

HISTORICAL COST SEPARATED ACCOUNTS

FOR YEAR ENDED 1 APRIL 1999

FINANCIAL STATEMENTS

eircom Historical Cost Separated Accounts

Regulatory Statements

Contents

	Page
Introduction	2
Statement of Responsibility	7
Report of the Auditors	8
Local Access Network Business	11
Core Network Business	13
Core Network Business - Statement of Costs	15
Retail Business	16
Retail Business	18
Access	18
Local Calls	20
National Calls	22
International Calls	24
Calls to Mobile	26
Directory Enquiry	28
Leased Lines	30
Public Payphones	32
Calls to Internet	34
Internet Service Supply	36
Supplemental Services	38
Other Remaining Activities	40
Retail Business Reconciliation	42
Other Business	43
Other Business	45
Apparatus Supply	45
Other Remaining Activities	47
Eircell	49
Other Subsidiaries	51
Other Business Reconciliation	53
Notes to the Financial Statements	54
Note 3 - Inter Business Turnover	55
Note 4 - Profit and Loss Reconciliation	56
Note 5 - Mean Capital Employed Reconciliation	57
Statement of Costs of Network Services	58
Transfer Charge Statement	59
Definitions of the Businesses	60

***eircom* Historical Cost Separated Accounts**

Introduction

eircom is required, under Condition 15 of its General Telecommunications Licence, granted by the Office of Telecommunications Regulation (“ODTR”) on 1st December 1998, to maintain accounting records in a form which enables the activities of any business unit specified in any direction given by the Director of Telecommunications Regulation (“the Director”) to be separately identifiable, and which the Director considers to be sufficient to show and explain the transactions of each of these business units.

Directive 97/33/EC of the European Parliament and Council, as enacted into Irish law by Statutory Instrument No. 15 of 1998, establishes the legal and regulatory framework for the interconnection of telecommunication networks within the EU, including a requirement for accounting separation.

The detailed framework and financial statement disclosure has been set out in the ODTR Decision Notices D5/99 & D10/99 ‘Accounting Separation and Publication of Financial Information for Telecommunications Operators’, dated May 1999 & August 1999 respectively, and D8/99 ‘Costing methodologies for use in Accounting Separation’, dated July 1999 (the ‘Decision Notices’). The Accounts have been prepared in line with the framework and financial statement disclosure in these Decision Notices insofar as they apply to the 1998/99 accounts.

Introduction

Financial Statements have to be prepared for the following Businesses and, where applicable, Activities within the Businesses:-

Business	Activities
Local Access Network	not applicable
Core Network	not applicable
Retail	Access Local Calls National Calls International Calls Calls to mobile Directory Enquiry Leased Lines Public Payphones Calls to Internet Internet Services Supply Supplemental Services Other Remaining Activities
Other Activities	Apparatus Supply Other Remaining Activities Eircell Other Subsidiaries

The definitions of the Businesses and Activities are set out in the Financial Statements on pages 60 to 63.

Introduction

Accounting Documents

The Financial Statements have been prepared by applying the costing methodology detailed in the Accounting Documents dated 29th October 1999 (“the Accounting Documents”) which set out the framework under which the Financial Statements are to be prepared.

The Accounting Documents are made up of the following:

1. Regulatory Accounting Principles – which lay out the general rules by which the Financial Statements should be prepared, for example that all balances should be attributed with reference to cost causality.
2. Attribution Methods – which explain how revenue, costs including transfer charges, assets and liabilities are attributed to the Businesses and Network Elements and Activities within those Businesses, following the Regulatory Accounting Principles, on a fully allocated basis.
3. Transfer Charges – which explain how charges are raised from the Core Network and Local Access Network Businesses to the Retail Business for the use of the respective networks.
4. Accounting Policies – which detail the accounting policies adopted in preparing the underlying financial information.

Applicable Rate of Return

The applicable rate of return used in these Financial Statements is 16.37%. The rate of return is based on an estimate of *eircom*'s Weighted Average Cost of Capital (WACC), using the Capital Asset Pricing Model (CAPM) to estimate the cost of equity.

Basis of preparation of the Financial Statements

The structure of the Businesses required under the Decision Notices (i.e. Local Access Network, Core Network, Retail and Other Activities) does not correspond to the way in which the statutory accounting records are structured. The Financial Statements are therefore prepared by overlaying the requirements of the Decision Notices on the accounting records and management structure of *eircom*.

Introduction

These Financial Statements are prepared by attributing the balances in *eircom*'s general ledgers and other accounting records to the Businesses and disaggregated Activities. As required by the Decision Notices, wherever possible, revenue, costs, assets and liabilities are directly associated with a Business, Activity or Network element using information recorded within *eircom*'s accounting records and are directly attributed to that item. Where no such direct attribution is possible the revenue, costs, assets and liabilities are apportioned between two or more Activities, Network elements or Businesses on a basis that reflects the causality of the revenue, cost, asset or liability. Residual costs for which no direct or indirect method of apportionment can be identified are allocated using an equal proportionate mark-up method. Details of this process are given in the Attribution Methods section within the Accounting Documents. Typically in a fully allocated accounting system, a range of attribution methods is available.

In selecting appropriate attribution methods and appropriate non-financial data for use within the attribution models employed in the production of these statements, *eircom* has had to make certain estimates and exercises its judgement, having regard to the regulatory principles, including cost causality and objectivity, in order to comply with the requirements of the Accounting Documents.

The financial statements for the year ended 1 April 1999 relate to a period before the Decision Notices mentioned above came into force, and before *eircom* had developed the necessary accounting systems to fulfill its obligations under those Decision Notices. As the systems were not in operation during the year ended 1 April 1999 the revenues, costs and capital employed disclosed in the financial statements for each of the Businesses, and their disaggregated Activities, are subject to a greater degree of estimation that will be the case for financial statements in the future. Furthermore, the financial statements have been developed to illustrate a regulatory regime, including the provision of standard services, which was not in place during the year. Estimates have been made, where necessary, to adapt actual transactions to the form they are likely to have taken had the regime been fully operational.

eircom will review and update the non-financial information used to prepare these statements annually. Certain non-financial data used in preparation of these Financial Statements has been derived using sampling techniques appropriate to that data. *eircom* intends to review and update attribution methods on an ongoing basis and, where deemed appropriate, will make necessary improvements.

Introduction

Contents of the Financial Statements

Each Financial Statement, which should be read in conjunction with the Accounting Documents, comprises:

1. a profit and loss account, including a statement of the fully allocated costs calculated on a basis not inconsistent with *eircom's* Annual Report, and
2. a statement of mean capital employed.

The Financial Statements also include:

3. for the Network Business, a statement of costs;
4. for the Network Business, a statement of costs of network services
5. a reconciliation between the aggregate turnover, operating profit and mean capital employed of all the Businesses and the turnover, operating profit and capital employed of the *eircom* group as disclosed in its Annual Report.

This is the first year for which audited separated Financial Statements are available and accordingly no prior year comparatives are shown in these statements.

Statement of Responsibility

for preparing the Financial Statements

eircom is required, under Condition 15 of its General Telecommunications License, granted by the Office of the Director of Telecommunications (“ODTR”) on 1st December 1998, to maintain accounting records in a form which enables the activities of any business unit specified in any direction given by the Director of Telecommunications Regulation (“the Director”) to be separately identifiable, and which the Director considers to be sufficient to show and explain the transactions of each of these business units.

Each Financial statement;

1. includes
 - 1.1 a profit and loss account;
 - 1.2 a statement of mean capital employed;
 - 1.3 a statement of costs (if applicable); and
 - 1.4 a statements of costs of network services (if applicable)
2. is prepared in accordance with the Accounting Documents published with these Financial Statements. Insofar as there is any inconsistency between any or all of the Accounting Documents, the company ensures that each Financial statement is prepared in accordance with the Accounting Documents in the following order of priority:
 - 2.1 the regulatory accounting principles;
 - 2.2 the attribution methods;
 - 2.3 the transfer charges;
 - 2.4 the accounting policies; and
3. is reconciled with the Annual Report and that reconciliation is demonstrated and explained.

eircom confirms that the Financial Statements for the year ended 1st April 1999 have been prepared in accordance with the requirements of Condition 15 of it’s General Telecommunications Licence.

Malcolm Fallen
Chief Financial Officer.
29th October 1999

Report of the Auditors

To eircom plc formerly Bord Telecom Eireann plc issued in accordance with Decision 4.1 of Decision Notice 8/99 issued by the Office of the Director of Telecommunications Regulation.

1. We have examined the financial statements on pages 11 to 59 which have been prepared under the historical cost convention in accordance with Decision notices 5/99, 8/99 and 10/99 (“the Decision Notices”) issued by the Office of The Director of Telecommunications Regulation and in accordance with eircom plc formerly Bord Telecom Eireann plc (“the company”)’s costing methodologies which are articulated in the accounting documents published with the financial statements (“the Accounting Documents”).
2. The financial statements comprise separate historical cost financial statements for the year ended 1st April 1999 for each of the Businesses listed on page 3 (“The Businesses”) and, in so far as each Business has been disaggregated in terms of activities of the business, each of the disaggregated activities listed on page 3, (“the activities”). The financial statements of the Core Network Business include the Network Statement of Costs and the Statement of Costs of Network Services.

Respective responsibilities of the company and auditors

3. The company is responsible for preparing and approving, as described on page 7, the financial statements. Our responsibilities, as independent auditors, are established by the Decision Notices, the Auditing Practices Board and our profession’s ethical guidance.
4. We report our opinion as to whether each of the financial statements has been prepared in accordance with the Accounting Documents. We also report if, in our opinion, the “Introduction” by the company, setting out the basis upon which the financial statements have been prepared, is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our examination, or if the information specified by the Decision Notices is not discussed.
5. We read the “Definitions of the Businesses” and considered the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

6. As explained in the “Basis of preparation” on pages 4 to 5, in accordance with the accounting Documents, the financial statements are prepared by disaggregating balances recorded in the general ledgers and other accounting records of the company and its subsidiaries (“the group”) maintained in accordance with The companies Acts, 1963 to 1990, and used, in accordance with those Acts, for the preparation of the company’s statutory consolidated financial statements for the year ended 1st April 1999. (“The Statutory Financial Statements”).
7. We have audited the Statutory Financial Statements on which we expressed an unqualified audit opinion. In performing our audit of the Statutory Financial Statements we carried out such tests of the transactions and balances recorded in the general ledgers and other accounting records of the group as we considered necessary to enable us to express that opinion. This included examination and evaluation of the company’s principal accounting and control systems, analytical review of key balances assessment of accuracy of the coding of transactions and balances, enquiries of directors and managers of the company and substantive tests of balances and transactions recorded in the group’s general ledgers. Our statutory audit work concluded upon signature of our opinion on the Statutory Financial Statements. In conducting our subsequent examination of the financial statements we have not performed any additional tests of the transactions and balances recorded in the general ledgers and other accounting records beyond those already performed for the purpose of our audit of the Statutory Financial Statements.
8. Having regard to the above:
 - (i) We conducted our audit in accordance with relevant Auditing standard issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the financial statements.
 - (ii) We planned and performed our examination so as to obtain all the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that each of the financial statements is prepared in accordance with the Accounting Documents. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

9. Many of the group's revenues, costs, assets and liabilities are not directly identifiable with individual activities and the preparation of the financial statements requires a significant number of apportionments. As explained on page 4 to 5 in the "Basis of preparation", in selecting appropriate attribution methods and appropriate non-financial data for use within the attribution models employed in the production of financial statements, the company has had to make certain estimates and exercise its judgement, having regard to the regulatory principles specified in the Accounting Documents. The company has decided that attribution methods and non-financial data services will continue to be reviewed and, where appropriate, improved.
10. Decisions 3.4, 3.5 of Decision Notice 5/99 and Decision 3.5 of Decision Notice 10/99, inter alia, require the financial statements to include comparative information. This is the first year for which audited separated financial statements have been prepared and, accordingly, comparative information has not been included in the financial statements.

Opinion

11. In our opinion:
 - Each of the financial statements of each of the businesses and each of the Activities for the year ended 1 April has been prepared in accordance with the Accounting Documents.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Dublin, 29 October 1999

Local Access Network Business

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
From other operators		-
Transfer charges to Retail		568,257
Total turnover	4	568,257
Operating costs		443,670
Total operating costs	4	443,670
Return		124,587
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		124,587
Mean capital employed		761,075
Return on mean capital employed		16.37%
Return on turnover		22%

Local Access Network Business

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 1 April 1999		
	Notes	1999 '000
Fixed assets		
Tangible fixed assets		762,560
Intangible fixed assets		-
Total fixed assets		762,560
Current assets		
Stocks		9,471
Debtors		108,207
Cash at bank and in hand		3,206
Total current assets		120,884
Creditors		(87,790)
Provisions for liabilities and charges		(34,579)
Mean capital employed	5	761,075

Core Network Business

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
Other operators		49,969
From Retail and Other		544,230
Total turnover	4	594,199
Operating costs		526,946
Total operating costs	4	526,946
Return		67,253
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		67,253
Mean capital employed		410,839
Return on mean capital employed		16.37%
Return on turnover		11%

Core Network Business

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 1 April 1999		
	Notes	1999 '000
Fixed assets		
Tangible fixed assets		544,017
Intangible fixed assets		-
Total fixed assets		544,017
Current assets		
Stocks		88
Debtors		77,002
Cash at bank and in hand		5,139
Total current assets		82,229
Creditors		(188,120)
Provisions for liabilities and charges		(27,287)
Mean capital employed	5	410,839

Core Network Business

STATEMENT OF COSTS

for the year ended 1 April 1999

	Operating costs '000	Capital employed '000	Rate of return %	Capital costs '000	Total operating and capital costs '000	Total volume minutes 000's	Average cost cents per minute
<i>Traffic sensitive</i>							
Subscriber unit	45,675	93,778	16.37%	15,351	61,026	19,334,340	0.3156
Primary switch	44,638	36,405	16.37%	5,959	50,597	11,287,750	0.4482
Secondary switch	18,740	21,823	16.37%	3,572	22,312	7,605,561	0.2934
Tertiary switch	7,432	17,417	16.37%	2,851	10,283	3,378,849	0.3043
<i>Transmission: Non-length dependent</i>							
RSU to primary/secondary link	22,251	59,598	16.37%	9,756	32,007	13,893,666	0.2304
Primary to primary link	1,004	2,688	16.37%	440	1,444	1,121,913	0.1287
Primary to secondary link	2,868	7,676	16.37%	1,257	4,125	4,251,500	0.0970
Secondary to secondary link	1,206	3,216	16.37%	526	1,732	1,033,227	0.1676
Secondary to tertiary link	4,014	10,718	16.37%	1,755	5,769	4,364,322	0.1322
Tertiary to tertiary link	37	98	16.37%	16	53	3,378,849	0.0016
<i>Transmission: Length dependent</i>							
RSU to primary/secondary length	27,396	62,474	16.37%	10,227	37,623	13,893,666	0.2708
Primary to primary length	452	1,145	16.37%	187	639	1,121,913	0.0570
Primary to secondary length	2,237	5,658	16.37%	926	3,163	4,251,500	0.0744
Secondary to secondary length	828	2,179	16.37%	357	1,185	1,033,227	0.1147
Secondary to tertiary length	1,314	3,468	16.37%	568	1,882	4,364,322	0.0431
Tertiary to tertiary length	(Note (b)) 0	0	16.37%	0	0	3,378,849	-
Inland directory enquiries	32,115	2,828	16.37%	463	32,578	(a)	(a)
International directory enquiries	8,538	752	16.37%	123	8,661	(a)	(a)
Outpayments	191,658	-102,210	16.37%	-16,732	174,926	(a)	(a)
International transmission	21,177	39,315	16.37%	6,436	27,613	(a)	(a)
Private circuits network	66,594	125,509	16.37%	20,546	87,140	(a)	(a)
Interconnect connections and rentals	3,667	4,137	16.37%	677	4,344	(a)	(a)
Other costs	23,105	12,167	16.37%	1,992	25,097	(a)	(a)
Total conveyance	526,946	410,839		67,253	594,199		

(a) These components include a number of different elements which are used in different proportions for the delivery of services within this heading

(b) Tertiary to tertiary length costs appear as zero because balances are less than 1,000.

Retail Business

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
Turnover		1,333,617
Total turnover	4	1,333,617
Operating costs		
Operating costs specific to Retail		268,197
Transfer charges from Core Network		544,230
Transfer charges from Local Access Network		568,257
Total operating costs	4	1,380,684
Return		(47,067)
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		(47,067)
Mean capital employed		131,694
Return on mean capital employed		-36%
Return on turnover		-4%

Retail Business

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 1 April 1999		
	Notes	1999 '000
Fixed assets		
Tangible fixed assets		115,273
Intangible fixed assets		-
Total fixed assets		115,273
Current assets		
Stocks		-
Debtors		275,157
Cash at bank and in hand		4,680
Total current assets		279,837
Creditors		(243,925)
Provisions for liabilities and charges		(19,491)
Mean capital employed	5	131,694

Retail Business - Access

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999	Notes	1999 '000
Turnover		
Connections		16,037
Rental		238,369
Total turnover		254,406
Operating costs		
Operating costs specific to Retail		37,054
Transfer charges from Core Network		-
Transfer charges from Local Access Network		568,257
Total operating costs		605,311
Return		(350,905)
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		1999 '000
Return		(350,905)
Mean capital employed		(46,181)
Return on mean capital employed		n/a
Return on turnover		-138%

Retail Business - Access

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	8,349
Intangible fixed assets	-
Total fixed assets	8,349
Current assets	
Stocks	-
Debtors	29,849
Cash at bank and in hand	703
Total current assets	30,552
Creditors	(82,365)
Provisions for liabilities and charges	(2,717)
Mean capital employed	(46,181)

Retail Business - Local Calls

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
<hr/>		
Turnover		
Turnover from operations		309,701
Total turnover		309,701
<hr/>		
Operating costs		
Operating costs specific to Retail		42,798
Transfer charges from Core Network		133,059
Total operating costs		175,857
<hr/>		
Return		133,844
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
<hr/>		
Return		133,844
Mean capital employed		14,514
Return on mean capital employed		922%
<hr/>		
Return on turnover		43%
<hr/>		

Retail Business - Local Calls

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	13,378
Intangible fixed assets	-
Total fixed assets	13,378
Current assets	
Stocks	-
Debtors	40,236
Cash at bank and in hand	738
Total current assets	40,974
Creditors	(36,270)
Provisions for liabilities and charges	(3,568)
Mean capital employed	14,514

Retail Business - National Calls

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
Turnover from operations		146,570
Total turnover		146,570
Operating costs		
Operating costs specific to Retail		16,071
Transfer charges from Core Network		43,171
Total operating costs		59,242
Return		87,328
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		87,328
Mean capital employed		9,846
Return on mean capital employed		887%
Return on turnover		60%

Retail Business - National Calls

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	6,105
Intangible fixed assets	-
Total fixed assets	6,105
Current assets	
Stocks	-
Debtors	19,050
Cash at bank and in hand	337
Total current assets	19,387
Creditors	(14,072)
Provisions for liabilities and charges	(1,574)
Mean capital employed	9,846

Retail Business - International Calls

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
<hr/>		
Turnover		
Turnover from operations		237,151
Total turnover		237,151
<hr/>		
Operating costs		
Operating costs specific to Retail		18,762
Transfer charges from Core Network		113,972
Total operating costs		132,734
<hr/>		
Return		104,417
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
<hr/>		
Return		104,417
Mean capital employed		95,516
Return on mean capital employed		109%
<hr/>		
Return on turnover		44%
<hr/>		

Retail Business - International Calls

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 1 April 1999		
	Notes	1999 '000
Fixed assets		
Tangible fixed assets		5,127
Intangible fixed assets		-
Total fixed assets		5,127
Current assets		
Stocks		-
Debtors		120,538
Cash at bank and in hand		342
Total current assets		120,880
Creditors		(29,217)
Provisions for liabilities and charges		(1,274)
Mean capital employed		95,516

Retail Business - Calls to Mobile

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
<hr/>		
Turnover		
Turnover from operations		123,313
Total turnover		123,313
<hr/>		
Operating costs		
Operating costs specific to Retail		11,107
Transfer charges from Core Network		80,896
Total operating costs		92,003
<hr/>		
Return		31,310
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
<hr/>		
Return		31,310
Mean capital employed		1,891
Return on mean capital employed		1656%
<hr/>		
Return on turnover		25%
<hr/>		

Retail Business - Calls to Mobile

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	3,018
Intangible fixed assets	-
Total fixed assets	3,018
Current assets	
Stocks	-
Debtors	15,677
Cash at bank and in hand	182
Total current assets	15,859
Creditors	(16,153)
Provisions for liabilities and charges	(833)
Mean capital employed	1,891

Retail Business - Directory Enquiry

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
<hr/>		
Turnover		
Turnover from operations		5,691
Total turnover		5,691
<hr/>		
Operating costs		
Operating costs specific to Retail		3,143
Transfer charges from Core Network		41,578
Total operating costs		44,721
<hr/>		
Return		(39,030)
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
<hr/>		
Return		(39,030)
Mean capital employed		(3,325)
Return on mean capital employed		n/a
Return on turnover		-686%

Retail Business - Directory Enquiry

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 1 April 1999		
	Notes	1999 '000
Fixed assets		
Tangible fixed assets		383
Intangible fixed assets		-
Total fixed assets		383
Current assets		
Stocks		-
Debtors		2,572
Cash at bank and in hand		119
Total current assets		2,691
Creditors		(6,282)
Provisions for liabilities and charges		(117)
Mean capital employed		(3,325)

Retail Business - Leased Lines

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
<hr/>		
Turnover		
Turnover from operations		136,344
Total turnover		136,344
<hr/>		
Operating costs		
Operating costs specific to Retail		12,917
Transfer charges from Core Network		93,197
Total operating costs		106,114
<hr/>		
Return		30,230
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
<hr/>		
Return		30,230
Mean capital employed		4,712
Return on mean capital employed		642%
<hr/>		
Return on turnover		22%
<hr/>		

Retail Business - Leased Lines

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	4,763
Intangible fixed assets	-
Total fixed assets	4,763
Current assets	
Stocks	-
Debtors	20,512
Cash at bank and in hand	344
Total current assets	20,856
Creditors	(19,645)
Provisions for liabilities and charges	(1,262)
Mean capital employed	4,712

Retail Business - Public Payphones

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		1999 '000
	Notes	
Turnover		
Turnover from Operations		37,337
Total turnover		37,337
Operating Costs		
Operating costs specific to Retail	1	41,287
Transfer Charges from Network		-
Total Operating Costs		41,287
Return		(3,950)
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		1999 '000
Return		(3,950)
Mean capital employed		4,750
Return on mean capital employed		-83%
Return on turnover		-11%

Retail Business - Public Payphones

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	11,064
Intangible fixed assets	-
Total fixed assets	11,064
Current assets	
Stocks	-
Debtors	1,871
Cash at bank and in hand	478
Total current assets	2,349
Creditors	(7,328)
Provisions for liabilities and charges	(1,335)
Mean capital employed	4,750

Retail Business - Calls to Internet

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
Turnover from operations		7,208
Total turnover		7,208
Operating costs		
Operating costs specific to Retail		1,246
Transfer charges from Core Network		6,975
Total operating costs		8,221
Return		(1,013)
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		(1,013)
Mean capital employed		(292)
Return on mean capital employed		n/a
Return on turnover		-14%

Retail Business - Calls to Internet

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	267
Intangible fixed assets	-
Total fixed assets	267
Current assets	
Stocks	-
Debtors	956
Cash at bank and in hand	22
Total current assets	978
Creditors	(1,432)
Provisions for liabilities and charges	(105)
Mean capital employed	(292)

Retail Business - Internet Services Supply

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
Turnover from operations		6,642
Total turnover		6,642
Operating costs		
Operating costs specific to Retail		13,755
Transfer charges from Core Network		1,571
Total operating costs		15,326
Return		(8,684)
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		(8,684)
Mean capital employed		(2,035)
Return on mean capital employed		n/a
Return on turnover		-131%

Retail Business - Internet Services Supply

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	1,818
Intangible fixed assets	-
Total fixed assets	1,818
Current assets	
Stocks	-
Debtors	3,831
Cash at bank and in hand	245
Total current assets	4,076
Creditors	(7,350)
Provisions for liabilities and charges	(579)
Mean capital employed	(2,035)

Retail Business - Supplemental Services

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
<hr/>		
Turnover		
Turnover from operations		15,599
Total turnover		15,599
<hr/>		
Operating costs		
Operating costs specific to Retail		21,108
Transfer charges from Core Network		9,169
Total operating costs		30,277
<hr/>		
Return		(14,678)
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
<hr/>		
Return		(14,678)
Mean capital employed		38,049
Return on mean capital employed		-39%
Return on turnover		-94%

Retail Business - Supplemental Services

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 1 April 1999		
	Notes	1999 '000
Fixed assets		
Tangible fixed assets		42,652
Intangible fixed assets		-
Total fixed assets		42,652
Current assets		
Stocks		-
Debtors		4,771
Cash at bank and in hand		176
Total current assets		4,947
Creditors		(8,175)
Provisions for liabilities and charges		(1,375)
Mean capital employed		38,049

Retail Business - Remaining Activities

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
Turnover from operations		53,655
		53,655
Operating costs		
Operating costs specific to Retail		48,949
Transfer charges from Core Network		20,642
Total operating costs		69,591
Return		(15,936)
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		(15,936)
Mean capital employed		14,249
Return on mean capital employed		-112%
Return on turnover		-30%

Retail Business - Remaining Activities

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	18,349
Intangible fixed assets	-
Total fixed assets	18,349
Current assets	
Stocks	-
Debtors	15,294
Cash at bank and in hand	994
Total current assets	16,288
Creditors	(15,636)
Provisions for liabilities and charges	(4,752)
Mean capital employed	14,249

Retail Business reconciliation

RETURN for the year ended 1 April 1999	1999 '000
Access	(350,905)
Local Calls	133,844
National Calls	87,328
International Calls	104,417
Calls to Mobile	31,310
Directory Enquiry	(39,030)
Leased Lines	30,230
Public Payphones	(3,950)
Calls to Internet	(1,013)
Internet Services Supply	(8,684)
Supplemental Services	(14,678)
Remaining Activities	(15,936)
TOTAL RETAIL BUSINESS	(47,067)
MEAN CAPITAL EMPLOYED as at 1 April 1999	1999 '000
Access	(46,181)
Local Calls	14,514
National Calls	9,846
International Calls	95,516
Calls to Mobile	1,891
Directory Enquiry	(3,325)
Leased Lines	4,712
Public Payphones	4,750
Calls to Internet	(292)
Internet Services Supply	(2,035)
Supplemental Services	38,049
Remaining Activities	14,249
TOTAL RETAIL BUSINESS	131,694

Other Business

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
Turnover from operations	4	594,053
Operating costs		
Operating costs specific to business		601,602
Transfer charges from Core Network		-
Total operating costs	4	601,602
Return		(7,549)
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		(7,549)
Mean capital employed		409,850
Return on mean capital employed		-2%
Return on turnover		-1%

Other Business

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 1 April 1999		
	Notes	1999 '000
Fixed assets		
Tangible fixed assets		340,676
Intangible fixed assets		3,027
Total fixed assets		343,703
Current assets		
Stocks		25,631
Debtors		188,901
Cash at bank and in hand		23,767
Total current assets		238,299
Creditors		(151,378)
Provisions for liabilities and charges		(20,774)
Mean capital employed	5	409,850

Other Business - Apparatus Supply

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
Turnover from operations		87,861
Operating costs		
Operating costs specific to business		135,132
Transfer charges from Core Network		-
Total operating costs		135,132
Return		(47,271)
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		(47,271)
Mean capital employed		28,316
Return on mean capital employed		-167%
Return on turnover		-54%

Other Business - Apparatus Supply

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	44,614
Intangible fixed assets	-
Total fixed assets	44,614
Current assets	
Stocks	16,946
Debtors	20,483
Cash at bank and in hand	2,014
Total current assets	39,443
Creditors	(46,508)
Provisions for liabilities and charges	(9,233)
Mean capital employed	28,316

Other Business - Other Remaining Activities

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
Turnover from operations		52,604
Operating costs		
Operating costs specific to business		64,788
Transfer charges from Core Network		-
Total operating costs		64,788
Return		(12,184)
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		(12,184)
Mean capital employed		25,712
Return on mean capital employed		-47%
Return on turnover		-23%

Other Business - Other Remaining Activities

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	12,984
Intangible fixed assets	-
Total fixed assets	12,984
Current assets	
Stocks	-
Debtors	37,657
Cash at bank and in hand	1,313
Total current assets	38,970
Creditors	(15,780)
Provisions for liabilities and charges	(10,462)
Mean capital employed	25,712

Other Business - Eircell

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
<hr/>		
Turnover		
Turnover from operations		337,308
<hr/>		
Operating costs		
Operating costs specific to business		298,876
Transfer charges from Core Network		-
Total operating costs		298,876
<hr/>		
Return		38,432
<hr/>		
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
<hr/>		
Return		38,432
Mean capital employed		290,450
Return on mean capital employed		13%
Return on turnover		11%

Other Business - Eircell

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	227,394
Intangible fixed assets	3,235
Total fixed assets	230,629
Current assets	
Stocks	303
Debtors	96,629
Cash at bank and in hand	5,658
Total current assets	102,590
Creditors	(41,706)
Provisions for liabilities and charges	(1,063)
Mean capital employed	290,450

Other Business - Other Subsidiaries

PROFIT AND LOSS ACCOUNT for the year ended 1 April 1999		
	Notes	1999 '000
Turnover		
Turnover from operations		116,280
Operating costs		
Operating costs specific to business		102,806
Transfer charges from Core Network		-
Total operating costs		102,806
Return		13,474
RETURN ON MEAN CAPITAL EMPLOYED		
		1999 '000
Return		13,474
Mean capital employed		65,372
Return on mean capital employed		21%
Return on turnover		12%

Other Business - Other Subsidiaries

STATEMENT OF MEAN CAPITAL EMPLOYED	
as at 1 April 1999	
Notes	1999 '000
Fixed assets	
Tangible fixed assets	55,684
Intangible fixed assets	(208)
Total fixed assets	55,476
Current assets	
Stocks	8,382
Debtors	34,132
Cash at bank and in hand	14,782
Total current assets	57,296
Creditors	(47,384)
Provisions for liabilities and charges	(16)
Mean capital employed	65,372

Other Business reconciliation

RETURN for the year ended 1 April 1999	1999 '000
Apparatus Supply	(47,271)
Other Remaining Activities	(12,184)
Eircell	38,432
Other Subsidiaries	13,474
TOTAL OTHER BUSINESS	(7,549)
MEAN CAPITAL EMPLOYED as at 1 April 1999	1999 '000
Apparatus Supply	28,316
Other Remaining Activities	25,712
Eircell	290,450
Other Subsidiaries	65,372
TOTAL OTHER BUSINESS	409,850

Notes to the Financial Statements

1. Public Payphone Transfer Charge

The Access transfer charge is for local loop use, connecting Public Payphones to the local exchange of the Access Business. The transfer price is determined to be a retail price.

The Local, National, International, Directory Enquiry, Calls to Mobile and Access transfer charges are a transfer of revenue from the Public Payphone Business to the respective business to which the call relates. These transfer charges are determined to be the retail price less a volume discount. The discounts applied are based on the multi-site discount schemes which are available to all businesses.

The *eircom* payphone business is just one of a number of payphone operators using the *eircom* network. Charging the *eircom* Payphone Business a retail related charge for network usage ensures that *eircom* does not discriminate in terms of prices between competitors and its own service providing entity.

2. Inter Business Balances

The capital employed statements for the Businesses include notional debtor/creditor balances relating to the charges from the Local Access Network and Core Network Businesses to the Retail Business as they are deemed to settle these charges in 43 days.

Notes to the Financial Statements

3 Inter Business Turnover

<i>FROM / TO</i>	Local Access Network Business 1999 '000	Core Network Business 1999 '000	Retail Business 1999 '000	Other Business 1999 '000	TOTAL 1999 '000
Turnover originating in:					
LOCAL ACCESS NETWORK BUSINESS	-	-	568,257	-	568,257
CORE NETWORK BUSINESS	-	-	544,230	27,646	571,876
RETAIL BUSINESS					
Access	-	-	-	1,147	1,147
Local Calls	-	-	-	800	800
National Calls	-	-	-	-	-
International Calls	-	-	-	-	-
Calls to Mobile	-	-	-	-	-
Directory Enquiries	-	-	-	2,188	2,188
Leased Lines	-	-	-	39,489	39,489
Public Payphones	-	-	-	-	-
Calls to Internet	-	-	-	-	-
Internet Services Supply	-	-	-	-	-
Supplemental Services	-	-	-	-	-
Remaining Activities	-	-	-	6,575	6,575
OTHER BUSINESS					
Apparatus Supply	-	-	133	-	133
Other Remaining Activities	-	-	-	-	-
Eircell	-	9,396	65,838	-	75,234
Other Subsidiaries	-	-	1,834	-	1,834
TOTAL	-	9,396	1,180,292	77,845	1,267,533

Notes to the Financial Statements

4 Reconciliation statement

Consolidated profit and loss account

for the year ended 1 April 1999

	Notes	Turnover 1999 '000	Operating Costs 1999 '000	Return 1999 '000
Business				
Local Access Network Business		568,257	443,670	124,587
Core Network Business		594,199	526,946	67,253
Retail Business		1,333,617	1,380,684	(47,067)
Other Business		594,053	601,602	(7,549)
Total		3,090,126	2,952,902	137,224
Adjustments				
Elimination of Inter Business turnover and costs	3	(1,267,533)	(1,267,533)	-
Interest payable and similar charges				(16,446)
Share of profit from related companies				(1,748)
Minority interests				(5,246)
Tax on profits on ordinary activities				(35,515)
Dividend paid and proposed				(53,738)
As in the Annual Report		1,822,593	1,685,369	24,531

Notes to the Financial Statements

5 Reconciliation statement

Consolidated mean capital employed	
as at 1 April 1999	
	1999
	'000
Shareholders' funds as in the Annual Report	1,358,193
Reconciling items	
Financial assets	(298,389)
Investments in associated undertakings	(5,205)
Interest receivable	(30,752)
Interest payable on long term bonds	9,942
Proposed dividend	53,738
Taxation	101,170
Long term liabilities	228,986
Current portion of long term loans	175,563
Provisions	77,246
Closing capital employed at 1 April 1999	1,670,492
Opening capital employed at 2 April 1998	1,756,422
Total mean capital employed	1,713,457
Mean capital employed of the Businesses	
Local Access Network Business	761,075
Core Network Business	410,839
Retail Business	131,694
Other Business	409,850
Total mean capital employed	1,713,458

STATEMENT OF COSTS OF NETWORK SERVICES

	TRAFFIC SENSITIVE				NON LENGTH DEPENDANT				LENGTH DEPENDANT				GRADIENTS				NON CONVEYANCE COSTS													
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	Primary/Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	Primary/Secondary to Tertiary Link	Tertiary to Tertiary Link	Gradient - PEAK	Gradient - OFF PEAK	Gradient - WEEKEND	Call Conveyance Cost - Peak	Call Conveyance Cost - OFF PEAK	Call Conveyance Cost - WEEKEND	Inland Directory Enquiries	International Directory Enquiries	Outpayments	International Transmission	Private Circuits Network	Interconnect Connections and Rentals	Other Costs	
Average Cost cents/min	0.316	0.448	0.293	0.304	0.230	0.129	0.097	0.168	0.132	0.002	0.271	0.057	0.074	0.115	0.043	0.000														
Total Costs ('000)	61026	50,597	22,312	10,283	32,007	1,444	4,125	1,732	5,769	53	37,623	639	3,163	1,185	1,882	0														
Routing Factors:-																														
Retail Services																														
Local Calls	2,000	1,042	0,597	0,010	1,478	0,163	0,383	0,083	0,021	0,010	1,470	0,163	0,383	0,083	0,021	0,010														
Trunk Calls	2,000	1,326	1,041	0,552	1,420	0,010	0,563	0,242	1,103	0,552	1,420	0,010	0,563	0,242	1,103	0,552														
International Calls	1,000	0,684	0,459	1,000	0,682	0,000	0,143	0,000	1,000	1,000	0,682	0,000	0,143	0,000	1,000	1,000														
Calls To Mobile	1,000	0,686	0,636	0,749	0,680	0,000	0,169	0,062	0,840	0,749	0,680	0,000	0,169	0,062	0,840	0,749														
Calls to Internet	1,000	1,033	0,672	0,008	0,672	0,171	0,396	0,130	0,015	0,008	0,672	0,171	0,396	0,130	0,015	0,008														
Inland Directory Enquiries	1,000	0,670	0,915	0,026	0,683	0,000	0,554	0,027	0,026	0,026	0,683	0,000	0,554	0,027	0,026	0,026														
International Directory Enquiries	1,000	0,670	0,915	0,026	0,683	0,000	0,554	0,027	0,026	0,026	0,683	0,000	0,554	0,027	0,026	0,026														
Other Services	1,227	0,965	1,228	0,553	0,997	0,017	0,617	0,101	0,831	0,553	0,997	0,017	0,617	0,101	0,831	0,553														
Leased lines																														
RIO Services																														
Call Termination	1,000	0,752	0,767	0,338	0,636	0,006	0,437	0,033	0,382	0,338	0,636	0,006	0,437	0,033	0,382	0,338														
Transit	1,000	0,000	0,000	1,000	0,000	0,000	0,000	0,000	1,000	1,000	0,000	0,000	0,000	0,000	1,000	1,000														
Interconnect Connections and Rental	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000														
Subset of Call Termination																														
Primary	1,000	0,260	0,740	0,000	0,484	0,000	0,000	0,000	0,000	0,000	0,484	0,000	0,000	0,000	0,000	0,000														
Tandem	1,000	0,915	0,778	0,308	0,662	0,007	0,685	0,000	0,308	0,308	0,662	0,007	0,685	0,000	0,308	0,308														
Double Tandem < 50km	1,000	0,720	1,266	0,064	0,453	0,006	0,643	0,336	0,064	0,064	0,453	0,006	0,643	0,336	0,064	0,064														
Double Tandem > 50km	1,000	0,760	0,660	0,785	0,747	0,000	0,174	0,066	0,966	0,785	0,747	0,000	0,174	0,066	0,966	0,785														
Average Cost cents/min																														
Retail Services																														
Local Calls	0,631	0,467	0,175	0,003	0,341	0,021	0,037	0,014	0,003	0,000	0,400	0,009	0,028	0,009	0,001	0,000														
Trunk Calls	0,631	0,594	0,305	0,168	0,327	0,001	0,055	0,041	0,146	0,001	0,385	0,001	0,042	0,028	0,048	0,000														
International Calls	0,316	0,307	0,135	0,304	0,157	0,000	0,014	0,000	0,132	0,002	0,185	0,000	0,013	0,000	0,043	0,000														
Calls To Mobile	0,316	0,308	0,186	0,228	0,157	0,000	0,016	0,010	0,111	0,001	0,184	0,000	0,013	0,007	0,036	0,000														
Calls to Internet	0,316	0,463	0,197	0,002	0,155	0,022	0,038	0,022	0,002	0,000	0,182	0,010	0,029	0,015	0,001	0,000														
Inland Directory Enquiries	0,316	0,300	0,289	0,008	0,157	0,000	0,054	0,005	0,003	0,000	0,185	0,000	0,041	0,003	0,001	0,000														
International Directory Enquiries	0,316	0,300	0,289	0,008	0,157	0,000	0,054	0,005	0,003	0,000	0,185	0,000	0,041	0,003	0,001	0,000														
Other Services	0,545	0,433	0,380	0,168	0,230	0,002	0,060	0,017	0,110	0,001	0,270	0,001	0,046	0,012	0,036	0,000														
RIO Services																														
Call Termination	0,316	0,337	0,225	0,103	0,147	0,001	0,042	0,005	0,050	0,001	0,172	0,000	0,033	0,004	0,016	0,000														
Transit	0,000	0,000	0,000	0,304	0,000	0,000	0,000	0,000	0,000	0,002	0,000	0,000	0,000	0,000	0,000	0,000														
Subset of Call Termination																														
Primary	0,316	0,116	0,217	0,000	0,111	0,000	0,000	0,000	0,000	0,000	0,131	0,000	0,000	0,000	0,000	0,000														
Tandem	0,316	0,410	0,228	0,094	0,153	0,001	0,087	0,000	0,000	0,000	0,179	0,000	0,051	0,000	0,013	0,000														

Definitions of the Businesses

The full definition of the Businesses and their activities are set out on pages (3) to (5) of the introduction to the Accounting Documents. They are summarised as follows:

Local Access Network

The Local Access Network provides connections to the Core Network. The accounts for the Local Access Network Business include the costs and capital employed associated with providing and maintaining these connections. For Accounting Separation, the Local Access Network Business includes all the customer-dedicated components of the network including, for example, the line cards and ports located at concentrators and/or exchanges. The Core Network Business includes all other network components. Customer line rental is a service provided by the Retail Business. The revenue from line rental and connections provided to end-users is therefore recorded in the Retail accounts. The cost of providing customer lines is recorded against the Local Access Network Business and a transfer charge of costs to the Retail Business is levied in order to match revenues with their associated costs. The costs transferred to the Retail Business are net of any Local Access revenue. Costs charged to the Retail Business are based on the fully allocated costs of Network elements including a cost of capital, set at 16.37%.

Core Network

The Core Network Business provides a range of interconnection services internally and externally in order to allow the customer of one operator to communicate with customers of the same or another operator, or to access services provided by another operator. These services include the switching and conveyance of calls. The revenues of the Core Network Business will derive from the sale of interconnection services to the Retail Business of *eircom* and to other operators. Network charges to other operators and *eircom* Retail Business are based on their consumption of bundles of network elements (known as ‘segments’) into standard network services. The unit costs for components are based on the fully allocated costs of components including a cost of capital, set at 16.37%.

Retail

The Retail Business includes all those Activities involving the selling of telephony services to end-users, including line rental, leased lines, calls, payphones and the provision of directory information. The accounts for the Retail Business include the costs, revenues and capital employed associated with the provision of these services to end-users. The costs allocated to the Retail Business include the transfer charges related to the use of network resources or services provided by Local Access Network Business and the Core Network Business and the marketing and billing costs associated with the provision of end-user services.

Definitions of the Businesses (cont)

The disaggregated activities within the Retail Business are as follows:-

- 1. Access**
The business relating to the supply of customer line connections and rental and its associated costs.
- 2. Local Calls**
Local dialled calls originating from PSTN, ISDN and private payphone telephone exchange lines.
- 3. National Calls**
Dialled calls charged at regional and national tariff rate originating from PSTN, ISDN and private payphone telephone exchange lines.
- 4. International Calls**
Continental, Intercontinental and Northern Ireland calls originating from PSTN, ISDN and private payphone telephone exchange lines. This also includes receipts from overseas telecommunication operators and cashless calling.
- 5. Calls to Mobile**
Dialled calls originating on PSTN and private payphone lines that terminate on a mobile (i.e. not fixed) network.
- 6. Directory Enquiry**
Inland calls placed with the *eircom* operator to obtain information about Irish and Overseas telephone numbers, whether made from business or residential telephone exchange lines or from public payphones and includes calls made to the Directory Enquiry database.
- 7. Public Payphones**
Local, national and international dialled calls, originating from public payphones, using cash, phone cards or credit cards.
- 8. Leased Lines**
Rental, maintenance, connection and change of inland and international leased lines beyond customers' premises and which have access to the PSTN.

Definitions of the Businesses (cont)

9. Calls to Internet

Calls to the 1891 internet service originating from ordinary and ISDN telephone exchange lines.

10. Internet Services Supply

The business relating to the supply of internet services.

11. Supplemental Services

The business relating to the supply of certain data and value added services. Examples of these services are data networks, messaging services, mobile messaging communications, fax network services, electronic information services, broadcast and visual services, managed answering services and telemarketing.

12. Remaining Activities

All other telecommunications services that are within the Retail Business. This will include services such as operator assistance, freephone and premium rate services.

Other Business

eircom provides a wide range of other services including the rental, repair and maintenance of customer equipment. For the purposes of Accounting Separation, the costs, revenues and capital employed associated with these Activities will be separately identified.

The disaggregated activities within Other Activities are as follows:-

1. Other – Apparatus Supply

The business relating to the rental, sale and maintenance of customer premises equipment in the Republic of Ireland.

2. Other Remaining Activities

All other remaining activities such as repayment works and consultancy services.

3. Eircell

The business relating to the provision of mobile telephony services by Eircell.

Definitions of the Businesses (cont)

4. Other Subsidiaries

Activities of *eircom*'s subsidiaries other than Eircell.