



2011-12 Regulatory Performance

Accounting Separation Data

Veolia Water Central Ltd

12th July 2012

Accounting Separation Data

Ofwat regard 2011-12 as a transitional year for accounting separation data while they continue to review their regulatory accounting guidelines (RAGs) for 2012-13. We have decided to complete and submit our tables of accounting separation data, with accompanying statements as a separate publication to our report on 'Meeting Customer Expectations'.

The methodology statements set out below refer to a "Shadow June Return". This is an output from our internal annual reporting process. We have built on the controls and processes we had in place for the June Return when this was required as a submission to Ofwat in previous years.

The data is presented for Veolia Water Central (VWC). Since VWE and VWSE remain separate licensees they are reporting separately to Ofwat on accounting separation. If unification occurs we will review the basis of our cost allocation for a single regulated business.

Veolia Water Central Ltd - Regulatory Accounts 2011-12: Supplementary Tables

ST1: ACTIVITY COSTING ANALYSIS - WATER SERVICE

(Table 21a: Regulatory accounts (CCA) - Activity costing analysis; Water service - 2)

| Line | Description | Unit | Water resources | Raw water distribution | Water treatment | Treated water distribution | Water service total |
|--|---|------|-----------------|------------------------|-----------------|----------------------------|---------------------|
| Service analysis - water | | | | | | | |
| A Direct costs | | | | | | | |
| 1 | Employment costs | £m | 0.244 | 0.683 | 4.522 | 8.780 | 14.229 |
| 2 | Power | £m | 0.000 | 2.172 | 10.874 | 2.303 | 15.349 |
| 3 | Hired and contracted services | £m | 0.053 | 0.178 | 0.876 | 14.014 | 15.121 |
| 4 | Associated companies | £m | 0.000 | 0.000 | 0.108 | 0.464 | 0.572 |
| 5 | Materials and consumables | £m | 0.019 | 0.399 | 2.505 | 1.406 | 4.329 |
| 6 | Service charges | £m | 4.814 | 0.000 | 0.000 | 0.000 | 4.814 |
| 7 | Bulk supply imports | £m | 0.000 | 0.032 | 1.402 | 0.000 | 1.434 |
| 8 | Other direct costs | £m | 0.223 | 0.051 | 0.698 | 2.232 | 3.204 |
| 9 | Total direct costs | £m | 5.353 | 3.515 | 20.985 | 29.199 | 59.052 |
| B Operating expenditure | | | | | | | |
| 10 | General and support expenditure | £m | 0.351 | 0.882 | 3.640 | 10.896 | 15.769 |
| 11 | Scientific services | £m | 0.000 | 1.621 | 1.013 | 1.418 | 4.052 |
| 12 | Other business activities | £m | 0.453 | 0.453 | 0.453 | 0.453 | 1.812 |
| 13 | Total business activities | £m | 0.453 | 2.074 | 1.466 | 1.871 | 5.864 |
| 14 | Local authority rates | £m | 1.549 | 0.250 | 2.139 | 7.994 | 11.932 |
| 15 | Exceptional items | £m | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 16 | Total opex less third party services | £m | 7.706 | 6.721 | 28.230 | 49.960 | 92.617 |
| 17 | Third party services - opex | £m | 0.000 | 0.000 | 0.000 | 2.784 | 2.784 |
| 18 | Total operating expenditure | £m | 7.706 | 6.721 | 28.230 | 52.744 | 95.401 |
| C Reactive and planned maintenance (including opex) | | | | | | | |
| 19 | Reactive and planned maintenance infrastructure | £m | 0.000 | 0.785 | 0.000 | 25.392 | 26.177 |
| 20 | Reactive and planned maintenance non-infrastructure | £m | 1.980 | 0.000 | 2.738 | 1.107 | 5.825 |
| D Capital maintenance | | | | | | | |
| 21 | Infrastructure renewals charge (excluding third party services) | £m | 0.000 | 0.000 | 0.000 | 42.134 | 42.134 |
| 22 | Current cost depreciation | £m | 13.463 | -0.712 | 17.224 | 5.245 | 35.220 |
| 23 | Amortisation of deferred credits | £m | -0.061 | -0.010 | -0.084 | -0.316 | -0.471 |
| 24 | Amortisation of intangible assets | £m | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 25 | Business activities current cost depreciation | £m | 1.018 | 1.018 | 1.018 | 1.018 | 4.072 |
| 26 | Capital maintenance excluding third party services | £m | 14.420 | 0.296 | 18.158 | 48.081 | 80.955 |
| 27 | Third party services - current cost depreciation | £m | 0.000 | 0.000 | 0.430 | 0.000 | 0.430 |
| 28 | Third party services - infrastructure renewals charge | £m | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 29 | Total capital maintenance | £m | 14.420 | 0.296 | 18.588 | 48.081 | 81.385 |
| 30 | Total operating costs | £m | 22.126 | 7.017 | 46.818 | 100.825 | 176.786 |

Table ST1 (21a) - Activity Costing Analysis - Water Service 2

Methodology statement

The purpose of the methodology statement is to enable the Regulator to understand the systems, processes and allocation methods used to populate the tables (table 21a and table 21b). To avoid repetition only one methodology statement has been provided to cover the disaggregated water service and retail service tables.

Company Systems and Process Statement

The Company uses the Oracle Financials ledger to record financial information such as General Ledger, Project Accounting, Accounts Payable, Accounts Receivable and Stock and Inventory. In support of this:

- All capital expenditure (capex) staff are required to maintain timesheets; however operational (opex) staff customer service call agents and administration staff do not.
- A stand alone historic cost asset register is maintained.
- The current cost asset register is based around a suite of Excel spreadsheets. The basis of these spreadsheets is the modern equivalent asset (MEA) valuations that are carried out every five years as part of the business plan submissions.
- The billing system is Hi-Affinity and this is used to collect data on customer numbers and types i.e. Domestic or commercial.
- There are various operational IT systems in place but these are not used to populate these "Shadow June Return" tables.

There is a workings spreadsheet used to reallocate costs is held on the supporting documents section of the repository used to manage the production of the "Shadow June Return". This spreadsheet populates the table, holds the supporting data and allocates costs for tables 21, 21a and 21b. Costs are apportioned between the business units in accordance with the allocation provided by management. All processing and manual adjustments are performed within this key spreadsheet. The spreadsheet is populated using the same Business Objects report applied in previous years for table 21. No sampling was used in populating the tables.

There is no robust company wide system to accurately capture the time spent by staff on their activities. As a result, Senior Management submitted the allocation of time spent by their departments. These submissions are then reviewed and challenged for appropriateness by the Finance team. Where possible, data used elsewhere in the "Shadow June Return" is used in populating the tables in order to increase the consistency in the "Shadow June Return".

Once the tables have been completed the Company carries out a review to ensure that the totals are consistent with other "Shadow JR" tables.

The financial statements are externally audited by Ernst & Young. As the same source (Oracle) used to populate the Financial Statements is used in populating these tables, assurance is gained on the completeness and accuracy of the source data through their audit.

Capitalisation Policy and Procedure

All purchases exceeding £5,000 must be capitalised. This includes multiple purchases of small pieces of equipment (e.g. IT equipment, mobile phones) that exceed a total value of £5,000. It is therefore possible to capitalise single purchases below the £5,000 value. Major R&M work may constitute capital expenditure if it extends the working life of an asset.

The entire capital process is covered by the Company ISO process. This ensures that all documentation is current and the process is subjected to both internal and external review/audit.

Once an item has been prioritised on the Issues Register then a Project Justification (PAD) form can be completed. This provides a description of the key issues, scope of the project, potential solutions, preferred solution, cost benefit analysis and financial justification. The PAD requires signature by the following: Originator / Project Manager, Project Sponsor and the Project Director. Projects under £100k can be approved by the Managing Director or a member of the Senior Management Team. Projects greater than £100k require approval by the Capex Committee.

Once a project has been approved a project code is allocated and work can commence. All purchase orders and invoices are subject to the Company's Delegated Authority Schedule, thus ensuring financial control. Until a code has been issued it is impossible for purchase orders to be raised or for staff to book time to a project. A Post Project Appraisal (PPA) is a useful and powerful continuous improvement mechanism to ensure future projects benefit from past experiences. PPA's involve getting as many of the project team, including major stakeholders, to review what went well in the project and what could be improved. This input can help the team in future projects and it can also help clear up misunderstandings and other issues.

The Company annually reviews the Regulatory Accounting Guidelines and the relevant financial reporting standards to ensure compliance to best practice in its reporting. The Accounting policies used are disclosed in Note 1 of the financial statements. There have been no changes in the accounting policy for capitalisation of costs since the previous year.

Management gain assurance that the procedures and guidance are being followed through a series of checks and reviews that occurs as part of the "Shadow June Return" production process. There are reviews by:

- External auditors reporting to VCE (Ernst & Young and WS Atkins)
- Internal auditors (Quality Assurance and Internal Audit)
- A series of peer reviews on each table
- Senior Management review
- Non-Executive Directors review

There will be a post submission review to identify areas of improvements for the following year.

All these reviews help increase assurance in the validity of the data and consistency of the data between tables in the "Shadow June Return".

Data Reconciliation

The Company is required to provide reconciliation between table 21 and the disaggregated water service and retail service tables in order to provide some transparency over the reclassification of costs. The reconciliation is provided below:

| | £'M |
|--------------------------------|-------|
| Table 21a -Water Table total | 176.8 |
| Table 21b - Retail Table total | 28.2 |
| Table 21 | 205.0 |

Cost Drivers

Wherever possible the Company has used direct allocation of costs, using the pre-existing Oracle ledger codes. In the event that direct coding is not possible, an appropriate allocation has been made using the 'cost driver' that causes the cost to be incurred. Any allocation has been noted against the appropriate Line number under the relevant section of this methodology paper.

Points to Note

- Currently, we are unable to allocate the pension charges between T21a and T21b as the actuary does not provide sufficient information to enable the company to apportion the charges between the tables. The company will review with the actuary whether an accurate apportionment can be made in the future.
- Third party costs relate to the exports to South East Water (SEW). 2011/12 figures have yet to be finalised and agreed with the supplier. Provisional data has been used.
- Employment costs are apportioned to a dedicated cost centre and apportioned to the business units in line with management estimation.
- Power cost has been apportioned on the basis of activity in the business units as per average pumping head. This is on a consistent basis as table 21.
- Hired and contracted services costs are apportioned to a dedicated cost centre
- Bulk supply imports cost has been allocated to Water Treatment as per guidance.
- Business Rates are charged on the Cumulo basis and the cost has been apportioned by value of the assets.
- Scientific Services costs have been allocated to the determinants of the business units which drive the allocation of total cost.
- Other business activities are Regulatory costs and they have been apportioned on management estimation of the time spent on regulatory activities.
- General & Support costs have been apportioned, where possible, directly to the relevant business unit. The remaining general & support costs have been apportioned using the weighting of direct cost as per the previous year.

Veolia Water Central Ltd - Regulatory Accounts 2011-12: Supplementary Tables

ST2: ACTIVITY COSTING ANALYSIS - RETAIL SERVICES

(Table 21b: Regulatory accounts (CCA) - Activity costing analysis; Retail services)

| Line | Description | Unit | Retail household | Retail household and support memo | Retail non-household | Retail non-household general and support memo | Retail services total |
|----------------------------------|---|------|------------------|-----------------------------------|----------------------|---|-----------------------|
| Service analysis - retail | | | | | | | |
| A Direct costs | | | | | | | |
| 1 | Billing | £m | 1.888 | 0.805 | 0.100 | 0.016 | 1.988 |
| 2 | Payment handling, remittance and cash handling | £m | 0.178 | 0.076 | 0.009 | 0.001 | 0.187 |
| 3 | Debt management | £m | 0.913 | 0.389 | 0.203 | 0.032 | 1.116 |
| 4 | Doubtful debts | £m | 4.489 | 0.000 | 0.996 | 0.000 | 5.485 |
| 5 | Charitable trust donations | £m | 0.545 | 0.000 | | | 0.545 |
| 6 | Vulnerable customer schemes | £m | 0.112 | 0.048 | | | 0.112 |
| 7 | Non-network customer enquiries and complaints | £m | 2.953 | 1.260 | 0.156 | 0.025 | 3.109 |
| 8 | Meter reading | £m | 2.303 | 0.982 | 0.344 | 0.054 | 2.647 |
| 9 | Meter maintenance/installation non-capex | £m | -0.003 | -0.001 | 0.000 | 0.000 | -0.003 |
| 10 | Network customer enquiries and complaints | £m | 0.328 | 0.140 | 0.017 | 0.003 | 0.345 |
| 11 | Disconnections | £m | 0.000 | 0.000 | 0.008 | 0.001 | 0.008 |
| 12 | Demand-side water efficiency initiatives | £m | 0.335 | 0.143 | 0.000 | 0.000 | 0.335 |
| 13 | Services to developers | £m | | | 0.000 | 0.000 | 0.000 |
| 14 | Support for trade effluent compliance | £m | | | 0.000 | 0.000 | 0.000 |
| 15 | Customer-side leaks | £m | 0.823 | 0.351 | 0.043 | 0.007 | 0.866 |
| 16 | Other direct costs | £m | 1.873 | 0.799 | 0.790 | 0.125 | 2.663 |
| 17 | Total direct costs | £m | 16.737 | 4.992 | 2.666 | 0.264 | 19.403 |
| B Operating expenditure | | | | | | | |
| 18 | General and support expenditure | £m | 4.992 | | 0.263 | | 5.255 |
| 19 | Scientific services | £m | 0.296 | | 0.000 | | 0.296 |
| 20 | Other business activities | £m | 0.043 | | 0.002 | | 0.045 |
| 21 | Total business activities | £m | 0.339 | | 0.002 | | 0.341 |
| 22 | Local Authority rates | £m | 0.166 | | 0.010 | | 0.176 |
| 23 | Exceptional items | £m | 0.000 | | 0.000 | | 0.000 |
| 24 | Total opex less third party services | £m | 22.234 | | 2.941 | | 25.175 |
| 25 | Third party services | £m | 0.000 | | 0.000 | | 0.000 |
| 26 | Total operating expenditure | £m | 22.234 | | 2.941 | | 25.175 |
| C Capital maintenance | | | | | | | |
| 27 | Infrastructure renewals charge (excluding third party services) | £m | 0.000 | | 0.000 | | 0.000 |
| 28 | Current cost depreciation | £m | 2.871 | | 0.168 | | 3.039 |
| 29 | Amortisation of deferred credits | £m | 0.000 | | 0.000 | | 0.000 |
| 30 | Amortisation of intangible assets | £m | 0.000 | | 0.000 | | 0.000 |
| 31 | Total capital maintenance | £m | 2.871 | | 0.168 | | 3.039 |
| 32 | Total operating costs | £m | 25.105 | | 3.109 | | 28.214 |

Table ST2 (21b) - Activity Costing Analysis – Retail Services

Methodology statement

The purpose of the methodology statement is to enable the Regulator to understand the systems, processes and allocation methods used to populate the tables (table 21a and table 21b). To avoid repetition only one methodology statement has been provided to cover the disaggregated water service and retail service tables. What follows here are additional notes for table 21b only.

Additional notes to Table 21a

- In Direct Costs the majority of the data relates to dedicated cost centres for an activity. General and support costs are allocated using the most appropriate cost driver as specified by Ofwat guidance. Where derivation of this driver was not possible due to a limitation of process/system data, then costs have been allocated as the proportion of

numbers of customers as per the data in Table 7. Staff are not purely dedicated to one business unit.

- Doubtful debts have been allocated as per the same driver as Debt management. We are unable to apportion the provision accurately between the unmeasured domestic and non-domestic debt. Reviewing with the Debt Collection Manager, it was agreed that the using the same driver as debt management is a fair method of allocating cost.
- Scientific Services costs relate to sampling work performed at the customer properties to ensure that that the water meets the quality standards set. The cost mostly relates to laboratory charges.
- Local Authority Rates have been allocated on the basis of the values of the retail assets. This is a fair basis and consistent with current cost depreciation values in table 25c.

Veolia Water Central Ltd - Regulatory Accounts 2011-12: Supplementary Tables

ST4: ANALYSIS OF WATER FIXED ASSETS

(Table 25a: Regulatory accounts (CCA) - Analysis of fixed assets by business unit; water service)

| Line | Description | Unit | Water resources | | | | Raw water distribution | | | | Water treatment | | | | Treated water distribution | | | | Total |
|------|---|------|-----------------------|--------------------|-----------------------|-----------|------------------------|--------------------|-----------------------|----------|-----------------------|--------------------|-----------------------|-----------|----------------------------|--------------------|-----------------------|-----------|-----------|
| | | | Infrastructure assets | Operational assets | Other tangible assets | Subtotal | Infrastructure assets | Operational assets | Other tangible assets | Subtotal | Infrastructure assets | Operational assets | Other tangible assets | Subtotal | Infrastructure assets | Operational assets | Other tangible assets | Subtotal | |
| A | Gross replacement cost | | | | | | | | | | | | | | | | | | |
| 1 | Gross replacement cost at 1 April | £m | 0.000 | 1,104.048 | 7.633 | 1,111.681 | 131.393 | 23.639 | 7.633 | 162.665 | 0.000 | 1,625.885 | 7.633 | 1,633.518 | 4,304.768 | 787.531 | 29.377 | 5,121.675 | 8,029.538 |
| 2 | AMP adjustment | £m | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 3 | Reclassification adjustment | £m | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 4 | RPI adjustment | £m | 0.000 | 48.492 | 0.106 | 48.598 | 5.956 | 0.644 | 0.106 | 6.706 | 0.000 | 62.638 | 0.106 | 62.743 | 151.822 | 19.186 | 0.529 | 171.537 | 289.584 |
| 5 | Disposals | £m | 0.000 | -3.887 | -0.097 | -3.983 | 0.000 | -0.052 | -0.097 | -0.148 | 0.000 | -5.020 | -0.097 | -5.117 | 0.000 | -1.538 | -0.484 | -2.021 | -11.270 |
| 6 | Additions | £m | 0.000 | 9.420 | 0.177 | 9.597 | 0.375 | 0.125 | 0.177 | 0.677 | 0.000 | 12.169 | 0.177 | 12.345 | 9.571 | 3.727 | 0.884 | 14.182 | 36.802 |
| 7 | Gross replacement cost at 31 March | £m | 0.000 | 1,158.073 | 7.819 | 1,165.892 | 137.725 | 24.356 | 7.819 | 169.900 | 0.000 | 1,695.670 | 7.819 | 1,703.489 | 4,466.160 | 808.906 | 30.306 | 5,305.372 | 8,344.654 |
| B | Depreciation | | | | | | | | | | | | | | | | | | |
| 8 | Depreciation at 1 April | £m | | 167.330 | 5.719 | 173.049 | | 7.290 | 5.719 | 13.009 | | 328.905 | 5.719 | 334.625 | | 264.165 | 22.175 | 286.340 | 807.024 |
| 9 | AMP adjustment | £m | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | 0.000 |
| 10 | AMP adjustment - gross MEA revaluation | £m | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | 0.000 |
| 11 | AMP adjustment - amendment to remaining useful economic lives | £m | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | 0.000 |
| 12 | Reclassification adjustment | £m | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | 0.000 |
| 13 | RPI adjustment | £m | | 11.098 | 0.082 | 11.180 | | 0.147 | 0.082 | 0.230 | | 14.335 | 0.082 | 14.418 | | 4.391 | 0.412 | 4.803 | 30.631 |
| 14 | Disposals | £m | | -3.684 | -0.097 | -3.781 | | -0.049 | -0.097 | -0.146 | | -4.759 | -0.097 | -4.856 | | -1.458 | -0.484 | -1.941 | -10.724 |
| 15 | Charge for year | £m | | 14.366 | 0.116 | 14.482 | | 0.191 | 0.116 | 0.307 | | 18.556 | 0.116 | 18.672 | | 5.684 | 0.580 | 6.264 | 39.724 |
| 16 | Depreciation at 31 March | £m | | 189.110 | 5.821 | 194.930 | | 7.579 | 5.821 | 13.400 | | 357.038 | 5.821 | 362.859 | | 272.782 | 22.684 | 295.466 | 866.655 |
| 17 | Net book amount at 31 March | £m | 0.000 | 968.964 | 1.998 | 970.962 | 137.725 | 16.777 | 1.998 | 156.500 | 0.000 | 1,338.632 | 1.998 | 1,340.631 | 4,466.160 | 536.124 | 7.622 | 5,009.906 | 7,477.999 |
| 18 | Net book amount at 1 April | £m | 0.000 | 936.717 | 1.914 | 938.631 | 131.393 | 16.349 | 1.914 | 149.656 | 0.000 | 1,296.979 | 1.914 | 1,298.893 | 4,304.768 | 523.366 | 7.201 | 4,835.334 | 7,222.515 |

Table ST4 (25a) - Analysis of fixed assets by business unit: Water Service

Methodology Statement

We have used current cost depreciation data (from table 33 of the “Shadow June Return”) to calculate the depreciation charge for the year. We have split this charge using the analysis provided within the guidance.

We do not have AMP adjustments in table 25a this year following guidance given by Ofwat. Capital additions for the year reflect those used within table 33 calculations. There is no significant change in the CCD figure for the year. Calculations for lines 1 & 7 are the brought forward balances from last year.

The process for populating each line of this table is identical once apportionment has been calculated. The methodology for the apportionments is as follows:

- Assets are identified as falling onto one or more of the five categories defined:
 - Water Resources
 - Raw Water Distribution
 - Water Treatment
 - Treated Water Distribution
 - Retail
- We further identify each line as infrastructure, operational assets or other tangible assets, thereby creating a matrix that we have used to allocate each line of table 25 between the various columns in table 25a.
- We have assumed that the categorisation used in the business plan is correct and gained assurance from the robust processes of review and audit of this task.
- We have used no sampling to reach these conclusions.
- We have performed checks to ensure that the data in table 25a aggregates to the total of table 25 and the total CCD in table 33.
- We are re-implementing our Oracle systems from September 2012 and are currently considering mechanisms to drive these figures directly, avoiding the large amount of spreadsheet analysis undertaken for this year’s “Shadow June Return”.
- We have allocated assets between infrastructure, operational and other asset types and have apportioned assets across tables 25a as required by the regulator’s guidance.

Veolia Water Central Ltd - Regulatory Accounts 2011-12: Supplementary Tables

ST6: ANALYSIS OF RETAIL FIXED ASSETS

(Table 25c: Regulatory accounts (CCA) - Analysis of fixed assets by business unit; retail service)

| | | Retail Household | | | | Retail non-household | | | | Total |
|----------|---|-----------------------|--------------------|-----------------------|----------|-----------------------|--------------------|-----------------------|----------|---------|
| | | Infrastructure assets | Operational assets | Other tangible assets | Subtotal | Infrastructure assets | Operational assets | Other tangible assets | Subtotal | |
| A | Gross replacement cost | | | | | | | | | |
| 1 | Gross replacement cost at 1 April | 38.668 | 120.427 | 46.472 | 205.567 | 2.230 | 6.907 | 2.687 | 11.824 | 217.391 |
| 2 | AMP adjustment | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 3 | Reclassification adjustment | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 4 | RPI adjustment | 1.935 | 0.000 | 2.621 | 4.556 | 0.113 | 0.000 | 0.153 | 0.266 | 4.822 |
| 5 | Disposals | 0.000 | 0.000 | -2.395 | -2.395 | 0.000 | 0.000 | -0.140 | -0.140 | -2.535 |
| 6 | Additions | 0.122 | 0.000 | 4.376 | 4.497 | 0.007 | 0.000 | 0.256 | 0.263 | 4.760 |
| 7 | Gross replacement cost at 31 March | 40.725 | 120.427 | 51.074 | 212.225 | 2.350 | 6.907 | 2.956 | 12.213 | 224.438 |
| B | Depreciation | | | | | | | | | |
| 8 | Depreciation at 1 April | | 67.975 | 37.502 | 105.477 | | 3.899 | 2.171 | 6.069 | 111.546 |
| 9 | AMP adjustment | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | 0.000 |
| 10 | AMP adjustment - gross MEA revaluation | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | 0.000 |
| 11 | AMP adjmt - amendment to remaining useful econ. lives | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | 0.000 |
| 12 | Reclassification adjustment | | 0.000 | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | 0.000 |
| 13 | RPI adjustment | | 0.000 | 2.041 | 2.041 | | 0.000 | 0.119 | 0.119 | 2.161 |
| 14 | Disposals | | 0.000 | -2.395 | -2.395 | | 0.000 | -0.140 | -0.140 | -2.535 |
| 15 | Charge for year | | 0.000 | 2.871 | 2.871 | | 0.000 | 0.168 | 0.168 | 3.039 |
| 16 | Depreciation at 31 March | | 67.975 | 40.019 | 107.994 | | 3.899 | 2.318 | 6.216 | 114.211 |
| 17 | Net book amount at 31 March | 40.725 | 52.452 | 11.055 | 104.231 | 2.350 | 3.008 | 0.638 | 5.997 | 110.228 |
| 18 | Net book amount at 1 April | 38.668 | 52.452 | 8.971 | 100.090 | 2.230 | 3.008 | 0.517 | 5.755 | 105.845 |

Table ST6 (25c) and ST7 - Analysis of fixed assets by business unit: Retail

Methodology Statement

We have used current cost depreciation data (from table 33 of the “Shadow June Return”) to calculate the depreciation charge for the year. We have split this charge using the analysis provided within the guidance.

We do not have AMP adjustments in table 25c this year following guidance given by Ofwat. Capital additions for the year reflect those used within table 33 calculations. There is no significant change in the CCD figure for the year. Calculations for lines 1 & 7 are the brought forward balances from last year.

The process for populating each line of this table is identical once apportionment has been calculated. The methodology for the apportionments is as follows:

- Assets are identified as falling onto one or more of the five categories defined:
 - Water Resources
 - Raw Water Distribution
 - Water Treatment
 - Treated Water Distribution
 - Retail
- Where a line falls under the definition of “Retail”, a further apportionment between Household and Non-Household has been made on the property numbers served. Hence, we have identified the majority of “Retail” as “Household”.
- We further identify each line as infrastructure, operational assets or other tangible assets, thereby creating a matrix that we have used to allocate each line of table 25 between the various columns in table 25c.
- We have assumed that the categorisation used in the business plan is correct and gained assurance from the robust processes of review and audit of this task.
- We have used no sampling to reach these conclusions.
- We have performed checks to ensure that the data in table 25c aggregates to the total of table 25 and the total CCD in table 33.
- We are re-implementing our Oracle systems from September 2012 and are currently considering mechanisms to drive these figures directly, avoiding the large amount of spreadsheet analysis undertaken for this year’s “Shadow June Return”.
- We have allocated assets between infrastructure, operational and other asset types and have apportioned assets across tables 25c as required by the regulator’s guidance.
- We have also allocated metering assets for both Household and Non-Householder customers in table ST7 below.

Veolia Water Central Ltd - Regulatory Accounts 2011-12: Supplementary Tables

ST7: Meters

| DESCRIPTION | | | | Units | DP | RETAIL HOUSEHOLD | RETAIL NON-HOUSEHOLD |
|---------------------------------|------------------------------------|----|---|-------|----|------------------|----------------------|
| | | | | | | Meter assets | Meter assets |
| A Gross replacement cost | | | | | | | |
| 1 | Gross replacement cost at 1 April | £m | 3 | | | 66.361 | 8.192 |
| 7 | Gross replacement cost at 31 March | £m | 3 | | | 73.861 | 8.875 |
| B Depreciation | | | | | | | |
| 8 | Depreciation at 1 April | £m | 3 | | | 34.340 | 4.239 |
| 15 | Charge for year | £m | 3 | | | 5.361 | 0.644 |
| 16 | Depreciation at 31 March | £m | 3 | | | 39.802 | 4.782 |
| 17 | Net book amount at 31 March | £m | 3 | | | 34.059 | 4.092 |
| 18 | Net book amount at 1 April | £m | 3 | | | 35.076 | 2.012 |