAS description and accounting manual.

1 May 2013	29 August 2013	Delivery of RAS 2010 and 2011.
		For the avoidance of any doubt, this will include:
		• The RAS cost model with user guide (cf. section 4.10.2);
		• Documentation as (cf. section 4.10);
		    ○ Description of the RAS (cf. section 4.10.1)
		    ○ Product reports;
		    ○ Reports;
		• SFS (cf. section 4.10.3);
		• Audit and Statement of compliance opinion (cf. section 4.10.4);

Annex I Definitions and Acronyms

ABC	Activity Based Costing
accounting methodology	is the cost standard
annual financial statement	is an integrated part of the annual report and comprises typically: balance sheet, profit and loss account, cash flow explanatory notes, auditor’s statement
ARF	Applicable Regulatory Framework
BSS	Business Support Systems
CAPEX	CAPital EXpenditure
CC	Current Costs
CCA	Current Cost Accounting
CESP	Cost of Efficient Service Provision
cost base	primarily the “HCA family” and the “CCA family” are used. CESP is typically in the “CCA family”, but includes efficiency adjustments have been made.
cost components	is an umbrella term for direct costs, joint costs and common costs
Cost Model	The (electronic) framework for allocating costs and revenues
cost pools	where do costs accrue (e.g. copper plant, tandem switching centre, …)
cost centres	a type of cost pool that relates to a functional area within the operator – the cost centre has all of the relevant costs of the team
cost standards	(= accounting methodology) like FAC; FDC, LRIC, FL-LRIC, FL-LRAIC, SAC and EDC. A combination of the afore mentioned standards is possible.
cost types	which costs accrue (e.g. personnel cost, rental cost, CAPEX for switches, ...)
CoC	Cost of Capital
CPE	Customer Premises Equipment
CVR	cost-volume relationship
DSP	Dominant Service Provider
EDC	Embedded Direct Cost
EPMU	equivalent proportional mark-up
FAC	Fully Allocated Costs
FDC	Fully Distributed Costs
FY	Financial Year
FL-LRAIC	Forward Looking - Long Run Average Incremental Costing
FL-LRIC	Forward Looking - LRIC
FCM	Financial Capital Maintenance
GBV	Gross Book Value
HC	Historic Costs
HCA	Historic Cost Accounting
IC	Incremental Cost
IP	Internet Protocol
ISDN	Integrated Services Digital Network
LRAIC	Long Run Average Incremental Costs
LRIC	Long Run Incremental Cost
MEA	Modern Equivalent Asset
NBV	Net Book Value
NGA	Next Generation Access
NGN	Next Generation Network
OCM	Operational Capital Maintenance
one-off tariffs	as installation or set-up rates for the initial implementation (cf. recurring tariffs)
OPEX	Operational Expenses
OSS	Operational Support Systems

PDH	Plesiochronous Digital Hierarchy
PPIA	Properly Prepared in Accordance with audit standard
POTS	Plain Old Telephony Services
PSTN	Public Switched Telephone Network
price control method	Cost orientation, Benchmarking, Price Cap, Retail Minus, ..
products	Products offered by the Service provider. For the RAS the terms "product" and "service" have the same meaning
Q1F	1st Fixed Licence
Q1M	1st Mobile Licence
Q2M	2nd Mobile Licence
RAS elements	Costing Methodology; Cost Model per se; Cost Model documentation; Separated financial statements; Report of an independent auditor
RAS	Regulatory Accounting System; = Regulatory Cost Accounting System
recurring tariffs	as periodic lease or rental rates for the use of facilities, equipment and other identified resources (cf. one-off tariffs)
RRU	Regulatory Reporting Unit
SAC	Stand Alone Costs
SDH	Plesiochronous Digital Hierarchy
Separated Accounts	are formed for the regulatory reporting units of the DSP
SFS/SA	Separated Financial Statements = separated accounts
service category	product group, resp. product
service	see product
tariffs	= price = charges; excludes License Fee and Industry Fee as defined in Annexure H of the Licenses
transfer tariffs	= transfer charges =transfer prices
TT	Transfer Tariffs
WACC	Weighted Average Cost of Capital
WC	Working Capital

Annex II References

EC; “COMMISSION RECOMMENDATION on accounting separation and cost accounting systems under the regulatory framework for electronic communications”; 19 Sep 2005; (2005/698/EC), (“EC recommendation accounting II”)

EC; “COMMISSION RECOMMENDATION on interconnection in a liberalised telecommunications market (Part 2 - Accounting separation and cost accounting)”; 8 Apr 1998; 98/322/EC; (EC recommendation accounting I”)

EC; “COMMISSION STAFF WORKING DOCUMENT Explanatory Memorandum of the Commission Recommendation ON ACCOUNTING SEPARATION AND COST ACCOUNTING SYSTEMS UNDER THE REGULATORY FRAMEWORK FOR ELECTRONIC COMMUNICATIONS”; 19 Sep 2005;in reference to 2005/698/EC, (“EC recommendation accounting explanatory memorandum”)

ERG; “ERG COMMON POSITION: Guidelines for implementing the Commission Recommendation C (2005) 3480 on Accounting Separation & Cost Accounting Systems under the regulatory framework for electronic communications”, ERG (05) 29; (“ERG position accounting”)

IRG; “Principles of implementation and best practice regarding accounting separation and cost accounting”, Nov 2002; (“IRG PIB Accounting”)

IRG; “Principles of Implementation and Best Practice regarding the use of current cost accounting methodologies as applied to electronic communication activities”, rev1 Jan 2006; IRG (05) 40rev1;(“IRG PIB CCA”)

ITU; Regulatory Accounting Guide March 2009.

Annex III Questions

Views and comments, on the fullest extent possible, on this CD are invited from industry participants, other stakeholders and interested parties. We would ask to provide views and comments on this CD generally and on a number of specific questions in particular. A complete list of the questions is contained in the following list of questions:

Annex IV Table of Figures

Annex VI Separated Financial Statements

The following defines the Separated Financial Statements required from QTel. The statements are based on ictQATAR's requirements and experience of the RAS developed by QTel.

The statements may be amended to reflect the detailed products and network components that are actually employed. Any such amendments have to be approval by ictQATAR by prior submission of the proposed pro forma statements. In general, ictQATAR expects fuller details to be disclosed rather than less, so amendments that reduce the information breakdowns in terms of cost types or product separation, are likely to be rejected.

The RRU statements will have zero values in many entries, although still indicated by a "x" entry in the below.

For the absence of doubt, the pro forma SFS, in some places, only indicate the general types of information required and the minimum level of detail required to meet the primary aims. For example the list of products and network components is illustrative only – the full list will be more extensive (to be finalised and submitted by QTel before the final RAS results are submitted). The cost type and detailed analysis indicates the minimum level of breakdown expected. Some variations in the details of the final reports are anticipated but these should not be substantial. In any event variations must be agreed with ictQATAR before the final results are submitted.

Wholesale Fixed Network Access RRU

Wholesale Fixed Access Network RRU

PROFIT AND LOSS ACCOUNT		previous year
for the year ended 31 December 20xx	**20xx**	**20yy**
	QAR'm	**QAR'm**
Turnover		
Charges to other RRUs	xx	xx
External turnover	xx	xx
Total turnover	**xx**	**xx**
Costs		
Depreciation	xx	xx
Business sustaining	xx	xx
Operating costs	xx	xx
	xx	**xx**
Transfer charges from other RRUs		
Wholesale Fixed Core	xx	xx
Wholesale Mobile Network	xx	xx
Retail	xx	xx
Other	xx	xx
Total costs	**xx**	**xx**
Return	**xx**	**xx**

RETURN ON MEAN CAPITAL EMPLOYED		
	QAR'm	**QAR'm**
Mean capital employed	xx	xx
Return on mean capital employed	xx	xx
Return on turnover	xx	xx

STATEMENT OF MEAN CAPITAL EMPLOYED		
for the year ended 31 December 20xx	**20xx**	**20yy**
	QAR'm	**QAR'm**
Non-current assets		
Property, plant and equipment	xx	xx
Other	xx	xx
Total non-current assets	**xx**	**xx**
Current Assets		
Inventories & stock	xx	xx
Accounts receivable and prepayments	xx	xx
Bank balances and cash	xx	xx
Total current assets	**xx**	**xx**
Currebt Liabilities		
Accounts payable, accruals and deferred revenue	xx	xx
Provisions for liabilities and charges	xx	xx
Total current liabilities	**xx**	**xx**
Mean capital employed	**xx**	**xx**

SUPPORTING ANALYSIS		
for the year ended 31 December 20xx	**20xx**	**20yy**
Statement of turnover	Internal Turnover	nal Turnover (non Qtel)
	QAR'm	QAR'm
Turnover fixed voice and data		
Fixed voice	xx	xx
Fixed data (broadband)	xx	xx
Leased circuits	xx	xx
Fixed wireless	xx	xx
Fixed other	xx	xx
	xx	**xx**
Turnover mobile		
Mobile Voice	xx	xx
Mobile Data	xx	xx
Mobile SMS	xx	xx
Mobile other	xx	xx
	xx	**xx**
Turnover other		
TV services	xx	xx
Other services	xx	xx
	xx	**xx**
	xx	**xx**

Statement of costs by category for the year ended 31 December 20xx	Operating costs (excluding depreciation)	Depreciation expense	Mean Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs
	QAR'm	QAR'm	QAR'm	%	QAR'm	QAR'm
Installations	xx	xx	xx	y%	MCE x RoR	xx
Copper access network	xx	xx	xx	y%	MCE x RoR	xx
Fibre access network	xx	xx	xx	y%	MCE x RoR	xx
Fixed wireless access services	xx	xx	xx	y%	MCE x RoR	xx
Other access services	xx	xx	xx	y%	MCE x RoR	xx
Total costs	**xx**	**xx**	**xx**		**xx**	**xx**

Wholesale Fixed Network Access RRU: detailed statement of cost of production

. .

Detailed Statement of total "costs of production" of Access RRU
for the year ended 31 December 20xx

Network element costs	Network element c	Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads and business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage	Total volume - effective usage of the element	
		QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	%	QAR'm	QAR'm	QAR	#	unit of usage
led network element												
E side copper	abc	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	#lines
D side copper	def	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	#lines
PSTN line card	ghi	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	#lines
PSTN and ISDN BRI installations	jkl	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	#installations
xyz	etc	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
(list)		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	1	direct allocation
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
Other access elements		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
Total costs		**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**		

Detailed Statement of wholesale fixed access product costs
for the year ended 31 December 20xx

Total costs (Fixed Access plus transferred in)

Wholesale product cost	Product code	Revenue	Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads	Outpayments (national or international)	Business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage	Total volume as sold volumes	
		QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	%	QAR'm	QAR'm	QAR	#	unit of usage
LLU	abc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# line
Bit stream access	def	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# services
duct access	ghi	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	NU duct.km
(list)	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
Total costs		**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**		

Total costs transferred in, excluding Access network costs. **Expected to be zero in most cases**

Wholesale product cost	Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads	Outpayments (national or international)	Business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage
	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	%	QAR'm	QAR'm	QAR
LLU	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
Bit stream access	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
duct access	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
(list)	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
Total costs	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**

Wholesale Fixed Network Core RRU

Wholesale Fixed Core Network RRU

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Turnover		
Charges to other RRUs	xx	xx
External turnover	xx	xx
Total turnover	**xx**	**xx**
Costs		
Depreciation	xx	xx
Business sustaining	xx	xx
Operating costs	xx	xx
External charges (outpayments)	xx	xx
	xx	**xx**
Transfer charges from other RRUs		
Wholesale Fixed Access	xx	xx
Wholesale Mobile Network	xx	xx
Retail	xx	xx
Wholesale RRU	xx	xx
Other	xx	xx
Total costs	**xx**	**xx**
Return	**xx**	**xx**

RETURN ON MEAN CAPITAL EMPLOYED
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Mean capital employed	xx	xx
Return on mean capital employed	xx	xx
Return on turnover	xx	xx

STATEMENT OF MEAN CAPITAL EMPLOYED
for the year ended 31 December 2009

	20xx QAR'm	20yy QAR'm
Non-current assets		
Property, plant and equipment	xx	xx
Other	xx	xx
Total non-current assets	**xx**	**xx**
Current Assets		
Inventories & stock	xx	xx
Accounts receivable and prepayments	xx	xx
Bank balances and cash	xx	xx
Total current assets	**xx**	**xx**
Accounts payable, accruals and deferred revenue	xx	xx
Provisions for liabilities and charges	xx	xx
Total current liabilities	**xx**	**xx**
Mean capital employed	**xx**	**xx**

SUPPORTING ANALYSIS
for the year ended 31 December 20xx

20xx

Statement of turnover	Internal Turnover QAR'm	External Turnover (not QTel) QAR'm
Turnover fixed voice and data		
Fixed voice	xx	xx
Fixed data	xx	xx
Fixed wireless	xx	xx
Leased circuits	xx	xx
Fixed other	xx	xx
	xx	**xx**
Turnover mobile		
Mobile Voice	xx	xx
Mobile Data	xx	xx
Mobile SMS	xx	xx
Mobile other	xx	xx
	xx	**xx**
Turnover other		
TV services	xx	xx
Other services	xx	xx
	xx	**xx**
Total turnover	**xx**	**xx**

Statement of costs by category
for the year ended 31 December 2009

	Operating costs (excluding depreciation) QAR'm	Depreciation expense QAR'm	Mean Capital Employed QAR'm	Rate of Return (ictQ defined) %	Cost of capital QAR'm	Total operating and capital costs QAR'm
Fixed conveyance						
Voice Switching	xx	xx	xx	y%	MCE x RoR	xx
Interswitch Transmission (voice)	xx	xx	xx	y%	MCE x RoR	xx
International transmission	xx	xx	xx	y%	MCE x RoR	xx
	xx	**xx**	**xx**		xx	**xx**
Data networks						
ADSL & Other Internet components	xx	xx	xx	xx	MCE x RoR	xx
ADSL transmission	xx	xx	xx	y%	MCE x RoR	xx
Other data platforms	xx	xx	xx	y%	MCE x RoR	xx
	xx	**xx**	**xx**		xx	**xx**
Other networks						
Other telephony platforms	xx	xx	xx	y%	MCE x RoR	xx
Other fixed transmission	xx	xx	xx	y%	MCE x RoR	xx
	xx	**xx**	**xx**		xx	**xx**
Outpayments						
National outpayments	xx	xx	xx	y%	MCE x RoR	xx
International Outpayments	xx	xx	xx	y%	MCE x RoR	xx
International carrier admin	xx	xx	xx	y%	MCE x RoR	xx
	xx	**xx**	**xx**		**xx**	**xx**
Interconnect Product Management (national wholesale)	xx	xx	xx	y%	MCE x RoR	xx
Other non-telephony components	xx	xx	xx	y%	MCE x RoR	xx
Other costs	xx	xx	xx	y%	MCE x RoR	xx
Total costs	**xx**	**xx**	**xx**		**xx**	**xx**

Wholesale Fixed Network Core RRU: detailed statement of cost of production

Detailed Statement of total "costs of production" of RRU
for the year ended 31 December 20xx

Network element costs	Network element cc	Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads and business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage	Total volume - effective usage of the element	
		QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	%	QAR'm	QAR'm	QAR	#	unit of usage
International switches	abc	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
Core voice swtches	def	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
PSTN transmission	ghi	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
IN	jkl	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# calls or messages
xDSL transmission	mno	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	effective kbit/s
	etc	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	1	direct allocation
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
Other core elements		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
Total costs		**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**		

Detailed Statement of wholesale fixed core product costs
for the year ended 31 December 20xx

Total costs (Fixed Core plus transferred in)

Wholesale product cost	Product code	Revenue	Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads	Outpayments (national or international)	Business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage	Total volume as sold volumes	
		QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	%	QAR'm	QAR'm	QAR	#	unit of usage
International termination to fixed	abc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
International to XX	def	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
IP transit for other operators	ghi	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	#Mbit/s
hubbing	jlk	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
Total costs		**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**		

Total costs transferred in, excluding Core network costs. E.g.: terminating segments of IPLC in Fixed Access unit

Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads	Outpayments (national or international)	Business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage
QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
xx	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**

Wholesale Mobile Network RRU

Wholesale Mobile Network RRU

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Turnover		
Charges to other RRUs	xx	xx
External turnover	xx	xx
Total turnover	**xx**	**xx**
Costs		
Depreciation	xx	xx
Business sustaining	xx	xx
Operating costs	xx	xx
	xx	**xx**
Transfer charges from other RRUs		
Wholesale Fixed Access	xx	xx
Wholesale Fixed Core	xx	xx
Retail	xx	xx
Wholesale RRU	xx	xx
Other	xx	xx
	xx	**xx**
Total costs	**xx**	**xx**
Return	**xx**	**xx**

RETURN ON MEAN CAPITAL EMPLOYED

	20xx QAR'm	20yy QAR'm
Mean capital employed	xx	xx
Return on mean capital employed	xx	xx
Return on turnover	xx	xx

STATEMENT OF MEAN CAPITAL EMPLOYED
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Non-current assets		
Property, plant and equipment	xx	xx
Other	xx	xx
Total non-current assets	**xx**	**xx**
Current Assets		
Inventories and stock	xx	xx
Accounts receivable and prepayments	xx	xx
Bank balances and cash	xx	xx
Total current assets	**xx**	**xx**
Accounts payable, accruals and deferred revenue	xx	xx
Provisions for liabilities and charges	xx	xx
Total current liabilities	**xx**	**xx**
Mean capital employed	**xx**	**xx**

SUPPORTING ANALYSIS
for the year ended 31 December 20xx

	20xx	
Statement of turnover	Internal Turnover QAR'm	External Turnover (non Qtel) QAR'm
Turnover mobile		
Mobile Voice	xx	xx
Mobile Data	xx	xx
Mobile SMS	xx	xx
Mobile other	xx	xx
	xx	**xx**
Turnover fixed voice and data		
Fixed voice	xx	xx
Fixed data	xx	xx
Fixed wireless	xx	xx
Leased circuits	xx	xx
Fixed other	xx	xx
	xx	**xx**
Turnover other		
TV services	xx	xx
Other services	xx	xx
	xx	**xx**
	xx	**xx**

Statement of costs by category
for the year ended 31 December 20xx

	Operating costs (excluding depreciation) QAR'm	Depreciation expense QAR'm	Mean Capital Employed QAR'm	Rate of Return (ictQ defined) %	Cost of capital QAR'm	Total operating and capital costs QAR'm
Access Sites: BTS & Node B	xx	xx	xx	y%	RoR x MCE	xx
Access nodes: BSC & RNC	xx	xx	xx	y%	RoR x MCE	xx
Radio access transmission	xx	xx	xx	y%	RoR x MCE	xx
Core Transmission	xx	xx	xx	y%	RoR x MCE	xx
Core equipment	xx	xx	xx	y%	RoR x MCE	xx
SMS platforms	xx	xx	xx	y%	RoR x MCE	xx
Other Platforms	xx	xx	xx	y%	RoR x MCE	xx
Other costs	xx	xx	xx	y%	RoR x MCE	xx
	xx	**xx**	**xx**		**xx**	**xx**

Wholesale Mobile Network RRU: detailed statement of cost of production

Detailed Statement of total "costs of production" of RRU
for the year ended 31 December 20xx

Network element costs	Network element code	Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads and business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage	Total volume - effective usage of the element	unit of usage
		QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	%	QAR'm	QAR'm	QAR	#	unit of usage
BTS	abc	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
RNC	def	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
Node B	ghi	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
MSC	jkl	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# calls or messages
Pre paid charging platform	mno	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# calls or messages
SMS server	pqr	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# messages
Other mobile elements	etc	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
(list)		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
		xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx		
Total costs		**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**		

Detailed Statement of wholesale mobile product costs
for the year ended 31 December 20xx

Total costs (Mobile plus transferred in)

Wholesale product cost	Product code	Revenue	Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads	Outpayments (national or international)	Business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage	Total volume as sold volumes	unit of usage
		QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	%	QAR'm	QAR'm	QAR	#	unit of usage
Site sharing	abc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# sites
National Mobile termination	def	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
International mobile termination to postpaid	ghi	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
SMS termination to prepaid	jkl	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# messages
(list)	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
Total costs		**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**		

Total costs transferred in, excluding Mobile network costs. E.g.: international gateway costs that are part of Fixed core business

Wholesale product cost	Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads	Outpayments (national or international)	Business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage
	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	%	QAR'm	QAR'm	QAR
Site sharing	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
National Mobile termination	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
International mobile termination to postpaid	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
SMS termination to prepaid	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
(list)	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx
Total costs	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**

Wholesale RRU

Wholesale RRU

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Turnover		
Charges to other RRUs	xx	xx
External turnover	xx	xx
Total turnover	**xx**	**xx**
Costs		
Depreciation	xx	xx
Business sustaining	xx	xx
Operating costs	xx	xx
External charges (outpayments)	xx	xx
	xx	**xx**
Transfer charges from other RRUs		
Wholesale Fixed Access	xx	xx
Wholesale Fixed Core Network	xx	xx
Wholesale Mobile Network	xx	xx
Retail	xx	xx
Other	xx	xx
	xx	**xx**
Total costs	**xx**	**xx**
Return	**xx**	**xx**

RETURN ON MEAN CAPITAL EMPLOYED

	20xx QAR'm	20yy QAR'm
Mean capital employed	xx	xx
Return on mean capital employed	xx	xx
Return on turnover	xx	xx

STATEMENT OF MEAN CAPITAL EMPLOYED
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Non-current assets		
Property, plant and equipment	xx	xx
Investments in subsidiaries & associates	xx	xx
Available-for-sale investments	xx	xx
Total non-current assets	**xx**	**xx**
Current Assets		
Inventories and stock	xx	xx
Accounts receivable and prepayments	xx	xx
Bank balances and cash	xx	xx
Total current assets	**xx**	**xx**
Accounts payable, accruals and deferred revenue	xx	xx
Provisions for liabilities and charges	xx	xx
Total current liabilities	**xx**	**xx**
Mean capital employed	**xx**	**xx**

SUPPORTING ANALYSIS
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Statement of turnover		
Turnover Fixed Voice		
Voice connections	xx	xx
Wholesale line rentals	xx	xx
Fixed call origination	xx	xx
Fixed call terminations	xx	xx
International call hubbing	xx	xx
	xx	**xx**
Turnover Fixed Data		
Fixed Internet Broadband	xx	xx
Domestic leased circuits	xx	xx
International leased circuits	xx	xx
Other fixed data	xx	xx
	xx	**xx**
Turnover Fixed - other		
Unbundled services (list)		
Fixed other	xx	xx
	xx	**xx**
Turnover Mobile		
National voice termination	xx	xx
International voice termination	xx	xx
National SMS termination	xx	xx
International SMS termnation	xx	xx
Mobile other	xx	xx
	xx	**xx**
Turnover - Other		
Roaming	xx	xx
Other services	xx	xx
	xx	**xx**
Total turnover	**xx**	**xx**

Statement of costs by category
for the year ended 31 December 20xx

	Operating costs (excluding depreciation) QAR'm	Depreciation expense QAR'm	Mean Capital Employed QAR'm	Rate of Return (ictQ defined) QAR'm	Cost of capital QAR'm	Total operating and capital costs QAR'm
National & International outpayments						
National Outpayments	xx	xx	xx	y%	RoR x MCE	xx
International Outpayments	xx	xx	xx	y%	RoR x MCE	xx
National carrier admin	xx	xx	xx	y%	RoR x MCE	xx
Roaming	xx	xx	xx	y%	RoR x MCE	xx
Mobile Interconnect Product Management	xx	xx	xx	y%	RoR x MCE	xx
International carrier admin	xx	xx	xx	y%	RoR x MCE	xx
	xx	**xx**	**xx**		**xx**	**xx**
Other costs	xx	xx	xx	y%	RoR x MCE	xx
Total costs	**xx**	**xx**	**xx**		**xx**	**x**

Wholesale RRU: detailed statement of wholesale product costs

Detailed Statement of Wholesale product costs
for the year ended 31 December 20xx

Total costs (Wholesale RRU plus transferred in)

Wholesale product	Product code	Revenue	Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads	Outpayments (national or international)	Business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage	Total volume (as sold)	
		QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	%	QAR'm	QAR'm	QAR	#	unit of usage
(lust is illustrative only)															
Mobile termination to pre paid	abc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# subscribers
Mobile termination to post paid	def	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# subscribers
Fixed line termination	ghi	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# subscribers
Call to directory enquiries	jkl	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# subscribers
Call to emergency services	mno	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
International termination to other operator	pqr	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
Unbundled locall copper loop	stu	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# subscribers
	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# services
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# connections
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	1	None
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
		xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
Total costs		**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**		

Total costs transferred in, excluding Wholesale unit costs (network cost of production)

Wholesale product	Product code	Operating costs (excluding depreciation)	Supporting Operating costs (excluding depreciation) incl overheads	Outpayments (national or international)	Business sustaining	Depreciation expense	Mean Capital Employed	Mean Working Capital Employed	Rate of Return (ictQ defined)	Cost of capital employed	Total operating and capital costs	Cost per unit of usage	Market
		QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR'm	QAR	as per Dominance definition
(lust is illustrative only)													
Mobile termination to pre paid	abc	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M14
Mobile termination to post paid	def	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M14
Fixed line termination	ghi	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M9
Call to directory enquiries	jkl	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M9
Call to emergency services	mno	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M9
International termination to other operator	pqr	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M9
Unbundled locall copper loop	stu	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M10
	etc	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
		xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
		xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
		xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
		xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
		xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
		xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
		xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	
Total costs		**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**	

Retail RRU

Retail RRU

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Turnover		
Charges to other RRUs	xx	xx
External turnover	xx	xx
Total turnover	**xx**	**xx**
Costs		
Depreciation	xx	xx
Business sustaining	xx	xx
Operating costs	xx	xx
	xx	**xx**
Transfer charges from other RRUs		
Wholesale Fixed Access	xx	xx
Wholesale Fixed Core Network	xx	xx
Wholesale Mobile Network	xx	xx
Wholesale RRU	xx	xx
Other	xx	xx
	xx	**xx**
Total costs	**xx**	**xx**
Return	**xx**	**xx**

RETURN ON MEAN CAPITAL EMPLOYED

	20xx QAR'm	20yy QAR'm
Mean capital employed	xx	xx
Return on mean capital employed	xx	xx
Return on turnover	xx	xx

STATEMENT OF MEAN CAPITAL EMPLOYED
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Non-current assets		
Property, plant and equipment	xx	xx
Investments in subsidiaries & associates	xx	xx
Available-for-sale investments	xx	xx
Total non-current assets	**xx**	**xx**
Current Assets		
Inventories and stock	xx	xx
Accounts receivable and prepayments	xx	xx
Bank balances and cash	xx	xx
Total current assets	**xx**	**xx**
Accounts payable, accruals and deferred revenue	xx	xx
Provisions for liabilities and charges	xx	xx
Total current liabilities	**xx**	**xx**
Mean capital employed	**xx**	**xx**

SUPPORTING ANALYSIS
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Statement of turnover		
Turnover Fixed Voice		
Voice connections	xx	xx
Voice rentals	xx	xx
Fixed calls	xx	xx
	xx	**xx**
Turnover Fixed Data		
Fixed Internet Broadband	xx	xx
Domestic leased circuits	xx	xx
International leased circuits	xx	xx
Other fixed data	xx	xx
	xx	**xx**
Turnover Fixed - other		
Fixed CPE	xx	xx
Fixed other	xx	xx
	xx	**xx**
Turnover Mobile		
Mobile Connections	xx	xx
Mobile Subscriptions	xx	xx
Mobile Voice - Postpaid	xx	xx
Mobile Voice - Prepaid	xx	xx
Mobile Voice - Roaming	xx	xx
Mobile SMS - Postpaid	xx	xx
Mobile SMS - Prepaid	xx	xx
Mobile Data	xx	xx
Mobile other	xx	xx
	xx	**xx**
Turnover - Other		
TV services	xx	xx
Other services	xx	xx
	xx	**xx**
Total turnover	**xx**	**xx**

Statement of costs by category
for the year ended 31 December 20xx

	Operating costs (excluding depreciation) QAR'm	Depreciation expense QAR'm	Mean Capital Employed QAR'm	Rate of Return (ictQ defined) QAR'm	Cost of capital QAR'm	Total operating and capital costs QAR'm
National & International outpayments						
National Outpayments	xx	xx	xx	y%	RoR x MCE	xx
International Outpayments	xx	xx	xx	y%	RoR x MCE	xx
International carrier admin	xx	xx	xx	y%	RoR x MCE	xx
	xx	**xx**	**xx**		**xx**	**xx**
Cost of sales	xx	xx	xx	y%	RoR x MCE	xx
Sales & marketing costs	xx	xx	xx	y%	RoR x MCE	xx
Service centre costs	xx	xx	xx	y%	RoR x MCE	xx
Call centre & other customer service costs	xx	xx	xx	y%	RoR x MCE	xx
Owned Customer Premises Equipment	xx	xx	xx	y%	RoR x MCE	xx
Finance & Billing	xx	xx	xx	y%	RoR x MCE	xx
Other costs	xx	xx	xx	y%	RoR x MCE	xx
Total costs	**xx**	**xx**	**xx**		**xx**	**x**

Analysis of transfer charges

	Wholesale Fixed Access QAR'm	Wholesale Fixed Core QAR'm	Wholesale Mobile Network QAR'm	Wholesale RRU QAR'm	Other QAR'm
Fixed Voice					
Voice connections	xx	xx	xx	xx	xx
Voice rentals	xx	xx	xx	xx	xx
Fixed calls	xx	xx	xx	xx	xx
	xx	**xx**	**xx**	**xx**	**xx**
Fixed Data					
Fixed Internet	xx	xx	xx	xx	xx
Domestic leased circuits	xx	xx	xx	xx	xx
International leased circuits	xx	xx	xx	xx	xx
Other fixed data	xx	xx	xx	xx	xx
	xx	**xx**	**xx**	**xx**	**xx**
Fixed - other					
Fixed CPE	xx	xx	xx	xx	xx
Fixed other	xx	xx	xx	xx	xx
	xx	**xx**	**xx**	**xx**	**xx**
Mobile					
Mobile Connections	xx	xx	xx	xx	xx
Mobile Subscriptions	xx	xx	xx	xx	xx
Mobile Voice - Postpaid	xx	xx	xx	xx	xx
Mobile Voice - Prepaid	xx	xx	xx	xx	xx
Mobile Voice - Roaming	xx	xx	xx	xx	xx
Mobile SMS - Postpaid	xx	xx	xx	xx	xx
Mobile SMS - Prepaid	xx	xx	xx	xx	xx
Mobile SMS - Other	xx	xx	xx	xx	xx
Mobile Data	xx	xx	xx	xx	xx
Mobile other	xx	xx	xx	xx	xx
	xx	**xx**	**xx**	**xx**	**xx**
Other					
TV services	xx	xx	xx	xx	xx
Other services	xx	xx	xx	xx	xx
	xx	**xx**	**xx**	**xx**	**xx**
Total	**xx**	**xx**	**xx**	**xx**	**xx**

Detailed Statement of Retail product costs
for the year ended 31 December 20xx

Total costs (Retail plus transferred in)

Retail product	Product code	Revenue QAR'm	Operating costs (excluding depreciation) QAR'm	Supporting Operating costs (excluding depreciation) incl overheads QAR'm	Outpayments (national or international) QAR'm	Business sustaining QAR'm	Depreciation expense QAR'm	Mean Capital Employed QAR'm	Mean Working Capital Employed QAR'm	Rate of Return (ictQ defined) %	Cost of capital employed QAR'm	Total operating and capital costs QAR'm	Cost per unit of usage QAR	Total volume (as sold) #	unit of usage
PSTN connections	abc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# subscribers
PSTN rentals	def	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# subscribers
BR-ISDN connections	ghi	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# subscribers
BR-ISDN rentals	jkl	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# subscribers
Fixed calls - To fixed	mno	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
Fixed calls - To mobile	pqr	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
ADSL - rental	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# subscribers
CPE Rentals - Telephones	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# services
Postpaid connections	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# connections
Postpaid calls - On net	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
Prepaid calls - To fixed	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
Prepaid calls - To international	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	# minutes
Yellow Pages	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	1	None
TV, bradband and PSTN Line tariff bundle	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
etc	etc	xx	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	xx	
Total costs		**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**		

Total costs transferred in, excluding Retail costs

Retail product	Operating costs (excluding depreciation) QAR'm	Supporting Operating costs (excluding depreciation) incl overheads QAR'm	Outpayments (national or international) QAR'm	Business sustaining QAR'm	Depreciation expense QAR'm	Mean Capital Employed QAR'm	Mean Working Capital Employed QAR'm	Rate of Return (ictQ defined) QAR'm	Cost of capital employed QAR'm	Total operating and capital costs QAR'm	Cost per unit of usage QAR	Market as per Dominance definition
PSTN connections	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M1
PSTN rentals	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M1
BR-ISDN connections	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M1
BR-ISDN rentals	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M1
Fixed calls - To fixed	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M2
Fixed calls - To mobile	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M2
ADSL - rental	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M4
CPE Rentals - Telephones	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
Postpaid connections	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
Postpaid calls - On net	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M6
Prepaid calls - To fixed	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M6
Prepaid calls - To international	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	M3
Yellow Pages	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
TV, bradband and PSTN Line tariff bundle	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	XX
etc	xx	xx	xx	xx	xx	xx	xx	y%	MCE x RoR	xx	xx	
Total costs	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**		**xx**	**xx**	**xx**	

Statement of Retail common and direct costs
for the year ended 31 December 20xx

	Operating costs (excluding depreciation) QAR'm	Depreciation expense QAR'm	Mean Capital Employed QAR'm	Rate of Return (ictQ defined) QAR'm	Cost of capital QAR'm	Total operating and capital costs QAR'm	Details of products that the costs are common to
Common retail cost pools							
All national retail products	xx	xx	xx	y%	RoR x MCE	xx	
All mobile products	xx	xx	xx	y%	RoR x MCE	xx	
All fixed products	xx	xx	xx	y%	RoR x MCE	xx	
All business services and leased lines	xx	xx	xx	y%	RoR x MCE	xx	
New mobile subscriptioms (pre and post paid)	xx	xx	xx	y%	RoR x MCE	xx	
General promotion A	xx	xx	xx	y%	RoR x MCE	xx	Relevant products in A: ADSL, triple play etc
General promotion B	xx	xx	xx	y%	RoR x MCE	xx	Relevant products in B: Mobile data, MMS etc
(list)							
etc							
Total costs of general (common) retail costs	**xx**	**xx**	**xx**		**xx**	**xx**	

Direct cost of retail products (excluding common retail costs), including the network wholesale costs of production, excluding general costs

Retail product	Product code	Operating costs (excluding depreciation) QAR'm	Depreciation expense QAR'm	Mean Capital Employed QAR'm	Rate of Return (ictQ defined) QAR'm	Cost of capital QAR'm	Total operating and capital costs QAR'm
PSTN connections	abc	xx	xx	xx	y%	RoR x MCE	xx
PSTN rentals	def	xx	xx	xx	y%	RoR x MCE	xx
BR-ISDN connections	ghi	xx	xx	xx	y%	RoR x MCE	xx
BR-ISDN rentals	jkl	xx	xx	xx	y%	RoR x MCE	xx
Fixed calls - To fixed	mno	xx	xx	xx	y%	RoR x MCE	xx
Fixed calls - To mobile	pqr	xx	xx	xx	y%	RoR x MCE	xx
ADSL - rental	etc	xx	xx	xx	y%	RoR x MCE	xx
CPE Rentals - Telephones	etc	xx	xx	xx	y%	RoR x MCE	xx
Postpaid connections	etc	xx	xx	xx	y%	RoR x MCE	xx
Postpaid calls - On net	etc	xx	xx	xx	y%	RoR x MCE	xx
Prepaid calls - To fixed	etc	xx	xx	xx	y%	RoR x MCE	xx
Prepaid calls - To international	etc	xx	xx	xx	y%	RoR x MCE	xx
Yellow Pages	etc	xx	xx	xx	y%	RoR x MCE	xx
etc	etc						
(list)							
Total costs of direct retail products' costs		**xx**	**xx**	**xx**		**xx**	**xx**

Other RRU

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Turnover		
Charges to other RRUs	xx	xx
External turnover	xx	xx
Other income	xx	xx
Total turnover	**xx**	**xx**
Costs		
Depreciation	xx	xx
Business sustaining	xx	xx
Operating costs	xx	xx
External charges (outpayments)	xx	xx
	xx	**xx**
Transfer charges from other RRUs		
Wholesale Fixed Access	xx	xx
Wholesale Fixed Core Network	xx	xx
Wholesale Mobile Network	xx	xx
Wholesale RRU	xx	xx
Retail	xx	xx
	xx	**xx**
Total costs	**xx**	**xx**
Return	**xx**	**xx**

RETURN ON MEAN CAPITAL EMPLOYED

	20xx QAR'm	20yy QAR'm
Mean capital employed	xx	xx
Return on mean capital employed	xx	xx
Return on turnover	xx	xx

STATEMENT OF MEAN CAPITAL EMPLOYED
for the year ended 31 December 20xx

	20xx QAR'm	20yy QAR'm
Non-current assets		
Property, plant and equipment	xx	xx
Investments in subsidiaries & associates	xx	xx
Available-for-sale investments	xx	xx
Total non-current assets	**xx**	**xx**
Current Assets		
Inventories and stock	xx	xx
Accounts receivable and prepayments	xx	xx
Bank balances and cash	xx	xx
Total current assets	**xx**	**xx**
Accounts payable, accruals and deferred revenue	xx	xx
Provisions for liabilities and charges	xx	xx
Total current liabilities	**xx**	**xx**
Mean capital employed	**xx**	**xx**

Reconciliation with Statutory Accounts: Income Sheet

Reconciliation with Statutory Accounts: Income Statement

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 20xx

	Revenue QAR'm	Total costs QAR'm	Return QAR'm
RRU			
Wholesale Fixed Access	xx	xx	xx
Wholesale Fixed Core	xx	xx	xx
Wholesale Mobile	xx	xx	xx
Retail	xx	xx	xx
Other RRU	xx	xx	xx
Total as per regulatory Separated Financial Statements	**xx**	**xx**	**xx**
Adjustments			
Elimination of inter Business Unit transfer charges			
Wholesale Fixed Access	xx	xx	xx
Wholesale Fixed Core	xx	xx	xx
Wholesale Mobile	xx	xx	xx
Retail	xx	xx	xx
Wholesale RRU	xx	xx	xx
Other	xx	xx	xx
	xx	**xx**	**xx**
RAS items excluded (redundancy, LT interest etc)			
Excluded items A (not included in any RRU)	xx	xx	xx
Excluded items B (not included in any RRU)	xx	xx	xx
Total excluded items	**xx**	**xx**	**xx**
Depreciation adjustments due to asset revaluations		xx	
Efficiency adjustments (CESP)			
Wholesale Fixed Access	-	xx	
Wholesale Fixed Core	-	xx	
Wholesale Mobile	-	xx	
Retail	-	xx	
Wholesale RRU	-	xx	
Other	-	xx	
Total as per Separated Financial Statement (including adjustments)	**-**	**xx**	

Audited Accounts for the year ended 31 December 2009	**Revenue** QAR'm	**Total costs** QAR'm	**Return** QAR'm
Period from 01 January 2009 to 31 December 2009	**xx**	**xx**	**xx**
Reveue A	xx		
Reveue B	xx		
Difference	**0.0**	**0.0**	**0.0**

Reconciliation with Statutory Accounts: Balance Sheet

Reconciliation with Statutory Accounts: Balance Sheet

MEAN CAPITAL EMPLOYED
for the year ended 31 December 20xx

	20xx Total QAR'm	Property, plant and equipment QAR'm	Investments in subsidiaries & associates QAR'm	Other investments QAR'm	Amounts due from group QAR'm	Inventories and stock QAR'm	Accounts receivable and prepayments QAR'm	Bank balances and cash QAR'm	Bank loans & derivatives QAR'm	Amounts due to related parties QAR'm	Accounts payable, accruals and deferred revenue QAR'm	Provisions for liabilities and charges QAR'm
MEAN CAPITAL EMPLOYED OF THE RRUs												
RRU												
Wholesale Fixed Access	xx	xx				xx	xx	xx			xx	xx
Wholesale Fixed Core	xx	xx	assume =0			xx	xx	xx	assume =0		xx	xx
Wholesale Mobile	xx	xx				xx	xx	xx			xx	xx
Retail	xx	xx				xx	xx	xx			xx	xx
Wholesale RRU	xx	xx				xx	xx	xx			xx	xx
Other	xx	xx	xx	xx		xx	xx	xx	xx	xx	xx	xx
Total as per Separated Financial Statements	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**
Adjustments												
Excluded items not in RRU (goodwill, minority interests etc., as required)												
Item A	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Item B	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Item C	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
etc	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Fixed asset revaluations		xx										
	xx	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**
Total as per Historic Separated Financial Accounts (including adju	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**	**xx**
Audited Accounts												
for the year ended 31 December 2009	**20xx Total** QAR'm											
Shareholders' funds as in the Annual Report												
Opening balance as at 1 January 2009	**xx**	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Closing balance as at 31 December 2009	**xx**	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Average	**xx**	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Difference												

Network cost statement

Network cost statement

for the year ended 31 December 20xx

Network component

		International switches	Core voice swtches	PSTN tranmission	IN	xDSL transmission	etc	Access Sites: BTS & Node B	Access nodes: BSC & RNC	Radio access transmission	Core Transmission	Core equipment	SMS platforms	etc	E side copper	D side copper	PSTN line card	etc
Total cost		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Cost per unit		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Route factor (usage) or percentage																		
Retail product	Product code																	
PSTN rentals	abc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
BR-ISDN rentals	def	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Fixed calls - To fixed	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Fixed calls - To mobile	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
ADSL - rental	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Postpaid calls - On net	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Prepaid calls - To fixed	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Prepaid calls - To international	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
etc	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Wholesale product																		
Mobile termination to pre paid	pqr	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Mobile termination to post paid	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Fixed line termination	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Call to directory enquiries	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Call to emergency services	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
International termination to other operator	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Conveyance (cost of production) (usage factor above times unit cost of element)																		
Retail product																		
PSTN rentals	abc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
BR-ISDN rentals	def	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Fixed calls - To fixed	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Fixed calls - To mobile	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
ADSL - rental	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Postpaid calls - On net	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Prepaid calls - To fixed	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Prepaid calls - To international	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
etc	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Wholesale product																		
Mobile termination to pre paid	pqr	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Mobile termination to post paid	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Fixed line termination	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Call to directory enquiries	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Call to emergency services	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
International termination to other operator	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
	etc	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Transfer charge summary report

Transfer charge summary report

for the year ended 31 December 20xx

from RRU / **To**	Wholesale Fixed Access	Wholesale Fixed Core	Wholesale Mobile	Retail	Wholesale RRU	Other
Wholesale Fixed Access		x	x	x	x	x
Wholesale Fixed Core	x		x	x	x	x
Wholesale Mobile	x	x		x	x	x
Retail	x	x	x		x	x
Wholesale RRU	x	x	x	x		x
Other	x	x	x	x	x	