KCOM

Description of Cost Accounting System (DOCAS):

Representing the Primary and Secondary Accounting Statements Together with Wholesale and Retail Catalogues

KCOM's REGULATORY COSTING MODEL
For year ending 31 March 2022
(including restatement of results for the year ended 31 March 2021)

22 December 2022

Contents

Section

1. **Glossary**

General

ABC	Activity-based Costing
Access Network	The part of the network extending from exchange building to customer premises
AM	Apportionment Methodology
APS	KCOM's billing system
CCA	Current Cost Accounting
Core Network	The part of the network connecting exchange buildings
DOCAS	Description of Cost Accounting System
EYE	East Yorkshire Expansion area – geographic areas of KCOMs network operated by the Wholesale and Retail Business Segments but which are not in the geographic area covered by the OLA
FAR	Fixed Asset Register
FFE	Full Fibre Expansion area – geographic areas of KCOMs network operated by the Wholesale and Retail Business Segments outside of the geographic area covered by the OLA not previously designated as EYE
FTE	Full-time equivalent
FTTH	Fibre-to-the-Home
GL	General Ledger
HEY	Hull and East Yorkshire – a financial reporting segment used by KCOM
Hull Area	The geographic area in which Ofcom has found KCOM to have SMP and for which it is required to prepare RFS – also referred to as the OLA
IP	Internet Protocol - a general term for the technologies that use the Internet Protocol's standards for transmitting data
KCOM	KCOM Group PLC
New RFS Model	The ABC model used by KCOM to prepare the RFS from 2018 (including restated 2017 results) onwards
NGA	Next Generation Access
OLA	Original Licensed Area - the geographic area in which Ofcom has found KCOM to have SMP and for which it is required to prepare RFS – also referred to as the Hull Area
Old RFS Model	The ABC model used by KCOM to prepare the RFS prior to 2018
RFS	Regulatory Financial Statements
RFS Markets	Those markets which KCOM is required to report on in the RFS under its regulatory financial reporting obligations
RRG	Regulatory Reporting Group
SDH	Synchronous Digital Hierarchy - a standard technology for synchronous data transmission on optical media
SG&A	Sales, general and administrative expenses
SMB	Small, Medium Businesses
SMP	Significant Market Power
TDM	Time division multiplexing (TDM) – a technology for transmitting multiple digital signals over a common channel
TSO	KCOM's Technology, Service and Operations cost centres
WACC	Weighted average cost of capital

Abbreviations used in KCOM's RFS Model

AM	Apportionment Methodology
GFS	Group Financial Services
OH	Overhead
NC	Network Component
NP	Network Product
NOC	Network Operating Cost
OOS BS	Out of Scope Balance Sheet
OOS IS	Out of Scope Income Statement
PA	Primary Assets
PG	Plant Group
SA	Support Assets
SC	Support Costs

2.   Introduction

Regulatory requirements

KCOM Group Limited ("KCOM"), has been classified by Ofcom as a communications provider with Significant Market Power ("SMP") in certain communications markets in the Hull area. This is represented by the geographic area of KCOM's original licensed area (the "OLA" or the "Hull Area").

In October 2021 Ofcom published its Hull Wholesale Fixed Telecoms Market Review 2021-26 ("Hull FTMR") which removed its SMP findings relating to KCOM in the following markets:

- Wholesale Broadband Access
- Wholesale Low Bandwidth Traditional Interface Symmetric Broadband Origination (TISB0) <8Mbit/s
- Wholesale Contemporary Interface Symmetric Broadband Origination ('CISBO')
- Wholesale Fixed Analogue Exchange Lines
- Wholesale ISDN 30 Exchange Line Services
- Wholesale ISDN 2 Exchange Line Services
- Wholesale Call Origination on Fixed Narrowband network

In accordance with Ofcom's conditions and directions relating to its SMP findings in the Hull FTMR, KCOM is required to prepare financial statements (the Regulatory Financial Statements or "RFS") setting out, *inter alia*, its financial performance in certain of those markets in the Hull Area which KCOM has been found to have SMP (the "RFS Markets") as shown in Table 1.

Table 1 – RFS Markets for which KCOM financial reporting obligations

Wholesale Local Access
Wholesale Leased Lines

The RFS for the year ending 31 March 2021 have been restated in accordance with the KCOM's reporting requirements in the Hull FTMR. Previously KCOM reported its wholesale fibre to the home ("FTTH") services within the Wholesale Broadband Access Market and showed a nil return in the Wholesale Local Access market for fibre services. Following discussions with Ofcom, KCOM now includes the relevant elements of its fibre services in the Wholesale Local Access Market with a transfer charge to the Wholesale Residual Market based on Reference Offer prices.

The restated accounts for the year ending 31 March 2021 also reflect the restated values for the year as shown as prior year comparatives for the year in the 2022 Annual Report and other corrections and adjustments made when updating the model for the restated values.

The form and content of the RFS are based on the reporting obligations set by Ofcom in the following documents:

- *KCOM Regulatory Financial Reporting, Statement on new regulatory financial reporting directions covering all regulated fixed telecoms markets* (6 February 2019)

- *Hull Area Wholesale Fixed Telecoms Market Review 2021-26 (28 October 2021)*

This Description of Cost Accounting System ("DOCAS") describes the basis on which the RFS have been prepared.

Under Schedule 4 of Ofcom's 6 February 2019 Statement: *KCOM Regulatory Financial Reporting,* Ofcom is entitled to comment on the data in, the notes to, or the presentation of any of the Financial Statements, in relation to each of the markets. Ofcom has informed KCOM that it does not consider such a statement necessary for the regulatory financial statements for the year ending 31 March 2022.

The remainder of the documents is set out as follows:

- **Section 3: KCOM's Organisational Structure and Financial Accounting system** describes the organisational structure of KCOM and how that relates to the preparation of the RFS in relation to KCOM's activities in the Hull Area.
- **Section 4: Accounting Separation Framework** describes the basis on which the RFS have been prepared.
- **Section 5: RFS Model Design** sets out the overall design principles of the RFS activity-based costing model used to prepare the RFS.
- **Section 6: Activity-Based Costing Model** describes KCOM's activity-based costing model.
- **Section 7: Cost Apportionment Methodologies** provides details of how costs are apportioned in the RFS Model.
- **Section 8: CCA Valuation Methodology** explains the basis on which Current Cost Accounting ("CCA") Asset values and associated costs are calculated.
- **Section 9: Management Accounts Recharges** explains the basis for recharges in KCOM's management accounts which are used in the RFS
- **Section 10: Revenues and Transfer Charges** provides details of how revenues and transfer charges reported in the RFS are calculated.
- **Section 11: Preparation of RFS** provides details of how the outputs of the Activity Based Costing ("ABC") model are presented in the RFS.
- **Section 12: Return on Capital Employed** explains the basis for calculating the applicable rate of return on capital included in the Network Activity Statements in the RFS.

The respective wholesale markets contain fully allocated costs, revenues, assets and liabilities relating to services provided to other licensed telecommunications operators or similar services provided to KCOM's retail business units. Network charges to other operators and KCOM's own retail business are based on their consumption of bundles of network elements (known as "components") in network services. The cost of components stated in the Network activities statements is based on fully allocated costs of components including a cost of capital as set out in section 12 of the DOCAS.

3. KCOM's Organisational Structure and Financial Accounting System

KCOM operates as a group of companies, and its annual report is based on the consolidated results of that group.

The RFS Model is based on the financial statements of KCOM Group Limited.

The remainder of this section describes the key organisational dimensions of KCOM Group Limited, and how they are reflected in its financial reporting system.

Company Code

The KCOM Group Limited accounts comprise the consolidated accounts of different subsidiaries which are included in the RFS model for completeness. The company codes are shown in Table 2 below.

Table 2: KCOM Group Companies

Company GL Code	Legal Entity
1001	KCOM Group Limited[1]
1002	Affiniti Integrated Solutions Limited
1003	Eclipse (Dormant)
1004	Media (Dormant)
1005	KCOM Contact Centres
1006	Dormant
1007	Smart Tech Group
1008	Smart Integrator
1009	KCH (Holdings) Limited
1010	CAR
1011	KCOM CAR
1012	Dormants

The RFS are based on the consolidated accounts for KCOM Group Limited which includes all consolidated group companies.

On 25 July 2021, KCOM sold its national ICT business (the "National Business") to GCI Network Solutions Limited ("Nasstar"). The sale of the National Business will allow KCOM to focus on its core strategy as a regional provider of full fibre broadband, growing its presence in both retail and wholesale markets as it continues to invest in network expansion. KCOM has retained its regulated and unregulated business in the Hull Area (and in East Yorkshire and North Lincolnshire).

In its FY21 Annual Report for KCOM Group Limited, KCOM presented the results of the National Business as a discontinued operation, and showed the assets to be transferred as part of the sale as 'Assets Held For Sale'. Consistent with the basis of preparation of the RFS for the year ended 31 March 2021, following the regulatory accounting principle of cost causality, and given that the sale occurred after the year end, cost allocations in the restated results for FY21 presented in the RFS for the year ended 31 March 2022 have not been altered to reflect the discontinued nature of the National Business.

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[1] Includes National Business up to its sale on 25 July 2022.

Accordingly, the full twelve months of revenues and costs for the National Business for the year ended 31 March 2021 and for the 4 months to the date of sale in July 2021 are included in the retail Residual statements for the respective years.

Segments

KCOM business activities are organized into operating segments with costs and revenues recorded separately in the chart of accounts, as shown in Table 3 below.

Table 3: KCOM Operating Segments[2]

Segment	Description
S001	National Business - Enterprise Private
S002	National Business - Enterprise Public
S003	National Business - Enterprise Shared
S009	National Business - Enterprise Recharges
S011	Wholesale
S013	Wholesale - Recharges
S021	Retail – Consumer
S022	Retail - Consumer OOA
S029	Retail – Recharges
S031	Retail – SMB
S033	Retail - SMB Shared
S034	National Business
S039	National Business - Recharges
S041	Interconnect & Other
S098	Intercompany
S099	Shared

A reorganization of the business in FY21 led to the creation of two new business units, Retail and Wholesale which provide services in the Hull Area. The reorganization has not affected the allocation basis for any cost categories.

For financial and management accounting purposes the business comprises four business units:

- Wholesale (formerly in the C&RB business unit)
- Retail (formerly in the C&RB Business unit)
- National Business (sold in FY21)
- Support

Services in the Hull Area for which the RFS are required are provided by the Wholesale and segment.

Services provided by the Wholesale and Retail Segments cover both the Hull Area and adjoining areas which are outside of the licensed Hull Area and for which KCOM is not required to prepare RFS. These adjoining areas are referred to as the East Yorkshire

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[2] The reporting segments S001 to S009 and S0034 and S038 relate to the activities of the National Business sold in 2022.

expansion ("EYE") area and the Full Fibre Expansion ("FFE") area. These services are included in the relevant residual markets.

The Wholesale and Retail segments receive support from other KCOM cost centres outside of those segments including:

- Wholesale & Networks
- Finance
- HR
- Legal & Risk
- Corporate
- IT
- Marketing & Communications

Costs of these support activities are allocated to the Wholesale and Retail Segments using the allocation methodologies described in this DOCAS.

Cost Centres

Within each segment, SG&A costs are recorded in the GL based on the cost centres listed in Annex 6. SG&A Costs are allocated based on the cost type and/or cost centre.

Product Codes

Revenues and direct costs in the GL are recorded by Product Groups.

The product groups used by KCOM to report revenues and costs do not align with the product groups which need to be reported in the RFS and so revenues and volumes in the GL are mapped to those in the RFS using more detailed information contained in KCOM's billing system, APS.

Volumes

Volumes used for allocation methodologies are based on total volumes of products sold as recorded in the company's billing system, 'APS'. Reported volumes in the Network Activity Statements are monthly average volumes.

4.   Accounting Separation Framework

The following Regulatory Accounting Principles have been applied in:

- the production of the RFS;
- the application of the Attribution Methods;
- the application of the Transfer Charging System; and
- the application of the Accounting Policies.

Principle 1 – Priority

Within the Regulatory Accounting Principles, insofar as there is conflict between the requirements of any or all of these Principles, the Principles are to be applied in the same order of priority in which they appear in this document.

Principle 2 – Cost Causality

Revenue (including transfer charges), costs (including transfer charges), assets and liabilities shall be attributed to cost components, services and Markets in accordance with the activities which cause the revenues to be earned or costs to be incurred or the assets to be acquired or liabilities to be incurred.

Where it is not possible to attribute revenues, costs, assets and liabilities in accordance with the preceding paragraph, the attribution shall be such as to present fairly the revenues, costs, assets and liabilities accounted for in the Financial Statement for each Business as a whole.

Principle 3 – Objectivity

The attribution shall be objective and not intended to benefit either KCOM or any other operator, product, service, component, or market.

Principle 4 – Consistency

There shall be consistency of treatment from year to year. Where there are material changes to Regulatory Accounting Principles, the attribution methods, or the accounting policies that have a material effect on the information reported in the financial statements of the Businesses, the parts of the previous year's financial statements affected by the changes shall be restated with appropriate explanatory notes.

Principle 5 – Use of UK GAAP

Unless expressly provided for, generally accepted accounting principles and practices in the United Kingdom are to be followed. KCOM prepares its accounts in accordance with IFRS.

Principle 6 – Transparency

The methodology should provide a transparent description of the accounting and other methods used in the preparation of the RFS such that a suitably informed reader can:

● gain an understanding of the overall structure of KCOM's financial and information systems from which regulatory accounting data is derived and the sequence of the processing and 'cascade' effect of the intermediate cost centres;

● gain an understanding of all the material, methodologies and drivers (e.g. systems, processes and procedures) applied in the preparation of regulatory accounting data; and

● make their own judgement as to the reasonableness of these methodologies and driver data and any changes to them.

5.   RFS Model Design

KCOM's RFS are prepared using an activity-based costing model (the RFS Model) which uses data from the company's financial and operational systems to generate revenues and costs for the specified markets.

KCOM's RFS model uses the CostPerform activity-based costing system. The overall design of the RFS Model is set out in Figure 1 below.

Figure 1 RFS Model Design
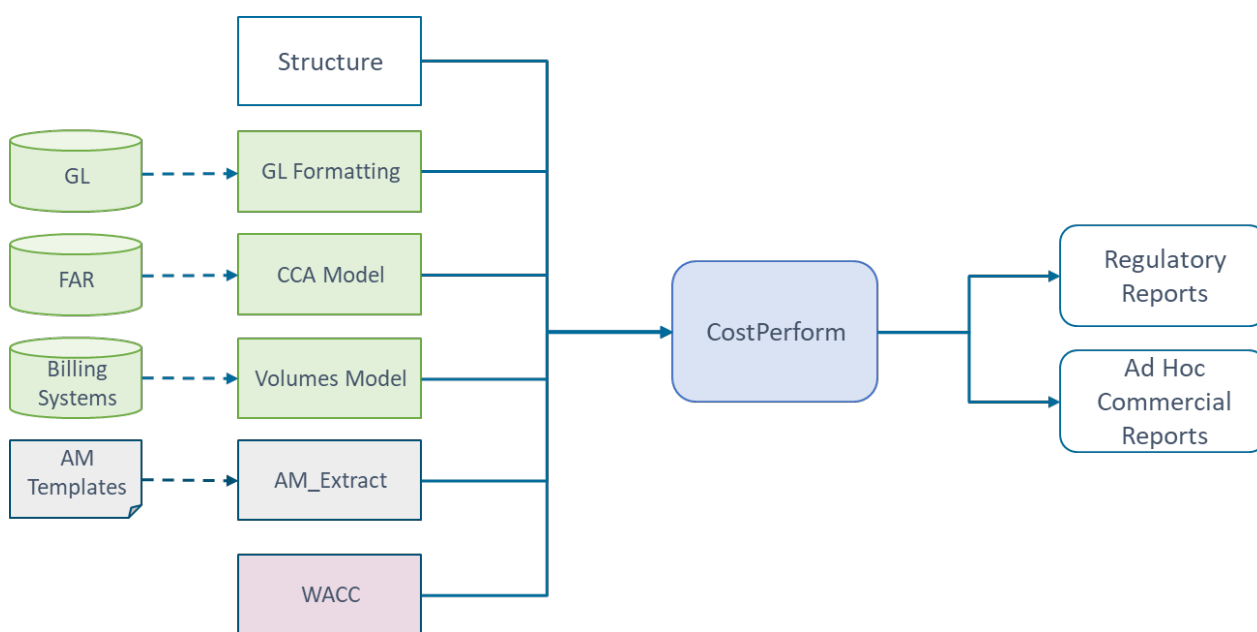
GL Input

To ensure that the RFS model captures all costs and revenues, the entire general ledger for KCOM is brought into the model. This is done by obtaining extracts from the SAP general ledger and then pre-formatting the account code structure for input into the CostPerform model

Fixed Asset Register ("FAR")

KCOM's fixed assets are listed in detail in its FAR. Each individual asset in the register is categorised with a regulatory accounting classification to enable it to be allocated to individual services.

The FAR classifications are set out in Annex 1: FAR RFS Categories.

The Current Cost Accounting ("CCA") Model adjusts the historical cost of the fixed assets contained in the FAR to a CCA value used in the preparation of the RFS.

The CCA valuation methodology is described further in Section 7.

Billing Systems/ Volumes Model

To allocate some costs and calculate unit costs, the RFS model uses service volumes.

Volumes for rental and connection services reported in the RFS are obtained from KCOM's billing system, APS.

The APS system contains details for all billed services. To prepare the RFS it is necessary to categorise the billed services to services in the relevant markets.

This is done by assigning an RFS Service Category to each billed service.

Call volumes are obtained from KCOM's in-house software which captures interconnect traffic data.

AM Templates

For those costs which are attributed to more than one cost category, details of the cost categories being allocated to, and the basis on which they are attributed is input to the CostPerform model using standardised Attribution Methodology ("AM") templates.

6.   Activity-Based Costing Model

KCOM's RFS are prepared using an activity-based costing ("ABC") model built using the CostPerform system.

The model follows the usual layered approach in cost allocation models – costs from the general ledger are entered at the first layer (L01) and cascade down through various activities and categories to final products at the final layer (L91).

The costs allocated within each layer of the model are shown in Figure 2 below.
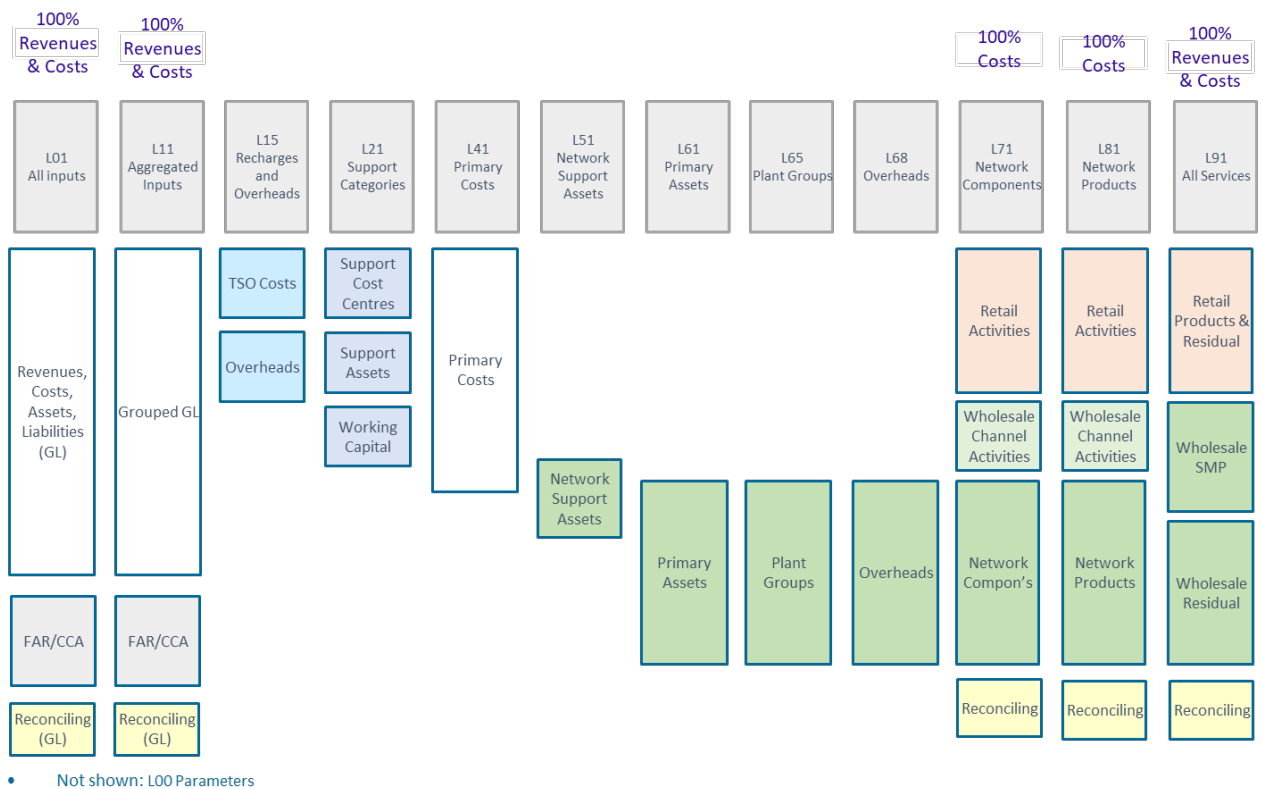
The following sections describe each layer and provide details of the cost categories in each layer and the basis for their onward apportionment.

Revenue, costs, assets and liabilities from one layer are allocated to a later layer either based on a direct one-to-one allocation or apportionment using a cost driver.

The tables in this section show how costs are allocated or apportioned from one layer to another. The 'Destination' Column for each layer shows the 'Object' to which a value is allocated (if the AM Code is DIR_000) or apportioned, using the Apportionment Methodology ("AM") indicated in the column.

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Layer 01 – General Ledger

All costs and revenues are entered at this level from the General Ledger ("GL") and Fixed Asset Register ("FAR"). There are approximately 11,000 objects in Layer 01. All values at Layer 01 are allocated to Layer 11 – Grouped GL.

Layer 11 – Grouped GL

This layer aggregates GL values (to approximately 1,600 objects) for the purposes of onward apportionment and allocation

Values which are not relevant to the provision of services in the Hull Area are grouped into larger categories and allocated to various reconciling categories in subsequent layers.

Layer 15 – Overheads and Recharges

This layer is used to aggregate overhead costs and, for FY21 only, support costs not recharged to the business units in the management accounts. Costs are allocated to Overhead cost objects in Layer 68 as shown below:

Layer	Symbol	Name	Hierarchy	Parent	Unit	Object Allocates	Destination
L15	Recharges	Recharges	1	L15		SA_44	
L15	Estates Recharge Contra	Estates Recharge Contra	A	Recharges		SA_43	OH-General
L15	Finance Recharge Contra	Finance Recharge Contra	A	Recharges		SA_43	OH-Costs Not Recharged Finance
L15	HR Recharge Contra	HR Recharge Contra	A	Recharges		SA_43	OH-General
L15	Legal Recharge Contra	Legal Recharge Contra	A	Recharges		SA_43	OH-General
L15	Exec Recharge Contra	Exec Recharge Contra	A	Recharges		SA_43	OH-Costs Not Recharged Exec
L15	Cyber Recharge Contra	Cyber Recharge Contra	A	Recharges		SA_43	OH-Costs Not Recharged Cyber
L15	Regulatory Recharge Contra	Regulatory Recharge Contr	A	Recharges		SA_43	OH-General
L15	TSO|Recharge Contra	TSO|Recharge Contra	A	Recharges		SA_43	NC-OOS COSTS
L15	Rump Contra	Rump Contra	A	Recharges		SA_43	NC-OOS COSTS
L15	OH-Exec Costs	OH-Exec Costs	A	Recharges		SA_43	OH-Exec
L15	OH-Estates	OH-Estates	A	Recharges		SA_43	OH-General
L15	OH-HR	OH-HR	A	Recharges		SA_43	OH-General
L15	OH-Legal	OH-Legal	A	Recharges		SA_43	OH-General
L15	OH-Procurement	OH-Procurement	A	Recharges		SA_43	OH-General
L15	OH-Margin Assurance	OH-Margin Assurance	A	Recharges		SA_43	OH-General
L15	OH-Regulatory	OH-Regulatory	A	Recharges		SA_43	OH-General
L15	OH-Business Development	OH-Business Development	A	Recharges		SA_43	OH-General

Layer 21 – Support Costs

Support costs and assets are aggregated at this layer and allocated to support cost categories or direct cost activities.

The Support cost categories at Layer 21 and their onward apportionments are set out in Table 5 (and described in Section 6).

Table 5 – Layer 21 Support Costs and Support Assets

Layer	Symbol	Name	Hierarchy	Parent	Unit	Object Allocates	Destination	AM Code	AM Name
L21	SA	Support Assets	1	L21		SA_44			
L21	SA-General IT	General IT	A	SA		SA_43	OH-SA-General IT	DIR_000	Direct
L21	SA-Office Furniture	Office Furniture	A	SA		SA_43	OH-SA-Office Furniture	DIR_000	Direct
L21	SA-Non-network Bldgs	Non-network Bldgs	A	SA		SA_43	OH-SA-Non-network Bldgs	DIR_000	Direct
L21	SA-Residual	Residual	A	SA		SA_43	NC-OOS BS	DIR_000	Direct
L21	SA-Prod-Mgmt	Prod-Mgmt	A	SA		SA_43	NC-OOS COSTS	DIR_000	Direct
L21	SA-Billing-CSS-Sys	Billing-CSS-Sys	A	SA		SA_43	-	AM_2130	Billing
L21	SA-Corporate Assets	Corporate Assets	A	SA		SA_43	OH-SA-Corporate Assets	DIR_000	Direct
L21	SA-EYE Assets	EYE Assets	A	SA		SA_43	NC-EYE Assets	DIR_000	Direct
L21	SA-FFE Assets	FFE Assets	A	SA		SA_43	NC-FFE Fibre	DIR_000	Direct
L21	SA-OLA Out of Scope	OLA Out of scope	A	SC		SA_43	NC-OOS BS	DIR_000	Direct
L21	SC	Support Cost Centres	1	L21		SA_44			
L21	201413	Brand Finance	A	SC		SA_43	NC-OOS COSTS	DIR_000	Direct
L21	201418	Marketing	A	SC		SA_43	RCC-Marketing	DIR_000	Direct
L21	205011	Contact Centres Core	A	SC		SA_43	NC-OOS COSTS	DIR_000	Direct
L21	210301	Wholesale	A	SC		SA_43	OH-General	DIR_000	Direct
L21	NSC	TSO Network Support Costs	1	L21		SA_44			
L21	NSC-Network Support	General Network Support	A	NSC		SA_43	NOC-Network Operations	DIR_000	Direct
L21	NSC-Support Contracts	Support Contracts	A	NSC		SA_43	-	AM_2110	TSO Support
L21	NSC-Platforms	Platforms	A	NSC		SA_43	-	AM_2110	TSO Support
L21	NSC-TSO Field Ops	TSO Field Ops	A	NSC		SA_43	-	AM_2120	Field Ops
L21	NSC-Eng Ops	Eng Ops	A	NSC		SA_43	-	AM_2140	Eng Ops
L21	NSC-CSOC	CSOC	A	NSC		SA_43	-	AM_2150	CSOC
L21	SA Stocks	Stocks	1	L21		SA_44			
L21	Network Stocks OLA	Network Stocks OLA	A	SA Stocks		SA_43	CP-STOCK-Network Whls	DIR_000	Direct
L21	Network Stocks OOS	Network Stocks OOS	A	SA Stocks		SA_43	NC-OOS BS	DIR_000	Direct
L21	Network Stocks Fibre	Network Stocks Fibre	A	SA Stocks		SA_43	CP-STOCK-Fibre	DIR_000	Direct

Layer 41 – Primary Costs

Costs at this layer represent aggregated costs for operating and support activities.

The Primary cost categories at Layer 41 and their onward apportionments are set out in Table 6 (and described in Section 6).

Table 6 – Layer 41

Layer	Symbol	Name	Destination	AM Code	AM Name
L41	PCC	Primary Cost Centres			
L41	S001	Enterprise - Private			
L41	201101	Marketing	NC-OOS COSTS	DIR_000	Direct
L41	201102	Sales - Principles	NC-OOS COSTS	DIR_000	Direct
L41	S002	Enterprise - Public			
L41	201111	Marketing	NC-OOS COSTS	DIR_000	Direct
L41	201112	Sales - Central Govt	NC-OOS COSTS	DIR_000	Direct
L41	S003	Enterprise - Shared			
L41	201121	Ent. Central Pract.	NC-OOS COSTS	DIR_000	Direct
L41	201122	Marketing Costs	NC-OOS COSTS	DIR_000	Direct
L41	201123	Proposition Product Manager	NC-OOS COSTS	DIR_000	Direct
L41	201124	Sales - Bid Support	NC-OOS COSTS	DIR_000	Direct
L41	201125	Sales - Client Princ	NC-OOS COSTS	DIR_000	Direct
L41	201126	Sales Ops & Strategy	NC-OOS COSTS	DIR_000	Direct
L41	201127	Consultancy Fee Earn	NC-OOS COSTS	DIR_000	Direct
L41	201128	Consultancy Pre Sale	NC-OOS COSTS	DIR_000	Direct
L41	201129	Consult Bus Ser Sale	NC-OOS COSTS	DIR_000	Direct
L41	201130	ConsultCentral Mgmt	NC-OOS COSTS	DIR_000	Direct
L41	S011	Wholesale - Hull			
L41	S012	Wholesale - National			
L41	201031	Partners	OH-WCC-Partners	DIR_000	Direct
L41	210104	Wholesale	OH-WCC-Partners	DIR_000	Direct
L41	S021	Consumer			
L41	201012	Customer & Tech Srvs	RCC-Cons-Cust Tech Serv	DIR_000	Direct
L41	201016	Consumer Sales & Eng	RCC-Cons Sales Eng	DIR_000	Direct
L41	S031	SMB - Hull			
L41	201002	Business Sales	RCC- SMB- Business Sales	DIR_000	Direct
L41	201003	Business Marketing	RCC-SMB-Business Marketin	DIR_000	Direct
L41	201004	Business Solutions	RCC-SMB-Other	DIR_000	Direct
L41	201005	Safe At Home	RCC-SMB-Other	DIR_000	Direct
L41	201006	Directories	NC-OOS COSTS	DIR_000	Direct
L41	205002	CC Other	NC-OOS COSTS	DIR_000	Direct
L41	S032	SMB - National			
L41	201041	SMB National Sales	NC-OOS COSTS	DIR_000	Direct
L41	201042	SMB National Product	NC-OOS COSTS	DIR_000	Direct
L41	201043	SMB National Mktg	NC-OOS COSTS	DIR_000	Direct
L41	201045	NNS	NC-OOS COSTS	DIR_000	Direct
L41	S033	SMB - Shared			
L41	201011	Customer Insight	RCC-Cons Sales Other	DIR_000	Direct
L41	201017	Customer Improvement	RCC-Cons Sales Other	DIR_000	Direct
L41	201022	SMB/Con/Wsale Centra	RCC-Cons Sales Other	DIR_000	Direct
L41	S098	Interconnect & Other			
L41	S099	Intercompany			
L41	201201	Sales - Support Desk	NC-OOS COSTS	DIR_000	Direct
L41	201202	Pre-Sales	NC-OOS COSTS	DIR_000	Direct
L41	201203	Integ. & Develop	NC-OOS COSTS	DIR_000	Direct
L41	201204	Programme/Proj Mgmt	NC-OOS COSTS	DIR_000	Direct
L41	201205	PMO	NC-OOS COSTS	DIR_000	Direct
L41	201206	Prof Service General	NC-OOS COSTS	DIR_000	Direct
L41	209401	GFS	NC-OOS COSTS	DIR_000	Direct
L41	201090	Finance	NC-OOS COSTS	DIR_000	Direct
L41	202090	Finance	NC-OOS COSTS	DIR_000	Direct
L41	205090	Finance	NC-OOS COSTS	DIR_000	Direct
L41	203090	Finance	NC-OOS COSTS	DIR_000	Direct
L41	204090	Finance	NC-OOS COSTS	DIR_000	Direct
L41	206090	Finance	NC-OOS COSTS	DIR_000	Direct
L41	201412	HR	NC-OOS COSTS	DIR_000	Direct
L41	201416	Legal	NC-OOS COSTS	DIR_000	Direct
L41	201417	Corporate Executive	NC-OOS COSTS	DIR_000	Direct
L41	201501	Pool - Architecture	NC-OOS COSTS	DIR_000	Direct
L41	201502	Pool - Programme Manager & Project Co-ordinat	NC-OOS COSTS	DIR_000	Direct
L41	201503	Pool - Customer Service and Support	NC-OOS COSTS	DIR_000	Direct
L41	201504	Pool - Design & Development	NC-OOS COSTS	DIR_000	Direct
L41	201505	Pool - Resource Scheduling	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 201422	Business Development Cost Centre	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 201431	Rump Costs Cost Centre	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 201432	Titan Costs Cost Centre	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 210119	NB Core Platforms and Infrastructure	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 210120	NB Customer Service Operations CC	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 210121	NB Engineering Delivery CC	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 210122	NB Technology Central CC	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 210123	NB Estates CC	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 210124	NB Finance CC	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 210125	NB Legal etc CC	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 210126	NB Digital CC	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 210009	Technology Retail CC	NC-OOS COSTS	DIR_000	Direct
L41	Cost Centre 210210	Direct Wholesale Costs CC	NC-OOS COSTS	DIR_000	Direct
L41	NOC	TSO Network Operating Costs			
L41	NOC-Network Operations	Network Support	-	AM_4120	TSO Net Op Costs
L41	NOC-Data	National Network Data	NC-Bandwidth external	DIR_000	Direct
L41	NOC-Voice	National Network Voice	NC-OOS COSTS	DIR_000	Direct
L41	NOC-Horizon Hull Network	Horizon Hull Network	-	AM_4120	TSO Net Op Costs
L41	NOC-Hereditament	Hereditament	-	AM_4120	TSO Net Op Costs
L41	NOC-Copper Field Ops	Copper Field Ops	-	AM_4130	Field Teams
L41	NOC-Fibre Field Ops	Fibre Field Ops	-	AM_4130	Field Teams
L41	NOC-Other Field Ops	Other Field Ops	NC-Field Ops Other	DIR_000	Direct
L41	NOC-Power	Power	-	AM_4120	TSO Net Op Costs
L41	NOC-Provisioning	Provisioning	NC-Provisioning	DIR_000	Direct
L41	NOC-Business Field Ops	Business services Field Ops	NC-Business Field Ops	DIR_000	Direct
L41	NOC-Voice Field Ops	Voice services Field Ops	NC-Voice Field Ops	DIR_000	Direct
L41	NOC-BIT	Business Installs Team	-	AM_4130	Field Teams
L41	NOC-BPG	Business Provisioning Group	-	AM_4130	Field Teams
L41	NOC-FFE Field Ops	FFE Field Ops	-	AM_4130	Field Teams
L41	NOC-Core Network	Core network op costs	PA-Core-Fibre	DIR_000	Direct

New cost centres were created in FY22 and FY21 to reflect the reorganization of the business. These were added to Layer 41 as appropriate but this has not affected the basis of allocation of the underlying activities of the new cost centres.

Layer 51 – Network Support Assets

Network Support Assets include duct, Core SDH, TDM and IP assets which are allocated to Assets in Layers 61 and 65.

The Network Support Asset categories and apportionment bases are set out in Table 7 below (and described in Section 6).

Table 7 – Network Support Asset Categories

Layer	Symbol	Name	Destination	AM Code	AM Name	Driver
L51	NSA	Network Support Assets				
L51	NSA-Duct EYD	Duct EYD	-	AM_501	Duct Analysis	GRC_CLS
L51	NSA-Core TDM	Core TDM	PG-SDH Equipment	DIR_000	Direct	
L51	NSA-Core IP	Core IP	PG-IP Equipment	DIR_000	Direct	
L51	NSA-Exchange Bldg	Exchange Bldg	-	AM_504	Exchange Bldg Analysis	GRC_CLS
L51	NSA-Network IT	Network IT	-	AM_505	Network IT Analysis	GRC_CLS
L51	NSA-Network Vehicles	Network Vehicles	-	AM_506	Network Vehicles Analysis	GRC_CLS
L51	NSA-NGA Support	NGA Support	-	AM_508	NGA Support Analysis	GRC_CLS
L51	NSA-Concentrator EYD	Concentrator EYD	-	AM_509	Core-Access Split	
L51	NSA-Processor EYD	Processor EYD	PG-Processor	DIR_000	Direct	
L51	NSA-CPE	CPE	-	AM_511	CPE Analysis	SA_33
L51	NSA-NGA Exchange Assets	NSA-NGA Exchange Assets	-	AM_515	NGA Exch Assets	SA_33
L51	NSA-NGA Systems	NSA-NGA Systems	-	AM_515	NGA Exch Assets	SA_33
L51	NSA-Outsource NW Support	Outsource NW Support	-	AM_512	Outsource support	OPEX PLUS CCA DEPN
L51	NSA-Network Support	Network Support	-	AM_513	Network Support	OPEX PLUS CCA DEPN
L51	NSA-Bus-Provisioning	Bus-Provisioning	-	AM_514	Business Provisioning	OPEX PLUS CCA DEPN

Layer 61 – Primary Assets

Asset costs are aggregated at Layer 61 to receive apportionments of support costs.

The Primary Asset categories and apportionment bases are set out in Table 8 (and described in Section 6).

Table 8 – Layer 61 Primary Assets

Layer	Symbol	Name	Destination	AM Code	AM Name
L61	PA	Primary Assets	1		
L61	PA-Access Equipment	PA-Access Equipment	PG-Access Equipment	DIR_000	Direct
L61	PA-Access-Copper	PA-Access-Copper	PG-Access-Copper	DIR_000	Direct
L61	PA-Access-Copper-Drop	PA-Access-Copper-Drop	PG-Access-Copper-Drop	DIR_000	Direct
L61	PA-Access-Fibre-NGA-Drop	PA-Access-Fibre-NGA-Drop	PG-Access-Fibre-NGA-Drop	DIR_000	Direct
L61	PA-Access-Duct	PA-Access-Duct	PG-Access-Duct	DIR_000	Direct
L61	PA-Poles	PA-Poles	PG-Access-Poles	DIR_000	Direct
L61	PA-Access Fibre LL	PA-Access Fibre LL	PG-Access Fibre LL	DIR_000	Direct
L61	PA-Core Duct	PA-Core Duct	PG-Core-Duct	DIR_000	Direct
L61	PA-CISBO-CPE	PA-CISBO-CPE	PG-CISBO-CPE	DIR_000	Direct
L61	PA-CISBO-Exch-Equip	PA-CISBO-Exch-Equip	PG-CISBO-Exch-Equip	DIR_000	Direct
L61	PA-Concentrator - Usage	PA-Concentrator - Usage	PG-Concentrator - Usage	DIR_000	Direct
L61	PA-Core-Fibre	PA-Core-Fibre	PG-Core-Fibre	DIR_000	Direct
L61	PA-DSLAM	PA-DSLAM	PG-DSLAM	DIR_000	Direct
L61	PA-NGA CPE	PA-NGA CPE	-	AM_601	NGA CPE Analysis
L61	PA-NGA Exchange Equipment	PA-NGA Exchange Equipment	PG-NGA Exchange Equipment	DIR_000	Direct
L61	PA-Optical Ethernet switches	PA-Optical Ethernet switches	PG-Optical Ethernet switches	DIR_000	Direct
L61	PA-TISBO-Exchange Equipment	PA-TISBO-Exchange Equipment	PG-TISBO-Exchange Equipment	DIR_000	Direct
L61	PA-NGA Passive	PA-NGA Passive	-	AM_602	NGA Passive Analysis
L61	PA-EYE Assets	EYE Assets	PG-EYE Assets	DIR_000	Direct
L61	PA-FFE Assets	FFE Assets	PG-FFE Assets	DIR_000	Direct
L61	PA-BB Aggregation Equipment	FFE Assets	PG-BB Aggregation Equipment	DIR_000	Direct
L61	PA-BB Access Equipment	FFE Assets	PG-BB Access Equipment	DIR_000	Direct
L61	PA-NGA Core	PA-NGA Core	PG-BB Aggregation Equipment	DIR_000	Direct
L61	PA-Access-Fibre-NGA-General	PA-Access-Fibre-NGA-General	PG-Access-Fibre-NGA-General	DIR_000	Direct
L61	PA-NGA Installs	PA-NGA Installs	PG-NGA Installs	DIR_000	Direct

Layer 65 – Plant Groups

Plant Groups are groups of assets used to deliver network services.

The Plant Group categories and apportionment bases are set out in Table 9 below (and described in Section 6).

Table 9 – Layer 65 Plant Groups

Layer	Symbol	Name	Hierarchy	Parent	Unit	Object Allocates	Destination	AM Code	AM Name
L65	PG	Plant Groups	1	L65		SA_44			
L65	PG-Access-Copper	Access Copper Cable	A	PG		SA_43	NC-Access Copper	DIR_000	Direct
L65	PG-Access Fibre LL	Access Fibre Leased Lines	A	PG		SA_43	NC-Access Fibre LL	DIR_000	Direct
L65	PG-Access-Fibre-NGA-Spine	Access Fibre NGA Spine	A	PG		SA_43	NC-Access Fibre NGA Spine	DIR_000	Direct
L65	PG-Access-Fibre-NGA-Dist	Access Fibre NGA Distribution	A	PG		SA_43	NC-Access Fibre NGA Dist	DIR_000	Direct
L65	PG-Access-Fibre-NGA-Drop	Access Fibre NGA Drop	A	PG		SA_43	NC-Access Fibre NGA Drop	DIR_000	Direct
L65	PG-Access-Duct	Access Duct	A	PG		SA_43	NC-Access Duct	DIR_000	Direct
L65	PG-Access-Poles	Access Poles	A	PG		SA_43	NC-Access Poles	DIR_000	Direct
L65	PG-Core-Fibre	Core Fibre	A	PG		SA_43	NC-Core Fibre	DIR_000	Direct
L65	PG-Core-Fibre-NGA	Core Fibre NGA	A	PG		SA_43	NC-Core Fibre NGA	DIR_000	Direct
L65	PG-Core-Duct	Core Duct	A	PG		SA_43	NC-Core Duct	DIR_000	Direct
L65	PG-CISBO-Exch-Equip	CISBO Exchange Equipment	A	PG		SA_43	NC-CISBO Exch Equip	DIR_000	Direct
L65	PG-CISBO-CPE	CISBO CPE Equipment	A	PG		SA_43	NC-CISBO CPE Equip	DIR_000	Direct
L65	PG-TISBO-Exchange Equipment	TISBO Exchange Equipment	A	PG		SA_43	NC-TISBO Exch Equip	DIR_000	Direct
L65	PG-TISBO CPE Equipment	TISBO CPE Equipment	A	PG		SA_43	NC-TISBO CPE Equip	DIR_000	Direct
L65	PG-PSTN CPE/NTP	PSTN CPE/NTP	A	PG		SA_43	NC-PSTN CPE/NTP	DIR_000	Direct
L65	PG-ISDN2 CPE/NTP	ISDN2 CPE/NTP	A	PG		SA_43	NC-ISDN2 CPE/NTP	DIR_000	Direct
L65	PG-ISDN 30 CPE/NTP	ISDN 30 CPE/NTP	A	PG		SA_43	NC-ISDN 30 CPE/NTP	DIR_000	Direct
L65	PG-NGA Exchange Equipment	NGA Exchange Equipment	A	PG		SA_43		AM_651	NGA Equipment Routing Factors
L65	PG-NGA Systems	NGA Systems	A	PG		SA_43		AM_651	NGA Equipment Routing Factors
L65	PG-NGA CPE Cons	NGA CPE Cons	A	PG		SA_43	NC-NGA CPE Cons	DIR_000	Direct
L65	PG-NGA CPE Bus	NGA CPE Bus	A	PG		SA_43	NC-NGA CPE Bus	DIR_000	Direct
L65	PG-Tier 1 and 2 ATM switches	Tier 1& 2 ATM switches	A	PG		SA_43	NC-Tier 1 and 2 ATM switches	DIR_000	Direct
L65	PG-DSLAM	DSLAM	A	PG		SA_43	NC-DSLAM	DIR_000	Direct
L65	PG-Optical Ethernet switches	Optical Ethernet switches	A	PG		SA_43	NC-Opt Ethernet switches	DIR_000	Direct
L65	PG-Exchange - Lines	Exchange - Lines	A	PG		SA_43	NC-Exch - Lines	DIR_000	Direct
L65	PG-Concentrator - Usage	Concentrator - Usage	A	PG		SA_43	NC-Conc - Usage	DIR_000	Direct
L65	PG-Processor	Processor	A	PG		SA_43	NC-Processor	DIR_000	Direct
L65	PG-EYE Fibre	EYE Fibre	A	PG		SA_43	NC-EYE Fibre	DIR_000	Direct
L65	PG-Access Equipment	Access Equipment	A	PG		SA_43	NC-Access Copper	DIR_000	Direct
L65	PG-Access-Copper-Drop	Access-Copper-Drop	A	PG		SA_43	NC-Access Copper	DIR_000	Direct
L65	PG-SDH Equipment	SDH Equipment	A	PG		SA_43	NC-SDH Equipment	DIR_000	Direct
L65	PG-IP Equipment	IP Equipment	A	PG		SA_43	NC-IP Equipment	DIR_000	Direct
L65	PG-EYE Assets	EYE Assets	A	PG		SA_43	NC-EYE Assets	DIR_000	Direct
L65	PG-FFE Assets	FFE Assets	A	PG		SA_43	NC-FFE Fibre	DIR_000	Direct
L65	PG-BB Aggregation Equipment	PG-BB Aggregation Equipment	A	PG		SA_43	NC-BB Aggregation Equipment	DIR_000	Direct
L65	PG-BB Access Equipment	PG-BB Access Equipment	A	PG		SA_43	NC-BB Access Equipment	DIR_000	Direct
L65	PG-Access-Fibre-NGA-General	Access-Fibre-NGA-General	A	PG		SA_43	NC-Access Fibre NGA Drop	DIR_000	Direct
L65	PG-NGA Installs	NGA Installs	A	PG		SA_43	NC-Access Fibre NGA Drop	DIR_000	Direct

Layer 68 – Overheads

Overhead cost categories are aggregated at Layer 68 for onward apportionment. Overhead categories and apportionment bases are set out in Table 10 below (and described in Section 6).

Table 10 – Layer 68 Overheads

Layer	Symbol	Name	Destination	AM Code	AM Name
L68	Overheads	Overheads			
L68	OH-SA	Support Assets			
L68	OH-SA-General IT	General IT		AM_6807	Other recharges
L68	OH-SA-Office Furniture	Office Furniture		AM_6807	Other recharges
L68	OH-SA-Non-network Bldgs	Non-network Bldgs		AM_6807	Other recharges
L68	OH-SA-Corporate Assets	Corporate Assets		AM_6807	Other recharges
L68	OH-SC	Support Cost Centres			
L68	OH-General	OH-General		AM_6806	Other recharges
L68	OH-Exec	OH-Exec		AM_6806	Other recharges
L68	OH-Costs Not Recharged Exec	OH-Costs Not Recharged Exec		AM_6806	Other recharges
L68	OH-Costs Not Recharged Finance	OH-Costs Not Recharged Finance		AM_6806	Other recharges
L68	OH-Costs Not Recharged Cyber	OH-Costs Not Recharged Cyber		AM_6806	Other recharges
L68	OH-WCC-Partners	Partners SGA	-	AM_6805	Partners SGA
L68	OH-HEY Consumer Marketing	HEY Consumer Marketing	RCC-Cons-Cust Tech Serv	DIR_000	Direct
L68	OH-HEY Business Marketing	HEY Business Marketing	RCC-SMB-Business Marketin	DIR_000	Direct
L68	OH-WC	Working Capital			
L68	OH-Cash-1001	OH-Cash-1001	NC-OOS BS	DIR_000	Direct
L68	OH-DEBTORS-1001 IC	OH-DEBTORS-1001 IC	CP-DEBTORS-Whls	DIR_000	Direct
L68	OH-DEBTORS-1001 OOS	OH-DEBTORS-1001 OOS	NC-OOS BS	DIR_000	Direct
L68	OH-DEBTORS-1001 Whls	OHP-DEBTORS-1001 Whls	-	AM_6801	Working Capital
L68	OH-DEBTORS-1001 SMB	OH-DEBTORS-1001 SMB	-	AM_6801	Working Capital
L68	OH-DEBTORS-1001 Cons	OH-DEBTORS-1001 Cons	CP-DEBTORS-Cons	DIR_000	Direct
L68	OH-DEBTORS-1001 Others Corp	OH-DEBTORS-1001 Others Corp	-	AM_6801	Working Capital
L68	OH-DEBTORS-1001 HEY	OH-DEBTORS-1001 HEY	-	AM_6801	Working Capital
L68	OH-CREDITORS-1001 Corp	OH-CREDITORS-1001 Corp	-	AM_6801	Working Capital
L68	OH-CREDITORS-1001 OOS	OH-CREDITORS-1001 OOS	NC-OOS BS	DIR_000	Direct
L68	OH-CREDITORS-1001 SMB	OH-CREDITORS-1001 SMB	-	AM_6801	Working Capital
L68	OH-CREDITORS-1001 Cons	OH-CREDITORS-1001 Cons	CP-CREDITORS-Cons	DIR_000	Direct
L68	OH-CREDITORS-1001 Whls	OH-CREDITORS-1001 Whls	-	AM_6801	Working Capital
L68	OH-CREDITORS-1001 Others Corp	OH-CREDITORS-1001 Others Corp	-	AM_6801	Working Capital
L68	OH-CREDITORS-1001 HEY	OH-CREDITORS-1001 HEY	-	AM_6801	Working Capital

The cost modelling of support costs was updated in FY21 to improve visibility of the costs and in particular allocation of support costs which are not recharged (these are treated as a general overheads). There was no change in allocation methodologies.

Layer 71 – Components

Network components aggregate the costs used to deliver network services for onward apportionment to network products.

Details of the components used in the RFS model are set out in Annex 2.

Layer 81 – Network Products

Layer 81 calculates the costs of network Products defined to match the wholesale and retail services sold by KCOM.

Details of Network Product Categories are set out in Annex 3.

Layer 91 – Wholesale & Retail Products

Fully allocated costs for wholesale and retail services sold by KCOM in the relevant markets are calculated at Layer 91 by aggregating Network Products with appropriate SGA costs from Layer 81.

Details of Wholesale & Retail Product Categories are set out in Annex 3.

7.   Cost Apportionment Methodologies

Introduction

This section describes the cost apportionment methodologies used in the RFS Model to allocate fully KCOM's revenues, costs and liabilities to individual services reported on in the RFS Markets.

KCOM's approach to apportionment is to seek to identify the appropriate driver for each item and, as far as possible, use objective operational and/or financial data relevant to that driver to generate apportionment bases.

Layer 11 – Apportionment Methodologies

Asset Migration Account (AM_1120)

KCOM's fixed asset register (FAR) automatically calculates depreciation based on the year of acquisition and input asset life. In 2014, KCOM reviewed the useful life of network assets and identified some copper network assets, with a greater remaining useful life than that specified in the FAR. An annual year-end adjustment is therefore made outside of the FAR (in the general ledger) to eliminate the depreciation charge automatically generated by the FAR.

The resulting adjustment to the net book value of the assets is recorded in the Asset Migration Account.

AM_1120 allocates the relevant costs in the asset migration account in the general ledger to the relevant primary asset categories based on an analysis of the RFS categorisation of the assets in the fixed asset register used to calculate the year-end adjustment.

Stocks (AM_1130)

Stock reports are analysed to identify the proportions of stores items relating to the Hull Network generally, the fibre network in Hull, and network outside of Hull/regulated markets. The resulting proportions allocate stores to the relevant cost objects in Layer 21.

TSO Costs (AM_1160)

AM1160 allocates the costs of the Wholesale and Networks business segment cost centres (previously known as Technical Services and Operations) to network assets or components based on an analysis of the underlying activities of the cost centres. This is done using detailed analyses of the pay and other costs of different teams and the costs of IT systems used by the business.

For FY22, costs recovered from Nasstar for the provision of engineering services for running the National Business following its sale are treated as a negative cost in this allocation and deducted from the gross costs recorded in the relevant cost centres allocated using this allocation methodology . Any profit or loss on the sale of the services is allocated to Retail Residual.

The gross costs for the cost centres allocated in this methodology includes the dyssynergies or 'rump costs' which are journaled out in the general ledger (see also Rump Cost, AM-1180).

The allocation factors for FY21 (restated) include the correction of an error in the treatment of capitalised labour costs in the previous calculation which had overstated the proportion of costs allocated to field activities.

Cost centres allocated are:

C210202	Core Platform and Infrastructure
C210203	Systems
C210204	Customer Service Operations
C210206	Engineering Delivery
C210208	Networks Central
C210209	Wholesale

Depending on the cost centre, costs are allocated to the following cost objects:

NSC-TSO Field Ops
NOC-Data
NOC-Voice
NSC-Network Support
NSC-CSOC
NSC-Support Contracts
NOC-Power
NOC-Hereditament
NC-COS-Other OLA
NSC-Platforms
NC-OOS COSTS
NOC-Network Operations
WCC-Wholesale Team
NC-IP Equipment
RCC-Billing
NC-Bandwidth external
NC-BB Aggregation Equipment
NC-CISBO CPE Equip
NC-Processor
NC-Field Ops Fibre Installs
NC-FFE Fibre
OH-General

C&RB Costs (AM_1170)

This allocation allocates the costs of the Customer Experience cost centre using an analysis of the activities of the staff in the cost centre.

Rump Costs (AM_1180)

In the FY22 General Ledger, KCOM records common costs previously recharged to the National Business but which were retained by the business following the sale as 'rump costs'. Rump costs incurred in the TSO cost centres are reallocated across all activities in AM_1160 (TSO Costs). Other rump costs originally recorded in overhead cost categories (finance, HR, legal and estates) are reallocated in the RFS using this allocation methodology to the 'OH-Costs Not Recharged Exec' overheads category in Layer 68 for onward allocation across all network components and then services.

Layer 21 – Apportionment Methodologies

Billing systems (AM_2130)

The value of KCOM's billing systems are apportioned to its wholesale and retail channel assets (WCC-Billing and RCC-Billing) in Layer 71 proportionately to external revenues recorded in the GL.

Field Ops (AM_2120)

The costs of the TSO Field Operations team are apportioned to copper, fibre, business and 'other' field cost categories in Layer 41 based on KCOM management's estimate of the FTE of the copper, fibre and other teams in the Field Ops Cost Centre. The estimate has resulted in an overall split as follows:

Data Input to Model						
Source Code	Source Name	Destination Code	Destination Name	AM Code	AM Name	Values
NSC-TSO Field Ops	Field Ops	NOC-Fibre Field Ops	NOC-Fibre Field Ops	AM_2120	TSO Field Op Costs	22.3%
NSC-TSO Field Ops	Field Ops	NOC-BIT	NOC-BIT	AM_2120	TSO Field Op Costs	2.6%
NSC-TSO Field Ops	Field Ops	NOC-BPG	NOC-BPG	AM_2120	TSO Field Op Costs	7.1%
NSC-TSO Field Ops	Field Ops	NOC-Copper Field Ops	NOC-Copper Field Ops	AM_2120	TSO Field Op Costs	22.4%
NSC-TSO Field Ops	Field Ops	NOC-FFE Field Ops	NOC-FFE Field Ops	AM_2120	TSO Field Op Costs	22.8%
NSC-TSO Field Ops	Field Ops	NOC-Other Field Ops	NOC-Other Field Ops	AM_2120	TSO Field Op Costs	0.0%
NSC-TSO Field Ops	Field Ops	NOC-Voice Field Ops	NOC-Voice Field Ops	AM_2120	TSO Field Op Costs	9.0%
NSC-TSO Field Ops	Field Ops	NOC-Core Network	NOC-Core Network	AM_2120	TSO Field Op Costs	1.3%
NSC-TSO Field Ops	Field Ops	NSA-Duct EYD	NSA-Duct EYD	AM_2120	TSO Field Op Costs	12.6%

CSOC (AM_2150)

The costs of the Customer Service Operations Centre (CSOC) are split between maintenance and provisioning and business and consumers based on management's analysis of the activities of each team member. Costs are then allocated to the relevant network components in layer 71. There is no data on which to allocate costs between provisioning and maintenance activities and so a KCOM management estimate of the split of team times between the two activities of 50:50 is used.

Data Input to Model						
Source Code	Source Name	Destination Code	Destination Name	AM Code	AM Name	Values
NSC-CSOC	CSOC	NC-BackOffProv BB	NC-BackOffProv BB	AM_2150	CSOC	18%
NSC-CSOC	CSOC	NC-BackOffProv Voice	NC-BackOffProv Voice	AM_2150	CSOC	18%
NSC-CSOC	CSOC	NC-BackOffProv LL	NC-BackOffProv LL	AM_2150	CSOC	19%
NSC-CSOC	CSOC	NC-BackOffMaint BB	NC-BackOffMaint BB	AM_2150	CSOC	17%
NSC-CSOC	CSOC	NC-BackOffMaint Voice	NC-BackOffMaint Voice	AM_2150	CSOC	11%
NSC-CSOC	CSOC	NC-BackOffMaint LL	NC-BackOffMaint LL	AM_2150	CSOC	18%

Layer 41 – Apportionment Methodologies

Network Operating Costs (AM-4120)

Network Operating Costs included in this allocation include:

- Hereditament Costs
- Power costs
- Network Operations Costs

Hereditament Costs

Hereditament Costs are apportioned to the Primary Assets in Layer 61 based on the GRC of the assets shown in Table 14 below.

Table 14 – Hereditament Cost allocations

NOC-Hereditament	Hereditament	PA-Access-Copper	PA-Access-Copper
NOC-Hereditament	Hereditament	PA-Access-Copper-Drop	PA-Access-Copper-Drop
NOC-Hereditament	Hereditament	PA-Access-Fibre-NGA-Drop	PA-Access-Fibre-NGA-Drop
NOC-Hereditament	Hereditament	PA-Access Fibre LL	PA-Access Fibre LL
NOC-Hereditament	Hereditament	PA-Core-Fibre	PA-Core-Fibre
NOC-Hereditament	Hereditament	PA-NGA Passive	PA-NGA Passive
NOC-Hereditament	Hereditament	PA-FFE Assets	PA-FFE Assets
NOC-Hereditament	Hereditament	PA-Access-Fibre-NGA-General	PA-Access-Fibre-NGA-General
NOC-Hereditament	Hereditament	PA-Access-Duct	PA-Access-Duct
NOC-Hereditament	Hereditament	PA-Core Duct	PA-Core Duct

Power Costs

Power Costs are apportioned to the Primary Assets in Layer 61 using the split of power consumption at each exchange.

Budgeted power costs for each exchange building are allocated using estimated percentage usages for the following equipment types where they are present in an exchange:

- SDH, TISBO, IP General and Lease line/Ethernet – 4% or 5% depending on whether NGA is present in the exchange
- DSL– 8% or 10% depending on whether NGA is present in the exchange
- NGA – 8%
- Voice (System X) – 61% based on an analysis of individual invoices for power costs in 2018

Adjustments are made for the estimated 42% of Power costs relating to data centre and office space at the Carr Lane site. Power costs for NGA only cabinets are allocated 100% to NGA.

Network Operations Costs

Network Operations Costs comprise network wide operating costs (mainly IT systems). These are apportioned to the relevant Primary Asset Categories in Layer 61 shown in Table 13.

Table 13 – Primary cost Categories for Network Support Costs

Data Input to Model			
Source Code	Source Name	Destination Code	Destination Name
NOC-Network Operations	Network Support	PA-Access Equipment	PA-Access Equipment
NOC-Network Operations	Network Support	PA-Access-Copper	PA-Access-Copper
NOC-Network Operations	Network Support	PA-Access-Copper-Drop	PA-Access-Copper-Drop
NOC-Network Operations	Network Support	PA-Access-Fibre-NGA-Drop	PA-Access-Fibre-NGA-Drop
NOC-Network Operations	Network Support	PA-Access Fibre LL	PA-Access Fibre LL
NOC-Network Operations	Network Support	PA-CISBO-CPE	PA-CISBO-CPE
NOC-Network Operations	Network Support	PA-CISBO-Exch-Equip	PA-CISBO-Exch-Equip
NOC-Network Operations	Network Support	PA-Concentrator - Usage	PA-Concentrator - Usage
NOC-Network Operations	Network Support	PA-Core-Fibre	PA-Core-Fibre
NOC-Network Operations	Network Support	PA-DSLAM	PA-DSLAM
NOC-Network Operations	Network Support	PA-NGA CPE	PA-NGA CPE
NOC-Network Operations	Network Support	PA-Access-Fibre-NGA-General	PA-Access-Fibre-NGA-General
NOC-Network Operations	Network Support	PA-Access-Duct	PA-Access-Duct
NOC-Network Operations	Network Support	PA-Core Duct	PA-Core Duct
NOC-Network Operations	Network Support	PA-Optical Ethernet switches	PA-Optical Ethernet switches
NOC-Network Operations	Network Support	PA-TISBO-Exchange Equipment	PA-TISBO-Exchange Equipment
NOC-Network Operations	Network Support	PA-NGA Passive	PA-NGA Passive
NOC-Network Operations	Network Support	PA-EYE Assets	PA-NGA Passive
NOC-Network Operations	Network Support	PA-FFE Assets	PA-NGA Passive
NOC-Network Operations	Network Support	PA-BB Aggregation Equipment	PA-NGA Passive
NOC-Network Operations	Network Support	PA-BB Access Equipment	PA-NGA Passive
NOC-Network Operations	Network Support	PA-NGA Core	PA-NGA Passive

Field Teams (AM_413)

The costs of the Field Operations teams are allocated to copper, fibre and installation components in Layer 71 based on management's analysis of headcount in the different teams.

Layer 51 – Apportionment Methodologies

Duct (AM_501)

The costs of duct are apportioned to the relevant copper and fibre assets (at Layer 61 - Primary Assets) based on the GRC of those assets

Exchange Buildings (AM_504)

The costs of Exchange Buildings are apportioned to the assets used to deliver access products (at Layer 61 - Primary Assets) based on the GRC of those assets. This includes the assets shown in the table below:

Destination Code
PA-Access-Copper-Drop
PA-Access-Fibre-NGA-Drop
PA-CISBO-CPE
PA-CISBO-Exch-Equip
PA-Concentrator - Usage
PA-Core-Fibre
PA-DSLAM
PA-NGA Exchange Equipment
PA-Optical Ethernet switches
PA-TISBO-Exchange Equipment
PA-NGA Passive

Network IT (AM_505)

The costs of Network IT are apportioned to network assets (at Layer 61 - Primary Assets) based on the GRC of those assets.

Network Vehicles (AM_506)

The costs of Network Vehicles are apportioned to network assets (at Layer 61 - Primary Assets) based on the GRC of those assets.

NGA Support (AM-508)

The costs of NGA support assets are apportioned over relevant NGA assets (at Layer 61 - Primary Assets) based on the GRC of those assets.

Core Access (AM-509)

Split of concentrator costs between line-cards (90%) and traffic (10%).

CPE (AM_511)

The costs of customer premises equipment (CPE) are apportioned to PSTN, ISDN2, ISDN30 Plant Groups based on management estimates of the relative costs for customer equipment for these different types of service. The assumed split based on management estimates is 1:5:20 for PSTN, ISDN2, ISDN30 services.

Outsourced Network Support (AM_512)

The costs of capitalized outsourced network support assets are apportioned to copper and fibre assets (at Layer 61 - Primary Assets) based on previously allocated Opex plus Depreciation.

Network Support (AM_513)

Network support assets are allocated to network assets (at Layer 61 - Primary Assets) based on previously allocated Opex plus Depreciation.

NGA Exchange Equipment (AM_515)

For the purposes of reporting separately costs in the WLA and WBA markets it is necessary to allocate NGA exchange equipment and NGA Systems cost between these two different markets. Much of this equipment and systems, in particular the Headend electronics is common to the provisioning of both services, and KCOM's fixed asset register does not include sufficient detail to disaggregate costs between use for WBA or WLA services.

Management therefore considers it reasonable to allocate the costs of NGA Exchange Equipment and NGA Systems equally between two Primary Assets in Layer 61: Broadband Aggregation Equipment (allocation of 50% of cost) which is used to provide WBA services and Broadband Access Equipment (allocation of 50% of cost) which is used to provide WLA services.

Layer 61 – Apportionment Methodologies

NGA CPE (AM_601)

The costs of NGA CPE are apportioned to NGA Consumer and Business Plant Groups on a 50:50 basis.

NGA Passive (AM_602)

The costs of NGA Passive Assets are apportioned to Spine, Distribution and Drop Plant Groups based on the relative NGA cable count data extracted from KCOM's GIS database.

Layer 68 – Apportionment Methodologies

Working Capital AM_6801

External debtors and creditors for the different business segments are apportioned to relevant components proportionately to revenues.

Other Recharges (AM_6806)

This methodology allocates overheads for the Hull business segment to network components proportionate to previously allocated operating expenditure plus capex additions.

Support Assets (AM_6807)

Allocates overhead support assets to all components apart from working capital in layer 71 using a cost driver of previously allocated Opex plus Capital Expenditure of the relevant network components in L71.

Layer 71 – Apportionment Methodologies

Access Network Component Factors (AM_701)

Network Components are allocated to Network Products (Layer 81) using the factors shown in Annex 5.

Core Network Component Factors (AM_702)

Core Network Components costs are allocated to Network Products (Layer 81) based on the bandwidth assumptions shown in Table 16.

Table 16 – Core Network Component factors

	Average offered speed (Mbps)	Capacity/%	Speed in core	Mbyte/minute	Mbyte per line
NP-Call Termination				3.84	
NP-CO-Other				3.84	
NP-CO-HEY				3.84	
NP-CO-Local				3.84	
NP-FibreBB-Res-Rent	204	1.27%	2.59		81,698,599
NP-FibreBB-Bus-Rent	359	0.90%	3.24		102,028,627
NP-DSL-Rent	6	1.27%	0.08		2,406,563
Leased Line Products <1Mb/s	0.1	100%	0.1		3,153,600
1-8Mb/s	2	100%	2		63,072,000
10 Mbs	10	100%	10		315,360,000
100Mbs	100	100%	100		3,153,600,000
1Gb	1000	100%	1000		31,536,000,000
10 Gb	10000	100%	10000		315,360,000,000
100 Gb	100000	100%	100000		3,153,600,000,000
Mbps per minute conversion					
Codec rate	64 kbps				
MByte/minute	3.84				

Back Office Provisioning (AM_703)

Back Office Provisioning Costs for Broadband, Voice and Leased Lines are apportioned to products based on connection volumes.

Back Office Maintenance (AM_704)

Back Office Maintenance Costs for Broadband, Voice and Leased Lines are apportioned to products based on rental volumes.

Leased Line Bandwidth (AM_716)

Allocates costs of sale for leased line bandwidth across network products proportionately to bandwidth.

Layer 81 – Apportionment Methodologies

Routing factors (AM801)

Network Products at Layer 81 are apportioned to retail and wholesale products in Layer 91 using the routing factors set out in Annex 5.

NP Working Capital (AM_805)

Allocates retail working capital balances across retail services. Debtor balances are allocated on the basis of revenues, creditor balances on the basis of previously allocated Operating Costs plus Fixed Asset Additions.

Leased Line Bandwidth (AM_816)

Allocates costs of leased line wholesale residual network product to individual leased line services based on the bandwidth of the service.

8. CCA Valuation Methodology

The RFS are prepared using the current cost accounting convention. This requires assets to be restated at their current (rather than historical cost).

Terminology used in the RFS model is as follows:

Gross Book Value ('GBV'): The original historical cost of acquiring the assets as recorded in the Fixed Asset Register ('FAR')

Net Book Value ('NBV'): The depreciated cost of the asset as recorded in the FAR

Annual Historical Cost Depreciation ('Ann HC Depn'): The depreciation recorded in the FAR.

Gross Replacement Cost ('GRC'): The original historical cost of acquiring the assets as recorded in the Fixed Asset Register ('FAR') uplifted by the monthly RPI Index

Gross Holding Gain: Calculated as the difference between opening and closing GRC for each asset, less any disposals, plus any additions

Backlog Depreciation: Calculated as follows:

$$\left(1 - \frac{\text{Opening NBV}}{\text{GBV}}\right) \times \text{Gross Holding Gain}$$

Net Holding Gain: Calculated as follows:

Gross Holding Gain – Backlog Depreciation

Annual CCA Depreciation ('Ann CCA Depn'): Total annual depreciation charge under CCA accounting. Calculated as follows:

$$\frac{\text{Average Opening and Closing GRC}}{\text{Average Opening and Closing GBV}} \times \text{Ann HC Depn}$$

Supplementary CCA Depreciation: Calculated as follows:

Ann CCA Depn – Ann HC Depn

9.   Management Accounts Recharges

In the FY21 model overhead costs were allocated to business segments using the recharges in KCOM's management accounts, which also form the basis of the segmental reporting in the Annual Report (as in previous years).

In FY22 costs related directly to the National Business were recorded in separate costs centres in the general ledger. As a result there were no allocations of costs in the management accounts between the National and Hull business units.

Therefore, in the FY22 model all costs in National Business cost centres were allocated directly to Retail Residual markets and all other costs allocated using existing cost allocation methodologies described in this DOCAS.

10.   Revenues and Transfer Charges

External Revenues

External revenues for wholesale services are calculated as follows:

- Each product in the KCOM's billing system (APS) is tagged with a relevant regulatory service type
- The relevant GL code for each APS entry is identified using mapping tables
- Revenues in the GL are reconciled to the APS revenues and any sales in the GL not included in the APS are added to APS volumes
- The total external revenue for wholesale sales is then allocated to individual services based on the adjusted APS revenue total.

Internal Revenues

Internal revenues for products transferred from Wholesale Markets and Wholesale Residual Markets are calculated by multiplying relevant volumes by Transfer Prices. In general, transfer prices are set using prices for the relevant or comparable products available in KCOM's Wholesale Reference Offers.

The details of the calculation of transfer prices for each market are set out below.

Wholesale Local Access

Wholesale Local Access services (fibre links from a customer premise to the exchange) are used as input for Wholesale Broadband Access market services.

These are priced at the weighted average WLA reference offer price of the different services consumed for delivery of external and internal Wholesale Broadband Access services.

Transfer prices for connection services are set equal to the relevant reference offer prices for connection services.

Leased Line Services

Transfer prices for internally consumed Leased Line services are calculated using average reference offer prices for equivalent services in the relevant period. Where prices for the comparable reference offer service varies with contract duration, a simple average of the available variants is used.

External sales of Leased Line market services are priced at actual prices.

Wholesale Residual Market

Products included in the Wholesale Residual market include: Leased Line based services, Call Termination, Call Origination, Wholesale Broadband Access, ISDN2, ISDN 30 and Centrex services.

Other leased line services

Transfer prices for internet leased line, VPLS and CCTV services are calculated by applying a mark-up of 10% to the relevant wholesale input price.

Wholesale Broadband Access services

Internal WBA services are priced at the average published price for the relevant product sold by the retail division.

External WBA services are priced using actual prices.

Call origination and Call Termination

Transfer prices for internal wholesale call origination and termination services are set by calculating an average reference offer price across all time of day charges using a breakdown of calls during the financial year extracted from interconnect billing data by each time of day category extracted from billing records.

Analogue Exchange Lines, ISDN 2 and ISDN 30 services

Transfer prices for analogue exchange line circuits are based on published prices for relevant wholesale services consumed internally.

11. Preparation of RFS

The published RFS are prepared using Excel output tables from the CostPerform ABC model.

The regulatory reporting requirements which set out the format of the RFS require costs to be presented using different categories in the profit and loss and network cost statements.

The reports and associated cost categories which KCOM is required to use in its RFS as set out in Ofcom's Statement: *KCOM Regulatory Financial Reporting, Statement on new regulatory financial reporting directions covering all regulated fixed telecoms markets* (6 February 2019)

Revenues, costs, assets and liabilities in the RFS Model are categorised for reporting in the Profit and Loss Account, Balance Sheet and Network Activity Statement reports using Regulatory Reporting Group (RRG) classifications which are attached to costs at layer 001 (GL) in the RFS Model.

Classifying costs at his level enables costs to be categorised at the most disaggregated layer.

Costs in the Network Activity Statement are classified using Component Cost categories determined by Ofcom. In the RFS Model these are tagged at Layer 71 (components).

The components are as follows:

- Local Loop Infrastructure
- Exchange to Exchange Infrastructure
- Electronics
- Other
- Exchange Concentrator
- Field Maintenance
- Field Provision
- Back Office Provisioning
- Back Office Maintenance
- Sales and Product Management
- Net Current Assets

The mapping of network components to reported components is shown in Table 18 below.

Table 18 Regulatory Component classification

Layer	Symbol	Name	RR COMP
L71	NC	Components & Residual	
L71	WHLN	Wholesale Business	
L71	NC-LLI	Local Loop Infrastructure	
L71	NC-Access Copper	NC-Access Copper Cable	Local Loop Infrastructure
L71	NC-Access Fibre LL	NC-Access Fibre Leased Lines	Local Loop Infrastructure
L71	NC-Access Fibre NGA Spine	NC-Access Fibre NGA Spine	Local Loop Infrastructure
L71	NC-Access Fibre NGA Dist	NC-Access Fibre NGA Distribution	Local Loop Infrastructure
L71	NC-Access Fibre NGA Drop	NC-Access Fibre NGA Drop	Local Loop Infrastructure
L71	NC-Access Duct	NC-Access Fibre NGA Duct	Local Loop Infrastructure
L71	NC-Access Poles	NC-Access Fibre NGA Poles	Local Loop Infrastructure
L71	NC-EEL	Exchange to Exchange Transmission link	
L71	NC-Core Fibre	NC-Core Fibre	Exchange to Exchange Transmission link
L71	NC-Core Fibre NGA	NC-Core Fibre NGA	Exchange to Exchange Transmission link
L71	NC-Core Duct	NC-Core Duct	Exchange to Exchange Transmission link
L71	NC-BB BSIL	NC-BB BSIL	Exchange to Exchange Transmission link
L71	NC-ELC	Electronics	
L71	NC-CISBO Exch Equip	NC-CISBO Exchange Equipment	Electronics
L71	NC-CISBO CPE Equip	NC-CISBO CPE Equipment	Electronics
L71	NC-TISBO Exch Equip	NC-TISBO Exchange Equipment	Electronics
L71	NC-Tier 1 and 2 ATM switches	NC-Tier 1& 2 ATM switches	Electronics
L71	NC-DSLAM	NC-DSLAM	Electronics
L71	NC-Opt Ethernet switches	NC-Optical Ethernet switches	Electronics
L71	NC-Processor	NC-Processor	Electronics
L71	NC-SDH Equipment	NC-SDH Equipment	Electronics
L71	NC-IP Equipment	NC-IP Equipment	Electronics
L71	NC-Ethernet LL Equip	NC-Ethernet LL Equip	Electronics
L71	NC-BB Aggregation Equipment	NC-BB Aggregation Equipment	Electronics
L71	NC-BB Access Equipment	NC-BB Access Equipment	Electronics
L71	NC-EXC	Exchange Concentrator	
L71	NC-Exch - Lines	NC-Exchange - Lines	Exchange Concentrator
L71	NC-Conc - Usage	NC-Concentrator - Usage	Exchange Concentrator
L71	NC-FDM	Field Maintenance	
L71	NC-Field Ops Copper Faults	NC-Field Ops Copper Faults	Field Maintenance
L71	NC-Field Ops Copper Installs	NC-Field Ops Copper Installs	Field Provision
L71	NC-Field Ops Fibre Faults	NC-Field Ops Fibre Faults	Field Maintenance
L71	NC-Field Ops Fibre Installs	NC-Field Ops Fibre Installs	Field Provision
L71	NC-Field Ops Other	NC-Field Ops Other	Field Maintenance
L71	NC-Business Field Ops	NC-Business Field Ops	Field Maintenance
L71	NC-FFE Field Ops Faults	NC-FFE Field Ops Faults	Field Maintenance
L71	NC-FFE Field Ops Installs	NC-FFE Field Ops Installs	Field Provision
L71	NC-Voice Field Ops	NC-Voice Field Ops	Field Maintenance
L71	NC-BIT	NC-Business Installs Team	Field Provision
L71	NC-LL Installs	NC-Leased Line Installs	Field Provision
L71	NC-LL Faults	NC-Leased Line Faults	Field Maintenance
L71	NC-DSL Faults	NC-DSL Faults	Field Maintenance
L71	NC-PRV	Field Provisioning	
L71	NC-Provisioning	NC-Provisioning	Field Provision
L71	NC-BOP	Back-office Provisioning	
L71	NC-BackOffProv BB	NC-BackOffProv BB	Back-office Provisioning
L71	NC-BackOffProv LL	NC-BackOffProv LL	Back-office Provisioning
L71	NC-BackOffProv Voice	NC-BackOffProv Voice	Back-office Provisioning
L71	NC-BOM	Back-office Maintenance	
L71	NC-BackOffMaint BB	NC-BackOffMaint BB	Back-office Maintenance
L71	NC-BackOffMaint LL	NC-BackOffMaint LL	Back-office Maintenance
L71	NC-BackOffMaint Voice	NC-BackOffMaint Voice	Back-office Maintenance
L71	NC-PPN	PPP for narrowband call services	
L71	NC-PPP	NC-PPP for narrowband call services	PPP for narrowband call services
L71	NC-SPM	Sales and Product Management	
L71	WCC-Partners	WCC-Partners	Sales and Product Management
L71	WCC-Wholesale Team	WCC-Wholesale Team	Sales and Product Management
L71	NC-OTH	Other	
L71	NC-TISBO CPE Equip	NC-TISBO CPE Equipment	Other
L71	NC-PSTN CPE/NTP	NC-PSTN CPE/NTP	Other
L71	NC-ISDN2 CPE/NTP	NC-ISDN2 CPE/NTP	Other
L71	NC-ISDN 30 CPE/NTP	NC-ISDN 30 CPE/NTP	Other
L71	NC-NGA Systems	NC-NGA Systems	Other
L71	NC-NGA CPE Cons	NC-NGA CPE Cons	Other
L71	NC-NGA CPE Bus	NC-NGA CPE Business	Other
L71	NC-Bandwidth external	NC-Bandwidth external	Other
L71	NC-Lines-Bus-Rent	NC-Lines-Bus-Rent	Other
L71	NC-LL BW COS	NC-Leased Line Bandwidth Cost of Sale	Other
L71	NC-LL WHLS RES	NC-Leased Line Wholesale Residual	Other
L71	WCC-Billing	WCC-Billing	Other

Layer	Symbol	Name	RR COMP
L71	NC-NCA	Net Current Assets	
L71	CP-STOCK-Network Whls	CP-STOCK-Network Whls	Net Current Assets
L71	CP-STOCK-Fibre	CP-STOCK-Fibre	Net Current Assets
L71	CP-DEBTORS-Whls	CP-DEBTORS-Whls	Net Current Assets
L71	CP-CREDITORS-Whls	CP-CREDITORS-Whls	Net Current Assets
L71	RETC	Retail & Residual	
L71	RETCC	Retail Channel Cost Components	
L71	RCC-Cons-Cust Tech Serv	RCC-Cons-Cust Tech Serv	Retail & Residual
L71	RCC-Cons Sales Other	RCC-Cons Sales Other	Retail & Residual
L71	RCC-Cons Sales Eng	RCC-Cons Sales Eng	Retail & Residual
L71	RCC- SMB- Business Sales	RCC- SMB- Business Sales	Retail & Residual
L71	RCC-SMB-Business Marketing	RCC-SMB-Business Marketing	Retail & Residual
L71	RCC-SMB-Other	RCC-SMB-Other	Retail & Residual
L71	RCC-Billing	RCC-Billing	Retail & Residual
L71	RCC-Interconnect	RCC-Interconnect	Retail & Residual
L71	RCC-Marketing	RCC-Marketing	Retail & Residual
L71	RCC-CISBO-Conn	RCC-CISBO-Conn	Retail & Residual
L71	RCC-CISBO-CCTV-Rent	RCC-CISBO-CCTV-Rent	Retail & Residual
L71	RESIDUAL	RESIDUAL	
L71	NC-OOS	NC-OOS	
L71	NC-OOS BS	NC-OOS BS	Retail & Residual
L71	NC-OOS COSTS	NC-OOS COSTS	Retail & Residual
L71	NC-OOS COSTS No Overheads	NC-OOS COSTS No Overheads	Retail & Residual
L71	NC-COS-Other OLA	NC-COS-Other OLA	Retail & Residual
L71	NC-EYE	NC-EYE	
L71	NC-EYE Assets	NC-EYE Assets	Retail & Residual
L71	NC-EYE Fibre	NC-EYE Fibre	Retail & Residual
L71	NC-FFE Fibre	NC-FFE Fibre	Retail & Residual
L71	NC-RES OTHER	NC-RES OTHER	
L71	L71-FAR RECN	L71-FAR RECN	Retail & Residual
L71	L71-AUC OOS	L71-AUC OOS	Retail & Residual
L71	RWC	Retail Working Capital	
L71	CP-DEBTORS-Bus	CP-DEBTORS-Bus	Retail & Residual
L71	CP-DEBTORS-Cons	CP-DEBTORS-Cons	Retail & Residual
L71	CP-CREDITORS-Bus	CP-CREDITORS-Bus	Retail & Residual
L71	CP-CREDITORS-Cons	CP-CREDITORS-Cons	Retail & Residual
L71	L71-OOS Accounts	L71-OOS Accounts	
L71	L71-BS	L71-BS	
L71	L71-BS Corp Tax	L71-BS Corp Tax	Reconciling Accounts
L71	L71-BS Dividends	L71-BS Dividends	Reconciling Accounts
L71	L71-BS Def Tax Asset	L71-BS Def Tax Asset	Reconciling Accounts
L71	L71-BS Def Tax	L71-BS Def Tax	Reconciling Accounts
L71	L71-BS Loans STP	L71-BS Loans STP	Reconciling Accounts
L71	L71-BS Loans LTP	L71-BS Loans LTP	Reconciling Accounts
L71	L71-BS Goodwill	L71-BS Goodwill	Reconciling Accounts
L71	L71-BS Min Int	L71-BS Min Int	Reconciling Accounts
L71	L71-BS Inv Hedg	L71-BS Inv Hedg	Reconciling Accounts
L71	L71-BS ST Provn Excl	L71-BS ST Provn Excl	Reconciling Accounts
L71	L71-BS LT Provn Excl	L71-BS LT Provn Excl	Reconciling Accounts
L71	L71-Retirement benefit asset	L71-Retirement benefit asset	Reconciling Accounts
L71	L71-Retirement benefit obligation	L71-Retirement benefit obligation	Reconciling Accounts
L71	L71-BS SC and RES	L71-BS SC & RES	Reconciling Accounts
L71	L71-BS Loans from related parties	L71-BS Loans from related parties	Reconciling Accounts
L71	L71-BS Bank Loans	L71-BS Bank Loans	Reconciling Accounts
L71	L71-BS Fin Lease ST	L71-BS Fin Lease ST	Reconciling Accounts
L71	L71-BS Fin Lease LT	L71-BS Fin Lease LT	Reconciling Accounts
L71	L71-AHFS	L71-AHFS	Reconciling Accounts
L71	L71-IS	L71-IS	
L71	L71-IS-OPEX	L71-IS-OPEX	
L71	L71-IS OOI	L71-IS OOI	Reconciling Accounts
L71	L71-IS Goodwill	L71-IS Goodwill	Reconciling Accounts
L71	L71-IS FA Sales	L71-IS FA Sales	Reconciling Accounts
L71	L71-IS Group Disps	L71-IS Group Disps	Reconciling Accounts
L71	L71-IS Inv Woffs	L71-IS Inv Woffs	Reconciling Accounts
L71	L71-IS Prof Disp Prop FA Pre Exc	L71-IS Prof Disp Prop FA Pre Exc	Reconciling Accounts
L71	L71-IS Prof Disp Prop FA	L71-IS Prof Disp Prop FA	Reconciling Accounts
L71	L71-IS ST Int	L71-IS ST Int	Reconciling Accounts
L71	L71-IS-NON OPEX	L71-IS-NON OPEX	
L71	L71-IS Finance Income	L71-IS Finance Income	Reconciling Accounts
L71	L71-IS LT Int	L71-IS LT Int	Reconciling Accounts
L71	L71-IS Gp Share Profits	L71-IS Gp Share Profits	Reconciling Accounts
L71	L71-IS CAR	L71-IS CAR	Reconciling Accounts
L71	L71-IS Taxation	L71-IS Taxation	Reconciling Accounts
L71	L71-IS Dividends	L71-IS Dividends	Reconciling Accounts
L71	L71-Share in profit of associate	L71-Share in profit of associate	Reconciling Accounts
L71	L71-Remeasurements of retirement benefit obligatio	L71-Remeasurements of retirement benefit obligatio	Reconciling Accounts

IFRS 16 – Accounting for Leases

The adoption of IFRS 16 has resulted in the recognition of new categories of non-current assets (Right of Use assets) and associated lease liabilities. All Right of Use assets and associated liabilities are associated with the part of the KCOM business outside of the regulated Hull area and are therefore excluded from the RFS statements for those markets.

12. Cost of Capital

The RFS include Network Operating Statements which set out the cost of network components used in each market, and in aggregate, including a cost of capital.

For the purpose of the RFS, KCOM has assumed a cost of capital based on the cost of capital calculated by Ofcom, and used by BT to prepare its own regulatory financial statements.

Ofcom calculates the cost of capital to be applied to BT in each forward-looking charge control based on, inter alia, forecasts for inflation in that period. In addition, Ofcom disaggregates BT's cost of capital into three elements for different parts of BT's business:

- Openreach
- Other UK telecoms (same as BT Group)
- Rest of BT

In determining cost based prices and for regulatory financial reporting purposes, Ofcom applies the Openreach cost of capital to copper line rental and FTTC fibre services and the Other UK Telecoms cost of capital to leased lines and FTTP services.[3]

For the purposes of its regulatory financial reporting of its leased lines and FTTP services, KCOM considers that the cost of capital as calculated by Ofcom for 'Other UK telecoms' / BT Group' provides a straightforward, practicable and objective measure of the cost of capital.

The most recent relevant Ofcom forecasts of BT's cost of capital for FY22 was set out in its Wholesale Fixed Telecom Market Review Statement (18 March 2018).

Ofcom calculated the three disaggregated elements of BT's cost of capital (expressed as a nominal, pre-tax weighted average cost of capital) to be:

- Openreach: 7.0%
- Other UK telecoms (same as BT Group): 7.8%
- Rest of BT 10.2%[4]

Accordingly, in its 2022 RFS, where relevant for reporting purposes, KCOM has assumed a relevant weighted average cost of capital of 7.8% (i.e. as determined by Ofcom for 'Other UK telecoms' and applied to BT's leased lines and FTTP services).

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[3] Paragraph A21.3, Annex 21, Cost of Capital for the relevant services, page 305.
[4] Paragraph A21.21.136, Annex 21, Cost of Capital for the relevant services, page 329

Annex 1: FAR RFS Categories

Access Equipment
Access Fibre Non-NGA
Access-Copper
Access-Copper-Drop
Access-Fibre-NGA-Drop
Access-Fibre-NGA-General
Assets Under Construction
Billing-CSS-Sys
Bus-Provisioning
CISBO-CPE
CISBO-Exch-Equip
Concentrator - Usage
Concentrator EYD
Core IP
Core TDM
Core-Fibre
Corporate Assets
CPE
DSLAM
Duct EYD
Exchange Bldg
EYE Assets
FFE Assets
General IT
Network IT
Network Vehicles
NGA CPE
NGA Exchange Equipment
NGA Installs
NGA Passive
NGA Support
Non-network Bldgs
Office Furniture
OLA Out of Scope
Optical Ethernet switches
Out of Scope
Outsource NW Support
Poles
Processor EYD
NGA Core
TISBO-Exchange Equipment

Annex 3: RFS Network Products

Layer	Symbol	Name
L81	NRP	Wholesale & Retail
L81	WHLB	Wholesale Buisness
L81	NP-WHL	Network Products (WHL)
L81	NP-Lines	NP-Lines
L81	NP-Lines-Res-Conn	NP-Residential Lines-Connection
L81	NP-Lines-Res-Rent	NP-Residential Lines-Rental
L81	NP-Lines-Bus-Conn	NP-Business Lines-Connection
L81	NP-Lines-Bus-Rent	NP-Business Lines-Rental
L81	NP-Lines-Other	NP-Analogue Lines-Other
L81	NP-ISDN2	NP-ISDN2
L81	NP-ISDN2-Res-Conn	NP-Residential Lines-ISDN 2 Connection
L81	NP-ISDN2-Res-Rent	NP-Residential Lines-ISDN 2 Rental
L81	NP-ISDN2-Bus-Conn	NP-Business ISDN 2 Lines-Connection
L81	NP-ISDN2-Bus-Rent	NP-Business ISDN 2 Lines-Rental
L81	NP-ISDN2-Other	NP-Business ISDN 2-Other
L81	NP-ISDN30	NP-ISDN30
L81	NP-ISDN30-Bus-Conn	NP-Business ISDN 30 Lines-Connection
L81	NP-ISDN30-Bus-Rent	NP-Business ISDN 30 Lines-Rental
L81	NP-ISDN30-Bus-Other	NP-Business ISDN 30 Lines-Other
L81	NP-CO	NP-CO
L81	NP-CO-Local	NP-Call Origination-Local
L81	NP-CO-All	NP-Call Origination-All Calls
L81	NP-WLA	NP-WLA
L81	NP-LA-Fibre-Res-Conn	NP- LA Fibre-Residential-Connection
L81	NP-LA-Fibre-Res-Rent	NP- LA Fibre-Residential-Rental
L81	NP-LA-Fibre-Bus-Conn	NP- LA Fibre-Business-Connection
L81	NP-LA-Fibre-Bus-Rent	NP- LA Fibre-Business-Rental
L81	NP-LA-Fibre-Other	NP- LA Fibre-Other
L81	NP-LA-Fibre-CableConn	NP- LA Fibre-Cable Connect
L81	NP-LA-Fibre-Res-New-Provide	WP-LA-Fibre-Reidential-New-Provide
L81	NP-LA-Fibre-Bus-New-Provide	WP-LA-Fibre-Business-New-Provide
L81	NP-LA-Fibre-ECC	WP-LA-Fibre-Excess Construction Charges
L81	NP-LA-Fibre-TRC	WP-LA-Fibre-Time Related Charges
L81	NP-LA-Fibre-Fixed-Charges	WP-LA-Fibre-Fixed-Charges
L81	NP-DSL	NP-DSL
L81	NP-DSL-Conn	NP-DSL-Connection
L81	NP-DSL-Rent	NP-DSL-Rental
L81	NP-Fibre Broadband	NP-Fibre Broadband
L81	NP-FiberBB-IPLine-Conn	NP-BA IPLine-Connection
L81	NP-FiberBB-IPLine-Rental	NP-BA IPLine-Rental
L81	NP-FibreBB-Paths	NP-BA Aggregation and Extension Paths
L81	NP-FibreBB-BSIL	NP-BA Broadband Service-Interconnect Link
L81	NP-FibreBB-Other	NP-BA-Other
L81	NP-BA-Agg-Point-Connection	NP-BA Aggregation Point Connections
L81	NP-BA-Agg-Point-1Gb-Rental	NP-BA Aggregation 1Gbps Rental
L81	NP-BA-Agg-Point-10Gb-Rental	NP-BA Aggregation 10Gbps Rental
L81	NP-BA-Agg-Point-Burst-Rental	NP-BA Aggregation Burst Rental
L81	NP-BA-Agg-Point-Other	NP-BA Aggregation Other
L81	NP-BA-EP-1Gbps	NP-BA-Extension Paths 1Gbps
L81	NP-BA-EP-10Gbps	NP-BA-Extension Paths 10Gbps
L81	NP-BA-EP-Other	NP-BA-Extension Paths Other
L81	NP-TISBO	NP-TISBO
L81	NP-TISBO-Conn	NP-TISBO-All bandwidth connection
L81	NP-TISBO-0-1Mbs-Rent	NP-TISBO-0-1Mbs-Rental
L81	NP-TISBO-1-8Mbs-Rent	NP-TISBO-1-8Mbs-Rental
L81	NP-TISBO-Other	NP-TISBO Rental 0-8Mbs-Other
L81	NP-CISBO	NP-CISBO
L81	NP-CISBO-Conn	NP-CISBO-All bandwidth connection
L81	NP-CISBO-10Mb-Rent	NP-CISBO-10Mb-Rent
L81	NP-CISBO-100Mb-Rent	NP-CISBO-100Mb-Rent
L81	NP-CISBO-1Gb-Rent	NP-CISBO-1Gb-Rent
L81	NP-CISBO-10Gb-Rent	NP-CISBO-10Gb-Rent
L81	NP-CISBO-100Gb-Rent	NP-CISBO-100Gb-Rent
L81	NP-CISBO-Other	NP-CISBO-Other
L81	NP-LL-Core-Internet-10Mb-Rent	NP-LL-Core-Internet-10Mb-Rent
L81	NP-LL-Core-Internet-100Mb-Rent	NP-LL-Core-Internet-100Mb-Rent
L81	NP-LL-Core-Internet-1Gb-Rent	NP-LL-Core-Internet-1Gb-Rent
L81	NP-LL-Core-Internet-10Gb-Rent	NP-LL-Core-Internet-10Gb-Rent
L81	NP-LL-Core-Internet-100Gb-Rent	NP-LL-Core-Internet-100Gb-Rent
L81	NP-DF-Single-Rental	Wholesale Dark Fibre Single Fibre Rental
L81	NP-DF-Pair-Rental	Wholesale Dark Fibre Pair Rental
L81	NP-DF-Single-Conn	Wholesale Dark Fibre Single Fibre Connection
L81	NP-DF-Pair-Conn	Wholesale Dark Fibre Pair Fibre Connection
L81	NP-DF-CPR	Wholesale Dark Fibre Charge Per Right When Tested
L81	NP-DF-Cess	Wholesale Dark Fibre Cessation Charge
L81	NP-DF-PP	Wholesale Dark Fibre Patch Panels
L81	NP-DF-ECC	Wholesale Dark Fibre Excess Construction Charges
L81	NP-DF-Other	Wholesale Dark Fibre Other
L81	NP-CT	NP-CT
L81	NP-Call Termination	NP-Call Termination
L81	NP-Bandwidth	NP-EB
L81	NP-Bandwidth external	NP-External bandwidth
L81	NP-Bandwidth COS	NP-Bandwidth COS
L81	NP-WHL-CHANNEL	Wholeslae Channel Costs
L81	NP-WCC-Partners	WCC-Partners
L81	NP-LL WHLS RES	NP-Leased Line Wholesale Residual
L81	PWCW	Component Working Capital Wholesale
L81	NP-DEBTORS-Whls	NP-DEBTORS-Whls
L81	NP-CREDITORS-Whls	NP-CREDITORS-Whls

Layer	Symbol	Name
L81	RETB	Retail Buisness
L81	NP-RETC	Retail Costs
L81	NP-RCC-Cons-Cust Tech Serv	RCC-Cons-Cust Tech Serv
L81	NP-RCC-Cons Sales Other	RCC-Cons Sales Eng
L81	NP-RCC-Cons Sales Eng	RCC-Cons Sales Eng
L81	NP-RCC- SMB- Business Sales	RCC- SMB- Business Sales
L81	NP-RCC-SMB-Business Marketing	RCC-SMB-Business Marketing
L81	NP-RCC-SMB-Other	RCC-SMB-Other
L81	NP-RCC-Billing	NP-RCC-Billing
L81	NP-RCC-Interconnect	NP-RCC-Interconnect
L81	NP-Marketing	NP-Marketing
L81	NP-RCC-CISBO-Conn	NP-RCC-CISBO-Conn
L81	NP-RCC-CISBO-CCTV-Rent	NP-RCC-CISBO-CCTV-Rent
L81	NP-RESIDUAL	RESIDUAL
L81	NP-OOS	NP-OOS
L81	NP-OLA Other IS	NP-OLA Other IS
L81	NP-OOS BS	NP-OOS BS
L81	NP-OOS COSTS	NP-OOS COSTS
L81	NP-EYE	NP-EYE
L81	NP-EYE BS	NP-EYE BS
L81	NP-FFE BS	NP-FFE BS
L81	NP-EYE-FFE-Fibre Res-Conn	NP-EYE-FFE-Fibre Res-Conn
L81	NP-EYE-FFE-Fibre Res-Rent	NP-EYE-FFE-Fibre Res-Rent
L81	NP-EYE-FFE-Fibre Bus-Conn	NP-EYE-FFE-Fibre Bus-Conn
L81	NP-EYE-FFE-Fibre Bus-Rent	NP-EYE-FFE-Fibre Bus-Rent
L81	NP-RES OTHER	NP-RES OTHER
L81	L81-FAR RECN	L81-FAR RECN
L81	L81-AUC OOS	L81-AUC OOS
L81	PWCR	Component Working Capital Retail
L81	NP-STOCK-Network Ret	NP-STOCK-Network Ret
L81	NP-STOCK-Cons	NP-STOCK-Cons
L81	NP-DEBTORS-Bus	NP-DEBTORS-Bus
L81	NP-DEBTORS-Cons	NP-DEBTORS-Cons
L81	NP-CREDITORS-Bus	NP-CREDITORS-Bus
L81	NP-CREDITORS-Cons	NP-CREDITORS-Cons
L81	L81-OOS Accounts	L81-OOS Accounts
L81	L81-BS	L81-BS
L81	L81-BS Corp Tax	L81-BS Corp Tax
L81	L81-BS Dividends	L81-BS Dividends
L81	L81-BS Def Tax Asset	L81-BS Def Tax Asset
L81	L81-BS Def Tax	L81-BS Def Tax
L81	L81-BS Loans STP	L81-BS Loans STP
L81	L81-BS Loans LTP	L81-BS Loans LTP
L81	L81-BS Goodwill	L81-BS Goodwill
L81	L81-BS Min Int	L81-BS Min Int
L81	L81-BS Inv Hedg	L81-BS Inv Hedg
L81	L81-BS ST Provn Excl	L81-BS ST Provn Excl
L81	L81-BS LT Provn Excl	L81-BS LT Provn Excl
L81	L81-Retirement benefit asset	L81-Retirement benefit asset
L81	L81-Retirement benefit obligation	L81-Retirement benefit obligation
L81	L81-BS SC and RES	L81-BS SC & RES
L81	L81-BS Loans from related parties	L81-BS Loans from related parties
L81	L81-BS Bank Loans	L81-BS Bank Loans
L81	L81-BS Fin Lease ST	L81-BS Fin Lease ST
L81	L81-BS Fin Lease LT	L81-BS Fin Lease LT
L81	L81-AHFS	L81-AHFS
L81	L81-IS	L81-IS
L81	L81-IS-OPEX	L81-IS-OPEX
L81	L81-IS OOI	L81-IS OOI
L81	L81-IS Goodwill	L81-IS Goodwill
L81	L81-IS FA Sales	L81-IS FA Sales
L81	L81-IS Group Disps	L81-IS Group Disps
L81	L81-IS Inv Woffs	L81-IS Inv Woffs
L81	L81-IS Prof Disp Prop FA Pre Exc	L81-IS Prof Disp Prop FA Pre Exc
L81	L81-IS Prof Disp Prop FA	L81-IS Prof Disp Prop FA
L81	L81-IS ST Int	L81-IS ST Int
L81	L81-IS-NON OPEX	L81-IS-NON OPEX
L81	L81-IS Finance Income	L81-IS Finance Income
L81	L81-IS LT Int	L81-IS LT Int
L81	L81-IS Gp Share Profits	L81-IS Gp Share Profits
L81	L81-IS CAR	L81-IS CAR
L81	L81-IS Taxation	L81-IS Taxation
L81	L81-IS Dividends	L81-IS Dividends
L81	L81-Share in profit of associate	L81-Share in profit of associate
L81	L81-Remeasurements of retirement benefit obligations	L81-Remeasurements of retirement benefit obligations

Annex 4: RFS Wholesale & Retail Products

Layer	Symbol	Name
L91	All Areas	All Areas
L91	HEY	HEY Segment
L91	OLA	OLA (Licensed Area)
L91	WHLP	Wholesale Products
L91	WHL SMP	WHL SMP Products
L91	WLA	Wholesale Local Access
L91	WP-LA-Fibre-Res-Conn	Wholesale LA Fibre-Residential-Connection
L91	WP-LA-Fibre-Res-Rent	Wholesale LA Fibre-Residential-Rental
L91	WP-LA-Fibre-Bus-Conn	Wholesale LA Fibre-Business-Connection
L91	WP-LA-Fibre-Bus-Rent	Wholesale LA Fibre-Business-Rental
L91	WP-LA-Fibre-Other	Wholesale LA Fibre-Other
L91	WP-LA-Fibre-CableConn	Wholesale LA Fibre-Cable Connect
L91	WP-LA-Fibre-Migration	WP-LA-Fibre-Migration
L91	WP-LA-Fibre-Res-New-Provide	WP-LA-Fibre-Reidential-New-Provide
L91	WP-LA-Fibre-Bus-New-Provide	WP-LA-Fibre-Business-New-Provide
L91	WP-LA-Fibre-ECC	WP-LA-Fibre-Excess Construction Charges
L91	WP-LA-Fibre-TRC	WP-LA-Fibre-Time Related Charges
L91	WP-LA-Fibre-Fixed-Charges	WP-LA-Fibre-Fixed-Charges
L91	CISBO	CISBO
L91	WP-CISBO-Conn	Wholesale CISBO All bandwidths-Connection
L91	WP-CISBO-ECC	Wholesale CISBO All bandwidths-Excess Construction Cost
L91	WP-CISBO-ECAS-10Mb-Rent	Wholesale CISBO ECAS 10Mb-Rent
L91	WP-CISBO-ECAS-100Mb-Rent	Wholesale CISBO ECAS 100Mb-Rent
L91	WP-CISBO-ECAS-1Gb-Rent	Wholesale CISBO ECAS 1Gb-Rent
L91	WP-CISBO-ECAS-10Gb-Rent	Wholesale CISBO ECAS 10Gb-Rent
L91	WP-CISBO-ECAS-100Gb-Rent	Wholesale CISBO ECAS 100Gb-Rent
L91	WP-CISBO-EDAS-10Mb-Rent	Wholesale CISBO EDAS 10Mbs-Rental
L91	WP-CISBO-EDAS-100Mb-Rent	Wholesale CISBO EDAS 100Mbs-Rental
L91	WP-CISBO-EDAS-1Gb-Rent	Wholesale CISBO EDAS 1Gbs-Rental
L91	WP-CISBO-EDAS-10Gb-Rent	Wholesale CISBO EDAS 10Gbs-Rental
L91	WP-CISBO-EDAS-100Gb-Rent	Wholesale CISBO EDAS 100Gbs-Rental
L91	WP-CISBO-Other	Wholesale CISBO-Other
L91	WP-DF-Single-Rental	Wholesale Dark Fibre Single Fibre Rental
L91	WP-DF-Pair-Rental	Wholesale Dark Fibre Pair Rental
L91	WP-DF-Single-Conn	Wholesale Dark Fibre Single Fibre Connection
L91	WP-DF-Pair-Conn	Wholesale Dark Fibre Pair Fibre Connection
L91	WP-DF-CPR	Wholesale Dark Fibre Charge Per Right When Tested
L91	WP-DF-Cess	Wholesale Dark Fibre Cessation Charge
L91	WP-DF-PP	Wholesale Dark Fibre Patch Panels
L91	WP-DF-ECC	Wholesale Dark Fibre Excess Construction Charges
L91	WP-DF-Other	Wholesale Dark Fibre Other
L91	WHL RESIDUAL	WHL RESIDUAL
L91	WR TISBO>8Mbps	WR TISBO>8Mbps
L91	WR-TISBO->8Mbs-Conn	Wholesale TISBO >8Mbs-Connection
L91	WR-TISBO-8-100Mbs-Rent	Wholesale TISBO Rental 8-100Mbs-Rental
L91	WR TISBO<8Mbps	WR TISBO<8Mbps

L91	WR-TISBO-<8Mbs-Conn	Wholesale TISBO <8Mbs-Connection
L91	WR-TISBO-0-1Mb-Rent	Wholesale TISBO Rental 0-1Mbs-Rental
L91	WR-TISBO-1-8Mbs-Rent	Wholesale TISBO Rental 1-8Mbs-Rental
L91	WR-TISBO-Other	Wholesale TISBO Rental 0-8Mbs-Other
L91	WR CISBO	WR CISBO
L91	WR-CISBO-WR-Conn	Wholesale CISBO All bandwidths-RES-Connection
L91	WR-CISBO-EAS-10Mb-Rent	Wholesale CISBO Ethernet Assured-10Mbs-Rental
L91	WR-CISBO-EAS-100Mb-Rent	Wholesale CISBO Ethernet Assured-100Mbs-Rental
L91	WR-CISBO-EAS-1Gb-Rent	Wholesale CISBO Ethernet Assured-1Gb-Rental
L91	WR-CISBO-EAS-10Gb-Rent	Wholesale CISBO Ethernet Assured-10Gb-Rental
L91	WR-CISBO-EAS-100Gb-Rent	Wholesale CISBO Ethernet Assured-100Gb-Rental
L91	WR-CISBO-Etherline-10Mb-Rent	Wholesale CISBO Etherline 10Mbs-Rental
L91	WR-CISBO-Etherline-100Mb-Rent	Wholesale CISBO Etherline 100Mbs-Rental
L91	WR-CISBO-Etherline-1Gb-Rent	Wholesale CISBO Etherline 1Gbs-Rental
L91	WR-CISBO-Etherline-10Gb-Rent	Wholesale CISBO Etherline 10Gbs-Rental
L91	WR-CISBO-Etherline-100Gb-Rent	Wholesale CISBO Etherline 100Gbs-Rental
L91	WR-CISBO-Other	Wholesale CISBO-Residual-Other
L91	WR-CISBO-Etherline-I 10Mb-Rent	Wholesale CISBO Etherline 10Mbs-Rental
L91	WR-CISBO-Etherline-I 100Mb-Rent	Wholesale CISBO Etherline 100Mbs-Rental
L91	WR-CISBO-Etherline-I 1Gb-Rent	Wholesale CISBO Etherline 1Gbs-Rental
L91	WR-CISBO-Etherline-I 10Gb-Rent	Wholesale CISBO Etherline 10Gbs-Rental
L91	WR-CISBO-Etherline-I 10Mb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 10Mbs-Rental (Internet Portion)
L91	WR-CISBO-Etherline-I 100Mb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 100Mbs-Rental (Internet Portion)
L91	WR-CISBO-Etherline-I 1Gb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 1Gb-Rental (Internet Portio
L91	WR-CISBO-Etherline-I 10Gb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 10Gb-Rental (Internet Porti
L91	WR-CISBO-Gigaline 0.1-1Gb Rent	Wholesale CISBO Gigaline 0.1-1Gb-Rental
L91	WR-CISBO-VPLS-0-10Mb-Rent	Wholesale CISBO VPLS 0-10Mbs-Rental
L91	WR-CISBO-VPLS-10-100Mb-Rent	Wholesale CISBO VPLS 10-100Mbs-Rental
L91	WR-CISBO-VPLS-0.1-1Gb-Rent	Wholesale CISBO VPLS 0.0-1Gbs-Rental
L91	CT	Call Termination
L91	WR-CT	Call Termination
L91	CENTREX	CENTREX
L91	WR-Centrex-Conn	Wholesale Centrex-Connection
L91	WR-Centrex-Rent	Wholesale Centrex-Rental
L91	IP LINE	IP Line
L91	WR-IP Line Central 100Mb-Conn	IP Line Central 100Mb-Connection
L91	WR-IP Line Central 100Mb-Rent	IP Line Central 100Mb-Rental
L91	WR OTHER	WR OTHER
L91	WR-Other OLA	Other OLA
L91	WR-CCTV-Rent	Wholesale CCTV-Rental
L91	WR NON OLA	WR NON OLA
L91	WR-EYE-Other	WR-EYE-Other
L91	WR-EYE Res Line-Conn	WP-EYE Res Line-Conn
L91	WR-EYE Res Line-Rent	WR-EYE Res Line-Rent
L91	WR-EYE ADSL-Conn	WR-EYE ADSL-Conn
L91	WR-EYE ADSL-Rent	WR-EYE ADSL-Rent
L91	WR-EYE BS	WR-EYE BS
L91	WR-EYE-FFE-Fibre Res-Conn	WR-EYE-FFE-Fibre Res-Conn
L91	WR-EYE-FFE-Fibre Res-Rent	WR-EYE-FFE-Fibre Res-Rent
L91	WR-EYE-FFE-Fibre Bus-Conn	WR-EYE-FFE-Fibre Bus-Conn
L91	WR-EYE-FFE-Fibre Bus-Rent	WR-EYE-FFE-Fibre Bus-Rent

L91	WR-EYE-FFE-VOF-Rent	WR-EYE-FFE-VOF-Rent
L91	WR-EYE-FFE-Other	WR-EYE-FFE-Other
L91	WR-FFE BS	WR-FFE BS
L91	ANALOG	Analogue Exchange Line Services
L91	WP-Lines-Res-Conn	Wholesale Residential Lines-Connection
L91	WP-Lines-Res-Rent	Wholesale Residential Lines-Rental
L91	WP-Lines-Bus-Conn	Wholesale Business Lines-Connection
L91	WP-Lines-Bus-Rent	Wholesale Business Lines-Rental
L91	WP-Lines-Other	Wholesale Analogue Lines-Other
L91	WP-Lines-CONNECT-Conn	Wholesale Connect Business Voice Analogue-Connection
L91	WP-Lines-CONNECT-Rent	Wholesale Connect Business Voice Analogue-Rental
L91	WP-Lines-CONNECT-Other	Wholesale Connect Business Voice Analogue-Other
L91	WP-Lines-RESELLER-Conn	Wholesale Business Voice Reseller Analogue-Connection
L91	WP-Lines-RESELLER-Rent	Wholesale Business Voice Reseller Analogue-Rental
L91	WP-Lines-RESELLER-Other	Wholesale Business Voice Reseller Analogue-Other
L91	ISDN30	ISDN 30 Exchange Line Services
L91	WP-ISDN30-Bus-Conn	Wholesale Business ISDN 30 Lines-Connection
L91	WP-ISDN30-Bus-Rent	Wholesale Business ISDN 30 Lines-Rental
L91	WP-ISDN30-Bus-Other	Wholesale Business ISDN 30 Lines-Other
L91	ISDN2	ISDN 2 Exchange Line Services
L91	WP-ISDN2-Res-Conn	Wholesale Residential Lines-ISDN 2-Connection
L91	WP-ISDN2-Res-Rent	Wholesale Residential Lines-ISDN 2-Rental
L91	WP-ISDN2-Bus-Conn	Wholesale Business ISDN 2 Lines-Connection
L91	WP-ISDN2-Bus-Rent	Wholesale Business ISDN 2 Lines-Rental
L91	WP-ISDN2-Other	Wholesale Business ISDN 2-Other
L91	WCO	Call Origination on Fixed Public Narrowband Networks
L91	WP-CO-Loc	Wholesale Call Origination-Local
L91	WP-CO-All	Wholesale Call Origination-All Calls
L91	WBA	Wholesale Broadband Access
L91	WP-BA-ADSL-Conn-RM	Wholesale BA RMin ADSL-Connection
L91	WP-BA-ADSL-Rent-RM	Wholesale BA RMin ADSL-Rental
L91	WP-BA-Fiber-Bus-Conn-RM	Wholesale BA RMin Business-Connection
L91	WP-BA-Fiber-Bus-Rent-RM	Wholesale BA RMin Business-Rental
L91	WP-BA-Fiber-Cons-Conn-RM	Wholesale BA RMin Consumer-Connection
L91	WP-BA-Fiber-Cons-Rent-RM	Wholesale BA RMin Consumer-Rental
L91	WP-BA-Fibre-Migration	WP-BA-Fibre-Migration
L91	WP-BA-Fiber-IPLine-Conn	Wholesale BA IPLine-Connection
L91	WP-BA-Fiber-IPLine-Rental	Wholesale BA IPLine-Rental
L91	WP-BA-Fibre-Conn	Wholesale BA Fibreline-Connection
L91	WP-BA-Fibre-Rent	Wholesale BA Fibreline-Rental
L91	WP-BA-Paths	Wholesale BA Aggregation and Extension Paths
L91	WP-BA-BSIL	Wholesale BA Broadband Service-Interconnect Link
L91	WP-BA-Agg-Point-Connection	Wholesale BA Aggregation Point Connections
L91	WP-BA-Agg-Point-1Gb-Rental	Wholesale BA Aggregation 1Gbps Rental
L91	WP-BA-Agg-Point-10Gb-Rental	Wholesale BA Aggregation 10Gbps Rental
L91	WP-BA-Agg-Point-Burst-Rental	Wholesale BA Aggregation Burst Rental
L91	WP-BA-Agg-Point-Other	Wholesale BA Aggregation Other
L91	WP-BA-EP-1Gbps	Wholesale-BA-Extension Paths 1Gbps
L91	WP-BA-EP-10Gbps	Wholeslae-BA-Extension Paths 10Gbps
L91	WP-BA-EP-Other	Wholesale-BA-Extension Paths Other
L91	WP-BA-Other	Wholesale BA-Other
L91	RETP	Retail Products

L91	RP-LINES	Retail Exchange Lines
L91	RP-Lines-Res-Conn	Retail Residential Lines-Connection
L91	RP-Lines-Res-Rent	Retail Residential Lines-Rental
L91	RP-Lines-Bus-Conn	Retail Business Lines-Connection
L91	RP-Lines-Bus-Rent	Retail Business Lines-Rental
L91	RP-Lines-Other	Retail Analogue Lines-Other
L91	RP-ISDN2-Res-Conn	Retail Residantial ISDN2-Conn
L91	RP-ISDN2-Res-Rent	Retail Residantial ISDN2-Rental
L91	RP-ISDN2-Bus-Conn	Retail Business ISDN 2-Connection
L91	RP-ISDN2-Bus-Rent	Retail Business ISDN 2-Rental
L91	RP-ISDN2-Other	Retail Business ISDN 2-Other
L91	RP-ISDN30-Bus-Conn	Retail Business ISDN 30-Connection
L91	RP-ISDN30-Bus-Rent	Retail Business ISDN 30-Rental
L91	RP-ISDN30-Bus-Other	Retail Business ISDN 30 Lines-Other
L91	RP-CO	Retail Call Origination
L91	RP-CO-Loc	Retail Call Origination-Local
L91	RP-CO-All	Retail Call Origination-All Calls
L91	RP-CT	Retail Call Termination
L91	RP-Calls	Retail Calls Revenue
L91	RP-Broadband	Retail Broadband
L91	RP-DSL-Conn	Retail DSL Connection
L91	RP-DSL-Rent	Retail DSL Rental
L91	RP-FibreBB-Res-Conn	Retail Fibre Residential Broadband-Connection
L91	RP-FibreBB-Res-Rent	Retail Fibre Residential Broadband-Rental
L91	RP-FibreBB-Bus-Conn	Retail Fibre Business Broadband-Connection
L91	RP-FibreBB-Bus-Rent	Retail Fibre Business Broadband-Rental
L91	RP-FibreBB-Other	Retail Fibre Business Broadband-Other
L91	RP-BA-Paths	Wholesale BA Aggregation and Extension Paths
L91	RP-BA-BSIL	Wholesale BA Broadband Service-Interconnect Link
L91	RP-BA-Agg-Point-Connection	Retail Input BA Aggregation Point Connections
L91	RP-BA-Agg-Point-1Gb-Rental	Retail Input BA Aggregation 1Gbps Rental
L91	RP-BA-Agg-Point-10Gb-Rental	Retail Input BA Aggregation 10Gbps Rental
L91	RP-BA-Agg-Point-Burst-Rental	Retail Input BA Aggregation Burst Rental
L91	RP-BA-Agg-Point-Other	Retail Input BA Aggregation Other
L91	RP-BA-EP-1Gbps	Retail Input -BA-Extension Paths 1Gbps
L91	RP-BA-EP-10Gbps	Retail Input -BA-Extension Paths 10Gbps
L91	RP-BA-EP-Other	Retail Input -BA-Extension Paths Other
L91	RP-DSL-Other	Retail DSL Rental Other
L91	RP-Bundles-Other	Retail Consumer Bundles Other
L91	RP-TISBO <8MB	Retail TISBO<8Mbs
L91	RP-TISBO-<8Mbs-Conn	Retail TISBO <8Mbs-Connection
L91	RP-TISBO-0-1Mb-Rent	Retail TISBO Rental 0-1Mbs-Rental
L91	RP-TISBO-1-8Mbs-Rent	Retail TISBO Rental 1-8Mbs-Rental
L91	RP-TISBO-Other	Retail TISBO Rental 0-8Mbs-Other
L91	RP-TISBO >8MB	Retail TISBO>8Mbs
L91	RP-TISBO->8Mbs-Conn	Retail TISBO >8Mbs-Connection
L91	RP-TISBO-8-100Mbs-Rent	Retail TISBO Rental 8-100Mbs-Rental
L91	RP-CISBO	Retail CISBO
L91	RP-CISBO-Conn	Retail CISBO All bandwidths-Connection
L91	RP-CISBO-EAS-10Mb-Rent	Retail CISBO Ethernet Assured 10Mbs-Rental
L91	RP-CISBO-EAS-100Mb-Rent	Retail CISBO Ethernet Assured 100Mbs-Rental
L91	RP-CISBO-EAS-1Gb-Rent	Retail CISBO Ethernet Assured 1Gb-Rental

L91	RP-CISBO-EAS-10Gb-Rent	Retail CISBO Ethernet Assured 10Gb-Rental
L91	RP-CISBO-EAS-100Gb-Rent	Retail CISBO Ethernet Assured 100Gb-Rental
L91	RP-CISBO-Etherline-10Mb-Rent	Retail CISBO Etherline 10Mbs-Rental
L91	RP-CISBO-Etherline-100Mb-Rent	Retail CISBO Etherline 100Mbs-Rental
L91	RP-CISBO-Etherline-1Gb-Rent	Retail CISBO Etherline 1Gb-Rental
L91	RP-CISBO-Etherline-10Gb-Rent	Retail CISBO Etherline 10Gb-Rental
L91	RP-CISBO-Etherline-100Gb-Rent	Retail CISBO Etherline 100Gb-Rental
L91	RP-CISBO-Other	Retail CISBO-Other
L91	RP-CISBO-Etherline-I 10Mb-Rent	Retail CISBO Etherline Internet 10Mbs-Retail
L91	RP-CISBO-Etherline-I 100Mb-Rent	Retail CISBO Etherline Internet 100Mbs-Retail
L91	RP-CISBO-Etherline-I 1Gb-Rent	Retail CISBO Etherline Internet 1Gb-Retail
L91	RP-CISBO-Etherline-I 10Gb-Rent	Retail CISBO Etherline Internet 10Gb-Retail
L91	RP-CISBO-Gigaline 0.1-1Gb-Rent	Retail CISBO Gigaline 0.1-1Gbs-Rental
L91	RP-CISBO-VPLS-0-10Mb-Rent	Retail CISBO VPLS-10Mbs-Rental
L91	RP-CISBO-VPLS-10-100Mb-Rent	Retail CISBO VPLS-100Mbs-Rental
L91	RP-CISBO-VPLS-0.1-1Gb-Rent	Retail CISBO VPLS-1Gbs-Rental
L91	RP-OTHER	Retail Other
L91	RP-Centrex-Conn	Retail Centrex-Connection
L91	RP-Centrex-Rent	Retail Centrex-Rental
L91	RP-Other OLA	Retail-Other OLA
L91	RP-CCTV-Rent	Retail CCTV-Rental
L91	RP-Other S021	Other Retail Consumer Revenue
L91	RP-Other S031	Other Retail Hull SMB Revenue
L91	EYE	EYE Area
L91	RP-EYE-Other	RP-EYE-Other
L91	RP-EYE Res Line-Conn	RP-EYE Res Line-Connection
L91	RP-EYE Res Line-Rent	RP-EYE Res Line-Rental
L91	RP-EYE ADSL-Conn	RP-EYE ADSL-Connection
L91	RP-EYE ADSL-Rent	RP-EYE ADSL-Rental
L91	WRP-EYE BS	WRP-EYE BS
L91	RP-EYE-FFE-Fibre Res-Conn	RP-EYE-FFE-Fibre Res-Connection
L91	RP-EYE-FFE-Fibre Res-Rent	RP-EYE-FFE-Fibre Res-Rental
L91	RP-EYE-FFE-Fibre Bus-Conn	RP-EYE-FFE-Fibre Bus-Connection
L91	RP-EYE-FFE-Fibre Bus-Rent	RP-EYE-FFE-Fibre Bus-Rental
L91	RP-EYE-FFE-Other	RP-EYE-FFE-Other
L91	WRP-FFE BS	WRP-FFE BS
L91	National	National
L91	WRP-OOS BS	WRP-OOS BS
L91	WRP-OOS REV	WRP-OOS REV
L91	WRP-OOS COSTS	WRP-OOS COSTS
L91	Other	Other
L91	RECN-FAR	RECN-FAR
L91	RECN-AUC	RECN-AUC
L91	RECN	Reconciling Accounts
L91	RECN-BS	RECN-BS
L91	RECN-BS Corp Tax	RECN-BS Corp Tax
L91	RECN-BS Dividends	RECN-BS Dividends
L91	RECN-BS Def Tax Asset	RECN-BS Def Tax Asset
L91	RECN-BS Def Tax	RECN-BS Def Tax
L91	RECN-BS Loans STP	RECN-BS Loans STP
L91	RECN-BS Loans LTP	RECN-BS Loans LTP
L91	RECN-BS Goodwill	RECN-BS Goodwill

L91	RECN-BS Min Int	RECN-BS Min Int
L91	RECN-BS Inv Hedg	RECN-BS Inv Hedg
L91	RECN-BS ST Provn Excl	RECN-BS ST Provn Excl
L91	RECN-BS LT Provn Excl	RECN-BS LT Provn Excl
L91	RECN-Retirement benefit asset	RECN-Retirement benefit asset
L91	RECN-Retirement benefit obligation	RECN-Retirement benefit obligation
L91	RECN-BS SC and RES	RECN-BS SC & RES
L91	RECN-BS Loans from related parties	RECN-BS Loans from related parties
L91	RECN-BS Bank Loans	RECN-BS Bank Loans
L91	RECN-BS Fin Lease ST	RECN-BS Fin Lease ST
L91	RECN-BS Fin Lease LT	RECN-BS Fin Lease LT
L91	RECN-AHFS	RECN-AHFS
L91	RECN-IS	RECN-IS
L91	RECN-IS-OPEX	RECN-IS-OPEX
L91	RECN-IS OOI	RECN-IS OOI
L91	RECN-IS Goodwill	RECN-IS Goodwill
L91	RECN-IS FA Sales	RECN-IS FA Sales
L91	RECN-IS Group Disps	RECN-IS Group Disps
L91	RECN-IS Inv Woffs	RECN-IS Inv Woffs
L91	RECN-IS Prof Disp Prop FA Pre Exc	RECN-IS Prof Disp Prop FA Pre Exc
L91	RECN-IS Prof Disp Prop FA	RECN-IS Prof Disp Prop FA
L91	RECN-IS ST Int	RECN-IS ST Int
L91	RECN-IS-NON OPEX	RECN-IS-NON OPEX
L91	RECN-IS Finance Income	RECN-IS Finance Income
L91	RECN-IS LT Int	RECN-IS LT Int
L91	RECN-IS Gp Share Profits	RECN-IS Gp Share Profits
L91	RECN-IS CAR	RECN-IS CAR
L91	RECN-IS Taxation	RECN-IS Taxation
L91	RECN-IS Dividends	RECN-IS Dividends
L91	RECN-Share in profit of associate	RECN-Share in profit of associate
L91	RECN-Remeasurements of retirement benefit obligations	RECN-Remeasurements of retirement benefit obligations

Annex 5 Routing Factors

AM_701 Access Routing Factors

	NC-BB Access Equipment	NC-BB BSIL	NC-BB Aggregation Equipment	NC-Ethernet LL Equip	NC-Access Poles	NC-Access Duct	NC-NGA Systems	NC-Exch - Lines	NC-DSLAM	NC-NGA CPE Bus	NC-NGA CPE Cons	NC-ISDN 30 CPE/NTP	NC-ISDN2 CPE/NTP	NC-PSTN CPE/NTP	NC-TISBO CPE Equip	NC-TISBO Exch Equip	NC-CISBO CPE Equip	NC-CISBO Exch Equip	NC-Access Fibre NGA Drop	NC-Access Fibre NGA Dist	NC-Access Fibre NGA Spine	NC-Access Fibre LL	NC-Access Copper
NP-Lines-Res-Conn														1.0									
NP-Lines-Res-Rent					1	1		1															1
NP-Lines-Bus-Conn														1									
NP-Lines-Bus-Rent					1	1																	1
NP-ISDN2-Res-Conn																							
NP-ISDN2-Res-Rent					1			1					1										1
NP-ISDN2-Bus-Conn																							
NP-ISDN2-Bus-Rent					1			1					1										1
NP-ISDN30-Bus-Conn																							
NP-ISDN30-Bus-Rent												1							1	1	1		
NP-DSL-Conn																							
NP-DSL-Rent										1													
NP-LA-Fibre-Res-Rent						1	1				1								1	1	1		
NP-LA-Fibre-Bus-Rent						1	1			1									1	1	1		
NP-FiberBB-IPLine-Conn																							
NP-FiberBB-IPLine-Rental																		100					
NP-TISBO-Conn																							
NP-TISBO-0-1Mbs-Rent					1											1	1						1
NP-TISBO-1-8Mbs-Rent					1											1	1						1
NP-CISBO-Conn																							
NP-CISBO-10Mb-Rent				1		1												1	10			1	
NP-CISBO-100Mb-Rent				1		1												1	100			1	
NP-CISBO-1Gb-Rent				1		1												1	1000			1	
NP-CISBO-10Gb-Rent				1		1												1	10000			1	
NP-CISBO-100Gb-Rent				1		1												1	100000			1	
NP-EYE-FFE-Fibre Res-Conn																							
NP-EYE-FFE-Fibre Res-Rent							1																
NP-EYE-FFE-Fibre Bus-Conn																							
NP-EYE-FFE-Fibre Bus-Rent																							
NP-FibreBB-BSIL		1																					
NP-BA-Agg-Point-1Gb-Rental	1	1																					
NP-BA-Agg-Point-10Gb-Rental	10	1																					
NP-BA-Agg-Point-Burst-Rental	1	1																					
NP-BA-EP-1Gbps		1																					
NP-BA-EP-10Gbps		10																					

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AM_702 Core Factors

Product	NC-IP Equipment	NC-SDH Equipment	NC-EYE Fibre	NC-Processor	NC-Conc - Usage	NC-Opt. Ethernet switches	NC-Tier 1 and 2 ATM switches	NC-Core Fibre NGA	NC-Core Fibre
NP-Call Termination	3.84						1	1	3.84
NP-CO-Local	3.84	3.84					1	1	3.84
NP-CO-All	3.84	3.84					1	1	3.84
NP-LA-Fibre-Res-Rent	-							1	
NP-LA-Fibre-Bus-Rent	-							1	
NP-EYE-FFE-Fibre Res-Rent									
NP-EYE-FFE-Fibre Bus-Rent									
NP-DSL-Rent	2,406,563						1		2,406,563
NP-TISBO-0-1Mbs-Rent	3,153,600.00								3,153,600
NP-TISBO-1-8Mbs-Rent	63,072,000.00								63,072,000
NP-CISBO-10Mb-Rent	315,360,000					315,360,000			315,360,000
NP-CISBO-100Mb-Rent	3,153,600,000					3,153,600,000			3,153,600,000
NP-CISBO-1Gb-Rent	31,536,000,000					31,536,000,000			31,536,000,000
NP-CISBO-10Gb-Rent	315,360,000,000					315,360,000,000			315,360,000,000
NP-CISBO-100Gb-Rent	3,153,600,000,000					3,153,600,000,000			3,153,600,000,000
NP-BA-Agg-Point-1Gb-Rental	31,536,000,000								31,536,000,000
NP-BA-Agg-Point-10Gb-Rental	315,360,000,000								315,360,000,000
NP-BA-Agg-Point-Burst-Rental	31,536,000,000								31,536,000,000
NP-BA-EP-1Gbps	31,536,000,000								31,536,000,000
NP-BA-EP-10Gbps	315,360,000,000								315,360,000,000

Column headers (top, vertical):

- NP-Bandwidth-external
- NP-DF-Other
- NP-DF-ECC
- NP-DF-PP
- NP-DF-Cess
- NP-DF-CPR
- NP-DF-Pair-Conn
- NP-DF-Pair-Rental
- NP-DF-Single-Conn
- NP-DF-Single-Rental
- NP-LL-Core-Internet-10Mb-Rent
- NP-LL-Core-Internet-100Mb-Rent
- NP-LL-Core-Internet-1Gb-Rent
- NP-LL-Core-Internet-10Gb-Rent
- NP-CISBO-Conn
- NP-CISBO-0-10Mb-Rent
- NP-CISBO-0-10Mb-Rent
- NP-CISBO-1G-100Mb-Rent
- NP-CISBO-0-1-1Gb-Rent
- NP-CISBO-1-10Gb-Rent
- NP-CISBO-10Mb-Rent
- NP-CISBO-100Mb-Rent
- NP-CISBO-1Gb-Rent
- NP-CISBO-10Gb-Rent
- NP-CISBO-100Gb-Rent
- NP-CISBO-Other
- NP-TISBO-Conn
- NP-TISBO-0-1Mb-Rent
- NP-TISBO-1-8Mbs-Rent
- NP-BA-EP-Other
- NP-BA-EP-1Gbps
- NP-BA-EP-100Gbps
- NP-BA-Agg-Point-Other
- NP-BA-Agg-Point-Burst-Rental
- NP-BA-Agg-Point-10Gb-Rental
- NP-BA-Agg-Point-1Gb-Rental
- NP-BA-Agg-Point-Connection
- NP-FibreBB-BSIL
- NP-FibreBB-Paths
- NP-FiberBB-IPLine-Conn
- NP-FiberBB-IPLine-Rental
- NP-DSL-Conn
- NP-DSL-Rent
- NP-Call Termination
- NP-CO-All
- NP-CO-Local
- NP-ISDN30-Bus-Rent
- NP-ISDN30-Bus-Conn
- NP-ISDN2-Bus-Rent
- NP-ISDN2-Bus-Conn
- NP-ISDN2-Res-Rent
- NP-ISDN2-Res-Conn
- NP-Lines-Bus-Rent
- NP-Lines-Bus-Conn
- NP-Lines-Res-Rent
- NP-Lines-Res-Conn
- NP-LA-Fibre-Fixed Charges
- NP-LA-Fibre-TRC
- NP-LA-Fibre-ECC
- NP-LA-Fibre-Res-New-Provide
- NP-LA-Fibre-Other
- NP-LA-Fibre-Bus-Rent
- NP-LA-Fibre-Bus-Conn
- NP-LA-Fibre-Res-Rent
- NP-LA-Fibre-Res-Conn

Row labels (right):

- WP-LA-Fibre-Res-Conn
- WP-LA-Fibre-Res-Rent
- WP-LA-Fibre-Bus-Conn
- WP-LA-Fibre-Bus-Rent
- WP-LA-Fibre-Other
- WP-LA-Fibre-CableConn
- WP-LA-Fibre-Res-New-Provide
- WP-LA-Fibre-Bus-New-Provide
- WP-LA-Fibre-ECC
- WP-LA-Fibre-TRC
- WP-LA-Fibre-Fixed-Charges
- WP-BA-ADSL-Conn-RM
- WP-BA-ADSL-Rent-RM
- WP-BA-Fiber-Bus-Conn-RM
- WP-BA-Fiber-Bus-Rent-RM
- WP-BA-Fiber-Cons-Conn-RM
- WP-BA-Fiber-Cons-Rent-RM
- WP-BA-Fibre-Conn
- WP-BA-Fibre-Rent
- WP-BA-Fiber-IPLine-Conn
- WP-BA-Fiber-IPLine-Rental
- WP-BA-Paths
- WP-BA-BSIL
- WP-BA-Agg-Point-Connection
- WP-BA-Agg-Point-1Gb-Rental
- WP-BA-Agg-Point-10Gb-Rental
- WP-BA-Agg-Point-Burst-Rental
- WP-BA-Agg-Point-Other
- WP-BA-EP-1Gbps
- WP-BA-EP-10Gbps
- WP-BA-EP-Other
- WR-TISBO-<8Mbs-Conn
- WR-TISBO->8Mbs-Conn
- WR-TISBO-0-1Mb-Rent
- WR-TISBO-1-8Mbs-Rent
- WP-CISBO-Conn
- WP-CISBO-ECAS-10Mb-Rent
- WP-CISBO-ECAS-100Mb-Rent
- WP-CISBO-ECAS-1Gb-Rent
- WP-CISBO-ECAS-10Gb-Rent
- WP-CISBO-ECAS-100Gb-Rent
- WP-CISBO-EDAS-10Mb-Rent
- WP-CISBO-EDAS-100Mb-Rent
- WP-CISBO-EDAS-1Gb-Rent
- WP-CISBO-EDAS-10Gb-Rent
- WP-CISBO-EDAS-100Gb-Rent

Matrix values (green cells, left column): 3.2, 1.37, .82

Column headers (left, vertical):

NP-Bandwidth external | NP-DF-Other | NP-DF-ECC | NP-DF-PP | NP-DF-Cess | NP-DF-CPR | NP-DF-Pair-Conn | NP-DF-Single-Conn | NP-DF-Pair-Rental | NP-DF-Single-Rental | NP-LL-Core-Internet-100Gb-Rent | NP-LL-Core-Internet-1Gb-Rent | NP-LL-Core-Internet-100Mb-Rent | NP-LL-Core-Internet-10Mb-Rent | NP-CISBO-Other | NP-CISBO-100Gb-Rent | NP-CISBO-10Gb-Rent | NP-CISBO-1Gb-Rent | NP-CISBO-100Mb-Rent | NP-CISBO-10Mb-Rent | NP-CISBO-0.1-1Gb-Rent | NP-CISBO-0.1-10Gb-Rent | NP-CISBO-0-10-100Mb-Rent | NP-CISBO-0-10Mb-Rent | NP-CISBO-Conn | NP-TISBO-Conn | NP-TISBO-0-1Mbs-Rent | NP-TISBO-1-8Mbs-Rent | NP-BA-EP-Other | NP-BA-EP-1Gbps | NP-BA-EP-10Gbps | NP-BA-Agg-Point-Other | NP-BA-Agg-Point-Burst-Rental | NP-BA-Agg-Point-10Gb-Rental | NP-BA-Agg-Point-1Gb-Rental | NP-BA-Agg-Point-Connection | NP-FibreBB-BSIL | NP-FibreBB-Paths | NP-FiberBB-IPLine-Rental | NP-FiberBB-IPLine-Conn | NP-DSL-Rent | NP-DSL-Conn | NP-Call Termination | NP-CO-All | NP-CO-Local | NP-ISDN30-Bus-Rent | NP-ISDN30-Bus-Conn | NP-ISDN2-Bus-Rent | NP-ISDN2-Bus-Conn | NP-ISDN2-Res-Rent | NP-ISDN2-Res-Conn | NP-Lines-Bus-Conn | NP-Lines-Bus-Rent | NP-Lines-Res-Rent | NP-Lines-Res-Conn | NP-LA-Fibre-Fixed-Charges | NP-LA-Fibre-TRC | NP-LA-Fibre-ECC | NP-LA-Fibre-Bus-New-Provide | NP-LA-Fibre-Res-New-Provide | NP-LA-Fibre-CableConn | NP-LA-Fibre-Other | NP-LA-Fibre-Bus-Rent | NP-LA-Fibre-Bus-Conn | NP-LA-Fibre-Res-Rent | NP-LA-Fibre-Res-Conn

Row labels (right) with notable values:

Row label	Value(s)
WR-CISBO-Etherline-I 10Mb-Rent (Internet Portion)	NP-Bandwidth external = 315.36; NP-LL-Core-Internet-10Mb-Rent = 1
WR-CISBO-Etherline-I 100Mb-Rent (Internet Portion)	NP-Bandwidth external = 3153.6; NP-LL-Core-Internet-100Mb-Rent = 1
WR-CISBO-Etherline-I 1Gb-Rent (Internet Portion)	NP-Bandwidth external = 31536; NP-LL-Core-Internet-1Gb-Rent = 1
WR-CISBO-Etherline-I 10Gb-Rent (Internet Portion)	NP-Bandwidth external = 315360; NP-LL-Core-Internet-100Gb-Rent = 1
NP-DF-Single-Rental	NP-DF-Single-Rental = 1
NP-DF-Pair-Rental	NP-DF-Pair-Rental = 1
NP-DF-Single-Conn	NP-DF-Single-Conn = 1
NP-DF-Pair-Conn	NP-DF-Pair-Conn = 1
NP-DF-CPR	NP-DF-CPR = 1
NP-DF-Cess	NP-DF-Cess = 1
NP-DF-PP	NP-DF-PP = 1
NP-DF-ECC	NP-DF-ECC = 1
NP-DF-Other	NP-DF-Other = 1
WP-Lines-Res-Conn	NP-Lines-Res-Conn = 1
WP-Lines-Res-Rent	NP-Lines-Res-Rent = 1
WP-Lines-Bus-Conn	NP-Lines-Bus-Conn = 1
WP-Lines-Bus-Rent	NP-Lines-Bus-Rent = 1
WP-Lines-CONNECT-Conn	= 1
WP-Lines-CONNECT-Rent	= 1
WP-Lines-RESELLER-Conn	= 1
WP-Lines-RESELLER-Rent	= 1
WR-Centrex-Conn	= 1
WR-Centrex-Rent	= 1
WP-ISDN30-Bus-Conn	NP-ISDN30-Bus-Conn = 0.1
WP-ISDN30-Bus-Rent	NP-ISDN30-Bus-Rent = 0.1
WP-ISDN2-Res-Conn	= 0.7
WP-ISDN2-Res-Rent	= 0.7
WP-ISDN2-Bus-Conn	= 0.7
WP-ISDN2-Bus-Rent	= 0.7
WP-CO-Loc	NP-CO-Local = 1
WP-CO-All	NP-CO-All = 1
WR-CT	NP-Call Termination = 1
RP-EYE-FFE-Fibre Res-Rent	
RP-EYE-FFE-Fibre Bus-Rent	

NP-Bandwidth external column bottom total: 82137

Annex 6 Cost Centres

Cost centres

Segment	Sector	Segment	Cost Centre		Cost Centre Name
Retail					
		S021	210001	C210001	Product & Propositions - Retail
		S021	210002	C210002	Marketing - Retail
		S021	210003	C210003	Sales - Retail
		S021	210004	C210004	Customer Experience - Retail
		S021	210005	C210005	Delivery & Programmes - Retail
		S021	210007	C210007	Retail Central
		S029	210008	C210008	Recharges - C&RB
		S021	210009	C210009	Technology - Retail
Business					
		S001	210101	C210101	Major Accounts
		S001	210102	C210102	Key Accounts
		S001	210103	C210103	Channel
		S001	210104	C210104	Wholesale
	Business Delivery	S001	210105	C210105	Professional Services
		S001	210106	C210106	Project Management
		S001	210107	C210107	Transactional Delivery
		S001	210108	C210108	Delivery Support
		S001	210109	C210109	Customer Services
	Customer Solutions	S001	210110	C210110	Product & Propositions - Business
		S001	210111	C210111	Solution Design, Design Desk, Pre-sale
		S001	210112	C210112	Bid Management
		S001	210113	C210113	Sales Specialists
		S001	210114	C210114	Partner Management & Pricing
		S001	210115	C210115	Marketing - Business
		S001	210116	C210116	National Consumers & SOHO
		S001	210117	C210117	Business Central
		S009	210118	C210118	Recharges - Business
		S001	210119	C210119	NB Core Platform and Infrastructure
		S001	210120	C210120	NB Customer Service Operations
		S001	210121	C210121	NB Engineering Delivery
		S001	210122	C210122	NB Technology Central
		S001	210123	C210123	NB Estates
		S001	210124	C210124	NB Finance
		S001	210125	C210125	NB Legal/HR/Cyber
		S001	210126	C210126	NB Digital
Wholesale & Networks					
		S099	210201	C210201	Technology Strategy
		S099	210202	C210202	Core Platform and Infrastructure
			210203	C210203	Systems
		S099	210204	C210204	Customer Service Operations
		S099	210206	C210206	Engineering Delivery
		S099	210207	C210207	FFE
		S099	210208	C210208	Networks Central
		S099	210209	C210209	Wholesale
		S099	210210	C210210	Direct Costs - Wholesale

		S099	210301	C210301	Recharges - Wholesale
		S099	201322	C201322	BT Cost Collection
Central					
		S099	201411	C201411	Estates
		S099	201412	C201412	Finance
		S099	201414	C201414	HR
		S099	201416	C201416	Legal
		S099	201417	C201417	Exec
		S099	201419	C201419	Procurement
		S099	201420	C201420	Margin Assurance
		S099	201421	C201421	Regulatory
		S099	201422	C201422	Business Development
			201423	C201423	Business Intelligence
			201431	C201431	Rump Costs
			201432	C201432	Titan Costs
		S099	210203	C210203	Digital
		S099	210205	C210205	Cyber, Information Security & Risk
SMB					
	SMB Hull				
		S031	205002	C205002	Contact Centres
	1009				
		S099	209401	C209401	Default 1009
			201090	C201090	Finance KCOM (Old Code)
			201205	C201205	Governance
			201016	C201016	Consumer Sales & Engagement
			201202	C201202	Pre-Sales
			201124	C201124	Sales - Bid Support
			201301	C201301	Contract Delivery
			201012	C201012	Customer and Technical Services (Old
					Pool - Programme Manager & Project
			201502	C201502	ordinator
			210006	C210006	Regulation & Wholesale - C&RB
			201504	C201504	Pool - Design & Development
			201006	C201006	Directories (Old Code)
			201303	C201303	Transformation delivery
			201307	C201307	Field Ops
			201430	C201430	TSA
			201431	C201431	Rump Costs
			201005	C201005	Safe At Home (Old Code)
			201202	C201202	Pre-Sales
			201314	C201314	Client Services
			910001	C910001	Profit on sale of assets