

**OPTA**  
**Unabridged annual accounts 2005**

## **Auditor's report**

### **Assignment**

We have audited the Annual Accounts for 2005 of OPTA in The Hague as included on pages 43 through 56 of the minister's report. The annual accounts were drawn up under the responsibility of OPTA's Commission. It is our responsibility to express an opinion on these annual accounts, based on our audit.

### **Activities**

Our audit was conducted in accordance with auditing standards generally accepted in the Netherlands. These standards require that we plan and perform our audit to obtain a reasonable assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes an assessment of the accounting principles used in the annual accounts and significant estimates made by management, as well as an evaluation of the overall presentation of the annual accounts. In our view, our audit forms a sound basis for our opinion.

### **Assessment**

In our opinion, the annual accounts provide a true and fair view of the size and composition of OPTA's capital as at 31 December 2005 and the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and that the income and expenditure shown in the annual accounts also comply with the applicable provisions of the OPTA Act.

We also determined to the best of our ability whether the Annual Report was in keeping with the Annual Accounts.

**The Hague, 22 March 2006**

BDO CampsObers Accountants

<b>Balance sheet</b>		
	<b>31 December 2005</b>	<b>31 December 2004</b>
	<i>x € 1,000</i>	<i>x € 1,000</i>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible fixed assets:		
Formation expenses	82	163
Tangible fixed assets:		
Tenant's property	1,129	1,203
Equipment	215	241
Computer hardware and software	1,577	1,522
	<b>3,003</b>	<b>3,129</b>
<b>Current assets</b>		
Receivables from debtors	1,290	717
Other receivables	477	234
Liquid assets	17,875	1,628
	<b>19,642</b>	<b>2,579</b>
<b>TOTAL ASSETS</b>	<b>22,645</b>	<b>5,708</b>
<b>LIABILITIES</b>		
<b>Shareholder's equity</b>		
General reserve	112	- 437
Formation expenses capitalisation reserve	82	163
Investment reserve	-	454
	<b>194</b>	<b>180</b>
<b>Provisions</b>		
Provision for appeals	94	185
	<b>94</b>	<b>185</b>
<b>Long-term liabilities</b>		
Loans extended by Ministry of Economic Affairs	-	163
	-	<b>163</b>
<b>Current liabilities</b>		
Payable to the market	1,192	952
Debts to suppliers	1,169	1,311
Debt to Ministry of Economic Affairs	476	964
Taxes and social insurance premiums	243	248
Other liabilities	19,277	1,705
	<b>22,357</b>	<b>5,180</b>
<b>TOTAL LIABILITIES</b>	<b>22,645</b>	<b>5,708</b>

<b>Profit and loss account</b>			
	<b>Realised</b>	<b>Budget</b>	<b>Realised</b>
	<b>2005</b>	<b>2005</b>	<b>2004</b>
	<b>x € 1,000</b>	<b>x € 1,000</b>	<b>x € 1,000</b>
<b>INCOME</b>			
Revenues from market categories	15,816	15,058	15,779
Other income	2,160	2,572	3,032
<b>TOTAL INCOME</b>	<b>17,976</b>	<b>17,630</b>	<b>18,811</b>
<b>EXPENDITURE</b>			
<b>Personnel costs</b>			
Salaries and social insurance charges	9,407	9,699	9,104
Other personnel costs	1,320	998	1,737
	<b>10,727</b>	<b>10,697</b>	<b>10,841</b>
Third-party assignments	2,313	2,326	2,343
Cost of equipment	3,447	3,720	3,297
Depreciation	1,122	1,257	1,597
Extraordinary liabilities	202	-	1,287
<b>TOTAL EXPENDITURE</b>	<b>17,811</b>	<b>18,000</b>	<b>19,365</b>
<b>OPERATING RESULT</b>	<b>165</b>	<b>- 370</b>	<b>- 554</b>
Interest income	89	-	134
<b>RESULT</b>	<b>254</b>	<b>- 370</b>	<b>- 420</b>

<b>Capital expenditure and income account</b>		
	<b>Realised</b>	<b>Realised</b>
	<b>2005</b>	<b>2004</b>
	<b>x € 1,000</b>	<b>x € 1,000</b>
Capital goods expenditure	996	2,701
Repayments	163	163
Result	-	420
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>1,159</b>	<b>3,284</b>
Result	254	-
Depreciation	1,122	1,597
<b>TOTAL CAPITAL INCOME</b>	<b>1,376</b>	<b>1,597</b>
<b>NET CAPITAL EXPENDITURE AND INCOME</b>	<b>217</b>	<b>- 1,687</b>

<b>Cash flow statement</b>		
	<b>Realised</b>	<b>Realised</b>
	<b>2005</b>	<b>2004</b>
	<b>x € 1,000</b>	<b>x € 1,000</b>
Result	254	- 420
Depreciation	1,122	1,597
Increase/decrease in debtors and other receivables	- 816	816
Increase/decrease in provisions	- 91	- 445
Increase/decrease in current liabilities excluding "payable to the market"	16,937	- 5,484
<b>NET CASH FLOW FROM OPERATIONAL ACTIVITIES</b>	<b>17,406</b>	<b>- 3,936</b>
Investments in tangible fixed assets	- 996	- 2,701
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>- 996</b>	<b>- 2,701</b>
Decrease in long-term liabilities	- 163	- 164
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>- 163</b>	<b>- 164</b>
<b>NET CASH FLOW</b>	<b>16,247</b>	<b>- 6,801</b>
Liquid assets as at 1 January	1,628	8,429
Liquid assets as at 31 December	17,875	1,628
<b>MOVEMENTS IN LIQUID ASSETS</b>	<b>16,247</b>	<b>- 6,801</b>

# Notes to the OPTA balance sheet as at 31 December 2005 and the results for 2005

## 1. Principles of valuation

### **General**

The amounts in the balance sheet as at 31 December 2005 are shown in the balance sheet as at 31.12.04 for the purpose of comparison. The of profit and loss account includes the budgeted amounts for 2005 and the amounts realised in 2004.

Assets and liabilities are shown at face value, unless specified otherwise.

### **Intangible fixed assets**

The intangible fixed assets relate to OPTA's formation expenses. These capitalised costs are shown at historical cost, less depreciation to year-end 2005. Depreciation is on a straight-line basis over a period of ten years. Based on the agreements made with the Ministry of Transport, Public Works and Water Management at the time when OPTA became independent (its parent department at that time), depreciation costs are passed on to the market parties in the tariffs.

### **Tangible fixed assets**

The tangible fixed assets are shown in the balance sheet at cost, less depreciation to year-end 2005. Depreciation is on a straight-line basis, based on the estimated useful life, which varies from 3 to 10 years. The depreciation periods are as follows:

Tenant's property (= immovables)	10 years
Equipment (=equipment and office machines)	5 years
Computer hardware and software	3 years

### **Receivables**

The receivables are shown at face value, less the provision considered necessary for doubtful debtors.

### **Principles for the determination of the result**

Revenues and cost are stated in accordance with the income and expenditure system. The full costs are charged on to the market parties in the pricing, except for the costs for appeals and objections and for implementation evaluations, and the extraordinary liabilities.

### **Revenues from and costs of market categories**

The grounds for market parties' tariffs are laid down in the Telecommunications Act, the Telecommunication Fees Decree, the Postal Act and the Postal Act Remuneration Decree, as well as the Independent Post and Telecommunications Authority Act.

The cost-covering tariffs to be charged to the market parties are approved each year by the Minister of Economic Affairs, and are published annually in the State Gazette as the "OPTA fees regulation". Tariffs are determined on the basis of the profit principle. The costs of objections and appeals and the costs of implementation evaluations are borne by the Ministry of Economic Affairs on a subsequent costing basis.

### **System modification Shareholders' equity**

The principles for the formation of OPTA's shareholders equity were laid down in the memorandum 'Financial principles of privatisation of the Supervision, Networks and Services Management'. These regulations were changed in 2005 in order to achieve a more adequate and feasible system for the formation of OPTA's shareholder equity.

One of the results of this change is that the balance of the provision for tariffs (part of the shareholders' equity) to the amount of € 952,000.00 at the end of 2005 was transferred to the item "Payable to market" under Current Liabilities. The tariff provision no longer exists as a result. The comparative figures were changed in keeping with this system modification. The system modification does not affect the result.

## **2. Intangible fixed assets**

OPTA's formation expenses are shown in the balance sheet as intangible fixed assets. Movements in formation expenses can be analysed as follows (x € 1,000):

	<b>Formation expenses</b>
Acquisition value to year-end 2004	817
Depreciation to year-end 2004	- 654
<b>Book value as at 31 December 2004</b>	<b>163</b>
Depreciation 2005	- 81
<b>Book value as at 31 December 2005</b>	<b>82</b>

## **3. Tangible fixed assets**

Movements in tangible fixed assets can be analysed as follows (x € 1,000):

	<b>Tenant's property</b>	<b>Equipment</b>	<b>Computer hardware and software</b>	<b>Total tangible fixed assets</b>
Acquisition value to year-end 2004	1,268	901	2,879	5,048
Depreciation to year-end 2004	-65	-660	- 1,357	- 2,082
<b>Book value as at 31 December 2004</b>	<b>1,203</b>	<b>241</b>	<b>1,522</b>	<b>2,966</b>
Investments 2005	54	31	911	996
Depreciation 2005	- 128	- 57	- 856	- 1,041
<b>Book value as at 31 December 2005</b>	<b>1,129</b>	<b>215</b>	<b>1,577</b>	<b>2,921</b>

#### 4. Current assets

##### *Receivables from debtors*

Receivables can be analysed as follows (x € 1,000):

	31 December 2005	31 December 2004
Receivables from debtors	1,666	1,156
Provision for doubtful debtors	- 376	- 439
	<b>1,290</b>	<b>717</b>

Receivables from debtors includes € 860,000.00 in imposed fines and € 332,000.00 for bankrupt debtors.

The provision for doubtful debtors<sup>1</sup> is composed as follows: claims older than 12 months are provided for at 100%; claims younger than 12 months against bankrupt debtors are also provided for at 100%; and claims between 2 and 12 months old in excess of € 4,500 were evaluated separately and provided for where necessary.

##### *Other receivables*

Other receivables can be analysed as follows (x € 1,000):

	31 December 2005	31 December 2004
Amounts to be invoiced	250	-
Pre-paid amounts	137	149
Miscellaneous	90	85
	<b>477</b>	<b>234</b>

##### *Liquid assets*

Liquid assets can be analysed as follows (x € 1,000):

	31 December 2005	31 December 2004
Cash	1	2
ING-bank	- 3	157
Postbank	17,877	1,469
	<b>17,875</b>	<b>1,628</b>

The high balance in the Postbank account results from the receipt of a fine to the amount of seventeen million euros from Koninklijke KPN N.V. on 30 December 2005.

<sup>1</sup> Fines and judicially imposed penalties are not provided for.



## 5. Shareholder's equity

Shareholder's equity can be analysed as follows (x € 1,000):

	31 December 2005	31 December 2004
<b>General reserves</b>		
Balance as at 1 January	- 437	634
Transfer from investment reserve	454	-
Allocation	95	- 1.071
Balance as at 31 December	<b>112</b>	<b>- 437</b>
<b>Formation expenses capitalisation reserve</b>		
Balance as at 1 January	163	245
Release	- 81	- 82
Balance as at 31 December	<b>82</b>	<b>163</b>
<b>Investment reserve</b>		
Balance as at 1 January	454	454
Transfer to general reserves	- 454	-
Balance as at 31 December	<b>-</b>	<b>454</b>
<b>Balance</b>	<b>194</b>	<b>180</b>

### **General reserve**

The general reserves may amount to no more than 5% of the income achieved in the past three years (in 2005 the maximum was € 864,000.00). The income consists of the income from market categories, the payments from the Ministry of Economic Affairs for costs incurred for objections, appeals and implementation evaluations, and other income excluding income from interest.

If the maximum general reserve is exceeded, the excess is added to the item "Payable to the market" included under the current liabilities.

Each year an amount of no more than 50% of the result excluding extraordinary liabilities may be added to the general reserve, providing this amount is not more than 25% of the maximum amount of the general reserve.

The part of the result that is not allocated to the general reserve is added to the item "Payable to the market". The investment provision was ceased in 2005; the amount was added to the general reserve, rendering a positive general reserve balance of € 17,000.00. The release in 2005 from the reserve for activation of establishment costs to the amount of € 81,000 has been allocated to the general reserve. Another amount of € 14,000 was also allocated to the general reserve. This amount is the balance of an addition to the amount of € 216,000<sup>2</sup> and a deduction of extraordinary liabilities to the amount of € 202,000. In total, € 95,000 was allocated to the general reserve, which showed a positive balance at the end of 2005 of € 112,000.

<sup>2</sup> 25% of € 864,000 (the maximum size of the general reserve). This amount is based on € 216,000 because 50% of the result excluding extraordinary liabilities, totaling € 228,000 [50% x (€ 254,000 + € 202,000)] is higher.

### **Formation expenses capitalisation reserve**

OPTA's formation expenses capitalisation reserve was still € 82,000 at year-end 2005. This reserve is maintained at the level of the capitalised formation expenses. In 2005 there was a release of € 81,000 to the general reserve.

### **Investment reserve**

The balance of the investment reserve at the end of 2004 to the amount of € 454,000 was added in 2005 to the general reserve, with which the item investment reserve was ceased.

## **6. Provisions**

### **Provision for appeals**

Provisions can be analysed as follows (x € 1,000):

	<b>31 December 2005</b>	<b>31 December 2004</b>
Balance 1 January	185	630
Allocation	94	94
Release	162	- 455
Write off	23	- 84
Balance 31 December	<b>94</b>	<b>185</b>

This provision pertains to objection and appeal cases concerning contested invoices for annual supervision, registration/licenses and allocation or reserving.

The allocation is composed of one unforeseen invoice written off in 2005 and newly included invoices, the objections and/or appeals to which have not yet been concluded in 2005.

The release consists of invoices to which the objections and/or appeals have been deemed unfounded and invoices to which the objections and/or appeals have been withdrawn.

The write-off comprises invoices to which the objections and/or appeals have been deemed permissible and invoices to which the objections and/or appeal have been deemed unfounded but that cannot be collected.

## **7. Long-term liabilities**

Upon OPTA's formation, the Ministry of Transport and Public Works extended two interest-free loans, each amounting to € 817,000, in order to finance the transfer of fixed assets. The loans are repayable in 10 equal annual instalments, the ninth of which – amounting to € 163,000 – was effected in 2005. This loan has been transferred to the Ministry of Economic Affairs.

## 8. Current liabilities

### *Payable to the market*

This item serves to process the result of the various market categories for settlement in future tariffs.

As at the end of 2005, € 240,000 was added to the item "Payable to the market". This amount is part of the result that was not allocated to the general reserve (€ 254,000 minus € 14,000).

The following table shows how the item "Payable to the market" is divided over the various market categories (x € 1,000):

	31.12.05	31.12.04
Public electronic communications networks	- 392	559
Public electronic communications services	- 154	- 502
Systems for conditional access	317	96
Electronic communications networks per license	271	196
<b>Electronic Communications</b>	<b>42</b>	<b>349</b>
TTP certificate service providers	- 13	7
Numbers	1,065	459
Post	98	137
	<b>1,192</b>	<b>952</b>

### *Debt to Ministry of Economic Affairs*

Debts can be analysed as follows (x € 1,000):

	31.12.05	31.12.04
Redemption instalment interest-free loan	163	163
Settlement advance payments Ministry:		
Objections and appeals	219	623
Implementation evaluations	94	178
	<b>476</b>	<b>964</b>

The annual instalment to the amount of € 163,000 pertains to the tenth instalment for the long-term interest-free loan to be paid in 2006.

### *Other liabilities*

Other liabilities can be analysed as follows (x € 1,000):

	31.12.05	31.12.04
Fines imposed	17,862	348
Reserve reorganisation	490	560
Invoices still to be received	407	195
Reserve holiday allowance	287	306
Reserve holiday entitlement	193	207
Reservation remuneration corporate numbers	-	67
Miscellaneous	38	22
	<b>19,277</b>	<b>1,705</b>

The specification of the imposed fines and/or legal penalties is as follows: (x € 1,000):

<b>Party</b>	<b>31.12.05</b>	<b>31.12.04</b>
Koninklijke KPN N.V.	17,450	-
Van Leerdam's Verkoopmaatschappij B.V.	27	-
Speko B.V.	23	-
Zmart B.V.	10	-
Private individual	2	-
Vitamins Direct B.V.	2	-
KPN Telecom B.V.	225	225
Private individual	43	43
Groenendaal Uitgeverij B.V.	25	25
Stichting Yellow Monday, trading as Purple Friday	20	20
Low Cost Linking Inc.	20	20
Lijbrandt Telecom	15	15
	<b>17,862</b>	<b>348</b>

When the imposed fines and/or legal penalties have been collected, the amounts are passed on to the Ministry of Economic Affairs.

No fines or legal penalties were passed on to the Ministry in 2005. Fines of € 17.0 million and € 0.45 million were imposed on Koninklijke KPN N.V. The fine imposed on Koninklijke KPN N.V. to the amount of € 17.0 million was received on 30 December 2005; the fine from Vitamins Direct B.V. on 20 December. Both of these amounts will be passed on to the Ministry in 2006.

## **9. Commitments not shown in the balance sheet**

OPTA rents office space in the Zurchtoren on the Muzenstraat in The Hague. The ten-year lease expires on 31 January 2014. The total lease fee (including service fees) is € 1,664,000 for 2006.

Other commitments entered into as at the balance sheet date concern € 31,000 for research and consultancy assignments, € 43,000 for temporary personnel and € 72,000 for the costs of the state advocate. Commitments also existed regarding lease and maintenance of printers and copiers to the amount of € 99,000.

OPTA has established a pension scheme for its employees that qualifies as a promised pension scheme, the promised payments for which are based on average salary. The pension scheme has been assigned to the ABP and is processed in the annual accounts as a promised contributions scheme. This means that the premiums due over the financial year are accounted as costs. The risks of wage developments, inflation adjustments, and returns on investment of the fund equity could result in future adjustments in the annual contribution to the pension fund. These risks are not expressed in a provision included in the balance sheet.

There is also one court case in which OPTA runs some risk due to the fact that the market party could submit a claim for reimbursement of damages.

## 10. Salaries and social insurance charges

### *Salaries and social insurance charges*

Costs for salaries, pension scheme contributions and social insurance charges can be analysed as follows (x € 1,000):

	<b>31.12.05</b>	<b>31.12.04</b>
Salaries	7.593	7.523
Pension scheme contributions	1.168	1.046
Social insurance charges	646	535
	<b>9.407</b>	<b>9.104</b>

### *Average number of employees*

The average number of employees in 2005 was 145 (2004: 147).

### *Remuneration of Commission members*

The remuneration of the Commission for 2005 can be analysed as follows (x € 1,000):

	J.C. Arnbak 1 Jan - 31 Aug	C.A. Fonteijn 1 Sep - 31 Dec	L.Y. Gonçalves- Ho Kang You	H.A. van Karnebeek	<b>Total</b>
Salaries <sup>3</sup> ,	98	38	135	40	311
Fixed expense allowance	11	13	10	-	34
Allowance representation expenses	4	2	3	2	11
Pension scheme contributions	16	7	20	-	43
Social insurance charges	4	1	2	-	7
	<b>133</b>	<b>61</b>	<b>170</b>	<b>42</b>	<b>406</b>

The remuneration of the Commission for 2004 can be analysed as follows (x € 1,000):

	J.C. Arnbak	L.Y. Gonçalves- Ho Kang You	H.A. van Karnebeek	<b>Total</b>
Salaries <sup>4</sup> ,	146	110	40	296
Fixed expense allowance	16	10	-	26
Allowance representation expenses	7	3	2	12
Travel expenses	-	3	-	3
Retirement reserves	23	15	-	38
Social insurance charges	4	2	-	6
	<b>196</b>	<b>143</b>	<b>42</b>	<b>381</b>

<sup>3</sup> This consists of salaries and fixed expenses; see the Integral text Regulation legal position of OPTA permanent members (State Gazette 31 October 2001, no. 211 / page 12 and State Gazette, 31 August 2005, no. 168 / page 10).

<sup>4</sup> This consists of salaries and fixed expenses; see the Integral text Regulation legal position of OPTA permanent members (State Gazette 31 October 2001, no. 211 / page 12).

Mr. C.A. Fonteijn succeeded Mr. J.C. Arnbak as Chairman of OPTA's Commission as of 1 September. The increase in the remuneration for Ms. L.Y. Gonçalves-Ho Kang You stems from an increase in her appointed duties.

## **11. Extraordinary liabilities**

The extraordinary liabilities total € 202,000. These pertain to OPTA's reorganisation, which was concluded on 31 August 2005.

## **12. Revenues from and costs of market categories and other categories**

OPTA's revenues come from the legal obligations to charge market parties for the annual supervision, registration/licenses, allocation or reservation, modification and urgent processing. The fees are charged to the market parties on the basis of the Modified Remuneration Scheme OPTA 2005 (Regeling vergoeding OPTA 2005).<sup>5</sup> In 2005 the fee system was modified once.<sup>6</sup>

In order to ascertain whether and to what extent the market parties concerned have complied with the statutory obligations, OPTA carries out an enforcement policy. The Annual Report provides an insight into the way in which OPTA carries out its supervisory activities and, therefore, how it obtains assurances of the legitimacy of the market parties' revenues. The actual results were calculated on a subsequent costing basis.

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<sup>5</sup> State Gazette, 24 December 2003, no. 249 / page 14.

<sup>6</sup> State Gazette, 14 December 2005, no. 243 / page 11.

Income and expenditure by market categories is analysed as follows (x € 1,000):

	Realised 2005	Budget 2005	Realised 2004
<b>INCOME</b>			
Revenues from market categories:			
Public electronic communications networks	4,560	4,552	5,680
Public electronic communications services	6,750	6,511	4,728
Systems for conditional access	496	651	484
Electronic communications networks per license	505	505	1,206
<b>Electronic Communications</b>	<b>12,311</b>	<b>12,219</b>	<b>12,098</b>
TTP – certification service providers including contribution Economic Affairs	36	140	72
Numbers	2,981	2,211	3,353
Post	488	488	256
<b>Subtotal of market categories:</b>	<b>15,816</b>	<b>15,058</b>	<b>15,779</b>
Other income:			
Objections and appeals	1,985	2,204	2,825
Implementation evaluations	174	368	207
Other income	1	-	-
<b>Subtotal of other income</b>	<b>2,160</b>	<b>2,572</b>	<b>3,032</b>
<b>TOTAL INCOME</b>	<b>17,976</b>	<b>17,630</b>	<b>18,811</b>
<b>EXPENDITURE</b>			
Expenditure on market categories:			
Public electronic communications networks	6,011	5,355	5,747
Public electronic communications services	6,219	6,396	4,740
Systems for conditional access	159	464	362
Electronic communications networks per license	390	550	1,385
<b>Electronic Communications</b>	<b>12,779</b>	<b>12,765</b>	<b>12,234</b>
TTP certificate service providers	67	132	42
Numbers	2,057	2,013	2,161
Post	547	518	609
<b>Subtotal of market categories:</b>	<b>15,450</b>	<b>15,428</b>	<b>15,046</b>
Other expenditure:			
Objections and appeals	1,985	2,204	2,825
Implementation evaluations	174	368	207
Extraordinary liabilities	202	-	1,287
<b>Subtotal of other expenditures</b>	<b>2,361</b>	<b>2,572</b>	<b>4,319</b>
<b>TOTAL EXPENDITURE</b>	<b>17,811</b>	<b>18,000</b>	<b>19,365</b>
<b>OPERATING RESULT</b>	<b>165</b>	<b>- 370</b>	<b>- 554</b>

#### Notes revenues

In general, the budget estimate and final figures do not deviate significantly. Exceptions are the market categories numbers, systems for conditional access and TTP. The significantly higher figure achieved for numbers was caused in particular by the higher income from the annual invoices for information numbers and number blocking. However, revenue from systems for conditional access and TTP was lower due to disappointing market developments. The revenue from TTP to the amount of € 36,000 consists of € 1,000 from amounts received from market parties and € 35,000 from a contribution paid by the Ministry of Economic Affairs.

#### Notes expenses

The expenses for public electronic communication networks were higher due to the market analyses. OPTA employees devoted more time to these than initially planned (for an explanation see section 1.1..2 of the Annual Report). This also explains the relatively low revenue from the other market categories under electronic communication.

The costs for objections, appeals and implementation evaluation, other than the market categories, are settled each year with the Ministry of Economic Affairs on the basis of subsequent costing.

### **13. Proposed appropriation of the result**

The Commission has decided to appropriate the positive results over 2005 to the amount of € 254,000 as follows:

1. € 14,000 is to be added to the general reserve;
2. € 240,000 is to be added to the item "Payable to the market".

This decision is incorporated in the annual accounts.