

**SCOTTISH WATER  
ANNUAL RETURN INFORMATION REQUIREMENTS**

**Section N : Transfer Pricing  
Table N1 : Transfer Pricing Summary (Capex)**

Report Year 2008-09

1 2 3 4 5 6 7 8 9 10 11

**Block A: Market Testing**

Line Ref	Core Activity	Associate Activity	Value of Contract £	Period of Contract	Description	Type of Market Testing	Spend in Year £	Turnover of Assoc £	Core spend (Col 8) : Turnover(Col 9) %
	Wholesale	Scottish Water Solutions Ltd	2,162,100,000	QS2 & QS3 contract period substantially delivered to March 2010	Delivery of the capital programme	Competitive tender. QS2 contract with solutions extended to cover the delivery of part of QS3 (a) program	343,584,328	348,757,789	98.52%
	Wholesale	Scottish Water Business Stream			Business Solutions infrastructure work	Full EU invitation to tender, and Framework Contract put in place	510,538		
	Wholesale	Scottish Water Solutions Ltd	5,900,140	Various	Request for Additional Services. Design and construction work	Formal tendering for services agreement at SWS formation, and internal benchmarking.	5,900,140	348,757,789	1.69%

**Block B: Cost Allocation. Recharges to Associate from Core**

Line Ref	Core Activity	Associate Activity	Total Value £	Turnover of Associate £	Core spend (Col 4) : Turnover (Col 5) %
	Wholesale	Scottish Water Solutions Ltd			
		- project costs, including overhead, incurred on 'allocated' capital projects	3,091,818	348,757,789	0.89%
	Wholesale - SWC	Scottish Water Solutions Ltd			
		Rehabilitation Costs	121,693	348,757,789	0.03%
			<b>121,693</b>	<b>348,757,789</b>	<b>0.03%</b>
	Wholesale	Scottish Water Business Stream Ltd			
		Fixed Asset Transfer	126,843	355,285,191	0.04%
	Wholesale	Scottish Water Business Stream Holdings Ltd			
	Wholesale - SWC	Scottish Water (Non Regulated)			
		Transfer of Non Regulated Mainlaying and Tie-in work for Customer Connetctions			

**Block C: Cost Allocation. Recharges to Core from Associate**

Associate Activity	Core Activity	Total Value £	Turnover of Associate £	Core spend (Col 9) : Turnover (Col 10) %
<b>Scottish Water Solutions Ltd</b>	<b>Wholesale</b>			
Accounts Payable Service		40,833	348,757,789	0.01%
Delivery of the capital programme		343,584,328	348,757,789	98.52%
Request for Additional Services. Design and construction work		5,900,140	348,757,789	1.69%
		<b>349,525,301</b>	<b>348,757,789</b>	<b>100.22%</b>
<b>Scottish Water Business Stream Ltd</b>				
Recharges From Business Solutions		510,538	355,285,191	0.14%
<b>Scottish Water Horizons</b>				
Developer Support Work carried		1,824,506	26,759,850	6.82%
		<b>1,824,506</b>	<b>26,759,850</b>	<b>6.82%</b>

