

Accounting standards, reporting format, and frequency of reports

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Delivered:

Abstract & Summation: Data required for development of national indicators by sector regulators

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1. INTRODUCTION

Information from operators is required to evaluate the impact of regulatory decisions and to monitor the competitiveness of the sector. The key principles for the data collection are to collect as *much information as necessary* and as *little as possible*. Providing and processing information is labour intensive for both operators and regulator.

Information requirements may change with time and additional data requests may need to be made in future. The current data template is designed to minimise the burden on all parties involved. The key pillars for reporting are:

- Audited annual financial reports
- Quarterly reports for monitoring and impact assessment
- Ad hoc information requests for concrete disputes and regulatory affairs.

Operators may choose to define their financial years differently from the calendar year but data should be collected monthly to enable necessary adjustments for possible different financial years and this will be reported on quarterly.

2. LEGAL REQUIREMENTS OF LICENSEES

Legislation should provide the NRA to collect data from operators and this authority is usually reflected in national network licences that include obligations to report to the authority.

3. AUDITED ANNUAL FINANCIAL REPORTS

Audited annual financial reports need to be submitted to NRA within 6 month of end of financial year. The Company Act requires that annual financial reports are submitted within 6 months after the end of the financial year as well. Operators may request extension to submit reports later in exceptional circumstances. Extension should be requested in writing and the regulator should make the request public on its webpage. Whether an extension can be granted should be within the discretion of the regulator. Table 1 and 2 provide examples of data extracted from annual reports.

Table 1: Key Financial Indicators (Group)						
	2005	2006	2007	2008	2009	2010
Revenue \$ million						
Shareholders' Equity \$ million						
Taxation \$ million						
Net profit after tax \$ million						
Capital Expenditure in million \$						
Total assets \$ million						
Dividend \$ million						
Dividend as % of after tax profit						
Return on equity						
Profit Margin						
EBITDA margin						
Active SIM cards in 1000						
Full-time Staff						
Monthly ARPU in N\$						
<i>Source Annual Reports</i>						

The results should be based on company not group results and exclude external investments

Table 2: (company): Key Financial Indicators						
	2005	2006	2007	2008	2009	2010
Revenue \$million						
Taxation \$ million						
Net profit after tax \$ million						
Total assets \$ million						
Shareholders' Equity \$ million						
Dividend \$ million						
Asset Turnover						
Return on Equity						
Financial Leverage						
Profit Margin						
DELTs in 1000						
No of Public Phones						
Full-time Staff						
<i>Source Annual Reports</i>						

The licences need to require licensees to submit audited annual financial statements to NRA within six months after end of financial year.

4. QUARTERLY REPORTS

The quarterly reports collect monthly data with the purpose of monitoring developments of the sector. Aggregated data should be made publicly available each quarter on the website of the NRA.

Table 3: Monthly Data		March 2009	...	April 2011
Mobile Subscribers	Total			
	Prepaid			
	Postpaid			
Fixed-line Subscribers	Residential			
	Business			
	Total			
Data Subscribers	ADSL			
	Leased Lines			
	VSAT			
	Wireless data (Wimax 3G, 4G, EVDO dongles)			
	Total			
	On net			
	International outgoing			

Traffic in minutes (billable and bundled)	International incoming				
	Minutes incoming from	Operator 1			
		Operator 2			
		Operator 3			
	Minutes outgoing to	Operator 1			
		Operator 2			
Operator 3					
Revenue	Total				
	Voice (Domestic)				
	Voice (International)				
	Data (including leased lines, ADSI 3G etc)				
	Termination revenue from	Operator 1			
		Operator 2			
Operator 3					
Termination fees paid	Operator 1				
	Operator 2				
	Operator 3				
Employment	Total full-time staff				
	Number of contract/semi-permanent employees				
Billing and Complaints	Billing complaints as a % of total bills issued				
	% of billing complaints resolved within 5 days of receipt of complaint				
	Number of non-billing complaints received				
	% of non-billing complaints resolved within 1 working day of receipt of complaint				
Infrastructure	Total international uplink bandwidth				
	Total international downlink bandwidth				
	Number of Base Stations (Mobile)				
	Number of Public Pay-phones				
	Number of Points of Presence (POP)s				
Number of points of Interconnection					
<i>Source Annual Reports</i>					

It is important for NRA to be able to verify the data. Off-net traffic data is, for example, collected from all operators. This allows the NRA to verify the data of one operator by comparing it with the submission of other operators. Once figures align, aggregated results should be published on the website. The data is also collected on a monthly basis to be able to verify submission with annual reports which may be varying in financial years. Operators should be required to submit quarterly reports in hard and soft copy (Excel).

The licences need to allow the NRA to request quarterly reports with monthly data as it sees fit.

5. AD HOC REPORTS

Additional to the regular reporting requirement information may be requested by NRA for specific regulatory purposes. For example in the case of a termination rate dispute the regulator may commission a cost study to be carried out.

Tools such as accounting separation are complex and expensive to implement for both operators and the regulator. In the case of a termination rate dispute a specific cost study may be commissioned to establish the cost of termination. Several international companies specialise in such cost studies. To minimise regulatory burden of operators and the regulators these ad hoc studies may be initiated when required. Other areas where ad hoc studies may be required include local loop unbundling, facility sharing for base stations and landing points and national roaming requirements.

The licences and law need to allow NRA to initiate ad hoc studies.

6. CONCLUSION

The reporting template is limited to only crucial information required for monitoring developments in the sector in order to minimise the burden on operators. Additional information may be collected on an ad hoc basis as need arises or the quarterly reports may be revised if additional monthly information is required.