



2018 Systems Reconciliation Report

19 December 2018

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Systems Reconciliation Report 2018

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Section 1
Introduction

Section 1 - Introduction

1.1 – Introduction

Our Regulatory Accounting System is used to produce the Regulatory Financial Statements (RFS). If we choose to replace all or part of our Regulatory Accounting System we must publish and deliver the Systems Reconciliation Report to Ofcom by 31 December of the financial year for which the figures will be prepared using the new or modified Regulatory Accounting System for the first time. This was most recently required by condition 7.26 of Ofcom's Wholesale Broadband Access Market Review dated 31 July 2018.

We are considering replacing our current Regulatory Accounting System, REFINE, with CostPerform in order to produce the 2018/19 RFS. The final decision will be made in March 2019.

This document sets out the differences between the two systems (REFINE and CostPerform) and provides an explanation of the material differences. For the purposes of this report, the material differences are:

- For differences in £m, those that are the higher of 5% and £5m.
- For unit cost differences, those greater than 5% and where the impact of that unit cost in aggregate is greater than £5m.
- For volume differences, those greater than 5%.

Minor differences have arisen due to rounding, minor calculation differences and minor anomalies in the reporting of REFINE information, which do not warrant further investigation due to their immateriality.

We have engaged PricewaterhouseCoopers LLP to perform independent testing over the compilation of this report. The scope of this testing was agreed in advance with Ofcom and the results of the testing have been shared with them.

1.2 – Structure of the report

Section 2 of this report includes the following sections of the RFS: Section 5- Performance Summary by Market; Section 11- Attribution of Wholesale Current Costs and Attribution of Wholesale Current Cost Mean Capital Employed; and Appendix 1- Network Activity Statements. For each of these schedules we have produced:

- REFINE schedule
- CostPerform schedule
- Variance (£m) calculated as REFINE – CostPerform
- Variance % calculated as Variance / REFINE

1.3 – Explanation of material differences

We are required to explain material differences. The explanation is provided below, along with the schedules to which they refer:

Mean Capital Employed (MCE) – Opening balance calculation Page 15, 16, 21, 22, 23 and 24

In the 2016 Business Connectivity Market Review Ofcom introduced a methodology for apportioning overheads called Previously Allocated Costs (PAC). After allocating all costs and MCE that have identifiable drivers, the PAC methodology allows us to apportion remaining costs and MCE pro rata to the previously allocated items. The PAC calculation uses Fully Allocated Costs (FAC) as its driver, meaning that a portion of the balance sheet are included within costs to form the allocation basis for overheads.

In REFINE, this PAC methodology operated differently when it was applied to closing costs, opening balance sheet and closing balance sheet. This was because the calculation of FAC was not based upon a return on MCE, but instead included a portion of:

- previously allocated opening balance sheet if being used to drive opening costs or opening balance sheet; or
- previously allocated closing balance sheet to create FAC when driving closing costs or closing balance sheet.

In CostPerform however, we use a return on closing capital employed as part of the PAC driver.

The differences are shown in two sections:

- Attribution of Wholesale Current Cost Mean Capital Employed on page 15 (% differences on page 16) for Other Non-Current Assets, External Receivables and External Liabilities on WLA, WFAEL and Wholesale Residual markets.
- Appendix 1.1 Network Activity Statements Consolidated on pages 21 and 22 (% differences on pages 23 and 24) for the CCA mean capital employed, Capital cost and Total of operating costs and capital costs relating to current year figures of a few components

If CostPerform is used for the production of the 2018/19 RFS, the CostPerform calculation method will be used for the reported and restated years.

Section 2
Schedules

Section 2 - Schedules

5.1 Performance Summary by Market

REFINE For the year ended 31 March 2018

RFS Section	Internal Revenue £m	External Revenue £m	Total Revenue £m	Operating Costs £m	Depreciation £m	Holding (gain)/loss £m	Supp. Dep. £m	Other CCA Adj. £m	Roundings £m	Total CCA Operating Costs £m	Return £m	Mean Capital Employed £m	Return on MCE %	
WLA	7.1	935	1,433	2,368	949	553	(119)	84	(6)	1	1,462	906	5,637	16.1%
Business Connectivity Markets														
Low Bandwidth CISBO Rest of UK	8.1	344	234	578	224	188	(53)	37	(3)	(1)	392	186	1,869	10.0%
Low Bandwidth CISBO Combined Geographic	8.2	17	14	31	11	8	(1)	1	0	(1)	18	13	63	20.4%
Low Bandwidth TISBO	8.3	86	71	157	85	45	(6)	5	(0)	(1)	128	29	280	10.4%
Total		447	319	766	320	241	(60)	43	(3)	(3)	538	228	2,212	10.3%
Narrowband Markets														
WFAEL	9.1	1,274	370	1,644	641	402	(157)	109	3	-	998	646	4,638	13.9%
ISDN2	9.2	33	55	88	27	13	(4)	3	2	(1)	40	48	134	36.0%
ISDN30	9.3	77	88	165	50	24	(5)	3	1	(1)	72	93	207	45.0%
Fixed call origination		107	36	143	73	20	(3)	1	7	1	99	44	152	29.3%
Fixed geographic call termination	9.4	4	7	11	61	18	(3)	1	6	2	85	(74)	132	(55.6)%
Technical areas (DLE Interconnect Circuits)	9.5	-	6	6	5	1	(0)	0	0	(0)	6	-	7	4.6%
Total		1,495	562	2,057	857	478	(172)	117	19	1	1,300	757	5,270	14.4%
WBA - Market A	10.1	402	23	425	126	53	(7)	0	4	(1)	175	250	370	67.5%
Total SMP Markets		3,279	2,337	5,616	2,252	1,325	(358)	244	14	(2)	3,475	2,141	13,489	15.9%
Wholesale Residual		2,171	436	2,607	1,870	432	(13)	(18)	60	-	2,331	276	1,258	22.0%
EOI Eliminations		(1,079)	-	(1,079)	(1,079)	-	-	-	-	-	(1,079)	-	-	-
Roundings		1	-	1	(1)	(1)	(1)	(0)	(1)	3	(1)	2	(1)	-
Total Wholesale Markets		4,372	2,773	7,145	3,042	1,756	(372)	226	73	1	4,726	2,419	14,746	16.4%
Retail Residual		-	20,950	20,950	18,189	1,758	-	-	-	(1)	19,946	1,004	17,368	5.8%
Eliminations		(4,372)	-	(4,372)	(4,372)	-	-	-	-	-	(4,372)	-	-	-
Roundings		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Markets		-	23,723	23,723	16,859	3,514	(372)	226	73	-	20,300	3,423	32,114	10.7%

Section 2 - Schedules

5.1 Performance Summary by Market

CostPerform For the year ended 31 March 2018

	RFS Section	Internal Revenue £m	External Revenue £m	Total Revenue £m	Operating Costs £m	Depreciation £m	Holding (gain)/loss £m	Supp. Dep. £m	Other CCA Adj. £m	Roundings £m	Total CCA Operating Costs £m	Return £m	Mean Capital Employed £m	Return on MCE %
WLA	7.1	935	1,433	2,368	950	553	(119)	84	(6)	1	1,463	905	5,639	16.1%
Business Connectivity Markets														
Low Bandwidth CISBO Rest of UK	8.1	344	234	578	224	188	(53)	37	(3)	(1)	392	186	1,868	10.0%
Low Bandwidth CISBO Combined Geographic	8.2	17	14	31	11	8	(1)	1	0	(1)	18	13	62	20.4%
Low Bandwidth TISBO	8.3	86	71	157	85	45	(6)	5	(0)	(1)	128	29	280	10.4%
Total		447	319	766	320	241	(60)	43	(3)	(3)	538	228	2,210	10.3%
Narrowband Markets														
WFAEL	9.1	1,274	370	1,644	642	402	(157)	109	3	(1)	998	646	4,637	13.9%
ISDN2	9.2	33	55	88	27	13	(4)	3	2	(1)	40	48	134	36.0%
ISDN30	9.3	77	88	165	50	24	(5)	3	1	(1)	72	93	207	45.0%
Fixed call origination		107	36	143	73	20	(3)	1	7	1	99	44	152	29.4%
Fixed geographic call termination	9.4	4	7	11	61	18	(3)	1	6	2	85	(74)	132	(55.7)%
Technical areas (DLE Interconnect Circuits)	9.5	-	6	6	5	1	(0)	0	0	(0)	6	-	7	4.6%
Total		1,495	562	2,057	858	478	(172)	117	19	(0)	1,300	757	5,269	14.4%
WBA - Market A	10.1	402	23	425	126	53	(7)	0	4	(1)	175	250	369	67.6%
Total SMP Markets														
		3,279	2,337	5,616	2,254	1,325	(358)	244	14	(3)	3,476	2,140	13,487	15.9%
Wholesale Residual		2,171	436	2,607	1,871	432	(13)	(18)	60	(1)	2,331	276	1,259	21.9%
EOI Eliminations		(1,079)	-	(1,079)	(1,079)	-	-	-	-	-	(1,079)	-	-	-
Roundings		1	-	1	(3)	(1)	(1)	(0)	(1)	6	-	1	-	-
Total Wholesale Markets		4,372	2,773	7,145	3,043	1,756	(372)	226	73	2	4,728	2,417	14,746	16.4%
Retail Residual		-	20,950	20,950	18,188	1,758	-	-	-	(1)	19,945	1,005	17,368	5.8%
Eliminations		(4,372)	-	(4,372)	(4,372)	-	-	-	-	-	(4,372)	-	-	-
Roundings		-	-	-	-	-	-	-	-	(1)	(1)	1	-	-
Total Markets		-	23,723	23,723	16,859	3,514	(372)	226	73	-	20,300	3,423	32,114	10.7%

Section 2 - Schedules

5.1 Performance Summary by Market

VARIANCE

RFS Section	Internal Revenue £m	External Revenue £m	Total Revenue £m	Operating Costs £m	Depreciation £m	Holding (gain)/loss £m	Supp. Dep. £m	Other CCA Adjs. £m	Roundings £m	Total CCA Operating Costs £m	Return £m	Mean Capital Employed £m	Return on MCE %
WLA	7.1	-	-	1	-	-	-	-	-	1	(1)	2	(0.0)%
Business Connectivity Markets													
Low Bandwidth CISBO Rest of UK	8.1	-	-	-	-	-	-	-	-	-	-	(1)	(0.0)%
Low Bandwidth CISBO Combined Geographic	8.2	-	-	-	-	-	-	-	-	-	-	(1)	0.0%
Low Bandwidth TISBO	8.3	-	-	-	-	-	-	-	-	-	-	-	(0.0)%
Total												(2)	0.0%
Narrowband Markets													
WFAEL	9.1	-	-	1	-	-	-	-	(1)	-	-	(1)	(0.0)%
ISDN2	9.2	-	-	-	-	-	-	-	-	-	-	-	0.0%
ISDN30	9.3	-	-	-	-	-	-	-	-	-	-	-	0.0%
Fixed call origination		-	-	-	-	-	-	-	-	-	-	-	0.0%
Fixed geographic call termination	9.4	-	-	-	-	-	-	-	-	-	-	-	(0.1)%
Technical areas (DLE Interconnect Circuits)	9.5	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total				1					(1)			(1)	0.0%
WBA - Market A	10.1	-	-	-	-	-	-	-	-	-	-	(1)	0.1%
Total SMP Markets													
Wholesale Residual		-	-	1	-	-	-	-	(1)	-	-	1	(0.1)%
EOI Eliminations		-	-	-	-	-	-	-	-	-	-	-	0.0%
Roundings		-	-	(2)	-	-	-	-	3	1	(1)	1	0.0%
Total Wholesale Markets				1					1	2	(2)		0.0%
Retail Residual		-	-	(1)	-	-	-	-	-	(1)	1	-	0.0%
Eliminations		-	-	-	-	-	-	-	-	-	-	-	0.0%
Roundings		-	-	-	-	-	-	-	(1)	(1)	1	-	0.0%
Total Markets													0.0%

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5.1 Performance Summary by Market

VARIANCE %

	RFS Section	Internal Revenue £m	External Revenue £m	Total Revenue £m	Operating Costs £m	Depreciation £m	Holding (gain)/loss £m	Supp. Dep. £m	Other CCA Adj. £m	Roundings £m	Total CCA Operating Costs £m	Return £m	Mean Capital Employed £m	Return on MCE %
WLA	7.1	0%	0%	0%	0%	0%	0%	0%	0%		0%	(0)%	0%	(0)%
Business Connectivity Markets														
Low Bandwidth CISBO Rest of UK	8.1	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	(0)%	(0)%
Low Bandwidth CISBO Combined Geographic	8.2	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	(2)%	0%
Low Bandwidth TISBO	8.3	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	(0)%
Total		0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	(0)%	(0)%
Narrowband Markets														
WFAEL	9.1	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	(0)%	(0)%
ISDN2	9.2	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	0%
ISDN30	9.3	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	0%
Fixed call origination		0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	0%
Fixed geographic call termination	9.4	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	0%
Technical areas (DLE Interconnect Circuits)	9.5	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	(0)%
Total		0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	(0)%	(0)%
WBA - Market A	10.1	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	(0)%	0%
Total SMP Markets														
Wholesale Residual		0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	(0)%
EOI Eliminations		0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	0%
Roundings														
Total Wholesale Markets		0%	0%	0%	0%	0%	0%	0%	0%		0%	(0)%	0%	(0)%
Retail Residual		0%	0%	0%	(0)%	0%	0%	0%	0%		(0)%	0%	0%	0%
Eliminations		0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	0%
Roundings														
Total Markets		0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	0%

Section 2 - Schedules

Attribution of Wholesale Current Costs

REFINE For the year ended 31 March 2018

	Wholesale Local Access Markets	Business Connectivity Markets			Narrowband Markets						Wholesale Broadband Access Markets			Total Wholesale Markets	
	WLA £m	Low Bandwidth CSBO Rest of UK £m	Low Bandwidth CSBO Combined Geographic £m	Low Bandwidth TBSO £m	WFAEL £m	ISDN2 £m	ISDN30 £m	Fixed call origination £m	Fixed geographic call termination £m	Technical areas (DLE Interconnect Circuits) £m	WBA - Market A £m	Wholesale Residual £m	EOI Eliminations £m	Roundings £m	£m
Operating Costs of Wholesale Services:															
EOI Input Prices	-	-	-	-	-	-	-	-	-	-	59	1,020	(1,079)	-	-
Provision/Maintenance	227	10	1	15	174	5	10	5	5	1	8	152	-	(1)	612
Network Support	149	40	1	7	93	3	5	3	3	1	5	27	-	1	338
General Support	196	62	3	7	116	3	6	3	2	0	3	31	-	-	432
General Management	249	88	5	18	148	5	10	16	9	1	14	169	-	-	732
Finance and Billing	8	2	0	1	5	0	0	0	0	0	0	2	-	1	19
Accommodation	108	18	1	31	87	9	16	39	35	2	32	129	-	(1)	506
Bad Debts	1	0	0	0	0	0	0	0	0	0	0	2	-	-	3
Other Costs	11	4	0	6	18	2	3	7	7	0	5	338	-	(1)	400
Depreciation - Land and Buildings	34	3	0	5	10	2	2	6	5	0	7	25	-	-	99
- Access	426	100	3	18	343	8	13	1	1	0	4	25	-	(2)	940
- Switch, Duct and Transmission	8	68	4	15	15	1	6	8	7	1	27	247	-	1	408
- Other related	85	17	1	7	34	2	3	5	5	0	15	135	-	-	309
Sub-total Depreciation	553	188	8	45	402	13	24	20	18	1	53	432	-	(1)	1,756
Sub-total HCA Operating Costs	1,502	412	19	130	1,043	40	74	93	79	6	179	2,302	(1,079)	(2)	4,798
CCA Adjustments:															
Holding (Gain)/Loss	(119)	(53)	(1)	(6)	(157)	(4)	(5)	(3)	(3)	(0)	(7)	(13)	-	(1)	(372)
Supplementary Depreciation	84	37	1	5	109	3	3	1	1	0	0	(18)	-	-	226
Other CCA Adjustments	(6)	(3)	0	(0)	3	2	1	7	6	0	4	60	-	(1)	73
Roundings	1	(1)	(1)	(1)	-	(1)	(1)	1	2	-	(1)	-	-	3	1
Total CCA Operating Costs	1,462	392	18	128	998	40	72	99	85	6	175	2,331	(1,079)	(1)	4,726

Section 2 - Schedules

Attribution of Wholesale Current Costs

CostPerform For the year ended 31 March 2018

	Wholesale Local Access Markets	Business Connectivity Markets			Narrowband Markets						Wholesale Broadband Access Markets			Total Wholesale Markets	
	WLA £m	Low Bandwidth CSBO Rest of UK £m	Low Bandwidth CSBO Combined Geographic £m	Low Bandwidth TBSO £m	WFAEL £m	ISDN2 £m	ISDN30 £m	Fixed call origination £m	Fixed geographic call termination £m	Technical areas (DLE Interconnect Circuits) £m	WBA - Market A £m	Wholesale Residual £m	EOI Eliminations £m	Roundings £m	£m
Operating Costs of Wholesale Services:															
EOI Input Prices	-	-	-	-	-	-	-	-	-	-	59	1,020	(1,079)	-	-
Provision/Maintenance	227	10	1	15	174	5	10	5	5	1	8	152	-	(1)	612
Network Support	149	40	1	7	93	3	5	3	3	1	5	27	-	1	338
General Support	197	62	3	7	116	3	6	3	2	0	3	31	-	-	433
General Management	249	88	5	18	149	5	10	16	9	1	14	170	-	(1)	733
Finance and Billing	8	2	0	1	5	0	0	0	0	0	0	2	-	1	19
Accommodation	108	18	1	31	87	9	16	39	35	2	32	129	-	(1)	506
Bad Debts	1	0	0	0	0	0	0	0	0	0	0	2	-	-	3
Other Costs	11	4	0	6	18	2	3	7	7	0	5	338	-	(1)	400
Depreciation - Land and Buildings	34	3	0	5	10	2	2	6	5	0	7	25	-	-	99
- Access	426	100	3	18	343	8	13	1	1	0	4	25	-	(2)	940
- Switch, Duct and Transmission	8	68	4	15	15	1	6	8	7	1	27	247	-	1	408
- Other related	85	17	1	7	34	2	3	5	5	0	15	135	-	-	309
Sub-total Depreciation	553	188	8	45	402	13	24	20	18	1	53	432	-	(1)	1,756
Sub-total HCA Operating Costs	1,503	412	19	130	1,044	40	74	93	79	6	179	2,303	(1,079)	(3)	4,800
CCA Adjustments:															
Holding (Gain)/Loss	(119)	(53)	(1)	(6)	(157)	(4)	(5)	(3)	(3)	(0)	(7)	(13)	-	(1)	(372)
Supplementary Depreciation	84	37	1	5	109	3	3	1	1	0	0	(18)	-	-	226
Other CCA Adjustments	(6)	(3)	0	(0)	3	2	1	7	6	0	4	60	-	(1)	73
Roundings	1	(1)	(1)	(1)	(1)	(1)	(1)	1	2	-	(1)	(1)	-	5	1
Total CCA Operating Costs	1,463	392	18	128	998	40	72	99	85	6	175	2,331	(1,079)	-	4,728

Section 2 - Schedules

Attribution of Wholesale Current Costs

VARIANCE

	Wholesale Local Access Markets	Business Connectivity Markets			Narrowband Markets						Wholesale Broadband Access Markets			Total Wholesale Markets	
	WLA £m	Low Bandwidth CISBO Rest of UK £m	Low Bandwidth CISBO Combined Geographic £m	Low Bandwidth TBSBO £m	WFAEL £m	ISDN2 £m	ISDN30 £m	Fixed call origination £m	Fixed geographic call termination £m	Technical areas (DLE Interconnect Circuits) £m	WBA - Market A £m	Wholesale Residual £m	EOI Eliminations £m	Roundings £m	£m
Operating Costs of Wholesale Services:															
EOI Input Prices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision/Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Network Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Support	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
General Management	-	-	-	-	1	-	-	-	-	-	-	1	-	(1)	1
Finance and Billing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accommodation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation - Land and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Access	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Switch, Duct and Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Depredation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total HCA Operating Costs	1	-	-	-	1	-	-	-	-	-	-	1	-	(1)	2
CCA Adjustments:															
Holding (Gain)/Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other CCA Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roundings	-	-	-	-	(1)	-	-	-	-	-	-	(1)	-	2	-
Total CCA Operating Costs	1	-	-	-	-	-	-	-	-	-	-	-	-	1	2

Section 2 - Schedules

Attribution of Wholesale Current Costs

VARIANCE %

	Wholesale Local Access Markets	Business Connectivity Markets			Narrowband Markets						Wholesale Broadband Access Markets			Total Wholesale Markets	
	WLA £m	Low Bandwidth CSBO Rest of UK £m	Low Bandwidth CSBO Combined Geographic £m	Low Bandwidth TBSO £m	WFAEL £m	ISDN2 £m	ISDN30 £m	Fixed call origination £m	Fixed geographic call termination £m	Technical areas (DLE Interconnect Circuits) £m	WBA - Market A £m	Wholesale Residual £m	EOI Eliminations £m	Roundings £m	£m
Operating Costs of Wholesale Services:															
EOI Input Prices	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Provision/Maintenance	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Network Support	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
General Support	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
General Management	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%
Finance and Billing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Accommodation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Bad Debts	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Costs	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Depreciation - Land and Buildings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- Access	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- Switch, Duct and Transmission	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- Other related	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Sub-total Depreciation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Sub-total HCA Operating Costs	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
CCA Adjustments:															
Holding (Gain)/Loss	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Supplementary Depreciation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other CCA Adjustments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Roundings															
Total CCA Operating Costs	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Section 2 - Schedules

Attribution of Wholesale Current Cost Mean Capital Employed

REFINE For the year ended 31 March 2018

	Wholesale Local Access Markets	Business Connectivity Markets			Narrowband Markets						Wholesale Broadband Access Markets				Total Wholesale Markets
	WLA £m	Low Bandwidth CSBO Rest of UK £m	Low Bandwidth CSBO Combined Geographic £m	Low Bandwidth TSBO £m	WFAEL £m	ISDN2 £m	ISDN30 £m	Fixed Call origination £m	Fixed geographic call termination £m	Technical areas (DLE Interconnect Circuits) £m	WBA - Market A £m	Wholesale Residual £m	EOI Eliminations £m	Roundings £m	£m
Non-current Assets															
Land & Buildings	286	26	1	52	104	14	25	63	58	2	70	254	-	-	955
Access - Copper	1,915	0	0	3	2,383	58	7	0	0	0	2	44	-	-	4,412
Access - Fibre	1,166	830	30	69	0	0	100	0	0	0	0	125	-	(1)	2,319
Access - Duct	1,958	688	17	87	1,941	47	43	31	29	3	144	367	-	1	5,356
Switch	19	-	-	0	32	4	3	14	12	1	-	31	-	1	117
Transmission	14	267	12	41	2	0	11	15	14	1	74	670	-	-	1,121
Other	305	65	3	28	145	8	14	26	23	1	63	379	-	(1)	1,059
Investments	0	0	0	0	0	0	0	0	0	0	0	0	-	-	0
Total Non-current Assets	5,663	1,876	63	280	4,607	131	203	149	136	8	353	1,870	-	-	15,339
Current Assets															
Inventories	-	-	-	-	-	-	-	-	-	-	-	5	-	-	5
Receivables															
- Internal	156	38	2	10	108	6	11	9	1	0	28	171	(71)	1	470
- External	333	51	2	14	135	5	8	10	9	1	14	120	-	1	703
Total Current Assets	489	89	4	24	243	11	19	19	10	1	42	296	(71)	2	1,178
Current Liabilities															
- Internal	-	-	-	-	-	-	-	-	-	-	(4)	(67)	71	-	(0)
- External	(481)	(86)	(4)	(22)	(190)	(7)	(14)	(14)	(12)	(1)	(20)	(366)	-	-	(1,217)
Total liabilities falling due within one year	(481)	(86)	(4)	(22)	(190)	(7)	(14)	(14)	(12)	(1)	(24)	(433)	71	-	(1,217)
Net Current (Liabilities)/Assets	8	3	-	2	53	4	5	5	(2)	0	18	(137)	-	2	(39)
Total Assets less Current Liabilities	5,671	1,879	63	282	4,660	135	208	154	134	8	371	1,733	-	2	15,300
Provisions for liabilities & charges	(35)	(10)	(0)	(3)	(23)	(1)	(2)	(2)	(1)	(0)	(2)	(475)	-	-	(554)
Roundings	1	-	-	1	1	-	1	-	(1)	(1)	1	-	-	(3)	-
Mean Capital Employed	5,637	1,869	63	280	4,638	134	207	152	132	7	370	1,258	-	(1)	14,746

Section 2 - Schedules

Attribution of Wholesale Current Cost Mean Capital Employed

CostPerform For the year ended 31 March 2018

	Wholesale Local Access Markets	Business Connectivity Markets			Narrowband Markets						Wholesale Broadband Access Markets				Total Wholesale Markets
	WLA	Low Bandwidth CISBO Rest of UK	Low Bandwidth CISBO Combined Geographic	Low Bandwidth TISBO	WFAEL	ISDN2	ISDN30	Fixed call origination	Fixed geographic call termination	Technical areas (DLE Interconnect Circuits)	WBA - Market A	Wholesale Residual	EOI Eliminations	Roundings	£m
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-current Assets															
Land & Buildings	286	26	1	52	104	14	25	63	58	2	70	254	-	(1)	954
Access - Copper	1,915	0	0	3	2,383	58	7	0	0	0	2	44	-	-	4,412
Access - Fibre	1,166	830	30	69	0	0	100	0	0	0	0	125	-	(1)	2,319
Access - Duct	1,958	688	17	87	1,941	47	43	31	29	3	144	367	-	1	5,356
Switch	19	(0)	(0)	0	32	4	3	14	12	1	(0)	31	-	1	117
Transmission	14	267	12	41	2	0	11	15	14	1	74	670	-	-	1,121
Other	301	65	3	28	139	8	14	26	23	1	62	370	-	-	1,040
Investments	0	0	0	0	0	0	0	0	0	0	0	0	-	-	0
Total Non-current Assets	5,659	1,876	63	280	4,601	131	203	149	136	8	352	1,861	-	-	15,319
Current Assets															
Inventories	-	-	-	-	-	-	-	-	-	-	-	5	-	-	5
Receivables															
- Internal	156	38	2	10	108	6	11	9	1	0	28	171	(71)	1	470
- External	335	52	2	14	133	5	8	10	9	1	13	119	-	-	701
Total Current Assets	491	90	4	24	241	11	19	19	10	1	41	295	(71)	1	1,176
Current Liabilities															
- Internal	-	-	-	-	-	-	-	-	-	-	(4)	(67)	71	-	(0)
- External	(476)	(88)	(4)	(22)	(183)	(7)	(14)	(14)	(12)	(1)	(19)	(357)	-	-	(1,197)
Total liabilities falling due within one year	(476)	(88)	(4)	(22)	(183)	(7)	(14)	(14)	(12)	(1)	(23)	(424)	71	-	(1,197)
Net Current (Liabilities)/Assets	15	2	-	2	58	4	5	5	(2)	0	18	(129)	-	1	(21)
Total Assets less Current Liabilities	5,674	1,878	63	282	4,659	135	208	154	134	8	370	1,732	-	1	15,298
Provisions for liabilities & charges	(35)	(10)	(0)	(3)	(22)	(1)	(2)	(2)	(1)	(0)	(2)	(474)	-	-	(552)
Roundings	-	-	(1)	1	-	-	1	-	(1)	(1)	1	1	-	(1)	-
Mean Capital Employed	5,639	1,868	62	280	4,637	134	207	152	132	7	369	1,259	-	-	14,746

Section 2 - Schedules

Attribution of Wholesale Current Cost Mean Capital Employed

VARIANCE

	Wholesale Local Access Markets	Business Connectivity Markets			Narrowband Markets							Wholesale Broadband Access Markets	Wholesale Residual	EOI Eliminations	Roundings	Total Wholesale Markets
	WLA £m	Low Bandwidth CISBO Rest of UK £m	Low Bandwidth CISBO Combined Geographic £m	Low Bandwidth TISBO £m	WFAEL £m	ISDN2 £m	ISDN30 £m	Fixed call origination £m	Fixed geographic call termination £m	Technical areas (DLE Interconnect Circuits) £m	WBA - Market A £m					
Non-current Assets																
Land & Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Access - Copper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Access - Fibre	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Access - Duct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Switch	-	(0)	(0)	-	-	-	-	-	-	-	(0)	-	-	-	-	-
Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(4)	-	-	-	(6)	-	-	-	-	-	(1)	(9)	-	1	(19)	
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-current Assets	(4)	(0)	(0)	-	(6)	-	-	-	-	-	(1)	(9)	-	-	(20)	
Current Assets																
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables																
- Internal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- External	2	1	-	-	(2)	-	-	-	-	-	(1)	(1)	-	(1)	(2)	
Total Current Assets	2	1	-	-	(2)	-	-	-	-	-	(1)	(1)	-	(1)	(2)	
Current Liabilities																
- Internal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- External	5	(2)	-	-	7	-	-	-	-	-	1	9	-	-	20	
Total liabilities falling due within one year	5	(2)	-	-	7	-	-	-	-	-	1	9	-	-	20	
Net Current (Liabilities)/Assets	7	(1)	-	-	5	-	-	-	-	-	-	8	-	(1)	18	
Total Assets less Current Liabilities	3	(1)	(0)	-	(1)	-	-	-	-	-	(1)	(1)	-	(1)	(2)	
Provisions for liabilities & charges	-	-	-	-	1	-	-	-	-	-	-	1	-	-	2	
Roundings	(1)	-	(1)	-	(1)	-	-	-	-	-	-	1	-	2	-	
Mean Capital Employed	2	(1)	(1)	-	(1)	-	-	-	-	-	(1)	1	-	1	-	

Section 2 - Schedules

Attribution of Wholesale Current Cost Mean Capital Employed

VARIANCE %

	Wholesale Local Access Markets	Business Connectivity Markets			Narrowband Markets						Wholesale Broadband Access Markets			Total Wholesale Markets	
	WLA	Low Bandwidth CISBO Rest of UK	Low Bandwidth CISBO Combined Geographic	Low Bandwidth TSBO	WFAEL	ISDN2	ISDN30	Fixed call origination	Fixed geographic call termination	Technical areas (DLE Interconnect Circuits)	WBA - Market A	Wholesale Residual	EOI Eliminations	Roundings	£m
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-current Assets															
Land & Buildings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		(0)%
Access - Copper	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%
Access - Fibre	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%
Access - Duct	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%
Switch	0%	(0)%	(0)%	0%	0%	0%	0%	0%	0%	0%	(0)%	0%	0%		0%
Transmission	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%
Other	(1)%	0%	0%	0%	(4)%	0%	0%	0%	0%	0%	(2)%	(2)%	0%		(2)%
Investments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%
Total Non-current Assets	(0)%	(0)%	(0)%	0%	(0)%	0%	0%	0%	0%	0%	(0)%	(0)%	0%		(0)%
Current Assets															
Inventories	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%
Receivables															
- Internal	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%
- External	1%	2%	0%	0%	(1)%	0%	0%	0%	0%	0%	(7)%	(1)%	0%		(0)%
Total Current Assets	0%	1%	0%	0%	(1)%	0%	0%	0%	0%	0%	(2)%	(0)%	0%		(0)%
Current Liabilities															
- Internal	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%
- External	(1)%	2%	0%	0%	(4)%	0%	0%	0%	0%	0%	(5)%	(2)%	0%		(2)%
Total liabilities falling due within one year	(1)%	2%	0%	0%	(4)%	0%	0%	0%	0%	0%	(4)%	(2)%	0%		(2)%
Net Current (Liabilities)/Assets	88%	(33)%	0%	0%	9%	0%	0%	0%	0%	0%	0%	(6)%	0%		(46)%
Total Assets less Current Liabilities	0%	(0)%	(0)%	0%	(0)%	0%	0%	0%	0%	0%	(0)%	(0)%	0%		(0)%
Provisions for liabilities & charges	0%	0%	0%	0%	(4)%	0%	0%	0%	0%	0%	0%	(0)%	0%		(0)%
Roundings															
Mean Capital Employed	0%	(0)%	(2)%	0%	(0)%	0%	0%	0%	0%	0%	(0)%	0%	0%		0%

Section 2 - Schedules

Appendix 1.1 Network Activity Statements Consolidated

REFINE For the year ended 31 March 2018

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding (gain)/loss and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs relating to current year	Total of operating costs and capital costs relating to current year	Volume (ii)	Units	Average costs per min/unit on a current cost basis relating to current year
Low TISBO 3rd Party Equipment Depn	2.6	-	-	-	2.6	-	9.8%	-	2.6	(i)	-	(i)
Revenue Receivables	-	-	-	-	-	469.7	9.6%	44.2	44.2	(i)	-	(i)
TISBO Excess Construction	3.2	-	-	-	3.2	59.8	9.8%	5.9	9.1	(i)	-	(i)
Ethernet Excess Construction	15.7	-	-	-	15.7	272.2	9.8%	26.7	42.4	(i)	-	(i)
MPF line testing systems	20.6	0.6	(0.6)	(0.1)	20.5	41.5	8.8%	3.7	24.2	9,266,117	lines	2.61
EVOTAM Testing Systems	16.7	0.5	(0.5)	-	16.7	33.7	8.8%	3.0	19.7	4,177,867	lines	4.70
PC rentals 2Mbps regional trunk	5.2	0.7	(0.7)	(0.1)	5.1	20.6	9.8%	2.0	7.1	240,995	km	29.46
PC rental 2Mbit link per km national trunk	3.8	0.4	(0.5)	-	3.7	13.2	9.8%	1.3	5.0	356,560	km	14.12
Regulated Time Related Charges	63.8	-	-	-	63.8	(5.0)	9.8%	(0.5)	63.3	(i)	-	(i)
Co-mingling set up	15.6	0.5	(1.1)	-	15.0	88.2	8.8%	7.8	22.8	7,199	rooms	3,158.38
Co-mingling rentals	22.4	-	-	-	22.4	86.9	8.8%	7.7	30.1	530,270	hostels	56.58
WLA tie cables	21.3	5.1	(5.1)	-	21.3	163.9	8.8%	14.4	35.7	1,211,558	cables	29.45
Local Loop Unbundling systems development	1.8	-	-	-	1.8	2.5	8.8%	0.2	2.0	(i)	-	(i)
Wholesale Access specific	2.1	-	-	-	2.1	5.1	8.8%	0.5	2.6	2,716,441	trans	0.93
Routing & Records	18.7	-	-	-	18.7	(1.4)	8.8%	(0.1)	18.6	7,780,403	lines	2.39
MDF Hardware jumpering	100.4	-	-	-	100.4	(7.3)	8.8%	(0.6)	99.8	7,975,144	lines	12.51
E side copper capital	104.0	21.9	(30.9)	(0.1)	94.9	887.4	8.8%	78.1	173.0	25,315,234	lines	6.83
E side copper current	98.8	-	-	-	98.8	(6.6)	8.8%	(0.6)	98.2	28,109,568	lines	3.49
D side copper capital	489.9	123.1	(189.5)	-	423.5	5,078.1	8.8%	446.9	870.4	25,315,234	lines	34.38
D side copper current	240.3	-	-	-	240.3	(15.9)	8.8%	(1.4)	238.9	28,109,568	lines	8.50
Local exchanges general frames equipment	35.3	-	-	-	35.3	30.2	8.8%	2.7	38.0	40,024,653	lines	0.95
Local exchanges general frames maintenance	32.8	-	-	-	32.8	(2.4)	8.8%	(0.2)	32.6	28,120,514	lines	1.16
Analogue line test equipment	2.6	-	-	-	2.6	4.1	8.8%	0.4	3.0	25,281,187	lines	0.12
Dropwire capital & analogue NTE	318.5	30.8	(43.6)	-	305.7	1,111.7	8.8%	97.8	403.5	25,213,227	lines	16.00
Analogue line drop maintenance	47.4	-	-	-	47.4	(2.4)	8.8%	(0.2)	47.2	26,529,898	lines	1.78
Analogue line cards	108.4	0.1	8.9	-	117.4	135.8	8.8%	12.0	129.4	15,566,380	lines	8.31
Pair gain	0.0	-	-	-	0.0	0.0	8.8%	0.0	0.0	15,566,380	lines	0.00
FTTC Development	4.2	-	-	-	4.2	11.5	9.8%	1.1	5.3	(i)	-	(i)
OR Service Centre - Provision Analogue/SDN2	16.2	-	-	-	16.2	10.3	8.8%	0.9	17.1	(i)	-	(i)
OR Service Centre - Provision WLA	16.3	-	-	-	16.3	9.0	8.8%	0.8	17.1	(i)	-	(i)
OR Service Centre - Provision Ethernet	7.8	-	-	-	7.8	(0.9)	9.8%	(0.1)	7.7	(i)	-	(i)
OR Service Centre Provision NGA	20.5	-	-	-	20.5	(2.0)	9.8%	(0.2)	20.3	(i)	-	(i)
OR Service Centre - Assurance Analogue/SDN2	9.9	-	-	-	9.9	3.9	8.8%	0.3	10.2	(i)	-	(i)
OR Service Centre - Assurance WLA	9.1	-	-	-	9.1	3.2	8.8%	0.3	9.4	(i)	-	(i)
OR Service Centre - Assurance Ethernet	-	-	-	-	-	-	0.0%	-	-	(i)	-	(i)
Service Level Guarantees WLA	26.2	-	-	-	26.2	2.2	8.8%	0.2	26.4	(i)	-	(i)
Ethernet Backhaul Direct extended reach	0.3	(0.0)	0.0	-	0.3	1.0	9.8%	0.1	0.4	2,188	circuits	205.19
Ethernet Backhaul Direct Active	38.9	(2.4)	5.5	-	42.0	80.2	9.8%	7.9	49.9	6,322	circuits	7,892.04
Ethernet Backhaul Direct Passive	10.8	2.5	(2.7)	0.1	10.7	90.0	9.8%	8.8	19.5	5,536	circuits	3,521.71
Ethernet Backhaul Direct Resilience Active	0.9	(0.1)	0.2	0.1	1.1	2.2	9.8%	0.2	1.3	2,152	circuits	591.93
Ethernet Backhaul Direct Resilience Passive	0.3	0.1	(0.0)	(0.1)	0.3	1.8	9.8%	0.2	0.5	1,905	circuits	228.20
Combi card broadband access	53.7	(8.0)	3.1	-	48.8	71.6	9.8%	7.0	55.8	4,177,770	lines	13.36
iNode features	0.9	0.0	(0.0)	-	0.9	2.3	9.8%	0.2	1.1	(i)	-	(i)
Core/Metro (broadband)	35.1	(5.9)	20.2	(0.1)	49.3	70.7	9.8%	6.9	56.2	108,316,715	circuits	0.52
Core Directors	0.6	(0.1)	0.3	-	0.8	1.1	9.8%	0.1	0.9	1,509,674	circuits	0.59
Edge Ethernet ports broadband	0.6	(0.1)	0.4	-	0.9	1.3	9.8%	0.1	1.0	101,073,633	bandwidth	0.01
Metro BRAS and MSE	46.4	(7.6)	25.8	0.1	64.7	92.5	9.8%	9.1	73.8	101,073,633	bandwidth	0.73
Broadband MSAN access	64.9	(8.2)	1.9	0.1	58.7	95.2	9.8%	9.3	68.0	4,177,867	rentals	16.27
Ethernet Switch BB	56.1	(0.5)	(5.7)	-	49.9	123.9	9.8%	12.1	62.0	101,073,633	circuits	0.61
MSAN Access SFBB	6.6	(0.1)	(0.9)	0.1	5.7	14.5	9.8%	1.4	7.1	5,610,967	ports	1.27
Metro core broadband transmission	12.9	(0.8)	2.4	(0.1)	14.4	38.7	9.8%	3.8	18.2	106,787,641	circuits	0.17
ADSL connections	0.0	-	-	-	0.0	0.0	9.8%	0.0	0.0	843,383	conns	0.04
OR Project Services	13.7	-	-	-	13.7	(1.5)	8.8%	(0.1)	13.6	(i)	-	(i)
Call Display	2.0	0.0	0.1	-	2.1	2.5	9.8%	0.2	2.3	(i)	-	(i)

Section 2 - Schedules

Appendix 1.1 Network Activity Statements Consolidated (continued)

REFINE For the year ended 31 March 2018

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding (gain)/loss and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs relating to current year	Total of operating costs and capital costs relating to current year	Volume (ii)	Units	Average costs per min/unit on a current cost basis relating to current year
Network Features	3.4	0.0	0.3	-	3.7	4.2	9.8%	0.4	4.1	(i)	-	(i)
ATM customer interface 34Mbit/s	0.0	-	-	-	0.0	0.0	9.8%	0.0	0.0	1,037	ports	10.18
ATM customer interface 155Mbit/s	0.1	-	-	-	0.1	0.0	9.8%	0.0	0.1	20,989	ports	3.54
ATM network interface	0.1	-	-	-	0.1	0.0	9.8%	0.0	0.1	2,125	ports	33.59
ATM network switching	0.3	-	-	-	0.3	0.0	9.8%	0.0	0.3	4,062	bandwidth	69.59
Inter ATM transmissions	3.7	0.8	(0.9)	-	3.6	21.9	9.8%	2.2	5.8	2,143	usage	2,698.76
PC rental 2Mbps link per km distribution	33.1	2.1	(2.5)	-	32.7	92.0	9.8%	9.0	41.7	662,796	km	62.91
Point of Handover electronics	5.2	0.2	(0.2)	(0.1)	5.1	11.0	9.8%	1.1	6.2	669	eq	9,271.64
PC rental 64kbit/s link	7.5	0.1	(0.1)	(0.1)	7.4	9.5	9.8%	0.9	8.3	48,878	links	171.55
PC rental 2Mbps link	7.0	0.0	(0.0)	(0.1)	6.9	7.8	9.8%	0.8	7.7	41,988	links	183.41
PC rental 64kbit/s link per km transmission	9.0	0.5	(0.7)	0.1	8.9	23.8	9.8%	2.3	11.2	1,471,902	km	7.64
2Mbps and above PC link connection cct provision	5.3	-	-	-	5.3	(0.2)	9.8%	(0.0)	5.3	401	circuits	13,125.69
64kbit/s PC link connection cct provision	0.3	-	-	-	0.3	0.0	9.8%	0.0	0.3	47	circuits	5,813.66
PC rental 64kbit/s link local end	18.9	0.3	(0.4)	-	18.8	26.4	9.8%	2.6	21.4	14,704	le	1,451.28
PC rental 2Mbps local end copper	2.6	0.0	(0.0)	-	2.6	2.3	9.8%	0.2	2.8	8,993	le	318.10
PC rental 2Mbps local end fibre	33.0	1.3	(2.4)	-	31.9	32.2	9.8%	3.2	35.1	60,920	le	575.32
Backhaul Extension Services Fibre	2.5	0.3	(0.6)	-	2.2	13.6	9.8%	1.3	3.5	3,393	le	1,037.05
Wholesale Extension Services Fibre	11.4	1.4	(2.7)	-	10.1	62.2	9.8%	6.1	16.2	15,500	le	1,044.05
Interconnect 2Mbps connection	5.1	-	-	-	5.1	(0.2)	9.8%	(0.0)	5.1	963	circuits	5,254.20
Interconnect extension circuits IEC 2Mbps link	0.5	0.0	(0.0)	-	0.5	0.6	9.8%	0.1	0.6	4,706	circuits	118.15
Interconnect Extension Circuits IEC 2Mbps per km	2.1	0.1	(0.2)	0.1	2.1	6.1	9.8%	0.6	2.7	95,993	km	27.85
Intra Building Circuit IBC connection	0.0	-	-	-	0.0	0.0	9.8%	0.0	0.0	1,135	circuits	0.54
Intra Building Circuit IBC rental	3.8	0.0	0.0	-	3.8	4.5	9.8%	0.4	4.2	51,554	circuits	83.17
Ethernet main links	48.8	21.5	(25.2)	(0.1)	45.0	617.9	9.8%	60.6	105.6	618,956	fibre km	170.61
Ethernet Electronics Current	15.1	0.3	(0.4)	-	15.0	18.4	9.8%	1.8	16.8	230,902	le	72.71
Customer support - Partial private circuits	10.4	-	-	-	10.4	5.6	9.8%	0.6	11.0	(i)	-	(i)
Customer support - Interconnect	2.2	-	-	-	2.2	0.5	9.8%	0.0	2.2	(i)	-	(i)
Customer support - Broadband	20.8	-	-	-	20.8	17.9	9.8%	1.8	22.6	(i)	-	(i)
Broadband backhaul circuits excl Virtual Paths	48.0	5.4	(6.6)	-	46.8	220.5	9.8%	21.6	68.4	(i)	-	(i)
OR Systems Development Ethernet	8.3	-	-	-	8.3	20.9	9.8%	2.1	10.4	406,981	le	25.48
Ofcom Administration Fee - Wholesale	1.2	-	-	-	1.2	0.1	9.8%	0.0	1.2	(i)	-	(i)
Ofcom Administration Fee - Openreach	2.7	-	-	-	2.7	0.2	9.8%	0.0	2.7	(i)	-	(i)
Special Fault Investigation	44.5	-	-	-	44.5	(3.2)	9.8%	(0.3)	44.2	(i)	-	(i)
Openreach sales product management	18.2	-	-	-	18.2	(29.7)	9.8%	(2.6)	15.6	(i)	-	(i)
Broadband line testing systems	0.5	-	-	-	0.5	1.3	9.8%	0.1	0.6	4,578,474	lines	0.14
DSLAM support	24.1	0.4	(0.6)	-	23.9	44.3	9.8%	4.3	28.2	1,945,320	lines	14.52
DSLAM equipment	0.1	-	-	-	0.1	10.8	9.8%	1.1	1.2	1,945,256	lines	0.61
Co-mingling power vent	25.7	0.9	(1.1)	-	25.5	48.6	9.8%	4.3	29.8	28,189,648	hostels	1.06
Ethernet Access Direct Fibre	157.7	19.7	(37.8)	0.1	139.7	804.8	9.8%	78.9	218.6	278,557	circuits	784.63
Other Ethernet rentals - CCTV	1.8	-	-	-	1.8	(0.1)	9.8%	(0.0)	1.8	876	le	2,088.04
Ethernet Excess Construction Capex	23.9	-	-	-	23.9	65.4	9.8%	6.4	30.3	(i)	-	(i)
Ethernet Monitoring Platform	14.7	-	-	-	14.7	1.1	9.8%	0.1	14.8	44,235	circuits	334.28
SLG Ethernet Provision	51.0	-	-	-	51.0	3.6	9.8%	0.4	51.4	(i)	-	(i)
SLG Ethernet Assurance	0.2	-	-	-	0.2	0.0	9.8%	0.0	0.2	(i)	-	(i)
SLG WLR Provision	9.5	-	-	-	9.5	0.8	9.8%	0.1	9.6	(i)	-	(i)
SLG WLR Assurance	6.0	-	-	-	6.0	0.5	9.8%	0.0	6.0	(i)	-	(i)
Expedite Provision Costs	5.6	0.6	(0.8)	(0.1)	5.3	19.6	9.8%	1.7	7.0	81,253	lines	86.72
Combi card voice	0.0	(0.0)	0.0	-	0.0	0.1	9.8%	0.0	0.0	15,566,380	lines	0.00
Abortive Visits	11.5	1.0	(1.3)	(0.1)	11.1	32.5	9.8%	2.9	14.0	218,287	trans	63.88
EAD Electronics Capital	97.8	-	-	-	97.8	207.6	9.8%	20.3	118.1	221,792	circuits	532.91
SMP Accounting Separation components	878.7	17.5	(12.1)	0.1	884.2	2,923.8		286.5	1,170.7			
Residual components	867.5	(0.3)	10.9	-	878.1	205.4		19.6	897.7			
Roundings	0.2	(0.2)	(0.1)	0.3	0.2	0.2		(0.3)	(0.1)			
Total	4,798.4	226.4	(298.5)	-	4,726.3	14,745.9		1,365.5	6,091.8			

(i) This component is attributed on a % basis so no volume or unit cost is derivable

(ii) See RFS 2018 glossary for volume unit descriptor

Section 2 - Schedules

Appendix 1.1 Network Activity Statements Consolidated

Cost/Perform For the year ended 31 March 2018

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding (gain)/loss 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 (ii)	Units	Average costs per min/unit on a current cost basis relating to current year
Low TISBO 3rd Party Equipment Depn	2.6	-	-	-	2.6	-	9.8%	-	2.6	(i)	-	(i)
Revenue Receivables	-	-	-	-	-	469.7	9.6%	44.2	44.2	(i)	-	(i)
TISBO Excess Construction	3.2	-	-	-	3.2	59.8	9.8%	5.9	9.1	(i)	-	(i)
Ethernet Excess Construction	15.7	-	-	-	15.7	272.2	9.8%	26.7	42.4	(i)	-	(i)
MPF line testing systems	20.6	0.6	(0.6)	(0.1)	20.5	41.4	8.8%	3.6	24.1	9,266,117	lines	2.61
EVOTAM Testing Systems	16.7	0.5	(0.5)	-	16.7	33.6	8.8%	3.0	19.7	4,177,867	lines	4.70
PC rentals 2Mbps regional trunk	5.2	0.7	(0.7)	(0.1)	5.1	20.6	9.8%	2.0	7.1	240,995	km	29.46
PC rental 2Mbit link per km national trunk	3.8	0.4	(0.5)	-	3.7	13.2	9.8%	1.3	5.0	356,560	km	14.12
Regulated Time Related Charges	63.9	-	-	-	63.9	(4.9)	9.8%	(0.5)	63.4	(i)	-	(i)
Co-mingling set up	15.6	0.5	(1.1)	-	15.0	88.3	8.8%	7.8	22.8	7,199	rooms	3,160.56
Co-mingling rentals	22.4	-	-	-	22.4	87.1	8.8%	7.7	30.1	530,270	hostels	56.62
WLA tie cables	21.3	5.1	(5.1)	-	21.3	163.9	8.8%	14.4	35.7	1,211,558	cables	29.46
Local Loop Unbundling systems development	1.8	-	-	-	1.8	2.4	8.8%	0.2	2.0	(i)	-	(i)
Wholesale Access specific	2.1	-	-	-	2.1	5.1	8.8%	0.4	2.5	2,716,441	trans	0.93
Routing & Records	18.7	-	-	-	18.7	(1.4)	8.8%	(0.1)	18.6	7,780,403	lines	2.39
MDF Hardware jumpering	100.5	-	-	-	100.5	(7.6)	8.8%	(0.7)	99.8	7,975,144	lines	12.52
E side copper capital	104.0	21.9	(30.9)	-	95.0	887.4	8.8%	78.1	173.1	25,315,234	lines	6.84
E side copper current	98.8	-	-	-	98.8	(6.4)	8.8%	(0.6)	98.2	28,109,568	lines	3.50
D side copper capital	489.8	123.1	(189.5)	-	423.4	5,077.7	8.8%	446.8	870.2	25,315,234	lines	34.38
D side copper current	240.4	-	-	-	240.4	(16.8)	8.8%	(1.5)	238.9	28,109,568	lines	8.50
Local exchanges general frames equipment	35.3	-	-	-	35.3	30.2	8.8%	2.7	38.0	40,024,653	lines	0.95
Local exchanges general frames maintenance	32.8	-	-	-	32.8	(2.4)	8.8%	(0.2)	32.6	28,120,514	lines	1.16
Analogue line test equipment	2.6	-	-	-	2.6	4.0	8.8%	0.4	3.0	25,281,187	lines	0.12
Dropwire capital & analogue NTE	318.6	30.8	(43.6)	-	305.8	1,111.6	8.8%	97.8	403.6	25,213,227	lines	16.01
Analogue line drop maintenance	47.4	-	-	-	47.4	(2.3)	8.8%	(0.2)	47.2	26,529,898	lines	1.78
Analogue line cards	108.4	0.1	8.9	-	117.4	135.8	8.8%	12.0	129.4	15,566,380	lines	8.31
Pair gain	0.0	-	-	-	0.0	0.0	8.8%	0.0	0.0	15,566,380	lines	0.00
FTTC Development	4.2	-	-	-	4.2	11.4	9.8%	1.1	5.3	(i)	-	(i)
OR Service Centre - Provision Analogue/SDN2	16.2	-	-	-	16.2	10.3	8.8%	0.9	17.1	(i)	-	(i)
OR Service Centre - Provision WLA	16.3	-	-	-	16.3	9.0	8.8%	0.8	17.1	(i)	-	(i)
OR Service Centre - Provision Ethernet	7.8	-	-	-	7.8	(0.5)	9.8%	(0.0)	7.8	(i)	-	(i)
OR Service Centre Provision NGA	20.5	-	-	-	20.5	(1.1)	9.8%	(0.1)	20.4	(i)	-	(i)
OR Service Centre - Assurance Analogue/SDN2	9.9	-	-	-	9.9	4.1	8.8%	0.4	10.3	(i)	-	(i)
OR Service Centre - Assurance WLA	9.1	-	-	-	9.1	3.4	8.8%	0.3	9.4	(i)	-	(i)
OR Service Centre - Assurance Ethernet	-	-	-	-	-	-	0.0%	-	-	(i)	-	(i)
Service Level Guarantees WLA	26.2	-	-	-	26.2	1.8	8.8%	0.2	26.4	(i)	-	(i)
Ethernet Backhaul Direct extended reach	0.3	(0.0)	0.0	-	0.3	1.0	9.8%	0.1	0.4	2,188	circuits	205.11
Ethernet Backhaul Direct Active	38.9	(2.4)	5.5	-	42.0	80.0	9.8%	7.8	49.8	6,322	circuits	7,890.07
Ethernet Backhaul Direct Passive	10.8	2.5	(2.7)	0.1	10.7	90.0	9.8%	8.8	19.5	5,536	circuits	3,521.32
Ethernet Backhaul Direct Resilience Active	0.9	(0.1)	0.2	0.1	1.1	2.2	9.8%	0.2	1.3	2,152	circuits	591.66
Ethernet Backhaul Direct Resilience Passive	0.3	0.1	(0.0)	(0.1)	0.3	1.8	9.8%	0.2	0.5	1,905	circuits	228.17
Combi card broadband access	53.7	(8.0)	3.1	-	48.8	71.4	9.8%	7.0	55.8	4,177,770	lines	13.35
iNode features	0.9	0.0	(0.0)	-	0.9	2.2	9.8%	0.2	1.1	(i)	-	(i)
Core/Metro (broadband)	35.1	(5.9)	20.2	(0.1)	49.3	71.3	9.8%	7.0	56.3	108,316,715	circuits	0.52
Core Directors	0.6	(0.1)	0.3	-	0.8	1.1	9.8%	0.1	0.9	1,509,674	circuits	0.59
Edge Ethernet ports broadband	0.6	(0.1)	0.4	-	0.9	1.3	9.8%	0.1	1.0	101,073,633	bandwidth	0.01
Metro BRAS and MSE	46.5	(7.6)	25.8	-	64.7	93.4	9.8%	9.2	73.9	101,073,633	bandwidth	0.73
Broadband MSAN access	64.9	(8.2)	1.9	0.1	58.7	94.9	9.8%	9.3	68.0	4,177,867	rentals	16.27
Ethernet Switch BB	56.1	(0.5)	(5.7)	-	49.9	123.7	9.8%	12.1	62.0	101,073,633	circuits	0.61
MSAN Access - SFBB	6.6	(0.1)	(0.9)	0.1	5.7	14.4	9.8%	1.4	7.1	5,610,967	ports	1.27
Metro core broadband transmission	12.9	(0.8)	2.4	(0.1)	14.4	38.6	9.8%	3.8	18.2	106,787,641	circuits	0.17
ADSL connections	0.0	-	-	-	0.0	0.0	9.8%	0.0	0.0	843,383	conns	0.04
OR Project Services	13.7	-	-	-	13.7	(1.4)	8.8%	(0.1)	13.6	(i)	-	(i)
Call Display	2.0	0.0	0.1	-	2.1	2.5	9.8%	0.2	2.3	(i)	-	(i)

Section 2 - Schedules

Appendix 1.1 Network Activity Statements Consolidated (continued)

Cost/Perform For the year ended 31 March 2018

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding (gain)/loss and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs relating to current year	Total of operating costs and capital costs relating to current year	Volume (ii)	Units	Average costs per min/unit on a current cost basis relating to current year
Network Features	3.4	0.0	0.3	-	3.7	4.2	9.8%	0.4	4.1	(i)	-	(i)
ATM customer interface 34Mbit/s	0.0	-	-	-	0.0	(0.0)	9.8%	(0.0)	-	1,037	ports	10.18
ATM customer interface 155Mbit/s	0.1	-	-	-	0.1	(0.0)	9.8%	(0.0)	0.1	20,989	ports	3.54
ATM network interface	0.1	-	-	-	0.1	(0.0)	9.8%	(0.0)	0.1	2,125	ports	33.55
ATM network switching	0.3	-	-	-	0.3	(0.0)	9.8%	(0.0)	0.3	4,062	bandwidth	69.50
Inter ATM transmissions	3.7	0.8	(0.9)	-	3.6	21.9	9.8%	2.2	5.8	2,143	usage	2,698.91
PC rental 2Mbps link per km distribution	33.1	2.1	(2.5)	-	32.7	92.0	9.8%	9.0	41.7	662,796	km	62.92
Point of Handover electronics	5.2	0.2	(0.2)	(0.1)	5.1	11.0	9.8%	1.1	6.2	669	eq	9,271.82
PC rental 64kbit/s link	7.5	0.1	(0.1)	-	7.5	9.5	9.8%	0.9	8.4	48,878	links	171.56
PC rental 2Mbps link	7.0	0.0	(0.0)	(0.1)	6.9	7.8	9.8%	0.8	7.7	41,988	links	183.41
PC rental 64kbit/s link per km transmission	9.0	0.5	(0.7)	0.1	8.9	23.8	9.8%	2.3	11.2	1,471,902	km	7.64
2Mbps and above PC link connection cct provision	5.3	-	-	-	5.3	(0.2)	9.8%	(0.0)	5.3	401	circuits	13,127.86
64kbit/s PC link connection cct provision	0.3	-	-	-	0.3	0.0	9.8%	0.0	0.3	47	circuits	5,818.23
PC rental 64kbit/s link local end	18.9	0.3	(0.4)	-	18.8	26.4	9.8%	2.6	21.4	14,704	le	1,451.43
PC rental 2Mbps local end copper	2.6	0.0	(0.0)	-	2.6	2.3	9.8%	0.2	2.8	8,993	le	318.11
PC rental 2Mbps local end fibre	33.0	1.3	(2.4)	-	31.9	32.1	9.8%	3.1	35.0	60,920	le	575.38
Backhaul Extension Services Fibre	2.5	0.3	(0.6)	-	2.2	13.6	9.8%	1.3	3.5	3,393	le	1,037.53
Wholesale Extension Services Fibre	11.4	1.4	(2.7)	-	10.1	62.2	9.8%	6.1	16.2	15,500	le	1,044.56
Interconnect 2Mbps connection	5.1	-	-	-	5.1	(0.2)	9.8%	(0.0)	5.1	963	circuits	5,255.06
Interconnect extension circuits IEC 2Mbps link	0.5	0.0	(0.0)	-	0.5	0.6	9.8%	0.1	0.6	4,706	circuits	118.16
Interconnect Extension Circuits IEC 2Mbps per km	2.1	0.1	(0.2)	0.1	2.1	6.1	9.8%	0.6	2.7	95,993	km	27.86
Intra Building Circuit IBC connection	0.0	-	-	-	0.0	0.0	9.8%	0.0	0.0	1,135	circuits	0.54
Intra Building Circuit IBC rental	3.8	0.0	0.0	-	3.8	4.5	9.8%	0.4	4.2	51,554	circuits	83.12
Ethernet main links	48.8	21.5	(25.2)	-	45.1	617.8	9.8%	60.5	105.6	618,956	fibre km	170.60
Ethernet Electronics Current	15.1	0.3	(0.4)	-	15.0	18.4	9.8%	1.8	16.8	230,902	le	72.73
Customer support - Partial private circuits	10.4	-	-	-	10.4	5.6	9.8%	0.6	11.0	(i)	-	(i)
Customer support - Interconnect	2.2	-	-	-	2.2	0.5	9.8%	0.0	2.2	(i)	-	(i)
Customer support - Broadband	20.8	-	-	-	20.8	17.9	9.8%	1.8	22.6	(i)	-	(i)
Broadband backhaul circuits excl Virtual Paths	48.0	5.4	(6.6)	-	46.8	220.4	9.8%	21.6	68.4	(i)	-	(i)
OR Systems Development Ethernet	8.3	-	-	-	8.3	20.9	9.8%	2.0	10.3	406,981	le	25.50
Ofcom Administration Fee - Wholesale	1.2	-	-	-	1.2	0.1	9.8%	0.0	1.2	(i)	-	(i)
Ofcom Administration Fee - Openreach	2.7	-	-	-	2.7	0.2	9.8%	0.0	2.7	(i)	-	(i)
Special Fault Investigation	44.5	-	-	-	44.5	(3.5)	9.8%	(0.3)	44.2	(i)	-	(i)
Openreach sales product management	18.2	-	-	-	18.2	(29.7)	9.8%	(2.6)	15.6	(i)	-	(i)
Broadband line testing systems	0.5	-	-	-	0.5	1.2	9.8%	0.1	0.6	4,578,474	lines	0.14
DSLAM support	24.1	0.4	(0.6)	-	23.9	44.3	9.8%	4.3	28.2	1,945,320	lines	14.52
DSLAM equipment	0.1	-	-	-	0.1	10.3	9.8%	1.0	1.1	1,945,256	lines	0.59
Co-mingling power vent	25.7	0.9	(1.1)	-	25.5	48.6	9.8%	4.3	29.8	28,189,648	hostels	1.06
Ethernet Access Direct Fibre	157.8	19.7	(37.8)	0.1	139.8	805.4	9.8%	78.9	218.7	278,557	circuits	785.12
Other Ethernet rentals - CCTV	1.8	-	-	-	1.8	(0.1)	9.8%	(0.0)	1.8	876	le	2,087.67
Ethernet Excess Construction Capex	24.0	-	-	-	24.0	64.6	9.8%	6.3	30.3	(i)	-	(i)
Ethernet Monitoring Platform	14.6	-	-	-	14.6	-	9.8%	-	14.6	44,235	circuits	331.02
SLG Ethernet Provision	51.1	-	-	-	51.1	3.4	9.8%	0.3	51.4	(i)	-	(i)
SLG Ethernet Assurance	0.2	-	-	-	0.2	0.0	9.8%	0.0	0.2	(i)	-	(i)
SLG WLR Provision	9.5	-	-	-	9.5	0.7	9.8%	0.1	9.6	(i)	-	(i)
SLG WLR Assurance	6.0	-	-	-	6.0	0.4	9.8%	0.0	6.0	(i)	-	(i)
Expedite Provision Costs	5.6	0.6	(0.8)	(0.1)	5.3	19.6	9.8%	1.7	7.0	81,253	lines	86.75
Combi card voice	0.0	(0.0)	0.0	-	0.0	0.1	9.8%	0.0	0.0	15,566,380	lines	0.00
Abortive Visits	11.5	1.0	(1.3)	(0.1)	11.1	32.4	9.8%	2.9	14.0	218,287	trans	63.90
EAD Electronics Capital	97.9	-	-	-	97.9	207.2	9.8%	20.3	118.2	221,792	circuits	532.93
SMP Accounting Separation components	879.0	17.5	(12.1)	-	884.4	2,925.2	-	286.7	1,171.1	-	-	-
Residual components	867.6	(0.3)	10.9	-	878.2	206.3	-	19.7	897.9	-	-	-
Roundings	0.1	(0.2)	(0.1)	0.2	-	0.8	-	0.2	0.2	-	-	-
Total	4,799.4	226.4	(298.5)	-	4,727.3	14,745.6	-	1,365.5	6,092.8	-	-	-

(i) This component is attributed on a % basis so no volume or unit cost is derivable

(ii) See RFS 2018 glossary for volume unit descriptor

Section 2 - Schedules

Appendix 1.1 Network Activity Statements Consolidated

VARIANCE

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding (gain)/loss 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 (ii)	Units	Average costs per min/unit on a current cost basis relating to current year
Low TISBO 3rd Party Equipment Depn	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Revenue Receivables	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
TISBO Excess Construction	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Ethernet Excess Construction	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
MPF line testing systems	-	-	-	-	-	(0.1)	0.0%	(0.1)	(0.1)	-	-	0.00
EVOTAM Testing Systems	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
PC rentals 2Mbps regional trunk	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
PC rental 2Mbit link per km national trunk	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Regulated Time Related Charges	0.1	-	-	-	0.1	0.1	0.0%	-	0.1	-	-	0.00
Co-mingling set up	-	-	-	-	-	0.1	0.0%	-	-	-	-	2.18
Co-mingling rentals	-	-	-	-	-	0.2	0.0%	-	-	-	-	0.04
WLA tie cables	-	-	-	-	-	-	0.0%	-	-	-	-	0.01
Local Loop Unbundling systems development	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
Wholesale Access specific	-	-	-	-	-	-	0.0%	(0.1)	(0.1)	-	-	0.00
Routing & Records	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
MDF Hardware jumpering	0.1	-	-	-	0.1	(0.3)	0.0%	(0.1)	-	-	-	0.01
E side copper capital	-	-	-	0.1	0.1	-	0.0%	-	0.1	-	-	0.01
E side copper current	-	-	-	-	-	0.2	0.0%	-	-	-	-	0.01
D side copper capital	(0.1)	-	-	-	(0.1)	(0.4)	0.0%	(0.1)	(0.2)	-	-	0.00
D side copper current	0.1	-	-	-	0.1	(0.9)	0.0%	(0.1)	-	-	-	0.00
Local exchanges general frames equipment	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Local exchanges general frames maintenance	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Analogue line test equipment	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
Dropwire capital & analogue NTE	0.1	-	-	-	0.1	(0.1)	0.0%	-	0.1	-	-	0.01
Analogue line drop maintenance	-	-	-	-	-	0.1	0.0%	-	-	-	-	0.00
Analogue line cards	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Pair gain	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
FTTC Development	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
OR Service Centre - Provision Analogue/ISDN2	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
OR Service Centre - Provision WLA	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
OR Service Centre - Provision Ethernet	-	-	-	-	-	0.4	0.0%	0.1	0.1	-	-	0.00
OR Service Centre Provision NGA	-	-	-	-	-	0.9	0.0%	0.1	0.1	-	-	0.00
OR Service Centre - Assurance Analogue/ISDN2	-	-	-	-	-	0.2	0.0%	0.1	0.1	-	-	0.00
OR Service Centre - Assurance WLA	-	-	-	-	-	0.2	0.0%	-	-	-	-	0.00
OR Service Centre - Assurance Ethernet	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Service Level Guarantees WLA	-	-	-	-	-	(0.4)	0.0%	-	-	-	-	0.00
Ethernet Backhaul Direct extended reach	-	-	-	-	-	-	0.0%	-	-	-	-	(0.08)
Ethernet Backhaul Direct Active	-	-	-	-	-	(0.2)	0.0%	(0.1)	(0.1)	-	-	(1.97)
Ethernet Backhaul Direct Passive	-	-	-	-	-	-	0.0%	-	-	-	-	(0.39)
Ethernet Backhaul Direct Resilience Active	-	-	-	-	-	-	0.0%	-	-	-	-	(0.27)
Ethernet Backhaul Direct Resilience Passive	-	-	-	-	-	-	0.0%	-	-	-	-	(0.03)
Combi card broadband access	-	-	-	-	-	(0.2)	0.0%	-	-	-	-	(0.01)
iNode features	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
Core/Metro (broadband)	-	-	-	-	-	0.6	0.0%	0.1	0.1	-	-	0.00
Core Directors	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Edge Ethernet ports broadband	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Metro BRAS and MSE	0.1	-	-	(0.1)	-	0.9	0.0%	0.1	0.1	-	-	0.00
Broadband MSAN access	-	-	-	-	-	(0.3)	0.0%	-	-	-	-	0.00
Ethernet Switch BB	-	-	-	-	-	(0.2)	0.0%	-	-	-	-	0.00
MSAN Access SFB	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
Metro core broadband transmission	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
ADSL connections	0.0	-	-	-	-	-	0.0%	-	-	-	-	0.00
OR Project Services	-	-	-	-	-	0.1	0.0%	-	-	-	-	0.00
Caller Display	-	-	-	-	-	-	0.0%	-	-	-	-	0.00

Section 2 - Schedules

Appendix 1.1 Network Activity Statements Consolidated (continued)

VARIANCE

Fully Allocated Cost (€m)	HCA operating cost	Supplementary depreciation	Holding (gain)/loss 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 (ii)	Units	Average costs per min/unit on a current cost basis relating to current year
Network Features	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
ATM customer interface 34Mbit/s	-	-	-	-	-	(0.0)	0.0%	(0.0)	(0.0)	-	-	0.00
ATM customer interface 155Mbit/s	-	-	-	-	-	(0.0)	0.0%	(0.0)	(0.0)	-	-	0.00
ATM network interface	-	-	-	-	-	(0.0)	0.0%	(0.0)	(0.0)	-	-	(0.04)
ATM network switching	-	-	-	-	-	(0.0)	0.0%	(0.0)	(0.0)	-	-	(0.09)
Inter ATM transmissions	-	-	-	-	-	-	0.0%	-	-	-	-	0.15
PC rental 2Mbps link per km distribution	-	-	-	-	-	-	0.0%	-	-	-	-	0.01
Point of Handover electronics	-	-	-	-	-	-	0.0%	-	-	-	-	0.18
PC rental 64kbit/s link	-	-	-	0.1	0.1	-	0.0%	-	0.1	-	-	0.01
PC rental 2Mbps link	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
PC rental 64kbit/s link per km transmission	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
2Mbps and above PC link connection cct provision	-	-	-	-	-	-	0.0%	-	-	-	-	2.17
64kbit/s PC link connection cct provision	-	-	-	-	-	-	0.0%	-	-	-	-	4.57
PC rental 64kbit/s link local end	-	-	-	-	-	-	0.0%	-	-	-	-	0.15
PC rental 2Mbps local end copper	-	-	-	-	-	-	0.0%	-	-	-	-	0.01
PC rental 2Mbps local end fibre	-	-	-	-	-	(0.1)	0.0%	(0.1)	(0.1)	-	-	0.06
Backhaul Extension Services Fibre	-	-	-	-	-	-	0.0%	-	-	-	-	0.48
Wholesale Extension Services Fibre	-	-	-	-	-	-	0.0%	-	-	-	-	0.51
Interconnect 2Mbps connection	-	-	-	-	-	-	0.0%	-	-	-	-	0.86
Interconnect extension circuits IEC 2Mbps link	-	-	-	-	-	-	0.0%	-	-	-	-	0.01
Interconnect Extension Circuits IEC 2Mbps per km	-	-	-	-	-	-	0.0%	-	-	-	-	0.01
Intra Building Circuit IBC connection	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Intra Building Circuit IBC rental	-	-	-	-	-	(0.1)	0.0%	(0.1)	(0.1)	-	-	(0.05)
Ethernet main links	-	-	-	0.1	0.1	(0.1)	0.0%	(0.1)	(0.1)	-	-	(0.01)
Ethernet Electronics Current	-	-	-	-	-	-	0.0%	-	-	-	-	0.02
Customer support - Partial private circuits	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Customer support - Interconnect	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Customer support - Broadband	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Broadband backhaul circuits excl Virtual Paths	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
OR Systems Development Ethernet	-	-	-	-	-	-	0.0%	(0.1)	(0.1)	-	-	0.02
Oofcom Administration Fee - Wholesale	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Oofcom Administration Fee - Openreach	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Special Fault Investigation	-	-	-	-	-	(0.3)	0.0%	-	-	-	-	0.00
Openreach sales product management	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Broadband line testing systems	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
DSLAM support	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
DSLAM equipment	-	-	-	-	-	(0.5)	0.0%	(0.1)	(0.1)	-	-	(0.02)
Co-mingling power vent	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Ethernet Access Direct Fibre	0.1	-	-	-	0.1	0.6	0.0%	-	0.1	-	-	0.49
Other Ethernet rentals - CCTV	-	-	-	-	-	-	0.0%	-	-	-	-	(0.37)
Ethernet Excess Construction Capex	0.1	-	-	-	0.1	(0.8)	0.0%	(0.1)	(0.1)	-	-	0.00
Ethernet Monitoring Platform	(0.1)	-	-	-	(0.1)	(1.1)	0.0%	(0.1)	(0.2)	-	-	(3.26)
SLG Ethernet Provision	0.1	-	-	-	0.1	(0.2)	0.0%	(0.1)	-	-	-	0.00
SLG Ethernet Assurance	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
SLG WLR Provision	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
SLG WLR Assurance	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.00
Expedite Provision Costs	-	-	-	-	-	-	0.0%	-	-	-	-	0.03
Combi card voice	-	-	-	-	-	-	0.0%	-	-	-	-	0.00
Abortive Visits	-	-	-	-	-	(0.1)	0.0%	-	-	-	-	0.02
EAD Electronics Capital	0.1	-	-	-	0.1	(0.4)	0.0%	-	0.1	-	-	0.02
SMP Accounting Separation components	0.3	-	-	(0.1)	0.2	1.4	-	0.2	0.4	-	-	-
Residual components	0.1	-	-	-	0.1	0.9	-	0.1	0.2	-	-	0.2
Roundings	(0.1)	-	-	(0.1)	(0.2)	0.6	-	0.5	0.3	-	-	-
Total	1.0	-	-	-	1.0	(0.3)	-	-	1.0	-	-	-

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Appendix 1.1 Network Activity Statements Consolidated

VARIANCE %

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding (gain)/loss 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 (ii)	Units	Average costs per min/unit on a current cost basis relating to current year
Low TISBO 3rd Party Equipment Depn	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Revenue Receivables	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
TISBO Excess Construction	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Ethernet Excess Construction	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
MPF line testing systems	0%	0%	0%		0%	(0)%	0%	(3)%	(0)%	0%	-	0%
EVOTAM Testing Systems	0%	0%	0%		0%	(0)%	0%	0%	0%	0%	-	0%
PC rentals 2Mbps regional trunk	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
PC rental 2Mbit link per km national trunk	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Regulated Time Related Charges	0%	0%	0%		0%	(2)%	0%	0%	0%	0%	-	0%
Co-mingling set up	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Co-mingling rentals	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
WLA tie cables	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Local Loop Unbundling systems development	0%	0%	0%		0%	(4)%	0%	0%	0%	0%	-	0%
Wholesale Access specific	0%	0%	0%		0%	0%	0%	(20)%	(4)%	0%	-	0%
Routing & Records	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
MDF Hardware jumpering	0%	0%	0%		0%	4%	0%	17%	0%	0%	-	0%
E side copper capital	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
E side copper current	0%	0%	0%		0%	(3)%	0%	0%	0%	0%	-	0%
D side copper capital	(0)%	0%	0%		(0)%	(0)%	0%	(0)%	(0)%	0%	-	0%
D side copper current	0%	0%	0%		0%	6%	0%	7%	0%	0%	-	0%
Local exchanges general frames equipment	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Local exchanges general frames maintenance	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Analogue line test equipment	0%	0%	0%		0%	(2)%	0%	0%	0%	0%	-	0%
Dropwire capital & analogue NTE	0%	0%	0%		0%	(0)%	0%	0%	0%	0%	-	0%
Analogue line drop maintenance	0%	0%	0%		0%	(4)%	0%	0%	0%	0%	-	0%
Analogue line cards	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Pair gain	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
FTTC Development	0%	0%	0%		0%	(1)%	0%	0%	0%	0%	-	0%
OR Service Centre - Provision Analogue/SDNZ	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
OR Service Centre - Provision WLA	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
OR Service Centre - Provision Ethernet	0%	0%	0%		0%	(44)%	0%	(100)%	1%	0%	-	0%
OR Service Centre Provision NGA	0%	0%	0%		0%	(45)%	0%	(50)%	0%	0%	-	0%
OR Service Centre - Assurance Analogue/SDNZ	0%	0%	0%		0%	5%	0%	33%	1%	0%	-	0%
OR Service Centre - Assurance WLA	0%	0%	0%		0%	6%	0%	0%	0%	0%	-	0%
OR Service Centre - Assurance Ethernet	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Service Level Guarantees WLA	0%	0%	0%		0%	(18)%	0%	0%	0%	0%	-	0%
Ethernet Backhaul Direct extended reach	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	(0)%
Ethernet Backhaul Direct Active	0%	0%	0%		0%	(0)%	0%	(1)%	(0)%	0%	-	(0)%
Ethernet Backhaul Direct Passive	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	(0)%
Ethernet Backhaul Direct Resilience Active	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	(0)%
Ethernet Backhaul Direct Resilience Passive	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	(0)%
Combi card broadband access	0%	0%	0%		0%	(0)%	0%	0%	0%	0%	-	(0)%
iNode features	0%	0%	0%		0%	(4)%	0%	0%	0%	0%	-	0%
Core/Metro (broadband)	0%	0%	0%		0%	1%	0%	1%	0%	0%	-	0%
Core Directors	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Edge Ethernet ports broadband	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Metro BRAS and MSE	0%	0%	0%		0%	1%	0%	1%	0%	0%	-	0%
Broadband MSAN access	0%	0%	0%		0%	(0)%	0%	0%	0%	0%	-	0%
Ethernet Switch BB	0%	0%	0%		0%	(0)%	0%	0%	0%	0%	-	0%
MSAN Access - SFBB	0%	0%	0%		0%	(1)%	0%	0%	0%	0%	-	0%
Metro core broadband transmission	0%	0%	0%		0%	(0)%	0%	0%	0%	0%	-	0%
ADSL connections	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
OR Project Services	0%	0%	0%		0%	(7)%	0%	0%	0%	0%	-	0%
Callr Display	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%

Section 2 - Schedules

Appendix 1.1 Network Activity Statements Consolidated (continued)

VARIANCE %

Fully Allocated Cost (Em)	HCA operating cost	Supplementary depreciation	Holding (gain)/loss 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 (ii)	Units	Average costs per min/unit on a current cost basis relating to current year
Network Features	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
ATM customer interface 34Mbit/s	0%	0%	0%		0%	(200)%	0%	(200)%	(100)%	0%	-	0%
ATM customer interface 155Mbit/s	0%	0%	0%		0%	(200)%	0%	(200)%	(0)%	0%	-	0%
ATM network interface	0%	0%	0%		0%	(200)%	0%	(200)%	(0)%	0%	-	(0)%
ATM network switching	0%	0%	0%		0%	(200)%	0%	(200)%	(0)%	0%	-	(0)%
Inter ATM transmissions	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
PC rental 2Mbps link per km distribution	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Point of Handover electronics	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
PC rental 64kbit/s link	0%	0%	0%		1%	0%	0%	0%	1%	0%	-	0%
PC rental 2Mbps link	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
PC rental 64kbit/s link per km transmission	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
2Mbps and above PC link connection cct provision	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
64kbit/s PC link connection cct provision	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
PC rental 64kbit/s link local end	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
PC rental 2Mbps local end copper	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
PC rental 2Mbps local end fibre	0%	0%	0%		0%	(0)%	0%	(3)%	(0)%	0%	-	0%
Backhaul Extension Services Fibre	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Wholesale Extension Services Fibre	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Interconnect 2Mbps connection	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Interconnect extension circuits IEC 2Mbps link	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Interconnect Extension Circuits IEC 2Mbps per km	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Intra Building Circuit IBC connection	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Intra Building Circuit IBC rental	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	(0)%
Ethernet main links	0%	0%	0%		0%	(0)%	0%	(0)%	0%	0%	-	(0)%
Ethernet Electronics Current	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Customer support - Partial private circuits	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Customer support - Interconnect	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Customer support - Broadband	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Broadband backhaul circuits excl Virtual Paths	0%	0%	0%		0%	(0)%	0%	0%	0%	0%	-	0%
OR Systems Development Ethernet	0%	0%	0%		0%	0%	0%	(5)%	(1)%	0%	-	0%
Ofcom Administration Fee - Wholesale	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Ofcom Administration Fee - Openreach	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Special Fault Investigation	0%	0%	0%		0%	9%	0%	0%	0%	0%	-	0%
Openreach sales product management	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Broadband line testing systems	0%	0%	0%		0%	(8)%	0%	0%	0%	0%	-	0%
DSLAM support	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
DSLAM equipment	0%	0%	0%		0%	(5)%	0%	(9)%	(8)%	0%	-	(3)%
Co-mingling power vent	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Ethernet Access Direct Fibre	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Other Ethernet rentals - CCTV	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	(0)%
Ethernet Excess Construction Capex	0%	0%	0%		0%	(1)%	0%	(2)%	0%	0%	-	0%
Ethernet Monitoring Platform	(1)%	0%	0%		(1)%	(100)%	0%	(100)%	(1)%	0%	-	(1)%
SLG Ethernet Provision	0%	0%	0%		0%	(6)%	0%	(25)%	0%	0%	-	0%
SLG Ethernet Assurance	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
SLG WLR Provision	0%	0%	0%		0%	(13)%	0%	0%	0%	0%	-	0%
SLG WLR Assurance	0%	0%	0%		0%	(20)%	0%	0%	0%	0%	-	0%
Expedite Provision Costs	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Combi card voice	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Abortive Visits	0%	0%	0%		0%	(0)%	0%	0%	0%	0%	-	0%
EAD Electronics Capital	0%	0%	0%		0%	(0)%	0%	0%	0%	0%	-	0%
SMP Accounting Separation components	0%	0%	0%		0%	0%	0%	0%	0%	0%	-	0%
Residual components	0%	0%	0%		0%	0%	0%	1%	0%	0%	-	0%
Roundings												
Total	0%	0%	0%		0%	0%		0%	0%			