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GENERAL NOTICE

NOTICE 1302 OF 2004

DEPARTMENT OF COMMUNICATIONS

Regulations in respect of Chart of Accounts and Cost Allocation Manual for mobile cellular telecommunications services

In terms of section 96(1) of the Telecommunications Act, 1996 (Act No. 103 of 1996), I, Dr. Ivy Matsepe-Casaburri, Minister of Communications hereby approve and publish the regulations in the Schedule made by the Independent Communications Authority of South Africa in terms of section 95 read with section 46(1) of the said Act.

Dr. Ivy Matsepe-Casaburri
Minister of Communications

SCHEDULE

Regulations in respect of Chart of Accounts and Cost Allocation Manual for mobile cellular telecommunications services



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Definitions

In these regulations, words shall have the same meaning assigned to them in the Telecommunications Act No. 103 of 1996, as amended, unless the context indicates otherwise.

Act	Telecommunications Act No. 103 of 1996.
Attributable Cost	Costs which can be allocated to a business, network service or a retail or wholesale segment on a causal basis.
Authority	Independent Communications Authority of South Africa established in terms of section 3 of the Independent Communication Authority of South Africa Act No. 13 of 2000
Business Units	The Network Services Business unit, Retail Business Unit and Wholesale Business Unit, which together constitute the Regulated Segment.
Charts of Accounts /Cost Allocation Manual	Chart of Accounts and Cost Allocation Manual (COA/CAM) which sets out the minimum regulatory reporting requirements for telecommunications licensees in South Africa licensed to provide telecommunication services of the nature described in section 34 (2) (a) of the Act.
Community Service	The activities and network infrastructure MCTS operators are required to implement in respect of Community Service telephones, in the areas listed in the implementation timetable, in accordance with their respective MCTS Licences.
Corporate Entity	The registered company in terms of the Companies Act No 61 of 1973 of South Africa or other legal entity that is regulated by the Authority and which includes the Regulated Segment.
Detailed Requirements	Volume 2 of the COA/CAM which provides guidelines for MCTS Licensees for preparing and reporting information to the Authority.
Directly Attributable Cost	"Costs that can be directly and unambiguously related to a single network service, retail or wholesale business unit, to the individual services provided by these units, or the regulated segment within each business unit."
Fully Allocated Cost	A basis of accounting whereby all of an entity's costs are attributed fully to products and services and/or segments.
Government	Government of the Republic of South Africa.

Definitions*continued*

Indirectly Attributable Cost	Costs that cannot be directly and unambiguously assigned to a specific network service or an individual regulated segment through accounting records but are costs that can, however, be attributed or allocated to network services or regulated segments on a causal, non-arbitrary basis using appropriate cost drivers
Long Run Incremental Cost	The cost of producing a defined additional increment of output in the long run given that some level of output (which may be zero) is already produced.
Long Run Incremental Cost with Mark-up	The long run incremental cost plus an adjustment that allows Operators to recover a proportion of joint, common and fixed costs which have been incurred in association with the defined increment of output.
MCTS Licensee	A holder of a Licence to provide Mobile Cellular Telecommunications Services.
Mobile Cellular Telecommunications Services ("MCTS")	As defined in section 37 of the Act.
Network Services	Mobile cellular telecommunications network infrastructure services that are provided by the Network Services Business Unit to the Wholesale and Retail Business Unit, which are then developed, packaged and sold as products (which include voice, text, data and other value added and ancillary services) to other Operators and/or end-users.
Network Services Business Unit	A subset of the Regulated Segment that comprises all costs and assets associated with the provision, operation and maintenance of the mobile cellular telecommunications network infrastructure services provided to the Retail and Wholesale business units. Also referred to as Network Services Business.
Operator	Holder of a telecommunication service licence issued under section 34(2), section 39, or section 40A of the Act, and any holder of a MCTS licence or an international service or carrier licence granted and issued by another country with which a MCTS licensee may lawfully enter into wholesale business agreements, e.g. for international roaming, in terms of its licence.
Procedure Manuals	The detailed methodologies and processes implemented and documented by each MCTS Operator, to comply with the accounting and reporting practices defined in the COA/CAM.
Regulated Segment	All segments related to the provision of Telecommunications Services in accordance with a Licence issued under the Act. The Regulated Segments refer to the Network Services, Retail and Wholesale Business Units, and their respective subsets.

Definitions*continued*

Regulatory Financial Statements	The audited regulatory financial reports that MCTS operators are required to submit to the Authority on an annual basis.
Retail Business Unit	A subset of the Regulated Segment that comprises all revenues, costs, and assets associated with the sale and provision of telecommunication network services to end-users either directly or through the retail service provider sales and distribution channel (including, inter alia, service providers, VAN Operators and PTN Operators). Also referred to as Retail Business. Subsets of the Retail Business are referred to as "retail segments."
Segment	Segments represent subsets of the Corporate Entity and may comprise groups of network services, products and services, groups of customers, and/or combinations thereof.
Telecommunications Service	As defined in the Act.
Unattributable Costs	Those costs for which no direct or independent causal method of apportionment to network services, retail segments or wholesale segments can be identified. These costs are also referred to as joint, common and fixed costs.
Unregulated Segment	The Corporate Entity excluding the Regulated Segment.
Wholesale Business Unit	A subset of the Regulated Segment that comprises all revenues, costs and assets associated with the provision of telecommunication services to other Operators (including foreign mobile cellular and international operators and carriers) who purchase network and other related services from the MCTS operator and incorporate these services into their own provisioning platform and sell the combined services to either an end-user or another telecommunications network operator. Also referred to as Wholesale Business. Subsets of the Wholesale Business are referred to as "wholesale segments."

1. INTRODUCTION

1.1 Background

Volume 2 – Detailed Requirements for MCTS (“Volume 2”, “Detailed Requirements”) expands on the regulatory accounting principles and reporting framework prescribed in Volume 1 of the Chart of Accounts/Cost Allocation Manual (“COA/CAM”) published in Government Gazette No. 23632 of 2002.

1.2 Objectives of the Detailed Requirements

The objective of the Detailed Requirements is to prescribe structured accounting and reporting guidelines that are specific for MCTS Licensees who are, or will be, subject to regulatory supervision by the Authority. The Detailed Requirements seek to ensure that MCTS Licensees provide the requisite information in a standardised format to allow the Authority to meet its regulatory objectives and exercise its regulatory responsibilities.

Financial information submitted to the Authority, including the Procedure Manuals and Regulatory Financial Statements, will be treated as confidential and the provisions of section 93 of the Act shall apply to such information.

1.3 MCTS Operators’ Procedure Manuals

The Detailed Requirements have been developed to reflect the mobile cellular telecommunication network architectures and operating practices of MCTS Licensees. The Detailed Requirements are expected to evolve over time, after further consultation with MCTS operators, to accommodate:

- Changes in the Authority’s ongoing information needs and regulatory responsibilities;
- Changes to and amendments to legislation.
- Changes in mobile cellular telecommunications network technology; and
- Changes to MCTS operators’ businesses.

Each MCTS operator must document the methodologies, processes and systems it has implemented to comply with the Regulatory Accounting Principles and the Detailed Requirements in a Procedures Manual. The Procedure Manuals must be submitted to the Authority for approval.

1.4 Volume 1 – Regulatory Accounting Principles

Volume 1 – Regulatory Accounting Principles (“Volume 1”) of the COA/CAM sets out the accounting framework and reporting guidelines which are applicable to all operators who are regulated by the Authority.

1.5 Volume 2 – Detailed Requirements for Mobile Cellular Telecommunications Services Licensees

Volume 2 sets out the accounting and reporting requirements, which apply specifically to MCTS Licensees, and should be read in conjunction with Volume 1.

1. Introduction

continued

1.6 Mandate

The Authority's legal mandate is set out in section 46 of the Act.

These Detailed Requirements of the COA/CAM are a minimum requirement and do not seek to fully define all information that the Authority may require to fulfil its regulatory objectives. Further information may be requested by the Authority after further consultation with the MCTS operators or under section 27 of the Act. Additional information requests by the Authority will be directed by way of special studies.

1.7 Applicability to MCTS Operators

The COA/CAM guidelines shall apply in full to all MCTS operators, unless determined otherwise by the Authority by notice in the Government Gazette. Upon publication of the COA/CAM and thereafter, the Authority may publish the list of MCTS operators who are excluded from the requirements of the COA/CAM, as the need arises due to changing circumstances.

1.8 Effective Implementation Date of the COA/CAM

The Authority recognises that the reporting requirements may place a burden on MCTS operators hence the Authority has adopted a phased-in implementation approach.

Proposed implementation timetable:

1. One month after promulgation of the regulations, the Authority will request an overall implementation plan and table of contents from MCTS operators;
2. MCTS operators to submit same within two (2) months;
3. Within one (1) month thereafter MCTS operators and the Authority to agree on the implementation plan and table of contents;
4. Within six (6) months thereafter MCTS operators to submit draft Procedures Manuals;
5. Thereafter for a period of four (4) months the Authority will evaluate and analyse the same;
6. In the event, further information is required by the Authority and such is not forthcoming, the Authority shall refuse approval;
7. After evaluation and analysis are completed and the Authority is satisfied with the Procedures Manuals final approval will be granted.

Subsequent to the above, submission of Regulatory Financial Statements shall take place within six months after the first financial year-end of the MCTS operator unless otherwise agreed by the Authority.

1.9 Structure of the Detailed Requirements

The Detailed Requirements for MCTS operators have been prepared within the overall context of the accounting and reporting requirements described in Volume 1.

The remainder of these Detailed Requirements are structured as follows:

1. Introduction

continued

- Section 2 describes the level of disaggregation for which revenues and costs are to be reported;
- Section 3 describes the Regulatory Financial Reports that MCTS operators must submit to the Authority on an ongoing basis;
- Section 4 describes the detailed Chart of Accounts to which MCTS operators may maintain a translation from their respective internal general ledgers and chart of accounts;
- Section 5 describes the attribution methodology guidelines which MCTS operators may adopt; and
- Section 6 sets out the guiding principles and information requirements for the long run incremental costing approach that may be required of MCTS operators when they become due for lodgement with the Authority.

The appendices to this volume provide reference materials as follows:

- Appendix A provides a supplementary list of terms;
- Appendix B sets out detailed formats for the Regulatory Financial Reports to be submitted by the MCTS operators to the Authority on an annual basis;
- Appendix C proposes a detailed Chart of Accounts which is an optional requirement for MCTS operators in their regulatory reporting methodologies and processes; and
- Appendix D translates the regulatory Chart of Accounts to the cost pool categories that are described in Section 5 – Attribution Methodology.

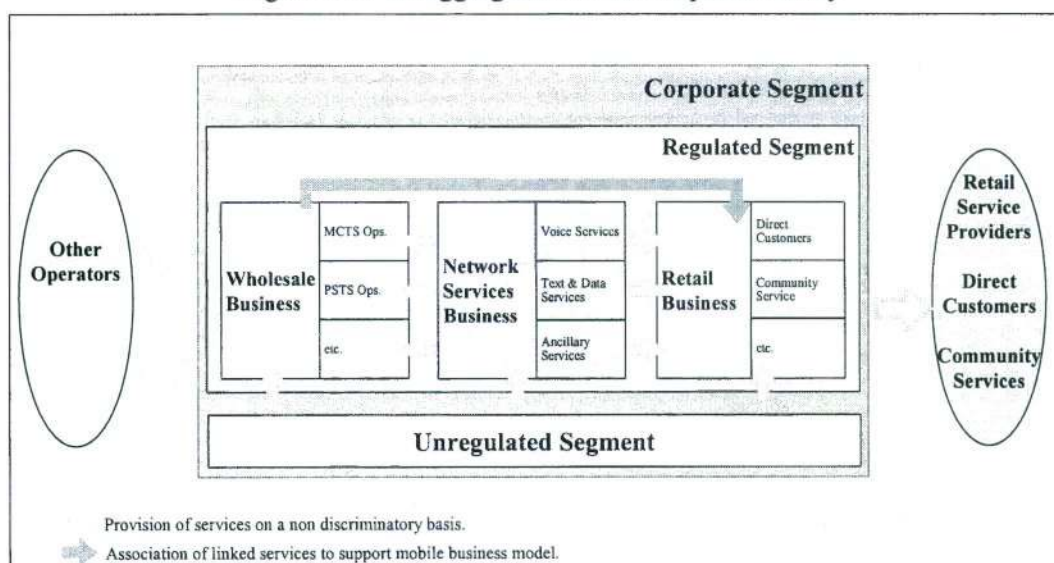
2. LEVEL OF DISAGGREGATION

2.1 Overview

This section of Volume 2 prescribes the MCTS segments for which the Authority requires annual regulatory financial reporting. Segments represent subsets of the Corporate Entity and may comprise groups of network services, products and services, groups of customers, and/or combinations, thereof. Accounting separation involves disaggregating the total revenues and costs of the MCTS Corporate Entity into Regulated and Unregulated Segments, individual business units and segments within each unit.

Figure 2 – 1 illustrates the overall process for disaggregating the Corporate Entity.

Figure 2-1: Disaggregation of the Corporate Entity



The level of disaggregation for MCTS Licensees is determined by the Authority's need to exercise its regulatory responsibilities over specific subsets of the Regulated Segment. MCTS operators are required to prepare income statements, statements of capital employed and supporting schedules and notes for various *segments* within the Corporate Entity. The terms "segments" is a generic term that is used throughout the course of these Detailed Requirements to refer to one, a combination of, or all of the following subsets of the Corporate Entity:

- Regulated and Unregulated Segments;
- Network services; and
- Retail and wholesale segments (i.e. subsets of the Retail Business and Wholesale Business, respectively which may comprise groups of products and services, groups of customers, or combinations, thereof).

2. Level of Disaggregation

continued

The Corporate Entity represents the legal entity holding the MCTS Licence. The Regulated Segment, within the Corporate Entity, provides all mobile cellular telecommunications services which are regulated under both the Act and the MCTS Licences. The Unregulated Segment comprises all revenues, costs and assets associated with the provision of other services such as real estate rental, restaurant operations, etc. The rules for separating revenues, costs and assets between the Regulated Segment and the Unregulated Segment are the same as those prescribed for affiliate transactions in Volume 1 of the COA/CAM in Clause 6.4 on Affiliate Transactions.

Unconsolidated financial statements for the Corporate Entity must be used as the starting point for accounting separation, unless otherwise specified by the Authority. The revenues and costs of the Regulated Segment are to be subsequently disaggregated into business units (also referred to as “businesses”), namely Network, Wholesale and Retail Services.

- The **Network Services Business** is a subset of the Regulated Segment that comprises all costs and assets associated with the provision, operation and maintenance of the mobile cellular network infrastructure services provided to the Retail and Wholesale businesses. The Network Services Business provides core mobile cellular telecommunications services to the Wholesale and Retail Business units which, in turn, sell these services to their own respective customers (i.e. other operators, end-users, etc.).
- The **Wholesale Business** is a subset of the Regulated Segment that comprises all revenues, costs and assets associated with the provision and sale of telecommunication services to other Operators (including foreign mobile cellular and international operators and carriers). The Wholesale Business purchases network infrastructure services from the Network Services Business, packages these functionalities into products and services (with the necessary network planning, packaging and support) and sells these services to other Operators.
- The **Retail Business** is a subset of the Regulated Segment that comprises all revenues, costs, and assets that are associated with the sale and provision of telecommunication network services to end-users either directly or through the retail service provider sales and distribution channel (including, inter alia, service providers, VAN Operators and PTN Operators). The Retail Business purchases network infrastructure services from the Network Services Business, packages these functionalities into products and services (with the necessary network planning, packaging and support) and sells these services to end-users.

The Authority recognises that each business unit within the Regulated Segment is not a separate, stand-alone business and that the three units, together, provide the full range of mobile cellular telecommunications network services to end-users. The disaggregation of the Regulated Segment into businesses is a notional separation for the purpose of providing transparency on revenues and costs that are transferred to or from businesses to each other. The Authority further recognises that the fully allocated cost of providing products and services to the marketplace comprises a combination of network costs (incurred by the Network Services Business), wholesale costs (incurred by the Wholesale Business) and retail costs (incurred by the Retail Business). Descriptions of the types of costs that are likely to be incurred by each business unit are set out in subsequent sections of this chapter.

2. Level of Disaggregation

continued

2.2 Network Services Business

The Network Services Business provides mobile cellular (e.g. GSM or GPRS) based core services which include voice, text, data, other value-added services ("VAS"), and related ancillary services to the Retail and Wholesale Business. The Network Services Business, is a cost centre, and represents the operational unit of the Regulated Segment, which is responsible for the rollout, configuration, design and maintenance of the core cellular network switches, lines and systems used to provide network and ancillary services.

The level of disaggregation of the Network Services Business is determined by:

- The Authority's requirement that network services be charged, on a non-discriminatory basis, to all customers. That is, the Authority requires transparency on charges that an MCTS operator charges for services that it provides to itself (namely its own retail customers and its affiliates) and services that it provides to others (namely non-affiliated customers and other Operators);
- The Authority's requirement to monitor potential anti-competitive behaviour with regard to interconnection and inter-carrier services; and
- Recognition that technological differences in the provision of network services will have an impact on the relative cost structure of network services.

The Network Services Business includes all costs and assets associated with the network components in the mobile cellular network. The revenues associated with such services are recorded, by segment, within the Retail and Wholesale Businesses, and the network-related cost of providing these services is recorded in the Network Services Business. The network costs are one of the elements of the fully allocated cost of providing products and services; the selling, marketing and management costs associated with distributing mobile cellular services to other Operators or to end-users and retail service providers, are incurred by the Retail and Wholesale Businesses.

To match revenues and costs in the Retail and Wholesale Business segments, a transfer charge based on costs, including the cost of capital, is levied from the Network Services Business to the retail and wholesale segments based on their respective consumption of each network service. This transfer charge is referred to as the "network transfer charge". The network transfer charge does not represent a fully allocated cost of providing network services. The fully allocated cost of a network service includes costs from the Wholesale Business, the Retail Business and a proportion of joint, common and fixed costs which are shared by all three businesses. For example, the network cost of call termination differs from the fully allocated cost of providing call termination services to other Operators due to the additional business activity and plant costs incurred in providing these services, the allocation of joint, common and fixed costs that are shared by regulated wholesale segments and the allocation of joint, common and fixed costs that are shared by the regulated retail and wholesale segments.

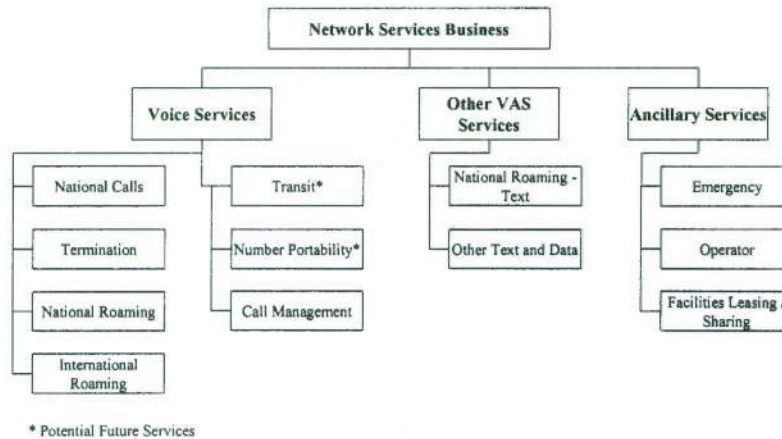
Network services are provided on an ongoing basis and are used by all or some of the individual retail and wholesale segments. These services are referred to as "network services" and are consumed in varying degrees by retail and wholesale.

2. Level of Disaggregation

continued

Figure 2 – 2, below, illustrates the minimum level of disaggregation, i.e. the *network service* segments, for which regulatory financial information is required.

Figure 2-2: Network Services Segments



MCTS operators are required to report cost information for only those network services that are relevant to their business operations. For example, operators that do not provide national roaming services are not required to provide information on this network service. MCTS operators are not required to report on network services that represent less than 5% of the total volume of activity of the Regulated Segment.

2.2.1 Voice Services

MCTS operators are required to identify core call-related costs and assets associated with the areas of service. These services are described in Table 2 – 1 below.

Table 2-1: Voice Services

VOICE SERVICES	DESCRIPTION
National Calls	Combination of network components that are used to provide national calls. These components include, but are not limited to, an allocation of BSS components and lines, and an allocation of the necessary NSS switching and authentication components (e.g. MSC, SCP, HLR, VLR, AUC, EIR). This segment also includes national calls which terminate on other Operators' networks.
Termination	Combination of network components that are used to complete or terminate an incoming call which has originated on another operator's network. These components include, but are not limited to, an allocation of BSS components and lines and an allocation of the necessary NSS switching and authentication components (e.g. MSC, SCP, HLR, VLR, AUC, EIR).
Transit	Combination of network components used to transit or convey a call which has originated from on one operator's network and terminate onto another operator's network. These components include, but are not limited to, an allocation of tandem switches, transmission equipment and lines, and allocation of NSS components (MSC, GMSC, HLR).
National Roaming	Combination of network components used to originate, convey and terminate calls for subscribers who are registered with another MCTS operator who is roaming on the MCTS operator's network. These components include, but are not limited to, an allocation of tandem switches, transmission equipment and lines, and allocation of NSS components (MSC, GMSC, HLR).

2. Level of Disaggregation

continued

Table 2-1: Voice Services

VOICE SERVICES	DESCRIPTION
International Roaming	<p>International roaming includes two classes of services: Outbound Roaming and Inbound Roaming.</p> <p>Outbound roaming comprises the combination of network components used to originate, convey and terminate calls from a subscriber who is registered with the MCTS operator and who is roaming on a foreign mobile cellular network.</p> <p>Inbound Roaming comprises the combination of network components used to originate, convey and terminate calls for a subscriber who is registered with a foreign mobile cellular operator who is roaming on the MCTS operator's network. These components include, but are not limited to, an allocation of tandem switches, transmission equipment and lines, and allocation of NSS components (MSC, GMSC, HLR).</p> <p>The Authority does not require disaggregation of costs by outbound and inbound roaming services rather these services can be aggregated into one category.</p>
Number Portability	Combination of network components used to set up and establish facilities to enable porting a customer's number to another MCTS operator's network.
Call Management	Combination of network components used to support call management and other value added voice services such as voicemail, CLI, call-waiting, 3-way calls, call-forwarding, etc.
Other Voice Services	Combination of network components used to provide network services which have not been included in the categories above.

2.2.2 Text and Data Services

The costs and assets associated with non-voice traffic network services are to be identified separately. The text and data services for which the Authority requires transparency are outlined in Table 2-2.

Table 2-2: Text and Data Services Network Services

TEXT AND DATA SERVICES	DESCRIPTION
National Roaming Text and Data Services	Combination of network components used to originate, convey and terminate text messages for subscribers who are registered with another MCTS operator who is roaming on the MCTS operator's network. These components include, but are not limited to, an allocation of BSS and NSS components together with SMSC and other dedicated SMS hardware and software.
Other Text and Data	Combination of network components used to send or receive other types of text messages (e.g. cell broadcast services, premium rate services, etc.) and data-related services (e.g. WAP, Internet access, MMS, and other data connections). These components include, but are not limited to, an allocation of BSS and NSS components, an allocation of SMSC and their dedicated SMS hardware and software and other dedicated data service hardware and software (e.g. PCU, GMSC cards, and/or other data gateway switches and components).

2. Level of Disaggregation

continued

2.2.3 Ancillary Network Services

The remaining network services comprise operator-based network services such as emergency services and value-added operator services. These network services do not include operator services relating to customer care, account management, on-line sales etc., which are considered sales/distribution costs within the Retail Business.

Table 2-3: Ancillary Network Services

ANCILLARY NETWORK SERVICES	DESCRIPTION
Emergency Services	Combination of network components used to provide dedicated infrastructure for the provision of "112", "107", and other related emergency services. Components include, but are not limited to, an allocation of call centres, dedicated intelligent network components etc.
Operator Services	Combination of network components, facilities and personnel used to provide directory enquiries, assisted connection, fault reporting and other network related, operator assisted services.
Facilities Leasing / Sharing	Combination of network components, facilities, etc. which are leased and/or shared on a fixed term basis to other Operators.
Other Ancillary Services	Combination of network components, facilities, etc. which are used to provide other ancillary services which have not been noted in the table above.

2.3 Wholesale Business Unit

The Wholesale Business includes all those activities involved in selling and providing mobile cellular telecommunications products and services to other Operators. Other Operators, who purchase network and other related services from the MCTS operator, incorporate these services into their own provisioning platform and sell the combined services to an end-user.

The individual segments within the Wholesale Business, i.e. *wholesale* segments, for which financial regulatory reporting is required, have been prescribed where alternative, practicable measures do not provide the Authority with the information it needs to fulfil its regulatory responsibilities. The Authority requires both revenue and cost information for each wholesale segment to:

- Confirm that charges for interconnection and essential services to other Operators are cost based; and
- Determine the extent to which interconnect charges contribute toward affordability of retail tariffs; and
- Determine the extent to which interconnect charges promote competition in the telecommunications market.

Charging arrangements between Operators are defined in existing interconnection agreements regulated by the Authority in terms of Section 43 of the Act. The individual wholesale segments that are prescribed provide visibility on an MCTS operator's charges to other Operators. Table 2 – 4 provides a detailed description of the wholesale segments for which the Authority requires detailed financial reporting.

2. Level of Disaggregation

continued

Table 2-4: Wholesale Segments

WHOLESALE SEGMENTS	DESCRIPTION
MCTS Operators	MCTS licensees who are licensed to provide mobile cellular telecommunications services in South Africa in terms of section 37 of the Act.
PSTS Operators	Public Switched Telecommunications Services ("PSTS") operators who are licensed to provide local, national and international fixed line services in South Africa in terms of Section 36 of the Act.
International Roaming Operators	Foreign mobile cellular telecommunications operators who have roaming arrangements with South African MCTS operators.
Other Operators	Telecommunications network services operators, who are not included in the classes of network services operators described above, who also purchase network services from MCTS operators

MCTS Operators are required to provide regulatory financial information for those wholesale segments that have revenues representing more than 5% of the total revenues of the Regulated Segment.

2.4 Retail Business

The Retail Business includes all those activities involved in selling mobile cellular telecommunications services to retail service providers and end-users. The Retail Business is responsible for contractual (sales) relationships with customers in all segments.

The individual segments within the Retail Business, i.e. *retail* segments, for which financial regulatory reporting is required, have been prescribed where alternative, practicable measures do not provide the Authority with the information it needs to fulfil its regulatory responsibilities. The Authority requires both revenue and cost information for each retail segment to:

- Monitor the possibility of anti-competitive behaviour, namely to identify cross subsidisation between retail segments, predatory pricing of products and services, undue preference of or undue discrimination against a retail segment, etc., by:
 - Measuring the extent to which an MCTS operator treats different classes of its customers in terms of the extent to which tariffs, related volume discounts and incentives offered to each segment are commensurate with the related costs; and
 - Understanding the financial implications of different contractual arrangements that an MCTS operator may enter into with its Retail Service Providers and its direct customers;
- Understand the cost of community service which MCTS operators are obliged to provide under their licence terms and conditions;
- Evaluate whether price controls are protecting consumers in accordance with the objectives of the Act; and
- Assess the sustainability and viability of cellular activities that have been authorised under the MCTS licence issued by the Authority.

MCTS operators are required to file tariff increases and amendments in tariff terms and conditions for existing services and file applications for new services with the Authority. The Authority has established a price-cap for all products and services in aggregate, with no sub

2. Level of Disaggregation

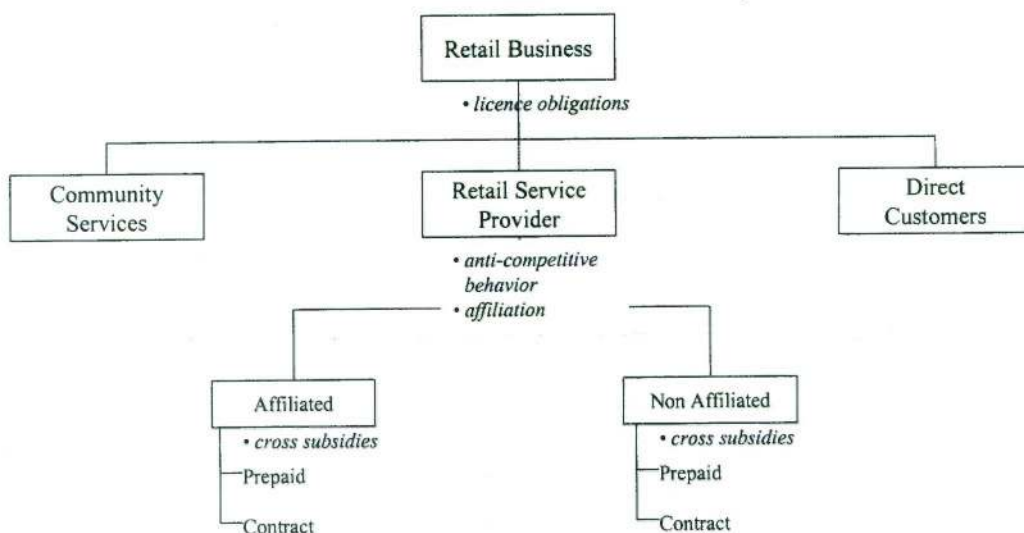
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price-caps for specific subsets of the MCTS operators' products and services. Accordingly, the Authority does not require detailed profit/loss reporting by individual product and services.

Where the Authority has been motivated by a third party, or observes behaviour that may potentially impair competition, the Authority may require MCTS operators to support their tariff applications with detailed product or service cost information. Additional detailed information requested by the Authority will be directed by way of special studies.¹

An overall view of the reporting segmentation expected is shown in Figure 2 – 4.

Figure 2-3: Retail Segments



Key: Items noted in italics represent segmentation criteria

MCTS Operators are required to provide regulatory financial information for those retail segments that have revenues representing more than 5% of the total revenues of the Regulated Segment.

The Authority recognises that some MCTS operators may not be able to segment the pre-paid customers into affiliate and non-affiliate service providers. In such circumstances, MCTS operators may choose to aggregate the pre-paid segment and report information at the same summary level as community services, retail service provider and direct customer

2.4.1 Community Services

MCTS operators are required to undertake an implementation programme in respect of Community Service telephones in the areas listed in the implementation timetable, as per their licences. These Community Service Obligations ("CSOs") are a contribution to the

¹ Further information may be requested by the Authority under Section 27 of the Telecommunications Act, Act No. 103 of 1996, as amended. Additional detailed information requested by the Authority will be directed by way of special studies.

2. Level of Disaggregation

continued

delivery of universal access, consume network resources and share network infrastructure with commercial operations.

The Authority requires separation of revenues and costs associated with the provision of community service telephones from commercial operations in order to:

- Assess the extent to which these services may be cross-subsidised by commercial operations; and
- Understand the costs of providing community services in the context of the tariffs lodged for these services.

2.4.2 Retail Service Providers

Retail Service Providers sell services directly to customers and administer customer accounts on behalf of the telecommunications network operator. The Authority requires information for service provider segments where an MCTS operator can potentially exercise undue preference towards or undue discrimination against a specific service provider.

The Retail Service Provider segment is further disaggregated into Affiliate and Non-affiliate segments to determine the extent to which an affiliated service provider may be cross-subsidised by its parent and to identify any potential for discriminatory commercial arrangements between affiliated and non-affiliated service provider segments. To measure the extent to which there may be potential cross subsidies between customers using prepaid or contract or other services, both the Affiliated and Non-affiliated Retail Service Provider segments are further disaggregated into Prepaid and Contract. Table 2 – 5 illustrates the disaggregation and provides a detailed description of the Retail Service Provider segments.

Table 2-5: Retail Service Provider Segments

SERVICE PROVIDER SEGMENT	DESCRIPTION
Affiliate Retail Service Providers	Sales channel where the MCTS operator owns a significant stake in the service provider. The criteria for determining an Affiliate are specified in Volume 1 of the COA/CAM, Section 6.4 Affiliate Transactions.
<i>Prepaid</i>	End customers of Affiliated Retail Service Providers who purchase mobile cellular services in advance of consuming the service (i.e. "prepaid").
<i>Contract</i>	End customers of Affiliated Retail Service Providers who purchase mobile cellular services on a "contract" or other basis.
Non-affiliated Retail Service Providers	Sales channels where there is no significant ownership stake held by the MCTS operator.
<i>Prepaid</i>	End customers of Non-affiliated Retail Service Providers who purchase mobile cellular services in advance of consuming the service (i.e. "prepaid").
<i>Contract</i>	End customers of Non-affiliated Retail Service Providers who purchase mobile cellular services on a "contract" or other basis.

2.4.3 Direct Customers

A direct customer buys service directly from the MCTS operator rather than through retail service provider channels or other sales distribution channels. A typical example of this

2. Level of Disaggregation

continued

customer may be a large business customer requiring a high volume of service provision (e.g. for multiple members of staff) and who arranges the contractual service with an MCTS operator directly. Internet Service Providers, data network providers, and other value added network service providers and Private Telecommunication Network operators are included in the category of would-be direct customers.

3. REPORTING REQUIREMENTS

3.1 Overview

Volume 1 of the COA/CAM provides a generic description of the reports that constitute the Regulatory Financial Statements which must be submitted to the Authority on an annual basis. This section of the Detailed Requirements expands on the reporting requirements which are specific to MCTS Licensees.

3.2 Regulatory Financial Statements

Five categories of Regulatory Financial Statements are specified in this Volume: Entity Reports, Reconciliation Reports, Segment Reports, LRIC Reports and Administrative Reports. Illustrative formats of the regulatory reports are provided in Appendix B. These report formats specify the minimum level of detail to be provided, the structure, content and format of the reports.

The reports in these Detailed Requirements of the COA/CAM do not seek to fully define all information that the Authority may require to fulfil its regulatory objectives. Further information may be requested by the Authority under Section 27 of the Act or in terms of specific license conditions. Additional information requests from the Authority will be directed by way of special studies. Where possible, MCTS operators must submit their reports both in hard, paper copy format and electronic medium.

Historic cost statements must be provided where MCTS operators have not yet implemented current cost accounting systems. MCTS operators who have implemented current cost systems will not be required to provide historic statements.

The COA/CAM guidelines shall apply in full to all MCTS operators, unless determined otherwise by the Authority by notice in the Government Gazette. The Authority will publish the list of MCTS operators (if any) who are excluded from the requirements of the COA/CAM, either on publication of the COA/CAM, and/or as and when the need arises due to changing circumstances.

3.2.1 Entity reports (Reports 1.X to 4.X)

Entity reports provide summarised financial information of the Corporate Entity for which regulatory information is required. The purpose of each report is set out in Table 3 – 1 following.

Table 3-1: Entity Reports

REPORT	REPORT PURPOSE
1.x Unconsolidated Financial Statements	
1.1 Balance Sheet	
1.2 Income Statement	
1.3 Statement of Cash Flow	To provide an objective basis for reconciling Regulated Segment information to total Corporate Entity information.
2.x Audited Financial Statements	
2.1 Balance Sheet	
2.2 Income Statement	
2.3 Statement of Cash Flow	
2.4 Notes to the Financial Statements	To provide an objective basis for reconciling unconsolidated financial statements to the Regulated Segment information submitted to the Authority.
2.5 Audit Report	

3. Reporting Requirements

continued

Table 3-1: Entity Reports

REPORT	REPORT PURPOSE
3.x Transactions with Affiliates and the Unregulated Segment 3.1 Transactions with Affiliates and the Unregulated Segment	<p>To disclose the treatment and financial impact of financial transactions between the Regulated Segment and Affiliated enterprises, or between the Regulated and Unregulated Segments.</p> <p>Where total annual revenues or costs of an affiliate transaction or transaction with the Unregulated Segment constitutes more than 5% of a retail or wholesale segment's revenue or a network service's costs, the details concerning that transaction must be disclosed and reported in accordance with the rules set out in Section 6.4 – Affiliate Transactions of Volume 1.</p>
4.x Statement of Capital Employed 4.1 Statements of Capital Employed – historic cost basis, or 4.2 Statements of Capital Employed – current cost basis	<p>To provide an objective basis for reconciling unconsolidated fixed assets, depreciation and accumulated depreciation values to the Regulated Segment information submitted to the Authority.</p> <p>To disclose the assumptions underlying depreciation values of fixed assets.</p> <p>To disclose the depreciation adjustments and holding gains/losses on historic costs where MCTS operators are using the current cost basis for their regulatory reports.</p>

3.2.2 Reconciliation Reports (Reports 5.X)

The reconciliation reports provide the Authority with objective and verifiable data that discloses the variances between information reported on the Regulated Segment and information published to external shareholders (namely Audited Financial Reports). The purpose of each report is set out in Table 3 – 2, following.

Table 3-2: Reconciliation Reports

REPORT	REPORT PURPOSE
5.x Reconciliation Statements	
5.1 Audited Annual Financial Statements in respect of Corporate Entity and Regulated Segment Reports	To disclose the nature and value of the adjustments made to exclude revenues and costs associated with the Unregulated Segment.
5.2 Regulated Segment reports to Net Operational Income ("NOI")	To disclose the nature and value of the variances between information reported to determine Net Operating Income (for determining licence fees) and regulated financial information for segment

3.2.3 Segment Reports (Reports 6.X to 8.X)

The Authority requires Statements of Capital Employed, Network Service Cost Reports and Income Statements and for network services and segments described in Section 2.2 of these

3. Reporting Requirements

continued

Detailed Requirements. The Income Statements generated for each Regulated Segment report profit before interest, non-operating items and taxation and are adjusted for a weighted average cost of capital. Accordingly, the following Income Statement items are not subject to allocation and need not be reported for each segment:

- Interest charges;
- Non-operating income and expenses;
- Corporate taxation charges; and
- Extraordinary items that are unrelated to a specific network services, retail or wholesale segments.

3.2.3.1 Net Investment Schedules (Report 6.X)

The Statements of Capital Employed illustrate the net investment and working capital costs by network service, retail and wholesale segments. The minimum levels of detail for which costs are to be reported in this schedule are minor cost pool categories. MCTS operators do not need to provide detailed information for those plant and equipment categories having net investment values of less than 5% of the total net investment of the Regulated Segment.

3.2.3.2 Network Service Cost Reports (Report 7.X)

The Network Service Cost Report, in aggregate, includes all of the costs incurred by the Regulated Segment. The minimum levels of detail for which costs are to be reported are minor cost pool categories. The costs for regulated products and services are determined in three stages.

- **Stage 1:** Determination of unit *network transfer charges*, by network service. Network transfer charges are the basis for allocating network costs to the wholesale and retail segments and include:
 - The directly and indirectly attributable support and primary plant and equipment costs of each network service;
 - The directly and indirectly attributable support and network activity costs of each network service; and
 - A proportion of the joint, common and fixed costs within the Network Services Business, which are associated with the provision of more than one network service.
- **Stage 2:** Determination of unit *wholesale transfer charges*, by network service. Wholesale transfer costs are the basis for allocating wholesale costs to those retail segments which are indirectly *associated with* network services. Wholesale transfer charges include:
 - The *network service charges* determined in Stage 1 above;
 - The support plant and activity costs and the Business activity costs associated with the Wholesale Business which can be causally attributed to provision of network infrastructure services to other Operators; and
 - A proportion of the joint, common and fixed costs, within the Wholesale Business, which are associated with the provision of network services to other Operators.

3. Reporting Requirements

continued

- **Stage 3:** Determination of fully allocated costs by network service. Fully allocated costs include wholesale transfer charges plus all remaining costs, namely those costs associated with the Retail Business and other joint, common and fixed costs that are associated with the Network Services, the Wholesale and Retail Businesses.

This cost aggregation process is illustrated in the Network Service Cost report. (Refer to Appendix B – Detailed Report Specifications.) The minimum level of detail for which costs are to be reported are minor cost pool categories unless the network services represent less than 5% of the total volume of activity of the Regulated Segment.

3.2.3.3 Segment Income Statements (Report 8.X)

The Segment Income Statements set out the revenues and costs for the Retail and wholesale segments. The minimum levels of detail for which revenues and costs are to be reported in this schedule are minor revenue and cost pool categories.

Accordingly, the revenues and costs would include the following:

- Revenues received from retail and wholesale customers in each segment;
- Indirect revenues and costs associated with services provided to other operators, but which can be causally attributed to end-users, e.g. revenue and costs for termination of calls to end-users;
- The transfer charges related to the use of the network services provided by the Network Services Business to retail and wholesale segments;
- The Cost of Sales, such as volume incentives from other operators, etc., associated with each segment;
- The directly attributable and indirectly attributable costs associated of each regulated segment; and
- Proportionate allocation of joint, common and fixed costs which are associated with retail and wholesale segments.

The segment income statement also illustrates the transfer of charges for services which are provided to other Operators but which are *associated with* retail segments. For example, termination services are provided and sold to other Operators. These costs are *caused* by the subscribers on other Operators' networks and occur because of the presence of a retail end-user receiving incoming calls. For those services which are indirectly linked to retail segments, the Authority requires visibility on the revenues and costs associated with the services which are transferred from the Wholesale Business to retail segments.

Furthermore, MCTS operators must maintain visibility on the costs that are attributable and joint, common and fixed costs on the segment income statements. The segment reports to be submitted by MCTS operators are described in Table 3 – 3.

3. Reporting Requirements

continued

Table 3-3: Segment Reports

REPORT	REPORT PURPOSE
6.x Statement of Capital Employed 6.1 Statement of Capital Employed by Service and Segment – historic cost basis, or 6.2 Statement of Capital Employed by Service and Segment– current cost basis	To disclose the network - related fixed asset investments and working capital incurred by the Regulated Segment by network service.
7.x Network Service Cost Reports 7.1 Network Service Cost Report – historic cost basis, or 7.2 Network Service Cost Report – current cost basis	To disclose the costs which are attributable to each network service prescribed in Section 2 of these Detailed Requirements. To determine network and wholesale transfer charges for network services. To disclose the cost pools, operational statistics and calculations applied in determining the historic or current cost of network services which are transferred to both the retail and wholesale segments.
8.x Segment Income Statements 8.1 Segment Income Statement – historic cost basis, or 8.2 Segment Income Statement– current cost basis	To disclose the revenues and costs which are attributable to retail and wholesale segments prescribed in Section 2 of these Detailed Requirements.

3.2.4 LRIC Statements (Reports (9.X))

Statements of costs on a long run incremental cost (“LRIC”) basis should report costs for the interconnection network services and other services which the Authority declares essential services, after due process is followed. LRIC Regulatory Financial Statements to be submitted by each MCTS operator are set out in Table 3 – 4 below. Costs are to be reported at the level of detail of minor cost pool categories.

Table 3-4: Long Run Incremental Cost Reports

REPORT	REPORT PURPOSE
9.x Long Run Incremental Cost (“LRIC”) Reports 9.1 LRIC by Network Service without mark-up 9.2 LRIC by Network Service with mark-up	To disclose the Long Run incremental Costs(associated with each LRIC segment. LRIC costs are to be reported exclusive of a mark-up for joint, common and fixed costs and inclusive of a mark-up for joint, common and fixed costs.

3.2.5 Administrative Reports (Report 10.1)

MCTS operators are required to submit an auditor’s statement confirming that the Regulatory Financial Statements for the year ended have been prepared in accordance with the COA/CAM and the MCTS Operator’s Procedures Manual and related addenda (that have been approved by the Authority). The principle and intent of the Audit report is illustrated in Report 10.1 of Appendix B – Detailed Report Specifications. MCTS operators and/or their auditors may modify the phrasing of the report, provided they receive prior approval from the Authority.

3. Reporting Requirements

*continued***Table 3-5: Administrative Reports**

REPORT	REPORT PURPOSE
10.x Audit Reports	
10.1 Audit Report	To provide an external audit opinion on the regulatory financial information submitted to the Authority.

3.3 Reporting Deadlines

Regulatory Financial Statements must be prepared and submitted to the Authority on an annual basis. They must be audited and submitted to the Authority within the timeframes directed by the Authority (Refer to Appendix B). The Authority may, on application, grant extensions to the deadline for submission. Such applications should include a motivation from the MCTS operator for such extension.

4. CHART OF ACCOUNTS

4.1 Overview

This section sets out the guidelines for reporting information in accordance with the Chart of Accounts (“COA”). The COA proposes a minimum level of account detail that MCTS operators may maintain and closely mirrors the structure of major and minor cost pools described in Section 5 – Attribution Methodology. MCTS operators may opt to use their own General Ledger accounts rather than the COA prescribed by the Authority. MCTS operators are required to include, in their respective Procedure Manuals, either their own COA or a mapping of their own COA to the cost pools, described in Section 5 – Attribution Methodology.

4.2 Structure

Each account number, within the COA, has a six digit alphanumeric structure: “u.v.wxyz”, as follows:

<i>Account Summary</i>		<i>Detailed Account Code</i>
<i>Major Account Category</i>	<i>Minor Account Category</i>	
U	V	WXVZ

The first two digits, “u.v.”, represent the account summary (digit “u” – major category summary, digit “v” – minor category summary) and the next four digits, “wxyz”, represent the detailed account code.

4.3 Translation to MCTS Operators’ Records

MCTS operators must maintain a translation of their own chart of accounts and subsidiary ledgers to the COA.

4.4 Major Account Categories

Appendix C contains a complete listing of the detailed COA for MCTS Licensees. The major account categories in the COA are noted in Table 4-1.

Table 4-1: Major Account Categories

CLASS	MAJOR (U)	MINOR (V)	CATEGORIZATION
Balance Sheet	1. Non-current assets	1. Property, plant and equipment	Categorised by type of property, plant and equipment: 1. Network equipment 2. Land and building 3. Non-network plant and equipment

4. Chart of Accounts

continued

Table 4-1: Major Account Categories

CLASS	MAJOR (U)	MINOR (V)	CATEGORIZATION
Balance Sheet (cont'd)	1. Non-current Assets (cont'd)	2. Investment properties 3. Intangible assets 4. Investment in subsidiaries 5. Investment in associates 6. Other investments 7. Deferred taxation 8. Non-current receivables	
	2. Current Assets	1. Inventories 2. Accounts Receivable 3. Marketable securities 4. Cash and cash equivalents	
	3. Capital and Reserves	1. Share capital 2. Share premium 3. Retained Earnings 4. Revaluation and other reserves	
	4. Non-current liabilities	1. Interest bearing borrowings 2. Provision for liabilities and charges 3. Deferred income 4. Deferred tax liabilities 5. Other non-current liabilities	
	5. Current Liabilities	1. Trade and other payables 2. Current tax liabilities 3. Current portion of borrowings 4. Short term borrowings 5. Other current liabilities 6. Deferred income 7. Dividends declared	
Income Statement	6. Revenue	1. Retail revenue • affiliated service provider – prepaid • affiliated service provider – contract • non-affiliated service provider – prepaid • non-affiliated service provider – contract • direct customers • community service	Categorised as follows: 1. Connection 2. Access Charges 3. Airtime – National 4. Airtime – International 5. Airtime – Roaming 6. Voice VAS 7. Text 8. Data 9. Other
		2. Wholesale revenue • MCTS • PSTS • International Operators • Other	Categorised as follows: 1. National Termination 2. International Termination 3. National Roaming 4. Inbound Roaming 5. Directory 9. Other
		9. Miscellaneous revenue	

4. Chart of Accounts

continued

Table 4-1: Major Account Categories

CLASS	MAJOR (U)	MINOR (V)	CATEGORIZATION
Income Statement (cont'd).	7. Direct Costs	1. Cost of Sales <ul style="list-style-type: none"> • affiliated service provider – prepaid • affiliated service provider – contract • non-affiliated service provider – prepaid • non-affiliated service provider – contract • direct customers • community service • wholesale segments 	Categorised as follows: <ol style="list-style-type: none"> 1. Volume discounts 2. Other special incentives 3. Community service discounts 4. National calls – PSTS completed 5. National calls – other operator completed 6. International calls – PSTS completed 7. Roaming 8. Community service interconnection
		2. Other direct costs	
	8. Operating Expenses	1. Operational expenses	Categorised as follows: <ol style="list-style-type: none"> 1. Product and customer management 2. Subscriber acquisition, dealer and service provider support 3. Order fulfilment 4. Network management 5. Network maintenance 6. Other maintenance 7. Other operational expenses
		2. Contract Support Costs	Categorised by activity or function: <ol style="list-style-type: none"> 1. Human resources 2. Finance and accounting 3. Procurement and materials management 4. Legal and regulatory 5. Information systems 6. Executive and Planning 7. Corporate marketing and public relations 8. Other corporate operations expenses
		3. Depreciation, lease and rentals	Categorised by type of property, plant and equipment: <ol style="list-style-type: none"> 1. Network equipment 2. Land and building 3. Non-network plant and equipment
	9. Non-operating items	<ol style="list-style-type: none"> 1. Income from investments 2. Finance charges 3. Corporate tax 4. Extraordinary items 5. Dividends 	

4. Chart of Accounts

continued

4.5 Property, Plant and Equipment Categories

The account categories 1.1.xxxx, property, plant and equipment, have a further categorisation as set out in Table 4 – 2, below. The last three digits are used for all account groups relating to property, plant and equipment assets in the COA (for example cost, accumulated depreciation, and depreciation, lease and rental expenses). MCTS operators need only use the property, plant and equipment categories that are relevant to their own networks.

Table 4-2: Property, Plant and Equipment Categories

U.V.W1XX	NETWORK EQUIPMENT
u.v.w11x	Mobile Cellular Network
u.v.w111	Radio subsystem
u.v.w112	Abis transmission subsystem
u.v.w113	Direct customer connections
u.v.w114	Base station controllers
u.v.w121	"A interface" transmission subsystem
u.v.w122	Mobile switching
u.v.w123	Trunk switching
u.v.w124	Network databases
u.v.w125	Transmission systems
u.v.w129	Mobile Cellular Network - ancillary equipment
u.v.w13x	Value Added Network
u.v.w131	Data and Internet Services Gateway
u.v.w132	VAS processors and terminals
u.v.w139	VAS - ancillary equipment
u.v.w14x	Other Plant
u.v.w141	Operations and Maintenance
u.v.w142	Network Management Systems
u.v.w149	Other plant - ancillary equipment
U.V.W2XX	LAND AND BUILDINGS
u.v.w201	Land
u.v.w202	Buildings – general purpose
u.v.w203	Buildings – special purpose
u.v.w204	Leasehold improvements

4. Chart of Accounts

continued

Table 4-2: Property, Plant and Equipment Categories

U.V.W3XX	NON-NETWORK PLANT AND EQUIPMENT
u.v.w31x u.v.w311	Furniture and Office Equipment Furniture and office equipment
u.v.w32x u.v.w321 u.v.w322 u.v.w323 u.v.w324 u.v.w325 u.v.w329	Information technology General purpose PCs and peripherals Hardware Software – general Software – billing systems Software – finance and other systems Other information technology
u.v.w33x u.v.w331 u.v.w332 u.v.w333	Vehicles General purpose vehicles Special purpose vehicles Mechanical aids
u.v.w34x u.v.w341 u.v.w342 u.v.w349	Customer Equipment Handsets and terminals Community service equipment Other customer equipment
u.v.w39x u.v.w391	Other Other non-network plant and equipment

The plant and equipment categories are to be used in conjunction with the following major account codes.

Table 4-3: Related Plant and Equipment Account Codes

ACCOUNT CODE	ACCOUNT TITLE
1.1.1xxx	Fixed Assets
1.1.2xxx	Capital Work in Progress
1.1.3xxx	Leases
1.1.4xxx	Accumulated Depreciation
1.1.5xxx	Accumulated Amortisation Leases
8.1.4xxx	Network Operation and Engineering
8.1.5xxx	Network Maintenance
8.3.xxxx	Depreciation, Leases and Rentals
8.3.1xxx	Depreciation
8.3.2xxx	Supplementary Depreciation
8.3.35xx	Holding Gains/Losses
8.3.4xxx	Lease Amortisation
8.3.5xxx	Lease and Rental Expenses

4.6 Wholesale Segment Code of Accounts

The account categories 6.2.xxxx – Wholesale Revenue, have a further categorisation as set out in Table 4 – 4, below. The wholesale segment account code structure reflects the relationship between the wholesale revenue segments, the structure of revenues and the cost of sales associated with each wholesale segment. The last three digits used in the revenue account code are repeated in the cost of sales account.

If the MCTS operator has the required detail available in its financial records, the account code structure in the body of the matrix (refer to Table 4 – 4) may be followed. If the detail is

4. Chart of Accounts

continued

not available, the MCTS operators should make use of the account codes shown in the column entitled "No detail available".

Table 4-4: Wholesale Segment Account Codes

	Account Summary	No Detail Available	Other Operators			
			PSTS Operators	MCTS Operators	Operators outside of the RSA	Other
Revenue						
Call Termination	6.2.1xxx	6.2.1000	6.2.1100	6.2.12xx ¹		
National Roaming - Voice	6.2.2xxx	6.2.2000		6.2.22xx		
International Roaming	6.2.3xxx	6.2.3000			6.2.3300	
National Roaming - Text	6.2.4xxx	6.2.4000		6.2.4200		
Directory Services	6.2.5xxx	6.2.5000	6.2.5100	6.2.5200	6.2.5300	6.2.5400
Other Inter-carrier Services	6.2.6xxx	6.2.6000	6.2.6100	6.2.6200	6.2.6300	6.2.6400

1. "xx" denotes retail segment numbering.

4.7 Retail Segment Code of Accounts

The account categories 6.x.xxxx – Revenue and 7.x.xxxx – Cost of Sales, have a further categorisation as set out in the Table 4-5 below. The retail segment account code structure reflects the relationship between the retail revenue segments, the structure of revenues and the cost of sales associated with each retail segment. The last three digits used in the revenue segment code are repeated in the cost of sales account

If the MCTS operator has the required detail available in its financial records, the account code structure in the body of the matrix (refer to Table 4 – 5) may be followed. If the detail is not available, the MCTS operators should make use of the account codes shown in the column entitled "No detail available".

Table 4-5: Retail Segment Account Codes

	Account Summary	No Detail Available	Retail Service Providers				Direct Customers	Community Service
			Affiliated SP - Prepaid	Affiliated SP - Contract	Non-affiliated SP - Prepaid	Non-affiliated SP - Contract		
Revenue								
Retail								
Connection	6.1.10xx	6.1.1000	6.1.1010	6.1.1020	6.1.1030	6.1.1040	6.1.1050	n/a
Access Charges	6.1.20xx	6.1.2000	6.1.2010	6.1.2020	6.1.2030	6.1.2040	6.1.2050	n/a
Airtime revenue – national calls	6.1.30xx	6.1.3000	6.1.3010	6.1.3020	6.1.3030	6.1.3040	6.1.3050	6.1.3060
Airtime revenue – international calls	6.1.40xx	6.1.4000	6.1.4010	6.1.4020	6.1.4030	6.1.4040	6.1.4050	6.1.4060
Airtime revenue – international roaming	6.1.50xx	6.1.5000	6.1.5010	6.1.5020	6.1.5030	6.1.5040	6.1.5050	
Other revenue	6.1.60xx	6.1.6000	6.1.6010	6.1.6020	6.1.6030	6.1.6040	6.1.6050	6.1.6060
Wholesale								
Call Termination								
MCTS Calls	6.2.11xx	6.2.1100	6.2.1110	6.2.1120	6.2.1130	6.2.2140	6.2.1150	6.2.1160
PSTS Calls	6.2.12xx	6.2.1200	6.2.1210	6.2.1220	6.2.1230	6.2.1240	6.2.1250	6.2.1260
International	6.2.20xx	6.2.2000	6.2.2010	6.2.2020	6.2.2030	6.2.2040	6.2.2050	6.2.2060

4. Chart of Accounts

continued

Table 4-5: Retail Segment Account Codes

	Account Summary	No Detail Available	Retail Service Providers				Direct Customers	Community Service
			Affiliated SP - Prepaid	Affiliated SP - Contract	Non-affiliated SP - Prepaid	Non-affiliated SP - Contract		
Cost of Sales								
Discounts and Sales Incentives								
Volume discounts	7.1.10xx	7.1.1000	7.1.1010	7.1.1020	7.1.1030	7.1.1040	7.1.1050	7.1.1060
Other special incentives	7.1.20xx	7.1.2000	7.1.2010	7.1.2020	7.1.2030	7.1.2040	7.1.2050	7.1.2060
Community service discounts	7.1.30xx	7.1.3000	n/a	n/a	n/a	n/a	n/a	7.1.3060
Operator Costs								
Interconnection Charges - National calls - Telkom completed	7.1.40xx	7.1.4000	7.1.4010	7.1.4020	7.1.4030	7.1.4040	7.1.4050	7.1.4060
Interconnection Charges - National Calls - other operator completed	7.1.50xx	7.1.5000	7.1.5010	7.1.5020	7.1.5030	7.1.5040	7.1.5050	7.1.5060
Interconnection Charges - International Calls	7.1.60xx	7.1.6000	7.1.6010	7.1.6020	7.1.6030	7.1.6040	7.1.6050	7.1.6060
Inter-operator Charges - National roaming, voice	7.1.70xx	7.1.7000	7.1.7010	7.1.7020	7.1.7030	7.1.7040	7.1.7050	
Inter-operator Charges - National roaming, text	7.1.71xx	7.1.7100	7.1.7110	7.1.7120	7.1.7130	7.1.7140	7.1.7150	
Inter-operator Charges - International roaming, voice and text	7.1.79xx	7.1.7900	7.1.7910	7.1.7920	7.1.7930	7.1.7940	7.1.7950	
Community service interconnection	7.1.80xx	7.1.8000	n/a	n/a	n/a	n/a	n/a	7.1.8060
Other Inter-operator Charges -	7.1.90xx	7.1.9000	7.1.9010	7.1.9020	7.1.9030	7.1.9040	7.1.9050	7.1.9060

5. ATTRIBUTION METHODOLOGY

5.1 Introduction

This section sets out detailed guidelines for attributing revenues, costs, net fixed assets, working capital and cost of capital to the Unregulated Segment, Network Services, Retail, Wholesale Businesses and the individual segments within each business. The attribution guidelines are illustrative; they are intended to assist MCTS operators in developing their own accounting separation methodologies which are required for Regulatory Financial Reporting purposes. MCTS operators may choose alternative attribution and allocation methods provided their methodologies are in accordance with the general accounting separation principles prescribed in Section 4 – Accounting Separation Principles of Volume 1.

5.2 Separations Accounting Principles

The purpose of accounting separations is to analyse unconsolidated statutory financial records and provide indicative information on the financial performance of different segments within the Regulated Segment.

The individual segments for which Income Statements are to be prepared are prescribed in Section 2 – Level of Disaggregation of these Detailed Requirements. It is recognised that revenue, cost and asset attribution methods, which have been prescribed in this section of the Regulatory Financial Reporting requirements, are not governed by GAAP. The audit requirements which have been prescribed for the Regulatory Financial Reports are set out in Section 10 – Administrative Framework of Volume 1.

These Detailed Requirements set out guidelines and examples for attributing revenues, costs, assets and the cost of capital to network services, and retail and wholesale segments on a causal basis. MCTS operators may adopt more detailed or alternative approaches to accommodate the unique characteristics of their respective network configurations, operating practices and information capabilities provided they conform to the general guidelines prescribed in Volume 1 and the detailed regulatory reporting guidelines set out in this Volume. The specific detailed methodologies that are adopted by each MCTS operator must be described in their respective Procedure Manuals.

5.2.1 Causality

Revenues, operating costs and assets, recorded in MCTS operator's financial records, are to be attributed to cost of sales, network services and activities which make up the separate businesses defined in Section 4, based on the principle of causation. Costs which cannot be attributed to segments on a causal basis, are to be classified as "unattributable" or "joint, common and fixed" and are to be allocated to segments based on the relative proportion of causally attributable costs in each segment.

- **Directly Attributable Costs** are incurred exclusively for one segment and can be unambiguously assigned directly to that segment through accounting records without requiring detailed cost analysis or cost breakdowns. The directly attributable costs which are assigned to a specific network service or a retail or wholesale segment would be eliminated, over the long term, if the network service or segment were discontinued.

5. Attribution Methodology

continued

- **Indirectly Attributable Costs** are costs that cannot be directly mapped to an individual segment through accounting records but are costs that can be attributed to more than one segment on causal basis using appropriate cost drivers. These costs vary (i.e. increase or decrease) with changes (i.e. increases or decreases) in the total level of activity of a group of, or all, segments in general. Costs, for example, network electricity costs may be allocated to primary plant on the basis of electricity consumption. Indirectly attributable costs which are allocated to a specific network service or retail or wholesale segment are expected to be avoided or saved, over the long term, if the network service or segment were discontinued.
- **Unattributable Costs** include costs that cannot be attributed to segments on a causal basis. These costs are fixed in nature (i.e. they do not vary with changes in segment activity, and are “joint” or “common” to more than one wholesale segment). Unattributable costs are allocated to network services or segments with which they are associated on the basis of the relative proportion of directly and indirectly attributable costs in each network service or segment. Figure 5 –1, below, illustrates the methodology for allocating joint, common and fixed costs to segments.

Figure 5-1: Illustrative Example of Allocation of Joint, Common and Fixed Costs

	Allocation of Joint Fixed Costs		
	A	B	C
Attributable Costs – Segments A (R 10)	10		
Attributable Costs – Segments B (R 20)		20	
Attributable Costs – Segments C (R 30)			30
<hr/>			
Joint Common Fixed Costs Shared by Segments A, B and C (R 30)	5	10	15
Joint Common Fixed Costs Shared by Segments A and B (R 60)	20	40	
Joint Common Fixed Costs Shared by Segments A and C (R 40)		16	24
	35	86	69

While it is accepted that a significant proportion of MCTS operators’ costs are joint, common and fixed, the application of rigorous cost allocation methods are expected to substantially reduce the proportion of the costs that are truly unattributable.

5.2.2 Cost of Capital

The cost of capital is the return that the company must earn on its operating assets to reward investors for the risks they take. It is calculated by estimating the cost of each source of funds and weighting them to form the Weighted Average Cost of Capital (WACC). The guidelines for calculating WACC are set out in Appendix C – Discussion of Methods of Calculating WACC in Volume 1.

WACC is applied to all net fixed assets and working capital that are consumed by the retail, wholesale and network services segments. It is included in the determination of the transfer charge from the Network Services Business to the Wholesale and Retail Business segments.

5. Attribution Methodology

continued

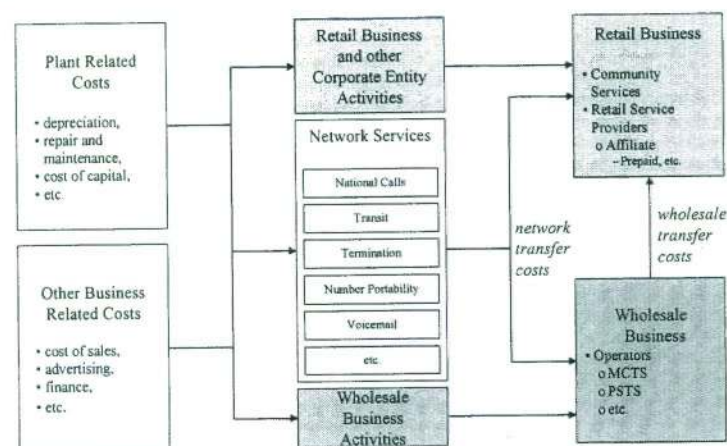
MCTS operators should estimate the pre-tax WACC and must provide the Authority with information detailing the assumptions, methods, values and source of all variables used in WACC calculations. The Authority reserves the right to require amendment to the WACC applied by MCTS operators.

The attribution method provides illustrative guidelines for allocating net fixed assets and working capital to network services, retail and wholesale segments. The cost of capital for each segment is determined by applying the WACC to net fixed assets and working capital amounts that have been attributed to each network service, retail and wholesale segments.

5.2.3 Transfer Charges

The accounting guidelines for the Network Services Business provide transparency on the charges for network services by ensuring that MCTS operators determine a cost for providing each type of network service and then demonstrate they are charging themselves (namely their own affiliated Retail Service Providers and/or end-users) on the same basis as they charge others (namely other Operators and/or Non-affiliated Service Providers). This process is illustrated in Figure 5 – 2.

Figure 5-2: Transfer Charging of Network Services to Segments



In the case of mobile cellular services, transfer charges are determined at two stages of the cost attribution process:

- *Network* transfer charges are first determined for network services which are directly consumed by retail and wholesale segments; and
- *Wholesale* transfer charges are subsequently determined for network services which are consumed by other operators, but which are *indirectly* associated with retail segments.

5.2.4 Spare Capacity

Spare capacity, resulting from economies in provisioning for current and future network plant and equipment needs, is to be allocated to plant and equipment network component cost pools in proportion to the existing level of working facilities (e.g. circuits, lines, etc.) of each plant

5. Attribution Methodology

continued

and equipment. If spare capacity is provided for a specific purpose, it should be allocated to the specific service to which it relates.

5.2.5 Bundled Revenues

Bundled revenues comprise revenue items that relate to more than one retail or wholesale segment. If direct assignment of such revenues to a single segment will result in significant misstatement of all revenues, then revenues need to be unbundled.

Revenues are to be unbundled and allocated to the relevant retail or wholesale segments in relation to the causally attributed costs associated with individual elements in the bundled revenue stream.

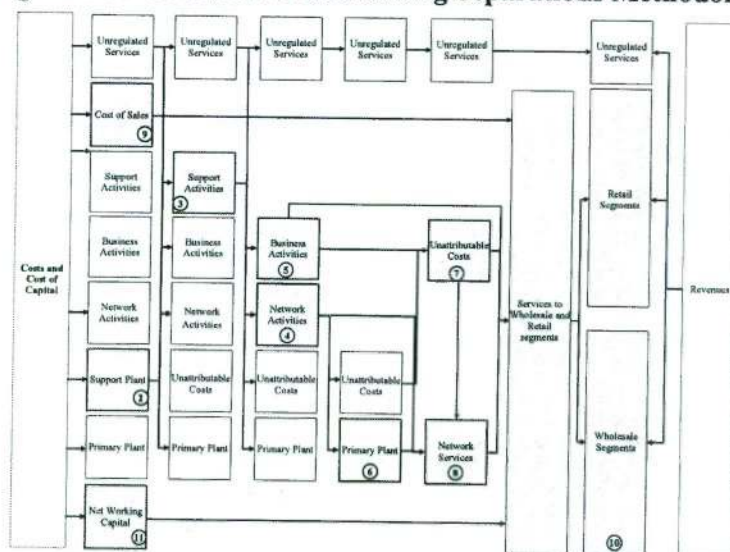
5.2.6 Subscriber Acquisition Costs

Subscriber acquisition costs, such as hand-set subsidies, initiation costs, etc., are caused by the introduction of new retail subscriber to an MCTS operator's network. Therefore, these costs are to be allocated to retail segments on the basis of the new subscribers, in each retail segment, that have been added to the network during the fiscal period for which regulatory information is being reported.

5.3 Cost Attribution Methodology

Figure 5 –3, below, illustrates the cost attribution methodology to be applied by MCTS operators

Figure 5-3: Overview of Accounting Separations Methodology



The general framework which MCTS operators are expected to use is summarised as follows:

- Classify costs by major and minor cost pool;
- Within each cost pool

5. Attribution Methodology*continued*

- identify and assign, wherever appropriate, those network plant and equipment costs which can be directly attributed to network services,
- identify and assign, wherever appropriate, those non-network plant and equipment costs and operating costs which can be directly assigned to network services, retail and wholesale segments, and the Unregulated Segment;
- Allocate support plant costs to other cost pools;
- Allocate support activity costs to other cost pools;
- Separate network activity costs into those which are joint, common and fixed to more than one retail or wholesale segment or network service and those that can be causally attributed to specific network services;
- Separate primary plant costs into those which are joint, common and fixed to more than one network service and those that can be causally attributed to network services;
- Determine the unit costs of network services, including an allocation for joint, common and fixed costs which are shared by two or more network services, and allocate these costs to the retail and wholesale segments that consume the network services;
- Allocate business sales, service and support activity costs to the retail and wholesale segments;
- Determine the wholesale transfer charge which should include an allocation of Wholesale Business activity costs which are causally attributable and Wholesale Business costs which are joint, common and fixed to one or more network service;
- Allocate remaining joint, common and fixed costs to retail and wholesale segments;
- Allocate the wholesale transfer costs of network services to those retail segments which are consumed by other operators but are indirectly associated with retail segments;
- Assign cost of sales to retail and wholesale segments;
- Assign and allocate revenues to retail and wholesale segments; and
- Reconcile costs and revenues to the unconsolidated income statement.

The Authority recognises that a more complex set of interrelationships, or accounting methodologies may be required, compared to those depicted in Figure 5 –3. For example, support plant may drive the costs of a support activity. Furthermore, support activities will drive the costs of other support activities. Similarly, MCTS operators may decide to employ alternative, more rigorous and detailed working capital studies to allocate cost of capital to segments at each phase of the cost attribution process. Accordingly, MCTS operators are expected to tailor these detailed requirements to accommodate their business practices and document their procedures in their respective Procedure Manuals.

5. Attribution Methodology

continued

5.3.1 Step 1: Attribution of Costs to Initial Cost Pool Groups

Cost of sales, operating costs and cost of capital are allocated to the six major initial cost pool groups described in Table 5 –1 below. Once this step has been performed, the contents of each of the cost pools are allocated to other cost pools using a common driver (regardless of the accounts that are contained in a cost pool). For example, costs assigned to a “Human Resources” cost pool would be allocated using a common driver such as head count of staff in other cost pools; relative salary costs in each cost pool, etc..

Where a cost item can be directly associated with a cost pool the item can be assigned to that cost pool. Items, which cannot be directly assigned to a cost pool, should be attributed to the relevant cost pool based on their respective cost drivers. As illustrated in Table 5 –1, costs are assigned or allocated to Initial Cost Pool Groups and then to Subsequent Cost Pool Groups before being apportioned to retail and wholesale segments. These Cost Pools Groups are described in Table 5 –1.

Table 5-1: Major Cost Pool Groups

INITIAL COST POOL GROUPS	DESCRIPTION
Unregulated Segment	The revenues and costs associated with activities that are not regulated.
Support Activity Costs	Activity and functional costs that are incurred to support the delivery of network and business operations (e.g. custodial services).
Network Activity Costs	Activity and functional costs, including an allocation of support activity costs and support plant costs, which are incurred to execute network-related functions operations (e.g. plant repair and maintenance).
Business Sales, Service and Support Activity Costs (“Business Activity Costs”)	Activity and functional costs, including an allocation of support activity costs and support plant costs, which are incurred to deliver Retail and Wholesale products and services.
Cost of Sales	Costs that are directly associated with the delivery of services, for example, payments to overseas administrators for terminating international calls.
Support Plant Costs	Net Fixed Assets, associated cost of capital and operating costs relating to network support facilities (e.g. testing equipment) and non-network infrastructure (such as vehicles and buildings).
Primary Plant Costs	Net Fixed Assets, associated cost of capital and operating costs relating to the mobile network infrastructure such as Base Station Subsystems (BSSs) and Mobile Switching Centres (MSCs)
SUBSEQUENT COST POOL GROUPS	DESCRIPTION
Primary Plant Costs	Net Fixed Assets, associated cost of capital and operating costs, including an allocation of support plant, network activity and support activity costs, relating to plant equipment that can be attributed to network services on a causal basis.
Network Services	The activity and plant costs, or transfer charges, of network services provided to /consumed by retail and wholesale segments.
Unattributable Costs	Plant or activity costs that are shared by more than one network service, retail and/or wholesale segment and which cannot be allocated to network services or segments on a causal basis. This costs within this cost pool are also referred to as “joint, common and fixed” costs and may be captured in more detailed cost pool categories, e.g. joint, common and fixed network plant and equipment, joint, common and fixed non-network plant and equipment, joint, common and fixed business activity cost, etc.

5. Attribution Methodology

continued

The account categories within in the regulatory COA are aligned to the cost pool groups that are being used to describe the cost attribution guidelines in this Volume. Appendix D – Chart of Accounts and Cost Pool Categorization provides a mapping of the COA to the cost pool groups noted above. Where MCTS operators choose to map their own chart of accounts to the cost pool groups, they must document their mapping procedures and methodologies in their respective Procedure Manuals.

Each major cost pool comprises several minor cost pools. Where appropriate, attribution methodologies described in these Detailed Requirements are described for each minor cost pool. All segment income statements must be reported to the level of detail of minor cost pools. Where appropriate, MCTS operators may disaggregate minor cost pools further and apply more detailed cost allocation methodologies. MCTS Operators Procedure Manuals must denote these detailed methodologies accordingly.

5.3.2 Step 2: Allocation of Support Plant Costs

Support Plant comprises equipment facilities support network infrastructure (e.g. testing equipment) and non-network infrastructure (such as vehicles and buildings). The support plant cost pool includes equipment related costs such as depreciation, lease and rental charges, as well as the cost of capital relating to support plant.

Support Plant cost pools are apportioned to Primary Plant, Support Activity, Network Activity, Business Activity, Unattributable Costs or the Unregulated Segment based on a detailed analysis of the equipment components comprising support plant and the use of support plant.

Support Plant costs that are directly attributable to a network service, retail or wholesale segment should be assigned to those services or segments. Support Plant costs which are indirectly attributable, i.e. they are expected to vary with changes in general changes in business volume are to be allocated to other cost pools and the Unregulated Segment based on the most likely cost driver that causes those support plant costs. For example, costs associated with power plant equipment may be attributed to switch and transmission equipment using power load factors associated with each of these equipment categories. In certain cases, support plant may support other support plant. For example, air conditioning equipment is used for buildings, which in turn provides accommodation for staff performing primary activities and for primary plant.

Support Plant costs which are joint, common and fixed to more than one network service or segment are to be isolated as such and classified as Unattributable. Unattributable costs are to be subsequently allocated to network services, retail and wholesale segments and the Unregulated Segment based on the relative cost of the plant and equipment-related costs which have been attributed to network services and segments on a causal basis.

The table below sets out the guidelines for allocating Support Plant costs to Support Activity, Primary Activity, Primary Plant, Unattributable Plant cost pools and Unregulated Segment.

5. Attribution Methodology*continued***Table 5-2: Allocation of Support Plant Costs**

MINOR COST POOL	ALLOCATION DETAILS
Network Plant and Equipment	
Mobile Cellular Network	
Mobile Cellular Network – ancillary equipment	The costs associated with network ancillary equipment costs should be allocated to the primary plant and equipment with which the ancillary equipment is associated on the basis of relative cost of the associated plant and equipment. Network ancillary equipment costs should be allocated to network services using the same cost allocation methodology as the associated primary plant and equipment.
Value added network services	
VAS – ancillary equipment	The costs associated with VAS ancillary equipment should be allocated to the primary plant and equipment with which the ancillary equipment is associated on the basis of relative cost of the associated plant and equipment. VAS network ancillary equipment costs should be allocated to network services using the same cost allocation methodology as the associated primary plant and equipment.
Other Plant	
Operations and maintenance	The costs associated with operations and maintenance systems which can be causally attributed to other primary plant and equipment categories or network services should be allocated to those categories or network services accordingly. Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.
Network management	The costs associated with network management systems should be assigned to primary plant and equipment categories (e.g. BSS) where these costs can be causally attributed to Costs for network management systems that are indirectly related to other plant and equipment categories or activities should be allocated to plant and equipment or support activities based on such cost drivers as usage, number of customers billed, weighted by the detail and/or size of each bill. Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.
Other plant	The costs associated with other plant should be allocated attributed to primary plant and equipment with which they are associated. Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.

5. Attribution Methodology

continued

Table 5-2: Allocation of Support Plant Costs

MINOR COST POOL	ALLOCATION DETAILS
Land and buildings	
Land	<p>The costs associated with land should be allocated to plant categories and business functions (e.g. customer services, advertising, finance and accounting) on the basis of square footage used by each plant category or function.</p> <ul style="list-style-type: none"> Land values associated with primary plant should be allocated to network services segments using the cost allocation methodology prescribed for associated plant and equipment. Land values in each business function should be allocated to retail and wholesale segments on the same basis as the associated business functions. <p>Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.</p>
Buildings – General purposes	<p>The costs associated with buildings should be allocated to plant categories and business functions (e.g. customer services, advertising, finance and accounting) on the basis of square footage used by each plant category or function.</p> <ul style="list-style-type: none"> Building costs associated with primary plant should be allocated to network services segments using the cost allocation methodology prescribed for associated plant and equipment. Building costs in each business function should be allocated to retail and wholesale segments on the same basis as the associated business function using the cost allocation methodology prescribed for each business function. <p>Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.</p>
Buildings – Special purposes	<p>The costs associated with buildings should be allocated to plant categories and business functions (e.g. customer services, advertising, finance and accounting) on the basis of square footage used by each plant category or function.</p> <ul style="list-style-type: none"> Building costs associated with primary plant should be allocated to network services segments using the cost allocation methodology prescribed for associated plant and equipment. Building costs associated with business functions should be allocated to retail and wholesale segments on the same basis as the associated business functions. <p>Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.</p>
Leasehold improvements	<p>The costs associated with leasehold improvements should be allocated to plant categories and business functions (e.g. customer services, advertising, finance and accounting) on the basis of square footage used by each plant category or function.</p> <ul style="list-style-type: none"> Leasehold improvements associated with primary plant should be allocated to network services segments using the cost allocation methodology prescribed for associated plant and equipment. Leasehold improvements associated with business function should be allocated to retail and wholesale segments on the same basis as the associated business functions. <p>Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.</p>

5. Attribution Methodology

continued

Table 5-2: Allocation of Support Plant Costs

MINOR COST POOL	ALLOCATION DETAILS
Non-network plant and equipment	
Furniture and office equipment	
Furniture and office equipment	The costs associated with furniture and fixtures should be allocated to primary and support activities using the same accounting separations methodology prescribed for buildings and leasehold improvements.
Information technology	The costs associated with information technology, hardware and software applications should be assigned to the primary and support activities for which the hardware and software applications costs were incurred and/ or used.
General purpose PCs and peripherals	Information technology costs associated with general purpose applications should be allocated to the primary and support activities based on relative usage (e.g. computer processing minutes, number of employees using each application / equipment, etc.). Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.
Hardware	Hardware costs associated should be allocated to the primary and support activities and systems that use the hardware and for which the hardware was configured (i.e. capacity based allocation). Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.
Software -general	Software costs associated should be allocated to the primary and support activities that use the software and for which the software was configured (i.e. employees, etc.). Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.
Software – billing systems	Software costs associated should be allocated to the primary and support activities and eventually retail and wholesale segments based such cost drivers such as billing usage, number of subscribers, number of bills, etc. for which the bills are generated.. Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.
Software – finance and other systems	Software costs associated with finance and other systems should be allocated to the primary and support activities that use the finance and other software and for which the software was configured (i.e. employees, etc.). Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.

5. Attribution Methodology

continued

Table 5-2: Allocation of Support Plant Costs

MINOR COST POOL	ALLOCATION DETAILS
Other information technology	Software costs associated should be allocated to the primary and support activities that use the software and for which the hardware was configured (i.e. employees, etc.). Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.
Vehicles	
General purpose vehicles	The costs associated with motor vehicles should be assigned to business functions based on each function's use of motor vehicles. <ul style="list-style-type: none"> Where motor vehicles are shared by more than one business function, costs should be allocated to the individual business functions on the basis of operational factors such as vehicle hours per function, or relative operating costs in each function. Motor vehicles in each function should be allocated to retail and wholesale segments using the accounting separations methodology prescribed for each function. Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment..
Special Purpose vehicles	The costs associated with motor vehicles should be assigned to network operations and management functions based on each function's use of motor vehicles. <ul style="list-style-type: none"> Where special purpose vehicles are shared by more than one plant related activity, costs should be allocated to the individual business functions on the basis of operational factors such as vehicle hours per function, or relative operating costs in each function. Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity or plant and equipment</u> costs in each segment.
Mechanical aids	The costs associated with mechanical aids should be assigned to plant categories based on operational factors such as vehicle hours used in construction of new investment in each plant category. Mechanical aids costs should be allocated to retail and wholesale segments, by plant category, using the accounting separations methodology prescribed for each plant category.
Other Non-network Plant and Equipment Costs	
Other non-network plant and equipment	Where appropriate, other non-communications plant and equipment investment costs should be assigned to retail and wholesale segments.
Leases	The costs associated with finance leases are disaggregated by non-communications plant category. Lease costs in each plant category should be allocated to network services using the fixed asset cost allocation methodology prescribed for each category of plant and equipment.
Accumulated depreciation	Accumulated depreciation, by plant category, should be allocated to non-communications network services using the fixed asset cost allocation methodology prescribed for each category of plant and equipment.
Accumulated amortisation leases	Accumulated amortisation, by plant category, should be allocated to non-communications network services using the fixed asset cost allocation methodology prescribed for each category of plant and equipment.

5. Attribution Methodology

continued

Table 5-2: Allocation of Support Plant Costs

MINOR COST POOL	ALLOCATION DETAILS
Investment properties	Accumulated amortisation, by non-communications plant category, should be allocated to retail, wholesale or Unregulated Segment segments using the fixed asset cost allocation methodology prescribed for each category of plant and equipment.
Non-Network Depreciation, Leases and Rentals	
Depreciation	Depreciation, by plant and equipment category, should be allocated to non-communications network services or retail and wholesale segments using the cost allocation methodology prescribed for each plant and equipment category.
Supplementary depreciation	Supplementary depreciation, by plant and equipment category, should be allocated to non-communications network services or retail and wholesale segments using the cost allocation methodology prescribed for each plant and equipment category.
Lease and rental expenses	Lease amortisation, by plant and equipment category, should be allocated to non-communications network services or retail and wholesale segments using the cost allocation methodology prescribed for each plant and equipment category.
Lease and rental expenses	Operating leases, by plant and equipment category, should be allocated to non-communications network services or retail and wholesale segments using the cost allocation methodology prescribed for each plant and equipment category.

5.3.3 Step 3: Allocation of Support Activity Costs

Support Activities support the delivery of network and business operations. Support Activity costs are indirectly attributable to Network and Business activities, Primary Plant, and the Unregulated Segment. Support Activity costs include the cost of support functions and activities (i.e. they may vary with total volume of unregulated and primary activity) or they may be fixed (i.e. they do not change with changes in business activity). Support activities may also support each other (for example, the human resource department will support the IT department and vice versa) and a complex set of inter-relationships may exist. MCTS operators may choose to model all of these inter-relationships to determine the most reliable and relevant cost driver for allocation purposes.

Support Activity costs that are directly attributable to a network service, retail or wholesale segment should be assigned to those services or segments. Support Activity costs which are indirectly attributable, i.e. they vary with changes in business volume are to be allocated to other cost pools and the Unregulated Segment based on the most likely cost driver that cause those support activity costs. For example, human resource costs may be attributed to primary activities based the number of staff performing each primary activity or unregulated service activity. Custodial services may be attributed to plant facilities based on the number of facilities and the estimated effort required to maintain those facilities.

Support Activity costs that are joint, common and fixed to more than one network service or segment are to be isolated as such and classified as Unattributable costs. Unattributable costs are to be subsequently allocated to network services, retail and wholesale segments and the Unregulated Segment based on the relative cost of the activity costs which have been attributed to network services and segments on a causal basis.

5. Attribution Methodology

continued

The table below sets out the guidelines for allocating Support Activity costs to Network and Business activities, Primary Plant, Unattributable Activities and Unregulated Segment.

Table 5-3: Allocation of Support Activity Costs

MINOR COST POOL	ALLOCATION DETAILS
Business Support Costs	
Human resource	<p>Human resource expenses may be allocated to network and business activities based on head count, salary costs in each activity, and other such factors that may have a causal relationship between network and business activity and human resource costs.</p> <p>Costs that are joint, common and fixed to more than one network or business activity item and cannot be attributed to a specific activity using causation are to be assigned to unattributable costs.</p>
Finance and accounting	<p>Finance and accounting expenses may be allocated to network and business activities based on an analysis of demand for finance staffing and support activities (e.g. payroll processing costs may be allocated according to number of pay cheques processed in each function, etc.) or other such factors that may have a causal relationship between network and business activity and finance and accounting costs</p> <p>Costs that are joint, common and fixed to more than network or business activity item and cannot be attributed to a specific activity using causation are to be assigned to unattributable costs.</p>
Procurement	<p>Direct procurement and materials management expenses should be assigned to retail and wholesale segments wherever possible.</p> <p>Indirect expenses may be allocated to network and business activities or primary plant based on such drivers as personnel hours, number of purchase orders, and the number of stores withdrawals, etc .</p> <p>Determination of procurement activities may be based on:</p> <ul style="list-style-type: none"> • Type of plant or materials procured, • Business function for whom procurement activity was performed, and/or • Financial significance of activity cost. <p>Costs that are joint, common and fixed to more than one plant or activity item, retail or wholesale segment are to be assigned to unattributable activity costs.</p>
Legal and regulatory	<p>Legal and regulatory affairs expenses that can be causally attributed to business activities, retail and/or wholesale segments (e.g. special studies) should be allocated to those segments accordingly.</p> <p>Costs that are joint, common and fixed to more than activity item or segment and cannot be attributed to a specific activity or segment using causation are to be assigned to unattributable costs.</p>
Information systems	<p>Information technology expenses that can be causally attributable should be assigned to plant, activity, network service, retail and/or wholesale segment should be assigned to those segments accordingly.</p> <p>Information technology expenses that can be associated to a business activity, plant item, or retail and/or wholesale segment on a causal basis are to be allocated to those items using such factors and types of systems applications, resource consumption of systems, etc. . Costs in each plant or activity may be allocated to network service and/or retail and wholesale segment using the cost allocation methodology prescribed for the associated plant and activity.</p> <p>Costs that are joint, common and fixed to more than one plant, activity, network service or retail and wholesale segment are to be assigned to unattributable costs.</p>

5. Attribution Methodology

continued

Table 5-3: Allocation of Support Activity Costs

MINOR COST POOL	ALLOCATION DETAILS
Executive and planning	Executive and planning expenses that can be causally attributed to a network service, retail or wholesale segment should be assigned to those segments accordingly. Costs that are joint, common and fixed to more than one plant, activity, network service or retail and wholesale segment are to be assigned to unattributable costs.
Corporate marketing and public relations	Corporate marketing and public relations expenses that can be causally attributed to a retail or wholesale segment should be assigned to those segments accordingly. Costs that are joint, common and fixed to more than one plant, activity, network service or retail and wholesale segment are to be assigned to unattributable costs.
Other corporate operations expenses	Other corporate operations expenses that can be causally attributed to a retail or wholesale segment should be assigned to those segments accordingly. Costs that are joint, common and fixed to more than one plant, activity, network service or retail and wholesale segment are to be assigned to unattributable costs.
Holding gains/losses	Other gains and losses may be allocated based on net investment that has already been allocated network services, retail and/or wholesale segments.
Non-operating Items	
Income from Investments	
Interest received	Interest income may be allocated to retail and wholesale segments using the cost allocation methodology prescribed for interest expense.
Foreign exchange gain (loss)	Gains and losses are reviewed on a transaction basis. Gains and losses that can be traced to retail and wholesale segments should be assigned to retail and wholesale segments.
Other Income from Investments	
Other non-operating expenses	Other non-operating expenses that are directly attributable to retail and wholesale segments should be assigned to those segments accordingly. Remaining non-operating costs may be allocated to retail and wholesale segments on the basis of total operating expenses.

5.3.4 Step 4: Allocation of Network Activity Costs

Network Activities comprise activities and functions that are performed to deliver network services (e.g. plant repair and maintenance, operator services support) to retail and wholesale segments. Network activities are attributable to Primary Plant, Unattributable Activities and the Unregulated Segment. Costs of network functions and activities may be variable (i.e. they may vary with the volume of primary activity) or they may be fixed (i.e. they do not change with changes in the volume of business activity). MCTS operators may choose to model all of these inter-relationships to determine the most reliable and relevant cost driver for allocation purposes.

Network Activity costs are loaded with variable support activity and variable support plant costs. Network Activity costs that are directly attributable to a network service, retail and/or wholesale segment should be assigned to those services or segments. Network Activity costs which are indirectly attributable, i.e. they vary with changes in business volume are to be allocated to Primary Plant, Unattributable Activities and the Unregulated Segment, based on

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continued

the most likely cost driver that causes those primary costs. For example, maintenance costs may be allocated to radio subsystem and Abis transmission subsystem equipment based on a service order analysis. Alternatively, sales and marketing costs may be allocated to retail segments based on detailed analysis of marketing and sales expenditure on to each segment.

Unattributable Network Activity costs that are joint, common and fixed to more than one network service are to be isolated as such and allocated be isolated as such and classified as Unattributable costs. Unattributable costs are to be subsequently allocated to network services based on the relative cost of the activity costs which have been attributed to network services on a causal basis.

The table below sets out the guidelines for possible cost drivers and allocation methodologies for Network Activity costs to Plant Activity.

Table 5-4: Allocation of Network Activity Costs

MINOR COST POOL	ALLOCATION DETAILS
Operating expenses	
Network operations and engineering	<p>Network operations activity expenses that are directly related to a network services should be assigned to those network services.</p> <p>Network operations expenses may be allocated to activities relating to plant and equipment categories (e.g. optimisation of the access network) and other activities that are indirectly related to plant and equipment categories (e.g. long range capacity planning, community service roll-out planning, etc.).</p> <p>Costs that are joint, common and fixed to more than one plant category or network service are to be allocated to network services based on the relative cost of total directly and indirectly attributable <u>activity</u> costs in each network service.</p>
Network maintenance systems	<p>Repairs by plant category may be allocated to network services on the basis of actual call traffic activity in that network service or segment</p> <p>Maintenance by plant category may be allocated to network services using the cost allocation methodology prescribed for associated plant categories.</p> <p>Costs that joint, common and fixed to more than one plant category or network service are to be allocated to network services based on the relative cost of total directly and indirectly attributable <u>activity</u> costs in each network service.</p>

5.3.5 Step 5: Allocation of Business Sales, Service and Support Activity Costs

Business Sales, Service and Support Activities ("Business Activities") comprise the business non-operational activities and functions that are performed to sell, market and deliver services to retail and wholesale segments (e.g. service provider support). Business Activities are attributable to retail and wholesale segments on a causal basis. Business Activity costs may be variable (i.e. they may vary with total volume of Business Activity) or they may be fixed (i.e. they do not change with changes in volume of business activity).

Business Activity costs are loaded with variable support activity and variable support plant costs. Business Activity costs that are directly attributable to a retail and/or wholesale segment should be assigned to those segments. Business Activity costs which are indirectly attributable, i.e. they vary with changes in business volume are to be allocated to Unattributable Activities, the Unregulated Segment and retail, wholesale segments based on

5. Attribution Methodology

continued

the most likely cost driver that causes those Retail costs. For example, billing costs may be attributed to retail and wholesale segments based the number of invoices issued.

Unattributable Business Activity costs that are joint, common and fixed to more than one segment are to be isolated as such and classified as Unattributable Activity costs. Unattributable costs are to be subsequently allocated to wholesale and retail segments based on the relative cost of the *activity* costs which have been attributed to these segments on a causal basis.

Table 5 – 5 below sets out the guidelines for allocating Business Activity costs to retail and wholesale segments. Where possible, revenue should not be used as the basis for allocations, however the Authority recognises that in some cases this may be the only reasonable basis.

Table 5-5: Allocation of Business Activity Costs

MINOR COST POOL	ALLOCATION DETAILS
Operating Expenses	
Product and Customer Management	
Product development	Product development expenses should be assigned to retail and wholesale segments based on a primary analysis of product development transactions and project records. Costs that are joint, common and fixed to more than one activity item/cost pool and cannot be attributed to a specific cost pool using causation are to be allocated to segments based on the relative cost of total directly and indirectly attributable <i>activity</i> costs in each segment.
Marketing planning	Marketing planning expenses should be assigned to retail and wholesale segments wherever possible. Indirect marketing expenses may be allocated to activities on the basis of such variables as time per activity, number of plans, etc. personnel hours per activity weighted by the average hourly rate of personnel performing those activities. Activity costs also include other expenses that can be directly attributed to activities. Costs that are joint, common and fixed to more than one activity item/cost pool and cannot be attributed to a specific cost pool using causation are to be allocated to segments based on the relative cost of total directly and indirectly attributable <i>activity</i> costs in each segment.
Subscriber Acquisition, Dealer and Service Support	
Connection discounts	Connection discounts should be assigned to retail segments on the basis of the number of new subscribers in each segment.
Advertising costs	Product advertising expenses and promotion expenses should be assigned to retail segment based on detailed analysis of accounts records or other factors that drive these costs. Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <i>activity</i> costs in each segment.
Sales administration	Sales administration expenses should be assigned to retail segments wherever possible. Indirect sales operations expenses may be allocated to activities on the basis of time spent per activity, type of transaction, etc. or other factors that drive these costs. Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <i>activity</i> costs in each segment.

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continued

Table 5-5: Allocation of Business Activity Costs

MINOR COST POOL	ALLOCATION DETAILS
Operating Expenses	
Service provider contract management	Service provider contract management costs should be assigned to retail segments on the basis of the number of service providers or other factors that drive these costs.
Subscriber Services	
Connection	<p>Direct connection expenses should be assigned to retail segments where possible.</p> <p>Indirect expenses may be allocated to retail segments on the basis of the number of new subscribers weighted by the average time and cost required to handle each subscriber.</p> <p>Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity</u> costs in each segment.</p>
Customer services	<p>Direct customer service expenses should be assigned to network services or retail segments wherever possible.</p> <p>Customer service expenses may be allocated to retail segments on the basis of such factors as incoming calls, time spent on calls, etc.</p> <p>Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity</u> costs in each segment.</p>
Operator services	<p>Operator services should be assigned to retail and wholesale segments on the basis of number of operator-assisted calls, types of calls, etc..</p> <p>Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity</u> costs in each segment.</p>
Directory services	<p>Directory services expenses should be assigned to retail and wholesale segments on the basis of number of enquiries, types of enquiries, etc..</p> <p>Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity</u> costs in each segment.</p>
Billing and Collections	<p>Direct billing expenses should be assigned to retail and wholesale segments</p> <p>Indirect expenses may be allocated to activities on the basis of such factors as time spent, type of billing, number of bills, etc.</p> <p>Individual activities may be allocated to retail and wholesale segments based on the operational measure that influences activity costs, for example:</p> <ul style="list-style-type: none"> Collection activities may be allocated to retail and wholesale segments based on number of collections performed, type of collection activity, associated revenues, etc. Billing activities may be allocated to retail and wholesale segments based on number of invoices, associated revenues, etc. and Payment processing activities may be allocated to retail and wholesale segments based on number of payments received, associated revenues etc. <p>Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity</u> costs in each segment.</p>

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continued

Table 5-5: Allocation of Business Activity Costs

MINOR COST POOL	ALLOCATION DETAILS
Operating Expenses	
Carrier services	<p>Carrier services should be attributed to wholesale segments to which they are directly or indirectly attributable.</p> <p>Individual activities may be allocated to wholesale segments based on the operational measure that influences activity costs, for example:</p> <ul style="list-style-type: none"> • Collection activities may be allocated to wholesale segments based on number of collections performed, type of collection activity, associated revenues, etc. • Billing activities may be allocated to wholesale segments based on number of invoices, associated revenues, etc. and • Payment processing activities may be allocated to wholesale segments based on number of payments received, associated revenues etc. <p>Costs that are joint, common and fixed to more than one activity item/cost pool/segment are to be allocated to segments based on the relative cost of total directly and indirectly attributable <u>activity</u> costs in each segment.</p>
Bad debt expense	Bad debt expenses that are causally attributable to retail and wholesale segments should be assigned to retail and wholesale segments accordingly.
Provision for doubtful accounts	Provision for doubtful accounts may be allocated to retail and wholesale segments based on analysis of average accounts receivable outstanding by segment.
Other operating expenses	
Licence fees	License fees may be allocated to network services, retail and wholesale segments on the basis of net operational income generated by each segment.
Community service	Community service costs should be assigned to the community service segment.
Other segment expenses	Other product and customer expenses should be assigned to retail and wholesale segments based on a primary analysis of transactions recorded.

5.3.6 Step 6: Allocation of Primary Plant Costs

Primary Plant comprises mobile cellular equipment (e.g. Base Station Subsystem equipment, Mobile Switching Centres, etc.). The Primary Plant cost pool includes an allocation of Network Activities, Support Plant and depreciation, lease and rental charges, as well as net fixed assets (fixed assets less accumulated depreciation) and the cost of capital associated with cellular network plant and equipment

Primary Plant cost pools are first apportioned to Network Components or Unattributable Primary Plant based on a detailed analysis of the equipment components comprising Primary Plant equipment element configurations, the use of network facilities plant, etc.. Network Component costs are subsequently allocated to Network Services which are consumed by retail and wholesale segments.

Directly and indirectly attributable Network Component costs comprise those costs that increase or decrease with increases or decreases in network capacity, e.g. traffic, calls, packets, subscriber sensitive costs. Attributable Network Component costs are to be allocated to Network Services based on their respective consumption of Primary Plant costs. For example, Primary Plant costs that are consumed to provide call termination charges are to be allocated to the Termination Network Service based on the number of calls terminated in the MCTS operator's network.

5. Attribution Methodology

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Network Component costs that cannot be causally attributed to Network Services, i.e. they are joint, common and fixed to more than one network service, e.g. those costs incurred to provide network coverage or those costs which are common platform costs, are to be isolated as such and classified as Unattributable Primary Plant costs.

The table below sets out the guidelines for allocating Primary Plant Costs to Network Services and Unattributable Primary Plant Costs.

Table 5-6: Allocation of Primary Plant Costs

MINOR COST POOL	ALLOCATION DETAILS
Property plant & equipment	
Mobile Cellular Network Equipment	
Radio subsystem	<p>The costs associated with radio subsystem equipment should be analysed by major equipment element.</p> <p>The costs associated with traffic sensitive equipment elements should be allocated to network services based on traffic during the busy period profile, number of call attempts, number of subscribers, as appropriate.</p> <p>Costs that are joint, common and fixed to more than one Network Service are to be allocated to network services based on the relative cost of total directly and indirectly attributable <i>plant and equipment</i> costs in each network service.</p>
Abis transmission subsystem	<p>The costs associated with the Abis transmission subsystem equipment should be allocated to network services based on the traffic during the busy period profile.</p> <p>Costs that are joint, common and fixed to more than one Network Service are to be allocated to network services based on the relative cost of total directly and indirectly attributable <i>plant and equipment</i> costs in each network service.</p>
Direct customers connections	<p>The costs associated with equipment used to connect customers directly to the MCTS network should be assigned to retail and wholesale segments based on information available in detailed fixed asset and customer records.</p>
Base station controller	<p>The costs associated with the base station controller ("BSC") should be allocated to network services on the same basis as the base transceiver system ("BTS") to which they are connected. (See account 2.1.1121 radio subsystems).</p> <p>Transcoding equipment ("TCE") and switching equipment may be allocated to network services on the basis of their busy period traffic profile</p>
"A interface" transmission subsystem	<p>The costs associated with "A interface, transmission subsystems may be allocated to network services on the basis of busy period traffic profile on each link.</p>
Mobile switching	<p>The costs associated with national network switching equipment should be analysed by major equipment element.</p> <p>The costs associated with traffic sensitive equipment, e.g. common processor equipment, switching equipment, should be allocated to network services.</p> <p>Costs that are joint, common and fixed to more than one Network Service are to be allocated to network services based on the relative cost of total directly and indirectly attributable <i>plant and equipment</i> costs in each network service.</p>

5. Attribution Methodology

continued

Table 5-6: Allocation of Primary Plant Costs

MINOR COST POOL	ALLOCATION DETAILS
Tandem switching	<p>The costs associated with trunk switching equipment should be analysed by major equipment element.</p> <p>The costs associated with traffic sensitive equipment, e.g. common processor equipment, switching equipment, should be assigned to the network services.</p> <p>Costs that are joint, common and fixed to more than one Network Service are to be allocated to network services based on the relative cost of total directly and indirectly attributable <i>plant and equipment</i> costs in each network service.</p>
Network databases	<p>The costs associated with databases may be allocated to network based on such factors as traffic, calls, data base inquiries, etc..</p>
Transmission systems	<p>The costs associated with backbone transmission facilities should be analysed by major equipment element.</p> <p>MSC costs associated with traffic sensitive equipment, e.g. multiplexing equipment, should be allocated to network services based on network routing factors and traffic.</p> <p>Costs that are joint, common and fixed to more than one Network Service are to be allocated to network services based on the relative cost of total directly and indirectly attributable <i>plant and equipment</i> costs in each network service.</p>
Value added services	
Data and Internet Services gateway	<p>The costs associated with data and internet services should be assigned to data and text network services.</p> <p>Costs for processors and terminals that are indirectly related to data and internet are disaggregated into individual components such as transmission equipment, processing equipment and operator/customer service positions, etc. based on:</p> <ul style="list-style-type: none"> • Similarity of the operational factors that influence the provisioning of each type of equipment element, and • Financial significance of costs relative to the total VAS costs. <p>The costs associated with equipment elements may be allocated to network services based on such factors as equipment provisioning and other operational factors, for example:</p> <ul style="list-style-type: none"> • Costs associated with processor equipment may be allocated to services based on the number of functions performed, required processing capacity for each function, profile of traffic carried during the busy period, and • Costs associated with operator and/or customer service positions or terminals may be allocated to network services based on the number, duration and profile of customer communications.

5. Attribution Methodology

continued

Table 5-6: Allocation of Primary Plant Costs

MINOR COST POOL	ALLOCATION DETAILS
VAS processors and terminals	<p>The costs associated with processors and terminals should be assigned to network services ("VAS").</p> <p>Costs for processors and terminals that are indirectly related to VAS are disaggregated into individual components such as transmission equipment, processing equipment and operator/customer service positions, etc. based on:</p> <ul style="list-style-type: none"> • Similarity of the operational factors that influence the provisioning of each type of equipment element, and • Financial significance of costs relative to the total VAS costs. • The costs associated with equipment elements may be allocated to network services based on equipment provisioning and other operational factors, for example: <ul style="list-style-type: none"> • Costs associated with transmission equipment may be allocated to network services based on the number of circuits, type of circuit (i.e. speed) and the traffic profile during the busy period • Costs associated with processor equipment may be allocated to network or ancillary services based on the number of functions performed, required processing capacity for each function, profile of traffic carried during the busy period, and • Costs associated with operator and/or customer service positions or terminals may be allocated to network services based on the number, duration and profile of customer communications.
Other Plant	
Customer premises equipment	The costs associated with customer and ancillary equipment should be assigned to retail and wholesale segments based on information available in fixed asset and customer records
Community service equipment	The costs associated with community services equipment should be assigned to community services segment based on information available in fixed asset and customer records
Operating Expenses	
Leases	The costs associated with finance leases are disaggregated by plant category. Lease costs in each plant category should be allocated to network using the fixed asset cost allocation methodology prescribed for each category of plant and equipment.
Accumulated depreciation	Accumulated depreciation, by plant category, should be allocated to network services using the fixed asset cost allocation methodology prescribed for each category of plant and equipment.
Accumulated amortisation leases	Accumulated amortisation, by plant category, should be allocated to network services using the fixed asset cost allocation methodology prescribed for each category of plant and equipment.
Depreciation, Leases and Rentals	
Depreciation	Depreciation, by plant and equipment category, should be allocated to network services using the fixed asset cost allocation methodology prescribed for each plant and equipment category.
Supplementary depreciation	Supplementary depreciation, by plant and equipment category, should be allocated to network services using the fixed asset cost allocation methodology prescribed for each plant and equipment category.
Capital and operating lease expenses	<p>Lease amortisation, by plant and equipment category, should be allocated to network services using the fixed asset cost allocation methodology prescribed for each plant and equipment category.</p> <p>Operating leases, by plant and equipment category, should be allocated to network services or retail and wholesale segments using the fixed asset cost allocation methodology prescribed for each plant and equipment category.</p>

5. Attribution Methodology

continued

5.3.7 Step 7: Allocation of Unattributable Costs

Unattributable Plant and Unattributable Activity costs are to be segregated by whether they are joint, common and fixed to network service, retail segments, wholesale segments of a combination thereof.

- Unattributable plant costs that are joint, common and fixed to network services, segments and/or combinations thereof are to be allocated to network services or segments that they are associated with based on plant and equipment-related costs that have been attributed to these services or segments on a causal basis; and
- Unattributable activity costs that are joint, common and fixed to network services, segments and/or combinations thereof are to be allocated to network services or segments that they are associated with based on activity costs that have been attributed to these services or segments on a causal basis.

5.3.8 Step 8: Allocation of Network Transfer Costs

As indicated in Volume 1, transfer charges and charges to other Operators are based on unit charges and usage. Transfer charges from the Network Services Business to the Retail and wholesale segments are a feature of the Regulatory Financial Statements structure. These transfer charges are based on Primary Plant Costs including a return on capital employed. Transfer charges are relevant for services provided to retail and Wholesale Business segments.

Unattributable Network Plant and Activity costs, within the Network Services Business, are to be first allocated to Network Services based on the relative cost of the directly and indirectly attributable plant and equipment or activity costs of these services. Network Services costs, including an allocation of joint, common and fixed Primary Plant and Network Activity costs, are subsequently allocated to retail and wholesale segments based on their respective consumption of network services. Upon completion of this exercise, all Network Services Business costs should be allocated to retail and wholesale segments.

The principles of calculating transfer charges are set out in Volume 1. The data requirements for call related network service charges may include and are not limited to:

- Call traffic volumes by service and call routing factors by network component for each service; and
- Subscriber volume by segment.

Route factors refer to the typical routing of a call through an MCTS operator's network. They should be established by reference to actual calls (taken from a call sample) or by consulting network engineers to establish the routings programmed into the network.

For non-call related network service charges, for such services as SMS and Data the transfer charge may be based on the proportion of each network component used by different services. For example, the network components relating to data and private services, allocations may be based on the capacity designated (i.e. planned) or used for each service.

5. Attribution Methodology

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5.3.9 Step 9: Assignment of Cost of Sales

The Cost of Sales includes costs which are causally related to the delivery of Network Service consumed by retail and wholesale segments. Examples of include payments to other operators for terminating calls, etc. Cost of Sales are assigned to retail and wholesale segments.

Table 5-7: Assignment of Cost of Sales

MINOR COST POOL	ALLOCATION DETAILS
Volume discounts	Where account detail is used to capture volume discounts by segment, volume discounts should be assigned to retail and wholesale segments that receive such discounts. Where account detail is not available, volume discounts should be allocated to retail and wholesale segments on the basis of a primary analysis of customer revenue transactions, airtime in each segment, contractual arrangements with customers in each segment, etc..
Other special incentives	Other special incentives should be assigned to retail and wholesale segments on the basis of a primary analysis of customer revenue transactions.
Community service discounts	Community service discounts should be assigned to the segment.
Interconnection charges – national calls - PSTS completed	Where account detail is used to capture interconnection charges paid/payable to PSTS operators for completion of national calls by segment, these costs should be assigned to retail segments. Where account detail is not available, interconnection charges should be allocated to retail and wholesale segments on the basis of: <ul style="list-style-type: none"> • National airtime activity, and • Period of call traffic (e.g. peak, off peak).
Interconnection charges – national calls, other operator completed	Where account detail is used to capture interconnection charges paid/payable to other Operators for completion of national calls by segment, these costs should be assigned to retail segments. Where account detail is not available, interconnection charges may be allocated to retail and wholesale segments on the basis of: <ul style="list-style-type: none"> • National airtime activity, and • Period of call traffic (e.g. peak, off peak).
Interconnection charges – international calls	Where account detail is used to capture interconnection charges paid/payable to PSTS for completion of international calls by segment, these costs should be assigned to retail segments. Where account detail is not available, interconnection charges may be allocated to retail and wholesale segments on the basis of: <ul style="list-style-type: none"> • International airtime activity; and • Period of call traffic (e.g. peak, off peak).
Interconnection charges – community services	Community service interconnection costs should be assigned to the community service segment.
Inter-operator charges – national roaming	National roaming costs should be assigned to wholesale segments on the basis of a primary analysis of customer revenue transactions. Where customer account detail is not available, national roaming costs may be allocated to wholesale segments on the basis of roaming activity in each segment or according to the provisions in the roaming agreement.

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continued

Table 5-7: Assignment of Cost of Sales

MINOR COST POOL	ALLOCATION DETAILS
Inter-operator charges – international roaming	Outbound international roaming costs should be assigned to retail segments on the basis of a primary analysis of customer revenue transactions. Where customer account detail is not available, roaming costs may be allocated to retail and wholesale segments on the basis of roaming activity in each segment or according to the provisions in the roaming agreement. Inbound international roaming costs should be assigned to the wholesale segments based on a primary analysis of customer revenue transactions.
Other interconnection charges	Where account detail is used to capture other interconnection charges, these costs should be assigned to retail and wholesale segments. Where account detail is not available, other interconnection charges should be assigned to retail and wholesale segments where possible on the basis of a primary analysis of customer revenue transactions or allocated on the basis of nature of call activity in each segment.
Regional service council levies and value added taxes	Regional service council ("RSC") levies and Value Added Tax ("VAT") should be allocated to retail and wholesale segments based on the level of revenue generated in each segment.
Other direct costs	Where account detail is used to capture other direct costs, these costs should be assigned to retail and wholesale segments. Where account detail is not available, other costs should be assigned to retail and wholesale segments where possible on the basis of a primary analysis of customer revenue transactions or allocated on the basis of nature of call activity in each segment.

5.3.10 Step 10: Allocation of Wholesale Transfer Costs

Wholesale transfer charges are applied to services which are sold to other Operators but are *indirectly* associated with retail segments. Examples of such services include termination charges for terminating calls which have originated on other Operator's on an MCTS operator's own network. The wholesale transfer charges includes the network transfer charge, additional Business Activity costs associated with managing and deploying services to other Operators (e.g. carrier billing costs) and a proportion of *Wholesale Business* costs which are joint, common and fixed to all services provided to other Operators. Where the wholesale transfer charge is applied, the associated revenues, earned from other Operators by MCTS operators, associated with these transfer charges must also be transferred.

The basis for determining and allocating wholesale transfer charges to retail segments may include such factors as number of calls, minutes, etc.

5.3.11 Step 11: Allocation of Working Capital Costs

WACC is applied to the working capital costs that are consumed by the network services, retail and wholesale segments. The working capital costs of each segment are to be determined on the basis of working capital that has been allocated to each segment.

The attribution method describes the rules for allocating working capital to network services, retail and/or wholesale segments is set out in the table below:

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continued

Table 5-8: Allocation of Working Capital

MINOR COST POOL	ALLOCATION DETAILS
Current assets	Current Assets, excluding Accounts Receivable and Provision for Doubtful Accounts, in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Inventories	Inventories are to be allocated to retail and wholesale segments based on type and purpose of inventory.
Accounts receivable	Accounts receivable are to be allocated to retail and wholesale segments based on cash operating income of each segment.
Marketable securities	Current Assets, excluding Accounts Receivable and Provision for Doubtful Accounts, in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Accounts receivable – retail customers	Accounts receivable are to be allocated to segments based on cash operating income of each segment.
Accounts receivable – service providers	Accounts receivable are to be allocated to retail segments based on cash operating income of each segment.
Accounts receivable – other Operators	Accounts receivable are to be allocated to retail and wholesale segments based on cash operating income of each segment.
Accounts receivable – affiliates	Accounts receivable are to be allocated to wholesale segments and the Unregulated Segment based on cash operating income of each segment.
Short term loans – non Affiliates	Accounts receivable are to be allocated to retail and wholesale segments based on cash operating income of each segment.
Short term loans – Affiliates	Accounts receivable are to be allocated to retail and wholesale segments based on cash operating income of each segment.
Cash and cash equivalents	Current Assets, excluding Accounts Receivable and Provision for Doubtful Accounts, in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Provisions for doubtful accounts – retail customers	Allocated to segments based on the allocation rules for the corresponding accounts receivable account or based on a detailed review of doubtful accounts where practicable.
Provisions for doubtful accounts – service providers	Allocated to segments based on the allocation rules for the corresponding accounts receivable account or based on a detailed review of doubtful accounts where practicable.
Provisions for doubtful accounts – other Operators	Allocated to segments based on the allocation rules for the corresponding accounts receivable account or based on a detailed review of doubtful accounts where practicable.
Provisions for doubtful accounts - Affiliates	Allocated to segments based on the allocation rules for the corresponding accounts receivable account or based on a detailed review of doubtful accounts where practicable.
Other receivables	Allocated to segments based on the allocation rules for the corresponding accounts receivable account or based on a detailed review of doubtful accounts where practicable.
Prepayments	Current Assets, excluding Accounts Receivable and Provision for Doubtful Accounts, in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
VAT receivable	Current Assets, excluding Accounts Receivable and Provision for Doubtful Accounts, in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.

5. Attribution Methodology*continued***Table 5-8: Allocation of Working Capital**

MINOR COST POOL	ALLOCATION DETAILS
Other current assets	Current Assets, excluding Accounts Receivable and Provision for Doubtful Accounts, in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Current liabilities	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Trade creditors	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Current tax liabilities	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Amounts due to other Operations	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Amounts due to affiliates	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Short-term borrowings	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Accrued expenses	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Current portion of borrowings	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Deferred income	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Deferred income	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Other current liabilities	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Customer deposits	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Other creditors	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
VAT payable	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.
Dividends declared	Current Liabilities in the aggregate may be allocated to revenue retail and wholesale segments on the basis of cash operating expenses associated with each segment.

5. Attribution Methodology

continued

The cost of capital for each segment is determined by applying the WACC to the working capital amounts that have been attributed to each retail and/or wholesale segment.

5.4 Attribution of Revenues

Revenues should be assigned to retail and wholesale segments either on an attributable basis or on the basis of a detailed analysis of transactions that make up revenue account balances. Revenues earned for services, which are transferred to retail segments, are to be attributed to retail segments accordingly.

Bundled revenues comprise revenue items which relate to more than one regulated segment. If direct assignment of such revenues to a single segment will result in significant misstatement of all revenues, then revenues need to be unbundled.

Revenues are to be unbundled and allocated to the relevant segments in relation to the costs associated with individual elements in the bundled revenue stream.

The Authority expects that revenues from the provision of retail and wholesale segments will be recorded in MCTS operators' accounts at a detailed enough level to enable direct allocation to services. Where revenues are not sufficiently unbundled to allow direct allocation, they should be attributed to segments based on the relative proportion of directly and indirectly attributable costs in each segment.

6. LONG RUN INCREMENTAL COSTING

6.1 Overview

Volume 1 sets out the principles and methodologies to be followed by MCTS operators in the preparation of Long Run Incremental Cost ("LRIC") statements. This section of the Detailed Requirements describes the increments to be measured and LRIC documentation to be included in MCTS Operators' Procedure Manuals.

Volume 1, Section 8 – Long Run Incremental Costing sets out the principles to be applied in the determination of LRIC costs. In summary, these principles are as follows:

- A top down approach must be adopted, whereby the actual costs of the Regulated Segment are adjusted for current costs and efficiencies;
- LRIC must be calculated based upon the principle of scorched node, whereby it is assumed the current network structure, is maintained even with lower traffic levels;
- LRIC must be calculated assuming that the *existing transmission links* that connect base stations and switching nodes will be maintained, independent of the scale of activity;
- LRIC must be calculated assuming that the existing levels of quality of services, mix in demand characteristics of end-user and MCTS operator services will be maintained; and
- Recovery of joint, common and fixed costs is to be based on an equi-proportionate mark up ("EPMU").

LRIC cost modelling includes only those costs that are caused by the provision of a defined increment of output (i.e. those costs that are avoided or saved if the defined increment of output were no longer provided). Hence, LRIC of a service would include the directly and indirectly attributable costs of a service and would exclude any costs that are joint, common and fixed to the provision of a specific network service.

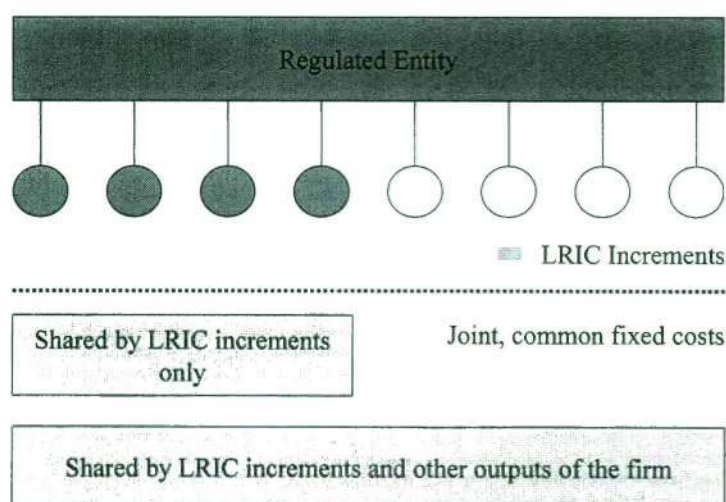
6.2 LRIC Increments

The Authority requires that the starting point for LRIC modelling comprise a current cost perspective of the Regulated Segment, in order to allow reconciliation of LRICs to the COA/CAM regulatory financial reports. The diagram below illustrates the minimum level of increments to be modelled. The shaded boxes and circles above the dotted line illustrate the LRIC increments. The boxes below the dotted line represent the areas where joint, common and fixed costs exist across increments. The shaded boxes are shown spanning the increments to which they relate.

6. Long Run Incremental Costing

continued

Figure 6-1: LRIC Increments



6.2.1 Regulated Segment

The LRIC of the Regulated Segment is to be determined, using the top down approach. Actual costs, reported for accounting separations purposes, are to be adjusted for current costs and efficiencies.

6.2.2 Interconnect and Essential Inter-Carrier Services

The primary focus of LRIC modelling is to be applied to the interconnection and *essential* inter-carrier services. The rationale for the LRIC segments required by the Authority is set out in Table 6.

Table 6-1: LRIC Increments

LRIC SERVICE	RATIONALE
Voice Services	
Termination	Interconnection services
Transit	Potential future interconnection service
Mobile Number Portability	Potential future interconnection service
Other	

6.3 Relevant Costs

Accordingly, the LRIC costs associated with a defined increment, or service, would include the following:

- The plant and equipment costs that would be avoided or saved if the interconnection or essential inter-carrier service were to no longer be provided over the long term. LRIC for plant and equipment costs are to reflect forward-looking economic costs of an efficient telecommunications operator. Asset related plant and equipment costs are

6. Long Run Incremental Costing

continued

to be valued using economic depreciation based on WACC and the expected life of the assets over the longer term.

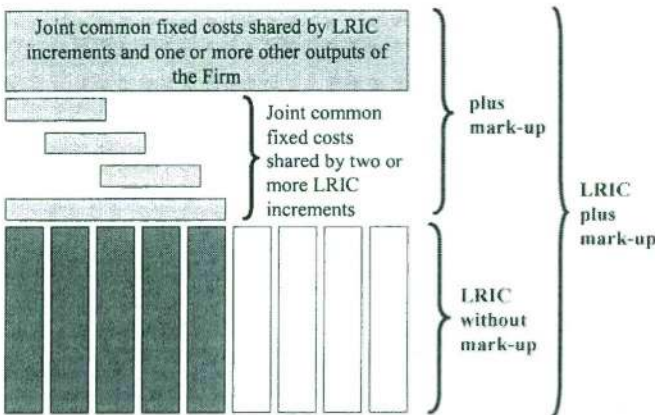
- The Business Activity costs that would be avoided or saved if the interconnection or essential inter-carrier service were to no longer be provided over the long term, for example marketing and billing costs, regulatory costs, legal activity costs, etc.
- The costs of working capital requirements that are attributable to the provision of interconnection or essential inter-carrier services;
- Other costs, as determined by the MCTS operators, which can be directly or indirectly attributable to the provision of interconnection and inter-carrier services.

The LRICs of each service must be reported in a transparent and sufficiently unbundled format to enable the Authority to match the pattern of underlying costs of each service to the prices charged for such services.

6.4 Calculation of LRIC plus Mark-up

Joint, common and fixed costs are incurred in the provision of two or more increments and are not related to any one product or service. LRIC plus Mark-up calculations are intended to provide MCTS operators with an opportunity to recover joint, common and fixed costs. The Accounting Separations guidelines provide some visibility on the ratio of joint, common and fixed costs to attributed costs and can present a starting point for determining a mark-up for interconnection and/or essential services.

Figure 6-2: LRIC With and Without Mark-up



6.5 LRIC Documentation Requirements

The following LRIC information must be documented in the MCTS Operators' Procedure Manuals:

- List of key assumptions used to calculate LRIC (e.g. capacity configurations, etc.) and rationale supporting reasonableness of those assumptions;
- List of cost categories used to develop cost build-up of LRIC, including at a minimum:

6. Long Run Incremental Costing

continued

- A detailed description of the equipment cost items and activity cost items included in each cost categories;
- A mapping of the MCTS operator's general ledger to cost categories;
- A detailed description of the rates used to determine costs for cost category (e.g. if maintenance costs are used in the determination of an LRIC for a specific service, MCTS operators are required to submit a description of how costs were tabulated for such items and the rationale for including such items in the LRIC methodology)
- Overview of Network Topology underlying LRIC Modelling, including at a minimum:
 - The list of network facilities and their equipment configurations;
 - Assumptions regarding demand and capacity levels; and
 - Call routing.
- List of cost drivers used for each category, including at a minimum:
 - A detailed description of rationale for each cost driver; and
 - Methodology used for deriving cost driver volumes;
- List of Cost Volume Relationships (CVR) used to determine LRIC, including at a minimum:
 - Name of the CVR, description and general form of general form of the CVR;
 - An explanation of the rationale and assumptions underpinning the CVR;
 - Explanation of how the CVR is derived;
 - Sources of data; and
 - Cross reference to related documentation in MCTS Operator's Procedures Manual.
- Methodology used to determine recovery of joint, common and fixed costs, including at a minimum:
 - Rationale for method used;
 - Reconciliation of joint, common and fixed costs used to costs reported in ongoing Regulatory Financial Reports; and
- Overview of functionality of the cost model or system used to determine LRICs, including at a minimum:
 - A summary description of the model or system components, processes and functionality; and
 - Auditability and reconciliation of cost model and system results to inputs, processes and outputs generated.

Appendix A: Glossary of Terms

AUC	Authentication Centre
BSS	Base Station Subsystem
CLI	Calling Line Identification (Caller ID)
COA	Chart of Accounts
COA/CAM	Chart of Accounts/Cost Allocation Manual
CPE	Customer Premises Equipment
DWDM	Dense Wave Division Multiplexing
EIR	Equipment Identity Register
GF	Gateway Function
GMSC	Gateway MSC – specialist gateway device or controller connecting Mobile Switching Centre to another network service (e.g. Internet, International, etc.)
GPRS	Global Packet Radio Switching
GSM	Global System for Mobile communications
HLR	Home Location Register
IP	Internet Protocol
MB	Megabit
MCTS	Mobile Cellular Telecommunication Service
MF	Mobility Function
MMS	Multi-media services (e.g. picture messaging)
MSC	Mobile Switching Centre
NSS	Network Switching Subsystem
NTU	Network Termination Unit
OF	Originating Function
OSS / BSS	Operational support systems / Business support systems (e.g. OSS – network monitoring, inventory, provisioning, etc., e.g. BSS – metering, rating, billing, etc.)
PSTN	Public Switched Telecommunication Network

Appendix A: Glossary of Terms*continued*

PSTS	Public Switched Telecommunication Service
SCP	Switching Control Processor – handles SS7 switching protocols for (e.g. Call-set-up, CLI, etc.) SS7 is the control signalling – carrying information about the call, rather than the call content (voice, text, data).
SDH	Synchronous Digital Hierarchy
SMS	Short Message Service (text messaging)
TermF	Terminating Function
TF	Transit Function
VAS	Value added service
VLR	Visitor Location Register
WAP	Wireless Application Protocol (for provision of internet services to cell-phone – using low resolution screens
WIG	Wireless Internet Gateway [a specific example of a GMSC]

Appendix B: Detailed Report Specifications

REPORT NAME	FREQUENCY	TIMING
Entity Reports		
1.x Unconsolidated Financial Statements	Semi Annually	180 days after year end
1.1 Balance Sheet		
1.2 Income Statement		
1.3 Statement of Cash Flow		
2.x Audited Financial Statements2.1 Balance Sheet	Annually	180 days after year end
2.2 Income Statement		
2.3 Statement of Cash Flow		
2.4 Notes to the Financial Statements		
2.5 Audit Report		
3.x Transactions with Affiliates and/or the Unregulated Segment	Annually	180 days after year end
3.1 Transactions with Affiliates and the Unregulated Segment		
4.x Statement of Capital Employed	Annually	180 days after year end
4.1 Statement of Capital Employed – historic cost basis, or		
4.2 Statement of Capital Employed – current cost basis		
Reconciliation Reports		
5.x Reconciliation Statements	Annually	180 days after year end
5.1 Audited Annual Financial Statement to Corporate Entity and Regulated Segment		
5.2 Regulated Segment reports to Net Operational Income (“NOI”)		
Segment Reports		
6.x Statement of Capital Employed	Annually	180 days after year end
6.1 Statement of Capital Employed By Service and Segment – historic cost basis, or		
6.2 Statement of Capital Employed By Service and Segment – current cost basis		
7.x Network Service Cost Reports	Annually	180 days after year end
7.1 Network Service Cost Report – historic cost basis, or		
7.2 Network Service Cost Report – current cost basis		
8.x Segment Income Statements	Annually	180 days after year end
8.1 Segment Income Statement – historic cost basis, or		
8.2 Segment Income Statement – current cost basis		
LRIC Reports		
9.x Long Run Incremental Cost (“LRIC”) Reports	To be determined	To be determined
9.1 LRIC by Network Service without mark-up		
9.2 LRIC by Network Service with mark-up		
Administrative Reports		
10.x Audit Reports	Annually	180 days after year end
10.1 Audit Report		

Appendix B: Detailed Report Specifications*continued*

Entity Report

Report 1.1

Name of Mobile Cellular Telecommunications Services Operator

UNCONSOLIDATED BALANCE SHEET

As at dd-mm-yy

Account Title	Current Year <i>R</i>	Prior Year <i>R</i>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents		
Marketable Securities		
Receivables and Prepayments		
Inventories and Assets Held for Resale		
Total Current Assets		
NON-CURRENT ASSETS		
Property, Plant and Equipment		
Network Equipment		
Land and Building		
•		
•		
Non-network Plant and Equipment		
Total Property, Plant and Equipment		
Investment Properties		
•		
Non-current Receivables		
Total Non-current Assets		
TOTAL ASSETS		
<u>LIABILITIES, CAPITAL AND RESERVES</u>		
CURRENT LIABILITIES		
Trade and Other Payables		
•		
Dividends Declared		
Total current liabilities		
NON-CURRENT LIABILITIES		
Interest Bearing Borrowings		
•		
Other Non-current Liabilities		
Total Non-current Liabilities		
TOTAL LIABILITIES		
CAPITAL AND RESERVES		
Share Capital		
•		
Revaluation and Other Reserves		
TOTAL CAPITAL AND RESERVES		
TOTAL LIABILITIES, CAPITAL AND RESERVES		

Appendix B: Detailed Report Specifications

continued

Entity Report

Name of Mobile Cellular Telecommunications Services Operator
UNCONSOLIDATED INCOME STATEMENT
For the Year Ending dd-mm-yy

Report 1.2

Line Item / Cost Pool ²	Current Year			Prior Year
	Unregulated			***
	Regulated Segment	Segment	Corporate Segment	
	R	R	R	R
REVENUES				
Retail Revenue				
Wholesale Revenue				
Miscellaneous Revenue				
TOTAL OPERATING REVENUES				
Cost of Sales				
Volume Discounts				
Interconnection Charges				
Other Cost of Sales				
TOTAL DIRECT COSTS				
GROSS MARGIN				
OPERATING EXPENSES				
Operational Expenses				
Business Support Costs				
Depreciation, Leases and Rentals				
TOTAL OPERATING EXPENSES				
CONTRIBUTION BEFORE NON-OPERATING ITEMS				
Income from Investments				
Finance Charges				
NET INCOME BEFORE TAXATION AND EXTRAORDINARY ITEMS				
Taxation				
NET INCOME BEFORE EXTRAORDINARY ITEMS				
Extraordinary Items				
NET INCOME				
Dividends				
RETAINED INCOME FOR THE PERIOD				
Retained Earnings - Opening Balance				
RETAINED EARNINGS - CLOSING BALANCE				

1. Information by Regulated Segment, Unregulated Segment and Corporate Entity for each respective period is required.
2. The Authority may require this report at a greater level of detail, i.e. financial summary by account number.

Appendix B: Detailed Report Specifications*continued*

Entity Report

Report 1.3

Name of Mobile Cellular Telecommunications Services Operator
UNCONSOLIDATED STATEMENT OF CASH FLOW
For the Period Ending dd-mm-yy

	<i>Ref.</i>	Current Year <i>R</i>	Prior Year <i>R</i>
<u>CASH RETAINED FROM OPERATING ACTIVITIES</u>			
CASH GENERATED FROM OPERATIONS	1		
Investment income			
Cash utilised to increase working capital	2		
Cash Generated by Operating Activities			
Finance costs			
Taxation paid			
Cash Available from Operating Activities			
Dividends paid			
Cash generated by operations			
Cash Generated From Operations			
CASH UTILIZED IN INVESTMENT ACTIVITIES			
Investment to Maintain Operations			
Replacement of fixed assets			
Profit (loss) on disposal of fixed assets			
Investment to Expand Operations			
Additions to fixed assets			
Additions to non current assets			
Cash Utilised in Investing Activities			
<u>CASH UTILISED</u>			
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase (decrease) in long term borrowings			
Increase (decrease) in short term borrowings			
Decease (increase) in bank and cash			
Decrease in long-term liability raised for Cellular License			
Increase (decrease) in Shareholder's loans			
Increase (decrease) in Share capital			
CASH GENERATED			
Cash Balance - Opening Balance			
CASH BALANCE - CLOSING BALANCE			
<u>Reference</u>			
SUPPORTING CALCULATIONS			
1 Cash Generated By Operations			
Operating income before interest and taxation			
Adjustments:			
Depreciation			
Profit (loss) on disposal of fixed assets			
Investment income			
Cash Generated By Operations			
2 Cash Utilised to Increase Working Capital			
Decrease (increase) in inventories			
Decrease (increase) in accounts receivable			
Increase (decrease) in amounts due from affiliates			
Decrease (increase) in other receivables			
Decrease (increase) in accounts payable			
Decrease (increase) in amounts due to affiliates			
Cash Utilised to Increase Working Capital			

Appendix B: Detailed Report Specifications

continued

Entity Report	Reports 2.1, 2.2, 2.3, 2.4, 2.5
Name of Mobile Cellular Telecommunications Services Operator	
AUDITED FINANCIAL STATEMENTS	
As at dd-mm-yy	

ANNUAL AUDITED FINANCIAL STATEMENTS

- Report 2.1 Balance Sheet
- Report 2.2 Income Statement
- Report 2.3 Statement of Cash Flow
- Report 2.4 Notes to the Financial Statements
- Report 2.5 Audit Report

Appendix B: Detailed Report Specifications*continued*

Segment Report

Report 3.1

Name of Mobile Cellular Telecommunications Services Operator
TRANSACTIONS WITH AFFILIATES AND/OR THE UNREGULATED SEGMENT
 For Period Ending dd-mm-yy

SERVICES PROVIDED BY THE REGULATED SEGMENT

Sequence Number	Transaction Type	Account/ Cost Pool	Unregulated Segment or Name of Affiliate	Transaction Value <i>R</i>	Valuation Method	
					1. Tariff; 2. Market Value;	3. Cost, or 4. Sale / Purchase
Total Value						

SERVICES PROVIDED RECEIVED BY THE REGULATED SEGMENT

SERVICES PROVIDED RECEIVED BY THE REGULATED SEGMENT					
Sequence Number	Transaction Type	Account/ Cost Pool	Unregulated Segment or Name of Affiliate	Transaction Value <i>R</i>	Valuation Method
					1. Tariff; 2. Market Value;

JOINTLY USED ASSETS - CAPITALISED VALUE

JOINTLY USED ASSETS - CAPITALISED VALUE								
			Anticipated Usage		Actual Usage		Value	
			Regulated Segment	Unregulated Segment	Regulated Segment	Unregulated Segment	Regulated Segment	Unregulated Segment
Sequence Number	Asset Description	Account/ Cost Pool	units / %	units / %	units / %	units / %	R	R
Total Value								

JOINTLY USED ASSETS - PERIOD COSTS

JOINTLY USED ASSETS - PERIOD COSTS			Anticipated Usage		Actual Usage		Value	
Sequence		Account/	Regulated	Unregulated	Regulated	Unregulated	Regulated	Unregulated
Number	Asset Description	Cost Pool	Segment	Segment	Segment	Segment	Segment	Segment
			units / %	units / %	units / %	units / %	R	R
						</		

1 All affiliated transactions that constitute more than 1% of a segment's revenue should be disclosed and reported in accordance with the rules set in section 6.4: Affiliate transactions of Volume 1: Manual and Appendices.

Appendix B: Detailed Report Specifications*continued*

Entity Report

Report 4.1

Name of Mobile Cellular Telecommunications Services Operator
STATEMENT OF CAPITAL EMPLOYED - HISTORICAL COST BASIS
As at dd-mm-yy

FINANCIAL SCHEDULE

Account / Cost Pool Title	Regulated Entity				Unregulated Entity	Corporate Entity
	Historic Cost <i>R</i>	Current Period Depreciation <i>R</i>	Accumulated Depreciation <i>R</i>	Net Book Value <i>R</i>	Net Book Value <i>R</i>	Net Book Value <i>R</i>
FIXED ASSETS						
<u>Network Plant and Equipment</u>						
Mobile Cellular Network Equipment						
Base station sub system						
Radio subsystem						
Abis transmission subsystem						
:						
Value Added Networks Services						
:						
Other Plant						
:						
Total Network Equipment						
<u>Land and Buildings</u>						
Land						
Buildings - general purpose						
Buildings - special purpose						
Total Land and Buildings						
<u>Non-Network Plant and Equipment</u>						
Furniture and office equipment						
:						
Information technology						
:						
Total Non-Network Plant and Equipment						
TOTAL FIXED ASSETS						

Notes:

- 1 The report contains financial and non-financial information relating to the investment in fixed assets of the Regulated and Unregulated Segments and the Corporate Entity.
- 2 All revaluations of Fixed Assets must be disclosed to the Authority in the MCTS Operator Procedure Manuals.
- 3 The MCTS Operators should maintain detailed records for fixed assets at their subsidiaries ledgers, as support information to the COA, in their Procedure Manuals.

Appendix B: Detailed Report Specifications

continued

Entity Report

Report 4.2

Name of Mobile Cellular Telecommunications Services Operator
STATEMENT OF CAPITAL EMPLOYED - CURRENT COST BASIS
 As at dd-mm-yy

FINANCIAL SCHEDULE

Account / Cost Pool Title	Gross Replacement Cost <i>R</i>	CCA Depreciation <i>R</i>	Accumulated Depreciation <i>R</i>	Net Current Replacement Cost <i>R</i>	Supplementary Depreciation <i>R</i>	Holding Gains <i>R</i>
<u>FIXED ASSETS</u>						
<u>Network Plant and Equipment</u>						
Mobile Cellular Network Equipment						
Base station sub system						
Radio Subsystem						
Abis transmission subsystem						
*						
*						
Value Added Networks Services						
*						
*						
Other Plant						
*						
*						
Total Network Equipment						
<u>Land and Buildings</u>						
Land						
Buildings - general purpose						
Buildings - special purpose						
Total Land and Buildings						
<u>Non-Network Plant and Equipment</u>						
Furniture and Office Equipment						
*						
*						
Information technology						
*						
*						
Total Non-Network Plant and Equipment						
TOTAL FIXED ASSETS						

Notes:

- 1 The MCTS Operators should maintain detailed records for fixed assets at their subsidiaries ledgers, as support information to the COA, in their Procedure Manuals.
- 2 All revaluations of Fixed Assets must be disclosed to the Authority in the MCTS Operator Procedure Manuals.

Appendix B: Detailed Report Specifications

continued

Entity Report

Report 5.1

Name of Mobile Cellular Telecommunications Services Operator

RECONCILIATION STATEMENT

Audited Annual Financial Statements to Corporate Entity and Regulated Segment Reports

Account / Cost Pool	Regulated Segment	Adjustment	Corporate Entity	Adjustment	Annual Audited Reports	Ref.
	R	R	R	R	R	R
<u>BALANCE SHEET (As at dd-mm-vv)</u>						
Assets						
Current Assets						
Non Current Assets						
Property, Plant and Equipment						
Other						
Total Assets						
Liabilities, Capital and Reserves						
Current Liabilities						
Non Current Liabilities						
Capital and Reserves						
Total Liabilities, Capital and Reserves						
<u>INCOME STATEMENT (For Period Ending</u>						
Revenues						
Direct Costs						
Gross Margin						
Operating Expenses						
Operational Expenses						
Business Support Costs						
Depreciation, Leases and Rental						
Total Operating Expenses						
Contribution before non-operating items						
Non-Operating Items						
Capitalization & Amortization of Expenses						
Other Non-operating Items						
Net Income Before Tax and Extraordinary						
Taxation						
Net Income Before Extraordinary Items						
Extraordinary Items						
Net Income						
Dividends						
RETAINED NET INCOME						

EXPLANATION OF ADJUSTMENTS**Reference Number**

- 1
- 2
- 3
- 4
- 5

Appendix B: Detailed Report Specifications

continued

Entity Report

Report 5.2

Name of Mobile Cellular Telecommunications Services Operator

RECONCILIATION STATEMENTS

Regulated Segment Reports to Net Operational Income

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
<u>INCOME STATEMENT (For the period ending dd-mm-yy)</u>					
Mobile Revenue					
Less:					
Interconnect charges					
Leased line rentals					
Connection discounts					
Bad debt expense					
VAT and indirect taxes					
Other categories as agreed with the Authority in accordance with the NOI definition in MCTS Licenses.					
<u>NET OPERATIONAL INCOME</u>					

Appendix B: Detailed Report Specifications

continued

Segment Report

Historic Cost Basis - Report 6.1
Current Cost Basis - Report 6.2

STATEMENT OF CAPITAL EMPLOYED BY SERVICE AND SEGMENT

As at yy-mm-dd

DEPRECIATION, CAPITAL LEASES, ETC.

Attributable Costs

Network P&E

Base station sub system

:

Non-Network P&E

2

Buildings

● ●

Land

•

Total Attributable Costs

Joint, Common and Fixed Costs ("JCF Costs")

•
•
•
Total Depreciation, Capital Leases, etc.

NET FIXED ASSETS

NET FIXED ASSETS
(AVERAGE ANNUAL BALANCE)

*Same line items as Depreciation,
Capital Leases, etc.*

NET FIXED ASSETS (AVERAGE BALANCES)

WORKING CAPITAL

WORKING CAPITAL
(AVERAGE ANNUAL BALANCE)

Current Assets

Inventories and assets held for resale

Current Liabilities

Trade and other payables

NET WORKING CAPITAL

Cost of Capital rate (%)²

COST OF CAPITAL APPLIED³

Plant, Equipment and other Assets

*Same line items as Depreciation,
Capital Leases, etc.*

Net Working Capital

COST OF CAPITAL APPLIED

As at yy-mm-dd					
Network Services Business			Retail Business	Wholesale Business	Total Regulated Segment
Voice Services					
National Calls	Term-ination Calls	***	***	***	***
For the Period Ending dd-mm-yy					
			n/a	n/a	
JCF shared by Network Services only			JCF shared by Wholesale Segments only	JCF shared by Retail Segments only	JCF Shared by All Segments
Average Balance For the Period Ending dd-mm-yy					
For the Period Ending dd-mm-yy					

Sum of Average Net Fixed Assets and Average Net Working Capital

2 Weighted Average Cost of Capital ("WACC") percentage

3 Weighted Average Cost of Capital ("WACC") multiplied by Average Annual Balance of Net Fixed Assets and Net Working Capital

Appendix B: Detailed Report Specifications

continued

Segment Report

Historic Cost Basis - Report 7.1

Current Cost Basis - Report 7.2

Name of Mobile Cellular Telecommunications Services Operator
NETWORK SERVICE COST REPORT - HISTORIC OR CURRENT COST BASIS
 For the Period Ending dd-mm-yy

	Network Services Business Costs										
	Voice Services					Other VAS Services	Ancillary Network Services	Joint, Common and Fixed Costs	Total Costs Regulated Segment		
	National Calls - Intra Network	National Calls Inter Network	Termination Calls	***	Total	***	***				
STAGE 1: Determination of Network Transfer Costs	Network Services Business Costs										
Attributable Costs: Network Services Business											
Activity Costs											
Network Activity Costs											
Repairs and Maintenance											
:											
Support Activity Costs											
:											
Total Attributable Activity Costs											
Depreciation and Cost of Capital											
Plant and Equipment Costs											
Network P&E											
Base station sub system											
:											
Net Working Capital											
Total Depreciation and Cost of Capital											
Total Attributable Costs											
Joint, Common and Fixed ("JCF") Costs: Network Services Business ¹											
Activity Costs											
:											
Depreciation and Cost of Capital											
:											
Total JCF Costs	+	+	+	+	+	+	+	-			
Network Transfer Costs ²											0
Network Transfer Cost Per Unit											n/a
STAGE 2: Calculation of Wholesale Transfer Costs	Wholesale Business Costs										
Attributable Costs: Wholesale Business											
:											
JCF Costs: Wholesale Services Business											
:											
Wholesale Transfer Costs ³											
Wholesale Transfer Cost Per Unit											n/a
STAGE 3: Calculation of Fully Allocated Cost	Retail Business and Other Regulated Segment Costs										
Cost of Sales											
:											
Attributable Costs: Retail Business											
:											
JCF Costs: Retail Business and Regulated Segment											
:											
Total Costs											
Fully Allocated Cost per Unit											n/a
Activity Volumes											
Subscribers											
Network Services											
National Calls (on-net, off-net)											
Terminated Calls											
National Roaming Calls											
etc.											

Notes:

- 1 Joint, Common and Fixed Costs are referred to as "JCF" costs.
- 2 Network Transfer Costs include an allocation of Network Services Joint, Common and Fixed Costs. Network Transfer Costs are to be applied where network services are consumed directly by the Retail and/or Wholesale Segments.
- 3 Wholesale Transfer Costs include an allocation of costs which are JCF to the provision of network services which are sold to other Operators. Wholesale Transfer Costs are to be applied to Retail segments where network services, sold to other Operators, are indirectly associated with Retail segments.
- 4 The total costs of the Regulated Segment are to be allocated to segments and must equal the Total Costs reported on Report 8.x.

Appendix B: Detailed Report Specifications

continued

Segment Report

Historic Cost Basis - Report 8.1
Current Cost Basis - Report 8.2

Name of Mobile Cellular Telecommunications Services Operator
SEGMENT INCOME STATEMENT - HISTORIC OR CURRENT COST BASIS
For the Period Ending dd-mm-yy

For the Period Ending dd-mm-yy								
Revenue or Cost Pool	Retail Segments				Direct	Community Service	Wholesale Segments ***	Regulated Entity
	Affiliated Service Providers		Non-affiliated Service Providers					
	Prepaid	Contract	Prepaid	Contract				
REVENUES								
Retail Revenue								
Connection								
Access Charges								
:								
Wholesale Revenue								
Termination Services								
:								
TOTAL REVENUE								
COST OF SALES								
Volume Discounts								
:								
Interconnection Charges								
Termination Costs								
National Roaming Services								
:								
TOTAL COST OF SALES								
GROSS MARGIN								
EXPENSES								
Network Transfer Cost¹								
National Calls								
:								
Total Network Transfer Costs								
Contribution to Retail and Wholesale Business Costs								
Wholesale Transfer Cost²								
Termination Calls								
Revenues	+	+	+	+	+	+	-	
Costs	-	-	-	-	-	-	+	
:								
Net Contribution from Wholesale Business							0	
Attributable Retail Business Costs								
Activity Costs								
:								
Depreciation and Cost of Capital								
:								
Total Attributable Retail Business Costs								
Joint, Common and Fixed Retail Business Costs³								
:								
Contribution to Joint, Common and Fixed Costs								
JOINT, COMMON AND FIXED COSTS⁴								
Activity Costs								
Corporate Marketing								
Regulatory Affairs								
:								
Depreciation and Cost of Capital								
:								
Total JCF Costs								
INCOME / (LOSS)								
ACTIVITY VOLUMES								
Subscribers								
Network Services								
National Calls								
Terminated Calls								
etc.								

Notes:

- 1 Network Transfer Costs include an allocation of Network Services Joint, Common and Fixed Costs. Network Transfer Costs are to be applied where network services are consumed directly by the Retail and/or Wholesale Segments.
- 2 Wholesale Transfer Charges include transfers of revenues and costs. Revenues represent received for services used indirectly. Costs include an allocation of costs which are JCF to the provision of network services which are sold to other Operators. Wholesale Transfer Costs are to be applied to Retail segments where network services, sold to other Operators, are indirectly associated with Retail segments.
- 3 Joint, Common and Fixed Costs shared by Retail segments
- 4 Joint, Common and Fixed Costs shared by Retail and Wholesale Segments
- 5 The total costs for segments and must equal the Total Costs reported by product and service in Report 7.x.

Appendix B: Detailed Report Specifications

continued

LRIC Report

Report 9.x

Name of Mobile Cellular Telecommunications Services Operator
LONG RUN INCREMENTAL COSTS BY NETWORK SERVICE
 For Forecast Period dd-mm-yy to dd-mm-yy

	Termination Calls		Facilities Leasing		***
	Measurement Increment (Total Volume) ¹	Total Annualized Cost ²	Measurement Increment (Total Volume)	Total Annualized Cost ²	
	Units	R	Units	R	
ATTRIBUTABLE ACTIVITY COSTS					
Primary Activities					
•					
•					
Retail and Wholesale Activities					
•					
•					
Support Activities					
•					
•					
Total Attributable Activity Costs					
ATTRIBUTABLE PLANT AND EQUIPMENT COSTS					
Network Plant and Equipment Costs					
Base station sub system					
Mobile switching and transmission					
Value added network					
•					
•					
Support Plant					
•					
•					
Land and Buildings					
•					
•					
Non-network plant and equipment					
•					
•					
Total Attributable Plant and Equipment Costs					
•					
•					
TOTAL ATTRIBUTABLE COSTS / LONG RUN INCREMENTAL COSTS					
LONG RUN INCREMENTAL COSTS PER UNIT³					
APPLICATION OF MARK-UP FOR JOINT, COMMON AND FIXED COSTS					
	%	R	%	R	
Joint, Common and Fixed Costs shared by LRIC segments only					
LRIC Network Services Business Mark-up					
Joint, Common and Fixed Costs shared by LRIC segments and other outputs of the firm					
LRIC with Mark-up					

1 The measurement increment is the total volume of network activity (e.g. number of calls, minutes) used as the increment for determining LRIC costs.

2 The Annualized Cost represent the present value of the long run incremental costs discounted by the WACC. Costs are to be based on current costs of assets.

3 The Unit LRIC cost is the total long run cost for the measurement increment divided by the measurement increment.

Appendix B: Detailed Report Specifications*continued*

Administrative Report

Report 10.1

Name of Mobile Cellular Telecommunications Services Operator

AUDIT REPORT

Name of Independent Auditor

We have audited the annual financial statements of (*entity name*) and have reported thereon at (*date*). We have also audited the entity and segment financial statements which have been prepared on the basis of the prescribed Chart of Accounts/Cost Allocation Manual and have been submitted to the Independent Communications Authority of South Africa. These financial statements are the responsibility of the Company's Directors. Our responsibility is to report on the financial statements.

We conducted our audit in accordance with generally accepted auditing standards. We consider that our audit procedures were appropriate in the circumstances to express our opinion presented below. In our opinion:

- These financial statements have been prepared in all material aspects in accordance with the Operator's Procedure Manual which has been approved by the Authority; and
- These financial statements fairly present, on the bases set out approved Operator's Procedures Manual, the allocation of the Operator's net investment between the entities and segments of the Operator as of (*date*) and the allocation of its revenue and expenditure between these entities and segments for the year ended.

Signed and dated

¹ The auditor's opinion stated above is intended to provide a illustrative example only of the scope and type of audit opinion that the Authority expects. A modified version of this report may be submitted by Operators and their Independent Auditors for the Authority's approval.

Appendix C: Detailed Chart of Accounts

Major Account	Minor Account	Account Number	Account Title	Account Description
1	1.0	1.x.xxxx	Non-current assets	Sum of non-current asset accounts.
1	1.1	1.1.xxxx	Property plant & equipment	Sum of property plant & equipment.
1	1.1	1.1.11xx	Mobile Cellular Network Equipment	Sum of network equipment
1	1.1	1.1.1111	Radio subsystem	The equipment used to provide the radio connection to the customer equipment. Radio subsystem includes base transceiver stations ("BTS"), antennas, and the tower and/or mast used for the antennas.
1	1.1	1.1.1112	Abis transmission subsystem	The equipment used to connect the BTS to the BSC. Abis transmission subsystems include sub multiplexing equipment, line termination equipment, filters, equalisers, regenerators, radio and microwave towers, ducts, cables, microwave antennas and modems.
1	1.1	1.1.1113	Direct customers connections	Transmission links and associated equipment used to directly connect a customer to any point in the network. Customer equipment classified under account 1.1.1341 (e.g. PABX interface cards) is excluded.
1	1.1	1.1.1114	Base station controller	The base station controller ("BSC") including both the base station control equipment ("BCE") and the transcoding equipment ("TCE") even if the TCE is physically located with the MSC. If at any point in time a BSC also performs a smirching function, any additional equipment associated with this function is to be included.
1	1.1	1.1.1119	Base station sub system – ancillary equipment	Power supplies, air-conditioning and other ancillary equipment required for the operation of the communications plant connecting the customer equipment to the BSC on the access network.
1	1.1	1.1.1121	"A interface" transmission subsystem	"A interface" transmission subsystem comprises equipment used to connect the BSC to the MSC. This equipment category includes the multiplexing equipment, line termination equipment, filters, equalisers, regenerators, radio and microwave towers, ducts, cables, microwave antennas and modems.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
1	1.1	1.1.1122	Mobile switching	<p>The switching facilities for the backbone network include mobile switching centres ("MSC"), visitor location registers ("VLR"), tandem switches and associated traffic measurement apparatus, test access, performance monitoring and associated equipment such as relays, racks, transformers and amplifiers.</p> <p>Also included in this account category are the mobile network supplementary services, except for stand-alone equipment used to interface to other networks or services (e.g. an SMS gateway is attached to the national network but is a value added network service and would therefore be excluded from this account).</p>
1	1.1	1.1.1123	Trunk switching	<p>Switching equipment dedicated to switching and routing traffic that is not typically included in the mobile switching network.</p> <p>This includes all associated ancillary equipment.</p>
1	1.1	1.1.1124	Network databases	<p>Network databases include the home location register(s) ("HLR"), authentication centre ("AuC") and equipment identification register ("EIR") together with any dedicated peripheral equipment.</p>
1	1.1	1.1.1125	Transmission systems	<p>The transmission facilities used to connect MSCs to each other, or the MSCs to the PSTS, or the MSCs to the operations and maintenance centre ("OMC"), or the MSCs to other MCTS and MSC to databases.</p> <p>Transmission systems include the multiplexing equipment, line termination equipment, filters, equalisers, regenerators, radio and microwave towers, ducts, cables, microwave antennas and modems.</p>
1	1.1	1.1.1129	MS&TN – ancillary equipment	<p>Power- supplies, air-conditioning and other ancillary equipment required for the operation of the transmission network.</p>
1	1.1	1.1.113x	Value added network services	Sum of VAS plant and equipment accounts. <p>Value added network services ("VAS") equipment includes processors, terminals and ancillary equipment.</p>
1	1.1	1.1.1131	Data and Internet Services gateway	<p>Data and Internet Services Gateways comprise equipment connected to the network primarily for the purpose of providing data and internet related services.</p> <p>Data and Internet Services Gateways include processors, terminals and transmission facilities required to provide data and internet services and all the associated interconnecting transmission systems.</p>

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
1	1.1	1.1.1132	VAS processors and terminals	VAS comprises equipment connected to the network primarily for the purpose of providing value added services. VAS include processors, terminals and transmission facilities required to provide short message service ("SMS"), cell broadcast service ("CBS"), operator services, directory services, customer services, emergency services, voicemail, non-voice valued added services, company private network and all the associated interconnecting transmission systems.
1	1.1	1.1.1139	VAS – ancillary equipment	Power supplies, air-conditioning and other ancillary equipment required for the operation of the VAS communications plant.
1	1.1	1.1.114x	Other Plant	Sum of other plant and equipment accounts.
1	1.1	1.1.1141	Operations and maintenance	This account includes all equipment required to provide the network operations and maintenance. Included in this account are all the processors, terminals, dedicated transmission links and related software and devices designed to electronically and/or remotely monitor, maintain and configure different elements of the network (i.e. the operations and maintenance subsystem). Portable terminals used for local maintenance, power supplies, air-conditioning and ancillary equipment are also included. Functions performed by this system include traffic measurement, alarm management, performance monitoring, network protection and operational measurement.
1	1.1	1.1.1142	Network management systems	Includes all the network measurement systems required for <u>billing</u> and administration. Includes the processors, terminals, transmission plant, software and peripheral equipment required to <u>provide all billing</u> (wholesale and retail), network administration, fraud prevention/detection systems and to provide management information.
1	1.1	1.1.1149	Other plant	This account includes all other equipment required to provide mobile cellular services which have not been included in accounts 1.1111 to 1.1142.
1	1.1	1.1.12xx	Land and buildings	Sum of land, buildings and non-communications plant and equipment asset accounts.
1	1.1	1.1.1201	Land	Land used in the provision of telecommunication services. Includes land improvements, but excludes buildings and other structures.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
1	1.1	1.1.1202	Buildings – general purposes	Buildings, permanent fixtures, related machinery and appliances (such as lifts, fire detection equipment, air-conditioning, window units, etc.). Costs incidental to the construction or purchase of a building and to securing possession of a title are also included. Where land, together with the buildings, is acquired, the cost shall be apportioned between land and buildings. Excludes telephone equipment or wiring apparatus for generating or controlling electricity for operating the telephone system. Excludes leasehold improvements.
1	1.1	1.1.1203	Buildings – special purposes	Building – special purpose, for example, switch buildings.
1	1.1	1.1.1204	Leasehold improvements	Leasehold improvements which are subject to amortisation Improvements to buildings that are minor in cost have a short life or for which the lease period is equal to or less than one year shall be charged to Repairs and Maintenance (see account 8.1.5xxx).
1	1.1	1.1.13xx	Non-network plant and equipment	Sum of Non-communications plant and equipment asset accounts.
1	1.1	1.1.131x	Furniture and office equipment	Sum of Non-communications plant and equipment asset accounts.
1	1.1	1.1.1311	Furniture and office equipment	Furniture in offices, storerooms, workshops and other areas. Includes office equipment, office machinery (such as cheque signing machines, facsimile machines, photocopiers, bulletin boards, etc.) domestic appliances, artwork and other such items.
1	1.1	1.1.132x	Information technology	
1	1.1	1.1.1321	General purpose PCs and peripherals	Computers and peripheral devices that are designed to perform general administrative information processing activities. Includes computer and related equipment – mainframe and minicomputers, personal computers, word processors, Local Area Network (“LAN”) equipment and terminals, software and associated equipment. Excludes cost of computers, their associated peripheral devices, and the operating system software associated with switching, network signalling, network operations or other specific telephone communications plant.
1	1.1	1.1.1322	Hardware	Hardware, including mainframe and mini-computers, Local Area Network (LAN) equipment and terminals.
1	1.1	1.1.1323	Software -general	General purpose software, for example, operating system software.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
1	1.1	1.1.1324	Software – billing systems	Software for retail and wholesale billing systems.
1	1.1	1.1.1325	Software – finance and other systems	Software - finance and other systems, for example, human resources systems.
1	1.1	1.1.1329	Other information technology	Other information technology software expenses.
1	1.1	1.1.133x	Vehicles	Sum of vehicle asset accounts.
1	1.1	1.1.1331	General purpose vehicles	Motor vehicles including cars, trucks, and vans, except those classified under Mechanical Aids and Special Purpose vehicles. The value of these assets includes all capitalised improvements.
1	1.1	1.1.1332	Special purpose vehicles	Vehicles specially designed for telecommunications or construction purposes, including pole setting vehicles, trenchers, platform trucks and similar vehicles.
1	1.1	1.1.1333	Mechanical aids	Special purpose vehicles, including bulldozers, tractors, backhoes, boats, graders and generators. The value of these assets included all capital improvements.
1	1.1	1.1.1341	Customer premises equipment	Equipment used by a customer that connects directly or indirectly to the mobile network. Customer equipment includes mobile terminals (hand-portable, portable and vehicle mounted), mobile data and fax terminals, SIM cards, and metering equipment. Also includes customer equipment located at a customer site for private wire connection to the mobile network, mobile terminals used to provide overseas (non mobile network) service, power plant and air-conditioning required for the operation of the customer equipment.
1	1.1	1.1.1342	Community service equipment	Equipment used by MCTS operators to provide Community Services. This equipment is connected directly or indirectly to the mobile network. Community service equipment mobile data and fax terminals, SIM cards, payphones and metering equipment which are used solely for the purpose of providing community services.
1	1.1	1.1.139x	Other non-network plant and equipment	Sum of other non-network plant and equipment asset accounts.
1	1.1	1.1.1399	Other non-network plant and equipment	Minor items of plant and equipment that have not been included in the categories above.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
1	1.1	1.1.2xxx	Capital work in progress	Sum of capital work in progress accounts. Communications plant and equipment under construction. Includes all direct costs and variable overhead incurred in the construction of the asset as well as capitalised finance charges. Costs are to be capitalised when the asset is constructed and ready for use. An asset that has been constructed but is not in use cannot be classified as Construction in Progress. (See Table 4-2 for plant and equipment account codes).
1	1.1	1.1.3xxx	Leases	Sum of lease accounts. The capital value of all finance leases. (See table 4.2 for plant and equipment account codes).
1	1.1	1.1.4xxx	Accumulated depreciation	Sum of accumulated depreciation accounts. Accumulated depreciation associated with the plant and equipment in service, per categories identified in Accounts 1.1.1xxx. (See Table 4-2 for plant and equipment account codes).
1	1.1	1.1.5xxx	Accumulated amortisation leases	Includes accumulated amortisation associated with leased land, buildings, plant and equipment in service, per categories identified in Account 1.1.3xxx. (See Table 4-2 for plant and equipment account codes).
1	1.2	1.2.xxxx	Investment properties	Investments held by the MCTS operator for generating business income but which is not use in providing mobile services, e.g. real estate investments.
1	1.3	1.3.xxxx	Intangible assets	Sum of intangible asset accounts.
1	1.3	1.3.1000	Licenses	Capitalised value of the national cellular telecommunications license net of portion amortised.
1	1.3	1.3.2000	Permits and rights of way	Costs incurred in the acquisition of permits and rights – of – way.
1	1.3	1.3.4000	Pre-operating expenses and other intangible assets	Costs incurred in the development stage of company start-up, goodwill, etc. Pre-operating expenses not expected to contribute to revenue in future periods are written off in the period in which the loss of service potential becomes apparent.
1	1.3	1.3.5000	Capitalised development cost	Development costs incurred that have been capitalised because they are likely to yield future benefits.
1	1.3	1.3.5000	Patents copyrights and trademarks	Costs associated with patents, copyrights, trademarks, trade names, secret formulas, and organisation costs, franchises and capitalised subscriber acquisition costs incurred during the start up period.
1	1.4	1.4.1000	Investment in subsidiaries	Carrying amount of investment in subsidiaries.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
1	1.5	1.5.1000	Investments in associates	Carrying amount of investment in associates (share of investment and share of profits).
1	1.5	1.5.2000	Amounts due from associates	Loans made to and associates not due within the next twelve months.
1	1.6	1.6.1000	Other investments	Other non-current assets not defined in the accounts listed above.
1	1.7	1.7.1000	Deferred taxation	Deferred tax assets.
1	1.8	1.8.1000	Non-current receivables	Amount due from parties, not collectable within the next twelve months.
2	2.0	2.x.xxxx	Current assets	Sum of current asset accounts.
2	2.1	2.1.1000	Inventories	Materials and supplies held for use or sale within the next twelve months including raw material, store supplies and spare parts. Inventories shall be reported net of provision for stock obsolescence.
2	2.2	2.2.1xxx	Accounts receivable	Sum of accounts receivable accounts.
2	2.2	2.2.1010	Accounts receivable – retail customers	Amounts due from retail customers for telecommunication services, collectable within the next 12 months.
2	2.2	2.2.1020	Accounts receivable – service providers	Amounts due from service providers for telecommunication services, collectable within the next 12 months.
2	2.2	2.2.1030	Accounts receivable – other Operators	Amounts due from other Operators for telecommunication services, collectable within the next 12 months.
2	2.2	2.2.1040	Accounts receivable – affiliates	Amounts that are due from affiliates for telecommunications and other services and that are collectable within twelve months.
2	2.2	2.2.2010	Short term loans – non Affiliates	Loans made to non-affiliates repayable within the next twelve months.
2	2.2	2.2.2020	Short term loans – Affiliates	Loans made to affiliates repayable within the next twelve months.
2	2.2	2.2.3010	Provisions for doubtful accounts – retail customers	Provision against amounts due from retail customers for telecommunications services.
2	2.2	2.2.3020	Provisions for doubtful accounts – service providers	Provision against amounts due from service providers for telecommunications services.
2	2.2	2.2.3030	Provisions for doubtful accounts – other Operators	Provision against amounts due from other Operators for telecommunications services.
2	2.2	2.2.3040	Provisions for doubtful accounts – Affiliates	Provision against amounts due from Affiliates for telecommunications services.
2	2.2	2.2.4000	Other receivables	Other non-telecommunications related accounts due and collectable within twelve months net of any doubtful amount. Includes short-term loans due from and deposits paid to persons other than customers, e.g. officers and employees.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
2	2.2	2.2.5000	Prepayments	Amounts paid in advance of the period in which they are chargeable against income, except amounts chargeable to telecommunications plant under construction and other minor amounts. Includes prepaid rents, prepaid taxes, prepaid insurance and other prepayments, which are expected to be incurred within the next twelve months.
2	2.2	2.2.6000	VAT receivable	VAT receivable.
2	2.2	2.2.7000	Other current assets	Other financial assets not expected to be held for longer than 12 months, for example, interest rate swaps.
2	2.3	2.3.0000	Marketable securities	Trading portfolio of listed investments.
2	2.4	2.4.1000	Cash and cash equivalents	Bank and cash balances, special cash and term deposits, cash in transit, and negotiable money orders and cheques which are readily convertible to cash Cash on special deposit to be held for more than one year from the date of deposit shall be included in Other Non-current Assets.
3	3.0	3.0.xxxx	Capital and reserves	Sum of shareholders funds, long-term liabilities, and deferred tax accounts.
3	3.1	3.1.1000	Share capital	Amounts received for capital stock, common and preferred, at par – value or the stated amount.
3	3.2	3.2.1000	Share premium	Amounts received for capital stock, common and preferred, in excess of par – value or the stated amount.
3	3.3	3.3.1000	Retained earnings\ Accumulated loss	Undistributed balance of retained earnings or accumulated losses.
3	3.4	3.4.xxxx	Revaluation and other reserves	Sum of all distributable and non-distributable reserves including asset revaluation, capital redemption and other reserves.
3	3.4	3.4.2100	Asset revaluation reserve	Surplus arising on the revaluation of fixed assets property, plant and equipment.
3	3.4	3.4.2200	Other reserves	Reserves other than asset revaluation reserves.
3	3.4	3.4.2300	Other revaluation reserve	Surplus arising from the revaluation of assets excluding property, plant and equipment, for example, marketable securities.
4	4	4.0.xxxx	Non-current liabilities	Sum of long-term liability accounts.
4	4.1	4.1.1000	Interest bearing borrowings	Principal outstanding on amounts owing to financial institutions and other creditors not due and payable within twelve months Includes long-term portion outstanding on bank loans, debentures, mortgages, financial leases, and promissory, notes.
4	4.2	4.2.1000	Provision for liabilities and charges	Provision for liabilities not due within 12 months, for example, retirement benefits.
4	4.4	4.4.xxxx	Deferred tax liabilities	Sum of deferred tax accounts.
4	4.4	4.4.1000	Deferred tax liabilities	Deferred tax liability.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
4	4.5	4.5.1000	Long term debt owed to affiliates	Long-term debt owing to affiliates not payable within twelve months.
4	4.5	4.5.2000	Long-term licence fees payable	The portion of the license fee not due and payable within twelve months.
4	4.5.	4.5.4000	Other non-current liabilities	Other non-current liabilities, for example, warranty claims.
5	5.1	5.1.1xxx	Trade creditors	Amounts owing to suppliers and other persons, except financial institutions and affiliate companies, due and payable within twelve months and known liabilities that remain unpaid at the end of a period. Includes the portion of the licence fee payable within the next twelve months.
5	5.1	5.1.3000	Amounts due to other Operations	Amounts due and payable to other Operators within twelve months.
5	5.1	5.1.4000	Amounts due to affiliates	Amounts owing to affiliates due and payable within twelve months.
5	5.1	5.1.5000	Accrued expenses	Liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay)
5	5.1	5.1.6000	Customer deposits	Cash deposited with the MCTS operator as security for the payment of telecommunications services
5	5.1	5.1.7000	Other creditors	Other creditors, for example, RSC levies.
5	5.1	5.1.8000	VAT payable	VAT payable.
5	5.2	5.2.1000	Current tax liabilities	Taxes payable within the next twelve months.
5	5.3	5.3.3000	Current portion of long term borrowings	Principal amounts due within twelve months.
5	5.4	5.4.1000	Short-term borrowings	Short-term notes, bank overdrafts, bank loans, promissory notes due and payable within the next twelve months.
5	5.5	5.5.1999	Other current liabilities.	All other liabilities payable within the next twelve months not included in the accounts above.
5	5.5	5.5.1xxx	Deferred income	Sum of deferred income accounts
5	5.5	5.5.1000	Deferred income	Revenue received in advance that has not yet accrued
5	5.7	5.7.5000	Dividends declared	Dividends declared and payable.
5	5.0	5.x.xxxx	Current liabilities	Sum of current liability accounts.
6	6.x	6.x.xxxx	Revenues	Sum of revenue accounts
6	6.1	6.1.xxxx	Retail Revenue	Sum of revenues earned for mobile network services.
6	6.1	6.1.1xxx	Connection Revenue	Sum of revenues from initial charges to the subscriber for connection to the network.
6	6.1	6.1.1000	Connection Revenue – no detail available	Revenues from initial charges to subscribers that cannot be classified in the revenue accounts above.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
6	6.1	6.1.1010	Connection Revenue - RSP – affiliated – prepaid segment	Revenues from initial charges to the prepaid subscribers of affiliated service providers for connection to the network.
6	6.1	6.1.1020	Connection Revenue - RSP – affiliated – contract segment	Revenues from initial charges to the contract subscribers of affiliated service providers for connection to the network.
6	6.1	6.1.1030	Connection Revenue - RSP – non-affiliated – prepaid	Revenues from initial charges to the prepaid subscribers of non-affiliated service providers for connection to the network.
6	6.1	6.1.1040	Connection Revenue - RSP – non-affiliated – contract	Revenues from initial charges to the contract subscribers of non-affiliated service providers for connection to the network.
6	6.1	6.1.1050	Connection Revenue – Direct Customers	Revenues from initial charges to direct subscribers for connection to the network.
6	6.1	6.1.1000	Connection Revenue – no detail available	Revenues from initial charges to subscribers that cannot be classified in the revenue accounts above.
6	6.1	6.1.2xxx	Access Charges	Sum of revenues from monthly subscription fees charged to the subscribers for ongoing network access
6	6.1	6.1.2000	Access Revenue – no detail available	Revenues from monthly subscription fees charged to subscribers that cannot be classified in the categories above.
6	6.1	6.1.2010	Access Revenue - RSP – affiliated – prepaid	Revenues from monthly subscription fees charged to the prepaid subscribers of affiliated service providers for ongoing network access
6	6.1	6.1.2020	Access Revenue - RSP – affiliated – contract	Revenues from monthly subscription fees charged to the contract subscribers of affiliated service providers for ongoing network access
6	6.1	6.1.2030	Access Revenue - RSP – non-affiliated – prepaid	Revenues from monthly subscription fees charged to the prepaid subscribers of non-affiliated service providers for ongoing network access
6	6.1	6.1.2040	Access Revenue - RSP – non-affiliated – contract	Revenues from monthly subscription fees charged to the contract subscribers of affiliated non-service providers for ongoing network access
6	6.1	6.1.2050	Access Revenue – Direct Customers	Revenues from monthly subscription fees charged to the direct subscribers of the network operator.
6	6.1	6.1.30xx	Airtime Revenue – National Calls	Sum of Airtime Revenue from National Calls. Call charges (net of any standard minimum discount) generated by subscribers, originating on the MCTS and terminating in the Republic of South Africa ("RSA") calculated in accordance with the approved tariff plan.
6	6.1	6.1.3000	Airtime Revenue - National Calls – no detail available	Revenues from national airtime fees charged for ongoing use of the mobile network that cannot be classified in the revenue categories below.
6	6.1	6.1.3010	Airtime Revenue - National Calls - RSP – affiliated – prepaid	Revenues from national airtime fees charged to the prepaid subscribers of affiliated service providers for ongoing use of the mobile network.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
6	6.1	6.1.3020	Airtime Revenue - National Calls - RSP – affiliated – contract	Revenues from national airtime fees charged to the contract subscribers of affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.3030	Airtime Revenue - National Calls - RSP – non-affiliated – prepaid	Revenues from national airtime fees charged to the prepaid subscribers of non-affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.3040	Airtime Revenue - National Calls - RSP – non-affiliated – contract	Revenues from national airtime fees charged to the contract subscribers of non-affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.3050	Airtime Revenue - National Calls – Direct Customers	Revenues from national airtime fees charged to the direct subscribers of the MCTS operator for ongoing use of the mobile network.
6	6.1	6.1.3060	Airtime Revenue - National Calls – Community Service	Revenues from national airtime fees charged for ongoing use of community service
6	6.1	6.1.4xxx	Airtime Revenue – International Calls	Sum of Airtime Revenue from International Calls. Revenues from international airtime fees generated by subscribers, originating on the MCTS and terminating overseas, calculated in accordance with the approved tariff plan.
6	6.1	6.1.4000	Airtime Revenue - International Calls – no detail available	Revenues from international airtime fees charged for ongoing use of the mobile network that cannot be classified in the revenue categories below.
6	6.1	6.1.4010	Airtime Revenue - International Calls - RSP – affiliated – prepaid	Revenues from international airtime fees charged to the prepaid subscribers of affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.4020	Airtime Revenue - International Calls - RSP – affiliated – contract	Revenues from international airtime fees charged to the contract subscribers of affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.4030	Airtime Revenue - International Calls - RSP – non-affiliated – prepaid	Revenues from international airtime fees charged to the prepaid subscribers of non-affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.4040	Airtime Revenue - International Calls - RSP – non-affiliated – contract	Revenues from international airtime fees charged to the contract subscribers of non-affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.4050	Airtime Revenue - International Calls – Direct Customers	Revenues from international airtime fees charged to the direct subscribers of the MCTS operator for ongoing use of the mobile network.
6	6.1	6.1.4060	Airtime Revenue - International Calls – Community Service	Revenues from international airtime fees charged for ongoing use of community services.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
6	6.1	6.1.5xxx	Airtime Revenue – International roaming	Sum of revenues from international roaming services Call charges (net of any standard minimum discount) and other revenue generated by subscribers, who roam on foreign MCTS networks.
6	6.1	6.1.5000	Airtime Revenue - International roaming – no detail available	Revenues from roaming fees charged which cannot be classified in the segments above.
6	6.1	6.1.5010	Airtime Revenue - International roaming - RSP – affiliated – prepaid	Revenues from foreign roaming fees charged to the prepaid subscribers of affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.5020	Airtime Revenue - International roaming - RSP – affiliated – contract	Revenues from foreign roaming fees charged to the contract subscribers of affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.5030	Airtime Revenue - International roaming - RSP – non-affiliated – prepaid	Revenues from foreign roaming fees charged to the prepaid subscribers of non-affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.5040	Airtime Revenue - International roaming - RSP – non-affiliated – contract	Revenues from foreign roaming fees charged to the contract subscribers of non-affiliated service providers for ongoing use of the mobile network.
6	6.1	6.1.5050	Airtime Revenue - International roaming – Direct Customers	Revenues from foreign roaming fees charged to the direct subscribers of the MCTS operator for ongoing use of the mobile network.
6	6.1	6.1.6xxx	Other Revenue	Sum of other mobile revenue charges. Other mobile revenue charges levied and not included above, including migration fees, billing and administration charges and SIM cards
6	6.1	6.1.6000	Other Revenue – no detail available	Other revenues earned from subscriber that cannot be classified in revenue accounts above.
6	6.1	6.1.6010	Other Revenue - RSP – affiliated – prepaid	Other revenues earned from prepaid customers from affiliated RSPs.
6	6.1	6.1.6020	Other Revenue - RSP – affiliated – contract	Other revenues earned from contract customers from affiliated RSPs.
6	6.1	6.1.6030	Other Revenue - RSP – non-affiliated – prepaid	Other revenues earned from prepaid customers from non-affiliated RSPs.
6	6.1	6.1.6040	Other Revenue - RSP – non-affiliated – contract	Other revenues earned from contract customers from non-affiliated RSPs.
6	6.1	6.1.6050	Other Revenue – Direct Customers	Other revenues earned from prepaid customers from affiliated RSPs.
6	6.1	6.1.6060	Other Revenue – Community Service	Other revenues earned from community services.
6	6.2	6.2.xxxx	Wholesale Revenue	Sum of revenues earned from other operators

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
6	6.2	6.2.11xx	Call Termination – MCTS	Amounts charged to other MCTS operators for terminating national calls that originated on another MCTS network, in accordance with the Interconnection Agreement Refer to Table 4-5 for retail segment account code detail.
6	6.2	6.2.12xx	Call Termination – PSTS	Amounts charged to PSTS operators for terminating national calls that originated on the PSTS, destined for subscribers on the MCTS, in accordance with the Interconnection Agreement Refer to Table 4-5 for retail segment account code detail.
6	6.2	6.2.13xx	Call Termination – international calls	Amounts charged to for terminating calls that originated outside of RSA, destined for subscribers on the MCTS, in accordance with the Interconnection Agreement Refer to Table 4-5 for retail segment account code detail.
6	6.2	6.2.2200	National roaming revenue – voice	Revenue from another national MCTS operators for calls made and received by their subscribers when registered as a visitor on the MCTS operators' network
6	6.2	6.2.3300	International roaming revenue – foreign Operators	Revenue from foreign operators for calls made by their subscribers when registered as a visitor on the MCTS operators' network
6	6.2	6.2.4200	National roaming revenue - text	Revenue from another national MCTS operators for text messages made and received by their subscribers when registered as a visitor on the MCTS operators' network
6	6.2	6.2.5100	Directory services– MCTS -	Amounts charged to other MCTS operators for their use of directory services on the MCTS operator's network. Refer to Table 4-5 for retail segment account code detail.
6	6.2	6.2.5200	Directory services – PSTS -	Amounts charged to other PSTS Operators for their use of directory services on the MCTS operator's network. Refer to Table 4-5 for retail segment account code detail.
6	6.2	6.2.5300	Directory services– Foreign Operators -	Amounts charged to foreign Operators for their use of directory services on the MCTS operator's network. Refer to Table 4-5 for retail segment account code detail.
6	6.2	6.2.5400	Directory services– Other Operators	Amounts charged to other operators for their use of directory services on the MCTS operator's network. Refer to Table 4-5 for retail segment account code detail.
6	6.2	6.2.6100	Other Operator revenue - MCTS	All other MCTS generated telecommunications revenue not included above

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
6	6.2	6.2.6200	Other Operator revenue – PSTS	All other PSTS generated telecommunications revenue not included above
6	6.2	6.2.6300	Other Operator revenue – Foreign Operators	All other Foreign Operator generated telecommunications revenue not included above
6	6.2	6.2.6400	Other Operator revenue – Other Operators	All other telecommunications revenue generated from other Operators, not included above
6	6.3	6.3.xxxx	Other Revenue	Sum of other revenues.
6	6.3	6.3.1000	Non-regulated telecommunication services	Revenue from the provision of products or services of a telecommunications nature but falling outside the ambit of regulated mobile network activities.
6	6.3	6.3.9000	Other non-telecommunication revenue	Other operating revenues not included above e.g. advertising income, rentals received, membership fees received, bad debts recovered, etc.
7	7.1	7.1.xxxx	Cost of Sales	Sum of Cost of Sale accounts. Cost of sales comprises: <ul style="list-style-type: none"> • Discounts and sales incentives that are offered to service providers and retail customers contingent upon the achievement of a certain volume of call activity from the existing subscriber base • Other incentives linked to ongoing revenue streams once the subscriber is contracted, and • Non-controllable expenditure directly related to revenues earned in the provision of telecommunications products or services e.g. Interconnection.
7	7.1	7.1.1xxx	Volume discounts	Sum of volume discount accounts. Discounts offered as incentives for growth in the volume of network activity of the existing subscriber base. Refer to Table 4-5 for retail segment account code detail.
7	7.1	7.1.2xxx	Other special incentives	Other discounts offered linked to ongoing revenue streams from the existing subscriber base. Refer to Table 4-5 for retail segment account code detail.
7	7.1	7.1.3xxx	Community service discounts	Any volume or other community service discounts linked to ongoing revenue streams from the existing base. Refer to Table 4-5 for retail segment account code detail.
7	7.1	7.1.4xxx	Interconnection charges – national calls – PSTS completed	Amounts paid to PSTS in respect of national interconnect traffic originating on the MCTS and destined for the PSTS network, in accordance with the Interconnection Agreement. Refer to Table 4-5 for retail segment account code detail.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
7	7.1	7.1.5xxx	Interconnection charges – national calls, other Operator completed	Amounts paid to other Operators in respect of national interconnect traffic originating on the MCTS destined for another network. Refer to Table 4-5 for retail segment account code detail.
7	7.1	7.1.6xxx	Interconnection charges – international calls	Amounts paid to PSTS in respect of international interconnect traffic originating on the MCTS and destined for outside RSA, in accordance with the Interconnection Agreement. Refer to Table 4-5 for retail segment account code detail.
7	7.1	7.1.7xxx	Inter-operator charges - roaming	Sum of interconnection charges for roaming Amounts paid to other Operators for network subscribers roaming on their networks. Refer to Table 4-5 for retail segment account code detail.
7	7.1	7.1.8xxx	Interconnection charges – community services	Sum of interconnection charges to community services accounts. Amounts paid to PSTS (net of any interconnect discount) in respect of community service originated traffic destined for another network. Refer to Table 4-5 for retail segment account code detail.
7	7.1	7.1.9000	Other Operator interconnection charges	Other direct interconnection charges not included above. Included are other costs in terms of the interconnection agreement e.g. services charges.
7	7.2	7.2.2000	Other direct costs	Other miscellaneous cost of goods or service sold.
7	7.2	7.2.3000	Regional service council levies and value added taxes	Regional service council levies and value added taxes
7	7.9	7.9.1000	Non-regulated	Cost of sales of a telecommunications nature but falling outside the ambit of regulated activities.
8	8.0	8.x.xxxx	Operating expenses	Sum of operating expense accounts.
8	8.1	8.1.xxxx	Operating expenses	Sum of plant expense accounts. Plant specific operating expenses include the costs that are directly related to the provision of network capabilities by both communications and non-communications plant. Expenses are to be accumulated by specific type of plant and equipment. Labour and overhead expenses incurred for construction of plant and equipment are excluded from these accounts.
8	8.1	8.1.1xxx	Product and customer management	Salaries and other overheads incurred in the development and investigation of products/services.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
8	8.1	8.1.1200	Product development	<p>Product development expenditures incurred to improve products with a view to increasing market acceptance. Development expenditures required technological advancement and relate to products that already exist.</p> <p>Examples of such expenditures include scientific research, engineering or design, operations research, mathematical analysis, computer programming, psychological research, and applied research.</p> <p>Expenditures that are excluded from this category are market research, sales promotion, quality control or routine testing of materials, equipment or products, research in the social sciences or humanities, commercial production of new or improved materials, devices or products, style changes and routine data collection.</p>
8	8.1	8.1.1300	Marketing planning	<p>Salaries, externally contracted services and related overheads incurred in administrative activities associated with marketing of products and services.</p> <p>This account includes competitive analysis, product and service identification, and specification test and market planning and demand forecasting product life cycle analysis, pricing analysis and identification and establishment of distribution channels.</p>
8	8.1	8.1.2xxx	Subscriber acquisition, dealer and service provider support	<p>Sum subscriber acquisition, dealer and service provider support accounts.</p> <p>Salaries and other overheads related to the acquisition of new subscribers and the management of service providers and dealers. Includes advertising, developing marketing campaigns, promoting and selling products/services, connection discounts, contract management, training and activating new subscribers.</p>
8	8.1	8.1.2200	Connection discounts	<p>Discounts granted as an incentive to the service provider to connect new subscribers to the network e.g. bounty payments and other new connection incentives</p>
8	8.1	8.1.2300	Advertising costs	<p>Salaries, externally contracted services and related overheads incurred in developing and implementing promotional strategies to stimulate the purchase and use of products and services, attract new subscribers etc.</p> <p>This account excludes corporate advertising, relating to corporate image, stock and bond issues and employment advertising which shall be included in the appropriate functional accounts.</p>

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
8	8.1	8.1.2400	Sales administration	Salaries and related overheads incurred in selling products and services, determining customer requirements, developing customer proposals, sales order preparation and handling and preparing of sales records.
8	8.1	8.1.2500	Service provider contract management	Salaries and related overheads incurred in managing service providers. Includes training, contract set-up costs, monitoring and controlling performance and other service provider support cost.
8	8.1	8.1.3xxx	Order fulfilment	Sum of order fulfilment accounts. Salaries and other overheads relating to the serving of existing subscribers either directly or via a service provider. Included connection, billing and collecting accounts, providing distribution support and customer service.
8	8.1	8.1.3100	Connection	Direct labour, supervision, materials and related overheads associated with connecting and administering new subscribers, facility removal or connection of customer owned or rented equipment. Excludes the cost of installing major plant and equipment such as the main network.
8	8.1	8.1.3200	Customer services	Salaries and related overheads incurred in establishing and servicing any direct customer accounts, informing customers on the use of products and services, investigating customer accounts and informing service providers of fraud prevented related information.
8	8.1	8.1.3300	Operator services	Salaries and related overheads incurred in assisting customers place and complete calls, except directory services. This includes handling and recording, intercepting, quoting rates, time and charges and all other activities involved with handling of calls.
8	8.1	8.1.3400	Directory services	Salaries and related overheads incurred in providing customer number and classified listings. This includes preparing or purchasing, compiling and disseminating those listings through directory assistance or other means.
8	8.1	8.1.3500	Billing and collections	Salaries and related overheads incurred in: <ul style="list-style-type: none"> • Providing service providers with wholesale billing information • Maintaining and billing customer accounts • Collecting revenues, reporting receipts, administering collection treatment • Handling contacts with customers regarding adjustments of bills; and • Amounts paid by other Operators for billing and collection services.

Appendix C: Detailed Chart of Accounts

Major Account	Minor Account	Account Number	Account Title	Account Description
8	8.1	8.1.3600	Carrier services	Salaries and related overheads in- <ul style="list-style-type: none"> • Providing other Operators v • billing information • Maintaining and billing otl • accounts • Collecting revenues, repor • administering collection treatm • Handling contacts with ot • regarding adjustments of bills; • Amounts paid by other Opera • and collection services.
8	8.1	8.1.3700	Bad debt expense	Debts proven irrecoverable in ter Income Tax Act. Debts written o subsequently recovered are treat revenue.
8	8.1	8.1.3800	Provision for doubtful accounts	Provision for debts not expected 1 but not yet proven irrecoverable.
8	8.1	8.1.4xxx	Network Operation and Engineering	Sum of network operations and accounts. Salaries and related overheads inc general administration of plant op Includes planning and optimisatic co-ordinating and monitoring the supervising staff activities (See T plant and equipment account code
8	8.1	8.1.5xxx	Network maintenance	Sum of repair and maintenance Direct labour, supervision salaries support salaries and other office s incurred to repair and maintain pl equipment. The period cost of an repair and maintain fixed assets Examples include general repairs maintenance, preventative mainte inspection, parts replacements and rearrangements, restoration of dai and equipment. (See Table 4-2 fo equipment account codes).
8	8.1	8.1.6000	Other Maintenance	Maintenance not included in 8.1.4
8	8.1	8.1.7xxx	Other operating expenses	Sum of other operating expense Other product and customer speci not included in the accounts speci
8	8.1	8.1.7100	Licence fees	The portion of the licensee fee ex period.
8	8.1	8.1.7200	Community service	Direct expenditure relating to the service segment.
8	8.1	8.1.7300	Other segment expenses	Other segment related expenses n above.
8	8.2	8.2.xxxx	Contract Support Costs	Sum of contract operations exp These expenses arise from proces or activities associated with the p telecommunications services, perl individuals, and are either plant o specific.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
8	8.2	8.2.1000	Human resource	Salaries, wages, and other expenses incurred in performing personnel administration activities.
	8.2	8.2.2000	Finance and accounting	Salaries and related overheads incurred in providing accounting and financial services. Accounting services include payroll and disbursements, property accounting, capital recovery, non customer billing, tax accounting, internal and external auditing, capital and operating budget analysis and control and general accounting activities. Financial services include banking operations, cash management, benefit investment fund management (including actuarial services), securities management, debt trust administration, corporate financial planning and analysis and internal cashier services.
8	8.2	8.2.3000	Procurement and materials management	Salaries and related overheads associated with procuring and materials management of materials and supplies inventory including office supplies. Procurement function also includes analysing and evaluating suppliers' products, selecting appropriate supplier' products, negotiating supply contracts, placing purchase orders, expediting and controlling orders placed for material, developing standards or material purchased and administering vendor or user claims. Materials management includes functions associated with controlling, distributing and warehousing inventory.
8	8.2	8.2.4000	Legal and regulatory	Cost of legal services including internal and external counsel, court costs, filing fees, witness costs, transcription fees and similar costs of conducting litigation or preparing contracts or other legal documents. Salaries, external services and other office support costs incurred in maintaining relations with the regulatory authorities.
8	8.2	8.2.5000	Information systems	Salaries and related overheads incurred in the design, development, testing and implementing of software and applications for general business functions of the company.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
8	8.2	8.2.6000	Executive and planning	Salaries and related overheads incurred in formulating corporate policy and in providing overall administration and management. Included are payment of fees and reimbursement of expenses to Boards of Directors and their office staffs (e.g. secretaries and staff assistants). In addition this account includes costs incurred in performing corporate reorganisations, and integrated long-range planning including management studies, options and contingency plans and economic strategic analysis.
8	8.2	8.2.7000	Corporate marketing and public relations	Costs of non-product related marketing and advertising. For example marketing and advertising related to corporate image, and stock and bond issues.
8	8.2	8.2.8000	Other corporate operations expenses	Expenditure related to corporate-wide functions that cannot be directly linked to plant and equipment or business operations
8	8.3	8.3.xxxx	Depreciation, Leases and Rentals	Sum of depreciation, leases and rental accounts.
8	8.3	8.3.1xxx	Depreciation	The periodic allocation of the depreciable amount of an asset over its estimated useful life. (See Table 4-2 for plant and equipment account codes).
8	8.3	8.3.2xxx	Supplementary depreciation	Sum of supplementary depreciation accounts. The supplementary allocation of the depreciable amount of an asset over its estimated useful life. (See Table 4-2 for plant and equipment account codes).
9	8.3	8.3.35xx	Holding gains/losses	Sum of gains or losses accounts. Gains or losses from the disposition of certain property such as land, plant and equipment.
8	8.3	8.3.4xxx	Lease and rental expenses	Sum of amortisation of finance leases. Amortisation of finance leases should be performed on a similar basis as that adopted for assets that are owned. (See Table 4-2 for plant and equipment account codes).
8	8.3	8.3.5xxx	Lease and rental expenses	Sum of operating lease accounts. Any periodic lease payments directly related to the provision of network capabilities. Includes amounts paid to PSTS in respect of leased line rental net of any penalties for late delivery of services. (See Table 4-2 for plant and equipment account codes).
9	9.0	9.0.xxxx	Non-operating items	Sum of non-operating items, taxes and dividend accounts.
9	9.1	9.1.xxxx	Income from investments	Sum of non-operating income accounts.

Appendix C: Detailed Chart of Accounts*continued*

Major Account	Minor Account	Account Number	Account Title	Account Description
9	9.1	9.1.1000	Interest received	Interest earned on securities including notes and other evidence of indebtedness, which are the property of the company, whether such securities are owned by the company and held in its treasury, or deposited in trust except in sinking or other funds or otherwise controlled. This account shall include interest on bank balances, certificates of deposits, open accounts and other analogous items.
9	9.1	9.1.1500	Foreign exchange gain (loss)	The net amount of exchange gains and losses on foreign currency transactions.
9	9.1	9.1.2000	Other Income from Investments	Other investment income, for example, dividends from subsidiaries
9	9.2	9.2.xxxx	Finance charges	Sum of finance charge accounts.
9	9.2	9.2.1000	Interest expense	Interest expenses incurred during the period less interest capitalised to construction in progress.
9	9.2	9.2.2000	Other interest Expense	Other interest expense, less interest capitalised to construction in progress.
9	9.2	9.2.3000	Other finance charges	Other financial charges.
9	9.3	9.3.1000	Corporate Tax	Income tax, for the current period adjusted for deferred taxes, excluding those relating to extraordinary items.
9	9.4	9.4.1000	Extraordinary items	Gains or losses resulting from events or transactions outside the ordinary activities of the business and which are both material and not expected to recur frequently or regularly. Extraordinary items are shown net of attributable taxation and must be described as to their nature and size in supporting notes to the financial statements.
9	9.5	9.5.1000	Dividends	Dividends declared during the current period of operations.
9	9.6	9.6.1000	Cost of equity capital	The cost of equity is required return to the MCTS operators shareholders to induce them to continue to invest in the entity given the risks involved.
9	9.7	9.9.1000	Other non-operating expenses	Other non-operating expenses from activities not specified elsewhere.

Appendix D: Chart of Accounts and Cost Pool Categorisation

Account Number	Account Title	Major Cost Pool	Minor Cost Pool
1.x.xxxx	Non-current assets		Non-current assets
1.1.xxxx	Property plant & equipment	Primary Plant	Property plant & equipment
1.1.11xx	Mobile Cellular Network Equipment	Primary Plant	Network Equipment
1.1.1111	Radio subsystem	Primary Plant	Radio subsystem
1.1.1112	Abis transmission subsystem	Primary Plant	Abis transmission subsystem
1.1.1113	Direct customers connections	Primary Plant	Direct customers connections
1.1.1114	Base station controller	Primary Plant	Base station controller
1.1.1119	Base station sub system – ancillary equipment	Support Plant	Base station sub system – ancillary equipment
1.1.1121	“A interface” transmission subsystem	Primary Plant	“A interface” transmission subsystem
1.1.1122	Mobile switching	Primary Plant	Mobile switching
1.1.1123	Trunk switching	Primary Plant	Trunk switching
1.1.1124	Network databases	Primary Plant	Network databases
1.1.1125	Transmission systems	Primary Plant	Transmission systems
1.1.1129	MS&TN – ancillary equipment	Support Plant	MS&TN – ancillary equipment
1.1.113x	Value added network services	Primary Plant	Value added network services
1.1.1131	Data and Internet Services gateway	Primary Plant	Data and Internet Services gateway
1.1.1132	VAS processors and terminals	Primary Plant	VAS processors and terminals
1.1.1139	VAS – ancillary equipment	Primary Support	VAS – ancillary equipment
1.1.114x	Other Plant	Primary Plant	Other Plant
1.1.1141	Operations and maintenance	Support Plant	Operations and maintenance
1.1.1142	Network management	Support Plant	Network management
1.1.1149	Other plant	Support Plant	Other plant
1.1.12xx	Land and buildings	Support Plant	Land and buildings
1.1.1201	Land	Support Plant	Land
1.1.1202	Buildings – General purposes	Support Plant	Buildings – General purposes
1.1.1203	Buildings – Special purposes	Support Plant	Buildings – Special purposes
1.1.1204	Leasehold Improvements	Support Plant	Leasehold improvements
1.1.13xx	Non-network plant and equipment	Support Plant	Non-network plant and equipment
1.1.131x	Furniture and office equipment	Support Plant	Furniture and office equipment
1.1.1311	Furniture and office equipment	Support Plant	Furniture and office equipment

Appendix D: Chart of Accounts Cost Pool Categorization*continued*

Account Number	Account Title	Major Cost Pool	Minor Cost Pool
1.1.132x	Information technology	Support Plant	Information technology
1.1.1321	General purpose PCs and peripherals	Support Plant	General purpose PCs and peripherals
1.1.1322	Hardware	Support Plant	Hardware
1.1.1323	Software -general	Support Plant	Software -general
1.1.1324	Software – billing systems	Support Plant	Software – billing systems
1.1.1325	Software – finance and other systems	Support Plant	Software – finance and other systems
1.1.1329	Other information technology	Support Plant	Other information technology
1.1.133x	Vehicles	Support Plant	Vehicles
1.1.1331	General purpose vehicles	Support Plant	General purpose vehicles
1.1.1332	Special purpose vehicles	Support Plant	Special Purpose vehicles
1.1.1333	Mechanical aids	Support Plant	Mechanical aids
1.1.1341	Customer premises equipment	Primary Plant	Customer premises equipment
1.1.1342	Community service equipment	Primary Plant	Community service equipment
1.1.139x	Other non-network plant and equipment	Support Plant	Other non-network plant and equipment
1.1.1399	Other non-network plant and equipment	Support Plant	Other non-network plant and equipment
1.1.2xxx	Capital work in progress	Capital Employed	Capital work in progress
1.1.3xxx	Leases	Support Plant	Leases
1.1.4xxx	Accumulated depreciation	Support Plant	Accumulated depreciation
1.1.5xxx	Accumulated amortisation leases	Support Plant	Accumulated amortisation leases
1.2.xxxx	Investment properties	Support Plant	Investment properties
1.3.xxxx	Intangible assets	Capital Employed	Intangible assets
1.3.1000	Licenses	Capital Employed	Licenses
1.3.2000	Permits and rights of way	Capital Employed	Permits and rights of way
1.3.4000	Pre-operating expenses and other intangible assets	Capital Employed	Pre-operating expenses
1.3.5000	Capitalised development cost	Capital Employed	Capitalised development cost
1.3.5000	Patents copyrights and trademarks (Intellectual Property Rights)	Capital Employed	Patents copyrights and trademarks (Intellectual Property Rights)
1.4.1000	Investment in subsidiaries	Capital Employed	Investment in subsidiaries
1.5.1000	Investments in associates	Capital Employed	Investments in associates
1.5.2000	Amounts due from associates	Capital Employed	Amounts due from affiliates
1.6.1000	Other investments	Capital Employed	Other investments
1.7.1000	Deferred taxation	Capital Employed	Deferred taxation
1.8.1000	Non-current receivables	Capital Employed	Non-current receivables
2.x.xxxx	Current assets	Working Capital	Current assets
2.1.1000	Inventories	Working Capital	Inventories
2.2.1xxx	Accounts receivable	Working Capital	Accounts receivable

Appendix D: Chart of Accounts Cost Pool Categorization*continued*

Account Number	Account Title	Major Cost Pool	Minor Cost Pool
2.2.1010	Accounts receivable – retail customers	Working Capital	Accounts receivable – retail customers
2.2.1020	Accounts receivable – service providers	Working Capital	Accounts receivable – service providers
2.2.1030	Accounts receivable – other Operators	Working Capital	Accounts receivable – other Operators
2.2.1040	Accounts receivable – affiliates	Working Capital	Accounts receivable – affiliates
2.2.2010	Short term loans – non Affiliates	Working Capital	Short term loans – non Affiliates
2.2.2020	Short term loans – Affiliates	Working Capital	Short term loans – Affiliates
2.2.3010	Provisions for doubtful accounts – retail customers	Working Capital	Provisions for doubtful accounts – retail customers
2.2.3020	Provisions for doubtful accounts – service providers	Working Capital	Provisions for doubtful accounts – service providers
2.2.3030	Provisions for doubtful accounts – other Operators	Working Capital	Provisions for doubtful accounts – other Operators
2.2.3040	Provisions for doubtful accounts – Affiliates	Working Capital	Provisions for doubtful accounts – Affiliates
2.2.4000	Other receivables	Working Capital	Other receivables
2.2.5000	Prepayments	Working Capital	Prepayments
2.2.6000	VAT receivable	Working Capital	VAT receivable
2.2.7000	Other current assets	Working Capital	Other current assets
2.3.0000	Marketable securities	Working Capital	Marketable securities
2.4.1000	Cash and cash equivalents	Working Capital	Cash and cash equivalents
3.0.xxxx	Capital and reserves	Capital Employed	Capital and reserves
3.1.1000	Share capital	Capital Employed	Share capital
3.2.1000	Share premium	Capital Employed	Share premium
3.3.1000	Retained earnings\ Accumulated loss	Capital Employed	Retained earnings
3.4.xxxx	Revaluation and other reserves	Capital Employed	Revaluation and other reserves
3.4.2100	Asset revaluation reserve	Capital Employed	Asset revaluation reserve
3.4.2200	Other reserves	Capital Employed	Other reserves
3.4.2300	Other revaluation reserve	Capital Employed	Other revaluation reserve
4.0.xxxx	Non-current liabilities	Working Capital	Non-current liabilities
4.1.1000	Interest bearing borrowings	Working Capital	Interest bearing borrowings
4.2.1000	Provision for liabilities and charges	Working Capital	Provision for liabilities and charges
4.3.1000	Deferred income	Working Capital	Deferred income
4.4.xxxx	Deferred tax liabilities	Working Capital	Deferred tax liabilities
4.4.1000	Deferred tax liabilities	Working Capital	Deferred tax liabilities
4.5.1000	Long term debt owed to affiliates	Working Capital	Long term debt owed to affiliates
4.5.2000	Long-term licence fees payable	Working Capital	Long-term licence fees payable
4.5.4000	Other non-current liabilities	Working Capital	Other non-current liabilities
5.1.1xxx	Trade creditors	Working Capital	Trade creditors

Appendix D: Chart of Accounts Cost Pool Categorization*continued*

Account Number	Account Title	Major Cost Pool	Minor Cost Pool
5.1.3000	Amounts due to other Operations	Working Capital	Amounts due to other Operations
5.1.4000	Amounts due to affiliates	Working Capital	Amounts due to affiliates
5.1.5000	Accrued expenses	Working Capital	Accrued expenses
5.1.6000	Customer deposits	Working Capital	Customer deposits
5.1.7000	Other creditors	Working Capital	Other creditors
5.1.8000	VAT payable	Working Capital	VAT payable
5.2.1000	Current tax liabilities	Working Capital	Current tax liabilities
5.3.3000	Current portion of long term borrowings	Working Capital	Current portion of borrowings
5.4.1000	Short-term borrowings	Working Capital	Short-term borrowings
5.5.1999	Other current liabilities.	Working Capital	Other current liabilities
5.5.1xxx	Deferred Income	Working Capital	Deferred income
5.5.1000	Deferred income	Working Capital	Deferred income
5.7.5000	Dividends declared	Working Capital	Dividends declared
5.x.xxxx	Current Liabilities	Working Capital	Current liabilities
6.x.xxxx	Revenues	Revenue	Revenues
6.1.xxxx	Retail Revenue	Revenue	Retail Revenue
6.1.1xxx	Connection Revenue	Revenue	Connection Revenue
6.1.1000	Connection Revenue – no detail available	Revenue	Connection Revenue – no detail available
6.1.1010	Connection Revenue - RSP – affiliated – prepaid segment	Revenue	Connection Revenue - RSP – affiliated – prepaid
6.1.1020	Connection Revenue - RSP – affiliated – contract segment	Revenue	Connection Revenue - RSP – affiliated – contract
6.1.1030	Connection Revenue - RSP – non-affiliated – prepaid	Revenue	Connection Revenue - RSP – non-affiliated – prepaid
6.1.1040	Connection Revenue - RSP – non-affiliated – contract	Revenue	Connection Revenue - RSP – non-affiliated – contract
6.1.1050	Connection Revenue – Direct Customers	Revenue	Connection Revenue – Direct Customers
6.1.2xxx	Access Charges	Revenue	Access Charges
6.1.2000	Access Revenue – no detail available	Revenue	Access Revenue – no detail available
6.1.2010	Access Revenue - RSP – affiliated – prepaid	Revenue	Access Revenue – RSP – affiliated – prepaid
6.1.2020	Access Revenue - RSP – affiliated – contract	Revenue	Access Revenue - RSP – affiliated – contract
6.1.2030	Access Revenue - RSP – non-affiliated – prepaid	Revenue	Access Revenue - RSP – non-affiliated – prepaid
6.1.2040	Access Revenue - RSP – non-affiliated – contract	Revenue	Access Revenue – RSP – non-affiliated – contract
6.1.2050	Access Revenue – Direct Customers	Revenue	Access Revenue – Direct Customers
6.1.3xxx	Airtime Revenue – National Calls	Revenue	Airtime Revenue – National Calls

Appendix D: Chart of Accounts Cost Pool Categorization*continued*

Account Number	Account Title	Major Cost Pool	Minor Cost Pool
6.1.3000	Airtime Revenue - National Calls – no detail available	Revenue	Airtime Revenue - National Calls – no detail available
6.1.3010	Airtime Revenue - National Calls - RSP – affiliated – residential	Revenue	Airtime Revenue - National Calls - RSP – affiliated – residential
6.1.3020	Airtime Revenue - National Calls - RSP– affiliated – contract	Revenue	Airtime Revenue - National Calls - RSP– affiliated – contract
6.1.3030	Airtime Revenue - National Calls - RSP – non-affiliated – residential	Revenue	Airtime Revenue - National Calls - RSP – non-affiliated – residential
6.1.3040	Airtime Revenue - National Calls - RSP – non-affiliated – contract	Revenue	Airtime Revenue - National Calls - RSP – non-affiliated – contract
6.1.3050	Airtime Revenue - National Calls – Direct Customers	Revenue	Airtime Revenue - National Calls – Direct Customers
6.1.3060	Airtime Revenue - National Calls – Community Service	Revenue	Airtime Revenue - National Calls – Community Service
6.1.4xxx	Airtime Revenue – International Calls	Revenue	Airtime Revenue – International Calls
6.1.4000	Airtime Revenue - International Calls – no detail available	Revenue	Airtime Revenue - International Calls – no detail available
6.1.4010	Airtime Revenue - International Calls - RSP – affiliated – residential	Revenue	Airtime Revenue - International Calls - RSP – affiliated – residential
6.1.4020	Airtime Revenue - International Calls - RSP – affiliated – contract	Revenue	Airtime Revenue - International Calls - RSP – affiliated – contract
6.1.4030	Airtime Revenue - International Calls - RSP – non-affiliated – residential	Revenue	Airtime Revenue - International Calls - RSP – non-affiliated – residential
6.1.4040	Airtime Revenue - International Calls - RSP – non-affiliated – contract	Revenue	Airtime Revenue - International Calls - RSP – non-affiliated – contract
6.1.4050	Airtime Revenue - International Calls – Direct Customers	Revenue	Airtime Revenue - International Calls – Direct Customers
6.1.4060	Airtime Revenue - International Calls – Community Service	Revenue	Airtime Revenue - International Calls – Community Service
6.1.5xxx	Airtime Revenue – International roaming	Revenue	Airtime Revenue – International roaming
6.1.5000	Airtime Revenue - International roaming – no detail available	Revenue	Airtime Revenue - International roaming – no detail available
6.1.5010	Airtime Revenue - International roaming – RSP – affiliated – residential	Revenue	Airtime Revenue - International roaming - RSP – affiliated – residential

Appendix D: Chart of Accounts Cost Pool Categorization*continued*

Account Number	Account Title	Major Cost Pool	Minor Cost Pool
6.1.5020	Airtime Revenue - International roaming - RSP - affiliated - contract	Revenue	Airtime Revenue - International roaming - RSP - affiliated - contract
6.1.5030	Airtime Revenue - International roaming - RSP - non-affiliated - residential	Revenue	Airtime Revenue - International roaming - RSP - non-affiliated - residential
6.1.5040	Airtime Revenue - International roaming - RSP - non-affiliated - contract	Revenue	Airtime Revenue - International roaming - RSP - non-affiliated - contract
6.1.5050	Airtime Revenue International roaming - Direct Customers	Revenue	Airtime Revenue - International roaming - Direct Customers
6.1.6xxx	Other Revenue	Revenue	Other Revenue
6.1.6010	Other Revenue - RSP - affiliated - residential	Revenue	Other Revenue - RSP - affiliated - residential
6.1.6020	Other Revenue - RSP - affiliated - contract	Revenue	Other Revenue - RSP - affiliated - contract
6.1.6030	Other Revenue - RSP - non-affiliated - residential	Revenue	Other Revenue - RSP - non-affiliated - residential
6.1.6040	Other Revenue - RSP - non-affiliated - contract	Revenue	Other Revenue - RSP - non-affiliated - contract
6.1.6050	Other Revenue - Direct Customers	Revenue	Other Revenue - Direct Customers
6.1.6060	Other Revenue - Community Service	Revenue	Other Revenue - Community Service
6.1.6000	Other Revenue - no detail available	Revenue	Other Revenue - no detail available
6.2.xxxx	Wholesale Revenue	Revenue	Wholesale Revenue
6.2.11xx	Call termination - PSTS - national calls	Revenue	Call termination - PSTS - national calls
6.2.12xx	Call termination - MCTS - national calls	Revenue	Call termination - MCTS - national calls
6.2.21xx	Call termination - PSTS - international calls	Revenue	Call termination - PSTS - international calls
6.2.2200	National roaming revenue - voice	Revenue	National roaming revenue voice
6.2.3300	International roaming revenue - Foreign Operators	Revenue	International roaming revenue - Foreign Operators
6.2.4200	National roaming revenue - text	Revenue	National roaming revenue text
6.2.5100	Directory services - MCTS	Revenue	Directory services - MCTS
6.2.5200	Directory services - PSTS	Revenue	Directory services - PSTS
6.2.53xx	Directory services - Foreign Operators	Revenue	Directory services - Foreign Operators
6.2.54xx	Directory services - Other Operators	Revenue	Directory services - Other operators
6.2.6100	Other Operator revenue - MCTS	Revenue	Other Operator revenue - MCTS

Appendix D: Chart of Accounts Cost Pool Categorization*continued*

Account Number	Account Title	Major Cost Pool	Minor Cost Pool
6.2.6200	Other Operator revenue – PSTS	Revenue	Other Operator revenue – PSTS
6.2.6300	Other Operator revenue – Foreign Operators	Revenue	Other Operator revenue – Foreign Operators
6.2.6400	Other Operator revenue – Other Operators	Revenue	Other Operator revenue – Other Operators
6.3.xxxx	Other Revenue		
6.3.1000	Non-regulated telecommunication services	Unregulated Segment	Non-regulated telecommunication services
6.3.9000	Other non-telecommunication revenue	Unregulated Segment	Other non-telecommunication revenue
7.1.xxxx	Cost of Sales	Direct Costs	Cost of Sales
7.1.1xxx	Volume discounts	Direct Costs	Volume discounts
7.1.2xxx	Other special incentives	Direct Costs	Other special incentives
7.1.3xxx	Community service discounts	Direct Costs	Community service discounts
7.1.4xxx	Interconnection charges – national calls - PSTS completed	Direct Costs	Interconnection charges – national calls - PSTS completed
7.1.5xxx	Interconnection charges – national calls, other Operator completed	Direct Costs	Interconnection charges – national calls, other operator completed
7.1.6xxx	Interconnection charges – international calls	Direct Costs	Interconnection charges – international calls
7.1.7xxx	Inter-operator charges - roaming	Direct Costs	Interconnection charges - roaming
7.1.8xxx	Interconnection charges – community services	Direct Costs	Interconnection charges – community services
7.1.9000	Other Operator interconnection charges	Direct Costs	Other Operator interconnection charges
7.2.2000	Other direct costs	Direct Costs	Other direct costs
7.2.3000	Regional service council levies and value added taxes	Direct Costs	Regional service council levies and value added taxes
7.9.1000	Non-regulated	Non Regulated	Non-regulated
8.x.xxxx	Operating expenses	Direct Costs	Operating expenses
8.1.xxxx	Operating expenses	Direct Costs	Operating expenses
8.1.1xxx	Product and customer management	Business Activity	Product and customer management
8.1.1200	Product development	Business Activity	Product development
8.1.1300	Marketing planning	Business Activity	Marketing planning
8.1.2xxx	Subscriber acquisition, dealer and service provider support	Business Activity	Subscriber acquisition, dealer and service provider support
8.1.2200	Connection discounts	Business Activity	Connection discounts
8.1.2300	Advertising costs	Business Activity	Advertising costs
8.1.2400	Sales administration	Business Activity	Sales administration
8.1.2500	Service provider contract management	Business Activity	Service provider contract management
8.1.3xxx	Order fulfilment	Business Activity	Order fulfilment

Appendix D: Chart of Accounts Cost Pool Categorization*continued*

Account Number	Account Title	Major Cost Pool	Minor Cost Pool
8.1.3100	Connection	Business Activity	Connection
8.1.3200	Customer services	Business Activity	Customer services
8.1.3300	Operator services	Business Activity	Operator services
8.1.3400	Directory services	Business Activity	Directory services
8.1.3500	Billing and collections	Business Activity	Billing and Collections
8.1.3600	Carrier Services	Business Activity	Carrier Services
8.1.3700	Bad debt expense	Business Activity	Bad debt expense
8.1.3800	Provision for doubtful accounts	Business Activity	Provision for doubtful accounts
8.1.4xxx	Network Operation and Engineering	Network Activity	Network Operation and Engineering
8.1.5xxx	Network maintenance	Network Activity	Network maintenance
8.1.6000	Other Maintenance	Network Activity	Network maintenance
8.1.7xxx	Other operating expenses	Business Activity	Other operating expenses
8.1.7100	Licence fees	Business Activity	Licence fees
8.1.7200	Community service	Business Activity	Community service
8.1.7300	Other segment expenses	Network Activity / Business Activity	Other segment expenses
8.2.xxxx	Business Support Costs	Support Activity	Business Support Costs
8.2.1000	Human resource	Support Activity	Human resource
8.2.2000	Finance and accounting	Support Activity	Finance and accounting
8.2.3000	Procurement and materials management	Support Activity	Procurement
8.2.4000	Legal and regulatory	Support Activity	Legal and regulatory
8.2.5000	Information systems	Support Activity	Information systems
8.2.6000	Executive and planning	Support Activity	Executive and planning
8.2.7000	Corporate marketing and public relations	Support Activity	Corporate marketing and public relations
8.2.8000	Other corporate operations expenses	Support Activity	Other corporate operations expenses
8.3.xxxx	Depreciation, Leases and Rentals	Primary Plant	Depreciation, Leases and Rentals
8.3.1xxx	Depreciation	Primary Plant	Depreciation
8.3.2xxx	Supplementary depreciation	Primary Plant	Supplementary depreciation
8.3.35xx	Holding gains/losses	Support Activity	Holding gains/losses
8.3.4xxx	Lease and rental expenses	Primary Plant	Lease and rental expenses
8.3.5xxx	Lease and rental expenses	Primary Plant	Lease and rental expenses
9.0.xxxx	Non-operating items	Support Activity	Non-operating items
9.1.xxxx	Income from investments	Support Activity	Income from investments
9.1.1000	Interest received	Support Activity	Interest received
9.1.1500	Foreign exchange gain (loss)	Support Activity	Foreign exchange gain (loss)
9.1.2000	Other Income from Investments	Support Activity	Other Income from Investments
9.2.xxxx	Finance charges	Capital Employed	Finance charges
9.2.1000	Interest expense	Capital Employed	Interest expense
9.2.2000	Other interest Expense	Capital Employed	Other interest Expense

Appendix D: Chart of Accounts Cost Pool Categorization*continued*

Account Number	Account Title	Major Cost Pool	Minor Cost Pool
9.2.3000	Other finance charges	Capital Employed	Other finance charges
9.3.1000	Corporate Tax	Capital Employed	Corporate Tax
9.4.1000	Extraordinary items	Capital Employed	Extraordinary items
9.5.1000	Dividends	Capital Employed	Dividends
9.6.1000	Cost of equity capital	Capital Employed	Cost of equity capital
9.9.1000	Other non-operating expenses	Support Activity	Other non-operating expenses

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