



# **Current Cost Financial Statements 2016 including Openreach Undertakings**

---



# Ofcom Statement on BT's Current Cost Financial Statements 2016

---

## Introduction

BT's reporting obligations arise out of market reviews conducted by Ofcom and SMP conditions and directions related to regulatory reporting<sup>1</sup>. Under these SMP conditions BT is required to publish with the audited regulatory financial statements (RFS) any written statement made by Ofcom and provided to BT commenting on the data in, the notes to or the presentation of any or all of the RFS, the reconciliation report and and/or the Accounting Methodology Documents.

Ofcom believes that the statement below will be helpful to users of the RFS by drawing attention to several important aspects of BT's 2015/16 RFS.

## Publication requirements

It is important that BT retains responsibility for its RFS and can respond to changes in circumstances when deciding how best to prepare them. However, since June 2014 BT has been required to notify Ofcom and publish any changes that it intends to make to its allocation methodologies in advance in a report (the Change Control Notification). The Change Control Notification should include a description of each of the changes, the reason for making each of the changes and an estimate (based on the prior year RFS) of the impact of each of the changes. Where in Ofcom's opinion, any proposed change does not comply with any SMP conditions or the Regulatory Accounting Principles, it can direct BT not to make that change.

When the RFS are subsequently published, BT is also required to publish an audited reconciliation report (the Reconciliation Report), setting out the impact of the changes it actually made to its cost allocation methodologies and the effect of correcting material errors identified in the year. The actual changes should be similar to those included in the Change Control Notification, subject to the outcome of the discussions with Ofcom.

## Consent to defer the 2015/16 Regulatory Financial Statements

BT is required to publish and deliver to Ofcom the RFS and the corresponding audit opinion within four months after the end of the financial year to which the RFS relate (i.e. 31 July).

As explained below, in the 2016 Business Connectivity Market Review (the 2016 BCMR)<sup>2</sup>, we required BT to make a number of changes to its regulatory accounting methodology to ensure that the RFS are prepared in a way which is consistent with our treatment of certain costs in setting the leased lines charge controls. The 2016 BCMR was published on 28 April 2016, meaning that it would not have been possible for BT to deliver a Change Control Notification that included these changes in accordance with this timetable.

Therefore, on 31 March 2016, we consented to BT's request to defer: (i) the date for delivery and publication of the 2015/16 Change Control Notification to no later than two months after publication of the 2016 BCMR; and (ii) the date for delivery and publication of the 2015/16 RFS and Reconciliation Report to no later than four months after publication of the 2016 Change Control Notification<sup>3</sup>.

## Changes to regulatory accounting methodologies

In June and November 2015 we published the results of our review of BT's cost attribution rules<sup>4</sup>. In the 2016 BCMR we took these results into account to adjust the base year costs in setting the leased lines charge controls. We considered these adjustments (and some others) were appropriate to ensure that the information we used represented the relevant level of costs for the respective baskets on a forward-looking basis for setting these specific charge controls.

Regulatory accounting SMP conditions 13A.8<sup>5</sup>, 8A.8<sup>6</sup> and 11.8<sup>7</sup> require that BT's RFS must be prepared in accordance with the Regulatory Accounting Principles. Principle 4 of the

---

<sup>1</sup> Some obligations also arise from the Undertakings given by BT under the Enterprise Act 2002.

<sup>2</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0015/72303/bcmr-final-statement-volume-one.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0015/72303/bcmr-final-statement-volume-one.pdf)

<sup>3</sup> <http://stakeholders.ofcom.org.uk/binaries/consultations/financial-reporting/statement/Consent-310316.pdf>

<sup>4</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0025/84814/bt\\_cost\\_attribution\\_review\\_second\\_consultation.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0025/84814/bt_cost_attribution_review_second_consultation.pdf)

<sup>5</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0033/78837/annex\\_29.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0033/78837/annex_29.pdf)

<sup>6</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0027/63675/statement\\_annexes.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0027/63675/statement_annexes.pdf)

<sup>7</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0023/47840/final-annex-35.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0023/47840/final-annex-35.pdf)

## Ofcom Statement on BT's Current Cost Financial Statements 2016

---

Regulatory Accounting Principles requires that BT's regulatory financial reporting must be consistent with our regulatory decisions. We explained in the 2016 BCMR that the requirement for consistency applies to the entirety of the RFS and BT must therefore ensure, in all markets where the new SMP conditions and the requirement for consistency apply, that the accounting treatment reflects the consistency requirements we specified in this statement<sup>8</sup>.

The 2015/16 RFS include the changes BT considers to be necessary to reflect the new reporting requirements that followed the 2016 BCMR.

These changes were included in the 2015/16 Change Control Notification and are included in the 2015/16 Reconciliation Report under the heading, "Material Methodology Changes Directed by Ofcom". The Reconciliation Report includes a description of these changes and indicates that the effect has been to reduce the costs attributed to regulated markets in 2015/16 by £260m<sup>9</sup>. The price reductions that followed the 2016 BCMR did not take effect until May 2016 so are not reflected in the 2015/16 RFS.

The Reconciliation Report also identifies the changes to the regulatory reporting methodology in 2015/16 driven by BT. These include some changes that BT did not include in the Change Control Notification. Prior to publication of the RFS, BT informed us of some further changes that it intended to make to the 2015/16 RFS, affecting the attribution of some costs and revenues. We agreed to BT's request for the changes to be treated as if they had been notified to Ofcom with the Change Control Notification.

The changes relate to the matching of Wholesale Residual costs and revenues and WBC rebates (both of which mainly affect residual markets) and Ethernet revenues. The reasons for and impact of these changes are described in the Reconciliation Report.

### **Next steps**

It is important that BT's regulatory reporting obligations remain relevant and appropriate. We will continue to review these requirements and the methodologies used by BT through our market review process. We would encourage all our stakeholders to participate in these reviews as our decisions on these determine BT's future reporting obligations.

---

<sup>8</sup> Paragraph 16.9 at [https://www.ofcom.org.uk/data/assets/pdf\\_file/0015/72303/bcmr-final-statement-volume-one.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0015/72303/bcmr-final-statement-volume-one.pdf)

<sup>9</sup> <http://www.btplc.com/Thegroup/RegulatoryandPublicaffairs/Financialstatements/2016/index.htm>

# Contents

---

## Current Cost Financial Statements

1.1 Regulatory Financial Reporting Obligations .....	5	7.2.4 WFAEL calculation of FAC based on component costs and usage factors 2015 ...	36
1.2 Weighted Average Cost of Capital and Pre-Tax Return on MCE.....	7	7.3 Fixed Access Market – WLA .....	38
1.3 Treatment of EE .....	7	7.3.1 WLA Summary 2016.....	38
2.1 Basis of Preparation .....	9	7.3.2 WLA calculation of FAC based on component costs and usage factors 2016 .....	39
2.1.1 Regulatory Accounting Framework.....	9	7.3.3 WLA Summary 2015.....	41
2.1.2 Regulatory Accounting Principles.....	9	7.3.4 WLA calculation of FAC based on component costs and usage factors 2015 .....	42
2.1.3 Documentation and Application of the Regulatory Accounting Framework .....	9	7.4 Fixed Access Market – ISDN2 .....	44
2.1.5 Change Control Notification – amendments and additional methodologies.....	10	7.4.1 ISDN2 Summary 2016 .....	44
2.1.6 Comparability of current and prior year results.....	11	7.4.2 ISDN2 Summary 2015 .....	45
3.1 Statement of Responsibility .....	14	7.5 Fixed Access Market – ISDN30.....	46
4.1 Report of Independent Auditors .....	16	7.5.1 ISDN30 Summary 2016.....	46
5.1 Performance Summary by Market 2016 .....	21	7.5.2 ISDN30 Summary 2015.....	47
5.2 Performance Summary by Market 2015 .....	22	8.1 Review of Business Connectivity Markets.....	49
6.1 Wholesale sector costs .....	24	8.2 Business Connectivity Market – Low Bandwidth TISBO .....	51
6.1.1 Attribution of Wholesale Current Costs 2016 .....	25	8.2.1 Low Bandwidth TISBO Summary 2016 .....	51
6.1.2 Attribution of Wholesale Current Costs 2015 .....	26	8.2.2 Low Bandwidth TISBO calculation of FAC based on component costs and usage factors 2016 .....	52
6.2 Wholesale MCE sector costs .....	27	8.2.3 Low Bandwidth TISBO Summary 2015 .....	54
6.2.1 Attribution of Wholesale Current Cost Mean Capital Employed 2016 .....	28	8.2.4 Low Bandwidth calculation of FAC based on component costs and usage factors 2015 .....	55
6.2.2 Attribution of Wholesale Current Cost Mean Capital Employed 2015 .....	29	8.3 Business Connectivity Market – Medium Bandwidth TISBO .....	57
7.1 Fixed Access Markets Review .....	31	8.3.1 Medium Bandwidth TISBO Summary 2016 .....	57
7.2 Fixed Access Market – WFAEL.....	32	8.3.2 Medium Bandwidth TISBO calculation of FAC based on component costs and usage factors 2016 .....	58
7.2.1 WFAEL Summary 2016.....	32	8.3.3 Medium Bandwidth TISBO Summary 2015 .....	59
7.2.2 WFAEL calculation of FAC based on component costs and usage factors 2016 ....	33		
7.2.3 WFAEL Summary 2015.....	35		

# Contents

---

8.3.4 Medium Bandwidth TISBO calculation of FAC based on component costs and usage factors 2015 .....	60	8.7.4 AISBO Non-WECLA calculation of FAC based on component costs and usage factors 2015 .....	78
8.4 Business Connectivity Market – High Bandwidth TISBO .....	61	8.8 Business Connectivity Market – AISBO WECLA .....	81
8.4.1 High Bandwidth TISBO Summary 2016 .....	61	8.8.1 AISBO WECLA Summary 2016 .....	81
8.4.2 High Bandwidth TISBO calculation of FAC based on component costs and usage factors 2016 .....	62	8.8.2 AISBO WECLA calculation of FAC based on component costs and usage factors 2016 .....	82
8.4.3 High Bandwidth TISBO Summary 2015 .....	63	8.8.3 AISBO WECLA Summary 2015 .....	84
8.4.4 High Bandwidth TISBO calculation of FAC based on component costs and usage factors 2015 .....	64	8.8.4 AISBO WECLA calculation of FAC based on component costs and usage factors 2015 .....	85
8.5 Business Connectivity Market – TI Regional Trunk .....	65	8.9 Business Connectivity Market – MISBO Non-WECLA .....	87
8.5.1 TI Regional Trunk Summary 2016 .....	65	8.9.1 MISBO Non-WECLA Summary 2016 .....	87
8.5.2 TI Regional Trunk calculation of FAC based on component costs and usage factors 2016 .....	66	8.9.2 MISBO Non-WECLA calculation of FAC based on component costs and usage factors 2016 .....	88
8.5.3 TI Regional Trunk Summary 2015 .....	67	8.9.3 MISBO Non-WECLA Summary 2015 .....	89
8.5.4 TI Regional Trunk calculation of FAC based on component costs and usage factors 2015 .....	68	8.9.4 MISBO Non-WECLA calculation of FAC based on component costs and usage factors 2015 .....	90
8.6 Business Connectivity Market – Technical Areas (Point of Handover) .....	69	9.1 Review of Narrowband Markets .....	92
8.6.1 Technical Areas (Point of Handover) Summary 2016 .....	69	9.2 Narrowband Market – Fixed Call Origination .....	94
8.6.2 Technical Areas (Point of Handover) calculation of FAC based on component costs and usage factors 2016 .....	70	9.2.1 Fixed Call Origination Summary 2016 .....	94
8.6.3 Technical Areas (Point of Handover) Summary 2015 .....	71	9.2.2 Fixed Call Origination Summary 2015 .....	94
8.6.4 Technical Areas (Point of Handover) calculation of FAC based on component costs and usage factors 2015 .....	72	9.3 Narrowband Market – Fixed Geographic Call Termination .....	95
8.7 Business Connectivity Market – AISBO Non-WECLA .....	73	9.3.1 Fixed Geographic Call Termination Summary 2016 .....	95
8.7.1 AISBO Non-WECLA Summary 2016 .....	73	9.3.2 Fixed Geographic Call Termination Summary 2015 .....	95
8.7.2 AISBO Non-WECLA calculation of FAC based on component costs and usage factors 2016 .....	74	9.4 Narrowband Market – Technical areas (Interconnect Circuits) .....	96
8.7.3 AISBO Non-WECLA Summary 2015 .....	77	9.4.1 Technical areas (Interconnect Circuits) Summary 2016 .....	96
		9.4.2 Technical areas (Interconnect Circuits) calculation of FAC based on component costs and usage factors 2016 .....	97

# Contents

---

9.4.3 Technical areas (Interconnect Circuits) Summary 2015 .....	98	Appendix 2.1 Price Controls in Regulated Markets .....	128
9.4.4 Technical areas (Interconnect Circuits) calculation of FAC based on component costs and usage factors 2015 .....	99	Appendix 3.1 Adjusted Financial Performance Schedule .....	130
10.1 Wholesale Broadband Access (“WBA”) Markets Review .....	101	Appendix 3.2 Adjusted Financial Performance Schedule 2016 .....	131
10.2 WBA - Market A.....	102	Appendix 3.3 Adjusted Financial Performance Schedule 2015 .....	132
10.2.1 WBA (Market A) Summary 2016.....	102	Appendix 4 Revised Time Related Charges and Special Fault Investigation Costs .....	134
10.2.2 WBA (Market A) calculation of FAC based on component costs and usage factors 2016 .....	103	Glossary.....	136
10.2.3 WBA (Market A) EOI 2016 .....	105	Footnotes.....	139
10.2.4 WBA (Market A) Summary 2015.....	106	Additional Information .....	141
10.2.5 WBA (Market A) calculation of FAC based on component costs and usage factors 2015 .....	107		
10.2.6 WBA (Market A) EOI 2015 .....	109		
Section 11 Reconciliation Statements.....	110		
11.1 BT Reconciliation Statement 2016.....	111		
11.2 BT Reconciliation Statement 2015.....	111		
11.3 BT Reconciliation Statement MCE.....	112		
Section 12 Openreach Information .....	113		
12.1 Openreach Information .....	113		
12.2 Openreach Income Statement 2016 .....	115		
12.3 Openreach Income Statement 2015 .....	116		
12.4 Openreach MCE Statement 2016.....	117		
12.5 Openreach MCE Statement 2015.....	118		
12.6 Reconciliation of Openreach Income Statements.....	119		
Appendix 1.1 Network Activity Statements Consolidated 2016.....	121		
Appendix 1.2 Network Activity Statement Consolidated 2015 .....	124		

Section 1  
Introduction to the Current Cost Financial Statements



## Section 1 – Introduction to the Current Cost Financial Statements

---

### 1.1 Regulatory Financial Reporting Obligations

The form and content of these Current Cost Financial Statements is based on the reporting obligations set out by Ofcom. We refer to these obligations as “the Final Statements and Notifications”. These are set out most recently in the following:

- Business Connectivity Market Review Statement 28 April 2016.
- Directions for Regulatory Financial Reporting Statement 30 March 2015.
- Review of the Wholesale Broadband Access Markets Statement 26 June 2014.
- Fixed Access Market Reviews Statement 26 June 2014.
- Regulatory Financial Reporting Statement 20 May 2014.
- Review of the Fixed Narrowband Services Markets Statement 26 September 2013.
- Business Connectivity Market Review Statement 28 March 2013.
- “Changes to BT and KCOM’s regulatory and financial reporting 2013/14 update” issued 3 April 2014.
- “Changes to BT and KCOM’s regulatory and financial reporting 2012/13 update” issued 25 April 2013.
- “Changes to BT and KCOM’s regulatory and financial reporting 2011/12 update” issued 17 April 2012.
- “Changes to BT and KCOM’s regulatory and financial reporting 2010/11 update” issued 2 June 2011.
- “Changes to BT and KCOM’s regulatory and financial reporting 2009/10 update” issued 4 June 2010.
- “Changes to BT and KCOM’s Regulatory Financial Reporting – 2008/09 update” issued 15 June 2009.
- “Changes to BT’s 2007/08 Regulatory Financial Statements” issued 26 June 2008.
- “Changes to BT’s Regulatory Financial Reporting and Audit Requirements” issued 30 May 2007.
- “Changes to BT’s Regulatory Financial Reporting and Audit Requirements” issued 16 August 2006.
- “Changes to BT’s Regulatory Financial Reporting Framework” issued 31 August 2005.
- “The Regulatory Financial Reporting Obligations on BT and Kingston Communications” issued 22 July 2004.

In the Current Cost Financial Statements for 2016, we are obliged to report on the following SMP markets (in the UK excluding the Hull area, modified where stated below):

#### Fixed Access markets

- Wholesale analogue exchange line services.
- Wholesale local access services.
- Wholesale ISDN2 exchange line services.
- Wholesale business ISDN30 exchange line services.

#### Business Connectivity markets

- Traditional interface symmetric broadband origination (TISBO) (up to and including 8Mbit/s).
- TISBO excluding the WECLA (above 8Mbit/s up to and including 45Mbit/s).
- TISBO excluding the WECLA (above 45Mbit/s up to and including 155Mbit/s).
- Technical areas (Point of Handover).
- Alternative interface symmetric broadband origination (AISBO) excluding the WECLA (up to and including 1Gbit/s).
- AISBO in the WECLA (up to and including 1Gbit/s).
- Multiple interface symmetric broadband origination (MISBO) excluding the WECLA (above 1Gbit/s).
- Wholesale regional trunk segments.

#### Narrowband markets

- Call origination on fixed public narrowband networks.
- Fixed geographic call termination.
- Technical areas (Interconnect Circuits).

#### Broadband markets

- Wholesale Broadband Access (Market A).

For the purpose of the Statements we have chosen to use abbreviated names to the markets which can be seen in Table 1. Other abbreviated names, acronyms and footnotes used through the document are defined in the Glossary and Footnotes on pages 136 to 139.

#### Openreach

We are also required by the Undertakings (Section 5.31) to disclose the financial results of Openreach separately and to reconcile the financial results to the Openreach segmental

## Section 1 – Introduction to the Current Cost Financial Statements

information shown in BT Group plc's Annual Report. We have included this information in Section 12.

### Regulatory Financial Review

Under the direction setting out the requirements in relation to preparation, delivery, publication, form and content of page 133 of the March 2015 Directions for Regulatory Financial Reporting and the Regulatory Financial Statement on page 249 of annex 35 of the 2016 BCMR Statement, BT is required to summarise the Financial Performance:

- 1) across all of the SMP markets to which cost accounting and/or accounting separation obligations apply;
- 2) at the market review level encompassing individual SMP markets to which cost accounting and/or accounting separation obligations apply considered as part of such market review; and
- 3) at the level of each individual SMP market to which cost accounting and/or accounting separation obligations may apply.

These are included in the sections below.

### New Reporting Obligations

The final statement for the Business Connectivity Market Review was published on 28 April 2016, changes as a result of this are detailed in section 2.1.4.

**Table 1 – Market Review Name Abbreviations**

Market Review Name	Abbreviated Name
Wholesale fixed analogue exchange line services	WFAEL
Wholesale local access services	WLA
Wholesale ISDN2 exchange line services	ISDN2
Wholesale business ISDN30 exchange line services	ISDN30
Traditional interface symmetric broadband origination (TISBO) (up to and including 8Mbit/s)	Low Bandwidth TISBO

TISBO excluding the WECLA (above 8Mbit/s up to and including 45Mbit/s)	Medium Bandwidth TISBO
TISBO excluding the WECLA (above 45Mbit/s up to and including 155Mbit/s)	High Bandwidth TISBO
Technical areas (Point of Handover)	Technical areas (Point of Handover)
Alternative interface symmetric broadband origination (AISBO) excluding the WECLA (up to and including 1Gbit/s)	AISBO Non-WECLA
AISBO in the WECLA (up to and including 1Gbit/s)	AISBO WECLA
Multiple interface symmetric broadband origination (MISBO) excluding the WECLA (above 1Gbit/s)	MISBO Non-WECLA
Wholesale regional trunk segments	TI Regional Trunk
Call origination on fixed public narrowband networks	Fixed call origination
Fixed call termination	Fixed geographic call termination
Technical areas (Interconnect Circuits)	Technical areas (Interconnect Circuits)
Wholesale Broadband Access (Market A)	WBA – Market A

## Section 1 – Introduction to the Current Cost Financial Statements

### 1.2 Weighted Average Cost of Capital and Pre-Tax Return on MCE

For the purposes of the RFS, we calculate fully allocated costs for our network components including a return on the mean capital employed attributed to that component. In performing this calculation we use the WACC used by Ofcom in its modelling for charge controls in the most recent market review statement in force during the financial year. In the 2015-16 RFS this is the Fixed Access Market Review statement published on 26 June 2014 in which the relevant WACC is 8.6% for copper access components and 10.8% for other network components.

In comparing the pre-tax return on MCE from SMP markets with the WACC on this basis, users should note that:

- I. Only around two thirds of our regulated SMP services by revenue are subject to such price caps (other SMP services are subject instead to safeguard caps, cost orientation or fair and reasonable pricing obligations); and
- II. For the purposes of assessing our returns in setting such price caps, Ofcom has made the adjustments set out in Appendix 3 on page 129 (Adjusted Financial Performance Schedule).

For 2015-16 the relevant adjustments are as follows:

	Pre-Tax Return on MCE
Total SMP markets - Performance Summary	17.9%
Adjustments as set out in Appendix 3	(1.3%)
Total SMP markets –Adjusted Financial Performance Basis	16.6%
Adjustment to exclude returns from services without CPI-X price caps	(3.3%)
Price capped services – Adjusted Performance Basis	13.3%

Since the year end price cuts of circa £250m per annum have been made to business connectivity services under price caps required by the Business Connectivity Market Review statement of 28 April 2016 (see section 8.1). To give an illustration of the expected impact of these changes on our returns, we note that the pre-tax return on MCE of price capped

services would have been approximately two percentage points lower (i.e. circa 10.8% on the adjusted performance basis as reported above) if the reduced prices had been in place in 2015-16.

### 1.3 Treatment of EE

On 29 January 2016 BT Group acquired the entire share capital of EE Limited (EE) from Deutsche Telekom and Orange. Transactions with EE between the date of acquisition and the year-end have been treated as external transactions and all EE activities have been treated as Retail for the purposes of disclosures in the RFS for 2015-16. In order to reflect the shorter period of ownership of EE the MCE has been adjusted using the closing balance sheet to approximate the 2 months owned. All of the EE assets are recognised in the residual markets.

Section 2  
Basis of Preparation

## Section 2 – Basis of Preparation

---

### 2.1 Basis of Preparation

#### 2.1.1 Regulatory Accounting Framework

The ultimate holding company of British Telecommunications plc (the “Company”) is BT Group plc as used in these Regulatory Financial Statements (“RFS”) the terms “the Group”, “BT”, “we”, “us” or “our” refer collectively to BT Group plc and its subsidiary and associated undertakings and joint ventures.

BT Group plc’s Annual Report and Form 20-F 2016 details the basis of preparation and explains the accounting policies adopted by the Group. BT’s Annual Report and Form 20-F 2016, on which the independent external auditors issued an unqualified report, did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006 and has been delivered to the Registrar of Companies.

The Company has, by agreement with BT Group plc, prepared the Current Cost Financial Statements in accordance with the Regulatory Accounting Principles (as described in Section 2.1.2 below) and Accounting Methodology Document (AMD) (as described in Section 2.1.3 below), by disaggregating balances recorded in the general ledgers and other accounting records of the Group.

The Regulatory Accounting Principles and Accounting Methodology Document set out the framework under which the Current Cost Financial Statements are prepared.

#### 2.1.2 Regulatory Accounting Principles

Regulatory Accounting Principles are the principles we apply or use in the preparation of the Current Cost Financial Statements, for example, that all costs should be fully attributed to the relevant cost centre.

Ofcom set out its conclusions that in preparing the RFS BT shall be required to comply with the Regulatory Accounting Principles in its Regulatory Financial Reporting Final Statement dated 20 May 2014, including the requirement for consistency with regulatory decisions.

Under SMP services condition 11.8 set out in Annex 35 of the 2016 BCMR Statement, BT is required to comply with the Regulatory Accounting Principles. Ofcom’s Direction specifying the Regulatory Accounting Principles is set out in the Schedule on page 207 of Annex 35 of the 2016 BCMR Statement.

#### 2.1.3 Documentation and Application of the Regulatory Accounting Framework

In adhering to the Regulatory Accounting Principles, we prepare and update annually our methodology documentation, the Accounting Methodology Document (AMD). This document covers:

- **Attribution Methods** – we explain how we attribute revenue, transfer charges, costs, assets and liabilities to activities.
- **Transfer Charge System Methodology** – we explain our approach within our regulatory costing system (“REFINE”) on transfer charges.
- **Non-discrimination** – we demonstrate how we ensure an equivalent treatment for internal and external CPs. For each reported market, we disclose the average price of services sold to external CPs and the average price sold to internal CPs. Where a reported market is required to buy input services from an upstream reported market, the cost is shown in Current Cost Financial Statements as an Equivalence of Input (“EOI”) charge. This applies for WBA (Market A).
- **Accounting Policies** – the way we apply the requirements of the Companies Act 2006, Article 4 of the International Accounting Standards (“IAS”) Regulation, and our accounting policies, whenever not superseded by the Regulatory Accounting Principles, in each of the Current Cost Financial Statements. The AMD details the accounting policies adopted in preparing the underlying financial information.
- **Long Run Incremental Cost (“LRIC”) Methodology** – the long run incremental cost principles, procedures and processes form the framework we use to calculate long run incremental costs and standalone costs.
- **Current Cost Accounting (“CCA”)** – we prepare the Current Cost Financial Statements under the Financial Capital Maintenance (“FCM”) convention in accordance with the principles set out in the handbook “Accounting for the Effects of Changing Prices”, published in 1986 by the Accounting Standards Committee. Under the FCM convention we include changes in asset values in our income statement as unrealised holding gains or losses. The CCA section also includes the Regulatory Asset Valuation (RAV) where Ofcom has directed an alternative methodology for valuing parts of the local access network. We also reflect Ofcom imposed asset lives where necessary.

## Section 2 – Basis of Preparation

---

- **Usage Factors** - we use usage factors in our costing methodology to reflect when the services have a different relative usage of network components.

In addition to this Accounting Methodology Document, we also publish a Wholesale Catalogue, which separately identifies and describes services which are internally, externally, or internally and externally supplied, and those which are used in the course of supplying other wholesale services.

The economic markets defined by Ofcom's Final Statements and Notifications do not correspond to how the Group is organised for management and accounting purposes. The Current Cost Financial Statements are therefore produced by overlaying the requirements of the regulatory reporting framework on the management and accounting structure of the Group.

We reconcile the Current Cost Financial Statements to BT's statutory accounts and we explain any differences.

Due to the complex nature of the Current Cost Financial Statements, figures in this report are individually rounded to the nearest relevant unit (e.g. £m). Totals and sub-totals are calculated based on these rounded figures. Where required by the Directions and Notifications rounding differences are shown on each individual schedule. Where rounding differences are not shown minor summation inconsistencies may arise between schedules.

### 2.1.4 Changes to BT's Financial Reporting Obligations

Ofcom's "Business Connectivity Market Review" dated 28 April 2016 has had an impact on the regulatory accounting methodologies within the Current Cost Financial Statements for the year ended 31 March 2016. The relevant requirements are set out in the Direction specifying the requirements in relation to consistency with regulatory decisions and regulatory asset value set out in the Schedule on page 212 of Annex 35 of the 2016 BCMR Statement.

Where the changes impact the methodology in the Current Cost Financial Statements we have disclosed them in section 2.1.5. A list of these changes is available in our "Change Control Notification" Report published on 27 June 2016 ("Change Control Notification in accordance with SMP Condition 11.21 of Ofcom's Business Connectivity Market Review (BCMR) Final Statement published 28 April 2016").

### 2.1.5 Change Control Notification – amendments and additional methodologies

BT has an obligation under SMP Condition 11.21 of the 2016 BCMR Statement to publish all methodology changes that were implemented between the 2015 Current Cost Financial

Statements and the 2016 Current Cost Financial Statements. This obligation was met by the publication of the "Change Control Notification in accordance with SMP Condition 11.21 of Ofcom's Business Market Review (BCMR) Final Statement published 28 April 2016", dated 27 June 2016 (the "Change Control Notice (CCN)").

Our Change Control Notification report contained all the methodology changes we had made up to 27 June 2016. We have made certain changes to our methodologies after 27 June 2016 that have also been notified to Ofcom. These were discovered as part of ongoing improvement work on our cost allocation models and data sources. The additional methodology changes are:

#### *Ethernet Revenue*

During 2014/15 Ethernet connection revenues were calculated based on volumes and prices in force on delivery. For 2015/16 we used the price in force three months prior to delivery, as a better estimate of the price of the order. This would increase market revenue by £4m.

#### *Broadband Delivery UK*

We have changed the allocation of BDUK costs and funding to BDUK-specific plant groups to more clearly identify BDUK related items in the RFS. We allocate NGA E-side copper component costs solely to FTTC rather than to FTTC and FTTP. This is a more appropriate treatment as FTTP is a fibre only service from Exchange to Premise, and as such should not carry copper costs. Overall, these changes have no effect on market revenues or costs.

#### *Matching of Wholesale Residual costs and revenues*

There are Sales, General and Administrative costs accounted for in Wholesale Residual that relate to services that are classified as Retail Residual products. Therefore we have moved these costs to Retail Residual.

In addition, certain internally consumed services within Wholesale Residual (predominantly unregulated 21CN, GEA and HE MEAS network services) do not have matching revenue. We have created an internal transfer charge from Wholesale Residual to Retail Residual at fully allocated cost including a return on capital employed. This will therefore increase revenue in Wholesale Residual and increase cost in Retail Residual.

#### *Wholesale Broadband Connect revenues*

External customers for Wholesale Broadband Connect in the WBA Market B pay a charge set by commercial negotiation, which may be below the list price. The internal charge however was based on the price, not on a charge that an external customer of similar size would pay.

## Section 2 – Basis of Preparation

---

We have modelled the price that such a customer would pay by setting the internal charge equal to fully allocated costs including a return on capital employed for the relevant service.

### 2.1.6 Comparability of current and prior year results

Certain methodology changes set out in the Change Control Notification or subsequently notified to Ofcom (see section 2.1.5), have had a material impact on the comparability of the current and prior year results and the comparatives for the year ended 31 March 2015 have been restated accordingly. The impacts quoted below are based upon our estimates of the impact of the changes on 2014/15 costs. Details of the impacts of these and further immaterial changes for which restatement of the comparative information is not required can be found in the “2016 Reconciliation Report in accordance with Ofcom’s Direction under section 49 of the Communications Act 2003 and SMP Services Condition 11.4 setting the requirements in relation to the reconciliation report”, dated 28 October 2016.

The further immaterial changes that were set out in the Change Control Notification published 27 June 2016 reduce operating costs by an additional £50m and mean capital employed by £8m in 2014/15. If we included all such changes in our comparative figures for the year ended 31 March 2015, the total return on SMP markets would be 16.9%.

Changes identified with an asterisk (\*) are those methodology changes implemented as a result of Ofcom’s Business Connectivity Market Review dated 28 April 2016 which have a material market impact.

#### I. *Overheads\**

We have implemented a new methodology for allocating our Group and Technology, Service and Operations (TSO) overheads. Previously these were allocated on a mixture of pay and return on assets. Our new methodology uses a more detailed set of methodologies, tailored to the line of business (LoB) and type of cost, typically using previously allocated costs (PAC) to drive apportionments.

The effect of this change is to reduce operating costs in 2014/15 by £172m and MCE by £42m in SMP markets. It reduces operating costs in WFAEL by £67m, reduces costs in AISBO Non-WECLA by £25m, reduces costs in AISBO WECLA by £2m, reduces costs in MISBO Non-WECLA by £4m, and smaller movements in other markets. MCE reduces by £17m in WFAEL and by £16m in WLA, with much smaller movements in other markets

#### II. *Group Property and Fixed Assets\**

We previously allocated property costs on a single basis. A new methodology disaggregates this into four distinct types of property cost with different treatments. These are BT owned Specialised Buildings, BT owned Offices, Non-BT owned Specialised Buildings, and Non-BT owned Offices.

The effect of this change is to reduce costs by £30m in SMP markets, the largest movements being reductions in WFAEL of £15m and WLA of £28m offset by increases in Call Origination of £4m and Call Termination of £4m and smaller movements in other markets and residual.

#### III. *BT TSO Software\**

This change in methodology changes the allocation from one basis into four more specific bases: software specific to product or asset groups, ‘operational’ software supporting core network infrastructure in TSO, software used by TSO support functions, and software to support other Lines of Business. The effect is to reduce operating costs by £3m in WFAEL and £7m in WLA, the total change in operating costs in SMP markets is £17m. MCE is reduced in WFAEL by £5m and MCE in WLA by £10m, with smaller movements in other markets the total reduction in MCE in SMP markets is £22m.

#### IV. *Electricity\**

Electricity was previously allocated along with other Group Property and Facilities Management costs. The new methodology creates an electricity-specific allocation. The ten categories for electricity drivers are: Office; Data Centres; Openreach Specialised; BT TSO Specialised; LLU; NGA/FTTC; BT Cables; BT Sport; Third Party Electricity (exc. LLU); and Motor Transport Workshops. The effect of the change is to reduce overall costs in SMP markets by £5m, reduce costs in Medium Bandwidth TISBO by £1m, and costs in TI Regional Trunk by £1m, increase costs in Call Termination by £5m, and reduce costs in WBA – Market A by £25m, with smaller movements in other markets. The total reduction in costs in SMP markets is £5m. MCE increases by £16m in WFAEL, £16m Call Origination, £14m in Call Termination, and reduces by £2m in Medium Bandwidth TISBO, and £49m in WBA Market A. Other markets move by a smaller amount, the total movement in SMP market MCE is £8m.

#### V. *Backhaul/Core Duct\**

Non-access Duct Costs were previously split between ‘core’ and ‘backhaul’ based on the number of live circuits. The Ofcom directed change instead uses fibre lengths. This has not significantly affected costs or revenue, but MCE has increased by £63m in SMP markets, including an increase of £24m in WFAEL, £13m in WLA, £38m in AISBO Non-WECLA, offset by reductions in MCE of £10m in TI Regional Trunk and £13m in WBA Market A. Other markets have moved by immaterial amounts.

## Section 2 – Basis of Preparation

---

### VI. *Fibre Access in WBA Market A*

In WBA markets Fibre Access WBC were previously only reported in Market B.

Subsequent data now show that a material volume of Fibre Access is being used in Market A and therefore we have changed the methodology to split the volumes between markets. This increases operating costs by £21m and MCE by £4m MCE in WBA Market A. It has also increased WBA Market A revenue by £45m, offset by movements in residual and eliminations.

### VII. *Optical Services*

Improvements have been made to the volumes used for fibre and electronic costs for optical services' rentals:

- a) Apportionment of Access Fibre Plant Group costs have changed to being based on bearer-volumes only, as opposed to a basis of all equipment volumes.
- b) Equipment costs are now calculated based on actual use relative to Optical installations.

This allocated around £8m more cost to MISBO Non-WECLA and £8m less to AISBO Non-WECLA, with smaller changes to AISBO WECLA and residual. MCE has increased by £16m in AISBO Non-WECLA, and MISBO Non-WECLA has reduced by £19m, with smaller movements in MCE in other markets.

### VIII. *PPC Factors*

Usage factors for certain PPC products have been changed to better reflect the volume relationship between regional and national volumes. This change reduces operating costs in Low Bandwidth TISBO by £2m and MCE by £10m, reduces operating costs in High Bandwidth TISBO by £1m and MCE by £4m, increases costs in TI Regional Trunk by £1m and increases MCE in this market by £4m. These variances are offset by movements in the residual markets.

### IX. *Sub Loop Unbundling*

£1.5m of Sub Loop Unbundling revenue has been moved from wholesale residual to the WLA market in order to match the allocation of costs.

### X. *CPE Switch costs*

This change moved £39m operating costs from SMP markets to residual to better match costs and revenues. The largest movements in operating costs were in WFAEL, which reduced by £16m, and WLA which reduced by £14m.

### XI. *Interconnect*

Volumes previously reported as internal interconnect have been determined to be volumes supporting external sales but not billable. This reduces Interconnect Market revenues by £5m.

### XII. *Matching of Wholesale Residual costs and revenues*

This change is described in section 2.1.5. the impact on 2014/15 results is to increase revenue £215m, reduce costs £211m and MCE £55m in Wholesale Residual. All movements are offset in Retail Residual.

### XIII. *Wholesale Broadband Connect revenues*

This change is described in section 2.1.5. the impact on 2014/15 results is to reduce revenue £262m in Wholesale Residual, and increase costs in WBA- Market A £2m. All movements are offset in Retail Residual.

### **Errors Corrected in Prior Year Comparatives**

The prior year comparatives have been restated to reflect the correction of the following errors identified in the Current Cost Financial Statements 2015:

#### I. *Calls Errors*

Several errors have been found with the apportionment of costs, revenues and MCE for calls. These include errors in payphone volumes, and origination and termination “stick” prices, along with further immaterial errors. The effect of these changes is to reduce Call Origination costs by £7m, and increase Call Termination costs by £2m, increase revenue in the Call Origination market by £18m, and reduce Call Origination MCE by £8m and increase MCE £3m in Call Termination. All SMP market variances are offset by movements in wholesale residual.

#### II. *Current Cost Accounting Adjustments*

The “Construction, Telecom Power Plant” class of work and “Accommodation Plant, Equipment Related Network Operational Buildings” class of work asset valuations used inputs that were not fully updated for 2015, and the 21CN asset and fibre valuations calculated were also not fully updated. Correcting these immaterial errors increases SMP operating costs by £29m (the largest increases were WLA of £6m, and WBA Market A of £7m), and decreases MCE by £58m (largest decreases were WLA of £17m and WFAEL of £27m, with smaller movements across most markets).



Section 3  
Statement of Responsibility

## Section 3 – Statement of Responsibility

---

### 3.1 Statement of Responsibility

British Telecommunications plc (the “Company”) is required to prepare Current Cost Financial Statements in accordance with the Final Statements and Notifications as described in Section 1.2.

The Current Cost Financial Statements include comparative information for the year ended 31 March 2015 published on 2 December 2015 subject to certain restatements and re-presentations detailed in Section 2.1.6.

The directors confirm to the best of their knowledge that the Current Cost Financial Statements for the year ended 31 March 2016 have been prepared in accordance with the requirements of the Final Statements and Notifications, the Accounting Methodology Document and Wholesale Catalogue dated 28 October 2016 and in accordance with the Regulatory Accounting Principles as published in the 2016 BCMR Statement.

The directors confirm to the best of their knowledge that the comparative information for the year ended 31 March 2015 included in the Current Cost Financial Statements has been prepared in accordance with the requirements of the Final Statements and Notifications and the Primary and Secondary Accounting Documents (these are the Accounting Methodology Document; the Long Run Incremental Cost Model: Relationships and Parameters and the Wholesale Catalogue) dated 31 July 2015 subject to certain restatements and re-presentations as detailed in Sections 2.1.5 and 2.1.6.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Openreach

The Company is also required in accordance with the Undertakings to separately report the financial results of Openreach within the Current Cost Financial Statements as explained in Sections 1.1 and 1.2. The Undertakings are attached to Annex A of Part 2 of Ofcom’s “Final Statements on the Strategic Review of Telecommunications, and undertakings in lieu of a reference under the Enterprise Act 2002”, issued on 22 September 2005.

The Undertakings require the Company to report the financial results of Openreach, including the following:

- Openreach financial information such as headline revenue, cost of sales (or gross margin), selling, general and administrative expenses (SG&A), earnings before interest, tax, depreciation and amortisation (EBITDA), depreciation, operating profit and capital

expenditure, revenues broken down into the broad product groups that Openreach provide and further split between internal and external revenues, separately identified payments to other parts of the Company for products that form inputs to Openreach products (e.g. electronics); and

- Reconciliation of Openreach’s revenue and operating profit (and other such items as may be agreed between the Company and Ofcom) with financial information about Openreach shown in BT’s statutory accounts.

The Openreach Financial Statements can be found in Section 12 and include comparative information for the year ended 31 March 2015. These comparatives were subject to certain restatements and representations detailed in Section 2.1.6.

The form, content and basis of preparation of the financial results of Openreach follow those used in the preparation of the Current Cost Financial Statements as described above, except where differences are agreed with Ofcom.

The directors confirm to the best of their knowledge that the Openreach Financial Statements for the year ended 31 March 2016, which have been prepared in accordance with the Accounting Methodology Document and Wholesale Catalogue dated 28 October 2016, comply with the requirements of the Undertakings dated 22 September 2005.

The directors confirm to the best of their knowledge that the comparative information for the Openreach Financial Statements for the year ended 31 March 2015 included in the Current Cost Financial Statements, which have been prepared in accordance with the requirements of the Final Statements and Notifications and the Primary and Secondary Accounting Documents dated 31 July 2015, subject to certain restatements and re-presentations as detailed in Sections 2.1.5 and 2.1.6, comply with the requirements of the Undertakings dated 22 September 2005.

Approved by the Board of Directors and signed on its behalf by:

Glyn Parry

Director, British Telecommunications plc

28 October 2016

Section 4  
Audit Report

### 4.1 Report of Independent Auditors

**Report of the Independent Auditors to British Telecommunications plc and Ofcom issued in accordance with the Final Statement and Notification entitled “The regulatory financial reporting obligations on BT and Kingston Communications” issued by Ofcom on 22 July 2004 as amended by the subsequent notifications and directions issued by Ofcom following consultation as set out below.**

1. We have examined the Current Cost Financial Statements for the year ended 31 March 2016 (the “Financial Statements”) which include information in respect of economic markets (the “Market Financial Statements”) and Openreach (the “Openreach Information”).

2. The Market Financial Statements are prepared by British Telecommunications plc (the “Company”) under the current cost convention in accordance with:

- the Final Statement and Notification entitled “The regulatory financial reporting obligations on BT and Kingston Communications” issued by Ofcom on 22 July 2004 as amended by the Statements and Notifications entitled “Changes to BT’s regulatory financial reporting framework” issued by Ofcom on 31 August 2005, “Changes to BT’s regulatory financial reporting and audit requirements” issued by Ofcom on 16 August 2006, “Changes to BT’s regulatory financial reporting and audit requirements” issued by Ofcom on 30 May 2007, “Changes to BT’s 2007/08 regulatory financial statements” issued by Ofcom on 26 June 2008, “Changes to BT and KCOM’s regulatory financial reporting 2008/09 update” issued by Ofcom on 15 June 2009, “Changes to BT and KCOM’s regulatory and financial reporting 2009/10 update” issued by Ofcom on 4 June 2010, “Changes to BT and KCOM’s regulatory financial reporting 2010/11 update” issued by Ofcom on 2 June 2011, “Changes to BT and KCOM’s regulatory financial reporting 2011/12 update” issued by Ofcom on 17 April 2012, “Business Connectivity Market Review Statement” issued by Ofcom on 28 March 2013, “Changes to BT and KCOM’s regulatory and financial reporting 2012/13 update” issued by Ofcom on 25 April 2013, “Review of the Fixed Narrowband Services Markets Statement” issued by Ofcom on 26 September 2013, “Changes to BT and KCOM’s regulatory and financial reporting 2013/14 update” issued by Ofcom on 3 April 2014, “Regulatory Financial Reporting” issued by Ofcom on 20 May 2014, “Fixed Access Market Reviews

Statement” issued by Ofcom on 26 June 2014, “Review of the Wholesale Broadband Access Markets Statement” issued by Ofcom on 26 June 2014, “Directions for Regulatory Financial Reporting” issued by Ofcom on 30 March 2015 and “Business Connectivity Market Review Statement” issued by Ofcom on 28 April 2016 (together the “Final Statements and Notifications”); and

- the Company’s Accounting Methodology Documents and the Wholesale Catalogue dated 28 October 2016.

3. The Openreach Information is prepared by the Company under the current cost convention in accordance with:

- the undertakings given to Ofcom by the Company pursuant to the Enterprise Act 2002 on 22 September 2005 (the “Undertakings”);
- the Statements and Notifications entitled “Changes to BT’s regulatory financial reporting and audit requirements” issued by Ofcom on 30 May 2007, “Changes to BT’s 2007/08 regulatory financial statements” issued by Ofcom on 26 June 2008, “Changes to BT and KCOM’s regulatory financial reporting 2008/9 update” issued by Ofcom on 15 June 2009, “Changes to BT and KCOM’s regulatory and financial reporting 2009/10 update” issued by Ofcom on 4 June 2010, “Changes to BT and KCOM’s regulatory financial reporting 2010/11 update” issued by Ofcom on 2 June 2011, “Changes to BT and KCOM’s regulatory financial reporting 2011/12 update” issued by Ofcom on 17 April 2012, , “Business Connectivity Market Review Statement” issued by Ofcom on 28 March 2013, “Changes to BT and KCOM’s regulatory and financial reporting 2012/13 update” issued by Ofcom on 25 April 2013, “Review of the Fixed Narrowband Services Markets Statement” issued by Ofcom on 26 September 2013, “Changes to BT and KCOM’s regulatory and financial reporting 2013/14 update” issued by Ofcom on 3 April 2014, “Regulatory Financial Reporting” issued by Ofcom on 20 May 2014, “Fixed Access Market Reviews Statement” issued by Ofcom on 26 June 2014, “Review of the Wholesale Broadband Access Markets Statement” issued by Ofcom on 26 June 2014, “Directions for Regulatory Financial Reporting” issued by Ofcom on 30 March 2015 and “Business Connectivity Market Review Statement” issued by Ofcom on 28 April 2016 (together the “Openreach Final Statements and Notifications”); and

## Section 4 – Audit Report

---

- the Company's Accounting Methodology Documents and the Wholesale Catalogue dated 28 October 2016.

4. The Market Financial Statements comprise the following statements for the year ended 31 March 2016 for the Markets and Technical Areas listed on page 9:

- the Performance Summary by Market on pages 21 and 22; and
- the related notes comprising the Basis of Preparation on pages 9 to 12, the statements of Attribution of Wholesale Current Costs and Current Cost Mean Capital Employed on pages 25, 26, 28 and 29, the individual market summaries and individual market calculations of FAC based on component costs and usage factors on pages 32 to 47, 51 to 90, 94 to 99 and 102 to 109, the Reconciliation Statements on pages 111 and 112; and Appendix 1 on pages 121 to 126.

5. The Openreach Information comprises the following information for the year ended 31 March 2016 on pages 115 to 119:

- the Openreach Income Statement;
- the Openreach MCE Statement; and
- the Reconciliation of Openreach Income Statements.

6. The Market Financial Statements and the Openreach Information include comparative information for the year ended 31 March 2016 first published on 2 December 2015 which has been restated and re-presented as described in "Comparability of current and prior year results" on pages 11 and 12. All comparative information for the year ended 31 March 2015 is prepared by the Company to comply with the Final Statements and Notifications, and in accordance with the Company's Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2015 as amended, where applicable, in accordance with "Comparability of current and prior year results" on pages 11 and 12.

### **Management's responsibility for the Financial Statements**

7. As described on page 14 of the Financial Statements, management is responsible for preparing and approving the Financial Statements.

### **Auditors' Responsibility**

8. Our responsibilities, as independent auditors, are established in the United Kingdom by the Final Statements and Notifications, the Undertakings, the Financial Reporting Council/Auditing Practices Board and our profession's ethical guidance.

9. Our responsibility is to examine the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report, including the opinions, has been prepared for and only for the Company and Ofcom and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

10. We report our opinions as to whether:

- the Market Financial Statements as a whole;
- each of the Market Group Statements comprising the statement of financial performance in Fixed Access Markets, Business Connectivity Markets, Narrowband Markets and Wholesale Broadband Access Market A for the year ended 31 March 2016 shown within the Performance Summary by Market on page 21 (the "Market Group Statements").
- the statements of financial performance for each of the following markets and technical areas (the "PPIA Markets") for the year ended 31 March 2016 shown within the Performance Summary by Market on page 21:
  - Wholesale fixed analogue exchange line services;
  - Wholesale local access services;
  - Wholesale business ISDN30 exchange line services;
  - Traditional interface symmetric broadband origination (TISBO) (up to and including 8Mbit/s);
  - Alternative interface symmetric broadband origination (AISBO) excluding the WECLA (up to and including 1 Gbit/s);
  - AISBO in the WECLA (up to and including 1 Gbit/s);
  - Multiple interface symmetric broadband origination excluding the WECLA (above 1 Gbit/s);
  - Call Origination on fixed public narrowband networks;
  - Fixed call termination;

## Section 4 – Audit Report

---

- Technical Areas (interconnection circuits); and
- Wholesale Broadband Access (Market A).
- Openreach Information for the year ended 31 March 2016 on pages 115, 117 and 119,

are properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and Wholesale Catalogue dated 28 October 2016 and comply with the requirements of the Final Statements and Notifications and, in respect of the Openreach Information, the Openreach Final Statements and Notifications and the Undertakings.

11. We report our opinions as to whether the restated Market Financial Statements as a whole for the year ended 31 March 2015 are properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and Wholesale Catalogue dated 31 July 2015 subject to the changes described in “Comparability of current and prior year results” on pages 11 and 12, and comply with the requirements of the Final Statements and Notifications.

12. We report our opinion as to whether, in the course of conducting our examination, we have become aware of any material changes in costing methodologies used in the preparation of the Financial Statements for the year ended 31 March 2016 compared to the costing methodologies applied in the preparation of the Financial Statements for the year ended 31 March 2015 published on 2 December 2015 which were not included in the description of methodology changes published by the Company in “Change Control Notification in accordance with SMP Condition 11.21 of Ofcom’s Business Connectivity Market Review (BCMR) Final Statement published 28 April 2016” dated 27 June 2016 (the “Change Control Notice”) or described in section 2.1.5 on pages 10 and 11. Further we read each of the papers approved by the Company’s Accounting Separation Improvement Group (“ASIG”) in the period 1 August 2015 to 28 October 2016 and report any methodology changes expected by management to have a material impact on the Financial Statements which were approved by the ASIG for use in the preparation the Financial Statements for the year ended 31 March 2016 but not included in the description of methodology changes published by the Company in the Change Control Notice or described in section 2.1.6 on pages 11 and 12.

13. In addition, we report if, in our opinion, the “Basis of Preparation” on pages 9 to 12, setting out the basis upon which the Financial Statements have been prepared, is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our examination, or if information specified by the Final Statements and Notifications is not disclosed.

14. We read the financial and non-financial information presented with the Financial Statements to identify material inconsistencies with the Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the examination. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. The other information comprises the Introduction to the Current Cost Financial Statements on pages 5 to 7, the Wholesale sector costs on page 24, the Wholesale MCE sector costs on page 27, the Fixed Access Markets Review on page 31, the Review of Business Connectivity Markets on pages 49 and 50, the Review of Narrowband Markets on pages 92 and 93, the Wholesale Broadband Access (“WBA”) Markets Review on page 101, the Openreach Information on page 113 and the Price Control Statements, Adjusted Financial Performance Schedule, Time Related Charges and Special Fault Investigations Costs, Glossary and Footnotes List and Additional Information on pages 128 to 141.

### **Basis for opinions**

15. As explained in “Basis of preparation” on pages 9 to 12 the Company has, by agreement with BT Group plc, its ultimate parent company, prepared the Financial Statements by disaggregating balances recorded in the general ledgers and other accounting records of BT Group plc and its subsidiaries (“the Group”) maintained in accordance with the Companies Act 2006 and used, in accordance with that Act, for the preparation of the Company’s statutory consolidated financial statements for the years ended 31 March 2016 and 31 March 2015 (“the Statutory Financial Statements”).

16. PricewaterhouseCoopers LLP audited the Statutory Financial Statements on which they expressed unmodified audit opinions. Their audit report on the Statutory Financial Statements describes the scope of their audit of those Statutory Financial Statements.

17. In conducting our subsequent examination of the Financial Statements, and in providing the opinions in paragraphs 19 and 20 below, we have not performed any additional tests of the transactions and balances which are recorded in the general ledgers and other accounting records beyond those already performed for the purpose of the audits of the Statutory Financial Statements.

18. Having regard to the above:

(a) we conducted our examination of the Financial Statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Our work involved obtaining evidence about the amounts and disclosures in the Financial Statements.

## Section 4 – Audit Report

---

(b) we planned and performed our examination of the Financial Statements 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 Market Financial Statements as a whole, each of the Market Group Statements, the Market Summary Statements for the each of the PPIA Markets and the Openreach Information are properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 28 October 2016. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

### Opinions

19. In our opinion:

(a) the Market Financial Statements as a whole, each of the Market Group Statements and the Market Summary Statements for each of the PPIA Markets for the year ended 31 March 2016 have been properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 28 October 2016 and comply with the requirements of the Final Statements and Notifications;

(b) the Openreach Information for the year ended 31 March 2016, has been properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 28 October 2016 and complies with the requirements of the Undertakings and the Openreach Final Statement and Notifications;

(c) the restated Market Financial Statements as a whole for the year ended 31 March 2015 have been properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2015, and comply with the requirements of the Final Statements and Notifications as amended, where applicable, in accordance with “Comparability of current and prior year results” on pages 11 and 12.

20. In the course of conducting our examination, we noted no material changes in costing methodologies used in the preparation of the Financial Statements for the year ended 31 March 2016 compared to the costing methodologies applied in the preparation of the Financial Statements for the year ended 31 March 2015 published on 2 December 2015 which were not included in the description of methodology changes published by the Company in the Change Control Notice or described in in section 2.1.5 on pages 10 and 11 . Further, having read each of the papers approved by the ASIG in the period 1 August 2015 to 28 October 2016 we noted no methodology changes expected by management to have a material impact on the Financial Statements which were approved by the ASIG for use in the preparation the Financial Statements for the year ended 31 March 2016 but not included in

the description of methodology changes published by the Company in the Change Control Notice or described in section 2.1.5 on pages 10 and 11.

21. We have no matters to report in respect of our responsibilities explained in paragraphs 13 and 14.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London,

28 October 2016

Section 5  
Summary of Market Performance



## Section 5 – Summary of Market Performance

### 5.1 Performance Summary by Market 2016

For the year ended 31 March 2016

Section	Internal Revenue	External Revenue	Total Revenue	Operating Costs	Depreciation	Holding (gain)/loss	Supp. Dep.	Other CCA Adjs.	Roundings	Total CCA Operating Costs	Return	Mean Capital Employed	Return on MCE	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	
<b>Fixed Access Markets</b>														
WFAEL	7.2	1,211	454	1,665	596	418	(76)	101	(1)	-	1,038	627	4,755	13.2 %
WLA	7.3	685	1,265	1,950	857	443	(47)	61	4	(2)	1,316	634	4,357	14.5 %
ISDN2	7.4	43	62	105	31	14	(2)	3	1	-	47	58	161	36.0 %
ISDN30	7.5	91	105	196	50	26	(1)	(2)	7	1	81	115	211	54.5 %
<b>Total</b>		<b>2,030</b>	<b>1,886</b>	<b>3,916</b>	<b>1,534</b>	<b>901</b>	<b>(126)</b>	<b>163</b>	<b>11</b>	<b>(1)</b>	<b>2,482</b>	<b>1,434</b>	<b>9,484</b>	<b>15.1 %</b>
<b>Business Connectivity Markets</b>														
Low Bandwidth TISBO	8.2	119	143	262	107	60	(3)	1	3	-	168	94	385	24.4 %
Medium Bandwidth TISBO	8.3	11	6	17	4	3	-	-	-	-	7	10	26	36.2 %
High Bandwidth TISBO	8.4	8	1	9	4	3	-	-	-	-	7	2	24	9.2 %
TI Regional Trunk	8.5	10	6	16	6	6	-	-	-	(1)	11	5	44	12.3 %
Technical areas (Point of Handover)	8.6	-	2	2	2	1	-	-	-	-	3	(1)	6	(17.6) %
AISBO Non-WECLA	8.7	443	292	735	158	180	(11)	(8)	45	1	365	370	1,596	23.2 %
AISBO WECLA	8.8	42	36	78	14	13	-	(1)	3	(1)	28	50	98	50.2 %
MISBO Non-WECLA	8.9	78	43	121	39	46	(2)	1	1	(1)	84	37	250	14.7 %
<b>Total</b>		<b>711</b>	<b>529</b>	<b>1,240</b>	<b>334</b>	<b>312</b>	<b>(16)</b>	<b>(7)</b>	<b>52</b>	<b>(2)</b>	<b>673</b>	<b>567</b>	<b>2,429</b>	<b>23.3 %</b>
<b>Narrowband Markets</b>														
Fixed call origination	9.2	153	32	185	76	24	(1)	1	3	(2)	101	84	161	51.9 %
Fixed geographic call termination	9.3	4	11	15	69	23	(1)	1	3	(2)	93	(78)	146	(53.7) %
Technical areas (Interconnect Circuits)	9.4	-	25	25	20	4	-	-	-	-	24	1	27	3.8 %
<b>Total</b>		<b>157</b>	<b>68</b>	<b>225</b>	<b>165</b>	<b>51</b>	<b>(2)</b>	<b>2</b>	<b>6</b>	<b>(4)</b>	<b>218</b>	<b>7</b>	<b>334</b>	<b>1.8 %</b>
<b>WBA – Market A</b>	10.2	<b>405</b>	<b>48</b>	<b>453</b>	<b>146</b>	<b>56</b>	<b>(3)</b>	<b>(2)</b>	<b>-</b>	<b>1</b>	<b>198</b>	<b>255</b>	<b>363</b>	<b>70.2 %</b>
Total SMP Markets		3,303	2,531	5,834	2,179	1,320	(147)	156	69	(6)	3,571	2,263	12,610	17.9 %
Wholesale Residual		2,316	737	3,053	2,204	433	(9)	(35)	7	1	2,601	452	1,723	26.2 %
EOI Eliminations		(941)	-	(941)	(941)	-	-	-	-	-	(941)	-	-	-
Roundings		(1)	(1)	(2)	-	-	(2)	-	(2)	5	1	(3)	-	-
<b>Total Wholesale Markets</b>		<b>4,677</b>	<b>3,267</b>	<b>7,944</b>	<b>3,442</b>	<b>1,753</b>	<b>(158)</b>	<b>121</b>	<b>74</b>	<b>-</b>	<b>5,232</b>	<b>2,712</b>	<b>14,333</b>	<b>18.9 %</b>
Retail Residual		-	15,775	15,775	13,911	874	-	-	-	-	14,785	990	7,039	14.1 %
Eliminations		(4,677)	-	(4,677)	(4,677)	-	-	-	-	-	(4,677)	-	-	-
Roundings		-	-	-	(1)	1	-	-	-	-	-	-	(1)	-
<b>Total Markets</b>		<b>-</b>	<b>19,042</b>	<b>19,042</b>	<b>12,675</b>	<b>2,628</b>	<b>(158)</b>	<b>121</b>	<b>74</b>	<b>-</b>	<b>15,340</b>	<b>3,702</b>	<b>21,371</b>	<b>17.3 %</b>

## Section 5 – Summary of Market Performance

### 5.2 Performance Summary by Market 2015

Restated for the year ended 31 March 2015 (h)

	Section	Internal Revenue	External Revenue	Total Revenue	Operating Costs	Depreciation	Holding (gain)/loss	Supp. Dep.	Other CCA Adjs.	Roundings	Total CCA Operating Costs	Return	Mean Capital Employed	Return on MCE
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
<b>Fixed Access Markets</b>														
WFAEL	7.2	1,257	469	1,726	646	444	(43)	110	-	-	1,157	569	4,949	11.5 %
WLA	7.3	579	1,142	1,721	859	427	(22)	61	(1)	-	1,324	397	3,895	10.2 %
ISDN2	7.4	48	64	112	33	16	(1)	3	1	1	53	59	175	33.7 %
ISDN30	7.5	102	111	213	53	30	1	(2)	2	1	85	128	215	59.7 %
<b>Total</b>		<b>1,986</b>	<b>1,786</b>	<b>3,772</b>	<b>1,591</b>	<b>917</b>	<b>(65)</b>	<b>172</b>	<b>2</b>	<b>2</b>	<b>2,619</b>	<b>1,153</b>	<b>9,234</b>	<b>12.5 %</b>
<b>Business Connectivity Markets</b>														
Low Bandwidth TISBO	8.2	124	199	323	117	69	1	1	1	-	189	134	432	31.1 %
Medium Bandwidth TISBO	8.3	14	7	21	5	4	-	-	-	-	9	12	29	41.1 %
High Bandwidth TISBO	8.4	15	6	21	6	5	-	-	-	-	11	10	34	30.7 %
TI Regional Trunk	8.5	12	7	19	6	5	-	-	-	(1)	10	9	40	22.9 %
Technical areas (Point of Handover)	8.6	-	3	3	2	2	-	-	-	-	4	(1)	7	(16.5) %
AISBO Non-WECLA	8.7	441	289	730	171	189	10	(2)	(3)	1	366	364	1,616	22.5 %
AISBO WECLA	8.8	47	32	79	15	15	-	(1)	-	2	31	48	101	47.9 %
MISBO Non-WECLA	8.9	66	36	102	29	32	-	1	-	-	62	40	183	21.7 %
<b>Total</b>		<b>719</b>	<b>579</b>	<b>1,298</b>	<b>351</b>	<b>321</b>	<b>11</b>	<b>(1)</b>	<b>(2)</b>	<b>2</b>	<b>682</b>	<b>616</b>	<b>2,442</b>	<b>25.2 %</b>
<b>Narrowband Markets</b>														
Fixed call origination	9.2	174	40	214	76	24	-	1	6	-	107	107	181	59.2 %
Fixed geographic call termination	9.3	3	8	11	67	24	-	1	5	-	97	(86)	167	(51.7) %
Technical areas (Interconnect Circuits)	9.4	-	29	29	21	4	-	-	-	-	25	4	30	11.1 %
<b>Total</b>		<b>177</b>	<b>77</b>	<b>254</b>	<b>164</b>	<b>52</b>	<b>-</b>	<b>2</b>	<b>11</b>	<b>-</b>	<b>229</b>	<b>25</b>	<b>378</b>	<b>6.4 %</b>
<b>WBA - Market A</b>														
10.2		<b>361</b>	<b>65</b>	<b>426</b>	<b>155</b>	<b>60</b>	<b>(1)</b>	<b>(2)</b>	<b>2</b>	<b>-</b>	<b>214</b>	<b>212</b>	<b>384</b>	<b>55.1 %</b>
<b>Total SMP Markets</b>														
		3,243	2,507	5,750	2,261	1,350	(55)	171	13	4	3,744	2,006	12,438	16.1 %
<b>Wholesale Residual</b>														
		2,138	782	2,920	2,114	476	(13)	(37)	20	(1)	2,559	361	1,986	18.2 %
<b>EOI Eliminations</b>														
		(909)	-	(909)	(909)	-	-	-	-	-	(909)	-	-	-
<b>Roundings</b>														
		2	(1)	1	1	2	-	1	1	(3)	2	(1)	(1)	-
<b>Total Wholesale Markets</b>		<b>4,474</b>	<b>3,288</b>	<b>7,762</b>	<b>3,467</b>	<b>1,828</b>	<b>(68)</b>	<b>135</b>	<b>34</b>	<b>-</b>	<b>5,396</b>	<b>2,366</b>	<b>14,423</b>	<b>16.4 %</b>
<b>Retail Residual</b>														
		-	14,691	14,691	12,992	703	-	-	-	2	13,697	994	4,495	22.1 %
<b>Eliminations</b>														
		(4,474)	-	(4,474)	(4,474)	-	-	-	-	-	(4,474)	-	-	-
<b>Roundings</b>														
		-	-	-	1	-	-	-	-	(3)	(2)	2	-	-
<b>Total Markets</b>		<b>-</b>	<b>17,979</b>	<b>17,979</b>	<b>11,986</b>	<b>2,531</b>	<b>(68)</b>	<b>135</b>	<b>34</b>	<b>(1)</b>	<b>14,617</b>	<b>3,362</b>	<b>18,918</b>	<b>17.8 %</b>

Section 6  
Attribution of Wholesale Current Costs and Mean Capital Employed

## Section 6 – Attribution of Wholesale Current Costs and Mean Capital Employed

---

### 6.1 Wholesale sector costs

The notes below are intended to provide a brief description of the sectors reported in the Attribution of Wholesale Current Cost Statement and the key drivers of these sectors to aid the user of the Current Cost Financial Statements. Further details of these sectors can be found in the Accounting Methodology Document (“AMD”).

#### Equivalence of Input (EOI)

Where Openreach provide services under an EOI obligation these are provided on an equivalent basis to all customers. This means they are provided at the same price, to the same timescales and using the same processes.

#### Provision/Maintenance

Provision maintenance includes engineering pay and non-pay costs relating to provision and maintenance. The most material cost relates to distribution side copper maintenance which is apportioned to services on the basis of the number of lines, relative fault rates and service levels.

#### Network Support

Network Support contains costs of activities necessary to support the running of BT's network including time booked by engineers to non-operational activities. Most of these costs are apportioned using previously allocated engineers' pay.

#### General Support

General Support includes planning, development, supplies, transport, computing, customer service, personnel and administration, and other general support costs. The key drivers for the apportionment of General Support include previously allocated pay costs and activity surveys.

#### General Management

General Management includes operator services, costs of general management activities and other general expenses. The key drivers are activity surveys, pay costs and asset values.

#### Finance and Billing

Finance and Billing includes the non-pay costs associated with activities of a financial nature, including consulting work and audit fees. The key drivers for the apportionment of Finance and Billing are previously allocated pay costs and asset values.

#### Accommodation

Accommodation includes building rents, business rates, facilities management and utility bills. Accommodation costs are mainly apportioned based on the use of floor space and power consumption.

#### Bad Debts

Bad debts include costs associated with writing off amounts that cannot be collected from customers. The key driver is revenue.

#### Other Costs

Other Costs includes payments to other UK communications providers, which are allocated to Wholesale Residual.

#### Depreciation

Depreciation is analysed between land and buildings, access, switch, duct and transmission and other (including network power, computers and software). The key drivers are engineering models and direct mapping of BT classes of work to network components and then onto the appropriate service based on usage factors and service volumes.

## Section 6 – Attribution of Wholesale Current Costs and Mean Capital Employed

### 6.1.1 Attribution of Wholesale Current Costs 2016

For the year ended 31 March 2016

	Fixed Access Markets				Business Connectivity Markets								Narrowband Markets			Wholesale Broadband Access Markets		EOI Eliminations	Roundings	Total Wholesale Markets
	WFAEL	WLA	ISDN2	ISDN30	Low Bandwidth TISBO	Medium Bandwidth TISBO	High Bandwidth TISBO	TI Regional Trunk	Technical areas (Point of Handover)	AISBO Non-WECLA	AISBO WECLA	MISBO Non-WECLA	Fixed call origination	Fixed geographic call termination	Technical areas (Interconnect Circuits)	WBA - Market A	Wholesale Residual			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
<b>Operating Costs of Wholesale Services:</b>																				
EOI Input Prices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	76	865	(941)	-	-
Provision/Maintenance	168	249	8	11	18	-	-	1	-	11	1	3	6	7	5	8	184	-	(1)	679
Network Support	68	114	2	3	7	-	-	-	-	20	1	3	3	3	2	3	35	-	2	266
General Support	147	249	6	9	17	1	1	1	1	40	4	10	6	5	3	8	110	-	(2)	616
General Management	88	122	4	8	16	1	1	-	-	63	6	15	14	8	3	12	142	-	-	503
Finance and Billing	5	6	-	-	1	-	-	-	-	2	1	-	-	-	-	-	3	-	2	20
Accommodation	100	109	9	16	41	2	2	3	1	17	1	7	40	39	6	34	123	-	-	550
Bad Debts	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	1
Other Costs	19	7	2	3	7	-	-	1	-	5	-	1	7	7	1	5	742	-	-	807
Depreciation - Land & Buildings	12	32	1	2	7	-	-	1	-	2	-	1	7	6	1	7	25	-	1	105
- Access	346	336	10	14	19	1	-	1	1	92	5	4	1	1	-	3	15	-	-	849
- Switch and Transmission	15	8	1	7	24	2	2	3	-	65	6	36	8	8	2	28	225	-	-	440
- Other related	45	67	2	3	10	-	1	1	-	21	2	5	8	8	1	18	168	-	(1)	359
<b>Sub Total Depreciation</b>	<b>418</b>	<b>443</b>	<b>14</b>	<b>26</b>	<b>60</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>1</b>	<b>180</b>	<b>13</b>	<b>46</b>	<b>24</b>	<b>23</b>	<b>4</b>	<b>56</b>	<b>433</b>	<b>-</b>	<b>-</b>	<b>1,753</b>
<b>Sub Total HCA Operating Costs</b>	<b>1,014</b>	<b>1,300</b>	<b>45</b>	<b>76</b>	<b>167</b>	<b>7</b>	<b>7</b>	<b>12</b>	<b>3</b>	<b>338</b>	<b>27</b>	<b>85</b>	<b>100</b>	<b>92</b>	<b>24</b>	<b>202</b>	<b>2,637</b>	<b>(941)</b>	<b>-</b>	<b>5,195</b>
<b>CCA Adjustments:</b>																				
Holding (Gain)/Loss	(76)	(47)	(2)	(1)	(3)	-	-	-	-	(11)	-	(2)	(1)	(1)	-	(3)	(9)	-	(2)	(158)
Supplementary Depreciation	101	61	3	(2)	1	-	-	-	-	(8)	(1)	1	1	1	-	(2)	(35)	-	-	121
Other CCA Adjustments	(1)	4	1	7	3	-	-	-	-	45	3	1	3	3	-	-	7	-	(2)	74
Roundings	-	(2)	-	1	-	-	-	(1)	-	1	(1)	(1)	(2)	(2)	-	1	1	-	5	-
<b>Total CCA Operating Costs</b>	<b>1,038</b>	<b>1,316</b>	<b>47</b>	<b>81</b>	<b>168</b>	<b>7</b>	<b>7</b>	<b>11</b>	<b>3</b>	<b>365</b>	<b>28</b>	<b>84</b>	<b>101</b>	<b>93</b>	<b>24</b>	<b>198</b>	<b>2,601</b>	<b>(941)</b>	<b>1</b>	<b>5,232</b>

## Section 6 – Attribution of Wholesale Current Costs and Mean Capital Employed

### 6.1.2 Attribution of Wholesale Current Costs 2015

Restated for the year ended 31 March 2015 (h)

	Fixed Access Markets				Business Connectivity Markets								Narrowband Markets			Wholesale Broadband Access Markets	Wholesale Residual	EOI Eliminations	Roundings	Total Wholesale Markets
	WFAEL	WLA	ISDN2	ISDN30	Low Bandwidth TISBO	Medium Bandwidth TISBO	High Bandwidth TISBO	TI Regional Trunk	Technical areas (Point of Handover)	AISBO Non-WECLA	AISBO WECLA	MISBO Non-WECLA	Fixed call origination	Fixed geographic call termination	Technical areas (Interconnect Circuits)	WBA - Market A				
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
<b>Operating Costs of Wholesale Services:</b>																				
EOI Input Prices	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	68	840	(909)	-	-
Provision/Maintenance	169	229	7	10	18	1	1	1	-	11	1	3	7	6	4	11	211	-	1	691
Network Support	69	107	2	3	7	-	-	-	-	22	2	3	3	2	1	3	63	-	2	289
General Support	142	220	6	8	12	-	-	-	-	35	3	5	3	3	2	9	91	-	1	540
General Management	137	174	7	14	25	2	2	1	1	76	7	12	16	10	6	23	178	-	(2)	689
Finance and Billing	7	7	-	-	1	-	-	-	-	2	-	-	-	-	-	1	3	-	-	21
Accommodation	100	110	9	15	44	2	3	3	1	18	1	5	40	39	6	34	131	-	(1)	560
Bad Debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	2
Other Costs	22	12	2	3	9	-	-	1	-	7	1	1	7	7	2	6	596	-	(1)	675
Depreciation - Land & Buildings	12	29	1	2	7	-	-	1	-	2	-	1	6	6	1	8	27	-	2	105
- Access	362	309	11	14	20	1	1	1	1	88	5	3	1	1	-	3	11	-	(2)	830
- Switch and Transmission	18	9	1	10	32	3	3	2	1	70	7	24	9	9	2	27	217	-	1	445
- Other related	52	80	3	4	10	-	1	1	-	29	3	4	8	8	1	22	221	-	1	448
<b>Sub Total Depreciation</b>	<b>444</b>	<b>427</b>	<b>16</b>	<b>30</b>	<b>69</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>189</b>	<b>15</b>	<b>32</b>	<b>24</b>	<b>24</b>	<b>4</b>	<b>60</b>	<b>476</b>	<b>-</b>	<b>2</b>	<b>1,828</b>
<b>Sub Total HCA Operating Costs</b>	<b>1,090</b>	<b>1,286</b>	<b>49</b>	<b>83</b>	<b>186</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>4</b>	<b>360</b>	<b>30</b>	<b>61</b>	<b>100</b>	<b>91</b>	<b>25</b>	<b>215</b>	<b>2,590</b>	<b>(909)</b>	<b>3</b>	<b>5,295</b>
<b>CCA Adjustments:</b>																				
Holding (Gain)/Loss	(43)	(22)	(1)	1	1	-	-	-	-	10	-	-	-	-	-	(1)	(13)	-	-	(68)
Supplementary Depreciation	110	61	3	(2)	1	-	-	-	-	(2)	(1)	1	1	1	-	(2)	(37)	-	1	135
Other CCA Adjustments	-	(1)	1	2	1	-	-	-	-	(3)	-	-	6	5	-	2	20	-	1	34
Roundings	-	-	1	1	-	-	-	(1)	-	1	2	-	-	-	-	-	(1)	-	(3)	-
<b>Total CCA Operating Costs</b>	<b>1,157</b>	<b>1,324</b>	<b>53</b>	<b>85</b>	<b>189</b>	<b>9</b>	<b>11</b>	<b>10</b>	<b>4</b>	<b>366</b>	<b>31</b>	<b>62</b>	<b>107</b>	<b>97</b>	<b>25</b>	<b>214</b>	<b>2,559</b>	<b>(909)</b>	<b>2</b>	<b>5,396</b>

## Section 6 – Attribution of Wholesale Current Costs and Mean Capital Employed

---

### 6.2 Wholesale MCE sector costs

The notes below are intended to provide a brief description of the non-current assets sectors and Working Capital reported in the Attribution of Wholesale Current Cost Mean Capital Employed Statement and the key drivers of the sector. Further details of these sectors can be found in the AMD.

#### Land and Buildings

This sector contains the asset values that are booked to BT Classes of Work (COW) for land and buildings, including freehold, long leases and short leases. The sector includes corporate office and network buildings owned by BT. Asset values are mainly apportioned based on the use of floor space and utilities.

#### Access - Copper

This sector contains the asset values for access copper (all the copper cables in the access network and all other necessary equipment required to carry signals between the user and the exchange). The key driver is direct mapping of CoW to network components and then onto the appropriate service based on usage factors and actual service volumes.

#### Access - Fibre

This sector contains the asset values for access fibre. The key driver is the mapping of CoW to network components and then onto the appropriate service based on usage factors and actual service volumes.

#### Access - Duct

This sector contains the asset values for duct. Duct is a pipe, tube or conduit through which underground cables are passed. The key driver is a duct occupancy model that allocates CoW to network cable components and then onto the appropriate service based on usage factors and actual service volumes.

#### Switch

This sector contains the asset values for switching equipment. This equipment is located in BT exchanges. The key drivers are engineering models that allocate CoW to network components and then onto the appropriate service based on usage factors and actual service volumes.

#### Transmission

This sector contains the asset values for transmission. Transmission includes core transmission Synchronous Digital Hierarchy (“SDH”), Plesiochronous Digital Hierarchy (“PDH”), Asynchronous Transfer Mode (“ATM”), cables and repeaters. The core transmission is used to link exchanges. The key drivers are engineering inventories and models that allocate CoW to network components and then onto the appropriate service based on usage factors and service volumes.

#### Other

This sector contains the asset values for a range of assets used by BT businesses including categories such as Software, Motor Transport and 21CN. The key drivers are surveys, engineering models and direct mapping of CoW to network components and then onto the appropriate service based on usage factors and actual service volumes.

#### Working Capital

The figures for debtors and creditors include an approximation of the internal “notional” receivables and payables that would be incurred if trades between BT’s lines of business were undertaken to a third party and at arm’s length. They are based upon the average trading terms of BT Group’s external trades. External receivables reflect BT’s external debts being allocated to services and products.

## Section 6 – Attribution of Wholesale Current Costs and Mean Capital Employed

### 6.2.1 Attribution of Wholesale Current Cost Mean Capital Employed 2016

For the year ended 31 March 2016

	Fixed Access Markets				Business Connectivity Markets								Narrowband Markets			Wholesale Broadband Access Markets		EQ Eliminations	Roundings	Total Wholesale Markets	
	WFAEL £m	WLA £m	ISDN2 £m	ISDN30 £m	Low Bandwidth TISBO £m	Medium Bandwidth TISBO £m	High Bandwidth TISBO £m	TI Regional Trunk £m	Technical areas (Point of Handover) £m	AI SBO Non-WECLA £m	AI SBO WECLA £m	MISBO Non-WECLA £m	Fixed call origination £m	Fixed geographic call termination £m	Technical areas (Interconnect Circuits) £m	WBA - Market A £m	Wholesale Residual £m				
<b>Non-current Assets</b>																					
Land & Buildings	115	335	14	24	67	3	4	5	1	15	1	11	65	63	7	71	246	-	1	1,048	
Access - Copper	2,509	1,777	74	10	5	-	-	-	-	-	-	-	-	-	-	1	39	-	-	4,415	
Access - Fibre	-	732	-	91	94	2	2	-	3	552	37	9	-	-	1	-	31	-	-	1,554	
Access - Duct	1,894	1,552	56	50	124	14	10	22	-	679	30	85	29	28	10	133	180	-	(1)	4,895	
Switch	58	24	8	4	-	-	-	-	-	-	-	-	27	26	4	-	56	-	-	207	
Transmission	5	(92)	-	17	73	6	7	15	1	266	21	132	23	23	5	93	650	-	1	1,246	
Other	206	191	10	16	40	2	2	3	1	87	7	17	31	29	4	68	369	-	(1)	1,082	
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	
<b>Total Non-current Assets</b>	<b>4,787</b>	<b>4,519</b>	<b>162</b>	<b>212</b>	<b>403</b>	<b>27</b>	<b>25</b>	<b>45</b>	<b>6</b>	<b>1,599</b>	<b>96</b>	<b>254</b>	<b>175</b>	<b>169</b>	<b>31</b>	<b>366</b>	<b>1,571</b>	<b>-</b>	<b>1</b>	<b>14,448</b>	
<b>Current Assets</b>																					
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	-	4	
Receivables																					
- Internal	100	118	6	12	16	1	1	1	-	44	5	7	11	1	1	27	44	(57)	1	339	
- External	184	210	7	11	23	1	1	1	1	59	5	14	13	12	3	17	982	-	1	1,545	
<b>Total Current Assets</b>	<b>284</b>	<b>328</b>	<b>13</b>	<b>23</b>	<b>39</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>103</b>	<b>10</b>	<b>21</b>	<b>24</b>	<b>13</b>	<b>4</b>	<b>44</b>	<b>1,030</b>	<b>(57)</b>	<b>2</b>	<b>1,888</b>	
<b>Current Liabilities</b>																					
- Internal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5)	(52)	57	-	-	
- External	(302)	(461)	(15)	(23)	(54)	(2)	(2)	(3)	(1)	(101)	(8)	(24)	(36)	(34)	(7)	(42)	(660)	-	-	(1,775)	
<b>Total liabilities falling due within one year</b>	<b>(302)</b>	<b>(461)</b>	<b>(15)</b>	<b>(23)</b>	<b>(54)</b>	<b>(2)</b>	<b>(2)</b>	<b>(3)</b>	<b>(1)</b>	<b>(101)</b>	<b>(8)</b>	<b>(24)</b>	<b>(36)</b>	<b>(34)</b>	<b>(7)</b>	<b>(47)</b>	<b>(712)</b>	<b>57</b>	<b>-</b>	<b>(1,775)</b>	
<b>Net Current Assets/(Liabilities)</b>	<b>(18)</b>	<b>(133)</b>	<b>(2)</b>	<b>-</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>(3)</b>	<b>(12)</b>	<b>(21)</b>	<b>(3)</b>	<b>(3)</b>	<b>318</b>	<b>-</b>	<b>2</b>	<b>113</b>	
<b>Total Assets less Current Liabilities</b>	<b>4,769</b>	<b>4,386</b>	<b>160</b>	<b>212</b>	<b>388</b>	<b>27</b>	<b>25</b>	<b>44</b>	<b>6</b>	<b>1,601</b>	<b>98</b>	<b>251</b>	<b>163</b>	<b>148</b>	<b>28</b>	<b>363</b>	<b>1,889</b>	<b>-</b>	<b>3</b>	<b>14,561</b>	
Provisions for liabilities & charges	(15)	(30)	(1)	(1)	(3)	-	-	-	-	(6)	-	(2)	(1)	(1)	-	(2)	(165)	-	(1)	(228)	
Roundings	1	1	2	-	-	(1)	(1)	-	-	1	-	1	(1)	(1)	(1)	2	(1)	-	(2)	-	
<b>Mean Capital Employed</b>	<b>4,755</b>	<b>4,357</b>	<b>161</b>	<b>211</b>	<b>385</b>	<b>26</b>	<b>24</b>	<b>44</b>	<b>6</b>	<b>1,596</b>	<b>98</b>	<b>250</b>	<b>161</b>	<b>146</b>	<b>27</b>	<b>363</b>	<b>1,723</b>	<b>-</b>	<b>-</b>	<b>14,333</b>	



## Section 6 – Attribution of Wholesale Current Costs and Mean Capital Employed

### 6.2.2 Attribution of Wholesale Current Cost Mean Capital Employed 2015

Restated for the year ended 31 March 2015 (h)

	Fixed Access Markets				Business Connectivity Markets								Narrowband Markets			Wholesale Broadband Access Markets	Wholesale Residual	EQI Eliminations	Roundings	Total Wholesale Markets
	WFAEL £m	WLA £m	ISDN2 £m	ISDN30 £m	Low Bandwidth TISBO £m	Medium Bandwidth TISBO £m	High Bandwidth TISBO £m	TI Regional Trunk £m	Technical areas (Point of Handover) £m	ASBO Non-WECLA £m	ASBO WECLA £m	MISBO Non-WECLA £m	Fixed call origination £m	Fixed geographic call termination £m	Technical areas (Interconnect Circuits) £m	WBA - Market A £m				
<b>Non-current Assets</b>																				
Land & Buildings	117	348	15	22	72	3	5	5	1	22	2	11	65	63	8	84	265	-	-	1,108
Access – Copper	2,654	1,713	81	11	6	-	-	-	-	-	-	-	-	-	-	1	9	-	1	4,476
Access – Fibre	-	536	-	92	102	4	2	-	4	577	37	8	-	-	1	-	33	-	(1)	1,395
Access – Duct	1,979	1,304	61	50	139	15	13	20	-	659	30	64	34	33	11	127	202	-	-	4,741
Switch	69	27	10	5	-	-	-	-	-	-	-	-	33	32	4	-	62	-	-	242
Transmission	7	(46)	-	22	89	7	12	13	1	294	25	92	28	28	6	100	694	-	(1)	1,371
Other	221	248	12	17	45	2	3	3	1	101	9	13	31	30	5	84	433	-	2	1,260
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-current Assets</b>	<b>5,047</b>	<b>4,130</b>	<b>179</b>	<b>219</b>	<b>453</b>	<b>31</b>	<b>35</b>	<b>41</b>	<b>7</b>	<b>1,653</b>	<b>103</b>	<b>188</b>	<b>191</b>	<b>186</b>	<b>35</b>	<b>396</b>	<b>1,698</b>	<b>-</b>	<b>1</b>	<b>14,593</b>
<b>Current Assets</b>																				
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-	-	3
Receivables																				
- Internal	90	90	6	11	17	1	1	1	-	38	4	5	11	1	1	22	28	(47)	-	280
- External	220	239	9	15	32	1	2	2	1	75	6	11	14	14	4	26	1,132	-	-	1,803
<b>Total Current Assets</b>	<b>310</b>	<b>329</b>	<b>15</b>	<b>26</b>	<b>49</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>113</b>	<b>10</b>	<b>16</b>	<b>25</b>	<b>15</b>	<b>5</b>	<b>48</b>	<b>1,163</b>	<b>(47)</b>	<b>-</b>	<b>2,086</b>
<b>Current Liabilities</b>																				
- Internal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4)	(44)	47	1	-
- External	(373)	(509)	(17)	(29)	(66)	(3)	(4)	(3)	(1)	(137)	(11)	(21)	(35)	(33)	(9)	(55)	(727)	-	-	(2,033)
<b>Total liabilities falling due within one year</b>	<b>(373)</b>	<b>(509)</b>	<b>(17)</b>	<b>(29)</b>	<b>(66)</b>	<b>(3)</b>	<b>(4)</b>	<b>(3)</b>	<b>(1)</b>	<b>(137)</b>	<b>(11)</b>	<b>(21)</b>	<b>(35)</b>	<b>(33)</b>	<b>(9)</b>	<b>(59)</b>	<b>(771)</b>	<b>47</b>	<b>1</b>	<b>(2,033)</b>
<b>Net Current Assets/(Liabilities)</b>	<b>(63)</b>	<b>(180)</b>	<b>(2)</b>	<b>(3)</b>	<b>(17)</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(24)</b>	<b>(1)</b>	<b>(5)</b>	<b>(10)</b>	<b>(18)</b>	<b>(4)</b>	<b>(11)</b>	<b>392</b>	<b>-</b>	<b>1</b>	<b>53</b>
<b>Total Assets less Current Liabilities</b>	<b>4,984</b>	<b>3,950</b>	<b>177</b>	<b>216</b>	<b>436</b>	<b>30</b>	<b>34</b>	<b>41</b>	<b>7</b>	<b>1,629</b>	<b>102</b>	<b>183</b>	<b>181</b>	<b>168</b>	<b>31</b>	<b>385</b>	<b>2,090</b>	<b>-</b>	<b>2</b>	<b>14,646</b>
Provisions for liabilities & charges	(35)	(55)	(1)	(3)	(5)	-	-	-	-	(12)	(1)	(1)	(2)	(1)	(1)	(3)	(104)	-	1	(223)
Roundings	-	-	(1)	2	1	(1)	-	(1)	-	(1)	-	1	2	-	-	2	-	-	(4)	-
<b>Mean Capital Employed</b>	<b>4,949</b>	<b>3,895</b>	<b>175</b>	<b>215</b>	<b>432</b>	<b>29</b>	<b>34</b>	<b>40</b>	<b>7</b>	<b>1,616</b>	<b>101</b>	<b>183</b>	<b>181</b>	<b>167</b>	<b>30</b>	<b>384</b>	<b>1,986</b>	<b>-</b>	<b>(1)</b>	<b>14,423</b>

Section 7  
Review of Fixed Access Markets

### 7.1 Fixed Access Markets Review

#### Market Definition

##### Wholesale Fixed Analogue Exchange Lines (“WFAEL”)

Wholesale fixed analogue exchange lines are a narrowband access service supporting standard analogue telephony services (such as voice and, historically, facsimile and dial-up internet services).

We have been found to have SMP in the WFAEL market in the UK excluding the Hull area.

##### Wholesale Local Access

WLA refers to the fixed connection from the local exchange/access node to the end-user. That connection is an input into a variety of retail services – narrowband telephony, broadband (both standard and superfast).

We have been found to have SMP for the supply of loop-based and fibre-based wholesale local access at a fixed location in the UK excluding the Hull area.

##### Wholesale ISDN2 Exchange Line Services (“ISDN2”)

ISDN2 is a narrowband access service designed to cater for smaller business sites with single line ISDN2 services providing 2 channels (each 64kbit/s).

We have been found to have SMP in ISDN2 at the wholesale level in the UK excluding the Hull area.

##### Wholesale ISDN30 Exchange Line Services (“ISDN30”)

ISDN30 is an access service supporting up to 30 narrowband 64kbit/s channels and is used most commonly to provide multiple telephone lines to larger business sites.

We have been found to have SMP in ISDN30 at the wholesale level in the UK excluding the Hull area.

#### Key Regulatory Changes

The final statement of the Fixed Access Market Review was published on 26 June 2014. This set out a new charge control on WLR and LLU services which covers the period from 1 July 2014 to 31 March 2017. There have been no new regulatory changes to fixed access markets for the year to 2016.

#### Key Market Changes

Overall the markets are impacted by the continued growth in fibre technology as a result of increased investment from BT and Broadband Delivery United Kingdom.

The WLA market is showing significant growth due to increased investment in fibre technology. Customers are migrating from traditional PSTN (public switched telephone network) technology to the new super-fast Fibre to the Cabinet and Fibre to the Premises Ultrafast broadband.

Within the WLR market analogue core rentals continue to decline as mobile technology replaces the reliance on fixed line. The year on year change on Connections remains slightly more stable, although the market is in overall decline.

ISDN2 rental volumes have continued to decline as alternatives including SIP Trunking, broadband and fibre based (NGA) services, along with further broadband penetration, provide opportunities for substitution. Broadband continues to supersede ISDN2 in the residential segment and, where internet access is the primary requirement, broadband is replacing ISDN2 in the business segment.

ISDN30 also continues to decline as customers migrate to more modern alternatives, however this market still has considerable activity with CPs promoting a switch from ISDN30 to IP Voice Services as a way to reduce costs.

## Section 7 – Review of Fixed Access Markets

### 7.2 Fixed Access Market - WFAEL

#### 7.2.1 WFAEL Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

Service	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal Average Price	External Average Price	Internal FAC	External FAC
	£m	£m	£m				£	£	£m	£m
Analogue Core WLR Rentals	861.3	243.4	<b>1,104.7</b>	9,624,625	2,719,127	lines	89.49	89.50	791.1	223.5
WLR Connections	19.3	10.5	<b>29.8</b>	365,204	217,002	conns	52.72	48.24	10.5	6.3
WLR Simultaneously Provided Connections	4.3	0.5	<b>4.8</b>	227,618	23,789	conns	18.93	18.93	6.9	0.7
WLR Transfers	4.8	3.1	<b>7.9</b>	637,093	429,388	transfer	7.57	7.33	10.1	6.8
WLR Simultaneously Provided Conversions	-	-	-	122,282	26,724	conns	-	-	4.4	1.0
WLR Conversions	10.1	2.6	<b>12.7</b>	327,778	83,516	conns	30.76	30.76	8.9	2.3
Analogue Premium Rentals	262.4	166.3	<b>428.7</b>	2,291,288	1,459,992	lines	114.51	113.94	194.7	124.0
WLR Premium Connections	5.8	4.4	<b>10.2</b>	140,059	105,719	conns	41.55	41.57	4.1	3.0
WLR Premium Transfers	0.7	1.0	<b>1.7</b>	73,305	150,545	transfer	9.64	6.45	1.3	2.6
Caller Display	1.5	0.7	<b>2.2</b>	3,502,669	1,490,312	rentals	0.43	0.44	6.7	2.8
Time Related Charges	26.5	12.5	<b>39.0</b>	(ux)	(ux)	(ux)	(sx)	(sx)	19.5	9.2
Other WLR	14.6	8.7	<b>23.3</b>	(ux)	(ux)	(ux)	(sx)	(sx)	4.4	2.1
Rounding	(0.1)	(0.1)	<b>(0.2)</b>						(0.1)	0.1
<b>Total WFAEL</b>	<b>1,211.2</b>	<b>453.6</b>	<b>1,664.8</b>						<b>1,062.5</b>	<b>384.4</b>

## Section 7 – Review of Fixed Access Markets

### 7.2.2 WFAEL calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

			WFAEL																												
			Average cost per unit (from Appendix 1.1)		Analogue Core WLR Rentals - Internal		Analogue Core WLR Rentals - External		WLR Connections - Internal		WLR Connections - External		WLR Simultaneously Provided Connections - Internal		WLR Simultaneously Provided Connections - External		WLR Transfers - Internal		WLR Transfers - External		WLR Simultaneously Provided Conversions - Internal		WLR Simultaneously Provided Conversions - External		WLR Conversions - Internal		WLR Conversions - External				
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m			
Components	Unit (d)																														
Wholesale Access specific	£/trans	7.10	-	-	1.7	1.3	1.6	0.2	4.5	3.1	0.9	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Routeing & records	£/line	1.48	-	-	0.5	0.3	0.3	-	-	-	0.2	-	0.5	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
MDF Hardware jumpering	£/line	11.43	-	-	4.8	2.7	2.8	0.3	-	-	2.3	0.5	5.4	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
E side copper capital	£/line	6.85	65.8	18.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
E side copper current	£/line	3.18	25.4	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
D side copper capital	£/line	37.28	358.1	101.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
D side copper current	£/line	7.84	62.6	17.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Local exchanges general frames equipment	£/line	0.96	9.2	2.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Local exchanges general frames maintenance	£/line	1.11	8.9	2.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Analogue line test equipment	£/line	0.15	1.4	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Dropwire capital & analogue NTE	£/line	15.60	150.2	42.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Analogue line drop maintenance	£/line	2.04	16.3	4.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Analogue line cards	£/line	7.81	75.2	21.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Combi Card and MSAN Access - Voice	£/line	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Local Loop Unbundling systems development	%	£3m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
iNode features	%	£3m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Openreach time related charges	%	£91m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Caller Display	%	£9m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Network Features	%	£4m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ofcom Administration Fee Openreach	%	£6m	1.0	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Openreach sales product management	%	£42m	4.7	1.3	0.1	0.1	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Provision Analogue/ISDN2	%	£26m	-	-	3.2	1.9	2.0	0.2	5.5	3.7	1.1	0.2	2.8	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Assurance Analogue/ISDN2	%	£14m	7.8	2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue Receivables	%	£52m	4.5	1.3	0.1	0.1	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rounding			-	-	0.1	(0.1)	0.2	-	0.1	-	(0.1)	0.1	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Fully Allocated Cost (£m)</b>			<b>791.1</b>	<b>223.5</b>	<b>10.5</b>	<b>6.3</b>	<b>6.9</b>	<b>0.7</b>	<b>10.1</b>	<b>6.8</b>	<b>4.4</b>	<b>1.0</b>	<b>8.9</b>	<b>2.3</b>																	
	Volume (units)		9,624,625	2,719,127	365,204	217,002	227,618	23,789	637,093	429,388	122,282	26,724	327,778	83,516																	
	Unit cost £		82.20	82.20	28.63	28.96	30.16	30.73	15.90	15.90	36.13	36.13	27.02	27.02																	

## Section 7 – Review of Fixed Access Markets

### 7.2.2 WFAEL calculation of FAC based on component costs and usage factors 2016 (Continued)

For the year ended 31 March 2016

			WFAEL											
		Average cost per unit (from Appendix 1.1)	Analogue Premium Rentals - Internal	Analogue Premium Rentals - External	WLR Premium Connections - Internal	WLR Premium Connections - External	WLR Premium Transfers - Internal	WLR Premium Transfers - External	Caller Display - Internal	Caller Display - External	Time Related Charges - Internal	Time Related Charges - External	Other WLR - Internal	Other WLR - External
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Components	Unit (d)													
Wholesale Access specific	£/trans	7.10	-	-	1.0	0.7	0.5	1.1	-	-	-	-	-	-
Routeing & records	£/line	1.48	-	-	0.2	0.2	0.1	0.2	-	-	-	-	-	-
MDF Hardware jumpering	£/line	11.43	-	-	1.6	1.2	-	-	-	-	-	-	-	-
E side copper capital	£/line	6.85	15.7	10.0	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.18	7.3	4.7	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	37.28	85.3	54.3	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	7.84	18.0	11.5	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	2.2	1.4	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.11	2.6	1.6	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.15	0.3	0.2	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	15.60	35.8	22.8	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	2.04	4.7	3.0	-	-	-	-	-	-	-	-	-	-
Analogue line cards	£/line	7.81	17.9	11.4	-	-	-	-	-	-	-	-	-	-
Combi Card and MSAN Access - Voice	£/line	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Loop Unbundling systems development	%	£3m	-	-	-	-	-	-	-	-	-	-	-	-
iNode features	%	£3m	-	-	-	-	-	-	-	-	-	-	1.8	0.9
Openreach time related charges	%	£91m	-	-	-	-	-	-	-	-	19.1	9.0	-	-
Caller Display	%	£9m	-	-	-	-	-	-	6.6	2.8	-	-	-	-
Network Features	%	£4m	-	-	-	-	-	-	-	-	-	-	2.4	1.2
Ofcom Administration Fee Openreach	%	£6m	0.3	0.2	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£42m	1.4	0.9	-	-	-	-	-	-	0.3	0.1	0.1	0.1
OR Service Centre - Provision Analogue/ISDN2	%	£26m	-	-	1.2	0.9	0.6	1.3	-	-	-	-	-	-
OR Service Centre - Assurance Analogue/ISDN2	%	£14m	1.9	1.2	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£52m	1.4	0.9	-	-	-	-	-	-	0.1	0.1	0.1	-
Rounding			(0.1)	(0.1)	0.1	-	0.1	-	0.1	-	-	-	-	(0.1)
<b>Fully Allocated Cost (£m)</b>			<b>194.7</b>	<b>124.0</b>	<b>4.1</b>	<b>3.0</b>	<b>1.3</b>	<b>2.6</b>	<b>6.7</b>	<b>2.8</b>	<b>19.5</b>	<b>9.2</b>	<b>4.4</b>	<b>2.1</b>
		Volume (units)	2,291,288	1,459,992	140,059	105,719	73,305	150,545	3,502,669	1,490,312	(ux)	(ux)	(ux)	(ux)
		Unit cost £	84.96	84.95	29.21	28.47	17.48	17.37	1.90	1.90	(ux)	(ux)	(ux)	(ux)

## Section 7 – Review of Fixed Access Markets

### 7.2.3 WFAEL Summary 2015

Restated for the year ended 31 March 2015 (h)

#### Detailed service analysis

Service	Internal	External	Total	Internal	External	Measure	Internal	External	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average	FAC	FAC
	£m	£m	£m				£	£	£m	£m
Analogue Core WLR Rentals	895.5	247.0	<b>1,142.5</b>	9,837,490	2,712,448	lines	91.03	91.05	860.0	237.1
WLR Connections	21.4	10.4	<b>31.8</b>	498,542	241,119	conns	42.91	43.33	18.1	8.9
WLR Simultaneously Provided Connections	2.3	0.3	<b>2.6</b>	73,501	8,454	conns	31.66	31.66	2.9	0.3
WLR Transfers	3.7	2.4	<b>6.1</b>	587,251	484,953	transfer	6.28	4.94	13.3	11.0
WLR Simultaneously Provided Conversions	-	-	-	32,344	10,738	conns	-	-	1.5	0.5
WLR Conversions	7.7	3.8	<b>11.5</b>	242,765	120,833	conns	31.71	31.79	7.8	3.9
Analogue Premium Rentals	271.4	172.9	<b>444.3</b>	2,422,158	1,541,288	lines	112.05	112.20	218.5	139.0
WLR Premium Connections	7.5	5.6	<b>13.1</b>	167,563	107,309	conns	45.00	51.75	6.3	4.1
WLR Premium Transfers	0.4	1.1	<b>1.5</b>	71,524	177,337	transfer	5.82	6.40	1.7	4.3
Caller Display	6.0	2.6	<b>8.6</b>	3,316,389	1,619,848	rentals	1.82	1.62	6.0	2.9
Time Related Charges	25.8	14.2	<b>40.0</b>	(ux)	(ux)	(ux)	(sx)	(sx)	18.6	10.3
Other WLR	14.9	8.9	<b>23.8</b>	(ux)	(ux)	(ux)	(sx)	(sx)	4.0	2.2
Rounding	0.2	0.1	<b>0.3</b>						0.1	-
<b>Total WFAEL</b>	<b>1,256.8</b>	<b>469.3</b>	<b>1,726.1</b>						<b>1,158.8</b>	<b>424.5</b>

## Section 7 – Review of Fixed Access Markets

### 7.2.4 WFAEL calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

			WFAEL											
		Average cost per unit (from Appendix 1.2)	Analogue Core WLR Rentals - Internal	Analogue Core WLR Rentals - External	WLR Connections - Internal	WLR Connections - External	WLR Simultaneously Provided Connections - Internal	WLR Simultaneously Provided Connections - External	WLR Transfers - Internal	WLR Transfers - External	WLR Simultaneously Provided Conversions - Internal	WLR Simultaneously Provided Conversions - External	WLR Conversions - Internal	WLR Conversions - External
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Components	Unit (d)													
Wholesale Access specific	£/trans	11.91	-	-	4.6	2.3	0.9	0.1	7.0	5.8	0.4	0.1	-	-
Routeing & records	£/line	1.41	-	-	0.6	0.3	0.1	-	-	-	-	-	0.3	0.2
MDF Hardware jumpering	£/line	13.68	-	-	7.5	3.6	1.1	0.1	-	-	0.7	0.2	4.8	2.4
E side copper capital	£/line	6.85	67.3	18.6	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.23	26.4	7.3	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	40.65	399.2	110.1	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.26	67.4	18.6	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	1.13	11.1	3.1	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.12	9.1	2.5	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.13	1.3	0.4	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	16.49	162.2	44.7	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	2.70	22.1	6.1	-	-	-	-	-	-	-	-	-	-
Analogue line cards	£/line	8.26	81.2	22.4	-	-	-	-	-	-	-	-	-	-
Combi Card and MSAN Access - Voice	£/line	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Loop Unbundling systems development	%	£9m	-	-	-	-	-	-	-	-	-	-	0.1	-
iNode features	%	£2m	-	-	-	-	-	-	-	-	-	-	-	-
Openreach time related charges	%	£85m	-	-	-	-	-	-	-	-	-	-	-	-
Caller Display	%	£9m	-	-	-	-	-	-	-	-	-	-	-	-
Network Features	%	£3m	-	-	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£16m	1.2	0.3	-	-	-	-	-	-	-	-	-	-
OR Service Centre - Provision Analogue/ISDN2	%	£32m	-	-	5.3	2.6	0.8	0.1	6.3	5.2	0.3	0.1	2.6	1.3
OR Service Centre - Assurance Analogue/ISDN2	%	£13m	7.4	2.0	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£44m	4.0	1.1	0.1	-	-	-	-	-	-	-	-	-
Rounding			0.1	(0.1)	-	0.1	-	-	-	-	0.1	0.1	-	-
<b>Fully Allocated Cost (£m)</b>			<b>860.0</b>	<b>237.1</b>	<b>18.1</b>	<b>8.9</b>	<b>2.9</b>	<b>0.3</b>	<b>13.3</b>	<b>11.0</b>	<b>1.5</b>	<b>0.5</b>	<b>7.8</b>	<b>3.9</b>
	Volume (units)		9,837,490	2,712,448	498,542	241,119	73,501	8,454	587,251	484,953	32,344	10,738	242,765	120,833
	Unit cost £		87.42	87.42	36.37	36.85	39.49	39.49	22.61	22.60	46.72	46.72	32.20	32.20



## Section 7 – Review of Fixed Access Markets

### 7.2.4 WFAEL calculation of FAC based on component costs and usage factors 2015 (Continued)

Restated for the year ended 31 March 2015 (h)

			WFAEL											
Fully Allocated Cost (£m)		Average cost per unit (from Appendix 1.2)	Analogue Premium Rentals - Internal	Analogue Premium Rentals - External	WLR Premium Connections - Internal	WLR Premium Connections - External	WLR Premium Transfers - Internal	WLR Premium Transfers - External	Caller Display - Internal	Caller Display - External	Time Related Charges - Internal	Time Related Charges - External	Other WLR - Internal	Other WLR - External
Components	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Wholesale Access specific	£/trans	11.91	-	-	2.0	1.3	0.9	2.1	-	-	-	-	-	-
Routeing & records	£/line	1.41	-	-	0.2	0.2	0.1	0.3	-	-	-	-	-	-
MDF Hardware jumpering	£/line	13.68	-	-	2.3	1.5	-	-	-	-	-	-	-	-
E side copper capital	£/line	6.85	16.6	10.5	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.23	7.9	5.0	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	40.65	98.3	62.5	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.26	20.1	12.8	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	1.13	2.7	1.7	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.12	2.7	1.7	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.13	0.3	0.2	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	16.49	39.9	25.4	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	2.70	6.6	4.2	-	-	-	-	-	-	-	-	-	-
Analogue line cards	£/line	8.26	20.0	12.7	-	-	-	-	-	-	-	-	-	-
Combi Card and MSAN Access - Voice	£/line	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Loop Unbundling systems development	%	£9m	-	-	-	-	-	-	-	-	-	-	-	-
iNode features	%	£2m	-	-	-	-	-	-	-	-	-	-	1.6	0.9
Openreach time related charges	%	£85m	-	-	-	-	-	-	-	-	18.3	10.1	-	-
Caller Display	%	£9m	-	-	-	-	-	-	6.0	2.9	-	-	-	-
Network Features	%	£3m	-	-	-	-	-	-	-	-	-	-	2.2	1.2
Openreach sales product management	%	£16m	0.4	0.2	-	-	-	-	-	-	0.2	0.1	0.1	0.1
OR Service Centre - Provision Analogue/ISDN2	%	£32m	-	-	1.8	1.1	0.8	1.9	-	-	-	-	-	-
OR Service Centre - Assurance Analogue/ISDN2	%	£13m	1.8	1.2	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£44m	1.2	0.8	-	-	-	-	-	-	0.1	0.1	0.1	-
Rounding			-	0.1	-	-	(0.1)	-	-	-	-	-	-	-
<b>Fully Allocated Cost (£m)</b>			<b>218.5</b>	<b>139.0</b>	<b>6.3</b>	<b>4.1</b>	<b>1.7</b>	<b>4.3</b>	<b>6.0</b>	<b>2.9</b>	<b>18.6</b>	<b>10.3</b>	<b>4.0</b>	<b>2.2</b>
		Volume (units)	2,422,158	1,541,288	167,563	107,309	71,524	177,337	3,316,389	1,619,848	(ux)	(ux)	(ux)	(ux)
		Unit cost £	90.21	90.21	37.58	37.97	24.04	24.03	1.82	1.82	(ux)	(ux)	(ux)	(ux)

## Section 7 – Review of Fixed Access Markets

### 7.3 Fixed Access Market - WLA

#### 7.3.1 WLA Summary 2016

For the year ended 31 March 2016

Detailed service analysis	Internal	External	Total	Internal	External	Measure	Internal	External	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average	FAC	FAC
Service	£m	£m	£m				£	£	£m	£m
MPF Rentals	15.1	768.6	<b>783.7</b>	172,928	8,785,983	lines	87.48	87.48	14.8	750.1
MPF New Provide Services	1.3	84.4	<b>85.7</b>	28,767	2,163,621	conns	45.74	39.02	0.8	55.8
MPF Single Migrations	-	20.5	<b>20.5</b>	-	665,609	conns	-	30.82	-	15.6
MPF Bulk Migrations	-	1.3	<b>1.3</b>	-	54,398	conns	-	23.69	-	0.9
SMPF Rentals	22.5	3.8	<b>26.3</b>	6,056,170	1,013,194	lines	3.72	3.76	22.8	3.8
SMPF New Provide Services	38.3	2.5	<b>40.8</b>	1,380,964	82,296	conns	27.71	30.64	28.0	1.7
SMPF Single Migrations	1.3	1.3	<b>2.6</b>	42,605	41,855	conns	30.59	31.27	1.0	1.0
SMPF Bulk Migrations	0.2	-	<b>0.2</b>	9,237	636	conns	23.51	24.39	0.2	-
Co-mingling New Provide and Rental services	-	45.7	<b>45.7</b>	-	(ux)	(ux)	-	(sx)	-	71.2
Tie Cables	18.5	6.5	<b>25.0</b>	(ux)	(ux)	(ux)	(sx)	(sx)	16.8	11.6
Hard Cease Services	15.7	19.6	<b>35.3</b>	647,786	874,678	ceases	24.29	22.43	10.0	13.5
Other LLU Ancillary Services	16.8	6.3	<b>23.1</b>	770,696	595,254	ancillaries	21.82	10.56	4.7	2.7
Special Fault Investigations	16.6	16.3	<b>32.9</b>	(ux)	(ux)	(ux)	(sx)	(sx)	18.0	13.4
Time Related Charges	6.6	31.0	<b>37.6</b>	(ux)	(ux)	(ux)	(sx)	(sx)	4.9	22.9
Vula Migrations	0.9	0.9	<b>1.8</b>	82,077	83,331	migrations	11.00	11.00	0.6	0.6
Other WLA	531.1	255.6	<b>786.7</b>	(ux)	(ux)	(ux)	(sx)	(sx)	422.8	208.8
Rounding	0.1	0.2	<b>0.3</b>						(0.1)	-
<b>Total WLA</b>	<b>685.0</b>	<b>1,264.5</b>	<b>1,949.5</b>						<b>545.3</b>	<b>1,173.6</b>

## Section 7 – Review of Fixed Access Markets

### 7.3.2 WLA calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

			WLA																													
			Average cost per unit (from Appendix 1.1)		MPF Rentals - Internal		MPF Rentals - External		MPF New Provide Services - Internal		MPF New Provide Services - External		MPF Single Migrations - External		MPF Bulk Migrations - External		SMPF Rentals - Internal		SMPF Rentals - External		SMPF New Provide Services - Internal		SMPF New Provides - External		SMPF Single Migrations - Internal		SMPF Single Migrations - External		SMPF Bulk Migrations - Internal		SMPF Bulk Migrations - External	
			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Components	Unit (d)																															
Co-mingling set up	rooms	2,371.84	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling rentals	hostels	50.91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling power & vent	hostels	0.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WLA tie cables	cables	39.70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Routeing & records	£/line	1.48	-	-	-	-	3.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MDF Hardware jumpering	£/line	11.43	-	-	0.5	35.4	11.0	0.6	-	-	-	-	-	-	-	-	-	18.8	1.1	-	-	0.7	0.7	-	-	-	-	0.1	-	-	-	
E side copper capital	£/line	6.85	1.2	60.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
E side copper current	£/line	3.18	0.7	33.8	-	-	-	-	-	-	-	-	-	-	-	-	-	4.0	0.7	-	-	-	-	-	-	-	-	-	-	-	-	
D side copper capital	£/line	37.28	6.4	327.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
D side copper current	£/line	7.84	1.6	83.3	-	-	-	-	-	-	-	-	-	-	-	-	-	9.8	1.6	-	-	-	-	-	-	-	-	-	-	-	-	
Local exchanges general frames equipment	£/line	0.96	0.3	16.9	-	-	-	-	-	-	-	-	-	-	-	-	-	5.8	1.0	-	-	-	-	-	-	-	-	-	-	-	-	
Local exchanges general frames maintenance	£/line	1.11	0.2	11.8	-	-	-	-	-	-	-	-	-	-	-	-	-	1.4	0.2	-	-	-	-	-	-	-	-	-	-	-	-	
Analogue line test equipment	£/line	0.15	-	1.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dropwire capital & analogue NTE	£/line	15.60	2.7	137.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Analogue line drop maintenance	£/line	2.04	0.4	21.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
MPF Line Testing Systems	£/line	3.47	0.6	30.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Openreach time related charges	%	£91m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ocom Administration Fee Openreach	%	£6m	-	0.9	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Fault Investigation	%	£31m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FTTC Development	%	£21m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£42m	0.1	4.5	-	0.5	0.1	-	0.3	-	-	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Provision WLA	%	£22m	-	-	0.1	5.7	1.7	0.1	-	-	-	3.6	0.2	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	
Service Centre - Provision WLR NGA	%	£18m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Local Loop Unbundling systems development	%	£3m	-	1.1	-	0.3	0.1	-	0.8	0.1	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Assurance WLA	%	£7m	0.1	5.5	-	-	-	-	0.6	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service Level Guarantees	%	£32m	0.2	10.0	0.2	10.3	2.5	0.2	-	-	4.7	0.3	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue Receivables	%	£52m	0.1	4.0	-	0.4	0.1	-	0.1	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rounding			0.2	-	-	(0.1)	0.1	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-	-	-		
<b>Fully Allocated Cost (£m)</b>			<b>14.8</b>	<b>750.1</b>	<b>0.8</b>	<b>55.8</b>	<b>15.6</b>	<b>0.9</b>	<b>22.8</b>	<b>3.8</b>	<b>28.0</b>	<b>1.7</b>	<b>1.0</b>	<b>1.0</b>	<b>0.2</b>	<b>-</b>																
	Volume (units)		172,928	8,785,983	28,767	2,163,621	665,609	54,398	6,056,170	1,013,194	1,380,964	82,296	42,605	41,855	9,237	636																
	Unit cost £		85.37	85.37	26.71	25.81	23.36	16.57	3.77	3.77	20.27	20.67	23.25	23.33	16.71	16.84																

## Section 7 – Review of Fixed Access Markets

### 7.3.2 WLA calculation of FAC based on component costs and usage factors 2016 (Continued)

For the year ended 31 March 2016

			WLA												
		Average cost per unit (from Appendix 1.1)	Co-mingling New Provides and Rentals - External	Tie Cables - Internal	Tie Cables - External	Hard Case Services - Internal	Hard Case Services - External	Other LLU Ancillary Services - Internal	Other LLU Ancillary Services - External	Special Fault Investigations - Internal	Special Fault Investigations - External	Time Related Charges - Internal	Time Related Charges - External	VULA Migrations - Internal	VULA Migrations - External
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Components	Unit (d)														
Co-mingling set up	rooms	2,371.84	26.5	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling rentals	hostels	50.91	31.3	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling power & vent	hostels	0.96	12.0	-	-	-	-	-	-	-	-	-	-	-	-
WLA tie cables	cables	39.70	-	15.5	10.6	-	-	-	-	-	-	-	-	-	-
Routeing & records	£/line	1.48	-	-	-	-	-	-	-	-	-	-	-	-	-
MDF Hardware jumpering	£/line	11.43	-	-	-	7.9	10.7	0.2	0.2	-	-	-	-	-	0.1
E side copper capital	£/line	6.85	-	-	-	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.18	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	37.28	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	7.84	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.11	-	-	-	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.15	-	-	-	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	15.60	-	-	-	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	2.04	-	-	-	-	-	-	-	-	-	-	-	-	-
MPF Line Testing Systems	£/line	3.47	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach time related charges	%	£91m	-	-	-	-	-	-	-	-	-	4.8	22.3	-	-
Ofcom Administration Fee Openreach	%	£6m	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Special Fault Investigation	%	£31m	-	-	-	-	-	-	-	17.7	13.2	-	-	-	-
FTTC Development	%	£21m	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£42m	0.6	0.1	0.1	0.2	0.3	0.1	-	0.2	0.2	0.1	0.3	-	-
OR Service Centre - Provision WLA	%	£22m	-	1.0	0.7	1.7	2.3	2.0	1.6	-	-	-	-	-	-
Service Centre - Provision WLR NGA	%	£18m	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
Local Loop Unbundling systems development	%	£3m	0.1	-	-	0.1	0.1	0.1	0.1	-	-	-	-	-	-
OR Service Centre - Assurance WLA	%	£7m	0.4	-	0.2	-	-	-	-	-	-	-	-	-	-
Service Level Guarantees	%	£32m	-	-	-	-	-	2.2	0.8	-	-	-	-	-	-
Revenue Receivables	%	£52m	0.2	0.1	-	0.1	0.1	0.1	-	0.1	0.1	-	0.2	-	-
Rounding			-	0.1	-	-	-	-	-	-	(0.1)	-	0.1	0.1	0.1
<b>Fully Allocated Cost (£m)</b>			<b>71.2</b>	<b>16.8</b>	<b>11.6</b>	<b>10.0</b>	<b>13.5</b>	<b>4.7</b>	<b>2.7</b>	<b>18.0</b>	<b>13.4</b>	<b>4.9</b>	<b>22.9</b>	<b>0.6</b>	<b>0.6</b>
	Volume (units)		(ux)	(ux)	(ux)	647,786	874,678	770,696	595,254	(ux)	(ux)	(ux)	(ux)	82,077	83,331
	Unit cost £		(ux)	(ux)	(ux)	15.44	15.44	6.14	4.46	(ux)	(ux)	(ux)	(ux)	7.22	7.22

## Section 7 – Review of Fixed Access Markets

### 7.3.3 WLA Summary 2015

Restated for the year ended 31 March 2015 (h)

Detailed service analysis	Internal	External	Total	Internal	External	Measure	Internal	External	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average	FAC	FAC
Service	£m	£m	£m				£	£	£m	£m
MPF Rentals	16.2	706.2	<b>722.4</b>	188,011	8,201,392	lines	86.11	86.11	17.5	758.2
MPF New Provide Services	1.2	85.5	<b>86.7</b>	26,252	2,107,287	conns	46.21	40.58	0.8	61.5
MPF Single Migrations	-	22.2	<b>22.2</b>	-	720,344	conns	-	30.78	-	19.4
MPF Bulk Migrations	-	1.3	<b>1.3</b>	-	47,869	conns	-	26.50	-	0.9
SMPF Rentals	36.8	6.9	<b>43.7</b>	6,641,093	1,236,967	lines	5.54	5.54	28.0	5.2
SMPF New Provide Services	46.2	2.1	<b>48.3</b>	1,501,909	67,414	conns	30.79	30.63	35.2	1.6
SMPF Single Migrations	1.9	1.8	<b>3.7</b>	61,626	57,999	conns	30.78	30.74	1.6	1.5
SMPF Bulk Migrations	2.4	2.0	<b>4.4</b>	81,524	73,377	conns	28.91	26.96	1.6	1.4
Co-mingling New Provide and Rental services	-	46.1	<b>46.1</b>	-	(ux)	(ux)	-	(sx)	-	69.3
Tie Cables	17.5	8.3	<b>25.8</b>	(ux)	(ux)	(ux)	(sx)	(sx)	14.3	10.8
Hard Cease Services	15.1	19.9	<b>35.0</b>	634,716	833,822	ceases	23.74	23.88	11.9	15.6
Other LLU Ancillary Services	7.8	7.1	<b>14.9</b>	332,271	664,084	ancillaries	23.39	10.70	2.2	3.5
Special Fault Investigations	13.9	16.7	<b>30.6</b>	(ux)	(ux)	(ux)	(sx)	(sx)	14.3	15.8
Time Related Charges	6.2	26.4	<b>32.6</b>	(ux)	(ux)	(ux)	(sx)	(sx)	4.5	19.0
Vula Migrations	0.4	0.6	<b>1.0</b>	20,277	34,239	migrations	18.48	16.69	0.2	0.4
Other WLA	413.9	189.5	<b>603.4</b>	(ux)	(ux)	(ux)	(sx)	(sx)	404.5	159.3
Rounding	(0.5)	(0.2)	<b>(0.7)</b>						(0.1)	0.2
<b>Total WLA</b>	<b>579.0</b>	<b>1,142.4</b>	<b>1,721.4</b>						<b>536.5</b>	<b>1,143.6</b>

## Section 7 – Review of Fixed Access Markets

### 7.3.4 WLA calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

			WLA																													
			Average cost per unit (from Appendix 1.2)		MPF Rentals - Internal		MPF Rentals - External		MPF New Provide Services - Internal		MPF New Provide Services - External		MPF Single Migrations - External		MPF Bulk Migrations - External		SMPF Rentals - Internal		SMPF Rentals - External		SMPF New Provide Services - Internal		SMPF New Provides - External		SMPF Single Migrations - Internal		SMPF Single Migrations - External		SMPF Bulk Migrations - Internal		SMPF Bulk Migrations - External	
Components	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Fully Allocated Cost (£m)																																
Co-mingling set up	rooms	1,433.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Co-mingling rentals	hostels	62.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Co-mingling power & vent	hostels	1.11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
WLA tie cables	cables	35.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Routeing & records	£/line	1.41	-	-	-	-	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
MDF Hardware jumpering	£/line	13.68	-	-	0.5	41.3	14.2	0.6	-	-	24.5	1.1	1.2	1.1	1.0	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
E side copper capital	£/line	6.85	1.3	56.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
E side copper current	£/line	3.23	0.7	32.1	-	-	-	-	-	4.4	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
D side copper capital	£/line	40.65	7.6	333.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
D side copper current	£/line	8.26	1.9	82.0	-	-	-	-	-	11.3	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Local exchanges general frames equipment	£/line	1.13	0.4	18.5	-	-	-	-	-	7.5	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Local exchanges general frames maintenance	£/line	1.12	0.3	11.1	-	-	-	-	-	1.5	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Analogue line test equipment	£/line	0.13	-	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dropwire capital & analogue NTE	£/line	16.49	3.1	135.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Analogue line drop maintenance	£/line	2.70	0.6	26.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
MPF Line Testing Systems	£/line	5.40	1.0	44.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Openreach time related charges	%	£85m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Special Fault Investigation	%	£30m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
FTTC Development	%	£21m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Openreach sales product management	%	£16m	0.1	0.9	-	0.5	0.1	0.2	0.2	-	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Provision WLA	%	£29m	-	-	0.1	7.4	2.5	0.2	-	5.3	0.2	0.2	0.2	0.2	0.3	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service Centre - Provision WLR NGA	%	£18m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Local Loop Unbundling systems development	%	£9m	0.1	2.7	-	0.7	0.2	-	2.2	0.4	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Assurance WLA	%	£6m	0.1	4.3	-	-	-	-	0.6	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service Level Guarantees	%	£24m	0.1	6.5	0.1	8.3	2.1	0.1	0.1	-	4.5	0.2	0.2	0.2	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue Receivables	%	£44m	0.1	3.2	-	0.4	0.1	-	0.2	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rounding			0.1	(0.1)	0.1	(0.1)	0.2	-	-	0.1	(0.1)	0.1	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Fully Allocated Cost (£m)</b>			<b>17.5</b>	<b>758.2</b>	<b>0.8</b>	<b>61.5</b>	<b>19.4</b>	<b>0.9</b>	<b>28.0</b>	<b>5.2</b>	<b>35.2</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>	<b>1.6</b>	<b>1.4</b>																
	Volume (units)		188,011	8,201,392	26,252	2,107,287	720,344	47,869	6,641,093	1,236,967	1,501,909	67,414	61,626	57,999	81,524	73,377																
	Unit cost £		92.84	92.45	29.80	29.20	26.89	19.43	4.21	4.21	23.43	23.42	26.51	26.50	19.70	19.49																

## Section 7 – Review of Fixed Access Markets

### 7.3.4 WLA calculation of FAC based on component costs and usage factors 2015 (Continued)

Restated for the year ended 31 March 2015 (h)

			WLA												
Fully Allocated Cost (£m)	Unit (d)	Average cost per unit (from Appendix 1.2)	Co-mingling New Provides and Rentals - External	Tie Cables - Internal	Tie Cables - External	Hard Cease Services - Internal	Hard Cease Services - External	Other LLU Ancillary Services - Internal	Other LLU Ancillary Services - External	Special Fault Investigations - Internal	Special Fault Investigations - External	Time Related Charges - Internal	Time Related Charges - External	VULA Migrations - Internal	VULA Migrations - External
			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Components</b>															
Co-mingling set up	rooms	1,433.35	25.1	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling rentals	hostels	62.09	33.4	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling power & vent	hostels	1.11	10.0	-	-	-	-	-	-	-	-	-	-	-	-
WLA tie cables	cables	35.8	-	12.7	9.6	-	-	-	-	-	-	-	-	-	-
Routeing & records	£/line	1.41	-	-	-	-	-	-	-	-	-	-	-	-	-
MDF Hardware jumpering	£/line	13.68	-	-	-	9.3	12.2	0.1	0.2	-	-	-	-	-	-
E side copper capital	£/line	6.85	-	-	-	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.23	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	40.65	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.26	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	1.13	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.12	-	-	-	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.13	-	-	-	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	16.49	-	-	-	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	2.70	-	-	-	-	-	-	-	-	-	-	-	-	-
MPF Line Testing Systems	£/line	5.40	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach time related charges	%	£85m	-	-	-	-	-	-	-	-	-	4.4	18.7	-	-
Special Fault Investigation	%	£30m	-	-	-	-	-	-	-	14.1	15.7	-	-	-	-
FTTC Development	%	£21m	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
Openreach sales product management	%	£16m	0.1	0.1	-	0.1	0.1	-	-	0.1	0.1	-	0.2	-	-
OR Service Centre - Provision WLA	%	£29m	0.1	1.2	0.9	2.2	2.9	1.2	2.3	-	-	-	-	-	-
Service Centre - Provision WLR NGA	%	£18m	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
Local Loop Unbundling systems development	%	£9m	0.2	0.1	0.1	0.2	0.3	0.1	0.2	-	-	-	-	-	-
OR Service Centre - Assurance WLA	%	£6m	0.3	-	0.1	-	-	-	-	-	-	-	-	-	-
Service Level Guarantees	%	£24m	-	-	-	-	-	0.8	0.7	-	-	-	-	-	-
Revenue Receivables	%	£44m	0.2	0.1	-	0.1	0.1	-	-	0.1	0.1	-	0.1	-	-
Rounding			(0.1)	0.1	0.1	-	-	-	0.1	-	(0.1)	0.1	-	(0.1)	0.1
<b>Fully Allocated Cost (£m)</b>			<b>69.3</b>	<b>14.3</b>	<b>10.8</b>	<b>11.9</b>	<b>15.6</b>	<b>2.2</b>	<b>3.5</b>	<b>14.3</b>	<b>15.8</b>	<b>4.5</b>	<b>19.0</b>	<b>0.2</b>	<b>0.4</b>
	Volume (units)		(ux)	(ux)	(ux)	634,716	833,822	332,271	664,084	(ux)	(ux)	(ux)	(ux)	20,277	34,239
	Unit cost £		(ux)	(ux)	(ux)	18.75	18.76	6.69	5.33	(ux)	(ux)	(ux)	(ux)	10.35	10.33

## Section 7 – Review of Fixed Access Markets

---

### 7.4 Fixed Access Market – ISDN2

#### 7.4.1 ISDN2 Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

Service	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal Average Price	External Average Price
	£m	£m	£m				£	£
ISDN2 Rentals	41.4	59.3	<b>100.7</b>	391,022	559,874	channels	105.96	105.96
ISDN2 Connections	1.3	2.0	<b>3.3</b>	21,207	29,054	channels	59.99	69.66
ISDN2 Takeovers/Transfers	0.2	0.5	<b>0.7</b>	5,821	39,187	channels	29.99	13.74
<b>Total ISDN2</b>	<b>42.9</b>	<b>61.8</b>	<b>104.7</b>					

ISDN2 connections includes revenue for orders that are cancelled but does not include these cancelled orders in the volumes.



## Section 7 – Review of Fixed Access Markets

---

### 7.4.2 ISDN2 Summary 2015

Restated for the year ended 31 March 2015 (h)

Detailed service analysis	Internal	External	Total	Internal	External	Measure	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average
Service	£m	£m	£m				Price	Price
ISDN2 Rentals	46.1	60.8	<b>106.9</b>	435,035	573,495	channels	105.96	105.97
ISDN2 Connections	2.2	2.2	<b>4.4</b>	37,093	37,230	channels	60.01	59.99
ISDN2 Takeovers/Transfers	0.3	0.8	<b>1.1</b>	11,818	61,448	channels	23.43	13.18
<b>Total ISDN2</b>	<b>48.6</b>	<b>63.8</b>	<b>112.4</b>					

## Section 7 – Review of Fixed Access Markets

---

### 7.5 Fixed Access Market – ISDN30

#### 7.5.1 ISDN30 Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

Service	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Internal Average Price £	External Average Price £
ISDN30 Rentals	88.7	97.6	<b>186.3</b>	748,553	821,217	channels	118.56	118.87
ISDN30 Connection	1.7	1.4	<b>3.1</b>	32,514	38,415	channels	52.94	36.86
ISDN30 Transfers	-	0.5	<b>0.5</b>	2,249	82,194	channels	5.52	5.52
ISDN30 Enhanced Care	0.9	5.0	<b>5.9</b>	52,459	278,921	rentals	16.45	17.75
ISDN30 Direct Dialling - Planning	-	0.2	<b>0.2</b>	543	2,647	misc	81.57	81.57
ISDN30 Direct Dialling - Connections	0.1	0.2	<b>0.3</b>	74,187	302,592	conns	0.81	0.81
Rounding	-	-	-					
<b>Total ISDN30</b>	<b>91.4</b>	<b>104.9</b>	<b>196.3</b>					

## Section 7 – Review of Fixed Access Markets

---

### 7.5.2 ISDN30 Summary 2015

Restated for the year ended 31 March 2015 (h)

Detailed service analysis							Internal	External
	Internal	External	Total	Internal	External	Measure	Average	Average
Service	Revenue	Revenue	Revenue	Volume	Volume		Price	Price
	£m	£m	£m				£	£
ISDN30 Rentals	99.9	103.6	<b>203.5</b>	842,917	871,383	channels	118.56	118.85
ISDN30 Connection	1.1	1.8	<b>2.9</b>	23,559	48,401	channels	48.58	37.14
ISDN30 Transfers	-	0.6	<b>0.6</b>	6,561	116,407	channels	5.00	5.52
ISDN30 Enhanced Care	0.6	4.9	<b>5.5</b>	37,296	282,465	rentals	16.18	17.29
ISDN30 Direct Dialling - Planning	-	0.3	<b>0.3</b>	558	3,570	misc	81.57	81.56
ISDN30 Direct Dialling - Connections	-	0.2	<b>0.2</b>	28,185	254,729	conns	0.81	0.81
Rounding	0.2	-	<b>0.2</b>					
<b>Total ISDN30</b>	<b>101.8</b>	<b>111.4</b>	<b>213.2</b>					

Section 8  
Review of Business Connectivity Markets

### 8.1 Review of Business Connectivity Markets

#### Market Definitions

##### Traditional Interface Symmetric Broadband Origination (“TISBO”)

Traditional Interface (“TI”) leased lines includes services which use legacy analogue and digital interfaces. In this category there are two broad types of circuit:

- Analogue interface leased lines: These are commonly used for voice transmission e.g. external extension circuits between business sites. They are also used for low-bandwidth data transmission.
- Digital interface leased lines based on legacy TDM technical transmission standards, including PDH and SDH, and which use the ITU G.703 interface.

TISBO is the term used to describe TI terminating segments. TISBO markets are split by bandwidth as follows:

- Low Bandwidth (up to and including 8Mbit/s).
- Medium Bandwidth (above 8Mbit/s up to and including 45Mbit/s).
- High Bandwidth (above 45Mbit/s up to and including 155Mbit/s).
- Very High Bandwidth (above 155Mbit/s).

Separate geographic markets were identified in:

- the Hull area for all wholesale leased lines; and
- a defined area of London (the Western, Eastern and Central London Area including Slough, the WECLA) for Medium Bandwidth and High Bandwidth lines.

We were found to have SMP in:

- Low Bandwidth TISBO in the UK excluding the Hull area;
- Medium Bandwidth TISBO in the UK excluding the Hull area and the WECLA; and
- High Bandwidth TISBO in the UK excluding the Hull area and the WECLA.

##### Alternative Interface Symmetric Broadband Origination (“AISBO”)

Alternative Interface (“AI”) leased lines: use modern interfaces that are generally more suitable for transmission of Internet protocol (“IP”) data, and are often more cost-effective in delivering high bandwidth services than legacy technologies. Ethernet is the most common AI

leased lines technology. Ethernet services are currently available in a range of bandwidths from 10Mbit/s to 10Gbit/s with the most common being 100Mbit/s.

AISBO is the term used to describe AI terminating segments at bandwidths up to and including 1Gbit/s. Separate geographic markets were identified in:

- the Hull area; and
- the WECLA.

We were found to have SMP in AISBO in:

- the UK excluding the Hull area and the WECLA (AISBO Non-WECLA); and
- the WECLA (AISBO WECLA).

##### Multiple Interface Symmetric Broadband Origination (“MISBO”)

Ofcom has defined the MISBO market as containing leased line terminating services with a bandwidth in excess of 1Gbit/s irrespective of interface and services of any bandwidth delivered using Wave Division Multiplexing (“WDM”) equipment at the end-user’s premises.

Separate geographic markets were identified in:

- the Hull area; and
- the WECLA.

We were found to have SMP in MISBO in the UK excluding the Hull area and the WECLA (MISBO Non-WECLA).

##### Regional TI Trunk Segments

Trunk or core networks are used to transfer data over long distance national routes and between the major urban centres where businesses are concentrated. Data transported over trunk (or core) networks is combined with other traffic streams (using multiplexors), which allows CPs to transport traffic on their networks more efficiently.

Ofcom concluded that separate wholesale markets exist for regional and national trunk traditional interface services and that BT has SMP in the regional TI trunk market at all bandwidths.

##### Technical areas (Point of Handover)

Technical areas (Point of Handover) is associated with TISBO market, rather than a market in itself. It is a necessary technical function to enable network interconnection in order to allow the provision of wholesale products in the TISBO market.

## Section 8 – Review of Business Connectivity Markets

In all TISBO markets where BT has SMP, we are required to provide Technical areas (Point of Handover) services in two varieties: Customer Sited Handover (“CSH”) and In-Span Handover (“ISH”), including ISH Extension. When providing CSH, BT delivers TISBO services to the premises of its wholesale customers. When providing ISH, BT and the wholesale customer connect their networks at a notional mid-point.

### Key Regulatory Changes

There were no changes in the regulation of the Business Connectivity Markets during 2014-15 and 2015-16.

Ofcom published its final statement on the Business Connectivity Market Review on 28 April 2016. The statement set out new cost allocation methodologies and new charge controls. The cost methodology changes are reflected in these financial statements. All other changes arising from this review will take effect from the 2016-17 financial year. See section 2.1.6 for comparability of current and prior year results.

Under the new charge control, prices in the business connectivity market have fallen significantly.

In its statement, Ofcom found us to have SMP in three markets:

- Low Bandwidth TISBO (including regional trunk segments, up to and including 8 Mbit/s);
- CISBO (Contemporary Interface) leased lines (formerly AISBO and MISBO) in the London Periphery area; and
- CISBO leased lines in the UK excluding the Central London, London Periphery and Hull areas.

Charge controls were imposed in these markets, principally:

- On the basket of Ethernet CI services up to and including 1Gbit/s, a starting charge adjustment of -12% and an annual price cap of CPI-13.25%; and
- On the basket of Low Bandwidth TI services, a starting charge adjustment of -9% and an annual price cap of CPI-3.5%.

Prices charged in the Ethernet markets were thus reduced by circa 25% and those in the Low Bandwidth TI basket by circa 13% in 2016-17.

If these prices had been in effect in 2015-16 revenues would have been reduced in the business connectivity markets by circa £250m and total returns would have been 13% compared with the reported returns of 23%.

### Key Market Changes

Within the TISBO markets there continues to be a fall in demand for traditional TDM circuits as customers migrate to AISBO services and other services like Broadband. Overall competition and customer demand for alternative technologies is resulting in falling volumes in this market

Within the AISBO markets EAD connection and rental volumes increased partly offset by continued decline in legacy WES and BES rental services. Revenue growth was offset partly by price decreases across a range of services.

Charge controls in place for 2015-16 are as follows:

Basket & services	Value of X
TISBO – Low Bandwidth TISBO inside and outside the WECLA, Medium and High Bandwidth TISBO outside the WECLA and TI Regional Trunk services.	RPI+2.25%
AISBO and MISBO – Ethernet at all bandwidths outside the WECLA.	RPI-11.5%
AISBO inside the WECLA	RPI-RPI on each service
Excess construction charges	GBCI-0% on each charge



## Section 8 – Review of Business Connectivity Markets

### 8.2.2 Low Bandwidth TISBO calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

			Low Bandwidth TISBO																													
			Average cost per unit (from Appendix 1.1)		Partial and Private Circuits 64 Kbit/s - Connections - Internal		Partial and Private Circuits 64 kbit/s - Connections - External		Partial and Private Circuits 64 kbit/s - Links - Internal		Partial and Private Circuits 64 kbit/s - Links - External		Partial and Private Circuits 64 kbit/s - Distribution - Internal		Partial and Private Circuits 64 kbit/s - Distribution - External		Partial and Private Circuits 64 kbit/s - Local Ends - Internal		Partial and Private Circuits 64 kbit/s - Local Ends - External		Partial and Private Circuits 2 Mbit/s - Connections - Internal		Partial and Private Circuits 2 Mbit/s - Connections - External		Partial and Private Circuits 2 Mbit/s - Links - Internal		Partial and Private Circuits 2 Mbit/s - Links - External		Partial and Private Circuits 2 Mbit/s - Distribution - Internal		Partial and Private Circuits 2 Mbit/s - Distribution - External	
Components	Unit (d)	Fully Allocated Cost (£m)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
E side copper capital	£/line	6.85	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	37.28	-	-	-	-	-	-	-	0.5	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	7.84	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s link per km distribution	£/km	49.98	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15.7	19.9	-	-
PC rental 64kbit/s link	£/link	144.06	-	-	5.8	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s link	£/link	154.27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.4	3.6	-	-	-	-	-	-	-
PC rental 64kbit/s link per km transmission	£/km	6.52	-	-	-	-	-	3.9	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2Mbit/s and above PC link connection cct provision	£/circuit	8,859.81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.7	4.1	-	-	-	-	-	-	-	-
64kbit/s PC link connection cct provision	£/circuit	2,552.26	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 64kbit/s link local end	£/le	1,222.67	-	-	-	-	-	-	-	-	-	17.3	5.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s local end copper	£/le	341.65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s local end fibre	£/le	506.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rentals 2Mbit/s regional trunk	£/km	23.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit link per km national trunk	£/km	12.99	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Netstream equipment	£/le	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Broadband line testing systems	£/line	0.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer support – partial private circuits	%	£20m	-	-	0.5	0.2	0.1	0.1	0.7	0.2	-	-	0.1	0.6	0.6	1.5	1.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ofcom Administration Fee Wholesale	%	£3m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£52m	-	-	0.1	-	-	-	-	0.1	-	-	-	0.1	0.1	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding		-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Fully Allocated Cost (£m)</b>			<b>0.2</b>	<b>0.1</b>	<b>6.4</b>	<b>2.2</b>	<b>4.0</b>	<b>1.9</b>	<b>18.9</b>	<b>6.2</b>	<b>2.8</b>	<b>4.2</b>	<b>4.1</b>	<b>4.3</b>	<b>17.5</b>	<b>22.1</b>																
	Volume (units)		(ux)	(ux)	40,581	13,872	592,708	282,826	14,179	4,652	308	467	22,194	23,531	318,091	401,386																
	Average cost £		(ux)	(ux)	158.73	158.71	6.73	6.73	1,334.20	1,334.20	9,009.68	9,009.68	184.65	183.31	55.03	55.03																



## Section 8 – Review of Business Connectivity Markets

### 8.2.2 Low Bandwidth TISBO calculation of FAC based on component costs and usage factors 2016 (Continued)

For the year ended 31 March 2016

		Low Bandwidth TISBO														
		Average cost per unit (from Appendix 1.1)	Partial and Private Circuits 2Mbit/s - Local Ends CLZ - Internal	Partial and Private Circuits 2Mbit/s - Local Ends CLZ - External	Partial and Private Circuits 2Mbit/s - Local Ends Non CLZ - Internal	Partial and Private Circuits 2Mbit/s - Local Ends Non CLZ - External	SDSL - Internal	Radio Backhaul Service - Sub 2Mbit/s Connections - External	Radio Backhaul Service - sub 2Mbit/s Rentals - External	Radio Backhaul Service - 2Mbit/s Connections - Internal	Radio Backhaul Service - 2Mbit/s Connections - External	Radio Backhaul Service - 2Mbit/s Rentals - Internal	Radio Backhaul Service - 2Mbit/s Rentals - External	Netstream 1.6 LL 2Mbit/s Connections - External	Netstream 1.6 LL 2Mbit/s Rentals non CLZ	Netstream 1.6 LL 2Mbit/s Rentals CLZ
Components	Unit (d)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
E side copper capital	£/line	6.85	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	37.28	-	-	0.4	0.3	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	7.84	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s link per km distribution	£/km	49.98	-	-	-	-	-	-	-	-	-	3.4	14.2	-	-	-
PC rental 64kbit/s link	£/link	144.06	-	-	-	-	-	-	-	-	2.4	-	-	-	-	-
PC rental 2Mbit/s link	£/link	154.27	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 64kbit/s link per km transmission	£/km	6.52	-	-	-	-	-	-	-	-	3.7	-	0.3	2.6	-	-
2Mbit/s and above PC link connection cct provision	£/circuit	8,859.81	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64kbit/s PC link connection cct provision	£/circuit	2,552.26	-	-	-	-	-	0.1	-	0.7	2.0	-	-	-	-	-
PC rental 64kbit/s link local end	£/le	1,222.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s local end copper	£/le	341.65	-	-	2.1	1.4	-	-	-	-	-	-	-	0.4	-	-
PC rental 2Mbit/s local end fibre	£/le	506.21	2.0	1.3	18.3	11.2	-	-	-	-	-	-	1.0	8.4	-	-
PC rentals 2Mbit/s regional trunk	£/km	23.90	-	-	-	-	-	-	-	-	-	-	0.7	2.3	-	-
PC rental 2Mbit link per km national trunk	£/km	12.99	-	-	-	-	-	-	-	-	-	-	0.2	0.7	-	-
Netstream equipment	£/le	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Broadband line testing systems	£/line	0.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer support - partial private circuits	%	£20m	0.1	0.1	2.8	1.8	-	-	-	-	-	-	0.3	2.8	-	-
Ofcom Administration Fee Wholesale	%	£3m	-	-	0.1	0.1	-	-	-	-	-	-	-	0.1	-	-
Revenue Receivables	%	£52m	-	-	0.3	0.2	-	-	-	-	-	-	-	0.3	-	-
Rounding		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Fully Allocated Cost (£m)</b>			<b>2.1</b>	<b>1.4</b>	<b>24.1</b>	<b>15.0</b>	<b>-</b>	<b>0.1</b>	<b>8.0</b>	<b>0.7</b>	<b>2.0</b>	<b>6.0</b>	<b>31.9</b>	<b>-</b>	<b>-</b>	<b>-</b>
		Volume (units)	3,915	2,519	42,257	26,256	(ux)	56	(ux)	77	222	(ux)	(ux)	-	(ux)	(ux)
		Average cost £	547.28	547.28	571.01	571.28	(ux)	2,389.81	(ux)	8,999.17	8,999.17	(ux)	(ux)	-	(ux)	(ux)

## Section 8 – Review of Business Connectivity Markets

### 8.2.3 Low Bandwidth TISBO Summary 2015

Restated for the year ended 31 March 2015 (h)

Detailed service analysis	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal Average Price	External Average Price	Internal FAC	External FAC
	£m	£m	£m	(ux)	(ux)		£	£	£m	£m
Partial and Private Circuits 64kbit/s – Connections	0.1	-	0.1	(ux)	(ux)	(ux)	(ux)	(ux)	0.2	0.1
Partial and Private Circuits 64kbit/s – Links	9.8	3.3	13.1	49,778	17,026	links	197.04	196.15	5.7	1.9
Partial and Private Circuits 64kbit/s – Distribution	1.8	0.8	2.6	729,449	343,910	km	2.42	2.42	3.4	1.6
Partial and Private Circuits 64kbit/s – Local Ends	13.9	4.2	18.1	18,266	5,472	le	760.02	760.02	22.3	6.7
Partial and Private Circuits 2Mbit/s – Connections	0.6	1.8	2.4	270	832	ccts	2,217.40	2,217.40	1.7	5.4
Partial and Private Circuits 2Mbit/s – Links	12.0	12.7	24.7	25,657	27,773	links	469.49	456.76	4.1	4.4
Partial and Private Circuits 2Mbit/s – Distribution	24.0	30.7	54.7	363,454	464,538	km	66.04	66.04	16.6	21.2
Partial and Private Circuits 2Mbit/s – Local Ends CLZ	2.7	1.6	4.3	4,926	2,979	le	551.90	551.90	2.3	1.4
Partial and Private Circuits 2Mbit/s – Local Ends Non CLZ	48.4	30.8	79.2	46,987	29,927	le	1,030.68	1,030.68	23.0	14.7
SDSL	1.1	-	1.1	(ux)	-	(ux)	(sx)	-	1.2	-
Radio Backhaul Service – Sub 2Mbit/s Connections	-	-	-	-	14	ccts	-	609.50	-	0.1
Radio Backhaul Service – Sub 2Mbit/s Rentals	-	14.0	14.0	-	(ux)	(ux)	-	(sx)	-	13.2
Radio Backhaul Service – 2Mbit/s Connections	0.1	0.7	0.8	53	359	ccts	1,936.35	1,936.35	0.3	2.3
Radio Backhaul Service – 2Mbit/s Rentals	5.9	89.1	95.0	(ux)	(ux)	(ux)	(sx)	(sx)	4.6	46.7
Netstream 16 LL 2Mbit/s Connections	-	-	-	-	2	ccts	-	700.00	-	-
Netstream 16 LL 2Mbit/s Rentals Non CLZ	-	0.8	0.8	-	(ux)	(ux)	-	(sx)	-	2.1
Netstream 16 LL 2Mbit/s Rentals CLZ	-	-	-	-	(ux)	(ux)	-	(sx)	-	-
<b>Support Service</b>										
Protected Path Variants and Resilience	1.3	3.4	4.7							
Equipment Depreciation	-	-	-							
Third Party Customer Infrastructure	2.3	4.0	6.3							
Excess Construction Charges	0.5	0.5	1.0							
<b>Rounding</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>							
<b>Total Low Bandwidth TISBO</b>	<b>124.6</b>	<b>198.6</b>	<b>323.2</b>							

#### Notes

Estimated cost of £0.1m (Internal) and £0.3m (External)

Estimated equipment depreciation of £12.5m

Estimated matched cost of £2.3m (Internal) and £4.0m (External) (e)

Estimated matched cost of £0.5m (Internal) and £0.5m (External) (e)

	Price List before		Enhanced Maintenance		Proportion of Enhanced Maintenance		Average Price	
	Internal	External	Internal	External	Internal	External	Internal	External
	£	£	£	£	%	%	£	£
Partial and Private Circuits 64kbit/s – Links	189.90	189.90	109.42	109.42	7%	6%	197.04	196.15
Partial and Private Circuits 64kbit/s – Distribution	2.40	2.40	0.02	0.02	100%	100%	2.42	2.42
Partial and Private Circuits 64kbit/s – Local Ends	670.06	670.06	109.42	109.42	82%	82%	760.02	760.02
Partial and Private Circuits 2Mbit/s – Links	438.49	438.49	175.00	175.00	18%	10%	469.49	456.76
Partial and Private Circuits 2Mbit/s – Distribution	64.09	64.09	1.96	1.96	100%	100%	66.04	66.04
Partial and Private Circuits 2Mbit/s – Local Ends CLZ	396.35	396.35	175.00	175.00	89%	89%	551.90	551.90
Partial and Private Circuits 2Mbit/s – Local Ends Non CLZ	870.70	870.70	175.00	175.00	91%	91%	1,030.68	1,030.68

## Section 8 – Review of Business Connectivity Markets

### 8.2.4 Low Bandwidth calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

			Low Bandwidth TISBO																														
			Average cost per unit (from Appendix 1.2)		Partial and Private Circuits 64 kbit/s - Connections - Internal		Partial and Private Circuits 64 kbit/s - Connections - External		Partial and Private Circuits 64 kbit/s - Links - Internal		Partial and Private Circuits 64 kbit/s - Links - External		Partial and Private Circuits 64 kbit/s - Distribution - Internal		Partial and Private Circuits 64 kbit/s - Distribution - External		Partial and Private Circuits 64 kbit/s - Local Ends - Internal		Partial and Private Circuits 64 kbit/s - Local Ends - External		Partial and Private Circuits 2Mbit/s - Connections - Internal		Partial and Private Circuits 2Mbit/s - Connections - External		Partial and Private Circuits 2Mbit/s - Links - Internal		Partial and Private Circuits 2Mbit/s - Links - External		Partial and Private Circuits 2Mbit/s - Distribution - Internal		Partial and Private Circuits 2Mbit/s - Distribution - External		
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Components	Unit (d)																																
E side copper capital	£/line	6.85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
E side copper current	£/line	3.23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
D side copper capital	£/line	40.65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
D side copper current	£/line	8.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Local exchanges general frames equipment	£/line	1.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PC rental 2Mbit/s link per km distribution	£/km	42.46	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PC rental 64kbit/s link	£/link	104.12	-	-	-	5.2	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15.4	19.7		
PC rental 2Mbit/s link	£/link	137.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PC rental 64kbit/s link per km transmission	£/km	4.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2Mbit/s and above PC link connection cct provision	£/circuit	6,366.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64kbit/s PC link connection cct provision	£/circuit	2,534.08	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PC rental 64kbit/s link local end	£/le	1,128.43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s local end copper	£/le	390.76	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s local end fibre	£/le	433.16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC Rentals 2Mbit/s regional trunk	£/km	19.82	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit link per km national trunk	£/km	11.84	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Netstream equipment	£/le	48,302.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Broadband line testing systems	£/line	0.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer support - partial private circuits	%	£18m	-	-	-	0.4	0.1	-	-	0.1	-	-	0.5	0.2	-	-	0.1	-	-	0.5	0.5	-	-	-	-	-	-	1.0	1.3	-	-	-	
Revenue Receivables	%	£44m	-	-	-	0.1	-	-	-	-	-	-	0.1	-	-	-	0.1	-	-	0.1	0.1	-	-	-	-	-	-	0.1	0.2	-	-	-	
Rounding		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Fully Allocated Cost (£m)</b>			<b>0.2</b>	<b>0.1</b>	<b>5.7</b>	<b>1.9</b>	<b>3.4</b>	<b>1.6</b>	<b>22.3</b>	<b>6.7</b>	<b>1.7</b>	<b>5.4</b>	<b>4.1</b>	<b>4.4</b>	<b>16.6</b>	<b>21.2</b>																	
Volume (units)			(ux)	(ux)	49,778	17,026	729,449	343,910	18,266	5,472	270	832	25,657	27,773	363,454	464,538																	
Average cost £			(ux)	(ux)	113.72	113.63	4.64	4.64	1,218.47	1,220.17	6,480.57	6,480.57	159.46	159.30	45.66	45.66																	

## Section 8 – Review of Business Connectivity Markets

### 8.2.4 Low Bandwidth calculation of FAC based on component costs and usage factors 2015 (Continued)

Restated for the year ended 31 March 2015 (h)

Fully Allocated Cost (£m)		Average cost per unit (from Appendix 1.2)	Low Bandwidth TISBO																										
			Partial and Private Circuits 2Mbit/s - Local Ends CLZ - Internal		Partial and Private Circuits 2Mbit/s - Local Ends CLZ - External		Partial and Private Circuits 2Mbit/s - Local Ends Non CLZ - Internal		Partial and Private Circuits 2Mbit/s - Local Ends Non CLZ - External		SDSL - Internal		Radio Backhaul Service - Sub 2Mbit/s Connections - External		Radio Backhaul Service - sub 2Mbit/s Rentals - External		Radio Backhaul Service - 2Mbit/s Connections - Internal		Radio Backhaul Service - 2Mbit/s Connections - External		Radio Backhaul Service - 2Mbit/s Rentals - Internal		Radio Backhaul Service - 2Mbit/s Rentals - External		Netstream 16 LL 2Mbit/s Connections - External		Netstream 16 LL 2Mbit/s Rentals non CLZ		Netstream 16 LL 2Mbit/s Rentals CLZ
Components	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
E side copper capital	£/line	6.85	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	40.65	-	-	0.5	0.3	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
D side copper current	£/line	8.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	1.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s link per km distribution	£/km	42.46	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.6	19.8	-	-	-	-	0.2	-	-
PC rental 64kbit/s link	£/link	104.12	-	-	-	-	-	-	-	-	-	4.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s link	£/link	137.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	4.1	-	-	-	-	-	-	-
PC rental 64kbit/s link per km transmission	£/km	4.52	-	-	-	-	-	-	-	-	-	5.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2Mbit/s and above PC link connection cct provision	£/circuit	6,366.31	-	-	-	-	-	-	-	-	-	-	0.3	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64kbit/s PC link connection cct provision	£/circuit	2,534.08	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 64kbit/s link local end	£/le	1,128.43	-	-	-	-	-	-	-	-	-	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s local end copper	£/le	390.76	-	-	2.6	1.9	-	-	-	-	-	0.9	-	-	-	-	-	-	-	-	-	0.7	-	-	-	0.1	-	-	-
PC rental 2Mbit/s local end fibre	£/le	433.16	2.1	1.3	17.4	10.9	-	-	-	-	-	1.0	-	-	-	-	-	-	-	-	0.9	12.7	-	-	-	-	-	-	-
PC Rentals 2Mbit/s regional trunk	£/km	19.82	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	3.7	-	-	-	-	-	-	-
PC rental 2Mbit link per km national trunk	£/km	11.84	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	1.2	-	-	-	-	-	-	-
Netstream equipment	£/le	48,302.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.7	-	-	-
Broadband line testing systems	£/line	0.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer support - partial private circuits	%	£18m	0.1	0.1	2.1	1.3	-	-	-	-	-	0.6	-	-	-	-	-	-	-	-	0.3	3.8	-	-	-	-	-	-	-
Revenue Receivables	%	£44m	-	-	0.3	0.2	-	1.1	-	-	-	0.1	-	-	-	-	-	-	-	-	-	0.5	-	-	-	-	-	-	-
Rounding			0.1	-	-	-	-	0.1	-	-	-	(0.1)	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	0.1	-	-	-
<b>Fully Allocated Cost (£m)</b>			<b>2.3</b>	<b>1.4</b>	<b>23.0</b>	<b>14.7</b>		<b>1.2</b>	<b>0.1</b>		<b>13.2</b>	<b>0.3</b>	<b>2.3</b>		<b>4.6</b>	<b>46.7</b>													
	Volume (units)		4,926	2,979	46,987	29,927		(ux)	14		(ux)	53	359		(ux)	(ux)					(ux)	(ux)				2	(ux)	(ux)	
	Average cost £		459.96	459.96	489.45	489.91		(ux)	4,842.72		(ux)	6,457.46	6,457.46		(ux)	(ux)					(ux)	(ux)				6,370.25	(ux)	(ux)	

## Section 8 – Review of Business Connectivity Markets

### 8.3 Business Connectivity Market – Medium Bandwidth TISBO

#### 8.3.1 Medium Bandwidth TISBO Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

Service	Internal	External	Total	Internal	External	Measure	Internal	External	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average	FAC	FAC
	£m	£m	£m				£	£	£m	£m
Partial and Private Circuits 34/45Mbit/s - Connections	-	-	-	-	3	ccts	-	2,084.49	-	-
Partial and Private Circuits 34/45Mbit/s - Links	1.4	0.8	2.2	464	252	links	3,044.06	3,026.68	0.6	0.3
Partial and Private Circuits 34/45Mbit/s - Distribution	6.5	3.6	10.1	9,294	5,162	km	702.68	702.68	4.3	2.4
Partial and Private Circuits 34/45Mbit/s - Local Ends	2.5	1.1	3.6	653	291	le	3,816.74	3,816.74	1.0	0.4
<b>Support Service</b>										
Protected Path Variants and Resilience	0.4	0.4	0.8							
Equipment Depreciation	-	-	-							
Rounding	-	-	-							
<b>Total Medium Bandwidth TISBO</b>	<b>10.8</b>	<b>5.9</b>	<b>16.7</b>							

##### Notes

Estimated cost of £0.1m (Internal) and £0.2m (External)

Estimated equipment depreciation of £0.7m

	Price List before		Proportion of Enhanced				Average Price	
	Enhanced Maintenance		Enhanced Maintenance		Maintenance		Average Price	
	Internal	External	Internal	External	Internal	External	Internal	External
	£	£	£	£	%	%	£	£
Partial and Private Circuits 34/45Mbit/s - Links	2,936.62	2,936.62	307.87	307.87	35%	29%	3,044.06	3,026.68
Partial and Private Circuits 34/45Mbit/s - Distribution	699.23	699.23	3.45	3.45	100%	100%	702.68	702.68
Partial and Private Circuits 34/45Mbit/s - Local Ends	3,586.86	3,586.86	307.87	307.87	75%	75%	3,816.74	3,816.74

## Section 8 – Review of Business Connectivity Markets

### 8.3.2 Medium Bandwidth TISBO calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

			Medium Bandwidth TISBO																		
			Average cost per unit (from Appendix 1.1)		Partial and Private Circuits 34/45 Mbit/s - Connections - Internal		Partial and Private Circuits 34/45 Mbit/s - Connections - External		Partial and Private Circuits 34/45 Mbit/s - Links - Internal		Partial and Private Circuits 34/45 Mbit/s - Links - External		Partial and Private Circuits 34/45 Mbit/s - Distribution - Internal		Partial and Private Circuits 34/45 Mbit/s - Distribution - External		Partial and Private Circuits 34/45 Mbit/s - Local Ends - Internal		Partial and Private Circuits 34/45 Mbit/s - Local Ends - External		
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Components	Unit (d)																				
PC rental 34Mbit/s link per km distribution	£/km	434.62	-	-	-	-	-	-	3.9	2.2	-	-	-	-	-	-	-	-	-	-	
PC rental 34Mbit/s link	£/link	1,086.47	-	-	0.5	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2Mbit/s and above PC link connection cct provision	£/circuit	8,859.81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PC rental 34Mbit/s link local end	£/le	1,286.55	-	-	-	-	-	-	-	-	-	-	-	0.8	0.4	-	-	-	-	-	
Customer support - partial private circuits	%	£20m	-	-	0.1	-	-	0.4	0.2	-	-	-	-	0.1	0.1	-	-	-	-	-	
Ofcom Administration Fee Wholesale	%	£3m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue Receivables	%	£52m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rounding			-	-	-	-	-	-	-	-	-	-	-	0.1	(0.1)	-	-	-	-	-	
<b>Fully Allocated Cost (£m)</b>			-	-	<b>0.6</b>	<b>0.3</b>	-	-	<b>4.3</b>	<b>2.4</b>	-	-	-	<b>1.0</b>	<b>0.4</b>	-	-	-	-	-	
Volume (units)			-	3	464	252	-	-	9,294	5,162	-	-	-	653	291	-	-	-	-	-	
Unit cost £			-	9,000.70	1,245.24	1,244.10	-	-	464.63	464.63	-	-	-	1,544.54	1,544.54	-	-	-	-	-	

## Section 8 – Review of Business Connectivity Markets

### 8.3.3 Medium Bandwidth TISBO Summary 2015

Restated for the year ended 31 March 2015 (h)

#### Detailed service analysis

Service	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal Average Price	External Average Price	Internal FAC	External FAC
	£m	£m	£m				£	£	£m	£m
Partial and Private Circuits 34/45Mbit/s - Connections	-	-	-	2	7	ccts	2,084.49	2,084.49	-	-
Partial and Private Circuits 34/45Mbit/s - Links	2.4	1.2	3.6	682	362	links	3,449.96	3,449.96	0.7	0.4
Partial and Private Circuits 34/45Mbit/s - Distribution	7.7	4.1	11.8	13,180	7,044	km	582.03	582.03	4.6	2.5
Partial and Private Circuits 34/45Mbit/s - Local Ends	3.4	1.5	4.9	953	414	le	3,577.57	3,577.57	1.6	0.7
<b>Support Service</b>										
Protected Path Variants and Resilience	0.4	0.5	0.9	<b>Notes</b>						
Equipment Depreciation	-	-	-	Estimated cost of £0.1m (Internal) and £0.2m (External)						
Rounding	(0.1)	0.1	-	Estimated equipment depreciation of £1.4m						
<b>Total Medium Bandwidth TISBO</b>	<b>13.8</b>	<b>7.4</b>	<b>21.2</b>							

	Price List before		Proportion of Enhanced				Average Price	
	Enhanced Maintenance		Enhanced Maintenance		Maintenance			
	Internal	External	Internal	External	Internal	External	Internal	External
	£	£	£	£	%	%	£	£
Partial and Private Circuits 34/45Mbit/s - Links	3,427.46	3,427.46	260.37	260.37	9%	9%	3,449.96	3,449.96
Partial and Private Circuits 34/45Mbit/s - Distribution	579.10	579.10	2.93	2.93	100%	100%	582.03	582.03
Partial and Private Circuits 34/45Mbit/s - Local Ends	3,336.87	3,336.87	260.37	260.37	92%	92%	3,577.57	3,577.57

## Section 8 – Review of Business Connectivity Markets

### 8.3.4 Medium Bandwidth TISBO calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

			Medium Bandwidth TISBO							
			Partial and Private Circuits 34/45Mbit/s - Connections - Internal		Partial and Private Circuits 34/45Mbit/s - Connections - External		Partial and Private Circuits 34/45Mbit/s - Links - Internal		Partial and Private Circuits 34/45Mbit/s - Links - External	
			Partial and Private Circuits 34/45Mbit/s - Distribution - Internal		Partial and Private Circuits 34/45Mbit/s - Distribution - External		Partial and Private Circuits 34/45Mbit/s - Local Ends - Internal		Partial and Private Circuits 34/45Mbit/s - Local Ends - External	
Fully Allocated Cost (£m)			Average cost per unit (from Appendix 1.2)							
Components	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m
PC rental 34Mbit/s link per km distribution	£/km	319.81	-	-	-	-	4.2	2.3	-	-
PC rental 34Mbit/s link	£/link	894.92	-	-	0.6	0.3	-	-	-	-
2Mbit/s and above PC link connection cct provision	£/circuit	6,366.31	-	-	-	-	-	-	-	-
PC rental 34Mbit/s link local end	£/le	1,534.23	-	-	-	-	-	-	1.5	0.6
Customer support - partial private circuits	%	£18m	-	-	0.1	0.1	0.3	0.2	0.1	0.1
Revenue Receivables	%	£44m	-	-	-	-	-	-	-	-
Rounding			-	-	-	-	0.1	-	-	-
<b>Fully Allocated Cost (£m)</b>			-	-	<b>0.7</b>	<b>0.4</b>	<b>4.6</b>	<b>2.5</b>	<b>1.6</b>	<b>0.7</b>
		Volume (units)	2	7	682	362	13,180	7,044	953	414
		Unit cost £	6,473.72	6,473.72	1,062.22	1,062.22	347.99	347.99	1,707.80	1,707.51



## Section 8 – Review of Business Connectivity Markets

### 8.4 Business Connectivity Market – High Bandwidth TISBO

#### 8.4.1 High Bandwidth TISBO Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

Service	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal Average Price	External Average Price	Internal FAC	External FAC
	£m	£m	£m				£	£	£m	£m
Partial and Private Circuits 140/155Mbit/s - Connections	-	-	-	1	1	ccts	2,358.73	2,358.73	-	-
Partial and Private Circuits 140/155Mbit/s - Links	2.1	0.3	2.4	271	38	links	7,702.96	7,519.09	1.1	0.2
Partial and Private Circuits 140/155Mbit/s - Distribution	2.1	0.6	2.7	3,555	986	km	594.84	594.84	4.6	1.3
Partial and Private Circuits 140/155Mbit/s - Local Ends	2.8	0.3	3.1	466	43	le	5,917.98	5,917.98	1.5	0.1
Radio Backhaul Services 155Mbit/s Rentals	0.4	-	0.4	(ux)	-	(ux)	(sx)	-	0.2	-
Netstream 16 LL 140/155Mbit/s Rentals	-	-	-	-	(ux)	(ux)	-	(sx)	-	-
<b>Support Service</b>										
Protected Path Variants and Resilience	0.3	0.3	0.6							
Equipment Depreciation	-	-	-							
<b>Total High Bandwidth TISBO</b>	<b>7.7</b>	<b>1.5</b>	<b>9.2</b>							

##### Notes

Estimated cost of £0.2m (Internal) and £0.2m (External)  
No estimated equipment depreciation

	Price List before		Proportion of Enhanced				Average Price	
	Enhanced Maintenance		Enhanced Maintenance		Maintenance			
	Internal	External	Internal	External	Internal	External	Internal	External
	£	£	£	£	%	%	£	£
Partial and Private Circuits 140/155Mbit/s - Links	7,127.18	7,127.18	577.58	577.58	100%	68%	7,702.96	7,519.09
Partial and Private Circuits 140/155Mbit/s - Distribution	588.88	588.88	5.96	5.96	100%	100%	594.84	594.84
Partial and Private Circuits 140/155Mbit/s - Local Ends	5,672.67	5,672.67	577.58	577.58	42%	42%	5,917.98	5,917.98

## Section 8 – Review of Business Connectivity Markets

### 8.4.2 High Bandwidth TISBO calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

			High Bandwidth TISBO																			
			Partial and Private Circuits 140/155Mbit/s - Connections - Internal		Partial and Private Circuits 140/155Mbit/s - Connections - External		Partial and Private Circuits 140/155Mbit/s - Links - Internal		Partial and Private Circuits 140/155Mbit/s - Links - External		Partial and Private Circuits 140/155Mbit/s - Distribution - Internal		Partial and Private Circuits 140/155Mbit/s - Distribution - External		Partial and Private Circuits 140/155Mbit/s - Local Ends - Internal		Partial and Private Circuits 140/155Mbit/s - Local Ends - External		Radio Backhaul Services 15.5 Mbit/s Rentals - Internal		Netstream 16 LL 155Mbit/s Rentals - External	
Fully Allocated Cost (£m)			Average cost per unit (from Appendix 1.1)																			
Components		Unit (d)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
PC rental 140Mbit/s link per km distribution	£/km	1,327.77	-	-	-	-	-	4.4	1.2	-	-	-	-	-	-	-	-	-	-	0.1	-	-
PC rental 140Mbit/s link	£/link	3,777.27	-	-	1.0	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2Mbit/s and above PC link connection cct provision	£/circuit	8,859.81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Netstream equipment	£/le	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 140Mbit/s link local end	£/le	2,756.29	-	-	-	-	-	-	-	-	-	-	-	1.3	0.1	-	-	-	-	-	-	-
PC rentals 140Mbit/s regional trunk	£/km	1,514.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 140Mbit link per km national trunk	£/km	863.65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee Wholesale	%	£3m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer support - partial private circuits	%	£20m	-	-	0.1	-	-	0.1	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£52m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding			-	-	-	0.1	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	0.1	-	-
<b>Fully Allocated Cost (£m)</b>			-	-	1.1	0.2	4.6	1.3	1.5	0.1	0.2	-	-	-	-	-	-	-	-	-	-	-
Volume (units)			1	1	271	38	3,555	986	466	43	(ux)	(ux)										
Unit cost £			9,019.23	9,019.23	4,095.64	4,083.18	1,289.14	1,289.14	3,156.19	3,156.19	(ux)	(ux)										

## Section 8 – Review of Business Connectivity Markets

### 8.4.3 High Bandwidth TISBO Summary 2015

Restated for the year ended 31 March 2015 (h)

#### Detailed service analysis

Service	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal Average Price	External Average Price	Internal FAC	External FAC	
	£m	£m	£m				£	£	£m	£m	
Partial and Private Circuits 140/155Mbit/s - Connections	0.1	-	0.1	44	3	ccts	2,358.73	2,358.73	0.3	-	
Partial and Private Circuits 140/155Mbit/s - Links	3.6	0.6	4.2	326	57	links	10,985.19	10,881.91	1.3	0.2	
Partial and Private Circuits 140/155Mbit/s - Distribution	2.2	0.7	2.9	4,283	1,316	km	517.16	517.16	4.5	1.4	
Partial and Private Circuits 140/155Mbit/s - Local Ends	6.9	0.8	7.7	538	64	le	12,748.17	12,748.17	1.7	0.2	
Radio Backhaul Services 155Mbit/s Rentals	0.5	-	0.5	(ux)	-	(ux)	(sx)	-	0.2	-	
Netstream 16 LL 140/155Mbit/s Rentals	-	3.7	3.7	-	(ux)	(ux)	-	(sx)	-	3.8	
<b>Support Service</b>											
Protected Path Variants and Resilience	1.8	0.5	2.3	<b>Notes</b>							
Equipment Depreciation	-	-	-	Estimated cost of £0.5m (Internal) and £0.2m (External)							
	Estimated equipment depreciation of £0.1m										
<b>Total High Bandwidth TISBO</b>	<b>15.1</b>	<b>6.3</b>	<b>21.4</b>								

	Price List before				Proportion of Enhanced		Average Price	
	Enhanced Maintenance		Enhanced Maintenance		Maintenance			
	Internal	External	Internal	External	Internal	External	Internal	External
	£	£	£	£	%	%	£	£
Partial and Private Circuits 140/155Mbit/s - Links	10,638.26	10,638.26	488.47	488.47	71%	50%	10,985.19	10,881.91
Partial and Private Circuits 140/155Mbit/s - Distribution	512.12	512.12	5.04	5.04	100%	100%	517.16	517.16
Partial and Private Circuits 140/155Mbit/s - Local Ends	12,470.64	12,470.64	488.47	488.47	57%	57%	12,748.17	12,748.17

## Section 8 – Review of Business Connectivity Markets

### 8.4.4 High Bandwidth TISBO calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

			High Bandwidth TISBO																						
			Partial and Private Circuits 140/155Mbit/s - Connections - Internal		Partial and Private Circuits 140/155Mbit/s - Connections - External		Partial and Private Circuits 140/155Mbit/s - Links - Internal		Partial and Private Circuits 140/155Mbit/s - Links - External		Partial and Private Circuits 140/155Mbit/s - Distribution - Internal		Partial and Private Circuits 140/155Mbit/s - Distribution - External		Partial and Private Circuits 140/155Mbit/s - Local Ends - Internal		Partial and Private Circuits 140/155Mbit/s - Local Ends - External		Radio Backhaul Services 155Mbit/s Rentals - Internal		Netstream 16 LL 155Mbit/s Rentals - External				
Fully Allocated Cost (£m)			Average cost per unit (from Appendix 1.2)																						
			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Components	Unit (d)																								
PC rental 140Mbit/s link per km distribution	£/km	1,024.19	-	-	-	-	4.4	1.3	-	-	-	-	-	-	-	-	-	-	-	-	0.1	1.0			
PC rental 140Mbit/s link	£/link	3,448.58	-	-	1.1	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	
2Mbit/s and above PC link connection cct provision	£/circuit	6,366.31	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Netstream equipment	£/le	48,302.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.1
PC rental 140Mbit/s link local end	£/le	2,534.21	-	-	-	-	-	-	-	-	-	-	-	-	1.4	0.2	-	-	-	-	-	-	-	-	0.1
PC rentals 140Mbit/s regional trunk	£/km	1,741.23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.3
PC rental 140Mbit link per km national trunk	£/km	646.27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1
Customer support - partial private circuits	%	£18m	-	-	0.2	-	0.1	-	-	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2
Revenue Receivables	%	£44m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding			-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.1)			
<b>Fully Allocated Cost (£m)</b>			<b>0.3</b>	<b>-</b>	<b>1.3</b>	<b>0.2</b>	<b>4.5</b>	<b>1.4</b>	<b>1.7</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>3.8</b>
		Volume (units)	44	3	326	57	4,283	1,316	538	64	(ux)	(ux)									(ux)	(ux)			
		Unit cost £	6,379.57	6,487.85	3,977.59	3,985.20	1,049.27	1,049.27	3,152.37	3,152.37	(ux)	(ux)									(ux)	(ux)			

## Section 8 – Review of Business Connectivity Markets

### 8.5 Business Connectivity Market – TI Regional Trunk

#### 8.5.1 TI Regional Trunk Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

Service	Internal	External	Total	Internal	External	Measure	Internal	External	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average		
	£m	£m	£m				Price	Price	£m	£m
Partial and Private Circuits 64kbit/s - Trunk Regional	1.5	0.7	2.2	242,360	110,410	km	6.30	6.30	1.7	0.8
Partial and Private Circuits 2Mbit/s - Trunk Regional	6.3	4.1	10.4	119,120	78,239	km	52.53	52.53	3.3	2.1
Partial and Private Circuits 34/45Mbit/s - Trunk Regional	2.0	0.5	2.5	5,056	1,381	km	392.48	392.48	1.8	0.5
Partial and Private Circuits 140/155Mbit/s - Trunk Regional	0.5	0.1	0.6	2,748	626	km	193.04	193.04	3.9	0.9
<b>Support Service</b>										
Protected Path Variants and Resilience	0.1	0.5	0.6							
<b>Total TI Regional Trunk</b>	<b>10.4</b>	<b>5.9</b>	<b>16.3</b>							

##### Notes

Estimated cost of £0.1m (Internal) and £0.5m (External)

	Price List before					
	Enhanced maintenance		Enhanced Maintenance		Average Price	
	Internal	External	Internal	External	Internal	External
	£	£	£	£	£	£
Partial and Private Circuits 64kbit/s - Trunk Regional	6.28	6.28	0.02	0.02	6.30	6.30
Partial and Private Circuits 2Mbit/s - Trunk Regional	50.22	50.22	2.31	2.31	52.53	52.53
Partial and Private Circuits 34/45Mbit/s - Trunk Regional	389.03	389.03	3.45	3.45	392.48	392.48
Partial and Private Circuits 140/155Mbit/s - Trunk Regional	187.08	187.08	5.96	5.96	193.04	193.04

Average price = Price list + Enhanced maintenance (100% of enhanced maintenance proportion)

## Section 8 – Review of Business Connectivity Markets

### 8.5.2 TI Regional Trunk calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

			TI Regional Trunk								
			Average cost per unit (from Appendix 1.1)	Partial and Private Circuits 64kbit/s - Trunk Regional - Internal	Partial and Private Circuits 64kbit/s - Trunk Regional - External	Partial and Private Circuits 2Mbit/s - Trunk Regional - Internal	Partial and Private Circuits 2Mbit/s - Trunk Regional - External	Partial and Private Circuits 34/45 Mbit/s - Trunk Regional - Internal	Partial and Private Circuits 34/45 Mbit/s - Trunk Regional - External	Partial and Private Circuits 140/155Mbit/s - Trunk Regional - Internal	Partial and Private Circuits 140/155Mbit/s - Trunk Regional - External
Fully Allocated Cost (£m)				£m	£m	£m	£m	£m	£m	£m	£m
Components	Unit (d)										
PC rental 64kbit/s link per km transmission	£/km	6.52		1.6	0.7	-	-	-	-	-	-
PC rentals 2Mbit/s regional trunk	£/km	23.90		-	-	2.8	1.9	-	-	-	-
PC rentals 34Mbit/s regional trunk	£/km	352.88		-	-	-	-	1.7	0.4	-	-
PC rentals 140Mbit/s regional trunk	£/km	1,514.50		-	-	-	-	-	-	3.8	0.9
Ofcom Administration Fee Wholesale	%	£3m		-	-	-	-	-	-	-	-
Customer support - partial private circuits	%	£20m		0.1	-	0.4	0.2	0.1	-	-	-
Revenue Receivables	%	£52m		-	-	-	-	-	-	-	-
Rounding				-	0.1	0.1	-	-	0.1	0.1	-
<b>Fully Allocated Cost (£m)</b>				<b>1.7</b>	<b>0.8</b>	<b>3.3</b>	<b>2.1</b>	<b>1.8</b>	<b>0.5</b>	<b>3.9</b>	<b>0.9</b>
			Volume (units)	242,360	110,410	119,120	78,239	5,056	1,381	2,748	626
			Unit cost £	6.94	6.94	27.45	27.45	356.53	347.58	1,404.09	1,492.91

## Section 8 – Review of Business Connectivity Markets

### 8.5.3 TI Regional Trunk Summary 2015

Restated for the year ended 31 March 2015 (h)

#### Detailed service analysis

Service	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal Average Price	External Average Price	Internal FAC	External FAC
	£m	£m	£m				£	£	£m	£m
Partial and Private Circuits 64kbit/s - Trunk Regional	1.7	0.8	2.5	304,470	135,842	km	5.62	5.62	1.5	0.7
Partial and Private Circuits 2Mbit/s - Trunk Regional	7.5	4.4	11.9	144,031	85,147	km	52.18	52.18	3.2	1.9
Partial and Private Circuits 34/45Mbit/s - Trunk Regional	2.4	1.0	3.4	6,176	2,448	km	391.96	391.96	1.5	0.6
Partial and Private Circuits 140/155Mbit/s - Trunk Regional	0.4	0.2	0.6	2,019	914	km	192.12	192.12	3.1	1.4
<b>Support Service</b>										
Protected Path Variants and Resilience	0.2	0.5	0.7							
<b>Total TI Regional Trunk</b>	<b>12.2</b>	<b>6.9</b>	<b>19.1</b>							

#### Notes

Estimated cost of £0.2m (Internal) and £0.2m (External)

	Price List before					
	Enhanced Maintenance		Enhanced Maintenance		Average Price	
	Internal	External	Internal	External	Internal	External
	£	£	£	£	£	£
Partial and Private Circuits 64kbit/s - Trunk Regional	5.61	5.61	0.02	0.02	5.62	5.62
Partial and Private Circuits 2Mbit/s - Trunk Regional	50.22	50.22	1.96	1.96	52.18	52.18
Partial and Private Circuits 34/45Mbit/s - Trunk Regional	389.03	389.03	2.93	2.93	391.96	391.96
Partial and Private Circuits 140/155Mbit/s - Trunk Regional	187.08	187.08	5.04	5.04	192.12	192.12

Average price = Price list + Enhanced maintenance (100% of enhanced maintenance proportion)

## Section 8 – Review of Business Connectivity Markets

### 8.5.4 TI Regional Trunk calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

			TI Regional Trunk							
			Partial and Private Circuits 64kbit/s - Trunk Regional - Internal	Partial and Private Circuits 64kbit/s - Trunk Regional - External	Partial and Private Circuits 2Mbit/s - Trunk Regional - Internal	Partial and Private Circuits 2Mbit/s - Trunk Regional - External	Partial and Private Circuits 34/45 Mbit/s - Trunk Regional - Internal	Partial and Private Circuits 34/45 Mbit/s - Trunk Regional - External	Partial and Private Circuits 140/155 Mbit/s - Trunk Regional - Internal	Partial and Private Circuits 140/155 Mbit/s - Trunk Regional - External
Average cost per unit (from Appendix 1.2)			£m	£m	£m	£m	£m	£m	£m	£m
<b>Fully Allocated Cost (£m)</b>										
Components	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m
PC rental 64kbit/s link per km transmission	£/km	4.52	1.4	0.6	-	-	-	-	-	-
PC rentals 2Mbit/s regional trunk	£/km	19.82	-	-	2.8	1.7	-	-	-	-
PC rentals 34Mbit/s regional trunk	£/km	245.60	-	-	-	-	1.4	0.5	-	-
PC rentals 140Mbit/s regional trunk	£/km	1,741.23	-	-	-	-	-	-	3.1	1.4
Customer support - partial private circuits	%	£18m	0.1	-	0.3	0.2	0.1	-	-	-
Revenue Receivables	%	£44m	-	-	-	-	-	-	-	-
Rounding			-	0.1	0.1	-	-	0.1	-	-
<b>Fully Allocated Cost (£m)</b>			<b>1.5</b>	<b>0.7</b>	<b>3.2</b>	<b>1.9</b>	<b>1.5</b>	<b>0.6</b>	<b>3.1</b>	<b>1.4</b>
Volume (units)			304,470	135,842	144,031	85,147	6,176	2,448	2,019	914
Unit cost £			4.79	4.79	22.20	22.20	238.18	234.87	1,522.93	1,586.18



## Section 8 – Review of Business Connectivity Markets

---

### 8.6 Business Connectivity Market – Technical Areas (Point of Handover)

#### 8.6.1 Technical Areas (Point of Handover) Summary 2016

For the year ended 31 March 2016

Detailed service analysis					
Service	Revenue £m	Volume	Measure	Average Price £	FAC £m
Customer Sited Handover Connections	-	-	conns	-	-
Customer Sited Handover Rentals	0.4	343	lines	1,311.43	0.2
In Span Handover Connections	-	-	conns	-	-
In Span Handover Rentals	0.3	516	lines	577.15	0.3
3rd Party POH Rental - Efficient Circuits	0.7	27,928	le	24.21	2.7
3rd Party POH Rental 64kbit/s Circuits	0.3	2,404	le	127.49	0.5
3rd Party POH Rental 2Mbit/s Non CLZ Circuits	0.6	3,515	le	163.70	0.3
3rd Party POH Rental Other Circuits	0.1	422	le	274.89	0.1
Rounding	-				-
<b>Total Technical Areas (Point of Handover)</b>	<b>2.4</b>				<b>4.1</b>

Note: all services are external

## Section 8 – Review of Business Connectivity Markets

### 8.6.2 Technical Areas (Point of Handover) calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

			Technical Areas (Point of Handover)								
			Average cost per unit (from Appendix 1.1)	Customer Sited Handover Connections - External	Customer Sited Handover Rentals - External	In Span Handover Connections - External	In Span Handover Rentals - External	3rd Party POH Rental - Efficient Circuits - External	3rd Party POH Rental 64kbit/s Circuits - External	3rd Party POH Rental 2Mbit/s Non CLZ Circuits - External	3rd Party POH Rental Other Circuits - External
Fully Allocated Cost (£m)				£m	£m	£m	£m	£m	£m	£m	£m
Components	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m	£m
Point of Handover electronics	£/eq	3,483.31	-	0.2	-	0.3	-	-	-	-	-
PC rental 64kbit/s link local end	£/le	1,222.67	-	-	-	-	0.5	0.5	-	-	-
PC rental 34Mbit/s link local end	£/le	1,286.55	-	-	-	-	0.1	-	-	-	-
PC rental 140Mbit/s link local end	£/le	2,756.29	-	-	-	-	-	-	-	-	-
PC rental 2Mbit/s local end copper	£/le	341.65	-	-	-	-	0.2	-	-	-	-
PC rental 2Mbit/s local end fibre	£/le	506.21	-	-	-	-	1.9	-	-	0.3	-
Customer support - partial private circuits	%	£20m	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee Wholesale	%	£3m	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£52m	-	-	-	-	-	-	-	-	-
Rounding			-	-	-	-	-	-	-	-	0.1
<b>Fully Allocated Cost (£m)</b>				-	0.2	-	0.3	2.7	0.5	0.3	0.1
Volume (units)			-	343	-	516	27,928	2,404	3,515	422	
Unit cost £			-	665.02	-	615.39	95.97	216.47	92.67	123.13	

## Section 8 – Review of Business Connectivity Markets

---

### 8.6.3 Technical Areas (Point of Handover) Summary 2015

Restated for the year ended 31 March 2015 (h)

Detailed service analysis	Revenue	Volume	Measure	Average Price	FAC
Service	£m			£	£m
Customer Sited Handover Connections	-	1	conns	26,087.74	0.5
Customer Sited Handover Rentals	0.5	364	lines	1,341.16	0.1
In Span Handover Connections	-	-	conns	-	-
In Span Handover Rentals	0.3	526	lines	576.16	0.1
3rd Party POH Rental - Efficient Circuits	0.7	32,205	le	22.34	2.8
3rd Party POH Rental 64kbit/s Circuits	0.3	2,684	le	127.49	0.5
3rd Party POH Rental 2Mbit/s Non CLZ Circuits	0.7	3,977	le	163.70	0.3
3rd Party POH Rental Other Circuits	0.1	504	le	267.97	0.1
Rounding	0.1				0.1
<b>Total Technical Areas (Point of Handover)</b>	<b>2.7</b>				<b>4.5</b>

Note: all services are external

## Section 8 – Review of Business Connectivity Markets

### 8.6.4 Technical Areas (Point of Handover) calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

Fully Allocated Cost (£m)		Average cost per unit (from Appendix 1.2)	Technical Areas (Point of Handover)							
			Customer Sited Handover Connections - External	Customer Sited Handover Rentals - External	In Span Handover Connections - External	In Span Handover Rentals - External	3rd Party POH Rental - Efficient Circuits - External	3rd Party POH Rental 64kbit/s Circuits - External	3rd Party POH Rental 2Mbit/s Non CLZ Circuits - External	3rd Party POH Rental Other Circuits - External
Components	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m
Point of Handover electronics	£/eq	8,426.44	0.5	0.1	-	0.1	-	-	-	-
PC rental 64kbit/s link local end	£/le	1,128.43	-	-	-	-	0.5	0.5	-	-
PC rental 34Mbit/s link local end	£/le	1,534.23	-	-	-	-	0.1	-	-	-
PC rental 140Mbit/s link local end	£/le	2,534.21	-	-	-	-	-	-	-	-
PC rental 2Mbit/s local end copper	£/le	390.76	-	-	-	-	0.3	-	-	-
PC rental 2Mbit/s local end fibre	£/le	433.16	-	-	-	-	1.8	-	0.2	-
Customer support - partial private circuits	%	£18m	-	-	-	-	-	-	-	-
Revenue Receivables	%	£44m	-	-	-	-	-	-	-	-
Rounding		-	-	-	-	-	0.1	-	0.1	0.1
<b>Fully Allocated Cost (£m)</b>			<b>0.5</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>	<b>2.8</b>	<b>0.5</b>	<b>0.3</b>	<b>0.1</b>
	Volume (units)		1	364	-	526	32,205	2,684	3,977	504
	Unit cost £		500,228.61	378.32	-	263.55	87.19	198.17	80.44	107.06

## Section 8 – Review of Business Connectivity Markets

### 8.7 Business Connectivity Market – AISBO Non-WECLA

#### 8.7.1 AISBO Non-WECLA Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

Service	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Internal Average Price £	External Average Price £	Internal FAC £m	External FAC £m
WES 10Mbit/s Rentals Non-WECLA	8.6	11.2	19.8	5,499	7,341	le	1,563.73	1,523.87	8.9	11.8
WES 100Mbit/s Rentals Non-WECLA	11.5	10.5	22.0	6,725	6,589	le	1,706.80	1,587.70	10.8	10.6
WES 1Gbit/s Rentals Non-WECLA	5.8	5.6	11.4	1,471	1,422	le	3,909.16	3,928.95	3.2	3.1
WES Other Bandwidth Rentals Non-WECLA	2.1	1.9	4.0	4,213	1,169	le	500.54	1,613.88	3.5	1.0
BES 1Gbit/s Rentals Non-WECLA	1.4	9.2	10.6	412	2,791	le	3,370.95	3,286.45	0.9	5.9
EAD LA 10Mbit/s Rentals Non-WECLA	18.6	4.9	23.5	10,443	2,772	ccts	1,777.55	1,766.84	17.1	4.5
EAD LA 100Mbit/s Rentals Non-WECLA	58.5	34.1	92.6	34,694	21,126	ccts	1,687.18	1,615.95	58.1	35.3
EAD LA 1Gbit/s Rentals Non-WECLA	33.3	4.8	38.1	11,437	1,589	ccts	2,908.64	3,005.33	20.7	2.9
EAD Other 10Mbit/s Rentals Non-WECLA	11.7	7.4	19.1	4,503	2,852	ccts	2,603.76	2,584.44	11.4	7.2
EAD Other 100Mbit/s Rentals Non-WECLA	37.9	27.5	65.4	14,690	11,254	ccts	2,582.56	2,446.57	40.8	31.2
EAD Other 1Gbit/s Rentals Non-WECLA	66.9	31.4	98.3	13,835	6,992	ccts	4,833.96	4,488.54	36.8	18.6
EAD LA 10Mbit/s Connections Non-WECLA*	0.8	0.1	0.9	347	250	ccts	2,203.31	411.40	0.2	0.1
EAD LA 100Mbit/s Connections Non-WECLA*	20.1	22.2	42.3	10,218	11,918	ccts	1,969.15	1,860.42	4.7	5.4
EAD LA 1Gbit/s Connections Non-WECLA*	7.7	2.8	10.5	3,911	1,215	ccts	1,969.89	2,274.60	1.8	0.6
EAD Other 10Mbit/s Connections Non-WECLA*	0.4	0.2	0.6	170	86	ccts	2,206.13	2,093.46	0.1	-
EAD Other 100Mbit/s Connections Non-WECLA*	6.5	6.7	13.2	3,293	3,377	ccts	1,970.94	1,983.84	1.5	1.6
EAD Other 1Gbit/s Connections Non-WECLA*	10.1	7.6	17.7	3,980	2,298	ccts	2,533.17	3,308.78	1.9	1.1
EBD / ONBS Rentals Non-WECLA	15.8	9.5	25.3	2,325	1,643	ccts	6,816.55	5,803.37	15.3	12.5
EBD ONBS Connections Non-WECLA	0.5	0.7	1.2	200	291	ccts	2,585.66	2,373.51	0.1	0.1
Other Ethernet Rentals Non-WECLA	4.4	1.6	6.0	(ux)	(ux)	(ux)	(sx)	(sx)	4.6	1.7
Other Ethernet Connections Non-WECLA	1.0	0.9	1.9	(ux)	(ux)	(ux)	(sx)	(sx)	0.6	0.2
Main Link Rental Charges Non-WECLA	104.7	82.3	187.0	288,129	221,806	fibre km	363.30	371.10	62.3	48.0
	<b>428.3</b>	<b>283.1</b>	<b>711.4</b>							
<b>Support Services</b>										
Equipment Depreciation Non-WECLA	-	-	-							
Excess Construction Charges Non-WECLA	14.9	8.6	23.5							
<b>Rounding</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>							
<b>Total AISBO Non-WECLA</b>	<b>443.1</b>	<b>291.6</b>	<b>734.7</b>							

##### Notes

Estimated equipment depreciation £8.1m

Estimated matched cost of £14.9m (Internal) and £8.6 (External)

\*EAD Connection Services Includes Excess Construction Charge fixed fee revenue of £22.5m, associated depreciation of £1.3m and MCE of £29.8m

## Section 8 – Review of Business Connectivity Markets

### 8.7.2 AISBO Non-WECLA calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

		AISBO Non-WECLA																
		Average cost per unit (from Appendix 1.1)	WES10Mbit/s Rentals Non-WECLA - Internal	WES10Mbit/s Rentals Non-WECLA - External	WES100Mbit/s Rentals Non-WECLA - Internal	WES100Mbit/s Rentals Non-WECLA - External	WES1Gbit/s Rentals Non-WECLA - Internal	WES1Gbit/s Rentals Non-WECLA - External	WES Other Bandwidth Rentals Non-WECLA - Internal	WES Other Bandwidth Rentals Non-WECLA - External	BES1Gbit/s Rentals Non-WECLA - Internal	BES1Gbit/s Rentals Non-WECLA - External	EAD LA10Mbit/s Rentals Non-WECLA - Internal	EAD LA10Mbit/s Rentals Non-WECLA - External	EAD LA100Mbit/s Rentals Non-WECLA - Internal	EAD LA100Mbit/s Rentals Non-WECLA - External	EAD LA1Gbit/s Rentals Non-WECLA - Internal	EAD LA1Gbit/s Rentals Non-WECLA - External
Components	Unit (d)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Routing & records	£/line	1.48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,148.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,143.68	6.3	8.4	7.7	7.5	1.7	1.7	2.6	0.5	0.5	3.2	-	-	-	-	-	-
Ethernet main links	£/fibre km	200.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Electronics	£/le	390.64	2.2	2.9	2.6	2.6	1.3	1.3	0.7	0.5	0.4	2.4	6.1	1.6	20.3	12.4	7.6	1.1
Ofcom Administration Fee Openreach	%	£6m	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-
Ethernet Access Direct Fibre	£/circuit	896.39	-	-	-	-	-	-	-	-	-	-	9.6	2.5	33.2	20.2	11.3	1.6
Ethernet Backhaul Direct extended reach	£/circuit	55.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct resilience	£/circuit	1,002.51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct	£/circuit	6,399.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£42m	0.1	0.1	0.1	0.1	-	-	-	-	-	0.1	0.2	0.1	0.7	0.4	0.4	0.1
OR Service Centre - Assurance Ethernet	%	£8m	0.1	0.1	0.1	0.1	-	-	0.1	-	-	0.1	0.4	0.1	1.4	0.8	0.5	0.1
OR Service Centre - Provision AISBO	%	£13m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OR Systems & Development - Ethernet	£/le	59.06	0.2	0.2	0.2	0.2	-	-	0.1	-	-	0.1	0.6	0.2	2.0	1.2	0.7	0.1
Other Ethernet Rentals - CCTV	£/le	244.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides - CCTV	£/le	578.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AISBO Excess Construction	%	£37m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£52m	0.1	0.1	0.1	0.1	-	-	-	-	-	0.1	0.1	-	0.4	0.2	0.2	-
Rounding			(0.1)	-	-	-	0.2	0.1	-	-	-	(0.1)	0.1	-	-	0.1	-	(0.1)
<b>Fully Allocated Cost (£m)</b>			<b>8.9</b>	<b>11.8</b>	<b>10.8</b>	<b>10.6</b>	<b>3.2</b>	<b>3.1</b>	<b>3.5</b>	<b>1.0</b>	<b>0.9</b>	<b>5.9</b>	<b>17.1</b>	<b>4.5</b>	<b>58.1</b>	<b>35.3</b>	<b>20.7</b>	<b>2.9</b>
Volume (units)			5,499	7,341	6,725	6,589	1,471	1,422	4,213	1,169	412	2,791	10,443	2,772	34,694	21,126	11,437	1,589
Unit cost £			1,611.77	1,611.20	1,608.70	1,606.99	2,176.29	2,176.58	839.36	866.24	2,126.33	2,124.72	1,638.15	1,637.94	1,673.81	1,672.38	1,810.34	1,812.28

## Section 8 – Review of Business Connectivity Markets

### 8.7.2 AISBO Non-WECLA calculation of FAC based on component costs and usage factors 2016 (Continued)

For the year ended 31 March 2016

		AISBO Non-WECLA														
		Average cost per unit (from Appendix 1.1)	EAD Other 10Mbit/s Rentals Non-WECLA - Internal	EAD Other 10Mbit/s Rentals Non-WECLA - External	EAD Other 100Mbit/s Rentals Non-WECLA - Internal	EAD Other 100Mbit/s Rentals Non-WECLA - External	EAD Other 1Gbit/s Rentals Non-WECLA - Internal	EAD Other 1Gbit/s Rentals Non-WECLA - External	EAD LA 10Mbit/s Connections Non-WECLA - Internal	EAD LA 10Mbit/s Connections Non-WECLA - External	EAD LA 100Mbit/s Connections Non-WECLA - Internal	EAD LA 100Mbit/s Connections Non-WECLA - External	EAD LA 1Gbit/s Connections Non-WECLA - Internal	EAD LA 1Gbit/s Connections Non-WECLA - External	EAD Other 10Mbit/s Connections Non-WECLA - Internal	EAD Other 10Mbit/s Connections Non-WECLA - External
Components	Unit (d)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Routing & records	£/line	1.48	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,148.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,143.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	200.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Electronics	£/le	390.64	2.6	1.7	8.6	6.6	9.2	4.7	-	-	-	-	-	-	-	-
Ofcom Administration Fee Openreach	%	£6m	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-
Ethernet Access Direct Fibre	£/circuit	896.39	8.1	5.1	30.0	23.0	24.9	12.6	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct extended reach	£/circuit	55.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct resilience	£/circuit	1,002.51	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct	£/circuit	6,399.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£42m	0.1	0.1	0.5	0.3	0.8	0.4	-	-	0.2	0.3	0.1	-	-	-
OR Service Centre - Assurance Ethernet	%	£8m	0.2	0.1	0.6	0.4	0.5	0.3	-	-	-	-	-	-	-	-
OR Service Centre - Provision AISBO	%	£13m	-	-	-	-	-	-	0.1	0.1	2.5	3.0	1.0	0.3	-	-
OR Systems & Development - Ethernet	£/le	59.06	0.3	0.2	0.9	0.7	0.8	0.4	-	-	0.6	0.7	0.2	0.1	-	-
Other Ethernet Rentals - CCTV	£/le	244.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides - CCTV	£/le	578.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AISBO Excess Construction	%	£37m	-	-	-	-	-	-	-	-	1.1	1.3	0.4	0.1	-	-
Revenue Receivables	%	£52m	0.1	-	0.2	0.2	0.4	0.2	-	-	0.1	0.1	0.1	-	-	-
Rounding		-	-	-	-	-	0.1	-	0.1	-	0.2	-	-	0.1	0.1	-
<b>Fully Allocated Cost (£m)</b>			<b>11.4</b>	<b>7.2</b>	<b>40.8</b>	<b>31.2</b>	<b>36.8</b>	<b>18.6</b>	<b>0.2</b>	<b>0.1</b>	<b>4.7</b>	<b>5.4</b>	<b>1.8</b>	<b>0.6</b>	<b>0.1</b>	<b>-</b>
	Volume (units)	4,503	2,852	14,690	11,254	13,835	6,992	347	250	10,218	11,918	3,911	1,215	170	86	
	Unit cost £	2,528.77	2,528.38	2,774.74	2,772.01	2,661.28	2,654.35	463.87	427.93	459.18	456.99	459.19	465.30	463.93	461.67	

## Section 8 – Review of Business Connectivity Markets

### 8.7.2 AISBO Non-WECLA calculation of FAC based on component costs and usage factors 2016 (Continued)

For the year ended 31 March 2016

		AISBO Non-WECLA																													
		Average cost per unit (from Appendix 1.1)	EAD Other 100Mbit/s Connections Non-WECLA - Internal		EAD Other 100Mbit/s Connections Non-WECLA - External		EAD Other 1Gbit/s Connections Non-WECLA - Internal		EAD Other 1Gbit/s Connections Non-WECLA - External		EBD / ONBS Rentals Non-WECLA - Internal		EBD / ONBS Rentals Non-WECLA - External		EBD ONBS Connections Non-WECLA - Internal		EBD ONBS Connections Non-WECLA - External		Other Ethernet Rentals Non-WECLA - Internal		Other Ethernet Rentals Non-WECLA - External		Other Ethernet Connections Non-WECLA - Internal		Other Ethernet Connections Non-WECLA - External		Main Link Rental Charges Non-WECLA - Internal		Main Link Rental Charges Non-WECLA - External		
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Components	Unit (d)																														
Routing & records	£/line	1.48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Backhaul Extension Services Fibre	£/le	1,148.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wholesale Extension Services Fibre	£/le	1,143.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet main links	£/fibre km	200.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57.8	-	-	44.5		
Ethernet Electronics	£/le	390.64	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ofcom Administration Fee Openreach	%	£6m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Access Direct Fibre	£/circuit	896.39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct extended reach	£/circuit	55.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct resilience	£/circuit	1,002.51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct	£/circuit	6,399.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Openreach sales product management	%	£42m	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Assurance Ethernet	%	£8m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Provision AISBO	%	£13m	0.8	0.8	1.0	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Systems & Development - Ethernet	£/le	59.06	0.2	0.2	0.2	0.1	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Ethernet Rentals - CCTV	£/le	244.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Ethernet new provides - CCTV	£/le	578.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
AISBO Excess Construction	%	£37m	0.4	0.4	0.4	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue Receivables	%	£52m	-	-	0.1	-	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.5		
Rounding			-	0.1	0.1	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Fully Allocated Cost (£m)</b>			<b>1.5</b>	<b>1.6</b>	<b>1.9</b>	<b>1.1</b>	<b>15.3</b>	<b>12.5</b>	<b>0.1</b>	<b>0.1</b>	<b>4.6</b>	<b>1.7</b>	<b>0.6</b>	<b>0.2</b>	<b>62.3</b>	<b>48.0</b>															
	Volume (units)		3,293	3,377	3,980	2,298	2,325	1,643	200	291	(ux)	(ux)	(ux)	(ux)	288,129	221,806															
	Unit cost £		459.21	459.62	470.49	486.05	6,588.49	7,633.50	343.61	340.80	(ux)	(ux)	(ux)	(ux)	216.14	216.30															



## Section 8 – Review of Business Connectivity Markets

### 8.7.3 AISBO Non-WECLA Summary 2015

Restated for the year ended 31 March 2015 (h)

#### Detailed service analysis

Service	Internal	External	Total	Internal	External	Measure	Internal	External	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average	FAC	FAC
	£m	£m	£m				Price	Price	£m	£m
							£	£		
WES 10Mbit/s Rentals Non-WECLA	13.3	15.3	28.6	8,465	9,933	le	1,576.15	1,537.41	13.2	15.5
WES 100Mbit/s Rentals Non-WECLA	17.6	14.4	32.0	10,017	8,742	le	1,753.82	1,647.45	15.6	13.6
WES 1Gbit/s Rentals Non-WECLA	7.7	8.1	15.8	1,732	1,836	le	4,469.45	4,431.41	4.0	4.3
WES Other Bandwidth Rentals Non-WECLA	3.5	2.1	5.6	7,101	1,428	le	488.91	1,483.23	6.4	1.2
BES 1Gbit/s Rentals Non-WECLA	1.2	13.9	15.1	325	3,864	le	3,725.13	3,585.88	0.7	8.7
EAD LA 10Mbit/s Rentals Non-WECLA	20.2	5.2	25.4	11,372	2,944	ccts	1,779.65	1,765.18	19.6	5.1
EAD LA 100Mbit/s Rentals Non-WECLA	46.7	20.6	67.3	27,611	12,721	ccts	1,690.71	1,615.64	48.8	22.5
EAD LA 1Gbit/s Rentals Non-WECLA	27.2	3.2	30.4	8,032	756	ccts	3,389.57	4,256.21	15.9	1.5
EAD Other 10Mbit/s Rentals Non-WECLA	12.7	9.0	21.7	4,883	3,489	ccts	2,603.38	2,578.46	12.8	9.1
EAD Other 100Mbit/s Rentals Non-WECLA	34.8	23.5	58.3	13,099	9,633	ccts	2,655.30	2,439.19	35.9	26.4
EAD Other 1Gbit/s Rentals Non-WECLA	66.2	33.6	99.8	10,583	5,643	ccts	6,254.05	5,957.55	34.4	18.3
EAD LA 10Mbit/s Connections Non-WECLA*	1.5	0.4	1.9	780	226	ccts	1,913.84	1,860.79	0.5	0.1
EAD LA 100Mbit/s Connections Non-WECLA*	17.5	12.9	30.4	9,919	7,334	ccts	1,767.59	1,760.68	5.9	4.3
EAD LA 1Gbit/s Connections Non-WECLA*	6.7	1.5	8.2	3,841	723	ccts	1,736.89	2,133.49	2.3	0.4
EAD Other 10Mbit/s Connections Non-WECLA*	0.9	0.8	1.7	429	426	ccts	1,983.09	1,905.81	0.3	0.2
EAD Other 100Mbit/s Connections Non-WECLA*	6.9	6.7	13.6	3,794	3,791	ccts	1,816.90	1,778.97	2.2	2.2
EAD Other 1Gbit/s Connections Non-WECLA*	8.8	7.7	16.5	2,626	2,091	ccts	3,339.15	3,674.05	1.6	1.3
EBD / ONBS Rentals Non-WECLA	27.6	8.2	35.8	4,093	1,398	ccts	6,756.18	5,830.19	30.7	11.2
EBD ONBS Connections Non-WECLA	0.7	1.1	1.8	196	329	ccts	3,553.57	3,279.47	0.1	0.2
Other Ethernet Rentals Non-WECLA	4.2	1.9	6.1	(ux)	(ux)	(ux)	(sx)	(sx)	6.1	2.6
Other Ethernet Connections Non-WECLA	0.8	2.5	3.3	(ux)	(ux)	(ux)	(sx)	(sx)	1.2	0.7
Main Link Rental Charges Non-WECLA	97.5	85.7	183.2	273,839	231,950	fibre km	356.08	369.61	58.3	49.4
	<b>424.2</b>	<b>278.3</b>	<b>702.5</b>							
<b>Support Services</b>										
Equipment Depreciation Non-WECLA	-	-	-							
Excess Construction Charges Non-WECLA	16.5	10.5	27.0							
Rounding	-	-	-							
<b>Total AISBO Non-WECLA</b>	<b>440.7</b>	<b>288.8</b>	<b>729.5</b>							

#### Notes

Estimated equipment depreciation £7.3m

Estimated matched cost of £16.5m (Internal) and £10.5 (External)

\*EAD Connection Services Includes Excess Construction Charge fixed fee revenue of £16.6m, associated depreciation of £0.6m and MCE of £17.4m

## Section 8 – Review of Business Connectivity Markets

### 8.7.4 AISBO Non-WECLA calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

		AISBO Non-WECLA																
		Average cost per unit (from Appendix 1.2)	WES 10Mbit/s Rentals Non-WECLA - Internal	WES 10Mbit/s Rentals Non-WECLA - External	WES 100Mbit/s Rentals Non-WECLA - Internal	WES 100Mbit/s Rentals Non-WECLA - External	WES 1Gbit/s Rentals Non-WECLA - Internal	WES 1Gbit/s Rentals Non-WECLA - External	WES Other Bandwidth Rentals Non-WECLA - Internal	WES Other Bandwidth Rentals Non-WECLA - External	BES 1Gbit/s Rentals Non-WECLA - Internal	BES 1Gbit/s Rentals Non-WECLA - External	EADLA 10Mbit/s Rentals Non-WECLA - Internal	EADLA 10Mbit/s Rentals Non-WECLA - External	EADLA 100Mbit/s Rentals Non-WECLA - Internal	EADLA 100Mbit/s Rentals Non-WECLA - External	EADLA 1Gbit/s Rentals Non-WECLA - Internal	EADLA 1Gbit/s Rentals Non-WECLA - External
Fully Allocated Cost (£m)	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Routing & records	£/line	1.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	980.33	-	-	-	-	-	-	-	-	0.3	3.8	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	982.33	8.3	9.8	9.8	8.6	1.7	1.8	4.2	0.4	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	194.77	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Electronics	£/le	490.04	4.2	4.9	4.9	4.3	2.1	2.2	1.7	0.6	0.4	4.5	8.3	2.2	20.2	9.3	7.2	0.7
Ethernet Access Direct Fibre	£/circuit	815.69	-	-	-	-	-	-	-	-	-	-	9.5	2.5	24.2	11.2	7.3	0.7
Ethernet Backhaul Direct extended reach	£/circuit	30.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct resilience	£/circuit	488.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct	£/circuit	7,293.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£16m	0.1	0.1	0.1	0.1	-	-	-	-	-	0.1	0.1	-	0.3	0.1	0.2	-
OR Service Centre - Assurance Ethernet	%	£7m	0.2	0.2	0.2	0.2	-	-	0.1	-	-	0.1	0.4	0.1	1.1	0.5	0.3	-
OR Service Centre - Provision AISBO	%	£19m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OR Systems & Development - Ethernet	£/le	97.70	0.4	0.5	0.5	0.4	0.1	0.1	0.3	0.1	-	0.2	1.1	0.3	2.7	1.2	0.8	0.1
Other Ethernet Rentals - CCTV	£/le	258.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides - CCTV	£/le	1,836.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AISBO Excess Construction	%	£30m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£44m	0.1	0.1	0.1	0.1	-	-	-	-	-	0.1	0.1	-	0.3	0.1	0.2	-
Rounding			(0.1)	(0.1)	-	(0.1)	0.1	0.2	0.1	0.1	-	(0.1)	0.1	-	-	0.1	(0.1)	-
<b>Fully Allocated Cost (£m)</b>			<b>13.2</b>	<b>15.5</b>	<b>15.6</b>	<b>13.6</b>	<b>4.0</b>	<b>4.3</b>	<b>6.4</b>	<b>1.2</b>	<b>0.7</b>	<b>8.7</b>	<b>19.6</b>	<b>5.1</b>	<b>48.8</b>	<b>22.5</b>	<b>15.9</b>	<b>1.5</b>
Volume (units)			8,465	9,933	10,017	8,742	1,732	1,836	7,101	1,428	325	3,864	11,372	2,944	27,611	12,721	8,032	756
Unit cost £			1,559.74	1,559.33	1,559.67	1,558.55	2,328.24	2,327.84	901.02	837.20	2,246.98	2,245.45	1,727.68	1,727.51	1,765.89	1,765.02	1,981.31	1,991.42

## Section 8 – Review of Business Connectivity Markets

### 8.7.4 AISBO Non-WECLA calculation of FAC based on component costs and usage factors 2015 (Continued)

Restated for the year ended 31 March 2015 (h)

		AISBO Non-WECLA														
		Average cost per unit (from Appendix 1.2)	EAD Other 10Mbit/s Rentals Non-WECLA - Internal	EAD Other 10Mbit/s Rentals Non-WECLA - External	EAD Other 100Mbit/s Rentals Non-WECLA - Internal	EAD Other 100Mbit/s Rentals Non-WECLA - External	EAD Other 1Gbit/s Rentals Non-WECLA - Internal	EAD Other 1Gbit/s Rentals Non-WECLA - External	EAD LA 10Mbit/s Connections Non-WECLA - Internal	EAD LA 10Mbit/s Connections Non-WECLA - External	EAD LA 100Mbit/s Connections Non-WECLA - Internal	EAD LA 100Mbit/s Connections Non-WECLA - External	EAD LA 1Gbit/s Connections Non-WECLA - Internal	EAD LA 1Gbit/s Connections Non-WECLA - External	EAD Other 10Mbit/s Connections Non-WECLA - Internal	EAD Other 10Mbit/s Connections Non-WECLA - External
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Components	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Routing & records	£/line	1.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	980.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	982.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	194.77	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Electronics	£/le	490.04	3.6	2.6	9.6	7.1	9.5	5.0	-	-	-	-	-	-	-	-
Ethernet Access Direct Fibre	£/circuit	815.69	8.4	6.0	24.1	17.7	22.8	12.1	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct extended reach	£/circuit	30.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct resilience	£/circuit	488.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct	£/circuit	7,293.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£16m	0.1	0.1	0.2	0.1	0.4	0.2	-	-	0.1	0.1	-	-	-	-
OR Service Centre - Assurance Ethernet	%	£7m	0.2	0.1	0.5	0.4	0.4	0.2	-	-	-	-	-	-	-	-
OR Service Centre - Provision AISBO	%	£19m	-	-	-	-	-	-	0.3	0.1	4.1	3.1	1.6	0.3	0.2	0.2
OR Systems & Development - Ethernet	£/le	97.70	0.5	0.3	1.3	0.9	1.0	0.6	0.1	-	1.0	0.7	0.4	0.1	-	-
Other Ethernet Rentals - CCTV	£/le	258.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides - CCTV	£/le	1,836.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AISBO Excess Construction	%	£30m	-	-	-	-	-	-	-	-	0.5	0.4	0.2	-	-	-
Revenue Receivables	%	£44m	0.1	0.1	0.2	0.1	0.4	0.2	-	-	0.1	0.1	-	-	-	-
Rounding			(0.1)	(0.1)	-	0.1	(0.1)	-	0.1	-	0.1	(0.1)	0.1	-	0.1	-
<b>Fully Allocated Cost (£m)</b>			<b>12.8</b>	<b>9.1</b>	<b>35.9</b>	<b>26.4</b>	<b>34.4</b>	<b>18.3</b>	<b>0.5</b>	<b>0.1</b>	<b>5.9</b>	<b>4.3</b>	<b>2.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>
Volume (units)			4,883	3,489	13,099	9,633	10,583	5,643	780	226	9,919	7,334	3,841	723	429	426
Unit cost £			2,615.95	2,615.66	2,741.96	2,739.44	3,254.92	3,251.46	587.84	586.95	590.80	592.02	590.48	600.82	590.36	585.82

## Section 8 – Review of Business Connectivity Markets

### 8.7.4 AISBO Non-WECLA calculation of FAC based on component costs and usage factors 2015 (Continued)

Restated for the year ended 31 March 2015 (h)

		AISBO Non-WECLA															
		Average cost per unit (from Appendix 1.2)	EAD Other 100Mbit/s Connections Non-WECLA - Internal	EAD Other 100Mbit/s Connections Non-WECLA - External	EAD Other 1Gbit/s Connections Non-WECLA - Internal	EAD Other 1Gbit/s Connections Non-WECLA - External	EBD / ONBS Rentals Non-WECLA - Internal	EBD / ONBS Rentals Non-WECLA - External	EBD ONBS Connections Non-WECLA - Internal	EBD ONBS Connections Non-WECLA - External	Other Ethernet Rentals Non-WECLA - Internal	Other Ethernet Rentals Non-WECLA - External	Other Ethernet Connections Non-WECLA - Internal	Other Ethernet Connections Non-WECLA - External	Main Link Rental Charges Non-WECLA - Internal	Main Link Rental Charges Non-WECLA - External	
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Components	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Routing & records	£/line	1.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Backhaul Extension Services Fibre	£/le	980.33	-	-	-	-	-	-	-	-	2.6	0.9	-	-	-	-	
Wholesale Extension Services Fibre	£/le	982.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet main links	£/fibre km	194.77	-	-	-	-	-	-	-	-	-	-	-	-	53.3	45.2	
Ethernet Electronics	£/le	490.04	-	-	-	-	-	-	-	-	1.3	0.4	-	-	-	-	
Ethernet Access Direct Fibre	£/circuit	815.69	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	
Ethernet Backhaul Direct extended reach	£/circuit	30.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct resilience	£/circuit	488.55	-	-	-	-	-	0.7	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct	£/circuit	7,293.74	-	-	-	-	29.8	10.2	-	-	-	-	-	-	-	-	
Openreach sales product management	%	£16m	-	-	0.1	-	0.1	-	-	-	-	-	-	-	0.6	0.5	
OR Service Centre - Assurance Ethernet	%	£7m	-	-	-	-	0.2	0.1	-	-	0.2	0.3	-	-	-	-	
OR Service Centre - Provision AISBO	%	£19m	1.6	1.6	1.1	0.9	-	-	0.1	0.1	-	-	0.2	0.5	-	-	
OR Systems & Development - Ethernet	£/le	97.70	0.4	0.4	0.3	0.2	0.4	0.1	-	-	0.5	0.9	0.1	0.1	3.8	3.2	
Other Ethernet Rentals - CCTV	£/le	258.33	-	-	-	-	-	-	-	-	1.4	-	-	-	-	-	
Other Ethernet new provides - CCTV	£/le	1,836.14	-	-	-	-	-	-	-	-	-	-	0.9	-	-	-	
AISBO Excess Construction	%	£30m	0.2	0.2	0.1	0.1	-	-	-	-	-	-	-	-	-	-	
Revenue Receivables	%	£44m	-	-	-	-	0.2	-	-	-	-	-	-	-	0.5	0.5	
Rounding			-	-	-	0.1	-	0.1	-	0.1	0.1	-	-	0.1	0.1	-	
<b>Fully Allocated Cost (£m)</b>			<b>2.2</b>	<b>2.2</b>	<b>1.6</b>	<b>1.3</b>	<b>30.7</b>	<b>11.2</b>	<b>0.1</b>	<b>0.2</b>	<b>6.1</b>	<b>2.6</b>	<b>1.2</b>	<b>0.7</b>	<b>58.3</b>	<b>49.4</b>	
	Volume (units)		3,794	3,791	2,626	2,091	4,093	1,398	196	329	(ux)	(ux)	(ux)	(ux)	273,839	231,950	
	Unit cost £		590.94	589.22	608.11	614.59	7,489.63	8,000.56	548.65	546.24	(ux)	(ux)	(ux)	(ux)	212.87	213.03	

## Section 8 – Review of Business Connectivity Markets

### 8.8 Business Connectivity Market – AISBO WECLA

#### 8.8.1 AISBO WECLA Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

Service	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Internal Average Price £	External Average Price £	Internal FAC £m	External FAC £m
WES 10Mbit/s Rentals WECLA	1.0	0.9	1.9	631	549	le	1,599.27	1,564.73	0.6	0.5
WES 100Mbit/s Rentals WECLA	1.6	1.6	3.2	946	999	le	1,652.85	1,565.07	0.9	1.0
WES 1Gbit/s Rentals WECLA	1.5	0.4	1.9	390	112	le	3,771.30	3,724.27	0.6	0.2
EAD LA 10Mbit/s Rentals WECLA	1.8	0.3	2.1	1,003	196	ccts	1,798.84	1,766.56	1.1	0.2
EAD LA 100Mbit/s Rentals WECLA	10.2	6.6	16.8	6,030	4,087	ccts	1,688.15	1,611.93	6.9	4.7
EAD LA 1Gbit/s Rentals WECLA	4.4	2.4	6.8	1,377	792	ccts	3,181.04	2,989.21	1.7	1.0
EAD Other 10Mbit/s Rentals WECLA	0.4	0.6	1.0	161	227	ccts	2,737.71	2,620.88	0.2	0.4
EAD Other 100Mbit/s Rentals WECLA	2.5	4.9	7.4	907	1,996	ccts	2,787.47	2,462.92	1.6	3.4
EAD Other 1Gbit/s Rentals WECLA	4.5	3.7	8.2	922	852	ccts	4,887.83	4,343.74	1.6	1.4
EAD LA Connections WECLA*	5.1	4.8	9.9	2,447	2,215	ccts	2,096.99	2,177.51	1.1	1.0
EAD Other Connections WECLA*	0.8	2.0	2.8	324	782	ccts	2,443.18	2,604.96	0.1	0.4
EBD / ONBS Rentals WECLA	1.2	0.4	1.6	164	79	ccts	7,102.26	5,573.28	1.0	0.6
EBD / ONBS Connections WECLA	-	-	-	3	16	ccts	2,562.37	2,717.04	-	-
Other Ethernet Rentals WECLA	1.5	0.7	2.2	(ux)	(ux)	(ux)	(sx)	(sx)	0.7	0.2
Other Ethernet Connections WECLA	0.1	0.2	0.3	(ux)	(ux)	(ux)	(sx)	(sx)	0.1	-
Main link Rental Charges WECLA	3.7	4.7	8.4	9,896	12,638	fibre km	372.46	375.58	0.9	1.1
	<b>40.3</b>	<b>34.2</b>	<b>74.5</b>							
<b>Support Services</b>										
Equipment Depreciation WECLA	-	-	-							
Excess Construction Charges WECLA	1.9	1.1	3.0							
Rounding	-	0.2	0.2							
<b>Total AISBO WECLA</b>	<b>42.2</b>	<b>35.5</b>	<b>77.7</b>							

##### Notes

Estimated equipment depreciation £1.0m  
Estimated matched cost of £1.9m (Internal) and £1.1 (External)

\*EAD Connection Services Includes Excess Construction Charge fixed fee revenue of £3.2m, associated depreciation of £0.2m and MCE of £3.8m

## Section 8 – Review of Business Connectivity Markets

### 8.8.2 AISBO WECLA calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

		AISBO WECLA																												
		Average cost per unit (from Appendix 1.1)	WES 10Mbit/s Rentals WECLA - Internal		WES 10Mbit/s Rentals WECLA - External		WES 100Mbit/s Rentals WECLA - Internal		WES 100Mbit/s Rentals WECLA - External		WES 1Gbit/s Rentals WECLA - Internal		WES 1Gbit/s Rentals WECLA - External		EAD LA 10Mbit/s Rentals WECLA - Internal		EAD LA 10Mbit/s Rentals WECLA - External		EAD LA 100Mbit/s Rentals WECLA - Internal		EAD LA 100Mbit/s Rentals WECLA - External		EAD Other 10Mbit/s Rentals WECLA - Internal		EAD Other 10Mbit/s Rentals WECLA - External		EAD Other 100Mbit/s Rentals WECLA - Internal		EAD Other 100Mbit/s Rentals WECLA - External	
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Components	Unit (d)																													
Routeing & records	£/line	1.48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,148.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,143.68	0.3	0.3	0.5	0.5	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	200.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Electronics	£/le	390.64	0.2	0.2	0.3	0.4	0.3	0.1	0.6	0.1	3.5	2.4	0.9	0.5	0.1	0.1	0.5	1.2	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Access Direct Fibre	£/circuit	896.39	-	-	-	-	-	-	0.4	0.1	2.6	1.8	0.6	0.4	0.1	0.2	0.9	1.9	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct extended reach	£/circuit	55.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct resilience	£/circuit	1,002.51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct	£/circuit	6,399.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£42m	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1
OR Service Centre - Assurance Ethernet	%	£8m	-	-	-	-	-	-	-	-	0.2	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1
OR Service Centre - Provision AISBO	%	£13m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OR Systems & Development - Ethernet	£/le	59.06	-	-	-	-	-	-	0.1	-	0.4	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
Ofcom Administration Fee Openreach	%	£6m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet Rentals - CCTV	£/le	244.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides - CCTV	£/le	578.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AISBO Excess Construction	%	£37m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£52m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding			0.1	-	0.1	0.1	0.1	-	-	-	0.1	-	(0.1)	0.1	-	0.1	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-
<b>Fully Allocated Cost (£m)</b>			<b>0.6</b>	<b>0.5</b>	<b>0.9</b>	<b>1.0</b>	<b>0.6</b>	<b>0.2</b>	<b>1.1</b>	<b>0.2</b>	<b>6.9</b>	<b>4.7</b>	<b>1.7</b>	<b>1.0</b>	<b>0.2</b>	<b>0.4</b>	<b>1.6</b>	<b>3.4</b>												
	Volume (units)		631	549	946	999	390	112	1,003	196	6,030	4,087	1,377	792	161	227	907	1,996												
	Unit cost £		941.17	940.68	960.37	959.11	1,520.88	1,520.20	1,143.53	1,142.89	1,147.76	1,146.23	1,269.89	1,266.04	1,549.49	1,547.15	1,708.28	1,701.77												

## Section 8 – Review of Business Connectivity Markets

### 8.8.2 AISBO WECLA calculation of FAC based on component costs and usage factors 2016 (Continued)

For the year ended 31 March 2016

		AISBO WECLA																																
		Average cost per unit (from Appendix 1.1)	EAD Other 1Gbit/s Rentals WECLA - Internal		EAD Other 1Gbit/s Rentals WECLA - External		EAD LA Connections WECLA - Internal		EAD LA Connections WECLA - External		EAD Other Connections WECLA - Internal		EAD Other Connections WECLA - External		EBD / ONBS Rentals WECLA - Internal		EBD / ONBS Rentals WECLA - External		EBD / ONBS Connections WECLA - Internal		EBD / ONBS Connections WECLA - External		Other Ethernet Rentals WECLA - Internal		Other Ethernet Rentals WECLA - External		Other Ethernet Connections WECLA - Internal		Other Ethernet Connections WECLA - External		Main Link Rental Charges WECLA - Internal		Main Link Rental Charges WECLA - External	
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Components	Unit (d)																																	
Routeing & Records	£/line	1.48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Backhaul Extension Services Fibre	£/le	1,148.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Wholesale Extension Services Fibre	£/le	1,143.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ethernet main links	£/fibre km	200.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ethernet Electronics	£/le	390.64	0.6	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ethernet Access Direct Fibre	£/circuit	896.39	0.8	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ethernet Backhaul Direct extended reach	£/circuit	55.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ethernet Backhaul Direct resilience	£/circuit	1,002.51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ethernet Backhaul Direct	£/circuit	6,399.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Openreach sales product management	%	£42m	0.1	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
OR Service Centre - Assurance Ethernet	%	£8m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
OR Service Centre - Provision AISBO	%	£13m	-	-	0.6	0.6	0.1	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
OR Systems & Development - Ethernet	£/le	59.06	0.1	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ofcom Administration Fee Openreach	%	£6m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other Ethernet rentals - CCTV	£/le	244.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other Ethernet new provides - CCTV	£/le	578.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
AISBO Excess Construction	%	£37m	-	-	0.2	0.2	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Revenue Receivables	%	£52m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Rounding			-	-	0.1	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Fully Allocated Cost (£m)</b>			<b>1.6</b>	<b>1.4</b>	<b>1.1</b>	<b>1.0</b>	<b>0.1</b>	<b>0.4</b>	<b>1.0</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>0.7</b>	<b>0.2</b>	<b>0.1</b>	<b>-</b>	<b>0.9</b>	<b>1.1</b>																
	Volume (units)		922	852	2,447	2,215	324	782	164	79	3	16	(ux)	(ux)	(ux)	(ux)	9,896	12,638																
	Unit cost £		1,699.18	1,688.26	451.76	453.38	458.71	461.95	6,201.04	7,174.51	343.36	345.35	(ux)	(ux)	(ux)	(ux)	89.81	89.87																

## Section 8 – Review of Business Connectivity Markets

### 8.8.3 AISBO WECLA Summary 2015

Restated for the year ended 31 March 2015 (h)

#### Detailed service analysis

Service	Internal	External	Total	Internal	External	Measure	Internal	External	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average	FAC	FAC
	£m	£m	£m				Price	Price	£m	£m
							£	£		
WES 10Mbit/s Rentals WECLA	1.5	1.3	2.8	935	806	le	1,598.28	1,562.93	0.9	0.8
WES 100Mbit/s Rentals WECLA	2.5	2.3	4.8	1,447	1,383	le	1,708.65	1,627.74	1.4	1.4
WES 1Gbit/s Rentals WECLA	2.3	0.7	3.0	525	166	le	4,333.91	4,309.28	0.9	0.3
EAD LA 10Mbit/s Rentals WECLA	2.0	0.4	2.4	1,120	203	ccts	1,801.76	1,758.95	1.4	0.3
EAD LA 100Mbit/s Rentals WECLA	8.3	4.3	12.6	4,921	2,681	ccts	1,689.45	1,614.39	6.3	3.4
EAD LA 1Gbit/s Rentals WECLA	5.1	1.7	6.8	1,229	403	ccts	4,180.99	4,266.68	1.8	0.6
EAD Other 10Mbit/s Rentals WECLA	0.5	0.8	1.3	186	290	ccts	2,750.20	2,619.23	0.3	0.5
EAD Other 100Mbit/s Rentals WECLA	2.4	4.4	6.8	862	1,811	ccts	2,825.59	2,449.62	1.5	3.1
EAD Other 1Gbit/s Rentals WECLA	6.3	3.7	10.0	998	648	ccts	6,285.72	5,774.08	2.1	1.3
EAD LA Connections WECLA*	3.9	2.9	6.8	2,101	1,551	ccts	1,852.55	1,837.81	1.2	0.9
EAD Other Connections WECLA*	1.0	1.7	2.7	372	813	ccts	2,591.73	2,071.82	0.2	0.5
EBD / ONBS Rentals WECLA	2.2	0.5	2.7	318	95	ccts	6,818.86	5,575.90	2.3	0.7
EBD / ONBS Connections WECLA	-	0.1	0.1	6	27	ccts	3,500.00	3,500.00	-	-
Other Ethernet Rentals WECLA	1.3	0.8	2.1	(ux)	(ux)	(ux)	(sx)	(sx)	1.1	0.4
Other Ethernet Connections WECLA	0.2	0.3	0.5	(ux)	(ux)	(ux)	(sx)	(sx)	0.3	0.1
Main link Rental Charges WECLA	5.6	4.8	10.4	15,154	12,911	fibre km	367.20	368.72	1.4	1.2
	<b>45.1</b>	<b>30.7</b>	<b>75.8</b>							
<b>Support Services</b>										
Equipment Depreciation WECLA	-	-	-							
Excess Construction Charges WECLA	2.1	1.4	3.5							
Rounding	(0.1)	(0.2)	(0.3)							
<b>Total AISBO WECLA</b>	<b>47.1</b>	<b>31.9</b>	<b>79.0</b>							
<b>Notes</b>										
Estimated equipment depreciation £0.9m										
Estimated matched cost of £2.1m (Internal) and £1.4 (External)										
*EAD Connection Services Includes Excess Construction Charge fixed fee revenue of £2.1m, associated depreciation of £0.1m and MCE of £3.1m										



## Section 8 – Review of Business Connectivity Markets

### 8.8.4 AISBO WECLA calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

		AISBO WECLA																																		
		Average cost per unit (from Appendix 1.2)		WES 10Mbit/s Rentals WECLA - Internal		WES 10Mbit/s Rentals WECLA - External		WES 100Mbit/s Rentals WECLA - Internal		WES 100Mbit/s Rentals WECLA - External		WES 1Gbit/s Rentals WECLA - Internal		WES 1Gbit/s Rentals WECLA - External		EAD LA 10Mbit/s Rentals WECLA - Internal		EAD LA 10Mbit/s Rentals WECLA - External		EAD LA 100Mbit/s Rentals WECLA - Internal		EAD LA 100Mbit/s Rentals WECLA - External		EAD LA 1Gbit/s Rentals WECLA - Internal		EAD LA 1Gbit/s Rentals WECLA - External		EAD Other 10Mbit/s Rentals WECLA - Internal		EAD Other 10Mbit/s Rentals WECLA - External		EAD Other 100Mbit/s Rentals WECLA - Internal		EAD Other 100Mbit/s Rentals WECLA - External		
Components	Unit (d)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Routeing & records	£/line	1.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Backhaul Extension Services Fibre	£/le	980.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wholesale Extension Services Fibre	£/le	982.33	0.4	0.3	0.6	0.6	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet main links	£/fibre km	194.77	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Electronics	£/le	490.04	0.4	0.4	0.7	0.6	0.6	0.2	0.8	0.1	3.6	2.0	1.0	0.3	0.1	0.2	0.6	1.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Access Direct Fibre	£/circuit	815.69	-	-	-	-	-	-	0.4	0.1	1.9	1.0	0.5	0.2	0.2	0.2	0.7	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct extended reach	£/circuit	30.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct resilience	£/circuit	488.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct	£/circuit	7,293.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Openreach sales product management	%	£16m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Assurance Ethernet	%	£7m	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	
OR Service Centre - Provision AISBO	%	£19m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Systems & Development - Ethernet	£/le	97.70	-	-	0.1	0.1	-	-	0.1	-	0.5	0.3	0.1	-	-	0.1	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	
Other Ethernet Rentals - CCTV	£/le	258.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Ethernet new provides - CCTV	£/le	1,836.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
AISBO Excess Construction	%	£30m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue Receivables	%	£44m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rounding			0.1	0.1	-	0.1	0.1	-	0.1	0.1	-	-	0.2	0.1	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Fully Allocated Cost (£m)</b>			<b>0.9</b>	<b>0.8</b>	<b>1.4</b>	<b>1.4</b>	<b>0.9</b>	<b>0.3</b>	<b>1.4</b>	<b>0.3</b>	<b>6.3</b>	<b>3.4</b>	<b>1.8</b>	<b>0.6</b>	<b>0.3</b>	<b>0.5</b>	<b>1.5</b>	<b>3.1</b>																		
	Volume (units)		935	806	1,447	1,383	525	166	1,120	203	4,921	2,681	1,229	403	186	290	862	1,811																		
	Unit cost £		954.41	954.04	983.77	982.92	1,742.66	1,742.40	1,265.81	1,265.31	1,271.84	1,270.96	1,458.04	1,459.04	1,719.32	1,717.80	1,741.78	1,737.40																		

## Section 8 – Review of Business Connectivity Markets

### 8.8.4 AISBO WECLA calculation of FAC based on component costs and usage factors 2015 (Continued)

Restated for the year ended 31 March 2015 (h)

		AISBO WECLA																																
		Average cost per unit (from Appendix 1.2)	EAD Other 1 Gbit/s Rentals WECLA - Internal		EAD Other 1 Gbit/s Rentals WECLA - External		EAD LA Connections WECLA - Internal		EAD LA Connections WECLA - External		EAD Other Connections WECLA - Internal		EAD Other Connections WECLA - External		EBD / ONBS Rentals WECLA - Internal		EBD / ONBS Rentals WECLA - External		EBD / ONBS Connections WECLA - Internal		EBD / ONBS Connections WECLA - External		Other Ethernet Rentals WECLA - Internal		Other Ethernet Rentals WECLA - External		Other Ethernet Connections WECLA - Internal		Other Ethernet Connections WECLA - External		Main Link Rental Charges WECLA - Internal		Main Link Rental Charges WECLA - External	
Fully Allocated Cost (£m)	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Routeing & Records	£/line	1.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Backhaul Extension Services Fibre	£/le	980.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wholesale Extension Services Fibre	£/le	982.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet main links	£/fibre km	194.77	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Electronics	£/le	490.04	0.9	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Access Direct Fibre	£/circuit	815.69	1.0	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct extended reach	£/circuit	30.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct resilience	£/circuit	488.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet Backhaul Direct	£/circuit	7,293.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Openreach sales product management	%	£16m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Assurance Ethernet	%	£7m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Service Centre - Provision AISBO	%	£19m	-	-	0.9	0.6	0.2	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OR Systems & Development - Ethernet	£/le	97.70	0.1	0.1	0.2	0.2	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Ethernet rentals - CCTV	£/le	258.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Ethernet new provides - CCTV	£/le	1,836.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
AISBO Excess Construction	%	£30m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue Receivables	%	£44m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rounding			0.1	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Fully Allocated Cost (£m)</b>			<b>2.1</b>	<b>1.3</b>	<b>1.2</b>	<b>0.9</b>	<b>0.2</b>	<b>0.5</b>	<b>2.3</b>	<b>0.7</b>	<b>-</b>	<b>-</b>	<b>1.1</b>	<b>0.4</b>	<b>0.3</b>	<b>0.1</b>	<b>1.4</b>	<b>1.2</b>																
	Volume (units)		998	648	2,101	1,551	372	813	318	95	6	27	(ux)	(ux)	(ux)	(ux)	15,154	12,911																
	Unit cost £		2,074.24	2,068.27	589.43	591.55	599.27	591.36	7,091.02	7,570.74	548.17	548.18	(ux)	(ux)	(ux)	(ux)	89.76	89.78																

## Section 8 – Review of Business Connectivity Markets

### 8.9 Business Connectivity Market – MISBO Non-WECLA

#### 8.9.1 MISBO Non-WECLA Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

Service	Internal	External	Total	Internal	External	Measure	Internal	External	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average	FAC	FAC
	£m	£m	£m				£	£	£m	£m
WES/BES MISBO Connections Non-WECLA	0.4	-	0.4	48	6	le	7,425.00	7,016.67	-	-
EBD/ONBS MISBO Connections Non-WECLA	4.7	4.6	9.3	521	516	ccts	8,925.29	8,888.19	0.2	0.2
EBD/ONBS MISBO Rentals Non-WECLA	26.3	2.4	28.7	2,117	226	ccts	12,398.21	10,394.35	32.0	3.1
BES MISBO Rentals Non-WECLA	0.2	1.2	1.4	21	120	le	9,853.97	10,075.95	0.1	0.5
WES MISBO Rentals Non-WECLA	2.7	1.0	3.7	271	103	le	9,841.17	9,756.00	1.2	0.4
WES/BES/ONBS MISBO Main Link Rental Charges Non-WECLA	0.4	0.5	0.9	1,163	1,357	fibre km	372.00	372.00	0.2	0.3
Optical Services Connections Non-WECLA	12.1	7.5	19.6	2,150	1,151	ccts	5,643.90	6,532.84	0.8	0.5
Optical Services Rentals Non-WECLA	21.4	14.4	35.8	5,109	3,148	ccts	4,193.89	4,565.65	37.1	22.8
Optical Services Main Link Rental Charges Non-WECLA	9.5	11.6	21.1	22,744	30,794	fibre km	418.97	376.24	4.9	6.6
Rounding	(0.1)	-	(0.1)						-	-
<b>Total MISBO Non-WECLA</b>	<b>77.6</b>	<b>43.2</b>	<b>120.8</b>						<b>76.5</b>	<b>34.4</b>



## Section 8 – Review of Business Connectivity Markets

### 8.9.3 MISBO Non-WECLA Summary 2015

Restated for the year ended 31 March 2015 (h)

#### Detailed service analysis

Service	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal Average Price	External Average Price	Internal FAC	External FAC
	£m	£m	£m				£	£	£m	£m
WES/BES MISBO Connections Non-WECLA	0.1	-	0.1	18	6	le	6,222.22	7,000.00	-	-
EBD/ONBS MISBO Connections Non-WECLA	5.3	0.5	5.8	446	39	ccts	11,947.87	12,250.00	0.3	-
EBD/ONBS MISBO Rentals Non-WECLA	31.0	0.6	31.6	1,772	36	ccts	17,472.67	16,737.98	28.8	0.6
BES MISBO Rentals Non-WECLA	0.3	6.9	7.2	20	549	le	12,810.00	12,512.70	0.1	2.4
WES MISBO Rentals Non-WECLA	2.9	1.3	4.2	226	108	le	12,730.11	11,978.09	1.0	0.5
WES/BES/ONBS MISBO Main Link Rental Charges Non-WECLA	0.4	1.4	1.8	1,003	3,871	fibre km	372.00	372.00	0.2	0.8
Optical Services Connections Non-WECLA	3.0	6.2	9.2	398	1,011	ccts	7,433.89	6,142.88	0.2	0.6
Optical Services Rentals Non-WECLA	16.8	9.4	26.2	2,506	1,720	ccts	6,709.19	5,486.98	22.9	15.7
Optical Services Main Link Rental Charges Non-WECLA	6.8	9.2	16.0	14,841	22,359	fibre km	459.38	412.89	3.2	4.8
Rounding	(0.1)	0.1	-						-	-
<b>Total MISBO Non-WECLA</b>	<b>66.5</b>	<b>35.6</b>	<b>102.1</b>						<b>56.7</b>	<b>25.4</b>

## Section 8 – Review of Business Connectivity Markets

### 8.9.4 MISBO Non-WECLA calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

		MISBO Non-WECLA																		
		Average cost per unit (from Appendix 1.2)	WES/BES MISBO Connections Non-WECLA - Internal	WES/BES MISBO Connections Non-WECLA - External	EBD/ONBS MISBO Connections Non-WECLA - Internal	EBD/ONBS MISBO Connections Non-WECLA - External	EBD/ONBS MISBO Rentals Non-WECLA - Internal	EBD/ONBS MISBO Rentals Non-WECLA - External	BES MISBO Rentals Non-WECLA - Internal	BES MISBO Rentals Non-WECLA - External	WES MISBO Rentals Non-WECLA - Internal	WES MISBO Rentals Non-WECLA - External	WES/BES/MISBO Main Link Rental Charges Non-WECLA - Internal	WES/BES/MISBO Main Link Rental Charges Non-WECLA - External	Optical Services Connections Non-WECLA - Internal	Optical Services Connections Non-WECLA - External	Optical Services Rentals Non-WECLA - Internal	Optical Services Rentals Non-WECLA - External	Optical Services Main Link Rental Charges Non-WECLA - Internal	Optical Services Main Link Rental Charges Non-WECLA - External
Fully Allocated Cost (£m)	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Components																				
Routeing & records	£/line	1.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct	£/circuit	7,293.74	-	-	-	-	28.3	0.6	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	980.33	-	-	-	-	-	-	-	0.5	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	982.33	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	194.77	-	-	-	-	-	-	-	-	-	-	0.2	0.8	-	-	-	-	2.9	4.4
Ethernet Electronics	£/le	490.04	-	-	-	-	-	-	0.1	1.7	0.7	0.3	-	-	-	-	20.9	14.3	-	-
OR Systems & Development - Ethernet	£/le	97.70	-	-	-	-	0.2	-	-	-	-	-	-	0.1	-	-	0.2	0.2	0.2	0.3
Ethernet Access Direct Fibre	£/circuit	815.69	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.6	1.1	-	-
Openreach sales product management	%	£16m	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	0.1	-	-	-
OR Service Centre - Provision AISBO	%	£19m	-	-	0.2	-	-	-	-	-	-	-	-	-	0.2	0.4	-	-	-	-
OR Service Centre - Assurance Ethernet	%	£7m	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-
Revenue Receivables	%	£44m	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1
Rounding			-	-	0.1	-	(0.1)	-	-	0.2	0.1	0.1	-	(0.1)	-	0.1	(0.1)	(0.1)	0.1	-
<b>Fully Allocated Cost (£m)</b>			-	-	<b>0.3</b>	-	<b>28.8</b>	<b>0.6</b>	<b>0.1</b>	<b>2.4</b>	<b>1.0</b>	<b>0.5</b>	<b>0.2</b>	<b>0.8</b>	<b>0.2</b>	<b>0.6</b>	<b>22.9</b>	<b>15.7</b>	<b>3.2</b>	<b>4.8</b>
	Volume (units)		18	6	446	39	1,772	36	20	549	226	108	1,003	3,871	398	1,011	2,506	1,720	14,841	22,359
	Unit cost £		339.62	376.68	622.58	625.24	16,266.60	16,260.13	4,325.33	4,322.08	4,317.06	4,309.10	212.66	212.66	596.00	582.34	9,158.53	9,145.60	213.58	213.09

Section 9  
Review of Narrowband Markets

### 9.1 Review of Narrowband Markets

#### Market Definitions

##### Wholesale Call Origination on a Fixed Narrowband Network

Fixed Call Origination relates to the conveyance of all signals (including relevant control signals) required to originate calls on a customer’s exchange line to the first point in the network where these signals can be accessed by another communication provider.

##### Wholesale Fixed Geographic Call Termination

Fixed Geographic Call termination refers to the conveyance of all signals (including relevant control signals) required to terminate calls on a customer’s exchange line from the first point in the network where those signals can be accessed by another communications provider.

The market is termination services that we provide to other communications providers, for the termination of voice calls to UK geographic numbers in the UK excluding Hull area.

##### Technical areas (Interconnect Circuits)

Technical areas (Interconnect Circuits) provide the physical infrastructure to connect the exchanges of two communications providers in order to enable traffic to pass between their networks.

We provide the following types of Interconnect Circuits:

- **Customer-Sited Interconnect (“CSI”)**: We provide a point of interconnection at the site of the interconnecting CP by extending its network using a 2Mbit/s circuit;
- **Intra-Building Circuit (“IBC”)**: We provide a 2Mbit/s connection between the transmission infrastructure and the switch. An IBC is not ordered separately by customers; it will be included with a CSI or ISI circuit ordered;
- **In-Span Interconnect (“ISI”)**: We and the other CP build out our networks to a handover point located between our switches. The handover point is normally close to our exchange; and
- **Interconnection Extension Circuit (“IEC”)**: IECs allow an interconnecting CP with an existing ISI to extend this point of interconnection to a new building. In order to do this, we provide a 2Mbit/s circuit between the two buildings.

#### Key Regulatory Changes

Ofcom carried out a review of the Narrowband Markets during 2013-14 and issued its final statement on 26 September 2013. It concluded that we continue to have SMP in the Fixed Call Origination, Fixed Geographic Call Termination and Technical areas (Interconnect Circuits) markets in the UK excluding the Hull area. There were no changes in the regulation of these markets in 2015-16.

Ofcom is currently reviewing the Fixed Call Origination and Termination Markets and issued a call for inputs on 2 May 2015. Publication of Ofcom’s Consultation has been delayed and a final statement will not be published before the expiry of the existing Network Charge Control. An approach to pricing has been agreed with Ofcom to cover the interim period from 1 October 2016 until a new Network Charge Control is set by Ofcom. Wholesale and Ventures has offered to hold the overall basket of prices at the average price level existing in the final year of the current charge controls.

The charge controls for the services in these markets are as follows:

Market	1 Oct 2013 to 30 Sep 2014	1 Oct 2014 to 30 Sep 2015	1 Oct 2015 to 30 Sep 2016
Fixed Call Origination	RPI+71.7%	RPI-3.5%	RPI-3.6%
Fixed Geographic Call Termination	RPI-87.3%	RPI-3.0%	RPI-3.1%
Technical areas (Interconnect Circuits)	0%	0%	0%

#### Key Market Changes

Overall the markets for calls continue to show reducing volumes. This trend has been driven by several factors:

- The on-going migration of call origination and termination minutes from fixed public narrowband networks to mobile networks.
- The substitution impact of Voice over Internet Protocol (“VoIP”) calls continues to grow reducing call origination and termination volumes.



## Section 9 – Review of Narrowband Markets

---

- Growth in Local Loop Unbundling (“LLU”) lines has eroded call origination and termination volumes with major players marketing double and triple play offerings to their customer base, where voice services are provided alongside high speed data.

As call origination and termination volumes reduce, there is a consequential reduction in the revenue for interconnect circuits. Interconnect circuit volumes have also reduced due to CPs rationalising their existing interconnections with BT, directly interconnecting with other CPs, and moving to IP solutions which do not require interconnect circuits.

## Section 9 – Review of Narrowband Markets

### 9.2 Narrowband Market – Fixed Call Origination

#### 9.2.1 Fixed Call Origination Summary 2016

For the year ended 31 March 2016

Detailed service analysis	Internal Revenue	External Revenue	Total Revenue	Internal NCC traffic - millions of minutes (mm)				External NCC traffic - millions of minutes (mm)				Internal Average NCC rates - pence per minute (ppm)				External Average NCC rates - pence per minute (ppm)			
				Day	Evening	Weekend	24 hours	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	Average	Day	Evening	Weekend	Average
Service	£m	£m	£m																
Internal and External Wholesale call originating local exchange segment PSTN and ISDN (excl OA)	-	31.8	31.8	4	1	-	5	5,439	714	599	6,752	0.532	0.244	0.192	0.475	0.532	0.244	0.192	0.471
Internal and External Wholesale call originating local exchange segment (incl OA)	150.4	-	150.4	22,009	6,441	6,930	35,380	-	-	-	-	0.548	0.251	0.198	0.425	0.548	0.251	0.198	0.462
Internal Wholesale call origination local exchange Stick	2.7	-	2.7	632	303	389	1,324	-	-	-	-	0.298	0.137	0.108	0.205	0.298	0.137	0.108	-
<b>Total Fixed Call Origination</b>	<b>153.1</b>	<b>31.8</b>	<b>184.9</b>																

#### 9.2.2 Fixed Call Origination Summary 2015

Restated for the year ended 31 March 2015 (h)

Detailed service analysis	Internal Revenue	External Revenue	Total Revenue	Internal NCC traffic - millions of minutes (mm)				External NCC traffic - millions of minutes (mm)				Internal Average NCC rates - pence per minute (ppm)				External Average NCC rates - pence per minute (ppm)			
				Day	Evening	Weekend	24 hours	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	Average	Day	Evening	Weekend	Average
Service	£m	£m	£m																
Internal and External Wholesale call originating local exchange segment PSTN and ISDN (excl OA)	0.1	39.6	39.7	16	13	9	38	6,502	957	793	8,252	0.549	0.251	0.198	0.364	0.549	0.251	0.198	0.481
Internal and External Wholesale call originating local exchange segment (incl OA)	171.0	-	171.0	23,712	7,838	8,228	39,778	-	-	-	-	0.565	0.259	0.204	0.430	0.565	0.259	0.204	-
Internal Wholesale call origination local exchange Stick	3.7	-	3.7	833	404	489	1,726	-	-	-	-	0.308	0.141	0.111	0.213	0.308	0.141	0.111	-
<b>Total Fixed Call Origination</b>	<b>174.8</b>	<b>39.6</b>	<b>214.4</b>																

## Section 9 – Review of Narrowband Markets

### 9.3 Narrowband Market – Fixed Geographic Call Termination

#### 9.3.1 Fixed Geographic Call Termination Summary 2016

For the year ended 31 March 2016

Detailed service analysis	Internal Revenue	External Revenue	Total Revenue	Internal NCC traffic - millions of minutes (mm)				External NCC traffic - millions of minutes (mm)				Internal Average NCC rates - pence per minute (ppm)			External Average NCC rates - pence per minute (ppm)				
				Day	Evening	Weekend	24 hours	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	Weighted Average	Day	Evening	Weekend	Weighted Average
Service	£m	£m	£m	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	Weighted Average	Day	Evening	Weekend	Weighted Average
Wholesale call termination local exchange segment	3.8	11.0	14.8	5,909	2,746	3,462	12,117	20,221	5,461	4,623	30,305	0.045	0.021	0.016	0.031	0.045	0.021	0.016	0.036
Internal Wholesale call termination local exchange stick (PSTN & ISDN)	0.2	-	0.2	632	303	389	1,324	-	-	-	-	0.027	0.012	0.010	0.019	0.027	0.012	0.010	-
<b>Total Fixed Geographic Call Termination</b>	<b>4.0</b>	<b>11.0</b>	<b>15.0</b>																

#### 9.3.2 Fixed Geographic Call Termination Summary 2015

Restated for the year ended 31 March 2015 (h)

Detailed service analysis	Internal Revenue	External Revenue	Total Revenue	Internal NCC traffic - millions of minutes (mm)				External NCC traffic - millions of minutes (mm)				Internal Average NCC rates - pence per minute (ppm)			External Average NCC rates - pence per minute (ppm)				
				Day	Evening	Weekend	24 hours	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	Weighted Average	Day	Evening	Weekend	Weighted Average
Service	£m	£m	£m	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	Weighted Average	Day	Evening	Weekend	Weighted Average
Wholesale call termination local exchange segment	3.2	7.6	10.8	7,803	3,687	4,398	15,888	21,350	6,022	5,063	32,435	0.029	0.013	0.011	0.020	0.029	0.013	0.011	0.023
Internal Wholesale call termination local exchange stick (PSTN & ISDN)	0.2	-	0.2	833	404	488	1,725	-	-	-	-	0.018	0.008	0.006	0.012	0.018	0.008	0.006	-
<b>Total Fixed Geographic Call Termination</b>	<b>3.4</b>	<b>7.6</b>	<b>11.0</b>																

## Section 9 – Review of Narrowband Markets

### 9.4 Narrowband Market – Technical areas (Interconnect Circuits)

#### 9.4.1 Technical areas (Interconnect Circuits) Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

Service	Internal	External	Total	Internal	External	Measure	Internal	External	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average	FAC	FAC
	£m	£m	£m				£	£	£m	£m
Wholesale Standard CSI Connections - External	-	0.4	<b>0.4</b>	-	216	circuits	-	1,866.58	-	1.6
Wholesale Standard CSI Rentals - Fixed	-	7.1	<b>7.1</b>	-	5,594	circuits	-	1,275.17	-	2.6
Wholesale Standard CSI Rentals - per km	-	4.0	<b>4.0</b>	-	186,596	km	-	21.60	-	1.4
Wholesale IEC Connections	-	0.1	<b>0.1</b>	-	109	circuits	-	1,003.19	-	0.1
Wholesale IEC Rentals	-	3.9	<b>3.9</b>	-	6,243	circuits	-	627.28	-	1.9
Wholesale IEC Rentals - per km	-	3.2	<b>3.2</b>	-	147,429	km	-	21.60	-	4.0
Wholesale Intra-Building Circuits Connections	-	0.7	<b>0.7</b>	-	795	circuits	-	834.95	-	0.1
Wholesale Intra-Building Circuit Rentals	-	3.2	<b>3.2</b>	-	30,409	circuits	-	104.23	-	3.9
Wholesale ISI Rentals	-	-	-	-	6,076	100m	-	-	-	3.4
Nominated ISI - per km	-	1.2	<b>1.2</b>	-	18,179	100m	-	68.75	-	0.9
Wholesale Rearrangements	-	1.0	<b>1.0</b>	-	2,040	circuits	-	471.31	-	6.6
Rounding	-	-	-						-	0.2
<b>Total Technical Areas (Interconnect Circuits)</b>	-	<b>24.8</b>	<b>24.8</b>						-	<b>26.7</b>

## Section 9 – Review of Narrowband Markets

### 9.4.2 Technical areas (Interconnect Circuits) calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

		Technical Areas (Interconnect Circuits)														
		Customer Sited Interconnect (end to end circuit)			In Span Interconnect with Interconnect Extension Circuit (end to end circuit)			In span Interconnect					Internal Interconnect			
		Average cost per unit (from Appendix 1.1)			Wholesale IEC connections - External			Wholesale IEC Rentals - External			Nominated ISI - per km - External		Wholesale Standard CSI Rentals - Fixed - Internal			
		Wholesale Standard CSI Connections - External	Wholesale Standard CSI Rentals - Fixed - External	Wholesale standard CSI Rentals - per km - External	Wholesale IEC connections - External	Wholesale IEC Rentals - External	Wholesale IEC Rentals - per km - External	Wholesale Intra-Building Circuit Connections - External	Wholesale Intra-Building Circuit Rentals - External	Wholesale ISI Rentals - External		Wholesale Rearrangements - External	Wholesale Standard CSI Rentals - Fixed - Internal	Wholesale standard CSI Rentals - per km - Internal	Wholesale Intra-Building Circuit Rentals - Internal	
Fully Allocated Cost (£m)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Components	Unit (d)															
Interconnect local end rental 2Mbit/s	£/circuit	166.19	-	0.9	-	-	-	-	-	-	-	-	-	-	-	
Interconnect 2Mbit/s connection	£/circuit	3,971.76	1.5	-	0.1	-	-	-	-	-	-	6.5	-	-	-	
Interconnect Extension Circuits IEC 2Mbit/s link	£/circuit	111.38	-	-	-	0.7	-	-	-	-	-	-	-	-	-	
Customer Sited Interconnect cct CSI 2Mbit/s link	£/circuit	17.43	-	0.1	-	-	-	-	-	-	-	-	-	-	-	
Nominated In Span I/Connect cct (ISI) transmission	£/100m	38.64	-	-	-	-	-	-	-	-	0.7	-	-	-	-	
Interconnect Extension Circuits IEC 2Mbit/s per km	£/km	24.54	-	-	-	-	3.6	-	-	-	-	-	-	-	-	
Customer Sited Interconnect cct CSI 2Mbit/s per km	£/km	4.72	-	-	0.9	-	-	-	-	-	-	-	-	-	-	
In Span Interconnect circuits (ISI) transmission	£/100m	566.95	-	-	-	-	-	-	-	3.4	-	-	-	-	-	
Intra Building Circuit (IBC) connection	£/circuit	11.22	-	-	-	-	-	-	-	-	-	-	-	-	-	
Intra Building Circuit (IBC) rental	£/circuit	115.59	-	0.6	-	0.7	-	-	3.5	-	-	-	-	-	-	
Customer support - interconnect	%	£3m	0.1	0.9	0.5	-	0.5	0.4	0.1	0.4	-	0.2	0.1	-	-	
Ofcom Administration Fee Wholesale	%	£3m	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue Receivables	%	£52m	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rounding		-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	
<b>Fully Allocated Cost (£m)</b>		<b>1.6</b>	<b>2.6</b>	<b>1.4</b>	<b>0.1</b>	<b>1.9</b>	<b>4.0</b>	<b>0.1</b>	<b>3.9</b>	<b>3.4</b>	<b>0.9</b>	<b>6.6</b>	-	-	-	
Volume (units)		216	5,594	186,596	109	6,243	147,429	795	30,409	6,076	18,179	2,040	-	-	-	
Unit cost £		7,207.40	469.36	7.60	1,278.03	310.67	27.42	122.63	129.49	566.95	47.81	3,238.54	-	-	-	

## Section 9 – Review of Narrowband Markets

### 9.4.3 Technical areas (Interconnect Circuits) Summary 2015

Restated for the year ended 31 March 2015 (h)

#### Detailed service analysis

Service	Internal	External	Total	Internal	External	Measure	Internal	External	Internal	External
	Revenue	Revenue	Revenue	Volume	Volume		Average	Average		
	£m	£m	£m				£	£	£m	£m
Wholesale Standard CSI Connections - External	-	0.7	0.7	-	357	circuits	-	1,829.07	-	1.9
Wholesale Standard CSI Rentals - Fixed	-	8.6	8.6	-	6,771	circuits	-	1,271.02	-	3.4
Wholesale Standard CSI Rentals - per km	-	4.4	4.4	-	210,335	km	-	21.00	-	2.2
Wholesale IEC Connections	-	-	-	-	36	circuits	-	986.07	-	-
Wholesale IEC Rentals	-	4.7	4.7	-	7,551	circuits	-	624.56	-	2.4
Wholesale IEC Rentals - per km	-	3.9	3.9	-	184,353	km	-	21.00	-	5.0
Wholesale Intra-Building Circuits Connections	-	0.6	0.6	-	761	circuits	-	821.80	-	0.1
Wholesale Intra-Building Circuit Rentals	-	3.7	3.7	-	36,090	circuits	-	102.60	-	4.6
Wholesale ISI Rentals	-	-	-	-	6,059	100m	-	-	-	3.6
Nominated ISI - per km	-	1.3	1.3	-	18,360	100m	-	68.75	-	0.9
Wholesale Rearrangements	-	0.9	0.9	-	1,909	circuits	-	460.18	-	4.5
Rounding	-	-	-						-	0.1
<b>Total Technical Areas (Interconnect Circuits)</b>	-	<b>28.8</b>	<b>28.8</b>						-	<b>28.7</b>

## Section 9 – Review of Narrowband Markets

### 9.4.4 Technical areas (Interconnect Circuits) calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

		Technical Areas (Interconnect Circuits)														
		Customer Sited Interconnect (end to end circuit)			In Span Interconnect with Interconnect Extension Circuit (end to end circuit)			In span Interconnect						Internal Interconnect		
		Average cost per unit (from Appendix 1.2)			Wholesale IEC connections - External			Wholesale IEC Rentals - External			Nominated ISI - per km - External			Wholesale Rearrangements - External		
		Wholesale Standard CSI Connections - External	Wholesale Standard CSI Rentals - Fixed - External	Wholesale standard CSI Rentals - per km - External	Wholesale IEC connections - External	Wholesale IEC Rentals - External	Wholesale IEC Rentals - per km - External	Wholesale Intra-Building Circuit Connections - External	Wholesale Intra-Building Circuit Rentals - External	Wholesale ISI Rentals - External	Nominated ISI - per km - External	Wholesale Rearrangements - External	Wholesale Standard CSI Rentals - Fixed - Internal	Wholesale standard CSI Rentals - per km - Internal	Wholesale Intra-Building Circuit Rentals - Internal	
Components	Unit (d)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Fully Allocated Cost (£m)																
Interconnect local end rental 2Mbit/s	£/circuit	167.58	-	1.1	-	-	-	-	-	-	-	-	-	-	-	
Interconnect 2Mbit/s connection	£/circuit	3,236.48	1.8	-	-	-	-	-	-	-	-	4.4	-	-	-	
Interconnect Extension Circuits IEC 2Mbit/s link	£/circuit	103.32	-	-	-	0.8	-	-	-	-	-	-	-	-	-	
Customer Sited Interconnect cct CSI 2Mbit/s link	£/circuit	16.55	-	0.1	-	-	-	-	-	-	-	-	-	-	-	
Nominated In Span I/Connect cct (ISI) transmission	£/100m	36.38	-	-	-	-	-	-	-	-	0.7	-	-	-	-	
Interconnect Extension Circuits IEC 2Mbit/s per km	£/km	23.48	-	-	-	-	4.3	-	-	-	-	-	-	-	-	
Customer Sited Interconnect cct CSI 2Mbit/s per km	£/km	6.99	-	1.5	-	-	-	-	-	-	-	-	-	-	-	
In Span Interconnect circuits (ISI) transmission	£/100m	602.15	-	-	-	-	-	-	-	3.6	-	-	-	-	-	
Intra Building Circuit (IBC) connection	£/circuit	32.65	-	-	-	-	-	-	-	-	-	-	-	-	-	
Intra Building Circuit (IBC) rental	£/circuit	110.74	-	0.8	-	0.8	-	-	4.0	-	-	-	-	-	-	
Customer support - interconnect	%	£5m	0.1	1.4	0.7	-	0.8	0.6	0.1	0.6	-	0.2	0.1	-	-	
Revenue Receivables	%	£44m	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rounding			-	-	-	-	0.1	-	-	-	-	-	-	-	-	
<b>Fully Allocated Cost (£m)</b>			<b>1.9</b>	<b>3.4</b>	<b>2.2</b>	<b>-</b>	<b>2.4</b>	<b>5.0</b>	<b>0.1</b>	<b>4.6</b>	<b>3.6</b>	<b>0.9</b>	<b>4.5</b>	<b>-</b>	<b>-</b>	
Volume (units)			357	6,771	210,335	36	7,551	184,353	761	36,090	6,059	18,360	1,909	-	-	
Unit cost £			5,328.32	504.59	10.46	1,009.75	317.11	26.95	168.25	127.67	602.15	47.72	2,363.16	-	-	

Section 10  
Review of Wholesale Broadband Access Markets



### 10.1 Wholesale Broadband Access (“WBA”) Markets Review

#### Market Definition

WBA is asymmetric broadband access and backhaul as necessary to allow interconnection with other communications providers, which provides an always on capability, allows both voice and data services to be used simultaneously and provides data at speeds greater than a dial-up connection. This market includes both business and residential customers.

Market A covers exchange areas where no more than two principal operators (i.e. BT, Sky, TalkTalk and Virgin) are, or are forecast to be, present. Market B covers all other exchange areas and Ofcom found Market B to be competitive.

#### Key Regulatory Changes

Ofcom reviewed the WBA Markets during 2013/14 and issued its final statement on 26 June 2015. Changes took effect from 1 July 2014.

The key changes are that:

- BT has been found to have SMP only in exchanges where no more than two principal operators are or are forecast to be present (Market A).
- A price cap of CPI-10.7% per annum applies to a basket of IPStream Connect services within Market A with sub-caps on certain services within the basket.

#### Key Market Changes

Fibre-based broadband is now shown in Market A where the point of connection is situated at a Market A exchange.

## Section 10 – Review of Wholesale Broadband Access Markets

### 10.2 WBA – Market A

#### 10.2.1 WBA (Market A) Summary 2016

For the year ended 31 March 2016

##### Detailed service analysis

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal Average Price	External Average Price	Internal FAC	External FAC	Internal EOI	External EOI
	£m	£m	£m				£	£	£m	£m	£m	£m
<b>IPstream Services</b>												
IPstream Connect Max and Max Premium End User Access - Rental	52.2	16.4	68.6	773,862	228,832	rentals	67.42	71.52	32.6	9.6	7.7	2.1
IPstream Connect Contracted Bandwidth per Mbit/s per node rental	127.6	13.7	141.3	2,734,234	296,043	bandwidth	46.67	46.39	78.4	11.6	-	-
IPstream Connect End User Re-grade	0.5	-	0.5	104,517	1,567	re-grades	4.67	4.67	2.6	-	2.6	-
IPstream Connect End User Migration	0.3	-	0.3	30,405	456	migrations	10.09	10.09	0.8	-	0.8	-
IPstream Connect ADSL Cancellation	-	-	-	74	23	cancellation	63.70	63.70	-	-	-	-
Other IPstream Connect Market	16.6	5.5	22.1	(ux)	(ux)	(ux)	(ux)	(ux)	3.9	1.2	3.1	0.8
<b>Total IPstream Connect Basket</b>	<b>197.2</b>	<b>35.6</b>	<b>232.8</b>						<b>118.3</b>	<b>22.4</b>	<b>14.2</b>	<b>2.9</b>
Cease Basket	-	-	-	563,138	135,349	ceases	-	-	4.6	1.1	4.6	1.1
<b>WBC Services</b>												
WBC Connections	6.4	-	6.4	134,741	569	conns	47.79	50.55	6.6	-	6.5	-
WBC End User Access - Rental	71.8	0.3	72.1	786,164	3,748	rentals	91.31	86.86	45.4	0.2	21.5	0.1
WBC Bandwidth	126.1	0.5	126.6	3,151,653	13,010	bandwidth	40.00	40.00	21.8	0.1	9.3	-
WBC Ancillary Charges & other	1.0	0.2	1.2	(ux)	(ux)	(ux)	(ux)	(ux)	10.4	0.2	10.5	0.2
<b>Sub-total WBC Services</b>	<b>205.3</b>	<b>1.0</b>	<b>206.3</b>						<b>84.2</b>	<b>0.5</b>	<b>47.8</b>	<b>0.3</b>
Other WBA Market A	2.2	11.5	13.7						4.8	1.1	4.7	0.8
<b>Total WBA Market A (including EOI and Internal)</b>	<b>404.7</b>	<b>48.1</b>	<b>452.8</b>						<b>211.9</b>	<b>25.1</b>	<b>71.3</b>	<b>5.1</b>
Adjustment for EOI and Internal	(71.3)	(5.1)	(76.4)						(71.3)	(5.1)	-	-
Rounding	0.1	-	0.1						0.1	-	-	-
<b>Total WBA Market A (adjusted for EOI and Internal) □</b>	<b>333.5</b>	<b>43.0</b>	<b>376.5</b>						<b>140.7</b>	<b>20.0</b>	<b>-</b>	<b>-</b>

## Section 10 – Review of Wholesale Broadband Access Markets

### 10.2.2 WBA (Market A) calculation of FAC based on component costs and usage factors 2016

For the year ended 31 March 2016

			WBA (Market A)											
		Average cost per unit (from Appendix 1.1)	IPstream Connect Max and Max Premium End User Access - Rental Internal	IPstream Connect Max and Max Premium End User Access - Rental External	IPstream Connect Contracted Bandwidth per Mbit/s per noderental Internal	IPstream Connect Contracted Bandwidth per Mbit/s per noderental External	IPstream Connect End User Re-grade Internal	IPstream Connect End User Re-grade External	IPstream Connect End User Migration Internal	IPstream Connect End User Migration External	IPstream Connect ADSL Cancellation Internal	IPstream Connect ADSL Cancellation External	Other IPstream Connect Market Internal	Other IPstream Connect Market External
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Components	Unit (d)													
ADSL connections	£/conn	0.09	-	-	-	-	-	-	-	-	-	-	-	-
Broadband line testing systems	£/line	0.33	0.3	0.1	-	-	-	-	-	-	-	-	-	-
DSLAM support	£/line	9.26	21.8	6.5	7.0	2.1	-	-	-	-	-	-	0.3	0.2
DSLAM equipment	£/line	1.60	1.4	0.4	3.7	1.1	-	-	-	-	-	-	-	-
Core Directors - Broadband	£/circuit	0.19	-	-	0.5	0.1	-	-	-	-	-	-	-	-
ATM customer interface 34Mbit/s	£/port	83.42	-	-	-	-	-	-	-	-	-	-	-	-
ATM customer interface > 155Mbit/s	£/port	13.65	-	-	0.4	0.1	-	-	-	-	-	-	-	-
ATM network interface	£/port	174.10	-	-	0.3	0.1	-	-	-	-	-	-	-	-
ATM network switching	bandwidth	303.29	-	-	1.2	0.3	-	-	-	-	-	-	-	-
Inter ATM transmissions	£/use	4,020.14	-	-	7.3	1.6	-	-	-	-	-	-	-	-
Broadband backhaul circuits (excl Virtual Paths)	%	£66m	-	-	54.3	5.9	-	-	-	-	-	-	-	-
Core/Metro (broadband)	£/circuit	0.63	-	-	-	-	-	-	-	-	-	-	-	-
Edge Ethernet ports broadband	bandwidth	0.03	-	-	-	-	-	-	-	-	-	-	-	-
Metro BRAS and MSE	bandwidth	0.70	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Switch BB	£/circuit	1.20	-	-	-	-	-	-	-	-	-	-	-	-
Metro-core broadband transmission	£/circuit	0.31	-	-	-	-	-	-	-	-	-	-	-	-
Combi card broadband	£/line	13.97	-	-	-	-	-	-	-	-	-	-	-	-
MSAN Access SFBB	£/port	1.18	-	-	-	-	-	-	-	-	-	-	-	-
EES and MSAN Access - Broadband	rental	15.15	-	-	-	-	-	-	-	-	-	-	-	-
EVOTAM Testing Systems	£/line	4.82	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee Wholesale	%	£3m	0.1	-	0.2	-	-	-	-	-	-	-	-	-
Customer support - broadband	%	£34m	1.0	0.3	2.6	0.3	-	-	-	-	-	-	0.3	0.1
Revenue Receivables	%	£52m	0.3	0.1	0.8	0.1	-	-	-	-	-	-	0.1	-
Notional Creditor	%	£(5)m	(0.1)	-	-	-	-	-	-	-	-	-	-	-
<b>EOI Inputs</b>			7.7	2.1	-	-	2.6	-	0.8	-	-	-	3.1	0.8
Rounding			0.1	0.1	0.1	(0.1)	-	-	-	-	-	-	0.1	0.1
<b>Fully Allocated Cost (£m)</b>			<b>32.6</b>	<b>9.6</b>	<b>78.4</b>	<b>11.6</b>	<b>2.6</b>	<b>-</b>	<b>0.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.9</b>	<b>1.2</b>
	Volume		773,862	228,832	2,734,234	296,043	104,517	1,567	30,405	456	74	23	(ux)	(ux)
	Unit cost £		42.15	41.98	28.66	39.29	24.56	24.56	27.34	27.34	26.25	26.25	(ux)	(ux)

## Section 10 – Review of Wholesale Broadband Access Markets

### 10.2.2 WBA (Market A) calculation of FAC based on component costs and usage factors 2016 (Continued)

For the year ended 31 March 2016

			WBA (Market A)											
Fully Allocated Cost (£m)	Unit (d)	Average cost per unit (from Appendix 1.1)	Case Basket Internal	Case Basket External	WBC Connections Internal	WBC Connections External	WBC End User Access - Rental Internal	WBC End User Access - Rental External	WBC Bandwidth Internal	WBC Bandwidth External	WBC Ancillary Charges & other Internal	WBC Ancillary Charges & other External	Other WBA Market A Internal	Other WBA Market A External
			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Components</b>	<b>Unit (d)</b>													
ADSL connections	£/conn	0.09	-	-	-	-	-	-	-	-	-	-	-	-
Broadband line testing systems	£/line	0.33	-	-	-	-	0.2	-	-	-	-	-	-	-
DSLAM support	£/line	9.26	-	-	-	-	-	-	-	-	-	-	-	-
DSLAM equipment	£/line	1.60	-	-	-	-	-	-	-	-	-	-	-	-
Core Directors - Broadband	£/circuit	0.19	-	-	-	-	-	-	-	-	-	-	-	-
ATM customer interface 34Mbit/s	£/port	83.42	-	-	-	-	-	-	-	-	-	-	-	-
ATM customer interface > 155Mbit/s	£/port	13.65	-	-	-	-	-	-	-	-	-	-	-	-
ATM network interface	£/port	174.10	-	-	-	-	-	-	-	-	-	-	-	-
ATM network switching	bandwidth	303.29	-	-	-	-	-	-	-	-	-	-	-	-
Inter ATM transmissions	£/use	4,020.14	-	-	-	-	-	-	-	-	-	-	-	-
Broadband backhaul circuits (excl Virtual Paths)	%	£66m	-	-	-	-	-	-	-	-	-	-	-	-
Core/Metro (broadband)	£/circuit	0.63	-	-	-	-	-	-	2.0	-	-	-	-	-
Edge Ethernet ports broadband	bandwidth	0.03	-	-	-	-	-	-	0.1	-	-	-	-	-
Metro BRAS and MSE	bandwidth	0.70	-	-	-	-	-	-	2.2	-	-	-	-	-
Ethernet Switch BB	£/circuit	1.20	-	-	-	-	-	-	3.8	-	-	-	-	-
Metro-core broadband transmission	£/circuit	0.31	-	-	-	-	-	-	1.0	-	-	-	-	-
Combi card broadband	£/line	13.97	-	-	-	-	8.9	-	-	-	-	-	-	-
Ethernet Switch BB Access	£/port	1.18	-	-	-	-	0.2	-	-	-	-	-	-	-
EES and MSAN Access - Broadband	rental	15.15	-	-	-	-	9.7	-	-	-	-	-	-	-
EVOTAM Testing Systems	£/line	4.82	-	-	-	-	3.1	-	-	-	-	-	-	-
Ofcom Administration Fee Wholesale	%	£3m	-	-	-	-	0.1	-	0.2	-	-	-	-	-
Customer support - broadband	%	£34m	-	-	0.1	-	1.4	-	2.5	-	-	-	-	0.2
Revenue Receivables	%	£52m	-	-	-	-	0.5	-	0.8	-	-	-	-	0.1
Notional Creditor	%	£(5)m	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)	-	-	-
<b>EOI Inputs</b>			4.6	1.1	6.5	-	21.5	0.1	9.3	-	10.5	0.2	4.7	0.8
Rounding			-	-	-	-	(0.1)	0.1	-	0.1	-	-	0.1	-
<b>Fully Allocated Cost (£m)</b>			<b>4.6</b>	<b>1.1</b>	<b>6.6</b>	<b>-</b>	<b>45.4</b>	<b>0.2</b>	<b>21.8</b>	<b>0.1</b>	<b>10.4</b>	<b>0.2</b>	<b>4.8</b>	<b>1.1</b>
	Volume		563,138	135,349	134,741	569	786,164	3,748	3,151,653	13,010	(ux)	(ux)	(ux)	(ux)
	Unit cost £		8.08	8.08	49.19	56.22	57.76	55.48	6.90	6.93	(ux)	(ux)	(ux)	(ux)



## Section 10 – Review of Wholesale Broadband Access Markets

### 10.2.4 WBA (Market A) Summary 2015

Restated for the year ended 31 March 2015 (h)

#### Detailed service analysis

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal Average Price	External Average Price	Internal FAC	External FAC	Internal EOI	External EOI
	£m	£m	£m				£	£	£m	£m	£m	£m
<b>IPstream Services</b>												
IPstream Connect Max and Max Premium End User Access - Rental	76.6	24.4	101.0	986,731	305,191	rentals	77.63	80.05	46.6	14.7	8.4	2.5
IPstream Connect Contracted Bandwidth per Mbit/s per node rental	133.1	21.1	154.2	2,320,854	365,702	bandwidth	57.37	57.66	75.3	23.1	-	-
IPstream Connect End User Re-grade	1.6	-	1.6	186,716	3,763	re-grades	8.58	8.58	3.1	0.1	3.0	0.1
IPstream Connect End User Migration	0.6	-	0.6	55,492	1,118	migrations	10.40	10.40	1.2	-	1.2	-
IPstream Connect ADSL Cancellation	-	-	-	41	23	cancellations	61.83	61.83	-	-	-	-
Other IPstream Connect Market	20.3	7.7	28.0	(ux)	(ux)	(ux)	(ux)	(ux)	6.2	2.1	4.8	1.3
<b>Total IPstream Connect Basket</b>	<b>232.2</b>	<b>53.2</b>	<b>285.4</b>						<b>132.4</b>	<b>40.0</b>	<b>17.4</b>	<b>3.9</b>
Cease Basket	-	-	-	216,053	68,000	ceases	-	-	2.1	0.7	2.2	0.7
<b>WBC Services</b>												
WBC Connections	5.0	0.1	5.1	108,975	2,767	conns	45.94	39.79	7.4	0.4	7.2	0.4
WBC End User Access - Rental	56.8	2.4	59.2	639,069	33,555	rentals	88.95	70.56	43.0	2.2	19.2	0.8
WBC Bandwidth	63.7	0.4	64.1	1,590,573	10,151	bandwidth	40.06	40.00	18.3	0.2	8.4	0.1
WBC Ancillary Charges & other	0.3	0.3	0.6	(ux)	(ux)	(ux)	(ux)	(ux)	-	-	-	-
<b>Sub-total WBC Services</b>	<b>125.8</b>	<b>3.2</b>	<b>129.0</b>						<b>68.7</b>	<b>2.8</b>	<b>34.8</b>	<b>1.3</b>
Other WBA Market A	2.9	8.2	11.1						6.3	2.5	5.9	2.1
<b>Total WBA Market A (including EOI and Internal)</b>	<b>360.9</b>	<b>64.6</b>	<b>425.5</b>						<b>209.5</b>	<b>46.0</b>	<b>60.3</b>	<b>8.0</b>
Adjustment for EOI and Internal	(60.3)	(8.0)	(68.3)						(60.3)	(8.0)	-	-
Rounding	0.2	0.2	0.4						0.1	0.2		
<b>Total WBA Market A (adjusted for EOI and Internal) □</b>	<b>300.8</b>	<b>56.8</b>	<b>357.6</b>						<b>149.3</b>	<b>38.2</b>	<b>-</b>	<b>-</b>

## Section 10 – Review of Wholesale Broadband Access Markets

### 10.2.5 WBA (Market A) calculation of FAC based on component costs and usage factors 2015

Restated for the year ended 31 March 2015 (h)

			WBA (Market A)											
Fully Allocated Cost (£m)	Unit (d)	Average cost per unit (from Appendix 1.2)	IPStream Connect Max and Max Premium End User Access - Rental Internal	IPStream Connect Max and Max Premium End User Access - Rental External	IPStream Connect Contracted Bandwidth per Mbit/s per node rental Internal	IPStream Connect Contracted Bandwidth per Mbit/s per node rental External	IPStream Connect End User Re-grade Internal	IPStream Connect End User Re-grade External	IPStream Connect End User Migration Internal	IPStream Connect End User Migration External	IPStream Connect ADSL Cancellation Internal	IPStream Connect ADSL Cancellation External	Other IPStream Connect Market Internal	Other IPStream Connect Market External
			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Components</b>	<b>Unit (d)</b>													
ADSL connections	£/conn	0.15	-	-	-	-	-	-	-	-	-	-	-	-
Broadband line testing systems	£/line	0.26	0.3	0.1	-	-	-	-	-	-	-	-	-	-
DSLAM support	£/line	14.28	31.4	10.1	5.8	1.9	-	-	-	-	-	-	0.3	0.4
DSLAM equipment	£/line	1.91	2.6	0.8	3.4	1.1	-	-	-	-	-	-	-	-
Core Directors – Broadband	£/circuit	0.19	-	-	0.4	0.1	-	-	-	-	-	-	-	-
ATM customer interface 34Mbit/s	£/port	324.32	-	-	-	-	-	-	-	-	-	-	-	-
ATM customer interface > 155Mbit/s	£/port	52.35	-	-	1.2	0.4	-	-	-	-	-	-	-	-
ATM network interface	£/port	677.06	-	-	1.0	0.3	-	-	-	-	-	-	-	-
ATM network switching	bandwidth	1,158.33	-	-	3.9	1.3	-	-	-	-	-	-	-	-
Inter ATM transmissions	£/use	9,241.41	-	-	14.2	4.6	-	-	-	-	-	-	-	-
Broadband backhaul circuits (excl Virtual Paths)	£/circuit	-	-	-	38.6	12.4	-	-	-	-	-	-	-	-
Core/Metro (broadband)	£/circuit	1.07	-	-	-	-	-	-	-	-	-	-	-	-
Edge Ethernet ports broadband	bandwidth	0.08	-	-	-	-	-	-	-	-	-	-	-	-
Metro BRAS and MSE	bandwidth	0.71	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Switch BB	£/circuit	1.87	-	-	-	-	-	-	-	-	-	-	-	-
Metro-core broadband transmission	£/circuit	0.45	-	-	-	-	-	-	-	-	-	-	-	-
Combi card broadband	£/line	15.99	-	-	-	-	-	-	-	-	-	-	-	-
MSAN Access SFBB	£/port	0.86	-	-	-	-	-	-	-	-	-	-	-	-
EES and MSAN Access – Broadband	rental	16.64	-	-	-	-	-	-	-	-	-	-	-	-
EVOTAM Testing Systems	£/line	6.03	-	-	-	-	-	-	-	-	-	-	-	-
Customer support – broadband	%	£76m	3.5	1.1	6.0	1.0	0.1	-	-	-	-	-	0.9	0.4
Revenue Receivables	%	£44m	0.4	0.1	0.7	0.1	-	-	-	-	-	-	0.1	-
Notional Creditor	%	£(4)m	-	-	-	-	-	-	-	-	-	-	-	-
<b>EOI Inputs</b>			8.4	2.5	-	-	3.0	0.1	1.2	-	-	-	4.8	1.3
Rounding			-	-	0.1	(0.1)	-	-	-	-	-	-	0.1	-
<b>Fully Allocated Cost (£m)</b>			<b>46.6</b>	<b>14.7</b>	<b>75.3</b>	<b>23.1</b>	<b>3.1</b>	<b>0.1</b>	<b>1.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.2</b>	<b>2.1</b>
	Volume		986,731	305,191	2,320,854	365,702	186,716	3,763	55,492	1,118	41	23	(ux)	(ux)
	Unit cost £		47.21	48.31	32.47	63.21	16.52	16.52	22.12	22.12	3.15	3.15	(ux)	(ux)

## Section 10 – Review of Wholesale Broadband Access Markets

### 10.2.5 WBA (Market A) calculation of FAC based on component costs and usage factors 2015 (Continued)

Restated for the year ended 31 March 2015 (h)

			WBA (Market A)											
		Average cost per unit (from Appendix 1.2)	Cease Basket Internal	Cease Basket External	WBC Connections Internal	WBC Connections External	WBC End User Access - Rental Internal	WBC End User Access - Rental External	WBC Bandwidth Internal	WBC Bandwidth External	WBC Ancillary Charges & other Internal	WBC Ancillary Charges & other External	Other WBA Market A Internal	Other WBA Market A External
Fully Allocated Cost (£m)			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Components	Unit (d)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
ADSL connections	£/conn	0.15	-	-	-	-	-	-	-	-	-	-	-	-
Broadband line testing systems	£/line	0.26	-	-	-	-	0.1	-	-	-	-	-	-	-
DSLAM support	£/line	14.28	-	-	-	-	-	-	-	-	-	-	-	-
DSLAM equipment	£/line	1.91	-	-	-	-	-	-	-	-	-	-	-	-
Core Directors – Broadband	£/circuit	0.19	-	-	-	-	-	-	-	-	-	-	-	-
ATM customer interface 34Mbit/s	£/port	324.32	-	-	-	-	-	-	-	-	-	-	-	-
ATM customer interface > 155Mbit/s	£/port	52.35	-	-	-	-	-	-	-	-	-	-	-	-
ATM network interface	£/port	677.06	-	-	-	-	-	-	-	-	-	-	-	-
ATM network switching	bandwidth	1,158.33	-	-	-	-	-	-	-	-	-	-	-	-
Inter ATM transmissions	£/use	9,241.41	-	-	-	-	-	-	-	-	-	-	0.1	-
Broadband backhaul circuits (excl Virtual Paths)	%	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Core/Metro (broadband)	£/circuit	1.07	-	-	-	-	-	-	1.7	-	-	-	-	-
Edge Ethernet ports broadband	bandwidth	0.08	-	-	-	-	-	-	0.1	-	-	-	-	-
Metro BRAS and MSE	bandwidth	0.71	-	-	-	-	-	-	1.1	-	-	-	-	-
Ethernet Switch BB	£/circuit	1.87	-	-	-	-	-	-	3.0	-	-	-	-	-
Metro-core broadband transmission	£/circuit	0.45	-	-	-	-	-	-	0.7	-	-	-	-	-
Combi card broadband	£/line	15.99	-	-	-	-	8.6	0.5	-	-	-	-	-	-
MSAN Access SFBB	£/port	0.86	-	-	-	-	0.1	-	-	-	-	-	-	-
EES and MSAN Access – Broadband	rental	16.64	-	-	-	-	9.0	0.6	-	-	-	-	-	-
EVOTAM Testing Systems	£/line	6.03	-	-	-	-	3.3	0.2	-	-	-	-	-	-
Customer support – broadband	%	£76m	-	-	0.2	-	2.5	0.1	2.9	-	-	-	0.1	0.4
Revenue Receivables	%	£44m	-	-	-	-	0.3	-	0.4	-	-	-	-	-
Notional Creditor	%	£(4)m	-	-	-	-	(0.1)	-	-	-	-	-	-	-
<b>EOI Inputs</b>														
Rounding			2.2	0.7	7.2	0.4	19.2	0.8	8.4	0.1	-	-	5.9	2.1
			(0.1)	-	-	-	-	-	-	0.1	-	-	0.1	-
<b>Fully Allocated Cost (£m)</b>			<b>2.1</b>	<b>0.7</b>	<b>7.4</b>	<b>0.4</b>	<b>43.0</b>	<b>2.2</b>	<b>18.3</b>	<b>0.2</b>	-	-	<b>6.3</b>	<b>2.5</b>
		Volume	216,053	68,000	108,975	2,767	639,069	33,555	1,590,573	10,151	(ux)	(ux)	(ux)	(ux)
		Unit cost £	9.91	9.82	67.94	134.26	67.26	66.54	11.49	15.89	(ux)	(ux)	(ux)	(ux)



# Section 10 – Review of Wholesale Broadband Access Markets

## 10.2.6 WBA (Market A) EOI 2015

Restated for the year ended 31 March 2015 (h)

EOI Charge	Units	Average EOI Input Price per unit	EOI Charge																								
			IPstream Connect Max and Max Premium End User Access - Rental Internal	IPstream Connect Max and Max Premium End User Access - Rental External	IPstream Connect Contracted Bandwidth per Mbit/s per month Internal	IPstream Connect Contracted Bandwidth per Mbit/s per month External	IPstream Connect End User Re-grade Internal	IPstream Connect End User Re-grade External	IPstream Connect End User Migration Internal	IPstream Connect End User Migration External	IPstream Connect ADSL Cancellation Internal	IPstream Connect ADSL Cancellation External	Other IPstream Connect Market Internal	Other IPstream Connect Market External	Case Basket Internal	Case Basket External	WBC Connections Internal	WBC Connections External	WBC End User Access - Rental Internal	WBC End User Access - Rental External	WBC Bandwidth Internal	WBC Bandwidth External	WBC Ancillary Charges & other Internal	WBC Ancillary Charges & other External	Other WBA Market A Internal	Other WBA Market A External	
Part Service Description		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
EBD ONBS Rentals AISBO WECLA	circuits	6,818.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBD ONBS Connections AISBO WECLA	circuits	3,500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBD ONBS Connections MISBO WECLA	circuits	12,250.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBD ONBS Rentals MISBO WECLA	circuits	17,293.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBD ONBS Rentals AISBO Non-WECLA	circuits	6,756.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBD ONBS Connections AISBO Non-WECLA	circuits	3,553.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBD ONBS Rentals MISBO Non-WECLA	circuits	17,472.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBD ONBS Connections MISBO Non-WECLA	circuits	11,947.87	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MPF New Provides EOI Charges - Internal	conns	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MPF Rentals EOI Charges - Internal	rentals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SMFP New Provides	conns	30.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SMFP Single Migrations	migrations	8.99	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GEA Other EOI Charges - Internal	misc	21.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SMFP Rentals	rentals	5.54	5.5	1.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other LUJ Ancillaries Basket	ancillaries	32.08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SMFP Bulk Migrations	migrations	8.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MPF Hard Ceases	ceases	23.87	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SMFP Hard Ceases	ceases	23.73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Tie Pair Modifications	ancillaries	58.60	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Tie-cables and Comingling	ancillaries	19.73	1.2	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SMFP Enhanced Care	ancillaries	38.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SMFP Expedite	ancillaries	101.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WBA Broadband Boost	ancillaries	166.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GEA FITC Rentals EOI Charges - Internal	rentals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GEA FITC Connections EOI Charges - Internal	conns	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GEA FITP Rentals EOI Charges - Internal	rentals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GEA FITP Connections EOI Charges - Internal	conns	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GEA CP to CP Migration EOI Charges - Internal	migrations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Faults Investigation	ancillaries	94.29	0.7	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ONBS Main Link AISBO WECLA	circuits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ONBS Main Link MISBO WECLA	circuits	420.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ONBS Main Link AISBO Non-WECLA	circuits	11.39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ONBS Main Link MISBO Non-WECLA	circuits	420.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tie Cables	ancillaries	49.06	1.0	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21CN Backhaul EAD	circuits	3,067.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Time Related Charges	ancillaries	118.72	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ePPC's rentals	rentals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ePPC's connections	conns	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MPF Other Internal	misc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roundings			(0.2)																								
<b>Total EOI Charge (£m)</b>			<b>8.4</b>	<b>2.5</b>	<b>-</b>	<b>-</b>	<b>3.0</b>	<b>0.1</b>	<b>1.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.8</b>	<b>1.3</b>	<b>2.2</b>	<b>0.7</b>	<b>7.2</b>	<b>0.4</b>	<b>19.2</b>	<b>0.8</b>	<b>8.4</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>5.9</b>	<b>2.1</b>
	Volumes	986,731	305,191	2,320,854	365,702	186,716	3,763	55,492	1,118	41	23	(ux)	(ux)	216,053	68,000	87,539	2,767	539,119	33,555	968,518	10,151	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)
	Unit	rentals	rentals	bandwidth	bandwidth	re-grades	re-grades	migrations	migrations	cancellations	cancellations			ceases	ceases	conns	conns	rentals	rentals	bandwidth	bandwidth						
	Unit Cost (£)	8.55	8.20	-	-	16.17	16.17	21.71	21.71	-	-	(ux)	(ux)	9.97	9.87	82.03	130.99	35.53	23.02	8.70	8.17	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)

Section 11  
Reconciliation Statements

## Section 11 – Reconciliation Statements

### 11.1 BT Reconciliation Statement 2016

Consolidated profit and loss account

For the year ended 31 March 2016

	External Revenue £m	Operating Costs £m	Return or Profit before taxation £m
<b>As in the Annual Report</b>	<b>19,042</b>	<b>15,307</b>	<b>3,029</b>
Adjustments			
Share of post tax profit of associates and joint ventures	-	(6)	-
EvoTams adjustment	-	(2)	2
Net short term interest	-	4	-
Specific pension interest	-	-	221
Long term interest payable	-	-	487
Roundings and adjustments	-	-	-
<b>Total BT Markets (HCA)</b>	<b>19,042</b>	<b>15,303</b>	<b>3,739</b>
Holding (gain)/loss	-	(158)	158
Supplementary Depreciation	-	121	(121)
Other CCA adjustments	-	74	(74)
Roundings	-	-	-
<b>Total BT Markets (CCA)</b>	<b>19,042</b>	<b>15,340</b>	<b>3,702</b>

On 29 January 2016 BT Group acquired the entire share capital of EE Limited (EE) from Deutsche Telekom and Orange. Transactions with EE between the date of acquisition and the year end have been treated as external transactions and all EE activities have been treated as Retail for the purposes of disclosures in the RFS for 2015-16.

### 11.2 BT Reconciliation Statement 2015

Restated consolidated profit and loss account

For the year ended 31 March 2015 (h)

	External Revenue £m	Operating Costs £m	Return or Profit before taxation £m
<b>As in the Annual Report</b>	<b>17,979</b>	<b>14,499</b>	<b>2,645</b>
Adjustments			
Share of post tax loss of associates and joint ventures	-	1	-
Loss on disposal of interest in associates and joint ventures	-	-	(25)
EvoTams adjustment	-	(7)	7
Net short term interest	-	24	-
Specific pension interest	-	-	292
Long term interest payable	-	-	543
Roundings and adjustments	-	-	-
<b>Total BT Markets (HCA)</b>	<b>17,979</b>	<b>14,517</b>	<b>3,462</b>
Holding (gain)/loss	-	(68)	68
Supplementary Depreciation	-	135	(135)
Other CCA adjustments	-	34	(34)
Roundings	-	(1)	1
<b>Total BT Markets (CCA)</b>	<b>17,979</b>	<b>14,617</b>	<b>3,362</b>

## Section 12 – Openreach Information

### 11.3 BT Reconciliation Statement MCE

As at 31 March

	2016 £m	2015 £m		2016 £m	2015 £m
<b>Shareholders' funds as in the 2016 Annual Report</b>	10,380	808	<b>Mean capital employed of BT Markets</b>		
<b>CCA adjustments</b>	<u>1,626</u>	<u>1,673</u>	Fixed Access Markets	9,484	9,234
	12,006	2,481	Business Connectivity Markets	2,429	2,442
			Narrowband Markets	334	378
			Wholesale Broadband Access Markets	363	384
<b>Adjustments</b>			Sub total BT Markets	<u>12,610</u>	<u>12,438</u>
EE Assets	(13,109)	-	<b>Residual activities:</b>		
Derivative financial instruments – assets	(1,639)	(1,329)	Wholesale residual activity	1,723	1,986
Current tax assets	(65)	(65)	EOI Eliminations	-	-
Deferred tax assets	(1,247)	(1,559)	Retail residual activity	<u>7,039</u>	<u>4,495</u>
EVOTAMS	22	-	Sub total residual activities	8,762	6,481
Current tax liabilities	271	222	Wholesale markets	14,332	14,423
Deferred tax liabilities	1,262	948	Retail markets & activities	7,039	4,495
Derivative financial instruments – liabilities	911	1,095			
Other payables	1,105	927	Roundings and other adjustments	-	-
Long term loans and other borrowings:	-	-			
Due in less than one year	2,021	1,435	<b>Total CCA mean capital employed</b>	<u><b>21,371</b></u>	<u><b>18,918</b></u>
Due in more than one year	11,032	7,868			
Retirement benefit obligations	6,382	7,583			
<b>Closing CCA capital employed at 31 March</b>	<u>18,952</u>	<u>19,606</u>			
<b>Opening CCA capital employed</b>	19,596	18,229			
Include weighted average EE Assets	2,097	-			
<b>Total CCA mean capital employed</b>	<u><b>21,371</b></u>	<u><b>18,918</b></u>			

#### EE Acquisition

On 29 January 2016 BT Group acquired the entire share capital of EE Limited (EE) from Deutsche Telekom and Orange. In order to reflect the shorter period of ownership of EE the MCE has been adjusted using the closing balance sheet to approximate the 2 months owned. All of the EE assets are recognised as Retail.

#### Opening CCA capital employed

Opening capital employed moves each year as a result of incorporating immaterial CCA changes such as the proportion of duct valued on a RAV basis.

Section 12  
Openreach Information

## Section 12 – Openreach Information

---

### 12.1 Openreach Information

#### Openreach Statements

On 22 September 2005, we offered certain undertakings to Ofcom in lieu of a reference under the Enterprise Act 2002 (“the Undertakings”). In accordance with section 5.31 of the Undertakings, our Regulatory Financial Statements need to separately present the financial results of Openreach and include a reconciliation of Openreach’s revenue, operating profit (and other items agreed between us and Ofcom) with the financial information about Openreach as shown in BT Group plc’s Annual Report.

The form, content and basis of preparation of the financial results of Openreach follow, to the fullest extent possible, those used in the preparation of the Current Cost Financial Statements. The reconciliation of that statement to the Openreach segmental financial information as shown in BT Group plc’s Annual Report is shown for the Income Statement below.

#### Reconciling Differences

The reconciling differences between the Openreach regulatory statement and the Openreach segmental financial information reported in BT Group plc’s Annual Report fall into the following main categories:

##### a) Basis of preparation under CCA

BT Group plc’s Annual Report has been prepared under the Historical Cost Accounting convention, modified for the revaluation of certain financial assets and liabilities at fair value. BT’s Current Cost Financial Statements have been prepared on a CCA basis, in accordance with the Accounting Methodology Documents annually updated. As such, a reconciliation entry has been made to exclude the aggregated CCA adjustments included within the Openreach regulatory statement.

##### b) Rental charge to Openreach for use of assets owned by BT TSO

Within the Openreach segmental financial information reported in BT Group plc’s Annual Report, the results include a charge for an appropriate return on capital where assets are owned by BT TSO (e.g. for line cards, electronics and network features) but are used by Openreach. The Openreach regulatory statements do not include this charge, as the basis for attribution of costs and assets to products in the regulatory accounts is actual costs and assets.

##### c) Results relating to Northern Ireland’s operations

The Current Cost Financial Statements have been prepared in accordance with the Final Statements and Notifications imposed on BT where Ofcom has defined certain markets in which BT is deemed to have SMP in the UK. This definition includes BT’s Northern Ireland operations. The Openreach segmental financial information reported in BT Group plc’s Annual Report excludes BT’s operations in Northern Ireland. Accordingly, the results of the access network element of BT’s Northern Ireland operations form part of the reconciliation.

##### d) Other Trading Differences

The Openreach segmental financial information reported in BT Group plc’s Annual Report reflect the internal charges between BT’s lines of business rather than the allocation of actual costs and capital employed as shown in the Current Cost Financial Statements. The other trading differences reflect the total of these differences across the year.

##### e) Non-traded costs

Non-traded costs are shown separately from the Openreach segmental results in BT Group plc’s Annual Report. They are included as a separate line to enable reconciliation between the accounts.

## Section 12 – Openreach Information

### 12.2 Openreach Income Statement 2016

For the year ended 31 March 2016

	WFAEL £m	WLA £m	ISDN2 £m	ISDN0 £m	Sub Total full SMP services (excluding AISBO and MISBO) £m	AISBO Non-WECLA £m	AISBO WECLA £m	MISBO Non-WECLA £m	Sub Total full SMP services (including AISBO and MISBO) £m	Other Openreach Markets & Activities (with no SMP reporting obligations) £m	Rounding £m	Total Openreach Services - by regulated market £m
<b>Openreach Services (by regulated market)</b>												
<b>Revenue</b>												
Internal Revenue												
-service(s) which are also available externally:												
- Internal LLU equivalent	-	162	-	-	162	-	-	-	162	11	-	173
- Other	1,211	523	43	91	1,868	443	42	78	2,431	194	-	2,625
-service(s) provided internally only												
- ePPCs	-	-	-	-	-	-	-	-	-	114	-	114
- Other	-	-	-	-	-	-	-	-	-	18	-	18
External Revenue	454	1,265	62	105	1,886	292	36	43	2,257	57	-	2,314
Roundings	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>1,665</b>	<b>1,950</b>	<b>105</b>	<b>196</b>	<b>3,916</b>	<b>735</b>	<b>78</b>	<b>121</b>	<b>4,850</b>	<b>394</b>	-	<b>5,244</b>
<b>Operating Costs</b>												
Provision/Maintenance	168	249	8	11	436	11	1	3	451	125	-	576
Network Support	68	114	2	3	187	20	1	3	211	36	1	248
General Support	147	249	6	9	411	40	3	10	464	91	-	555
General Management	88	122	4	8	222	63	6	15	306	95	1	402
Finance and Billing	5	6	-	-	11	2	-	-	13	3	1	17
Accommodation	100	109	9	16	234	17	2	7	260	98	-	358
Bad Debts	1	1	-	-	2	-	-	-	2	-	-	2
Other Costs	19	7	2	3	31	5	1	1	38	(65)	-	(27)
Depreciation – Land & Buildings	12	32	1	2	47	2	-	1	50	16	1	67
- Access	346	336	10	14	706	92	5	4	807	37	-	844
- Switch and Transmission	15	8	1	7	31	65	6	36	138	98	-	236
- Other related	45	67	2	3	117	21	2	5	145	50	(1)	194
<b>Sub Total Depreciation</b>	<b>418</b>	<b>443</b>	<b>14</b>	<b>26</b>	<b>901</b>	<b>180</b>	<b>13</b>	<b>46</b>	<b>1,140</b>	<b>201</b>	-	<b>1,341</b>
<b>Sub Total HCA Operating Costs</b>	<b>1,014</b>	<b>1,300</b>	<b>45</b>	<b>76</b>	<b>2,435</b>	<b>338</b>	<b>27</b>	<b>85</b>	<b>2,885</b>	<b>584</b>	<b>3</b>	<b>3,472</b>
CCA Adjustments:												
Holding (Gain)/Loss	(76)	(47)	(2)	(1)	(126)	(11)	-	(2)	(139)	(10)	(1)	(150)
Supplementary Depreciation	101	61	3	(2)	163	(8)	(1)	1	155	(14)	-	141
Other Adjustments	(1)	4	1	7	11	45	3	1	60	13	(1)	72
Roundings	-	(2)	-	1	(1)	1	(1)	(1)	(2)	2	(1)	(1)
<b>Total CCA Operating Costs</b>	<b>1,038</b>	<b>1,316</b>	<b>47</b>	<b>81</b>	<b>2,482</b>	<b>365</b>	<b>28</b>	<b>84</b>	<b>2,959</b>	<b>575</b>	-	<b>3,534</b>
<b>Return</b>	<b>627</b>	<b>634</b>	<b>58</b>	<b>115</b>	<b>1,434</b>	<b>370</b>	<b>50</b>	<b>37</b>	<b>1,891</b>	<b>(181)</b>	-	<b>1,710</b>
<b>Return on mean capital employed</b>	<b>13.2%</b>	<b>14.5%</b>	<b>36.0%</b>	<b>54.5%</b>	<b>15.1%</b>	<b>23.2%</b>	<b>50.2%</b>	<b>14.7%</b>	<b>16.5%</b>	<b>(17.3)%</b>	n/a	<b>13.7%</b>

## Section 12 – Openreach Information

### 12.3 Openreach Income Statement 2015

Restated for the year ended 31 March 2015 (h)

	WFAEL	WLA	ISDN2	ISDN30	Sub Total full SMP services (excluding AISBO and MISBO)	AISBO Non-WECLA	AISBO WECLA	MISBO Non-WECLA	Sub Total full SMP services (including AISBO and MISBO)	Other Openreach Markets & Activities (with no SMP reporting obligations)	Rounding	Total: Openreach Services - by regulated market
Openreach Services (by regulated market)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Revenue</b>												
Internal Revenue												
-service(s) which are also available externally:												
- Internal LLU equivalent	-	176	-	-	176	-	-	-	176	12	-	188
- Other	1,257	403	48	102	1,810	441	47	67	2,365	220	-	2,585
-service(s) provided internally only												
- ePPCs	-	-	-	-	-	-	-	-	-	139	-	139
- Other	-	-	-	-	-	-	-	-	-	10	-	10
External Revenue	469	1,142	64	111	1,786	289	32	36	2,143	78	-	2,221
Roundings	-	-	-	-	-	-	-	(1)	(1)	-	1	-
<b>Total Revenue</b>	<b>1,726</b>	<b>1,721</b>	<b>112</b>	<b>213</b>	<b>3,772</b>	<b>730</b>	<b>79</b>	<b>102</b>	<b>4,683</b>	<b>459</b>	<b>1</b>	<b>5,143</b>
<b>Operating Costs</b>												
Provision/Maintenance	169	229	7	10	415	11	1	3	430	157	1	588
Network Support	69	107	2	3	181	22	2	2	207	70	-	277
General Support	142	220	6	8	376	35	3	6	420	95	1	516
General Management	137	174	7	14	332	76	7	12	427	102	1	530
Finance and Billing	7	7	-	-	14	2	-	-	16	3	-	19
Accommodation	100	110	9	15	234	18	1	5	258	104	1	363
Bad Debts	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Other Costs	22	12	2	3	39	7	1	1	48	(124)	(1)	(77)
Depreciation – Land & Buildings	12	29	1	2	44	2	-	1	47	18	1	66
- Access	362	309	11	14	696	88	5	3	792	32	-	824
- Switch and Transmission	18	9	1	10	38	70	7	24	139	104	2	245
- Other related	52	80	3	4	139	29	3	4	175	50	(1)	224
<b>Sub Total Depreciation</b>	<b>444</b>	<b>427</b>	<b>16</b>	<b>30</b>	<b>917</b>	<b>189</b>	<b>15</b>	<b>32</b>	<b>1,153</b>	<b>204</b>	<b>2</b>	<b>1,359</b>
<b>Sub Total HCA Operating Costs</b>	<b>1,090</b>	<b>1,286</b>	<b>49</b>	<b>83</b>	<b>2,508</b>	<b>360</b>	<b>30</b>	<b>61</b>	<b>2,959</b>	<b>611</b>	<b>4</b>	<b>3,574</b>
CCA Adjustments:												
Holding (Gain)/Loss	(43)	(22)	(1)	1	(65)	10	-	-	(55)	-	(1)	(56)
Supplementary Depreciation	110	61	3	(2)	172	(2)	(1)	1	170	(16)	2	156
Other Adjustments	-	(1)	1	2	2	(3)	-	-	(1)	4	1	4
Roundings	-	-	1	1	2	1	2	-	5	1	(5)	1
<b>Total CCA Operating Costs</b>	<b>1,157</b>	<b>1,324</b>	<b>53</b>	<b>85</b>	<b>2,619</b>	<b>366</b>	<b>31</b>	<b>62</b>	<b>3,078</b>	<b>600</b>	<b>1</b>	<b>3,679</b>
<b>Return</b>	<b>569</b>	<b>397</b>	<b>59</b>	<b>128</b>	<b>1,153</b>	<b>364</b>	<b>48</b>	<b>40</b>	<b>1,605</b>	<b>(141)</b>	<b>-</b>	<b>1,464</b>
<b>Return on mean capital employed</b>	<b>11.5%</b>	<b>10.2%</b>	<b>33.7%</b>	<b>59.7%</b>	<b>12.5%</b>	<b>22.5%</b>	<b>47.9%</b>	<b>21.7%</b>	<b>14.4%</b>	<b>(11.6)%</b>	<b>n/a</b>	<b>11.9%</b>



## Section 12 – Openreach Information

### 12.4 Openreach MCE Statement 2016

For the year ended 31 March 2016

Openreach Services (by regulated market)	WFAEL £m	WLA £m	ISDN2 £m	ISDN30 £m	Sub Total full SMP services (excluding AISBO and MISBO) £m	AISBO Non-WECLA £m	AISBO WECLA £m	MISBO Non-WECLA £m	Sub Total full SMP services (including AISBO and MISBO) £m	Other Openreach Markets & Activities (with no SMP reporting obligations) £m	Total Openreach Services – by regulated market £m
<b>Non-current Assets</b>											
<b>Tangible fixed assets:</b>											
Land & Buildings	115	335	14	24	488	15	1	11	515	159	674
Access – Copper	2,509	1,777	74	10	4,370	-	-	-	4,370	45	4,415
Access – Fibre	-	732	-	91	823	552	37	9	1,421	132	1,553
Access – Duct	1,894	1,552	56	50	3,552	679	30	85	4,346	370	4,716
Switch	58	24	8	4	94	-	-	-	94	-	94
Transmission	5	(92)	-	17	(70)	266	21	132	349	272	621
Other	206	191	10	16	423	87	7	17	534	171	705
Investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-current assets</b>	<b>4,787</b>	<b>4,519</b>	<b>162</b>	<b>212</b>	<b>9,680</b>	<b>1,599</b>	<b>96</b>	<b>254</b>	<b>11,629</b>	<b>1,149</b>	<b>12,778</b>
<b>Current Assets</b>											
Inventories	-	-	-	-	-	-	-	-	-	4	4
Receivables											
– Internal	100	118	6	12	236	44	5	7	292	(116)	176
– External	184	210	7	11	412	59	5	14	490	428	918
<b>Total Current Assets</b>	<b>284</b>	<b>328</b>	<b>13</b>	<b>23</b>	<b>648</b>	<b>103</b>	<b>10</b>	<b>21</b>	<b>782</b>	<b>316</b>	<b>1,098</b>
<b>Payables falling due within one year</b>											
– Internal	-	-	-	-	-	-	-	-	-	-	-
– External	(302)	(461)	(15)	(23)	(801)	(101)	(8)	(24)	(934)	(332)	(1,266)
<b>Total Payables falling due within one year</b>	<b>(302)</b>	<b>(461)</b>	<b>(15)</b>	<b>(23)</b>	<b>(801)</b>	<b>(101)</b>	<b>(8)</b>	<b>(24)</b>	<b>(934)</b>	<b>(332)</b>	<b>(1,266)</b>
<b>Net Current (Payables)/Assets</b>	<b>(18)</b>	<b>(133)</b>	<b>(2)</b>	<b>-</b>	<b>(153)</b>	<b>2</b>	<b>2</b>	<b>(3)</b>	<b>(152)</b>	<b>(16)</b>	<b>(168)</b>
<b>Total Assets less Current Payables</b>	<b>4,769</b>	<b>4,386</b>	<b>160</b>	<b>212</b>	<b>9,527</b>	<b>1,601</b>	<b>98</b>	<b>251</b>	<b>11,477</b>	<b>1,133</b>	<b>12,610</b>
Provisions for liabilities and charges	(15)	(30)	(1)	(1)	(47)	(6)	-	(2)	(55)	(84)	(139)
Roundings	1	1	2	-	4	1	-	1	6	-	6
<b>Mean capital employed</b>	<b>4,755</b>	<b>4,357</b>	<b>161</b>	<b>211</b>	<b>9,484</b>	<b>1,596</b>	<b>98</b>	<b>250</b>	<b>11,428</b>	<b>1,049</b>	<b>12,477</b>

## Section 12 – Openreach Information

### 12.5 Openreach MCE Statement 2015

Restated for the year ended 31 March 2015 (h)

Openreach Services (by regulated market)	WFAEL £m	WLA £m	ISDN2 £m	ISDN30 £m	Sub Total full SMP services (excluding AISBO and MISBO) £m	AISBO Non-WECLA £m	AISBO WECLA £m	MISBO Non-WECLA £m	Sub Total full SMP services (including AISBO and MISBO) £m	Other Openreach Markets & Activities (with no SMP reporting obligations) £m	Total Openreach Services – by regulated market £m
<b>Non-current Assets</b>											
<b>Tangible fixed assets:</b>											
Land & Buildings	117	348	15	22	502	22	2	11	537	183	720
Access – Copper	2,654	1,713	81	11	4,459	-	-	-	4,459	16	4,475
Access – Fibre	-	536	-	92	628	577	37	8	1,250	144	1,394
Access – Duct	1,979	1,304	61	50	3,394	659	30	64	4,147	379	4,526
Switch	69	27	10	5	111	-	-	-	111	-	111
Transmission	7	(46)	-	22	(17)	294	25	92	394	316	710
Other	221	248	12	17	498	101	9	13	621	180	801
Investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-current assets</b>	<b>5,047</b>	<b>4,130</b>	<b>179</b>	<b>219</b>	<b>9,575</b>	<b>1,653</b>	<b>103</b>	<b>188</b>	<b>11,519</b>	<b>1,218</b>	<b>12,737</b>
<b>Current Assets</b>											
Inventories	-	-	-	-	-	-	-	-	-	3	3
Receivables											
– Internal	90	90	6	11	197	38	4	5	244	(92)	152
– External	220	239	9	15	483	75	6	11	575	377	952
<b>Total Current Assets</b>	<b>310</b>	<b>329</b>	<b>15</b>	<b>26</b>	<b>680</b>	<b>113</b>	<b>10</b>	<b>16</b>	<b>819</b>	<b>288</b>	<b>1,107</b>
<b>Payables falling due within one year</b>											
– Internal	-	-	-	-	-	-	-	-	-	-	-
– External	(373)	(509)	(17)	(29)	(928)	(137)	(11)	(21)	(1,097)	(275)	(1,372)
<b>Total Payables falling due within one year</b>	<b>(373)</b>	<b>(509)</b>	<b>(17)</b>	<b>(29)</b>	<b>(928)</b>	<b>(137)</b>	<b>(11)</b>	<b>(21)</b>	<b>(1,097)</b>	<b>(275)</b>	<b>(1,372)</b>
<b>Net Current (Payables)/Assets</b>	<b>(63)</b>	<b>(180)</b>	<b>(2)</b>	<b>(3)</b>	<b>(248)</b>	<b>(24)</b>	<b>(1)</b>	<b>(5)</b>	<b>(278)</b>	<b>13</b>	<b>(265)</b>
<b>Total Assets less Current Payables</b>	<b>4,984</b>	<b>3,950</b>	<b>177</b>	<b>216</b>	<b>9,327</b>	<b>1,629</b>	<b>102</b>	<b>183</b>	<b>11,241</b>	<b>1,231</b>	<b>12,472</b>
Provisions for liabilities and charges	(35)	(55)	(1)	(3)	(94)	(12)	(1)	(1)	(108)	(19)	(127)
Roundings	-	-	(1)	2	1	(1)	-	1	1	1	2
<b>Mean capital employed</b>	<b>4,949</b>	<b>3,895</b>	<b>175</b>	<b>215</b>	<b>9,234</b>	<b>1,616</b>	<b>101</b>	<b>183</b>	<b>11,134</b>	<b>1,213</b>	<b>12,347</b>

## Section 12 – Openreach Information

### 12.6 Reconciliation of Openreach Income Statements

For the year ended 31 March 2016

		Revenue	Operating Cost	Return or Profit before taxation
		£m	£m	£m
<b>As in the Annual report</b>		<b>5,100</b>	<b>3,737</b>	<b>1,363</b>
<u>Reconciliation differences:</u>				
Use of BT TSO assets	(b)	-	(111)	111
Northern Ireland	(c)	144	88	56
Non-traded costs	(e)	-	(6)	6
Other trading differences	(d)	-	(236)	236
Total reconciliation differences		144	(265)	409
CCA Adjustments	(a)	-	63	(63)
Rounding		-	(1)	1
<b>Regulatory Openreach</b>		<b>5,244</b>	<b>3,534</b>	<b>1,710</b>

Restated for the year ended 31 March 2015 (h)

		Revenue	Operating Cost	Return or Profit before taxation
		£m	£m	£m
<b>As in the Annual report</b>		<b>5,011</b>	<b>3,759</b>	<b>1,252</b>
<u>Reconciliation differences:</u>				
Use of BT TSO assets	(b)	-	(117)	117
Northern Ireland	(c)	133	92	41
Non-traded costs	(e)	-	113	(113)
Other trading differences	(d)	-	(271)	271
Total reconciliation differences		133	(183)	316
CCA Adjustments	(a)	-	104	(104)
Rounding		(1)	(1)	-
<b>Regulatory Openreach</b>		<b>5,143</b>	<b>3,679</b>	<b>1,464</b>

Appendix 1  
Other Information

## Appendix 1 - Other Information

### Appendix 1.1 Network Activity Statements Consolidated 2016

For the year ended 31 March 2016

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding gain and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (b)	Units	Average costs per min/unit on a current cost basis relating to current year
Low Tisbo 3rd Party Equipment Depn	5.0	-	-	-	5.0	-	0.0%	-	5.0	(a)	-	(a)
Medium Tisbo 3rd Party Equipment Depn	0.7	-	-	-	0.7	-	0.0%	-	0.7	(a)	-	(a)
High Tisbo 3rd Party Equipment Depn	-	-	-	-	-	-	0.0%	-	-	(a)	-	(a)
Revenue Receivables	-	-	-	-	-	528.9	9.9%	52.3	52.3	(a)	-	(a)
TISBO Excess Construction	3.2	-	-	-	3.2	65.3	10.8%	7.1	10.3	(a)	-	(a)
AISBO Excess Construction	10.6	-	-	-	10.6	240.2	10.8%	25.9	36.5	(a)	-	(a)
MPF Line Testing Systems	24.9	0.4	(0.2)	-	25.1	70.3	8.6%	6.0	31.1	8,958,912	lines	3.47
EVOTAM Testing Systems	18.8	0.3	(0.2)	-	18.9	52.9	8.6%	4.6	23.5	4,862,106	lines	4.82
PC rentals 2Mbit/s regional trunk	6.9	0.3	(0.4)	(0.1)	6.7	30.1	10.8%	3.2	9.9	417,854	km	23.90
PC rentals 34Mbit/s regional trunk	1.5	0.1	(0.1)	-	1.5	7.4	10.8%	0.8	2.3	6,422	km	352.88
PC rentals 140Mbit/s regional trunk	3.8	-	(0.2)	-	3.6	16.4	10.8%	1.8	5.4	3,513	km	1,514.50
PC rental 2Mbit link per km national trunk	4.4	0.1	(0.2)	0.1	4.4	16.1	10.8%	1.7	6.1	470,595	km	12.99
PC rental 140Mbit link per km national trunk	8.0	0.3	(0.6)	(0.1)	7.6	43.5	10.8%	4.7	12.3	14,284	km	863.65
Openreach time related charges	91.8	-	-	-	91.8	(5.3)	10.8%	(0.6)	91.2	(a)	-	(a)
Co-mingling set up	17.6	0.4	0.1	-	18.1	98.4	8.6%	8.5	26.6	11,193	rooms	2,371.84
Co-mingling rentals	23.2	-	-	-	23.2	94.1	8.6%	8.1	31.3	613,819	hostels	50.91
WLA tie cables	20.7	4.7	(2.7)	-	22.7	178.9	8.6%	15.4	38.1	958,145	cables	39.70
Local Loop Unbundling systems development	2.6	-	-	-	2.6	7.3	8.6%	0.6	3.2	(a)	-	(a)
Wholesale Access specific	13.5	-	-	-	13.5	38.3	8.6%	3.3	16.8	2,357,603	trans	7.10
Routeing & records	10.1	-	-	-	10.1	0.1	8.6%	-	10.1	6,849,139	lines	1.48
MDF Hardware jumpering	111.5	-	-	-	111.5	(3.8)	8.6%	(0.3)	111.2	9,729,018	lines	11.43
E side copper capital	100.1	18.1	(12.9)	-	105.3	816.2	8.6%	70.2	175.5	25,624,609	lines	6.85
E side copper current	87.5	-	-	-	87.5	(1.8)	8.6%	(0.2)	87.3	27,432,296	lines	3.18
D side copper capital	483.0	110.9	(87.3)	-	506.6	5,215.9	8.6%	448.6	955.2	25,624,609	lines	37.28
D side copper current	215.9	-	-	-	215.9	(10.3)	8.6%	(0.9)	215.0	27,432,296	lines	7.84
Local exchanges general frames equipment	38.0	-	-	-	38.0	22.9	8.6%	2.0	40.0	41,681,856	lines	0.96
Local exchanges general frames maintenance	30.6	-	-	-	30.6	(0.5)	8.6%	-	30.6	27,566,211	lines	1.11
Analogue line test equipment	3.3	-	-	-	3.3	5.7	8.6%	0.5	3.8	25,613,961	lines	0.15
Dropwire capital & analogue NTE	304.8	30.4	(28.6)	0.1	306.7	1,066.0	8.6%	91.7	398.4	25,529,391	lines	15.60
Analogue line drop maintenance	51.8	-	-	-	51.8	(3.6)	8.6%	(0.3)	51.5	25,245,303	lines	2.04
Analogue line cards	109.4	0.5	3.7	-	113.6	141.4	8.6%	12.2	125.8	16,095,032	lines	7.81
FTTC Development	15.9	-	-	-	15.9	49.4	10.8%	5.3	21.2	(a)	-	(a)
OR Service Centre - Provision Analogue/ISDN2	26.2	-	-	-	26.2	1.3	8.6%	0.1	26.3	(a)	-	(a)
OR Service Centre - Provision WLA	21.7	-	-	-	21.7	0.6	8.6%	-	21.7	(a)	-	(a)
OR Service Centre - Provision AISBO	13.4	-	-	-	13.4	(1.4)	10.8%	(0.2)	13.2	(a)	-	(a)
Service Centre - Provision WLR NGA	18.0	-	-	-	18.0	0.8	10.8%	0.1	18.1	(a)	-	(a)
OR Service Centre - Assurance Ethernet	8.5	-	-	-	8.5	(2.0)	10.8%	(0.2)	8.3	(a)	-	(a)
MSAN Access SFBB	3.8	(0.3)	-	(0.1)	3.4	9.5	10.8%	1.0	4.4	3,771,572	ports	1.18
Ethernet Backhaul Direct	47.4	0.2	(1.9)	-	45.7	164.2	10.8%	17.7	63.4	9,918	circuits	6,399.57
Ethernet Backhaul Direct extended reach	0.1	-	-	-	0.1	0.2	10.8%	-	0.1	1,717	circuits	55.93

## Appendix 1 - Other Information

### Appendix 1.1 Network Activity Statement Consolidated 2016 (Continued)

For the year ended 31 March 2016

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding gain and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (b)	Units	Average costs per min/unit on a current cost basis relating to current year
Ethernet Backhaul Direct resilience	1.4	-	-	(0.1)	1.3	4.1	10.8%	0.4	1.7	1,717	circuits	1,002.51
Combi Card and MSAN Access - Voice	-	-	-	-	-	0.1	8.6%	-	-	16,095,032	lines	-
Combi card broadband	67.8	(15.6)	7.6	-	59.8	74.8	10.8%	8.1	67.9	4,862,106	lines	13.97
iNode features	2.0	-	-	-	2.0	6.1	10.8%	0.7	2.7	(a)	-	(a)
Core/Metro (broadband)	32.4	(0.1)	(3.5)	-	28.8	61.9	10.8%	6.7	35.5	56,670,992	circuits	0.63
Core Directors - Broadband	0.6	-	(0.1)	-	0.5	1.1	10.8%	0.1	0.6	3,352,263	circuits	0.19
Edge Ethernet ports broadband	1.3	-	(0.1)	-	1.2	2.5	10.8%	0.3	1.5	50,935,832	bandwidth	0.03
Metro BRAS and MSE	32.7	(0.1)	(3.5)	-	29.1	62.5	10.8%	6.8	35.9	50,935,832	bandwidth	0.70
EES and MSAN Access - Broadband	72.6	(18.2)	8.5	-	62.9	99.6	10.8%	10.8	73.7	4,862,106	rentals	15.15
Ethernet Switch BB	53.5	(3.1)	-	0.1	50.5	97.0	10.8%	10.5	61.0	50,935,832	circuits	1.20
Metro-core broadband transmission	14.1	(0.4)	(0.4)	-	13.3	39.2	10.8%	4.2	17.5	56,028,285	circuits	0.31
ADSL connections	0.1	-	-	-	0.1	-	10.8%	-	0.1	1,355,095	conns	0.09
Caller Display	8.1	-	0.2	0.1	8.4	10.0	10.8%	1.1	9.5	(a)	-	(a)
Network Features	3.1	-	0.1	-	3.2	3.7	10.8%	0.4	3.6	(a)	-	(a)
ATM customer interface 34Mbit/s	0.1	-	-	-	0.1	0.1	10.8%	-	0.1	1,081	ports	83.42
ATM customer interface > 155Mbit/s	0.6	-	-	-	0.6	0.8	10.8%	0.1	0.7	46,560	ports	13.65
ATM network interface	0.5	-	-	-	0.5	0.7	10.8%	0.1	0.6	3,511	ports	174.10
ATM network switching	2.1	-	(0.1)	0.1	2.1	2.9	10.8%	0.3	2.4	7,978	bandwidth	303.29
Inter ATM transmissions	9.4	0.2	(0.7)	0.1	9.0	48.5	10.8%	5.2	14.2	3,534	usage	4,020.14
PC rental 2Mbit/s link per km distribution	44.0	1.5	(2.1)	-	43.4	140.5	10.8%	15.2	58.6	1,172,765	km	49.98
PC rental 34Mbit/s link per km distribution	4.2	0.2	(0.3)	-	4.1	20.6	10.8%	2.2	6.3	14,621	km	434.62
PC rental 140Mbit/s link per km distribution	4.5	0.1	(0.3)	(0.1)	4.2	17.9	10.8%	1.9	6.1	4,640	km	1,327.77
Point of Handover electronics	5.7	0.1	(0.2)	(0.1)	5.5	13.3	10.8%	1.4	6.9	2,001	eq	3,483.31
PC rental 64kbit/s link	9.2	0.1	(0.2)	-	9.1	11.1	10.8%	1.2	10.3	71,314	links	144.06
PC rental 2Mbit/s link	9.8	-	(0.2)	-	9.6	11.6	10.8%	1.3	10.9	70,136	links	154.27
PC rental 34Mbit/s link	0.7	-	-	-	0.7	1.0	10.8%	0.1	0.8	726	links	1,086.47
PC rental 140Mbit/s link	1.1	(0.1)	-	-	1.0	1.9	10.8%	0.2	1.2	318	links	3,777.27
PC rental 64kbit/s link per km transmission	10.2	0.3	(0.4)	(0.1)	10.0	28.6	10.8%	3.1	13.1	2,015,295	km	6.52
Netstream equipment	-	-	-	-	-	-	0.0%	-	-	-	le	-
2Mbit/s and above PC link connection cct provision	9.6	-	-	-	9.6	(0.1)	10.8%	-	9.6	1,079	circuits	8,859.81
64kbit/s PC link connection cct provision	0.4	-	-	-	0.4	-	10.8%	-	0.4	173	circuits	2,552.26
PC rental 64kbit/s link local end	21.4	0.3	(0.6)	(0.1)	21.0	30.4	10.8%	3.3	24.3	19,886	le	1,222.67
PC rental 34Mbit/s link local end	1.0	(0.1)	0.1	-	1.0	3.3	10.8%	0.4	1.4	1,071	le	1,286.55
PC rental 140Mbit/s link local end	1.2	(0.1)	0.1	(0.1)	1.1	3.6	10.8%	0.4	1.5	556	le	2,756.29
PC rental 2Mbit/s local end copper	4.0	-	-	-	4.0	4.3	10.8%	0.5	4.5	13,156	le	341.65
PC rental 2Mbit/s local end fibre	37.9	(1.9)	4.5	-	40.5	71.6	10.8%	7.7	48.2	95,267	le	506.21
Backhaul Extension Services Fibre	3.7	(0.4)	1.1	(0.1)	4.3	18.5	10.8%	2.0	6.3	5,515	le	1,148.31
Wholesale Extension Services Fibre	22.8	(2.7)	6.6	0.1	26.8	111.4	10.8%	12.0	38.8	33,915	le	1,143.68
Interconnect local end rental 2Mbit/s	0.7	-	-	0.1	0.8	1.6	10.8%	0.2	1.0	5,594	circuits	166.19
Interconnect 2Mbit/s connection	8.1	-	-	-	8.1	(0.1)	10.8%	-	8.1	2,040	circuits	3,971.76
Nominated In Span I/Connect cct (ISI) transmission	0.3	0.1	-	(0.1)	0.3	3.6	10.8%	0.4	0.7	18,179	100m	38.64
Interconnect Extension Circuits IEC 2Mbit/s per km	2.8	0.1	(0.1)	-	2.8	7.7	10.8%	0.8	3.6	147,429	km	24.54
Customer Sited Interconnect cct CSI 2Mbit/s per km	0.7	-	-	-	0.7	2.1	10.8%	0.2	0.9	186,596	km	4.72

## Appendix 1 - Other Information

### Appendix 1.1 Network Activity Statement Consolidated 2016 (Continued)

For the year ended 31 March 2016

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding gain and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (b)	Units	Average costs per min/unit on a current cost basis relating to current year
In Span Interconnect circuits (IS) transmission	3.0	-	(0.1)	0.1	3.0	4.2	10.8%	0.5	3.5	6,076	100m	566.95
Intra Building Circuit (IBC) connection	-	-	-	-	-	-	10.8%	-	-	1,120	circuits	11.22
Intra Building Circuit (IBC) rental	4.2	-	-	0.1	4.3	5.8	10.8%	0.6	4.9	42,246	circuits	115.59
PPC support services	-	-	-	-	-	-	0.0%	-	-	1,064	circuits	-
Ethernet main links	46.5	13.0	(8.1)	-	51.4	597.4	10.8%	64.5	115.9	577,838	fibre km	200.57
Ethernet Electronics	147.7	-	-	-	147.7	253.2	10.8%	27.3	175.0	448,173	le	390.64
Customer support - partial private circuits	19.9	-	-	-	19.9	3.3	10.8%	0.4	20.3	(a)	-	(a)
Customer support - interconnect	3.2	-	-	-	3.2	(0.5)	10.8%	(0.1)	3.1	(a)	-	(a)
Customer support - broadband	32.7	-	-	-	32.7	11.5	10.8%	1.2	33.9	(a)	-	(a)
Broadband backhaul circuits (excl Virtual Paths)	44.8	1.7	(3.4)	-	43.1	211.0	10.8%	22.8	65.9	(a)	-	(a)
OR Systems & Development - Ethernet	15.6	-	-	-	15.6	44.2	10.8%	4.8	20.4	345,709	le	59.06
Ofcom Administration Fee Wholesale	3.6	-	-	-	3.6	(1.4)	10.8%	(0.1)	3.5	(a)	-	(a)
Ofcom Administration Fee Openreach	6.4	-	-	-	6.4	(2.4)	10.8%	(0.3)	6.1	(a)	-	(a)
Special Fault Investigation	31.0	-	-	-	31.0	(0.7)	10.8%	(0.1)	30.9	(a)	-	(a)
Openreach sales product management	42.6	-	-	-	42.6	(10.9)	8.6%	(0.9)	41.7	(a)	-	(a)
Broadband line testing systems	1.6	-	-	-	1.6	3.6	10.8%	0.4	2.0	5,982,800	lines	0.33
DSLAM support	37.6	0.6	(1.3)	-	36.9	47.0	10.8%	5.1	42.0	4,530,939	lines	9.26
DSLAM equipment	4.8	-	-	-	4.8	22.9	10.8%	2.5	7.3	4,530,870	lines	1.60
FTTP Development	0.2	-	-	-	0.2	0.5	10.8%	0.1	0.3	(a)	-	(a)
Co-mingling power & vent	26.0	1.0	(3.0)	-	24.0	50.0	8.6%	4.3	28.3	29,574,092	hostels	0.96
Ethernet Access Direct Fibre	125.5	(17.7)	37.6	0.1	145.5	480.9	10.8%	51.9	197.4	220,234	circuits	896.39
Other Ethernet Rentals - CCTV	1.7	-	-	-	1.7	-	10.8%	-	1.7	6,966	le	244.54
Other Ethernet new provides - CCTV	0.4	-	-	-	0.4	-	10.8%	-	0.4	738	le	578.10
OR Service Centre - Assurance Analogue/ISDN2	13.7	-	-	-	13.7	0.9	8.6%	0.1	13.8	(a)	-	(a)
OR Service Centre - Assurance WLA	6.9	-	-	-	6.9	1.0	8.6%	0.1	7.0	(a)	-	(a)
Service Level Guarantees	32.1	-	-	-	32.1	(5.9)	8.6%	(0.5)	31.6	(a)	-	(a)
Customer Sited Interconnect cct CSI 2Mbit/s link	0.1	-	-	-	0.1	0.1	10.8%	-	0.1	5,594	circuits	17.43
Interconnect Extension Circuits IEC 2Mbit/s link	0.6	-	-	-	0.6	0.6	10.8%	0.1	0.7	6,243	circuits	111.38
SMP Accounting Separation components	713.6	(1.9)	17.6	-	729.3	1,745.1		188.4	917.7			
Residual components	1,364.9	(2.8)	(7.7)	-	1,354.4	897.8		96.0	1,450.4			
Roundings	-	0.1	(0.3)	0.1	(0.1)	(0.1)		(0.2)	(0.3)			
<b>Total</b>	<b>5,195.5</b>	<b>120.6</b>	<b>(84.2)</b>	<b>0.1</b>	<b>5,232.0</b>	<b>14,332.7</b>		<b>1,369.9</b>	<b>6,601.9</b>			

## Appendix 1 - Other Information

### Appendix 1.2 Network Activity Statement Consolidated 2015

Restated for the year ended 31 March 2015 (h)

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding gain and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (b)	Units	Average costs per min/unit on a current cost basis relating to current year
Low Tisbo 3rd Party Equipment Depn	9.3	-	-	-	9.3	-	0.0%	-	9.3	(a)	-	(a)
Medium Tisbo 3rd Party Equipment Depn	1.4	-	-	-	1.4	-	0.0%	-	1.4	(a)	-	(a)
High Tisbo 3rd Party Equipment Depn	0.1	-	-	-	0.1	-	0.0%	-	0.1	(a)	-	(a)
Revenue Receivables	-	-	-	-	-	443.9	9.9%	44.0	44.0	(a)	-	(a)
TISBO Excess Construction	3.2	-	-	-	3.2	67.8	10.8%	7.3	10.5	(a)	-	(a)
AISBO Excess Construction	8.9	-	-	-	8.9	199.2	10.8%	21.5	30.4	(a)	-	(a)
MPF Line Testing Systems	36.8	0.5	-	-	37.3	92.6	8.6%	8.0	45.3	8,389,403	lines	5.40
EVOTAM Testing Systems	25.1	0.4	-	-	25.5	63.2	8.6%	5.4	30.9	5,127,396	lines	6.03
PC rentals 2Mbit/s regional trunk	7.1	0.3	(0.3)	0.1	7.2	32.9	10.8%	3.5	10.7	541,784	km	19.82
PC rentals 34Mbit/s regional trunk	1.5	0.1	(0.1)	-	1.5	7.8	10.8%	0.8	2.3	9,423	km	245.60
PC rentals 140Mbit/s regional trunk	4.3	-	-	-	4.3	17.1	10.8%	1.8	6.1	3,528	km	1,741.23
PC rental 2Mbit link per km national trunk	4.7	0.2	(0.1)	(0.1)	4.7	16.2	10.8%	1.7	6.4	547,730	km	11.84
PC rental 140Mbit link per km national trunk	6.0	0.3	(0.3)	-	6.0	36.7	10.8%	4.0	10.0	15,354	km	646.27
Openreach time related charges	85.9	-	-	-	85.9	(12.4)	10.8%	(1.3)	84.6	(a)	-	(a)
Co-mingling set up	17.2	0.3	(0.3)	-	17.2	91.5	8.6%	7.9	25.1	17,498	rooms	1,433.35
Co-mingling rentals	26.0	-	-	-	26.0	86.5	8.6%	7.4	33.4	537,757	hostels	62.09
WLA tie cables	22.7	4.7	(1.2)	-	26.2	180.9	8.6%	15.6	41.8	1,165,344	cables	35.83
Local Loop Unbundling systems development	7.2	-	-	-	7.2	16.9	8.6%	1.5	8.7	(a)	-	(a)
Wholesale Access specific	23.6	-	-	-	23.6	55.9	8.6%	4.8	28.4	2,389,280	trans	11.91
Routeing & records	8.4	-	-	-	8.4	(0.8)	8.6%	(0.1)	8.3	5,915,832	lines	1.41
MDF Hardware jumpering	134.3	-	-	-	134.3	(13.3)	8.6%	(1.1)	133.2	9,732,373	lines	13.68
E side copper capital	99.7	16.6	(6.4)	-	109.9	756.1	8.6%	65.0	174.9	25,521,148	lines	6.85
E side copper current	87.8	-	-	-	87.8	(7.6)	8.6%	(0.7)	87.1	26,945,587	lines	3.23
D side copper capital	511.1	115.7	(52.5)	(0.1)	574.2	5,385.3	8.6%	463.1	1,037.3	25,521,148	lines	40.65
D side copper current	224.7	-	-	-	224.7	(24.4)	8.6%	(2.1)	222.6	26,945,587	lines	8.26
Local exchanges general frames equipment	44.6	-	-	-	44.6	28.7	8.6%	2.5	47.1	41,816,685	lines	1.13
Local exchanges general frames maintenance	30.3	-	-	-	30.3	(2.7)	8.6%	(0.2)	30.1	26,935,795	lines	1.12
Analogue line test equipment	2.9	-	-	-	2.9	4.9	8.6%	0.4	3.3	25,499,139	lines	0.13
Dropwire capital & analogue NTE	313.8	38.0	(22.8)	-	329.0	1,045.1	8.6%	89.9	418.9	25,407,052	lines	16.49
Analogue line drop maintenance	67.2	-	-	-	67.2	(9.4)	8.6%	(0.8)	66.4	24,548,115	lines	2.70
Analogue line cards	113.4	0.2	9.0	-	122.6	160.1	8.6%	13.8	136.4	16,513,383	lines	8.26
FTTC Development	25.9	-	-	-	25.9	(42.5)	10.8%	(4.6)	21.3	(a)	-	(a)
OR Service Centre - Provision Analogue/ISDN2	31.9	-	-	-	31.9	(2.3)	8.6%	(0.2)	31.7	(a)	-	(a)
OR Service Centre - Provision WLA	29.6	-	-	-	29.6	(3.1)	8.6%	(0.3)	29.3	(a)	-	(a)
OR Service Centre - Provision AISBO	19.6	-	-	-	19.6	(4.4)	10.8%	(0.5)	19.1	(a)	-	(a)
Service Centre - Provision WLR NGA	21.5	-	-	-	21.5	(1.6)	10.8%	(0.2)	21.3	(a)	-	(a)
OR Service Centre - Assurance Ethernet	7.4	-	-	-	7.4	(2.0)	10.8%	(0.2)	7.2	(a)	-	(a)
MSAN Access SFBB	2.1	(0.2)	(0.1)	-	1.8	5.2	10.8%	0.6	2.4	2,744,583	ports	0.86
Ethernet Backhaul Direct	52.6	0.4	1.1	-	54.1	186.3	10.8%	20.1	74.2	10,176	circuits	7,293.74
Ethernet Backhaul Direct extended reach	-	-	-	-	-	0.1	10.8%	-	-	1,488	circuits	30.54



# Appendix 1 - Other Information

## Appendix 1.2 Network Activity Statement Consolidated 2015 (Continued)

Restated for the year ended 31 March 2015 (h)

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding gain and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (b)	Units	Average costs per min/unit on a current cost basis relating to current year
Ethernet Backhaul Direct resilience	0.5	-	-	-	0.5	1.7	10.8%	0.2	0.7	1,488	circuits	488.55
Combi Card and MSAN Access - Voice	-	-	-	-	-	0.1	8.6%	-	-	16,513,383	lines	-
Combi card broadband	82.7	(15.1)	1.0	-	68.6	124.3	10.8%	13.4	82.0	5,127,396	lines	15.99
iNode features	1.8	-	-	-	1.8	5.9	10.8%	0.6	2.4	(a)	-	(a)
Core/Metro (broadband)	31.0	(0.4)	0.9	-	31.5	49.4	10.8%	5.3	36.8	34,435,192	circuits	1.07
Core Directors - Broadband	0.5	-	-	-	0.5	0.8	10.8%	0.1	0.6	3,056,223	circuits	0.19
Edge Ethernet ports broadband	2.1	-	0.1	-	2.2	3.3	10.8%	0.4	2.6	31,023,969	bandwidth	0.08
Metro BRAS and MSE	19.1	(0.2)	0.5	(0.1)	19.3	26.2	10.8%	2.8	22.1	31,023,969	bandwidth	0.71
EES and MSAN Access - Broadband	87.3	(18.7)	0.9	-	69.5	146.7	10.8%	15.8	85.3	5,127,396	rentals	16.64
Ethernet Switch BB	57.4	(3.5)	(1.4)	-	52.5	103.6	10.8%	11.2	63.7	34,025,491	circuits	1.87
Metro-core broadband transmission	10.8	(0.4)	0.5	(0.1)	10.8	32.1	10.8%	3.5	14.3	31,660,338	circuits	0.45
ADSL connections	0.2	-	-	-	0.2	-	10.8%	-	0.2	1,473,321	conns	0.15
Caller Display	7.3	-	0.5	-	7.8	9.8	10.8%	1.1	8.9	(a)	-	(a)
Network Features	2.9	-	0.2	-	3.1	3.6	10.8%	0.4	3.5	(a)	-	(a)
ATM customer interface 34Mbit/s	0.3	-	-	-	0.3	0.3	10.8%	-	0.3	1,076	ports	324.32
ATM customer interface > 155Mbit/s	2.1	-	-	0.1	2.2	2.3	10.8%	0.2	2.4	46,255	ports	52.35
ATM network interface	2.1	-	-	-	2.1	2.2	10.8%	0.2	2.3	3,451	ports	677.06
ATM network switching	8.1	0.1	0.1	(0.1)	8.2	8.8	10.8%	0.9	9.1	7,931	bandwidth	1,158.33
Inter ATM transmissions	20.2	0.4	(0.4)	-	20.2	107.6	10.8%	11.6	31.8	3,445	usage	9,241.41
PC rental 2Mbit/s link per km distribution	44.7	1.8	(0.6)	-	45.9	154.1	10.8%	16.6	62.5	1,473,147	km	42.46
PC rental 34Mbit/s link per km distribution	4.1	0.2	(0.1)	0.1	4.3	20.9	10.8%	2.3	6.6	20,371	km	319.81
PC rental 140Mbit/s link per km distribution	4.7	-	0.1	0.1	4.9	18.0	10.8%	1.9	6.8	6,640	km	1,024.19
Point of Handover electronics	6.6	0.1	0.1	-	6.8	14.6	10.8%	1.6	8.4	990	eq	8,426.44
PC rental 64kbit/s link	9.5	0.1	0.1	-	9.7	12.0	10.8%	1.3	11.0	105,711	links	104.12
PC rental 2Mbit/s link	11.1	-	0.2	(0.1)	11.2	13.0	10.8%	1.4	12.6	91,949	links	137.28
PC rental 34Mbit/s link	0.8	-	-	-	0.8	1.1	10.8%	0.1	0.9	1,052	links	894.92
PC rental 140Mbit/s link	1.2	(0.1)	0.1	-	1.2	2.1	10.8%	0.2	1.4	413	links	3,448.58
PC rental 64kbit/s link per km transmission	10.3	0.3	(0.1)	0.1	10.6	30.0	10.8%	3.2	13.8	3,057,570	km	4.52
Netstream equipment	2.2	(0.3)	0.3	-	2.2	5.5	10.8%	0.6	2.8	57	le	48,302.28
2Mbit/s and above PC link connection cct provision	10.1	-	-	-	10.1	(0.7)	10.8%	(0.1)	10.0	1,572	circuits	6,366.31
64kbit/s PC link connection cct provision	0.4	-	-	-	0.4	-	10.8%	-	0.4	149	circuits	2,534.08
PC rental 64kbit/s link local end	23.8	0.3	0.4	-	24.5	35.8	10.8%	3.9	28.4	25,145	le	1,128.43
PC rental 34Mbit/s link local end	1.6	(0.1)	0.1	-	1.6	5.7	10.8%	0.6	2.2	1,446	le	1,534.23
PC rental 140Mbit/s link local end	1.2	(0.1)	0.1	-	1.2	3.7	10.8%	0.4	1.6	646	le	2,534.21
PC rental 2Mbit/s local end copper	5.8	-	-	-	5.8	6.1	10.8%	0.7	6.5	16,546	le	390.76
PC rental 2Mbit/s local end fibre	42.6	(2.3)	2.4	-	42.7	80.4	10.8%	8.7	51.4	118,722	le	433.16
Backhaul Extension Services Fibre	5.7	(0.7)	0.7	(0.1)	5.6	25.7	10.8%	2.8	8.4	8,588	le	980.33
Wholesale Extension Services Fibre	32.1	(3.9)	3.8	-	32.0	142.5	10.8%	15.4	47.4	48,281	le	982.33
Interconnect local end rental 2Mbit/s	1.0	-	-	-	1.0	1.7	10.8%	0.2	1.2	6,771	circuits	167.58
Interconnect 2Mbit/s connection	6.2	-	-	-	6.2	(0.4)	10.8%	-	6.2	1,909	circuits	3,236.48
Nominated In Span I/Connect cct (ISI) transmission	0.3	0.1	(0.1)	-	0.3	3.6	10.8%	0.4	0.7	18,360	100m	36.38
Interconnect Extension Circuits IEC 2Mbit/s per km	3.3	0.1	(0.1)	0.1	3.4	8.9	10.8%	1.0	4.4	184,353	km	23.48
Customer Sited Interconnect cct CSI 2Mbit/s per km	1.1	-	-	0.1	1.2	2.8	10.8%	0.3	1.5	210,335	km	6.99
In Span Interconnect circuits (ISI) transmission	3.1	-	-	0.1	3.2	4.3	10.8%	0.5	3.7	6,059	100m	602.15

## Appendix 1 - Other Information

### Appendix 1.2 Network Activity Statement Consolidated 2015 (Continued)

Restated for the year ended 31 March 2015 (h)

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding gain and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (b)	Units	Average costs per min/unit on a current cost basis relating to current year
Intra Building Circuit (IBC) connection	-	-	-	-	-	-	10.8%	-	-	1,154	circuits	32.65
Intra Building Circuit (IBC) rental	4.7	-	0.1	-	4.8	7.0	10.8%	0.8	5.6	50,412	circuits	110.74
PPC support services	0.9	-	-	0.1	1.0	4.3	10.8%	0.5	1.5	1,723	circuits	825.00
Ethernet main links	41.1	13.6	(8.7)	0.1	46.1	586.5	10.8%	63.3	109.4	561,775	fibre km	194.77
Ethernet Electronics	152.2	-	-	0.1	152.3	227.8	10.8%	24.6	176.9	360,939	le	490.04
Customer support - partial private circuits	18.1	-	-	-	18.1	1.0	10.8%	0.1	18.2	(a)	-	(a)
Customer support - interconnect	4.6	-	-	-	4.6	(0.6)	10.8%	(0.1)	4.5	(a)	-	(a)
Customer support - broadband	75.9	-	-	-	75.9	(4.0)	10.8%	(0.4)	75.5	(a)	-	(a)
Broadband backhaul circuits (excl Virtual Paths)	38.8	1.2	-	-	40.0	184.1	10.8%	19.9	59.9	(a)	-	(a)
OR Systems & Development - Ethernet	24.4	-	-	-	24.4	57.8	10.8%	6.2	30.6	313,957	le	97.70
Special Fault Investigation	30.1	-	-	-	30.1	(2.7)	10.8%	(0.3)	29.8	(a)	-	(a)
Openreach sales product management	17.1	-	-	-	17.1	(8.3)	8.6%	(0.7)	16.4	(a)	-	(a)
Broadband line testing systems	1.4	-	-	-	1.4	3.2	10.8%	0.4	1.8	6,609,993	lines	0.26
DSLAM support	54.4	0.9	1.1	0.1	56.5	83.3	10.8%	9.0	65.5	4,586,915	lines	14.28
DSLAM equipment	5.9	-	-	-	5.9	26.2	10.8%	2.8	8.7	4,586,915	lines	1.91
FTTP Development	2.3	-	-	-	2.3	5.6	10.8%	0.6	2.9	(a)	-	(a)
Co-mingling power & vent	24.0	0.9	1.7	(0.1)	26.5	48.7	8.6%	4.2	30.7	27,584,244	hostels	1.11
Ethernet Access Direct Fibre	109.1	(11.1)	10.8	-	108.8	454.7	10.8%	49.1	157.9	193,538	circuits	815.69
Other Ethernet Rentals - CCTV	1.7	-	-	-	1.7	(0.2)	10.8%	-	1.7	6,367	le	258.33
Other Ethernet new provides - CCTV	1.2	-	-	-	1.2	(0.1)	10.8%	-	1.2	633	le	1,836.14
OR Service Centre - Assurance Analogue/ISDN2	13.3	-	-	-	13.3	(0.8)	8.6%	(0.1)	13.2	(a)	-	(a)
OR Service Centre - Assurance WLA	5.6	-	-	-	5.6	(0.2)	8.6%	-	5.6	(a)	-	(a)
Service Level Guarantees	25.0	-	-	-	25.0	(8.1)	8.6%	(0.7)	24.3	(a)	-	(a)
Customer Sited Interconnect cct. CSI 2Mbit/s link	0.1	-	-	-	0.1	0.1	10.8%	-	0.1	6,771	circuits	16.55
Interconnect Extension Circuits IEC 2Mbit/s link	0.7	-	-	-	0.7	0.7	10.8%	0.1	0.8	7,551	circuits	103.32
SMP Accounting Separation components	672.0	(1.6)	19.8	0.1	690.3	1,572.8	-	169.9	860.2	-	-	-
Residual components	1,281.5	(4.5)	4.1	-	1,281.1	1,109.2	-	119.7	1,400.8	-	-	-
Roundings	(0.2)	0.2	0.4	(0.3)	0.1	-	-	0.1	0.2	-	-	-
<b>Total</b>	<b>5,295.6</b>	<b>134.8</b>	<b>(34.4)</b>	<b>0.2</b>	<b>5,396.2</b>	<b>14,422.5</b>		<b>1,379.0</b>	<b>6,775.2</b>			

Appendix 2  
Price Control Statements

## Appendix 2 – Price Control Statements

### Appendix 2.1 Price Controls in Regulated Markets

This appendix shows an extract from the most recent price control submissions to Ofcom to meet BT's price control obligations.

Price Control summary of calls information submitted to Ofcom

Basket/sub-basket	RPI between June 2013 and June 2014	Charge Control	Controlling %	Actual Basket Yield to 30 September 2015
Call Termination	2.6%	RPI-3%	-0.4%	£(0.7)m
Call Origination	2.6%	RPI-3.5%	-0.9%	£(1.5)m
Interconnect	2.6%	RPI-2.6%	0.0%	£0.0m

Basket/sub-basket	RPI between September 2013 and September 2014	Charge Control	Controlling %	Actual Basket Yield 31 March 2016
TI Basket	2.3%	RPI+2.25%	3.73%	3.69%
Point of Handover su	2.3%	RPI+0%	2.30%	-0.14%
Mobile sub-basket	2.3%	RPI+2.25%	4.55%	3.43%

Price Control summary of PPC information submitted to Ofcom

Price Control summary of AISBO information submitted to Ofcom

Basket	RPI between September 2013 and September 2014	Charge Control	Controlling %	Price change to 31 March 2016	Price Change to 31 March 2016
Ethernet Services	2.3%	RPI-11.5%	-9.00%	-10.00%	£(69.0)m
Ethernet Interconnection Services sub-basket	2.3%	RPI-11.5%	-8.10%	-8.20%	£(0.1)m
Ethernet EAD 1Gbit/s Services sub-basket	2.3%	RPI-11.5%	-2.10%	-28.90%	£(39.5)m

Sub-cap	GBCI between September 2013 and September 2014	RPI between September 2013 and September 2014	Charge Control	Controlling %	Result
AI WECLA services		2.3%	RPI-RPI	0.00%	Cap met
Ethernet All Sub-cap Services		2.3%	RPI-RPI	0.00%	Cap met
Accommodation Services		2.3%	RPI-RPI	0.00%	Cap met
ECC Services	1.90%		GBCI-0%	1.90%	Cap met

Submissions for WBA, ISDN2, LLU and WLR were made to Ofcom on 30 June 2016, ahead of the publication of the 2016 RFS. These are shown separately on our website at link

<http://www.btplc.com/Thegroup/RegulatoryandPublicAffairs/Financialstatements/2016/index.htm>

Appendix 3  
Adjusted Financial Performance Schedule

## Appendix 3 – Adjusted Financial Performance Schedule

---

### Appendix 3.1 Adjusted Financial Performance Schedule

Ofcom’s “Directions for Regulatory Financial Reporting” 30 March 2015 Annex 6 directed BT to prepare the “Adjusted Financial Performance at a market review level” statement in order to show the impact of certain adjustments. Of the adjustments specified, only the following have an impact at a market review (Fixed Access and WBA) level:

- Set the Net Replacement Cost (“NRC”) of PSTN Line Cards to £715m as from 31 March 2011 and adjusting the NRC for the relevant Asset Volume Elasticity and a 5% cumulative reduction year on year. The impact of this will be within the Fixed Access Markets.
- Set the Gross Replacement Cost (“GRC”) of Digital Subscriber Line Access Multiplexer (“DSLAM”) to the current replacement cost of DSLAM and set the NRC:GRC ratio at 50% in relation to the following assets:
  - Asynchronous Transfer Mode (“ATM”)
  - Synchronous Digital Hierarchy (“SDH”)
  - DSLAM

And to depreciate the three assets above over a thirteen year period. The impact of this will be within WBA – Market A.

- Remove the Other CCA adjustments in the WBA Market.

Ofcom’s Direction specifying the requirements in relation to additional reporting of information related to BT’s adjusted financial performance, set out on page 245 of Annex 35 of the 2016 BCMR Statement, directed BT to prepare the “Adjusted Financial Performance at a market review level” statement in order to show the impact of the following adjustments on the Business Connectivity Markets.

- Calculating an average of property rationalisation costs incurred in the three prior year financial years and attributing that three year average to the Business Connectivity Markets.
- Calculating an average of restructuring costs incurred in the three prior year financial years and attributing that three year average to the Business Connectivity Markets.

The purpose of this schedule is to publish BT’s estimate of the impact of Ofcom’s regulatory decisions taken in the Fixed Access, WBA and Business Connectivity market reviews that were not required to be included within the Regulatory Financial Statements.

This schedule does not represent our view of the market returns.

## Appendix 3 – Adjusted Financial Performance Schedule

### Appendix 3.2 Adjusted Financial Performance Schedule 2016

For the year ended 31 March 2016

	As reported									Estimated impacts				Revised return				
			CCA		Operating		Return		MCE	Return on MCE	CCA		Operating		Revised return	Revised MCE	Impact on return on MCE	Revised Return on MCE
	Revenue	HCA Costs	Adjustments	Roundings	Costs	Return	MCE	Revenue			Costs	Return	MCE					
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	Δ%	%
Fixed Access Markets	3,916	2,435	48	(1)	2,482	1,434	9,484	15.1 %	-	-	-	258	1,434	9,742	(0.4) %	14.7 %		
Business Connectivity Markets	1,240	646	29	(2)	673	567	2,429	23.3 %	-	3	(3)	-	564	2,429	(0.1) %	23.2 %		
Narrowband Markets	225	216	6	(4)	218	7	334	1.8 %	-	-	-	-	7	334	-	1.8 %		
Wholesale Broadband Markets	453	202	(5)	1	198	255	363	70.2 %	-	60	(60)	397	195	760	(44.6) %	25.6 %		
<b>Total SMP Markets</b>	<b>5,834</b>	<b>3,499</b>	<b>78</b>	<b>(6)</b>	<b>3,571</b>	<b>2,263</b>	<b>12,610</b>	<b>17.9 %</b>	<b>-</b>	<b>63</b>	<b>(63)</b>	<b>655</b>	<b>2,200</b>	<b>13,265</b>	<b>(1.3) %</b>	<b>16.6 %</b>		

	Estimated impacts			
	CCA		Operating	
	Revenue	Costs	Return	MCE
	£m	£m	£m	£m
Adjusted NRC for ATM and ATMW	-	15	(15)	98
Adjusted NRC for SDH	-	23	(23)	214
Adjusted NRC for DSLAMs	-	22	(22)	85
Adjusted NRC for line cards	-	-	-	258
Remove Other CCA Adjustments for W	-	-	-	-
Property Rationalisation	-	-	-	-
Restructuring Costs	-	3	(3)	-
	<b>-</b>	<b>63</b>	<b>(63)</b>	<b>655</b>

## Appendix 3 – Adjusted Financial Performance Schedule

### Appendix 3.3 Adjusted Financial Performance Schedule 2015

Restated for the year ended 31 March 2015 (h)

	As reported								Estimated impacts				Revised return			
			CCA		Operating		Return on		CCA		Operating		Revised		Revised	
	Revenue	HCA Costs	Adjustments	Roundings	Costs	Return	MCE	MCE	Revenue	Costs	Return	MCE	Revised return	Revised MCE	Impact on return on MCE	Return on MCE
	£m	£m	£m	£m	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	Δ%	%
Fixed Access Markets	3,772	2,508	109	2	2,619	1,153	9,234	12.5 %	-	-	-	207	1,153	9,441	(0.3) %	12.2 %
Business Connectivity Markets	1,298	672	8	2	682	616	2,442	25.2 %	-	(3)	3	-	619	2,442	0.2 %	25.4 %
Narrowband Markets	254	216	13	-	229	25	378	6.4 %	-	-	-	-	25	378	0.1 %	6.5 %
Wholesale Broadband Markets	426	215	(1)	-	214	212	384	55.1 %	-	73	(73)	470	139	854	(38.9) %	16.2 %
<b>Total SMP Markets</b>	<b>5,750</b>	<b>3,611</b>	<b>129</b>	<b>4</b>	<b>3,744</b>	<b>2,006</b>	<b>12,438</b>	<b>16.1 %</b>	<b>-</b>	<b>70</b>	<b>(70)</b>	<b>677</b>	<b>1,936</b>	<b>13,115</b>	<b>(1.4) %</b>	<b>14.7 %</b>

	Estimated impacts			
	CCA		Operating	
	Revenue	Costs	Return	MCE
	£m	£m	£m	£m
Adjusted NRC for ATM and ATMW	-	12	(12)	97
Adjusted NRC for SDH	-	26	(26)	195
Adjusted NRC for DSLAMs	-	33	(33)	178
Adjusted NRC for line cards	-	-	-	207
Remove Other CCA Adjustments for W	-	2	(2)	-
Property Rationalisation	-	(1)	1	-
Restructuring Costs	-	(2)	2	-
	<b>-</b>	<b>70</b>	<b>(70)</b>	<b>677</b>



Appendix 4  
Time Related Charges and Special Fault Investigation Costs

## Appendix 4 – Time Related Charges and Special Fault Investigation Costs

### Appendix 4.1 Time Related Charges Costs Relating to the Fixed Access Markets 2016

For the year ended 31 March 2016

<b>Volumes (hours) – Billed (exc volume deals)</b>	
Normal hours	<b>820,900</b>
Other hours	<b>Not available</b>
Sunday/Bank Holiday hours	<b>Not available</b>
Total TRC hours	<b>820,900</b>

Total Direct Costs £ per hour      **38.00**

Note - TRCs are available outside of normal working hours and Sundays and bank holidays. It has not been possible to split TRC hours into normal, other, and Sunday/Bank holidays for the purposes of this report. The "Normal hours" represents the number of visits plus the number of additional hours.

### Appendix 4.2 Time Related Charges Costs Relating to the Fixed Access Markets 2015

For the year ended 31 March 2015

<b>Volumes (hours) – Billed (exc volume deals)</b>	
Normal hours	<b>791,111</b>
Other hours	<b>Not available</b>
Sunday/Bank Holiday hours	<b>Not available</b>
Total TRC hours	<b>791,111</b>

Total Direct Costs £ per hour      **36.60**

Note - TRCs are available outside of normal working hours and Sundays and bank holidays. It has not been possible to split TRC hours into normal, other, and Sunday/Bank holidays for the purposes of this report. The "Normal hours" represents the number of visits plus the number of additional hours.

### Appendix 4.3 Special Fault Investigation Costs Relating to the Fixed Access Markets 2016

For the year ended 31 March 2016

<b>Module</b>	<b>Cost per module £m</b>
Base	<b>25.8</b>
Network	<b>2.3</b>
Frame	<b>0.5</b>
Internal Wiring	<b>0.2</b>
Internal Equipment	<b>0.6</b>
Co-op	<b>1.5</b>
Frame Direct	<b>0.5</b>
	<b>31.4</b>

Note - Special Fault Investigation service costs includes all of the cost of the Special Fault Investigation component and some of the cost of other components e.g. Openreach Sales Product Management and Revenue Receivables.

### Appendix 4.4 Special Fault Investigation Costs Relating to the Fixed Access Markets 2015

Restated for the year ended 31 March 2015

<b>Module</b>	<b>Cost per module £m</b>
Base	<b>25.5</b>
Network	<b>0.8</b>
Frame	<b>0.1</b>
Internal Wiring	<b>0.3</b>
Internal Equipment	<b>1.4</b>
Co-op	<b>1.3</b>
Frame Direct	<b>0.7</b>
	<b>30.1</b>

Note - Special Fault Investigation service costs includes all of the cost of the Special Fault Investigation component and some of the cost of other components e.g. Openreach Sales Product Management and Revenue Receivables.

Glossary and Footnotes List

## Glossary and Footnotes List

### Glossary

21CN	21 <sup>st</sup> Century Network.
ADSL	Asymmetric Digital Subscriber Line.
AI	Alternative Interface.
AISBO	Alternative Interface Symmetric Broadband Origination.
AMD	Accounting Methodology Document. This sets out the detailed processes by which revenues and costs are attributed to the Wholesale markets and services.
Annual Report	BT Group plc's Consolidated Group Financial Statements for the year ended 31 March. These are available on the BT website at: <a href="http://www.btplc.com/Sharesandperformance/Annualreportandreview/index.cfm">http://www.btplc.com/Sharesandperformance/Annualreportandreview/index.cfm</a>
ATM	Asynchronous Transfer Mode.
BES	Backhaul Extension Services.
Cct	Circuits.
CLZ	Central London Zone.
CAT	Competition Appeal Tribunal.
Cost accounting	A cost accounting system is a set of rules which supports the attribution of costs, revenues and capital employed to individual activities and services.
CC	Competition Commission.

CoW	Class of Work.
CP	Communication Provider.
CPI	Consumer Price Index.
CPL	Carrier Price List.
CSH	Customer Sited Handover.
CSI	Customer Sited Interconnect.
CTCS	Core Transmission Costing System.
Current Cost Accounting ("CCA") adjustments	The change to historical costs arising from the revaluation of assets on a current cost basis. In the statements for individual markets the adjustments comprise the holding gains or losses arising from changes in asset values, together with the effect on asset values and depreciation of the appropriate allocation of current cost asset values between markets and Wholesale services.
(D)LRIC	LRIC plus a share of common costs.
DSAC	Distributed Stand Alone Costs.
DSLAM	Digital Subscriber Line Access Multiplexer.
EAD	Ethernet Access Direct.
EBD	Ethernet Backhaul Direct.
EC	European Commission.

## Glossary and Footnotes List

ECC	Excess Construction Charge.
Eq	Equipment units.
EOI	Equivalence of Input.
FAC	Fully Allocated Cost.
FAMR	Fixed Access Market Review.
GBCI	General Building Cost Index (GBCI). A national index that measures the costs of construction work including materials and labour
HCA	Historical cost accounting.
IAS	International Accounting Standards.
IBC	Intra-Building Circuit.
IEC	Interconnection Extension Circuit.
INS	Integrated Network System.
IP	Internet protocol.
ISH	In-Span Handover.
ISI	In-Span Interconnect.
Km	Kilometres.
Le	Local ends.
LLU	Local Loop Unbundling.

Line	No. of Lines.
LOB	Line of Business.
m	Metres.
Mean capital employed (MCE)	Mean capital employed is defined as total assets less current liabilities, excluding corporate taxes and dividends payable, and provisions other than those for deferred taxation. The mean is computed from the start and end values for the period.
MISBO	Multi Interface Symmetric Broadband Origination.
mm	Millions of minutes.
MPF	Metallic Path Facilities.
n/a	Not applicable.
NRC	Net Replacement Costs.
NGA	Next Generation Access.
Ofcom	Office of Communications.
PDH	Plesiochronous Digital Hierarchy.
PoH	Point of Handover.
PPC	Partial Private Circuit.
ppm	Pence per Minute.
PWNRCs	Profit Weighted Net Replacement Costs.

## Glossary and Footnotes List

Return on MCE	The terms “ <i>Return on MCE</i> ” and “ <i>Pre-Tax Return on MCE</i> ” are used interchangeably throughout the document, all returns are given pre-tax.
RAV	Regulatory Asset Valuation.
RBS	Radio Base Station Backhaul.
RFS	Regulatory Financial Statements.
RPI	Retail Price Index.
SDH	Synchronous Digital Hierarchy.
SMP	Significant Market Power.
SMPF	Shared Metallic Path Facilities.
TDM	Time Division Multiplexing.
TI	Traditional Interface.
TISBO	Traditional Interface Symmetric Broadband Origination.
TSO	Technology, Service and Operations
Use	The proportional bandwidth use of each circuit.
Usage Factors	Usage Factors refer to the usage of any network component, including conveyance components.
VoIP	Voice over IP.
VULA	Virtual Unbundled Local Access.

WBC	Wholesale Broadband Connect.
WDM	Wave Division Multiplexing.
WECLA	Western, Eastern and Central London Area including Slough.
WES	Wholesale Extension Services.
WLR	Wholesale Line Rental.
0 or -	A numerical value of <£0.5m and >£(0.5)m.
<1	A value of below £1m.

## Glossary and Footnotes List

### Footnotes

(a)	This component is attributed on a % basis so no volume or unit cost is derivable.
(ao)	The price for 64kbit/s enhanced maintenance is weighted to include different 64kbit/s equivalent services.
(ap)	Reduction in FAC due to network creditor generated by the EOI charge from Openreach to WBA markets.
(b)	See glossary for volume unit descriptors.
(c)	Unit of length is 10 kilometres.
(d)	ppm = pence per minute; £/2Mbit cct = £ per 2 Mbit/s circuit; £/km = £ per kilometre; £/100m = £ per 100 metres; £/trans = £ per transaction; £/circuit = £ per circuit; £/hostel rental = £ per hostel rental; % = % utilisation; £/line = £ per line; £/room = £ per room; £/cable = £ per cable; £/link = £ per link; £/eq = £ per equipment units; £/le = £ per local end; £/conn = £ per connection; £/channel = £ per channel; £/fibre km = £ per fibre km.
(e)	These are capital costs and therefore not included in the market total of operating costs.
(h)	See Section 2 - Basis of Preparation for explanation of restatement.
(n)	Accounting Separation components require no costs to be disclosed.
(q)	This is the total cost, not unit cost, for this component.
(sx)	This service comprises a number of individual prices as indicated by the value of x.
(ux)	This service comprises a number of individual volume types as indicated by the value of x.

(un)	This service comprises a large number of volume types and prices.
(v)	Revenues shown are prior to the 'revenue share' between BT and Other Communications Providers.
(y)	Unit costs calculated as a weighted average of the 64kbit/s PC link connection circuit provision and 64kbit/s PC link connection circuit rearrangements.

Additional Information



## Additional Information

---

Hard copy versions of the published Current Cost Financial Statements and the Accounting Methodology Documents can be obtained from:

Shareholder helpline

Tel: Freefone 0808 100 4141

Fax: 01903 833371

Textphone: Freefone 0800 169 6907

From outside the UK:

Tel: +44 121 415 7178

Fax: +44 1903 833371

Textphone: +44 121 415 7028

<https://help.shareview.co.uk>

The Registrar

Equiniti

Aspect House

Spencer Road

Lancing

West Sussex

BN99 6DA

United Kingdom

Website: [www.equiniti.com](http://www.equiniti.com)

Electronic copies of the above documents are also available from the following website:

[www.btplc.com/Thegroup/RegulatoryandPublicaffairs/Financialstatements/index.htm](http://www.btplc.com/Thegroup/RegulatoryandPublicaffairs/Financialstatements/index.htm)