

**SCOTTISH WATER
ANNUAL RETURN INFORMATION REQUIREMENTS**

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

Report Year 2018-19

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) %
1.1.1	Wholesale	Scottish Water Solutions 2 Ltd	N/A	QS3 (b) contract period substantially delivered to March 2015	Delivery of the capital programme	Competitive tender. QS3 (b) contract with Solutions 2	-2,551,365	-2,551,365	100.00%

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 2 Ltd			
1.4.1		- project costs and business support costs, incurred on 'allocated' capital projects	34,028	-2,551,365	-1.33%

Block C: Cost Allocation. Recharges to Core from Associate

Line Ref	Associate Activity	Core Activity	Total Value £	Turnover of Associate £	Core spend (Col 9) : Turnover (Col 10) %
	Scottish Water Solutions 2 Ltd	Wholesale			
1.5.1	Delivery of the capital programme		-2,551,365	-2,551,365	100.00%
			-2,551,365	-2,551,365	100.00%

**SCOTTISH WATER
ANNUAL RETURN INFORMATION REQUIREMENTS**

**Section N : Transfer Pricing
Table N.2: Transfer Pricing Summary (P&L)**

Report Year 2018-19

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) %

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 2 Ltd			
2.1.1		- secondment of staff from SW to SWS2	157	-2,551,365	-0.01%
2.1.2		- support services IT	8,589	-2,551,365	-0.34%
2.1.4		- Financial Services	2,400	-2,551,365	-0.09%
2.1.5		- Travel	644	-2,551,365	-0.03%
			11,790	-2,551,365	-0.46%
	Wholesale	Scottish Water Business Stream Ltd			
2.2.1		- support services Treasury, Tax & Insurance	110	372,083,806	0.00%
2.2.2		- support services Internal Audit	58,283	372,083,806	0.02%
			58,393	372,083,806	0.02%
	Wholesale	Scottish Water Business Stream Ltd			
2.3.1		- Wholesale Water & Wastewater Charge	140,456,688	372,083,806	37.75%
2.3.2		- Non Primary Meter Services	52,154	372,083,806	0.01%
2.3.3		- Non Primary Supply Shut Off and Disconnections	206,781	372,083,806	0.06%
2.3.4		- Non Primary Building Water Supplies	400	372,083,806	0.00%
2.3.5		- Non Primary Inspections	75,632	372,083,806	0.02%
2.3.6		- Non Primary Connections	403,277	372,083,806	0.11%
2.3.7		- Verification Of Services	123,650	372,083,806	0.03%
			141,318,583	372,083,806	37.98%
	Wholesale	Scottish Water Horizons			
2.4.1		Management & Support Recharge	80,423	15,047,828	0.53%
2.4.2		Lab Plant Veh & Waste & Sludge Processing Charge for Waste Services	374,732	15,047,828	2.49%
2.4.3		Support Services Aquatrine	192,694	15,047,828	1.28%
2.4.4		Support Services Shipping Water	380,741	15,047,828	2.53%
2.4.5		Support Services Asset Management	491,380	15,047,828	3.27%
2.4.6		Support Services Contact Centre	23,724	15,047,828	0.16%
2.4.7		ABM & Support Charge For Horizons	259,800	15,047,828	1.73%
2.4.8		Support Services Property	2,586	15,047,828	0.02%
2.4.9		Internal Audit Recharge	16,003	15,047,828	0.11%
2.4.10		Sampling Recharges	1,854	15,047,828	0.01%
2.4.11		IT Service Charge	232,717	15,047,828	1.55%
2.4.12		Legal Re-Charge	14,464	15,047,828	0.10%
2.4.13		Payroll & Timesheet Recharges	51,184	15,047,828	0.34%
			2,122,301	15,047,828	14.10%
	Wholesale	Non Core			
2.5.4	SW Wholesale	Support Lab Plant & Veh Cross Charge for Aquatrine	167,922	2,597,465	6.46%
2.5.7	SW Wholesale	Support Lab Plant & Veh Cross Charge for Deerdykes	1,517	2,597,465	0.06%
2.5.8	SW Wholesale	Material & Contractor Charge for Legal & Estates	6,000	2,597,465	0.23%
2.5.9	SW Wholesale	Test & Sample processing charge for Scientific Services	1,154,659	2,597,465	44.45%
2.5.10	SW Wholesale	Material & Contractor Charge for Customer Ops	32,056	2,597,465	1.23%
2.5.11	SW Wholesale	Material & Contractor Charge for Rechargeable Works	426,754	2,597,465	16.43%
			1,788,908	2,597,465	68.87%
		Scottish Water Horizons Holdings			
2.6.1		- support services Legal	10,818	0	
2.6.2		- support services Finance	51,087	0	
			61,905	0	
		Scottish Water Service Grampian			
2.7.1		Management & Support Recharge	32,556	2,278,755	1.43%
			32,556	2,278,755	1.43%
		AES			
2.8.1		Management & Support Recharge	2,266	7,786,554	0.03%
			2,266	7,964,801	0.03%

Block C: Cost Allocation. Recharges to Core from Associate

Line Ref	Associate Activity	Core Activity	Total Value £	Turnover of Associate £	Core spend (Col 9) : Turnover (Col 10) %
	Scottish Water Business Stream Ltd	Wholesale			
2.8.1	Interest Paid to SWBS		951,409	372,083,806	0.26%
2.8.2	GSS Payment		19,240	372,083,806	0.01%
2.8.3	Gap Incentive - SWBS		207,758	372,083,806	0.06%
2.8.4	Hire & Maintenance of SAF Units		13,356	372,083,806	0.00%
			1,191,763	372,083,806	0.32%
	Scottish Water Horizons	Wholesale			
2.9.1	Impact Assessment Charges		158,239	15,047,828	1.05%
2.9.2	Compensation Recharge		188,346	15,047,828	1.25%
2.9.3	Plan Provision Recharge		32,354	15,047,828	0.22%
2.9.4	Timesheet Recharge		177,254	15,047,828	1.18%
2.9.5	Renewable Energy		374,136	15,047,828	2.49%
2.9.6	Test Centre recharge		60,252	15,047,828	0.40%
2.9.7	Chemical Storage Recharge		4,061	15,047,828	0.03%
			994,642	15,047,828	6.61%
	AES				
2.10.1	PFI Contract Fees		7,786,554	7,786,554	100.00%
			7,786,554	7,786,554	100.00%