

Regulatory Annual Performance Report Adjustments

2017/18 Regulatory Annual Performance Report

Following the publication of our 2017/18 Regulatory Annual Performance Report ('APR') in June 2018 and the subsequent review period by Ofwat, the below restatements have been made.

Table 1F – Financial flows

Along with the submission of other water companies' Financial Flows tables, Ofwat identified that companies had adopted different approaches in the preparation of the information and, as a result, the company has resubmitted the 2017/18 table below to Ofwat. Ofwat has indicated that the requirements for the publication of financial flows data will be refined for 2018/19 reporting.

	%			£		
	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
Regulatory return on equity	6.12	3.46	6.12	24,670,860.73	13,938,275.97	13,938,275.97
Actual performance adjustment 2010-2015	(0.23)	(0.13)	(0.23)	(921,658.00)	(520,708.37)	(520,708.37)
Adjusted return on regulatory equity	5.89	3.33	5.89	23,749,202.73	13,417,567.61	13,417,567.61
Regulatory equity base (£)	402,922,328	402,922,328	227,638,697	–	–	–
Financing						
Gearing	–	1.47	2.60	–	5,912,284.92	5,912,284.92
Variance in corporation tax	–	(0.04)	(0.08)	–	(179,550.19)	(179,550.19)
Group relief	–	–	–	–	–	–
Cost of debt	–	(1.10)	(1.94)	–	(4,418,092.23)	(4,418,092.23)
Hedging instruments	–	–	–	–	–	–
Sub total	5.89	3.66	6.47	23,749,202.73	14,732,210.11	14,732,210.11
Operational Performance						
Totex out / (under) performance	–	–	–	–	–	–
ODI out / (under) performance	–	(0.08)	(0.15)	–	(331,844.89)	(331,844.89)
Retail out / (under) performance	–	(0.63)	(1.12)	–	(2,538,754.20)	(2,538,754.20)
Sub total	–	(0.71)	(1.26)	–	(2,870,599.09)	(2,870,599.09)
Total earnings	5.89	2.94	5.21	23,749,202.73	11,861,611.02	11,861,611.02
RCV growth	3.74	3.74	3.74	15,052,569.97	15,052,569.97	8,504,238.13
Total shareholder return	9.63	6.68	8.95	38,801,772.70	26,914,181.00	20,365,849.15
Net dividend	4.00	11.16	19.76	16,116,893.10	44,980,648.96	44,980,648.96
Retained value	5.63	(4.48)	(10.81)	22,684,879.60	(18,066,467.97)	(24,614,799.81)
Dividends reconciliation						
Gross dividend	4.00	11.16	19.76	16,116,893.10	44,980,648.96	44,980,648.96
Interest receivable on intercompany loans	–	–	–	–	–	–
Net dividend	4.00	11.16	19.76	16,116,893.10	44,980,648.96	44,980,648.96

Table 4H - Post-tax return on regulated equity adjustment

The company used the projected 'shadow' RCV rather than the RCV published in our Final Determination as a basis for the calculation. We have corrected this and have revised our post-tax return on regulated equity from 10.40% to 10.10% in 2017/18.

Table 4P- Non-financial data for WR, WT and WD

Line 69 - Water delivered (non-potable). AFW-IAP-CA-012

Table 4Q - Non-financial data - Properties, population and other

Line 12 - Number of selective meters installed. AFW-IAP-CA-002

Line 16 - Number of business meters (billed properties). AFW-IAP-CE-010

Line 17 - Number of residential meters (billed properties). AFW-IAP-CE-010

Lines 24-26 - Energy consumption numbers. AFW-APR-CE-005

				Data originally submitted	Changes following Ofwat queries
				2017-18	2017-18
4P		APR Table 4P: Non-financial data for WR, WT and WD			
4P		Water distribution			
4P	4P.69	Water delivered (non-potable)	MI/d (2dp)	0.06	4.14
4Q		APR Table 4Q: Non-financial data - Properties, population and other			
4Q		Properties and population			
4Q	4Q.12	Number of selective meters installed	000s (3dp)	55.214	36.506
4Q	4Q.16	Number of business meters (billed properties)	000s (3dp)	64.733	56.291
4Q	4Q.17	Number of residential meters (billed properties)	000s (3dp)	860.486	822.727
4Q		Other			
4Q	4Q.24	Energy consumption - network plus	MWh (0dp)	186,931	195,143
4Q	4Q.25	Energy consumption - water resources	MWh (0dp)	47,581	33,185
4Q	4Q.26	Energy consumption - wholesale	MWh (0dp)	234,512	228,328

2016/17 Regulatory Annual Performance Report

Table 4H - Post-tax return on regulated equity adjustment

The company used the projected 'shadow' RCV rather than the RCV published in our Final Determination as a basis for the calculation. We have corrected this and have revised our post-tax return on regulated equity from 4.75% to 4.65% in 2016/17.

2015/16 Regulatory Annual Performance Report

Table 4H - Return on regulatory equity adjustment

Following the publication of our 2015/16 Regulatory Annual Performance Report ('APR') in June 2016, along with the publication of all other water companies' APRs, Ofwat identified that companies had adopted different approaches to calculate their Return on Regulated Equity ('RORE'). Ofwat has since published further guidance on how this metric should be calculated to align companies' interpretations. We have therefore recalculated our RORE using Ofwat's revised guidance and have adjusted our published RORE to 7.28% accordingly.

Table 4H - Post-tax return on regulated equity adjustment

A spreadsheet error in the calculation of post-tax return on regulated equity was identified following the publication of our APR. We have corrected this and have revised our post-tax return on regulated equity to 14.79%.