



Methodology Statement for Accounting Separation 2012/13 (and restated 2011/12 accounts)

Affinity Water Limited

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1 – Introduction (Opex)

The purpose of this paper is to detail the work undertaken by Affinity Water to show the methodology for the accounting separation calculations.

1.1 Approach Taken

The core data for the accounting separation tables is the Trial Balance (TB) and this forms the basis for the model. Each line of the TB is individually allocated either to a Business Unit, classified as a Balance Sheet Item, as Not Applicable or as an Overhead. This allows a clear audit trail back to the audited accounts.

The first level driver for this allocation is the Cost Centre number. However the cost centres do not match directly to a Business Unit and there is a degree of percentage allocation, based on cost centre manager assessment. This is detailed further in Section 3.1.

The second level for cost allocation is the 6 digit detail code and these codes are used to allocate costs to the individual lines within the Wholesale table. This is detailed further in Section 3.2.

1.2 Data Assumptions

The following assumptions have been applied:

- Data is accurately coded to and recorded within the TB.
- The ledgers of the Southeast and East regions map to that of the Central region, therefore cost centres, and detail codes, are used for the same purpose.

1.3 Changes between 2011/12 and 2012/13

Please note that the output for accounting separation changed between 2011/12 and 2012/13. In 2011/12 the companies produced data consistent with the former tables 21a and 21b of the June Return. For 2012/13, the output was redefined by Proformas A7 and A8 of RAG4.04. This methodology statement generally describes the process of producing Tables 21a (wholesale) and 21b (retail). For 2012/13 the following steps were added onto the end of the process in order to produce accounting separation data consistent with Proformas A7 and A8 of RAG4.04:

- CCD relating to meters was moved from 'retail' to 'treated water distribution'.
- Meter maintenance opex to move from 'retail' to 'treated water distribution' (0 for Affinity Water as maintenance is capitalised).
- Insert a line for 'Income treated as negative expenditure' in proforma A7 (this is 0 as we do not sell any generated electricity).
- Move the costs of the 'physical act of disconnecting' from 'retail' to 'treated water distribution'.
- Move the 'cost of connection' (developer services) from 'retail' to 'treated water distribution' (0 for Affinity Water as this expense is capitalised).
- Add a line on 'debt written off', allocated between households and non-households. This reflects the actual debt written off during the year.

- Mapping of all other lines to be consistent with the new proformas A7 and A8 rather than the old Table 21a 21b as below:

Table 21a to Proforma A7

Table 21a to Proforma A7	Proforma A7
Employment costs	Other operating expenditure
Power	Power
Power	Income treated as negative expenditure
Hired and contracted services	Other operating expenditure
Associated companies	Other operating expenditure
Materials and consumables	Other operating expenditure
Service charges	Service charges
Bulk supply imports	Bulk supply imports
Other direct costs	Other operating expenditure
General support Expenditure	Other operating expenditure
Scientific services	Other operating expenditure
Other business activities	Other operating expenditure
Local authority rates	Local authority rates
Exceptional items	Exceptional items

Table 21b to Proforma A8

Table 21b line	Proforma A8
Billing	Customer Services
Payment handling, remittance and cash handling	Customer Services
Debt management	Debt management
Doubtful debts	Doubtful debts
Charitable trust donations	Customer Services
Vulnerable customer schemes	Customer Services
Non-network customer enquiries and complaints	Customer Services
Meter reading	Meter reading
Meter maintenance /installation non-capex	To 'treated water distribution'
Network customer enquiries and complaints	Customer Services
Disconnections	To 'treated water distribution'
Demand side water-efficiency initiatives	Other operating expenditure
Services to developers	Services to developers
Support for trade effluent compliance	Other operating expenditure
Customer side leaks	Other operating expenditure
Other direct costs	Other operating expenditure
General and support	Other operating expenditure
Scientific services	Other operating expenditure
Other business activities	Other operating expenditure
Local authority rates	Local authority rates
Exceptional items	Exceptional items

2 – Definitions (Opex)

For ease of reference the OFWAT business unit definitions are shown below:

Business Units:	Resource	Raw Water Distribution	Treatment	Treated Water Distribution	Retail Service
Description:	Identify sources of water, obtain permission for extraction and input into raw water distribution system	Transport raw water/partially treated water from abstraction site to treatment works or end user customer	Receive raw/partially treated water and undertake treatment process	Transport treated water to customer properties or new appointee. Includes intermediate storage facilities	Management and delivery of water services to final customer. Includes sales, billing, payment handling and provision of customer services and liaison
Start:	None	Outlet valve	From raw water main or abstraction site	Potable water into network	Request for services from customers and third parties
End:	Water into raw water main	Enter treatment works or end customer	Treated water into network or part treated water to customer	Potable water to retail customer/new appointee boundary	Provision of services, related customer facing activities and billing/debt collection

3 – Direct Allocations (Opex)

In order to simplify the model we have grouped together, wherever possible, cost centres and detail codes into 19 allocation categories. Each category has a percentage allocation assumption, allocating costs to the various business units. These percentages will need periodic review and we must continue to ensure the managers have supporting evidence for this split.

3.1 Cost Centre Allocation (1st level driver)

Each cost centre is given an allocation category, this drives the percentage allocation applied and the output is a financial value allocated to each business unit, per TB line.

Ref	Type	Cost Centres	WHOLESALE BUSINESS UNITS				Stific Svs	Rates	TP	Atypical	Reg	G&S	Retail
			Water Resource	Raw water Dist	Water Treat	Treated Dist							
1	BS/Income	00000/11111	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2	Power	21191	0%	13%	70%	17%	0%	0%	0%	0%	0%	0%	0%
3	Supply	21161/71/81	0%	5%	85%	10%	0%	0%	0%	0%	0%	0%	0%
4	EA Charges	21161-841010	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
5	Imports	21161-various	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
6	Atypical	various	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%
7	Estates	21123	0%	0%	30%	40%	30%	0%	0%	0%	0%	0%	0%
8	Karstic	21142	0%	50%	40%	10%	0%	0%	0%	0%	0%	0%	0%
9	Production	21112/32/52/95	0%	5%	85%	10%	0%	0%	0%	0%	0%	0%	0%
10	Network Svs	21244/42/41/43/45 /11/21/22	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%
11	Customer Ops	21471/72/73/74/75 /21211/21254/409 61/40911	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%
12	Leakage	21251/2/3	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%
13	Asset M'ment	21301	34%	0%	33%	33%	0%	0%	0%	0%	0%	0%	0%
14	Water Quality	23506/02/07	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%
15	Rates	xxxxx-942204	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%
16	Regulation	21485	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%
17	Retail	21451/21/22/52/53 /54/58/55/57/56/3 1/59	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
18	Overheads	All other	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%
19	TP		0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%

A detailed analysis of the allocation of cost centre to business units can be seen in Appendix I.

By amending the percentage allocation within this table you can run sensitivity analyses.

3.2 Detail Code Allocation (2nd level driver)

This allocation is used for the Wholesale table, where we have to report costs at the following level of detail:

- Employment
- Power
- Hired and Contracted
- Associated Companies
- Materials
- Service Charges
- Bulk Imports
- Other Direct

The detail codes have been analysed and allocated to one of the above categories, in a consistent manner.

This is fully detailed in Appendix II. In the event that new detail codes are introduced these will need allocation and recording.

4 – Indirect Allocations (Opex)

Every effort has been made to minimise the number of TB lines that are not directly allocated to a business unit, however there are five expense categories that require proportional allocation across the business units, being:

- General and Support
- Business Rates
- Scientific Services
- Other Business Activity
- Exceptional

4.1 General and Support

The model uses six allocation types, as shown below:

Type	Basis
Allocation 1 HR	Number of employees
Allocation 2 Facilities Movement	Floor space of Hub
Allocation 3 Procurement	Prior year materials purchased
Allocation 4 IT	Key systems and employees
Allocation 5 Legal/Ins	Insurance premiums and claims history, 3 sub allocations used.
Allocation 6 Other	Allocation based on direct costs

Allocation 6 is made up of various Finance cost centres, General Management, Corporate Services, Health and Safety and pension costs.

4.2 Business Rates

This cost is allocated in line with assumption 1.4. This is in line with OFWAT guidance.

4.3 Scientific Services

This cost is made up of direct costs, plus Exceptional costs, plus G&S costs. It is allocated on a percentage basis, as provided by management.

4.4 Other Business Activity

This cost is made up of direct costs, plus Exceptional costs, plus G&S costs. It is allocated on an even basis, 1/5th to each business unit, in accordance with OFWAT guidelines.

4.5 Exceptional

This requires an annual review, to identify any costs that could be classified as Exceptional as per UKGAAP FRS3.

Paragraph five to FRS 3 defines an exceptional item as:

“Material items which derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually, or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.”

Once identified the TB lines need to be noted as category 6, on Tab 2.2 TB Allocation, column K.

5 – Flow Model (Opex)

This section details the flow of data within the model, each tab will be covered.

Tab: Notes

This tab lists the tabs, any assumptions used and the colour coding within the spread sheet.

Tab 1. Lookup TB

This contains the final TB as provided by the Regulatory Accounts team, which will reflect the appointed business TB.

Data type: manual input

Links: data into Tab 1.1, data into Tab 1.2

Data validation: cell D1 must equal NIL

Tab 1.1 TB Mar

This TB drives the model. It lists all the TB combinations currently in use in columns B – F.

This Tab allows manual journal adjustments in Col H to L, there are two spare JV columns. Current journals relate to (Col H) removal of non-appointed business, (Col I) SEW water adjustment and (Col J) transfer of senior manager labour costs into Regulation.

Column G performs a LOOKUP on Tab 1 and pulls across the final balances.

Data type: manual input and linked data

Links: data into Tab 1.2, data into Tab 2.2

Data validation: cell G1 to M1 must equal NIL

Tab 1.2 TB Check

This ensures that the TB totals are correct.

Data type: linked data

Links: data from Tab 1, data from Tab 1.2, data from Tab 2.2

Data validation: green cells must equal NIL

Tab 2.1 Allocation %

This tab has been covered in Section 3 above.

Data type: input data, columns G - Q

Links: none

Data validation: none

Tab 2.2 TB Allocation

This lists the complete TB and allocates the appropriate percentage split as per Tab 2.1. The output is a table of financial data in columns Z – AJ which feeds into the various business units.

Data type: manual input and linked data

Columns B – F: copied from tab 1.1

Columns G – H: manual, identify if required or not required

Column J: manual, expenditure type, used to complete lines in wholesale table

Column K: manual, allocation type, this drives the percentage allocation from Tab 2.2

Column L: manual, G&S allocation, any lines allocated to category 18 in Column K will require an allocation category here, of 1 – 6. This drives the G&S allocation tab 3.2

Columns M – W: calculated, performs a LOOKUP based on the value in column K, against the percentage values in Tab 2.1

Columns Y – AJ: calculated, calculates the financial value per TB line, into each business unit. Driven by the percentages in columns M – W.

Links: data from Tab 1.1, data from Tab 2.1, data from Tab 2.2

: data into Tabs 3.1 to 3.6, data into Tab 4.1, data into Tab 5.2, data into Tab 6.1

Data validation: none

Tab 3.1 G&S Allocation

This tab summarises the G&S balance from Tab 2.2, and shows the allocation across the business unit.

Data type: linked data

Links: data from Tab 2.2, data from Tab 3.2

: data to Tab 4.1, data to Tab 5.4

Data validation: Cell D21 must equal NIL

Tab 3.2 G&S Basis

This tab details the 6 allocation methods as per Section 4.1

Data type: manual input and linked data

Links: data from Tab 2.2, data from Tab 3.7

: data into Tab 3.1

Data validation: various, green cells must equal NIL

Tab 3.3 Business Rates

This tab allocates the total business rates in direct proportion to the asset CC GBV. The GBV's are based on position as at 1st April.

Data type: manual input and linked data

Links: data from Tab 2.2

Data validation: none

Tab 3.4 Scientific Services

This tab allocates the direct cost of water quality, plus G&S, plus Exceptional costs using a percentage provided by WQ Manager.

Data type: manual input and linked data

Links: data from Tab 2.2, data from 3.1, data from 3.5

: data to Tab 4.1, data to Tab 5.2

Data validation: cell B22 to equal NIL

Tab 3.5 Regulation

This tab allocates the direct cost of regulation, plus G&S, plus Exceptional costs. Allocated 1/5th to each business unit, in line with OFWAT guidelines.

Data type: linked data

Links: data from Tab 2.2, data from 3.1, data from 3.5

: data to Tab 4.1, data to Tab 5.2

Data validation: none

Tab 3.6 Exceptional

This tab allocates any costs identified as Exceptional.

Data type: manual input

Links: manual review of Tab 2.2

Data validation: green cells to equal NIL

Tab 3.7 Employees

Number of employees per cost centre, allocated to business units as per Tab 2.1

Data type: manual input

Links: into Tab 3.2

Data validation: green cells to equal NIL

Tab 4.1 Water Table

Completed water table, lines 1-18 only.

Data type: all linked

Links: from Tab 2.2, from Tab 3.1, from Tab 3.3, from Tab 3.4, from Tab 3.5

: to Tab 6.1, to Tab 7.1

Data validation: none

Tab 5.1 Retail Table

Completed retail table, lines 1-18 only.

Data type: all linked

Links: from Tab 5.2, from Tab 5.4

: to Tab 6.1, to Tab 7.2

Data validation: none

Tab 5.2 Retail Allocation

This tab details all TB lines allocated to Retail, and allocates them into each expenditure category required for the table.

Data type: all linked

Links: from Tab 2.2, from Tabs 3.1 – 3.5, from Tab 5.3

: to Tab 5.1

Data validation: cell C3 must equal NIL

Tab 5.3 Retail Split

This tab has 7 options, used to split the retail costs between household and non-household.

Data type: input

Links: to Tab 5.1

Data validation: none

Tab 5.4 Retail G&S

This tab allocates G&S across retail employees per expenditure line.

Data type: linked data and manual input

Links: from Tab 3.1, from Tab 5.2, from Tab 3.2

: to Tab 5.1

Data validation: cell B17 must equal NIL

Tab 6.1 Validation 1

This tab pulls total opex from the Water and Retail table, compares the results with the TB.

Data type: linked data and manual input

Links: from Tab 2.2, from Tab 4.1, from Tab 5.1, from regulatory accounts.

Data validation: green cells must equal NIL

Tab 6.2 Validation 2

This tab details the flow of data from TB to the tables.

Data type: linked data

Links: from Tab 2.2, from Tabs 3.1 – 3.6, from Tab 4.1, from Tab 5.1

Data validation: green cells must equal NIL

Tab 7.1 Water Table Annual Movement

This tab compares the current year and prior year results.

Data type: linked data and manual input

Links: from Tab 4.1

Data validation: green cells must equal NIL

Tab 7.2 Retail Table Annual Movement

This tab compares the current year and prior year results.

Data type: linked data and manual input

Links: from Tab 5.1

Data validation: green cells must equal NIL

6 – Model Outputs (Opex)

6.1 Wholesale Table, Lines 1-18 (Tab 4.1)

		INPUT		(1)	(2)	(3)	(4)	(5)
				Water resources	Raw water distribution	Water treatment	Treated water distribution	Water service total
	DIRECT COSTS							
1	Employment		£m, 3dp	0.355	0.792	5.203	8.347	14.697
2	Power		£m, 3dp	-	2.483	13.373	3.248	19.104
3	H&C		£m, 3dp	0.168	0.312	2.039	15.157	17.677
4	Associated companies		£m, 3dp	0.003	-	0.035	0.417	0.383
5	Materials		£m, 3dp	0.036	0.422	2.435	1.741	4.634
6	Service Charges		£m, 3dp	5.805	-	-	-	5.805
7	Bulk imports		£m, 3dp	-	-	4.013	-	4.013
8	Other direct		£m, 3dp	0.091	0.097	0.627	2.492	3.307
9	TOTAL DIRECT COSTS	Line 1 - 8	£m, 3dp	6.458	4.105	27.655	31.402	69.620
	OPERATING EXPENDITURE							
10	General & support		£m, 3dp	0.411	0.684	3.499	11.118	15.712
11	Scientific		£m, 3dp	1.050	0.175	1.287	1.802	4.314
12	Other business activities		£m, 3dp	0.392	0.392	0.392	0.392	1.569
13	Total business activities	Line 11 + 12	£m, 3dp	1.442	0.567	1.679	2.194	5.882
14	Rates		£m, 3dp	1.968	0.320	2.870	9.524	14.683
15	Exceptional		£m, 3dp	-	-	-	-	-
16	Opex less TP	Line 9+10+13 +14+15	£m, 3dp	10.280	5.676	35.703	54.239	105.898
17	Third party		£m, 3dp				2.811	2.811
18	TOTAL OPERATING EXPENDITURE	Line 16+17	£m, 3dp	10.280	5.676	35.703	57.050	108.709
	As %		%	9.46%	5.22%	32.84%	52.48%	100.00%

6.2 Retail Table, Lines 1-26 (Tab 5.1)

APPENDIX 5: Retail Table			HOUSEHOLD		NON HOUSEHOLD		Retail services total
INPUT			HOUSEHOLD	(2)	(3)	(4)	(5)
			Retail	General & Support Memo	Retail	General & Support Memo	
A	DIRECT COSTS						
1	Billing	£m, 3dp	2.349	0.157	0.127	0.009	2.476
2	Payment Handling	£m, 3dp	0.351	0.018	0.019	0.001	0.370
3	Debt management	£m, 3dp	0.313	0.429	0.116	0.159	0.429
4	Doubtful debts	£m, 3dp	6.773	0.353	1.466	0.076	8.240
5	Charitable trust	£m, 3dp	0.545	0.043	-	-	0.545
6	Vulnerable customer	£m, 3dp	0.117	0.049	-	-	0.117
7	Non network customer enquiries	£m, 3dp	3.139	1.607	0.170	0.087	3.309
8	Meter reading	£m, 3dp	2.990	0.523	0.314	0.055	3.304
9	Meter maintenance	£m, 3dp	0.000	0.067	0.000	0.007	0.000
10	Network customer enquiries	£m, 3dp	2.743	0.809	0.148	0.008	2.892
11	Disconnections	£m, 3dp	-	-	0.019	0.008	0.019
12	Demand side water efficiency	£m, 3dp	0.311	0.016	0.095	0.005	0.405
13	Services to Developers	£m, 3dp	-	-	-	-	-
14	Support for trade effluent compliance	£m, 3dp	-	-	-	-	-
15	Customer side leaks	£m, 3dp	0.799	0.042	0.084	0.004	0.883
16	Other direct costs	£m, 3dp	1.317	0.606	0.878	0.404	2.195
17	TOTAL DIRECT COSTS	£m, 3dp	21.748	4.721	3.436	0.824	25.184
B	OPERATING EXPENDITURE						
18	General &	£m,	4.721		0.859		5.580

APPENDIX 5: Retail Table			HOUSEHOLD		NON HOUSEHOLD		Retail services total
INPUT			HOUSEHOLD	(2)	(3)	(4)	(5)
	support	3dp					
19	Scientific	£m, 3dp	0.834		-		0.834
20	Other business activities	£m, 3dp	0.372		0.020		0.392
21	Total business activities	£m, 3dp	1.206		0.020		1.226
22	Rates	£m, 3dp	0.399		0.025		0.423
23	Exceptional	£m, 3dp	-		-		-
24	Opex less TP	£m, 3dp	28.073		4.340		32.414
25	Third party	£m, 3dp	-		-		-
26	TOTAL OPERATING EXPENDITURE	£m, 3dp	28.073		4.340		32.414

8 – Introduction (Capex)

8.1 Approach Taken

The approach used for the 2011/12 year end by the three (then) un-unified companies (now regions of Affinity Water Limited) has been brought forward for use in 2012/13.

8.2 Key Data Principles

The core data for the accounting separation table is the Asset Inventory from the AMP5 Business Plan and this forms the basis for this model. Additions since the MEA valuation in 2008 have been added to this starting point.

The approach taken for the largest of the three regions has been to apportion all additions and depreciation in accordance with the split of the 2008 Business Plan asset base. The other two regions have attributed these additions to the Accounting separation categories on an asset by asset basis.

8.3 Data Assumptions

The following assumptions have been applied:

- The audited 2008 databases form a robust basis for these tables.
- Data is accurately coded to and recorded as Project additions.
- The Southeast and East costs were allocated appropriately in previous years.

9 – Definitions (Capex)

For ease of reference the OFWAT business unit definitions are shown below:

Business Units:	Resource	Raw Water Distribution	Treatment	Treated Water Distribution	Retail Service
Description:	Identify sources of water, obtain permission for extraction and input into raw water distribution system	Transport raw water/partially treated water from abstraction site to treatment works or end user customer	Receive raw/partially treated water and undertake treatment process	Transport treated water to customer properties or new appointee. Includes intermediate storage facilities	Management and delivery of water services to final customer. Includes sales, billing, payment handling and provision of customer services and liaison
Start:	None	Outlet valve	From raw water main or abstraction site	Potable water into network	Request for services from customers and third parties
End:	Water into raw water main	Enter treatment works or end customer	Treated water into network or part treated water to customer	Potable water to retail customer/new appointee boundary	Provision of services, related customer facing activities and billing/debt collection

10 – Allocations (Capex)

Allocation of costs are based on the AMP5 Business Plan.

In order to simplify the model, assumptions were made as to how to categorise the MEAV data. This forms the basis of the allocations across the various cost and depreciation categories for the Central area.

10.1 Business Plan 2008 - Cost

Each asset type is given an allocation category, this drives the percentage allocation applied and allocated to each business unit.

Central Region Cost Value at March 2008 GMEAV Revaluation

		Water Resources	Raw Water Distribution	Treatment	Treated Water Distribution	Retail Household	Retail Non-h'hold
WATER RESOURCES £000s	31/03/08						
Dams & Impounding Reservoirs	31,045	31,045	0	0	0	0	0
Raw Water Aqueducts	152,118	0	152,118	0	0	0	0
SW4 Assets	13,795	0	0	13,795	0	0	0
GW & GW1	594	0	0	594	0	0	0
GW2	22,843	0	0	22,843	0	0	0
GW3	41,954	0	0	41,954	0	0	0
GW4	377,477	0	0	377,477	0	0	0
Serv Resvrs	275,864	0	0	0	275,864	0	0
Water Towers	29,453	0	0	0	29,453	0	0
Intake Pumps	16,150	0	16,150	0	0	0	0
Source Pumps	70,827	70,827	0	0	0	0	0
Booster Pumps	147,558	0	0	0	147,558	0	0
Offices & Laboratories	13,766	1,721	1,721	1,721	1,721	6,505	378
Depots & Workshops	4,914	0	0	0	4,914	0	0
Vehicles	1,965	0	0	0	1,965	0	0
Telemetry	28,333	0	0	0	28,333	0	0
Computers	38,191	0	0	0	0	36,092	2,100
Lands and Roads	2,228,744	1,114,372	0	1,114,372	0	0	0
Potable Mains	3,233,560	0	0	0	3,233,560	0	0
Customer Ancillaries	696,148	0	0	0	696,148	0	0
TOTAL	7,425,300	1,217,965	169,988	1,572,756	4,419,516	42,597	2,478
		16.4%	2.3%	21.2%	59.5%	0.6%	0.0%

For the Central region the percentages above were used to allocate the 2012/13 additions (i.e. 16.4% of the total additions were applied to Water Resources, 2.3% to Raw Water Distribution etc.)

East and Southeast region additions for 2012/13 were allocated on an asset by asset basis using management judgement.

The MEAV assets at 31/03/08 were also allocated in this way.

10.2 Business Plan 2008 - Depreciation

As with the split of costs, each asset type is given an allocation category, this drives the percentage allocation of the depreciation charge applied and allocated to each business unit:

Central Region Depreciation Value at March 2008 GMEAV Revaluation

		Water Resources	Raw Water Distribution	Treatment	Treated Water Distribution	Retail Household	Retail Non-h'hold
WATER RESOURCES £000s	31/03/08						
Dams & Impounding Reservoirs	0	0	0	0	0	0	0
Raw Water Aqueducts	0	0	0	0	0	0	0
SW4 Assets	9,424	0	0	9,424	0	0	0
GW & GW1	446	0	0	446	0	0	0
GW2	13,987	0	0	13,987	0	0	0
GW3	23,300	0	0	23,300	0	0	0
GW4	190,865	0	0	190,865	0	0	0
Serv Resvrs	191,718	191,718	0	0	0	0	0
Water Towers	20,405	0	0	0	20,405	0	0
Intake Pumps	8,096	0	8,096	0	0	0	0
Source Pumps	45,586	45,586	0	0	0	0	0
Booster Pumps	97,548	0	0	0	97,548	0	0
Offices & Laboratories	9,548	1,193	1,193	1,193	1,193	4,511	262
Depots & Workshops	2,618	0	0	0	2,618	0	0
Vehicles	1,050	0	0	0	1,050	0	0
Telemetry	19,353	0	0	0	19,353	0	0
Computers	29,211	0	0	0	0	27,605	1,606
Lands and Roads	45,427	22,714	0	22,714	0	0	0
Potable Mains	0	0	0	0	0	0	0
Customer Ancillaries	23,472	0	0	0	23,472	0	0
TOTAL	732,054	261,211	9,290	261,929	165,640	32,117	1,868
		35.7%	1.3%	35.8%	22.6%	4.4%	0.3%

For the Central region the percentages above were used to allocate the 2012/13 depreciation charge (i.e. 35.7% of the total additions were applied to Water Resources, 1.3% to Raw Water Distribution etc.)

East and Southeast region depreciation for 2012/13 was allocated on an asset by asset basis using the same management judgement used for costs, with each asset having an individually identified useful life.

In the supplementary information note to the accounts for 2012/13, meters were reclassified from Retail to Wholesale (Treated Water Distribution).

Appendix I

Cost Centres in each Business Unit

Business Unit:	Resource
CC	
21161	Prod Control
21301	Asset Man - General

Business Unit:	Raw Water Distribution
CC	
21112	Prod Sm Sites
21132	Prod Tech Svs
21142	Prod Karstic
21152	Prod Surface
21161	Prod Control
21171	Prod Engineer
21181	Prod Supply
21191	Prod Energy
21195	Asset Delivery

Business Unit:	Treatment
CC	
21112	Prod Sm Sites
21123	Prod Estates
21132	Prod Tech Svs
21142	Prod Karstic
21152	Prod Surface
21161	Prod Control
21171	Prod Engineer
21181	Prod Supply
21191	Prod Energy
21195	Asset Delivery
21301	Asset Man - General

Business Unit:	Treated Water Distribution
CC	
21112	Prod Sm Sites
21123	Prod Estates
21132	Prod Tech Svs
21142	Prod Karstic
21152	Prod Surface
21161	Prod Control
21171	Prod Engineer
21181	Prod Supply
21191	Prod Energy
21195	Asset Delivery
21211	NW Op Contact
21221	NW Maint
21222	NW Leakage
21241	Comm Ops NW
21242	Comm Ops NW
21243	Comm Ops NW
21244	Comm Ops NW
21251	Comm Ops Asset
21252	Comm Ops Asset
21254	Comm Ops South
21301	Asset Man - General
21471	Comm Ops - Sth
21472	Comm Ops - East
21474	Comm Ops - South
21475	Comm Ops - Cont
40911	Recharge - South
40961	Comm Ops

Business Unit: Scientific Services

CC

21123	Prod Estates
23502	Compliance
23506	Lab ops
23507	Chemistry

Business Unit: Other Business Activities

CC

21485	Regulation
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Business Unit: Retail

CC

21411	Contact Centre
21421	Meter Reading
21422	Debt Collection
21431	CR Income
21451	CR - Customers
21452	CR - Special
21453	CR - Director
21454	CR - Customers
21455	CR - Chargeable
21456	CR - CE Plan
21457	CR - Meter
21458	CR - Billing
21459	CR - Missing
40952	CR - Commercial

Business Unit: General & Support

CC

21486	Fin - Corporate
23101	Fleet Svs
23102	Fleet Svs
23301	Legal - Ops
23302	Legal - Ins
23303	Legal - land sale
23401	Procure - General
23501	H&S
23503	AQC
23504	Education support
23505	Network regulation
23508	SCRS
23601	IT - General
23605	IT - Development
23614	IT - Asset Info
23701	Facilities M'ment
23801	HR - General
30101	CR - Expenses
30102	CR - Expenses
40101	General M'ment
40201	Fin - General
40209	Fin - Corporate
40218	Fin - Accts M'ment
40219	Fin - 1 Team
40220	Fin - Gen M'ment
40221	Fin - Grp Svs
40223	Fin - Organisational
40301	Legal
40302	Legal
40306	Internal Audit
40401	Procurement
40505	H&S
40602	IT - Admin
40604	IT - Application Del
40701	Facilities M'ment
40801	HR - General
40802	HR - Staff M'ment
40806	HR - Admin
40901	Communication

Appendix II

Detail Code Allocations (Wholesale)

Employment Costs Sum of manual and non-manual manpower. Includes gross salaries, bonus, profit related schemes, E'ers NI, pensions, private healthcare, retirement awards, death in service, paid leave, subsistence, travel, entertaining & conference expenses

Affinity Codes:	851101 Basic Salary	851210 Class NIC1A
	851103 Bonuses & Awards	851303 Food & Drink
	851104 Overtime at Time	851308 Employee Recruitment
	851107 Pensions - defined b	851311 Employee training
	851112 Employee severance c	851312 Conference & Seminar
	851115 Other compensation	851313 Other Employee Relate
	851141 Standby Payments	851314 Company Social Event
	851201 Social security cont	851315 Medical Services
	851202 Pension fund contrib	851318 Catering/Hospitality
	851350 Fixed Overheads - Ca	851610 Employee Travel Car
	851602 Travel reimbursement	851611 Staff Entertainment
	851602 Travel reimbursement	851612 Staff Telephone Allo
	851604 Travel reimbursement	852001 Employee Cost Rechar
	851605 Travel Reimbursement	852002 Normal Time Standard
	851606 Travel & Accommodati	852003 Overtime Standard Co
	851607 Travel Expenses - Ge	861214 Non-pay cos a/w capi
	851608 Employee relocation	881706 Events & Entertainment
	851609 Hotel & Restaurants	851326 Working Lunches Expe

Power All energy costs, incl CCL. Income from power generation should be treated as negative operating expenditure

Affinity Codes:	721406 Rev -Other Non Reg.	841004 Fuel
	721510 Other Revenues	841005 Heating Fuel
	741101 Other Revenues	841011 CRC Costs
	841002 Bulk electricity purchase	841030 Triad Electricity Charge
	841003 Electrical energy	841031 Electricity Berry Gr
	841032 Electricity Chertsey	841037 Electricity Walton
	841033 Electricity Clay Lane	841038 Electricity 100kW -
	841034 Electricity Eastbury	841039 Electricity <100kW
	841035 Electricity Egham	842002 Electrical Equipment
	841036 Electricity Iver	

H&C Of equipment & services, incl vehicles and plant. Includes all contracted labour, professional advice and software

Affinity Codes:	842003 Tools & Small Maint	861120 Waste Disposal
	842007 Measurement & Analysis	861122 Sludge Disposal
	861101 Facility management	861199 Other Subcontracting
	861105 Works construction s	861201 Other Contractors
	861106 Transportation & Log	861202 Emergency Incidents
	861107 Network Main Subcont	861204 Grounds Maintenance
	861108 Waste Collection & T	861205 Grounds Maintenance
	861109 IT Management Subcon	861206 Hazardous Materials
	861112 Health & Safety Insp	861207 Painting and Decorat
	861113 Network DLO Subcontr	861208 Pest Control
	861114 Network Reinstatement	861209 Reservoir Inspection
	881105 Plant & Equipment Hi	861213 Outsource Charges
	881301 Maintenance & Repair	881326 Cleaning Contractors
	881302 Maintenance & Repair	881327 Security
	881303 Maintenance & Repair	881602 Legal Services
	881304 Hardware & Network M	881604 Auditor Fees
	881305 Fixed Telephone Inst	881609 Other Professional F
	881306 Other Maintenance &	881611 OFWAT Fines & Fees (
	881313 Skip Hire	881633 Consultancy Services
	881314 Membrane Maintenance	881705 Corporate & Promotion
	881315 Equipment Maintenance	881802 Mobile Telephones
	881324 Minor Equipment	881803 Fixed Telephones
		881811 Mobile Phone Persona
		881905 Software Maintenance
		851401 Agency Staff

Associated

Affinity Codes:	722109 Recharges to VWSS	847001 Recharges from VWSS
	861104 Capitalised VWSS rec	882710 Recharges from Capab

Materials

Costs not in H&C. Includes small equipment, tarmac, most stock items

Affinity Codes:	831202	Inventory Material I	842013	Oil & Lubricants
	831203	Inventory Material R	842014	Health & Safety Prod
	841003	Electrical energy	843001	Office Stationery &
	842001	Network Materials	843002	Office Furniture
	842002	Electrical Equipment	843003	Office Equipment
	842003	Tools & Small Maint	848001	Additives & Chemical
	842004	Motor Fleet Spares	848003	Citric Acid
	842006	Heating/ Plumbing Eq	848004	Sodium Bisulphite
	842008	Laboratory Equipment	848006	Iron Sulphate/ Ferri
	848016	Sodium Polyphosphate	848008	Phosphate Treatment
	848017	Hydrochloric Acid	848009	Sodium Polysulphate
	848019	PAC/ Aluminum Chlори	861203	Fire Fighting Equipm
	848022	Sulphuric Acid	881316	Materials: Small Sit
	848023	Other Chemicals	881320	Cleaning Materials
	848024	Sodium Hypochlorite	881321	Plant Spares
	848025	Sodium Chloride/ Sal	881324	Minor Equipment
	848026	Sodium Hydroxide/ Ca	881325	Operating Materials
	848028	LOX Facility Charge	881903	Computer Software
	848101	Gases	881904	Computer Consumables
			882801	Purchase Of Capital

Service Charges

Charges from EA or BWB for water abstraction.

Affinity Codes:	841010	Abstraction Charges	881312	Trade Effluent Disch
	942206	Waster Water Dischar		

Imports

Total payments for imported bulk supplies

Affinity Codes:	841001	Bulk Water Purchases	841021	Bulk Water Anglian
	841020	Bulk Water Anglian	841022	Bulk Water Thames
	841024	Bulk Water Kempton	841027	Bulk Water Cambrid
	841025	Bulk Water Shelfor	841028	Bulk Water Essex &

Other Direct Costs Any other direct operating costs, including depots & offices, insurances, GSS/fines

Affinity Codes:	721308 Rev -Other Reg. Sale	861108 Waste Collection & T
	721510 Other Revenues	881101 Property Rent
	723613 LA Defects Costs Rec	881104 Other Rent
	723614 Streetworks Permits	881305 Fixed Telephone Inst
	723616 Streetworks Act Reco	881314 Membrane Maintenance
	723617 Streetworks Fixed Pe	881315 Equipment Maintenanc
	741101 Other Revenues	881502 Uninsured Losses - P
	841004 Fuel	881504 Uninsured Losses - O
	841005 Heating Fuel	881505 Operating Risk Insur
	842003 Tools & Small Mainte	881510 Uninsured Losses - C
	842007 Measurement & Analys	881601 Management & Strateg
	843004 Postage	881604 Auditor Fees
	844002 Packaging costs	881605 Banks & Credit Insti
	844003 Express Shipping & C	881609 Other Professional F
	851115 Other compensation	881610 Streetworks - Fines
	851350 Fixed Overheads - Ca	881611 OFWAT Fines & Fees (
	851351 Fixed Overheads - Re	881614 Streetworks Permits
	851352 Fixed Overheads - Re	881615 Section 81 Costs
	861101 Facility management	882002 Commissions & Broker
	881612 LA Inspection Fees	882099 Other Operating Fees
	881613 LA Defects Costs	882101 Vehicle Running Cost
	881616 Streetworks Act	882102 Vehicle Fuel
	881617 Streetworks Fixed Pe	882103 Vehicle Maintenance
	881702 Sponsorships	882201 Other Current Operat
	881705 Corporate & Promotio	882206 Research & Developme
	881709 Memberships Fees & S	882403 Vehicle Leases < 12
	881802 Mobile Telephones	882404 Other Leases < 12 Mo
	881803 Fixed Telephones	882407 Vehicle Leases > 12
	881804 Fixed Data/Internet	882660 Effect of Prior Year
	881805 Company Offices Line	882701 Management Fees
	881806 Telemetry Outstation	882708 Reimbursement Variou
	881807 Private Telephone Ci	882801 Purchase Of Capital
	881811 Mobile Phone Persona	942101 Other Operating Expe
	881901 Hardware & Telecommu	942202 Real Estate Taxes
	881903 Computer Software	942204 Business Taxes
	881904 Computer Consumables	999999 Suspense Account
	882001 Commissions & Broker	