



# **WATER INDUSTRY COMMISSION FOR SCOTLAND**

## **RULES AND GUIDELINES FOR THE CONTENTS OF REGULATORY ACCOUNTS**

### **REGULATORY ACCOUNTING RULE 3**

**Operative: Financial Year 2005-06  
Version 2.0 April 2006**

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## Pro-formas

Appendix 2 contains the following pro formas

<b>Pro-forma Number</b>	<b>Statement</b>
1	- historic cost income and expenditure account;
2	- historic cost balance sheet;
3	- historic balance sheet reconciliation to statutory accounts;
4	- current cost income and expenditure account;
5	- current cost balance sheet;
6	- current cost cash flow statement;
7	- analysis of turnover and operating income;
8/9/10	- current cost analysis of fixed assets by asset type and service;
11	- current cost working capital;
12	- movement on current cost reserve;
13	- reconciliation of current cost operating surplus to net cash flow from operating activities;
14	- analysis of net debt;
15	- regulatory capital value;
16	- 5 year rolling summary – income and expenditure account;
17	- 5 year rolling summary – balance sheet; and
18	- published activity cost table – core business.

# **PART 1 - EXPLANATORY NOTE**

## **1.1 Introduction**

1.1.1 This regulatory accounting rule (RAR) covers the requirements for accounting information, with the exception of the current cost accounting methodology which is covered by regulatory accounting rule 1 (RAR 1), the classification of expenditure (RAR 2) and the activity cost analysis and methodology which is addressed in RAR 4.

1.1.2 Regulatory accounts should be prepared in accordance with these rules for each financial year. Additionally Scottish Water is required to provide in electronic format audited accounting information for the core and non-core business as part of the Annual Return reporting requirements each year. Separate guidance is provided for these returns.

## **1.2. Requirements**

1.2.1 This regulatory accounting rule contains guidance on:

- the accounting statements of Scottish Water;
- the activity cost analysis of the core and non core businesses including analysis between wholesale and retail activities; RAR 4 also provides additional details;
- transactions with associated entities; and
- audit and publication of accounting statements.

## **1.3 Role of Regulatory Accounting Rules**

1.3.1 Regulatory accounts are the primary source of regular audited financial information about the business regulated by WICS. It is intended that the RARs should take precedence over the accounting standards issued by the Accounting Standards Board in the preparation of regulatory accounts. Where the RARs do not specifically address an accounting issue, then UK Generally Accepted Accounting Practice (UK GAAP) should be followed.

1.3.2 In accordance with RAR 1, for the purposes of regulatory accounts, infrastructure renewals accounting will be used and the relevant sections of FRS12 and in FRS15 should be dis-applied.

1.3.3 For statutory purposes FRS17 – Retirement benefits and FRS19 – Deferred tax require certain disclosures by way of a note to the accounts. Where the statutory accounts of Scottish Water are bound with the regulatory accounts in one document, the additional disclosures specified in FRS17 and 19 are not required in the regulatory accounts. Where Scottish Water produces statutory accounts in a separate document, full disclosures under FRS17 and 19 must be made in the regulatory accounts.

## **PART 1 - EXPLANATORY NOTE**

- 1.3.4 A full reconciliation between the statutory accounts and the historic cost regulatory accounts should be provided, in the prescribed format, within the regulatory accounts (see Appendix 2, pro forma 3).
- 1.3.5 Merger accounting will be retained for regulatory purposes, so as to ensure comparability, and the relevant sections of FRS6 should be dis-applied. Again a full reconciliation between the statutory accounts and the historic cost regulatory accounts should be provided.
- 1.3.6 The RARs also require certain information, not normally provided under UK GAAP to be prescribed in the notes to the regulatory accounts. This includes, for example, details of the regulatory capital value and disaggregated cost information. Appendix 2 sets out pro formas for both the primary financial statements and the supporting notes to the accounts.

## **PART 2 – DEFINITION OF TERMS**

### **2.1 Historical cost accounts definitions**

#### **2.1.1 HCA income and expenditure account**

##### **Turnover**

All revenue derived from standard charges for inclusion in the tariff basket calculation, together with revenue from non-tariff basket charges, revenue grants and other sources as defined below. These definitions also apply, where relevant, to the notes to the accounts.

##### **- household unmeasured water supply**

All revenue derived from charges for the sale of water to household customers based on the Council tax band of their home.

##### **- household unmeasured wastewater services**

All revenue derived from charges to household customers based on the Council Tax band of the property for the provision of sewerage services. This includes surface water and roads drainage.

##### **- household measured water supply**

All revenue derived from the sale of water at standard rates billed to household customers, where all or some of the charges are based on measured quantities of volume.

##### **- household measured wastewater services**

All revenue derived from the provision of sewerage services to household customers (which includes revenue raised by any rateable value element of measured sewerage tariff), where all or some of the charges are based on measured quantities of volume. Sewerage services include surface water and roads drainage and exclude reception, treatment and disposal of trade effluent.

##### **- non-household unmeasured water supply**

All revenue derived from the sale of water to non-household customers based on the connected property's rateable value.

##### **- non-household unmeasured wastewater services**

All revenue derived from the provision of sewerage services to non-household customers based on the connected property's rateable value. Sewerage services include sewage treatment and disposal and exclude reception, treatment and disposal of trade effluent.

##### **- non-household measured water supply**

All revenue derived from the sale of water to non-household customers, where all or some of the charges are based on measured quantities of volume.

## **PART 2 – DEFINITION OF TERMS**

### **- non-household measured wastewater services**

All revenue derived from the provision of sewerage services to non-household customers, where all or some of the charges are based on measured quantities of volume.

### **- trade effluent**

All revenue derived from the reception, treatment and disposal of trade effluent including the annual fixed charge and the charge based on the Mogden formula.

### **- revenue grants**

All revenue grants received for the provision of water and sewerage services, split between services.

### **- other sources (excluding third party services)**

All other sources of turnover including non - tariff basket charges, rechargeable works, special agreements. Compensation, contributions from developers (of a revenue nature), excluding third parties.

### **- third party services**

Revenue derived from the provision of water or wastewater (as applicable) services to third parties. It includes the provision of bulk supplies of raw or treated water to other water utilities, producing and delivering non-potable water, treating and disposing of imported sewage and sludge, water mains diversion and all rechargeable works.

### **HCA operating costs**

HCA operating costs including exceptional items, depreciation and the infrastructure renewals charge but excluding extraordinary items. (Both exceptional and extraordinary items are defined below). HCA operating costs should include:

#### **- manpower costs**

Gross salaries and wages of all employees, including on costs such as superannuation, but excluding manpower costs that are capitalised or included in the infrastructure renewals charge.

#### **- other costs of employment**

Cost of private health care insurance, unfunded pension liabilities, travel and subsistence, training, entertaining, staff recruitment, conference expenses, retirement awards and death in -service benefits but excluding other costs of employment relating to manpower costs that are capitalised or included in the infrastructure renewals charge.

## **PART 2 – DEFINITION OF TERMS**

### **- power**

All energy costs other than energy used for transport.

### **- rates**

The cost of Local Authority rates. This should include both the Uniform Business Rate and the National Non-Domestic Rate (if appropriate), including cumulo rates for water supply.

### **- service charges**

Payments to the Scottish Environment Protection Agency (SEPA) for water abstraction, payments for bulk water supplies (water) and payments to the SEPA for discharge consents (sewerage).

### **- materials and consumables**

All materials and consumables that are not capitalised, included in the infrastructure renewals charge or included in hired and contracted services which are directly attributable to each of the individually identified service activities. This category of cost includes equipment (such as small tools and clothing), provisions, tarmac and backfill materials, but excludes all items capitalised or included within infrastructure renewals expenditure. Most if not all stock items fall into this category. This category of cost includes tools, equipment, provisions, clothing, chemicals, petrol, stationery, office equipment, tarmac and backfill materials.

### **- hired and contracted services**

All hired and contracted equipment and services, not capitalised or included in the infrastructure renewals charge, which are directly attributable to each of the individually identified activities. Hired services exclude the hire of vehicles and plant, which is included in other operating costs. Contracted services include all contracted labour, professional advice (such as lawyers, auditors and consultants), purchased (non capitalised) computer software and local authority contracts for the collection of water or sewerage charges. Contracted services do not include services provided by associated entities.

### **- doubtful debts**

The charge/ credit to the income and expenditure account for bad and doubtful debts.

### **- non infrastructure depreciation**

The non-infrastructure depreciation charge on tangible fixed assets. (The depreciation charge on non-redundant infrastructure assets is taken to be zero when infrastructure renewals accounting is in use.)



## **PART 2 – DEFINITION OF TERMS**

### **- intangible assets amortisation**

Any amortisation or other reduction in the balance sheet valuation of intangible assets, such as goodwill.

### **- infrastructure renewals expenditure**

Expenditure incurred in maintaining the operating capability of infrastructure assets. Further guidance is contained in RAR 2.

### **- infrastructure renewals accrual**

The infrastructure renewals charge is indexed each year so as to be constant in specific price terms between strategic reviews and is the forecast cost of maintaining the operating capability of infrastructure assets. The infrastructure renewals accrual is the difference between the infrastructure renewals charge and the infrastructure renewals expenditure.

### **- other operating costs**

All other operating costs on an aggregated basis including leased company cars and telephone costs but excluding interest and taxation.

### **Operating income**

#### **- profit on sale of fixed assets**

Proceeds from the disposal of fixed assets less book value and offsetting costs.

#### **- exceptional items**

Exceptional items are defined in FRS 3 (Reporting Financial Performance) as material items deriving from events or transactions that fall within the ordinary activities of Scottish Water and which need to be disclosed separately by virtue of their size or incidence and which need to be disclosed if the financial statements are to give a true and fair view.

### **Other income**

Includes rental income and income from investments (e.g. share income); but excludes net interest received and profit on disposals on fixed assets.

### **Interest receivable**

Interest receivable including interest received on cash deposits, loans, leases or other forms of lending.

### **Interest payable**

Interest payable including interest paid on Government capital loans, other loans, leases, debenture, floating rate debt, overdrafts and all other borrowings e.g. commercial paper or bills of exchange.

## **PART 2 – DEFINITION OF TERMS**

### **Taxation**

Taxation on ordinary activities for the charging year including any shadow advance corporation tax recoverable, mainstream corporation tax, income and other taxes and any movement in the deferred tax provision. All pertinent accounting standards namely FRS16 (Current tax) and FRS19 (Deferred tax) are to be adhered to. A note to the accounts will be required to show separately the current and deferred elements.

### **Extraordinary Items**

Extraordinary items are defined in accordance with paragraph 6 of FRS3 as material items possessing a high degree of abnormality which arise from events or transactions that fall outside the ordinary activities of the reporting entity and which are not expected to recur.

### **Customer retained earnings**

Customer retained earnings announced during the charging year (includes interim and final customer retained earnings). Customer retained earnings are to be shown in the Income and expenditure statement.

#### **2.1.2 HCA balance sheet**

##### **Tangible fixed assets**

Net book value of tangible fixed assets at the end of the charging year less any grants and contributions received relating to capital expenditure on infrastructure assets.

##### **Investments**

Fixed asset investments which are intended to be held for the long term or where there are restrictions on Scottish Water's ability to dispose of the investment. This includes shares in and loans to group undertakings and participating interests.

##### **Stocks**

Consumable stores and work in progress including chemicals, stationery, petrol, backfill materials etc.

##### **Debtors**

All amounts owing to Scottish Water at the end of the charging year including trade debtors, prepayments, accrued income, amounts owed by group undertakings and amounts falling due after more than one year. This definition includes any infrastructure renewals prepayments. Short-term loans to group companies should be included in short-term investments.

## **PART 2 – DEFINITION OF TERMS**

### **Cash at bank and in hand**

Cash in hand, bank and cash deposit balances at the end of the charging year. It does not include overdrafts, which should be included within borrowings.

### **Short term investments**

Investments other than fixed asset investments. Includes short-term loans to other group companies.

### **Creditors, amounts falling due within one year**

All creditors due to be paid at dates within one year from the end of the charging year and comprising of borrowings due within one year (excluding Government loans), customer retained earnings payable and other creditors.

### **Borrowings**

Comprises obligations under finance leases, bank overdrafts, loans due to other group companies, redeemable debentures repayable, bonds, commercial paper, bills of exchange and any other form of borrowing repayable. Accrued interest on borrowings should not be included.

### **Customer retained earnings payable**

Amounts owed in respect of customer-retained earnings still outstanding at the year-end date.

### **Other creditors**

Creditors falling due within one year (other than items defined as borrowings and customer retained earnings payable), eg trade creditors, capital creditors and accruals.

### **Creditors, amounts falling due after one year**

All creditors due to be paid at dates over one year from the end of the charging year.

### **Provisions for liabilities and charges**

All provisions including the infrastructure renewals accrual, deferred taxation provisions and restructuring or reorganisation provisions.

### **Deferred income**

Deferred income in respect of grants and contributions on capital expenditure relating to non-infrastructure assets.

### **Capital and reserves**

### **Government loans**

Government loans comprise outstanding debt on borrowings from Scottish

## **PART 2 – DEFINITION OF TERMS**

Ministers.

### **Income and expenditure account**

Cumulative balance of historical cost surpluses retained.

### **Other reserves**

All non-distributable reserves including capital redemption reserves, contingency reserves and other capital reserves.

## **2.2 Current cost accounts definitions**

### **2.2.1 CCA income and expenditure account**

Definitions are provided where different from the HCA income and expenditure account.

#### **Current cost operating costs**

Total cost current operating costs including current cost depreciation, infrastructure renewals charges and exceptional charges but excluding extraordinary items.

#### **Current cost operating income**

Current cost operating income including current cost profit or loss on disposal of fixed assets and income from exceptional items. Exceptional items are as defined in paragraph 5 of FRS3.

#### **Working capital adjustment**

The adjustment for the impact of general inflation on the real value of working capital to the business. Cash is normally excluded (see RAR 1 Sections 1.11.6 and 7 for more details).

#### **Financing adjustment**

The real gain or loss arising for the providers of funds from the impact of general inflation on monetary assets and liabilities. Normally this should be calculated as opening net finance multiplied by the percentage change in the RPI during the financial year (see RAR 1 Sections 1.11.8 to 1.11.12).

### **2.2.2 CCA balance sheet**

Definitions are provided where different from the HCA balance sheet.

#### **Tangible fixed assets**

The current cost net book value of tangible fixed assets before third party contributions. This value reflects the asset valuation principles set out in RAR 1 Sections 1.7 to 1.10. Assets are included at Modern Equivalent Asset (MEA) values.

## **PART 2 – DEFINITION OF TERMS**

### **Third party contributions**

Grants and third party contributions received in respect of infrastructure assets and the balance of deferred income relating to grants and third party contributions for non-infrastructure assets.

### **Working capital**

All trade assets less all trade creditors, where trade refers exclusively to income or expenditure items brought into the calculation of operating surplus. This will be the aggregate of stocks, trade debtors, trade creditors and working cash balances, together with short-term capital creditors for capital goods. It also includes trade accruals, prepayments, intra-group trading balances, payments in advance, payroll related taxes and social security contributions. The infrastructure renewals accrual or prepayment is also a working capital item. A breakdown of working capital items are to be shown as a note to the accounts. (See Appendix 2, pro forma 11).

### **Cash and investments**

All cash and investments (both short term and long term) held, excluding working cash balances included as part of working capital. This includes loans included within short and long term investments in the historical cost balance sheet.

### **Non-trade debtors**

Debtors other than trade debtors, prepayments, infrastructure renewals prepayment or other balances included in working capital.

### **Non-trade creditors due within one year**

Creditor balances due to paid in less than one year from the end of the charging year, excluding amounts included as working capital but also excluding customer retained earnings payable. This will include short-term borrowings except short-term Government loans.

### **Creditors due after one year**

All creditors due to be paid at dates over one year from the balance sheet date. This will include all non-trade creditors and borrowings, excluding Government loans, falling due after one year.

### **Provisions for liabilities and charges**

All provisions except for infrastructure renewals accruals which are included in working capital.

### **Income and expenditure account**

Cumulative balance of surpluses retained under current cost accounting.

## **PART 2 – DEFINITION OF TERMS**

### **Current cost reserve**

Current cost reserve at the year-end. This will be the opening balance on the current cost reserve at the start of the year adjusted for any investment plan and RPI adjustments in respect of fixed assets, working capital, financing, grants and third party contributions.

### **Other Reserves**

Non-distributable reserves (other than Government loans and current cost reserves) under current cost accounting rules. It will include capital redemption reserves, contingency reserves and other capital reserves. Amounts attributable to minority interests (if applicable) should also be included in this category.

### **2.2.3 Cash flow statement**

#### **Net cash flow from operating activities**

The net increase or decrease in cash resulting from the operations shown in the income and expenditure account in arriving at operating surplus.

#### **Returns on investments and servicing of finance**

This includes receipts resulting from the ownership of an investment excluding those items classified under operating, investing or financing activities. Cash inflows include interest received and dividends received net of any tax credits. Cash outflows include interest paid including any associated tax and the interest element of finance lease rentals. The detailed elements are defined below.

#### **Interest received**

The amount of interest received by Scottish Water in the year. This includes interest on cash balances, loans to other group companies or third parties, and other investments.

#### **Interest paid**

The amount of interest paid by Scottish Water in the year. This includes interest on any overdrafts, loans (from all sources) and debenture stock.

#### **Interest in finance lease rentals**

The interest element on finance leases paid by the Scottish Water in the year.

#### **Taxation paid**

All cash flows to or from taxation authorities in respect of the Scottish Water's revenue and capital profits.

## **PART 2 – DEFINITION OF TERMS**

### **Net cash flow from capital expenditure and financial investment**

This comprises all cash flows relating to the acquisition or disposal of any asset held as fixed asset except those classified under "acquisitions and disposal". It includes cash flows relating to infrastructure renewals expenditure. Cash inflows include receipts from sale of fixed assets and investments and grants and third party contributions for non-infrastructure assets. Cash outflows include payments to acquire investments and fixed assets, net of grants and third party contributions for infrastructure assets. The detailed elements are defined below.

### **Gross cost of purchase of fixed assets**

The gross purchase price of fixed assets paid for by the Scottish Water before any deduction of grants and contributions.

### **Receipts of grants and contributions**

The total amount of capital grants and other contributions received in respect of fixed assets during the year.

### **Infrastructure renewals expenditure**

Expenditure incurred in maintaining the existing operating capability of infrastructure assets.

### **Disposal of Fixed Assets**

Cash proceeds received in the year on the sale of fixed assets.

### **Acquisitions and disposals**

The cash flows related to acquisition or disposal of any trade, business or any investment which becomes or ceases to be either an associate, joint venture subsidiary undertaking. It is envisaged that this heading will be rarely used.

### **Customer retained earnings paid**

Customer retained earnings paid are cash paid to the Scottish Executive in the form of a dividend from customer retained earnings.

### **Management of Liquid resources**

This comprises of current asset investments held as readily disposal stores of value. A readily disposable investment is one that is disposable without curtailing or disrupting its business and is either readily convertible into known amounts of cash at or near its carrying amount or traded on an active market. The detailed elements are defined below.

### **Withdrawals from short term deposits**

Cash inflows resulting from withdrawals from short term deposits. Short-term deposits are those which are readily convertible into known amounts of cash at or close to their carrying amounts.

## **PART 2 – DEFINITION OF TERMS**

### **Disposal or redemption of other liquid assets**

Cash inflows from disposal or redemption of any other investments held as liquid resources (but excluding those included as short term deposits above). Liquid resources is a general term which emphasises the liquidity of the investment and its function as a readily disposable store of value (as defined in FRS1).

### **Purchase of short term deposits**

Cash outflow from payments into short-term deposits. Short-term deposits are those which are readily convertible into known amounts of cash at or close to their carrying amounts.

### **Purchase of other liquid investments**

Cash outflows to acquire any other investments held as liquid resources (but excluding those included as short term deposits above). Liquid resources is a general term which emphasises the liquidity of the investment and its function as a readily disposable store of value (as defined in FRS1).

### **Net cash flow from financing**

Financing cash flows comprise receipts from or repayments to external providers of finance including receipts from the issue of debentures and borrowings (including Government loans) and the capital element of finance lease rentals. The detailed elements are defined below.

### **Capital element in finance lease rentals**

The capital element in finance lease payments made in the year.

### **New bank loans**

The receipts from any loans taken out in the year. These include the proceeds of any loans taken out from other group companies including those held as fixed assets or short-term investments.

### **Repayment of bank loans**

The repayments of any loans repaid in the year. These include any loan repaid to other group companies including those held as fixed assets or short-term investments.

### **New Government loans**

The net proceeds of any Government loans received in the year.

### **Repayment of Government loans**

The repayments of Government loans repaid in the year.



## **PART 2 – DEFINITION OF TERMS**

### **Increase (decrease) in cash and cash equivalents**

This comprises of total net cash flows from all sources (before and after financing).

Note: Further current cost accounting terms are defined in Regulatory Accounting Rule 1, Accounting for Current Costs and Regulatory Capital Values.

## **PART 3 – ACCOUNTING RULE**

### **3.1 Accounting statements**

#### **3.1.1 Requirements**

Scottish Water shall prepare an income and expenditure account, a statement of assets and liabilities and a cash flow statement in respect of each of:

- the wholesale business;
- the retail business;
- the core business;
- the non - core business; and
- the total business of Scottish Water.

#### **3.1.2 Cash flow statement**

The regulatory accounts are required to include a cash flow statement, accompanied by reconciliations between operating surplus and net cash flow from operating activities and also the movement in cash in the period and the movement in net debt. The cash flow statement should be prepared using the pro formas set out in Appendix 2.

#### **3.1.3 Pro formas**

Regulatory accounting statements should, as far as is practicably possible, have the same content as the statutory annual accounts of Scottish Water and be prepared in accordance with the formats and the accounting policies and principles which apply to those annual accounts.

3.1.4 The information in the regulatory accounts should be provided in the required format. The pro formas for the submission of data are included in Appendix 2. It is intended that these pro formas be consistent with the information submitted as part of the Annual Return. The regulatory capital values (pro forma 15) are those determined by WICS at strategic reviews. The pro forma for the statements of disaggregated activities are included for completeness but are fully described in RAR 4.

3.1.5 The Commission is primarily concerned with the current cost accounts. It has therefore decided that the analysis of operating surplus (incorporating the analysis of operating costs and turnover) and of fixed asset values by asset type and by service should only be prepared on a current cost basis. The regulatory requirement for the analysis of historical cost operating surpluses and fixed assets will be largely met by the statutory requirements.

#### **3.1.6 Customer retained earnings policy**

Scottish Water is required to report on the value of any customer retained earnings paid and provide a comprehensive explanation of the basis of the customer-retained earnings payment.

## **PART 3 – ACCOUNTING RULE**

### **3.1.7 Comparability – accounting treatment of acquisitions**

Regulatory accounts are used for assessing comparative performance between Scottish Water and the water companies in England and Wales. So when businesses combine their operations it is necessary for merger accounting to be used for regulatory reporting. This may conflict with the requirements of FRS6 (Acquisitions and mergers) for the preparation of statutory accounts. The regulatory accounts should include a note reconciling in full the amounts reported in the statutory accounts with those reported in the historic cost part of the regulatory accounts.

### **3.1.8 Transparency**

Regulatory accounts should aim to be transparent and readily understood by their readers. For this reason the accounting policies should be fully and clearly set out in a way that follows best practice. Accounting policy changes should be clearly identified. Appropriate commentary on the financial results and trends should be provided so that the readers of the accounts are able to understand them properly.

3.1.9 The objectives and constraints considered by members when selecting and changing accounting policies are to be stated. The disclosures required under FRS18 (Accounting Policies) for the statutory accounts are also to be made in the regulatory accounts.

3.1.10 Scottish Water should also:

- include a statement on customer retained earnings policy for the core business in the notes to the regulatory accounts;
- and give details of policies for the capitalisation of expenditure and its depreciation. Any changes from policies adopted in prior year should be highlighted.

3.1.11 The accounting policy note to the regulatory accounts should also include a comprehensive statement on the principles of the cost allocations used both generally and particularly for the disaggregated activities tables (Appendix 2 – pro forma 18).

3.1.12 Scottish Water is required to provide additional commentary and explanation of trends in the regulatory accounts. The principles to be followed in preparing the commentary and explanation are set out below. The commentary should:

- Explain significant trends in information included in the five-year summary covering not only movements from the prior year but the trend over time.
- Highlight those areas where there is a material difference from

## PART 3 – ACCOUNTING RULE

the prior year amount and give the reason for the difference.

- Provide details of any atypical amounts which have occurred during the report year whether or not they are declared as exceptional items. These should include, but are not restricted to, those items highlighted in guidance for the M Tables of the Annual Return (the disaggregated activities shown in pro forma 18).
- Comment on the movement in turnover from the prior year in relation to price limits for the core business and changes in demand for services.
- Explain the amount of customer-retained earnings paid from the core business and the policy underpinning the level of customer retained net earnings.
- Provide details of changes in the treatment of expenditure, for example classification as infrastructure renewals expenditure rather than operating costs.
- Describe the basis used for any allocation or apportionment of costs across potential market segments in respect of the analysis required under RAR 4. Highlight any changes in the basis of allocation or apportionment from prior years.
- If relevant, give details of amounts paid by the core business to charitable trusts assisting customers or similar funds. The amount of any such donation and a description of its treatment within the accounts should be provided.

3.1.13 Scottish Water is also specifically required to provide additional commentary and explanation of the Regulatory Capital Values as set out in the footnote to the pro forma (see Appendix 2 – pro forma 15).

3.1.14 Where Scottish Water publishes its statutory and regulatory accounts in one document, then it may refer in the regulatory accounts to any relevant information provided as part of the statutory accounts. If however, Scottish Water produces separate regulatory accounts then it must include all commentary in the regulatory accounts.

### **3.2 Core Business**

#### **3.2.1 Definitions**

The activities of a Scottish Water are separated into activities which are defined in RAR 4:

## PART 3 – ACCOUNTING RULE

- the core wholesale business;
- the core retail business; and
- the non-core business.

### Transfer prices

- 3.2.2 When a non - core activity includes the optional use of an asset owned for a core activity, then it is appropriate that both owner and customers should benefit.
- 3.2.3 An arms length transfer price should be negotiated. This transfer price will appear in the turnover of the core business and the costs of the non - core business.
- 3.2.4 RAR 5 incorporates the disclosures required in respect of the apportionment and allocation of revenues, costs, assets and liabilities between the core wholesale business, the core retail business and any other business of Scottish Water or between Scottish Water and an associated entity. Transactions to be disclosed in the regulatory accounts are set out in Section 3.4 of this rule.

## 3.3 Surplus Analysis

### Analysis of total current cost operating costs

- 3.3.1 The detailed requirements given in RAR 4 (The analysis of operating costs and assets) require a segmental analysis of the total current cost operating costs of Scottish Water for each of the following:

#### Water supply

##### Non core

- Retail non household
- Other non core

##### Core

- Wholesale
  - resources and treatment
    - source
    - treatment
  - distribution
- Retail
  - retail household
  - retail non household
    - measured
    - non measured

#### Waste Water supply

##### Non core

- Retail non household

## PART 3 – ACCOUNTING RULE

- Other non core
- Core
  - Wholesale
    - sewerage
    - sewage treatment
    - sludge treatment and disposal
  - Retail
    - retail - household
    - retail -non household
      - measured
      - non measured

3.3.2 The regulatory requirements in respect of the subjective analysis of operating costs have been incorporated into the pro formas in Appendix 1 to RAR 4.

### **Turnover analysis**

3.3.3 An analysis of the turnover of Scottish Water is also required as set out in Appendix 1 to RAR 4 under the following headings:

#### Water supply

- non core turnover;
- wholesale charges;
- measured supply;
- unmeasured supply;
- other sources;
- third party services; and
- elimination of intra authority trading.

#### Waste water supply

- non core turnover
- wholesale charges
- measured supply;
- unmeasured supply;
- trade effluent;
- other sources;
- third party services; and
- elimination of intra authority trading.

3.3.4 The categories of turnover are defined in Part 2.

3.3.5 When 'other sources' exceeds 5% of turnover this figure should be disaggregated into its major components.

## **PART 3 – ACCOUNTING RULE**

3.3.6 All items of income should be stated gross and should not be netted off against items of expenditure.

3.3.7 This analysis should not include:

- rental income;
- interest received;
- income from investments; and
- profit from the sale of fixed assets.

However, profit from the sale of fixed assets and exceptional items should be disclosed separately. Rental income and income from investments should be shown, net of any associated expenses as other income after operating surplus in the income and expenditure account. Interest received should be included in the interest line. The analysis should be by service and include:

- current cost profit/(loss) on disposals of fixed assets;
- exceptional items;
- other operating income; and
- the working capital adjustment.

This analysis should be submitted in the format recommended in Appendix 2 (pro forma 7).

### **Reconciliation with the income and expenditure account**

3.3.8 The subjective analysis of total operating costs should be combined with the analysis of turnover in order to disclose an analysis of operating surplus, split between water and sewerage, core and non core and retail and wholesale which can be readily reconciled with the income and expenditure account of Scottish Water.

This analysis should be submitted in the format recommended in Appendix 2 (pro formas 4 and 18) and RAR 4.

### **Rolling five year summary**

3.3.9 Paragraph 3.4.6 of RAR 1 requires that a rolling five year summary of the current cost income and expenditure account and balance sheet should be included as a note to the current cost accounts.

3.3.10 This five-year summary should largely be in the format of the current pro formas used for regulatory accounts purposes although minor changes may be required to reflect developments in those pro formas, in subsequent years.

3.3.11 All figures in the summary should be restated into UK pounds of the final year using RPI indexation. For the income and expenditure account, it will be appropriate to index all items by the average inflation rate over the

## **PART 3 – ACCOUNTING RULE**

financial year whilst for the purposes of the balance sheet, the percentage change in the RPI from one financial year-end to the next, should be applied to all balance sheet items including Government loans.



## **PART 3 – ACCOUNTING RULE**

### **3.4 Associated entities**

#### **Definitions**

- 3.4.1 RAR 5 defines that an associated entity should be determined in accordance with Financial Reporting Standard 8. For the purposes of this rule, as defined in RAR 5, the Retail - non-household activities of Scottish Water are associate entities of Scottish Water Wholesale and Scottish Water Retail – Household (definitions given in RAR 4). Also Scottish Water Wholesale and Scottish Water Retail – household are to be considered associates of Scottish Water Retail – Non-household. Hence references to Scottish Water include reference to Scottish Water Wholesale and Scottish Water Retail – Household and also Scottish Water Retail – Non-household.
- 3.4.2 Paragraph 14 of FRS8 seeks to distinguish between the control and influence of entities. Where Scottish Water considers that paragraphs 14(a) and 14(b) of FRS8 are applicable it should demonstrate that this is the case. Where an entity has Directors in common with Scottish Water and transactions have taken place between the entity and Scottish Water as covered in FRS8 paragraph 14(c); Scottish Water are to be required to have procedures in place to ensure such Directors are unable to influence such transactions.

#### **Transactions to be disclosed**

- 3.4.3 All transactions between the Scottish Water and its associated entities must be disclosed. In particular, the following transactions, with related data, must be disclosed:
- loans by or to Scottish Water;
  - customer retained earnings paid to any associated entity;
  - guarantees or other forms of security by Scottish Water;
  - transfer of any asset or liability by or to Scottish Water;
  - supply of any service by or to Scottish Water;
  - omission by Scottish Water or any associated entity to exercise a right as a result of which the value of the net assets of Scottish Water is decreased; and
  - waiver of any consideration, remuneration or other payment by Scottish Water.
- 3.4.3 Part 2 of RAR 5 specifies the information to be disclosed for each of these categories of transactions. Where appropriate, formulae may be disclosed in place of figures, for example, for interest rates.
- 3.4.4 Any transactions in the last four categories may be aggregated with any other similar transaction in the same category with the same associated entity. This aggregation does not include netting off transactions to Scottish Water against transactions by Scottish Water or vice versa.

## PART 3 – ACCOUNTING RULE

- 3.4.5 If an entity is an associated entity of Scottish Water for only part of a financial year then transactions with that associated entity throughout the financial year should be disclosed, unless Scottish Water has agreed with the Commission that partial disclosure is sufficient.
- 3.4.6 Scottish Water should include details in its Regulatory Accounts of services supplied by associate entities to Scottish Water and services supplied by Scottish Water to other associate entities. If a materiality level below which transactions are not disclosed is applied this should be declared.
- 3.4.7 In addition to the transactions identified in Section 3.4.3 above, the following details of inter-entity transactions should be provided:
- Where costs have been allocated between core and non-core businesses and between wholesale and retail businesses, the methodology for allocating costs should be described.
  - Where customer retained earnings have been paid to an associated entity the policy underlying the dividend should be commented on.
- 3.4.8 The following details should now be included in the published regulatory accounts:

<b>Service</b>	<b>Entity</b>	<b>Turnover Of Associate</b>	<b>Terms of Supply</b>	<b>Value</b>
Service received by Scottish Water or service provided by Scottish Water.	Associate providing the service or associate to whom the service is provided.		A statement of the means by which the price to associates has been established eg competitive tendering.	Of service received by Scottish Water or service supplied by Scottish Water.

### **Members' statement**

- 3.4.10 The disclosure of transactions with associated entities should include a statement that to the best of the members' knowledge, all appropriate transactions with associated entities have been disclosed. Nil returns are also required.

## **PART 3 – ACCOUNTING RULE**

### **Transfer prices**

- 3.4.11 All transactions between Scottish Water and associated entities should be considered on an arm's length basis and follow the guidance provided in RAR 5.

### **Diversification and protection of the core business**

- 3.4.12 Scottish Water is required to submit at the same time as the regulatory accounting information, a certificate from the members stating that Scottish Water will have available to it sufficient financial resources and facilities to enable it to carry out, for at least twelve months, its regulated activities and sufficient management resources to enable it to carry out its functions.

In addition to the requirements outlined above, Scottish Water is required to:

- Confirm that in the opinion of the members all contracts entered into with any associated entity include all necessary provisions and requirements concerning the standard of service to Scottish Water, to ensure that it is able to meet all its obligations as a water and sewerage undertaker.
  - Submit with each certificate a statement of the main factors which the members have taken into account in giving that certificate.
  - Provide a report prepared by the Scottish Water's auditors and addressed to WICS, stating whether they are aware of any inconsistencies between the certificate and the financial statements or any information obtained in the course of their work.
- 3.4.13 If the period to which the statement relates straddles the period when the Commissioner is entitled to issue an interim determination notice, the opinion of the members should in no way be compromised. Particularly as the Commission will continue to have specific regard to his general duties as defined in Statute.
- 3.4.14 This certificate should be submitted to the Commission as part of the published regulatory accounting information.

## **PART 3 – ACCOUNTING RULE**

### **3.5 Publication of accounting statements**

#### **Reports to be delivered**

3.5.1 Accounting information can be sub - divided as follows:

- statutory information which is not required by these rules (for example, emoluments of directors);
- statutory information which is also required by these rules (for example, income and expenditure account of Scottish Water);
- non - statutory information which is required to be published by these rules (for example, segmental analysis of operating costs), together with an auditors report on this information.
- non - statutory information which is required by this rule but is not required to be published, together with a report from the auditors on this information. This is generally covered by the requirements of RAR 5.

3.5.2 Scottish Water should submit the following documents to the Commission:

- Scottish Water accounts which should also be circulated on request to customers; and
- A supplementary report containing the unpublished information which will be treated as commercial - in - confidence.

3.5.3 It should be noted that Scottish Water should also submit the full statutory accounts.

3.5.4 It is recommended that water bill notifications make reference to the availability, upon request, of Scottish Water's accounts.

3.5.5 A checklist of the statements and reports required under this rule is contained in Appendix 1.

3.5.6 This rule requires that Scottish Water shall deliver to the Commission a copy of the accounting statements and auditors reports prepared under this rule as soon as reasonably practicable and in any event not later than 15 July following the end of the financial year to which they relate. Scottish Water should deliver five copies of each of these statements and reports. Scottish Water is required to publish its regulatory accounts on its website at the same time as they are submitted to WICS.

## **PART 3 – ACCOUNTING RULE**

### **Reports to be published**

3.5.7 This rule requires that all of the accounting statements and reports delivered to the Commission shall also be published, with the exception of:

- details of transactions (other than the summary outline in section 3.4.8 above) with associated entities; and
- details of the allocation and apportionment of assets and costs.

3.5.8 All material required to be published by this rule will be placed in the WICS library. Other material will be held within the office on a commercial-in-confidence basis.

### **3.6 Audit**

#### **Auditors' reports**

3.6.1 This rule requires auditors to address reports to the Water Industry Commission for Scotland concerning:

- accounting records;
- accounting statements;
- historical cost accounts;
- current cost accounts; and

3.6.2 Regulatory accounting information falls into two categories – that which is required to be published and that which is not required to be published – as discussed above. It is therefore convenient for auditors to prepare two reports to the Commission – one relating to the published accounts and the other to the information that is not required to be published. The recommended wording of these reports is discussed below.

3.6.3 These reports are in addition to the statutory report of the auditors to the members of the Board of Scottish Water, the Scottish Parliament and the Auditor General for Scotland.

#### **Report on published accounts**

3.6.4 The recommended wording of the auditors' report to the Commission on the published accounts is as follows:

" To the Water Industry Commission for Scotland

We have audited the regulatory financial statements of Scottish Water for the year ended 31 March 200X, which comprise the historic cost financial statements, itself comprising the group historical cost income and expenditure account, group statement of total recognised gains and losses, group historical cost balance sheet, entity historical cost balance sheet, group historical cost

## **PART 3 – ACCOUNTING RULE**

cash flow statement, notes to the cash flow statement a and b and related notes to the historical cost financial statements numbered 1 to X, and the current cost financial information, itself comprising the current cost income and expenditure account, current cost balance sheet, current cost cash flow statement and related notes to the current cost financial information numbered 1 to X.

This report is made, on terms that have been agreed, solely to Scottish Water and the Regulator in order to meet the requirements of regulatory accounting rules issued by the Regulator. Our audit work has been undertaken so that we might state to Scottish Water and the Regulator those matters that we have agreed to state to them in our report, in order (a) to assist the Scottish Water to meet its obligations under the regulatory accounting rules issued by the Regulator and (b) to facilitate the carrying out by the Regulator of its regulatory functions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Scottish Water and the Regulator, for our audit work, for our report, or for the opinions we have formed.

### **Basis of preparation**

The regulatory financial statements have been prepared in accordance with the Regulatory Accounting Rules 1 to 4 issued by the Regulator, and the accounting policies set out in the statement of accounting policies set out in note X to the historical cost financial statements and note X to the current cost financial information.

The regulatory financial statements are separate from the statutory financial statements of Scottish Water and have not been prepared under the basis of Generally Accepted Accounting Principles in the United Kingdom (“UK GAAP”). Financial information other than that prepared on the basis of UK GAAP does not necessarily represent a true and fair view of the financial performance or financial position of an entity as shown in financial statements prepared in accordance with the Water Industry (Scotland) Act 2002.

### **Respective responsibilities of the board members, accountable officer and auditor**

The Regulator determines the nature, form and content of the regulatory financial statements. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the Regulator’s purposes. Accordingly, we make no such assessment.

The Board and Accountable Officer are responsible for preparing the regulatory financial statements in accordance with the Regulatory Accounting Rules 1 to 4.

Our responsibility is to audit the regulatory financial statements in accordance with United Kingdom auditing standards issued by the Auditing Practices

## **PART 3 – ACCOUNTING RULE**

Board, except as stated in the ‘Basis of audit opinion’ below and having regard to the guidance contained in Audit 05/03 ‘Reporting to Regulators of Regulated Entities’.

We report our opinion as to whether the regulatory financial statements present fairly, in accordance with the Regulatory Accounting Rules 1 to 4 issued by the Regulator and the accounting policies set out in note X to the historical cost financial statements and note X to the current cost financial information, the results and financial position of Scottish Water. We also report to you if, in our opinion, Scottish Water has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board, except as noted below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the regulatory financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the regulatory financial statements, and of whether the accounting policies are consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the regulatory financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, as the nature, form and content of regulatory financial statements are determined by the Regulator, we did not evaluate the overall adequacy of the presentation of the information, which would have been required if we were to express an audit opinion under Auditing Standards.

Our opinion on the regulatory financial statements is separate from our opinion on the statutory financial statements of Scottish Water on which we report, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of Scottish Water (our “Statutory” audit) was made solely to the members of the Board of Scottish Water, the Scottish Parliament and the Auditor General for Scotland in accordance with sections 21 and 22 of the Public Finance and Accountability (Scotland) Act 2000. Our Statutory audit work was undertaken so that we might state to the members of the Board of Scottish Water, the Scottish Parliament and the Auditor General for Scotland those matters that we are required to state to them in a Statutory auditor’s report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than Scottish Water, the members of the Board of Scottish Water, the Scottish Parliament and the Auditor General for Scotland, for our

## **PART 3 – ACCOUNTING RULE**

Statutory audit work, for our Statutory audit report, or for the opinions we have formed in respect of that Statutory audit.

### **Opinion**

In our opinion, the regulatory financial statements fairly present in accordance with the Regulatory Accounting Rules issued by the Regulator, and the accounting policies set out in note X to the historical cost financial statements and note X to the current cost financial information, the state of Scottish Water's affairs at 31 March 200X on an historical cost and current cost basis, the historical cost and current cost surplus for the year then ended and current cost cash flow for the year the ended, and have been properly prepared in accordance with those conditions, rules and accounting policies.

In respect of this information, we report that in our opinion:

- a) proper accounting records have been kept by Scottish Water as required by the Water Industry (Scotland) Act 2002;
- b) the information is in agreement with Scottish Water's accounting records and has been properly prepared in accordance with the Regulatory Accounting Rules 1 to 4 issued by the Water Industry Commission for Scotland;
- c) except for the treatment of infrastructure assets, the historical cost financial statements fairly present the revenues, costs, assets and liabilities of the Scottish Water and its Core Retail and Core Wholesale Businesses. In accordance with WICS rules, the provision for infrastructure renewals remains in provisions for liabilities and charges which is contrary to the requirements of FRS 12; and
- d) the current cost financial information has been properly prepared in accordance with Regulatory Accounting Rule 1, "Accounting for current costs and regulatory capital values", issued in April 2006 by the Water Industry Commission for Scotland.

### **Report on unpublished information**

- 3.6.5 The arrangements for the provision of assistance by the auditors to the Reporter on the accounting information which is not required to be published is covered in RAR 5.

### **Auditors' contracts**

- 3.6.6 The Commission should be informed by the Scottish Water of any change in Scottish Water's auditors and the following details provided:
- the name and address of the new auditors;
  - the name of the partner responsible for the audit;



## **PART 3 – ACCOUNTING RULE**

- the name, address, telephone number and e-mail address of the principal contact; and
- the date on which the auditors were appointed.
- 

3.6.7 The Commission also requires a statement confirming that the contract of appointment with the auditors satisfies the requirement "that the auditors will provide such further explanation or clarification of their reports, and such further information in respect of the matters which are the subject of their reports, as the Commission may reasonably require."

## **APPENDIX 1 - Checklist of requirements**

This appendix summarises the reports and statements to be included in the regulatory accounts.

### **Accounting statements**

Reports:

- HC Income and expenditure account
- HC Balance Sheet
- CCA Income and expenditure account
- CCA Balance Sheet
- CCA Cash Flow Statement  
for each of the Core Business, the Non Core Business and the Total business of Scottish Water.
- Notes to these accounts

### **Segmental information**

Analysis of:

- turnover, operating income and working capital adjustment of the Core Business; - current cost operating costs of the Core Business split between water resources and treatment and distribution for water supply, sewage, sewage treatment, sludge treatment and disposal for sewerage services.

### **Transactions with Associated Entities & Ring Fencing (note RAR 5 – part 2 provides more details)**

- statement of compliance with RAR 5
- details of transactions between Scottish Water and associated entities and between the Core and Non Core Businesses of Scottish Water
- statement that to the best of the members' knowledge, all appropriate transactions with associated entities have been disclosed.
- details of procedures used to award contracts to associates.
- members' certificate regarding diversification and protection of the Core business.
- declaration by Directors and Senior Managers of interests in associates.

### **Basis of allocations and apportionment**

- description of the basis of allocation and apportionment of costs and assets between Scottish Water and its associated entities and between the Core and the Non Core Businesses of Scottish Water.
- Further details are also given in RAR 4.

# APPENDIX 1 Checklist of requirements

## Current cost accounts

- CC Income and expenditure account,
- CC Balance Sheet,
- CC Cash Flow Statement,
- analysis of fixed assets by asset type within service,
- calculation of investment plan adjustment where appropriate,
- five year rolling summary,
- statement of accounting policies,
- working capital note and
- movement on current cost reserves note,
- infrastructure renewals account reconciliation,
- analysis of net debt.

## Audit reports

- report on published accounts
- report on non - published information

## APPENDIX 2 - Pro formas

### PRO FORMA 1

#### Historic Cost Income and Expenditure Account for the Twelve Months ended 31 March 20XX

	Note	Current Year			Prior Year		
		Core	Non Core	Total	Core	Non Core	Total
Turnover	(b)	I	I	C	I	I	C
Operating costs	(b)	I	I	C	I	I	C
Operating income	(b)	I	I	C	I	I	C
Operating surplus	(b)	C	C	C	C	C	C
Operating surplus	(b)	C	C	C	C	C	C
Other income	(b)	I	I	C	I	I	C
Interest receivable	(b)	I	I	C	I	I	C
Interest payable	(b)	I	I	C	I	I	C
Surplus on ordinary activities before taxation		C	C	C	C	C	C
Taxation – current - deferred	(b)	I	I	C	I	I	C
Surplus on ordinary activities after taxation		C	C	C	C	C	C
Extraordinary items	(b)	I	I	C	I	I	C
Surplus for the year		C	C	C	C	C	C
Customer retained earnings	(b)	I	I	C	I	I	C
Retained surplus for year		C	C	C	C	C	C

I: input

C: calculation

(a): note required; see separate table for further analysis

(b) note required only if different from statutory accounts note

## APPENDIX 2 - Pro formas

### PRO FORMA 2

#### Historic Cost Balance Sheet as at 31 March 20xx

	Note	Current Year			Prior Year		
		Core	Non Core	Total	Core	Non Core	Total
<b>Fixed Assets</b>							
Tangible Assets	(b)	I	I	C	I	I	C
Investment		I	I	C	I	I	C
Total fixed assets		C	C	C	C	C	C
<b>Current Assets</b>							
Stocks		I	I	C	I	I	C
Debtors	(b)	I	I	C	I	I	C
Cash at bank and in hand		I	I	C	I	I	C
Short term investments		I	I	C	I	I	C
Total current assets		C	C	C	C	C	C
<b>Creditors: amounts falling due within one year</b>	(b)						
Borrowings (excl. Govt. loans)		I	I	C	I	I	C
Customer retained earnings payable		I	I	C	I	I	C
Other creditors		C	C	C	C	C	C
Total creditors							
Net current assets		C	C	C	C	C	C
Total assets less current liabilities		C	C	C	C	C	C
<b>Creditors: amounts falling due after one year</b>	(b)						
Borrowings (excl. Govt. loans)		I	I	C	I	I	C
Other creditors		I	I	C	I	I	C
Total creditors		I	I	C	I	I	C
Provision for liabilities & charges	(b)						
- Deferred tax		I	I	C	I	I	C
- Other provisions		I	I	C	I	I	C
Deferred income	(b)	I	I	C	I	I	C
Net Assets employed		C	C	C	C	C	C
<b>Capital and reserves</b>							
Govt. loans		I	I	C	I	I	C
I & E account		I	I	C	I	I	C
Other reserves		I	I	C	I	I	C
Capital & reserves	(b)	C	C	C	C	C	C

I: input

C: calculation

(a) note required; see separate table for further analysis

(b) note required only if different from statutory accounts note

## APPENDIX 2 - Pro formas

### PRO FORMA 3

#### Historic Cost Balance Sheet Reconciliation to Statutory Accounts

In the preparation of its statutory accounts, Scottish Water has followed common industry practice and adopted the infrastructure renewals accounting basis as set out in FRS15: Tangible Fixed Assets. However for the purposes of the Regulatory Accounts, WICS has requested that FRS15 is not applied for infrastructure renewals accounting, thereby providing a basis consistent with prior years. A reconciliation to the balance sheet shown in the statutory accounts is set out below:

	<b>Infrastructure Assets</b> £m
<b>Cost</b>	
Cost at 31 March per Regulatory Accounts	I
Adjustment to opening balance	I
Infrastructure renewals expenditure capitalised in the year	I
Cost at 31 March 20xx per Statutory Accounts	C
<b>Depreciation</b>	
At 31 March per Regulatory Accounts	I
Adjustment to opening balance	I
Depreciation charge for IRE	I
At 31 March 20xx per Statutory Accounts	C
<b>Net Book Value</b>	
At 31 March per Regulatory Accounts	C
Adjustment for Infrastructure renewals accounting	C
At 31 March 20xx per Statutory Accounts	C
<b>Provisions and Liabilities</b>	
At 31 March per Regulatory Accounts	I
Less Infrastructure renewals accrual	I
At 31 March 20xx per Statutory Accounts	C
<b>Debtors</b>	
At 31 March per Regulatory Accounts	I
Less Infrastructure renewals prepayment	I
At 31 March 20xx per Statutory Accounts	C

I: input

C: calculation

## APPENDIX 2 - Pro formas

### PRO FORMA 4

#### Current Cost Income and Expenditure Account for the Core Business for the year ended 31 March 20XX

	Note	Current Year Core	Prior Year Core
Turnover	(a)	I	I
Current cost operating costs	(a)	I	I
Operating income	(a)	I	I
		C	C
Working capital adjustment		I	I
Current cost operating surplus		C	C
Other income	(b)	I	I
Interest receivable	(b)	I	I
Interest payable	(b)	I	I
Financing adjustment		I	I
Current cost surplus before taxation		C	C
Taxation	(b)		
- Current taxation		I	I
- Deferred		I	I
Current cost surplus on ordinary activities		C	C
Extraordinary items	(b)	I	I
Current cost surplus for the year		C	C
Customer retained earnings	(b)	I	I
Current cost surplus retained		C	C

I: input

C: calculation

(a): note required; see separate table for further analysis

(b): note required only if different from statutory accounts note

## APPENDIX 2 - Pro formas

### PRO FORMA 5

#### Current Cost Balance Sheet for Core Business as at 31 March 20XX

	Note	Current Year Core	Prior Year Core
<b>Fixed Assets</b>			
Tangible assets	(a)	I	I
Third party contributions since 89-90	(a)	I	I
Working capital			
Net operating assets		C	C
Cash & investments		I	I
Non-trade debtors		I	I
Non-trade creditors due within one year		I	I
Creditors due after one year		I	I
Provisions for liabilities & charges		I	I
- Deferred taxation		I	I
- other provisions		I	I
Customer retained earnings payable			
Net assets employed		C	C
<b>Capital and reserves</b>			
Government Loans		I	I
Income and expenditure account		I	I
Current cost reserve	(a)	I	I
Other reserves		I	I
Total capital & reserves		C	C

I: input

C: calculation

(a): note required; see separate table for further analysis

(b) note required only if different from statutory accounts note



## APPENDIX 2 - Pro formas

### PRO FORMA 6

#### Current Cost Cash Flow Statement for Twelve Months Ended 31 March 20XX

	Current Year			Prior Year		
	Core	Non Core	Total	Core	Non Core	Total
Net cash flow from operating activities	I	I	C	I	I	C
Returns on investments & servicing of finance	I	I	C	I	I	C
Interest received	I	I	C	I	I	C
Interest paid	I	I	C	I	I	C
Interest in finance lease rentals	I	I	C	I	I	C
Net cash flow from returns on Investment & servicing of finance	C	C	C	C	C	C
Taxation paid	I	I	C	I	I	C
<b>Capital expenditure and financial investment</b>						
Gross cost of purchase of fixed assets	I	I	C	I	I	C
Receipt of grants and contributions	I	I	C	I	I	C
Infrastructure renewals expenditure	I	I	C	I	I	C
Disposal of fixed assets	I	I	C	I	I	C
<b>Net cash outflow from investing activities</b>						
Acquisitions and disposals	I	I	C	I	I	C
Customer retained earnings paid	I	I	C	I	I	C
<b>Management of liquid resources</b>						
Withdrawals from short term deposits	I	I	C	I	I	C
Disposal or redemption of other liquid assets	I	I	C	I	I	C
Purchase of short term deposits	I	I	C	I	I	C
Purchase of other liquid investments	I	I	C	I	I	C
Net cash flow from management of liquid resources	C	C	C	C	C	C
Net Cash flow before financing	C	C	C	C	C	C
<b>Financing</b>						
Capital element in finance lease rentals	I	I	C	I	I	C
New bank loans	I	I	C	I	I	C
New Government loans	I	I	C	I	I	C
Bank loans repayments	I	I	C	I	I	C
Government loans repayments	I	I	C	I	I	C
Net cash inflow from financing	C	C	C	C	C	C
Increase (decrease) in cash and cash equivalents	C	C	C	C	C	C

I: input

C: calculation

## APPENDIX 2 - Pro formas

### PRO FORMA 7

#### Analysis of Turnover and Operating Income

	Current Year			Prior Year		
	Water Services	Sewerage Services	Core Business	Water Services	Sewerage Services	Core Business
<b>TURNOVER</b>						
Measured	I	I	C	I	I	C
Unmeasured	I	I	C	I	I	C
Trade effluent	I	I	C	I	I	C
Revenue grants	I	I	C	I	I	C
Other sources (excluding third parties)	I	I	C	I	I	C
Third party services	I	I	C	I	I	C
<b>Total turnover</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>
<b>Operating income</b>						
Current cost surplus or loss on disposal of fixed assets	I	I	C	I	I	C
Exceptional items	I	I	C	I	I	C
Other operating income	I	I	C	I	I	C
<b>Total operating income</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>
Working capital adjustment	I	I	I	I	I	I

I: input

C: calculation

## APPENDIX 2 - Pro formas

### PRO FORMA 8

#### Current Cost Analysis of Fixed Assets by Asset Type

##### Water Services

###### Core assets

<b>Gross replacement cost</b>	
At 1 April 20XX	I
Investment plan adjustment	I
CPI adjustment	I
Disposal	I
Additions	I
<hr/>	
At 31 March 20XX	C
<hr/>	
<b>Depreciation</b>	
At 1 April 20XX	I
Investment plan adjustment	I
CPI adjustment	I
Disposals	I
Charge for year	I
<hr/>	
At 31 March 20XX	C
<hr/>	
Net book amount at 31 March 20XX	C
<hr/>	
Net book amount at 1 April 20XX	C
<hr/>	

I: input

C: calculation

## APPENDIX 2 - Pro formas

### PRO FORMA 9

#### Current Cost Analysis of Fixed Assets by Asset Type

##### Sewerage Services

	Core assets
<b>Gross replacement cost</b>	
At 1 April 20XX	I
Investment plan adjustment	I
CPI adjustment	I
Disposal	I
Additions	I
<hr/>	
At 31 March 20XX	C
<hr/>	
<b>Depreciation</b>	
At 1 April 20XX	I
Investment plan adjustment	I
CPI adjustment	I
Disposals	I
Charge for year	I
<hr/>	
At 31 March 20XX	C
<hr/>	
Net book amount at 31 March 20XX	C
<hr/>	
Net book amount at 1 April 20XX	C
<hr/>	

I: input

C: calculation

## APPENDIX 2 - Pro formas

### PRO FORMA 10

#### Current Cost Analysis of Fixed Assets by Asset Type

##### Total Services

	Core assets
<b>Gross replacement cost</b>	
At 1 April 20XX	I
Investment plan adjustment	I
CPI adjustment	I
Disposal	I
Additions	I
<hr/>	
At 31 March 20XX	C
<hr/>	
<b>Depreciation</b>	
At 1 April 20XX	I
Investment plan adjustment	I
CPI adjustment	I
Disposals	I
Charge for year	I
<hr/>	
At 31 March 20XX	C
<hr/>	
Net book amount at 31 March 20XX	C
<hr/>	
Net book amount at 1 April 20XX	C
<hr/>	

I: input

C: calculation

## APPENDIX 2 - Pro formas

### PRO FORMA 11

#### Current Cost Working Capital

	Current Year	Prior Year
Stocks		
Trade debtors		
Working cash balances		
Trade creditors		
Short-term capital creditors		
Infrastructure renewals accrual/prepayment		
Other accruals		
Trade payments in advance		
Payroll related taxes and social security contributions		
Group trade debtors/(creditors)		
Other short term group debtors/(creditors)		
Prepayments and other short term debtors		
<hr/>		
Total working capital	C	C

I: input

C: calculation

## APPENDIX 2 - Pro formas

### PRO FORMA 12

#### Movement on Current Cost Reserve

	Current Year	Prior Year
Balance at 1 April 20XX	I	I
Investment plan adjustment	I	I
CPI adjustments:		
Fixed assets	I	I
Working capital	I	I
Financing	I	I
Grants and third party contributions	I	I
<hr/>		
Balance at 31 March 20XX	C	C

I: input

C: calculation

## APPENDIX 2 - Pro formas

### PRO FORMA 13

#### Reconciliation of Current cost operating surplus to net cash flow from operating activities

	Current Year	Prior Year
Current cost operating surplus		
Working capital adjustment		
Change in stocks		
Receipt from other income		
Current cost depreciation		
Current cost profit/(loss) on sale of assets		
Increase in debtors and prepaid expenses		
Increase in creditors and accrued expenses		
Infrastructure renewals expenditure		
Movement in provisions		
Effect of other deferrals and accruals on operating activity cash flow		
Net cash flow from operating activities	C	C

I: input

C: calculation



## APPENDIX 2 - Pro formas

### PRO FORMA 14

#### Analysis of net debt

	At 1 April 20XX	Cash Flow	Other Non- Cash Charges	Acquisitions	At 31 March 20XX
Cash in hand and bank	I	I	I	I	C
Overdrafts	I	I	I	I	C
Loans due after one year	I	I	I	I	C
Finance leases	I	I	I	I	C
Current asset investment	I	I	I	I	C
<hr/>					
Total	C	C	C	C	C
<hr/>					

I: input

C: calculation

## APPENDIX 2 - Pro formas

### PRO FORMA 15

#### Regulatory Capital Value

	Note	Current Year
Opening RCV for the year	(a)	I
Capital expenditure	(a)	I
Infrastructure renewals expenditure		I
Grants and contributions		I
Depreciation		I
Infrastructure renewals charge		I
Out performance of Regulatory Assumptions (4 years in arrears)		I
Closing RCV carried forward	(a)	C
Average regulatory capital value		C

I: input

C: calculation

(a) notes required: To explain that the table shows the RCV used in setting the price limits for the period [2006-07 to 2009-10]; the differences from the actual capital expenditure and depreciation etc will not affect price limits in the current period. Capital efficiencies will be taken into account in the calculation for the next strategic review.

Scottish Water may also explain items which may be logged up and items of discretionary expenditure for possible inclusion in the RCV in future. The commentary should note that these items will required agreement with WICS prior to the next price setting period.

## APPENDIX 2 - Pro formas

### PRO FORMA 16

**Five year rolling summary:  
Current Cost Income and Expenditure  
Account for Core Business**

	Year 1	Year 2	Year 3	Year 4	Year 5
Turnover	I	I	I	I	I
Current cost operating costs	I	I	I	I	I
Operating income/expense	I	I	I	I	I
Working capital adjustment	I	I	I	I	I
	C	C	C	C	C
Other income	I	I	I	I	I
Net interest	I	I	I	I	I
Financing adjustment	I	I	I	I	I
Current cost surplus before taxation	C	C	C	C	C
Taxation	I	I	I	I	I
Current cost surplus on ordinary Activities	C	C	C	C	C
Extraordinary items	I	I	I	I	I
Current cost surplus for the year	C	C	C	C	C
Customer retained earnings	I	I	I	I	I
Current cost surplus retained	C	C	C	C	C

I: input  
C: calculation

## APPENDIX 2 - Pro formas

### PRO FORMA 17

**Five year rolling summary:  
Current Cost Balance Sheet  
for Core Business**

	Year 1	Year 2	Year 3	Year 4	Year 5
Tangible fixed assets	I	I	I	I	I
Third party contributions	I	I	I	I	I
Working capital	I	I	I	I	I
<hr/>					
Net operating assets	C	C	C	C	C
Cash & investments	I	I	I	I	I
Non-trade debtors	I	I	I	I	I
Non-trade creditors	I	I	I	I	I
Creditors due after one year	I	I	I	I	I
Provisions	I	I	I	I	I
Customer retained earnings payable	I	I	I	I	I
<hr/>					
Net assets employed	C	C	C	C	C
<hr/>					
Government Loans	I	I	I	I	I
Income and expenditure account	I	I	I	I	I
Current cost reserve	I	I	I	I	I
Other reserves	I	I	I	I	I
<hr/>					
Total capital and reserves	C	C	C	C	C
<hr/>					

I: input

C: calculation

# APPENDIX 2 - Pro formas

## Proforma 18

SCOTTISH WATER  
ANNUAL RETURN INFORMATION REQUIREMENTS

**SECTION M : ANALYSIS OF OPERATING COSTS, REVENUE & TANGIBLE FIXED ASSETS**  
**Table M1: Activity Based Costing - Water Service**

					Report Year 2005-06														
					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
					NON CORE			CORE											
Line Ref.	Description	O/wat Ref JR 00	Units	Field Type	NON CORE			WHOLESALE			CORE			RETAIL			Water Service Core Total	Water Service Total	
					Retail Non Dom	Other Non Core	Non Core Total	Water Resources & Treatment	Water Distrib'n	Wholesale Core Total	Retail Domestic	Retail - Non Domestic		Water Service Total	CG				
								Source	Trmt	Total				Measrd	Non Measrd	Total			
<b>Service Analysis - Water - Direct Costs</b>																			
M1.2	Employment costs	T21.L1	Em	IC															
M1.3	Power	T21.L2	Em	IC															
M1.4	Hired and contracted services	T21.L4	Em	IC															
M1.5	Annual charge for PPP schemes		Em	IC															
M1.6	Internal cost of PPP schemes		Em	IC															
M1.7	Materials and consumables	T21.L6	Em	IC															
M1.8	Service charges SEPA	T21.L7	Em	IC															
M1.9	Bulk supply imports	T21.L8	Em	IC															
M1.10	Contract Management		Em	IC															
M1.11	Meter Maintenance & Installation		Em	IC															
M1.13	Other direct costs	T21.L9	Em	IC															
M1.22	Contract Management		Em	IC															
M1.24	Manage Billing Data		Em	IC															
M1.25	Generate & Issue Bills		Em	IC															
M1.26	Handle Billing Enquiries		Em	IC															
M1.27	Handle Billing Exceptions		Em	IC															
M1.28	Handle Billing Complaints		Em	IC															
M1.30	Meter Reading		Em	IC															
M1.31	Costs of Meter maintenance & Installation		Em	IC															
M1.32	Handle Metering Enquiries		Em	IC															
M1.33	Handling Metering Complaints		Em	IC															
M1.35	Remittance & Cash Processing		Em	IC															
M1.36	Debt Management exc Bad debt charge		Em	IC															
M1.37	External Debt recovery		Em	IC															
M1.38	Disconnections		Em	IC															
M1.39	Handle Payment/Plan Enquiries		Em	IC															
M1.41	Advertising / Marketing		Em	IC															
M1.43	Account Management		Em	IC															
M1.45	Manage GSS Payments		Em	IC															
M1.46	Handle Customer operational calls		Em	IC															
M1.47	Other Direct Costs	T21.L9	Em	IC															
M1.48	Direct employment costs		Em	IC															
M1.49	IT (exc employment)		Em	IC															
M1.51	Total direct costs	T21.L10	Em	C															
M1.52	General and support costs	T21.L11	Em	IC															
M1.53	Functional expenditure	T21.L12	Em	C															
<b>Operating Expenditure</b>																			
M1.61	Scientific services	T21.L14	Em	I															
M1.62	Cost of Regulation	T21.L15	Em	I															
M1.64	Total business activities	T21.L16	Em	C															
M1.65	Local authority rates	T21.L17	Em	I															
M1.66	Bad Debt charge	T21.L18	Em	I															
M1.71	Total Exceptional items	T21.L19	Em	IC															
M1.72	Total opex less third party services	T21.L20	Em	C															
M1.73	Third party services - opex	T21.L21	Em	IC															
M1.74	Total operating expenditure	T21.L22	Em	C															
<b>Reactive and Planned Maintenance (included in Opex)</b>																			
M1.81	Reactive and planned maintenance infrastructure	T21.L23	Em	IC															
M1.82	Reactive and planned maintenance non-infrastructure	T21.L24	Em	IC															
<b>Capital Maintenance</b>																			
M1.83	Infrastructure renewals expenditure	T21.L25	Em	IC															
M1.84	Infrastructure renewals accrual or prepayment	T21.06	Em	IC															
M1.85	Non-Infrastructure depreciation charge		Em	IC															
M1.86	Amortisation of deferred credits	T21.L28	Em	IC															
M1.87	Amortisation of intangible assets	T21.L29	Em	IC															
M1.88	Business activities depreciation charge	T21.L30	Em	IC															
M1.89	Capital maintenance less third party services	T21.L31	Em	C															
M1.90	Third party services - depreciation	T21.L32	Em	IC															
M1.95	Total capital maintenance	T21.L33	Em	C															
M1.96	Total operating costs	T21.L34	Em	C															

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Checked by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Authorised by: \_\_\_\_\_ Date: \_\_\_\_\_

# APPENDIX 2 - Pro formas

## Proforma 18

SCOTTISH WATER  
ANNUAL RETURN INFORMATION REQUIREMENTS

### SECTION M : ANALYSIS OF OPERATING COSTS, REVENUE & TANGIBLE FIXED ASSETS

#### Table M2: Activity Based Costing - Waste Water

				Report Year 2005-06														
Line Ref.	Description	Ofwat Ref J/R 00	Units	Field Type	NON CORE			CORE							Wastewater Service		Wastewater Service	
					1	2	3	Sewerage	Sewage Treatment	Sludge Treatment & Disposal	Wholesale Core Total	Retail Domestic	RETAIL			Wastewater Service Core Total	Wastewater Service Total	CG
					Retail Non Dom	Other Non Core	Non Core Total						Retail - Non Domestic	Measd	Non Measd			
<b>Service Analysis - Sewerage - Direct Costs</b>																		
M2.2	Employment costs	T21.L1	Em	I/C		0	0										0	0
M2.3	Power	T21.L2	Em	I/C		0	0											0
M2.4	Head and contracted services	T21.L4	Em	I/C		0	0											0
M2.5	Annual charge for PPP schemes		Em	I/C		0	0											0
M2.6	Internal cost of PPP schemes		Em	I/C		0	0											0
M2.7	Materials and consumables	T21.L6	Em	I/C		0	0											0
M2.8	Service charges SbcPA	I21.L7	km	I/C		0	0											0
M2.10	Contract Management		Em	I/C														0
M2.11	Meter Maintenance & Installation		Em	I/C														0
M2.13	Other direct costs	T21.L9	Em	I/C		0	0											0
M2.22	Contract Management		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.24	Manage Billing Data		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.25	Generate & Issue Bills		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.26	Handle Billing Enquiries		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.27	Handle Billing Exceptions		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.28	Handle Billing Complaints		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.29	Meter Reading		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.31	Costs of meter maintenance and installation		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.32	Handle Metering Enquiries		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.33	Handling Metering Complaints		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.35	Remittance & Cash Processing		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.36	Debt Management exc. Bad debt charge		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.37	External Debt recovery		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.38	Disconnections		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.39	Handle Payment/Plan Enquiries		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.41	Advertising / Marketing		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.43	Account Management		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.45	Manage GSS Payments		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.46	Handle Customer operational calls		Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.47	Other Direct Costs	T21.L9	Em	I/C			0.000				0.000	0.000	0.000	0.000	0.000			0.000
M2.48	Direct employment costs		Em	I/C							0.000	0.000	0.000	0.000	0.000			0.000
M2.49	T (exc employment)		Em	I/C							0.000	0.000	0.000	0.000	0.000			0.000
M2.51	<b>Total direct costs</b>	T21.L10	Em	C		0	0.000	0.000	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000
M2.52	<b>General and support costs</b>	T21.L11	Em	I/C			0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.53	<b>Functional expenditure</b>	I21.L12	km	C		0	0.000	0.000	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Operating Expenditure</b>																		
M2.61	Scientific services	T21.L14	Em	I			0		0	0	0			0.000	0.000	0.000	0.000	0.000
M2.62	Cost of Regulation	T21.L15	Em	I			0		0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.64	<b>Total business activities</b>	T21.L16	Em	C		0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.65	Local authority rates	T21.L17	Em	I			0		0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.66	Bad Debt charge	T21.L18	Em	I			0		0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.71	<b>Total Exceptional items</b>	T21.L19	Em	I/C			0		0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.72	Total opex less third party services	T21.L20	Em	C			0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.73	Third party services - opex	T21.L21	Em	I/C			0		0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.74	<b>Total operating expenditure</b>	T21.L22	Em	C		0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Reactive and Planned Maintenance (included in Opex)</b>																		
M2.81	Reactive and planned maintenance infrastructure	T21.L23	Em	I/C			0		0	0	0			0.000	0.000	0.000	0.000	0.000
M2.82	Reactive and planned maintenance non-infrastructure	T21.L24	Em	I/C			0		0	0	0			0.000	0.000	0.000	0.000	0.000
<b>Capital Maintenance</b>																		
M2.83	Infrastructure renewals expenditure	T21.L25	Em	I/C			0		0	0	0			0.000	0.000	0.000	0.000	0.000
M2.84	Infrastructure renewals accrual or prepayment	T21.L26					0		0	0	0			0.000	0.000	0.000	0.000	0.000
M2.85	Non-infrastructure depreciation charge		Em	I/C			0		0	0	0			0.000	0.000	0.000	0.000	0.000
M2.86	Provisionation of deferred credits	T21.L28	Em	I/C			0		0	0	0			0.000	0.000	0.000	0.000	0.000
M2.87	Amortisation of intangible assets	T21.L29	Em	I/C			0		0	0	0			0.000	0.000	0.000	0.000	0.000
M2.88	Business activities depreciation charge	T21.L30	Em	I/C			0		0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.89	Capital maintenance less third party services	T21.L31	Em	C			0		0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.90	Third party services - depreciation	T21.L32	Em	I/C			0		0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.95	<b>Total capital maintenance</b>	T21.L33	Em	C		0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
M2.96	<b>Total operating costs</b>	T21.L34	Em	C		0	0.000	0.000	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_  
Checked by: \_\_\_\_\_ Date: \_\_\_\_\_  
Authorised by: \_\_\_\_\_ Date: \_\_\_\_\_