



Regulatory Financial Statements

For the Financial Year ended 31 March 2022

Ofcom Statement on BT's Regulatory Financial Statements 2022

Ofcom statement

In March 2021 we published our decisions on the regulation of fixed telecoms and voice markets for the period April 2021 to March 2026. These decisions included regulatory financial reporting requirements on BT. This year's RFS cover the first year of this 5-year market review period.

Changes to the SMP markets reported in the RFS

Following our decisions in March 2021, the SMP markets reported in the RFS have changed. WLA, leased lines access and inter-exchange connectivity (IEC) markets are now split geographically and reported separately¹. Ancillary services for accommodation, cablelink and electricity charges, which are all shared across SMP markets, are reported together in a single schedule for the first time.

Some markets have also been deregulated and are no longer separately reported in the RFS, including WFAEL, ISDN2 and ISDN30.

Changes to the format of the RFS

We made several changes to the format of the RFS in our 2021 decisions which are reflected in this year's RFS for the first time, including:

- Improved presentation of operating costs to align cost categories to those published in BT's annual report and enhance visibility of costs incurred by Openreach and costs incurred elsewhere in BT Group and attributed to Openreach. Schedule 5.2 includes this new presentation of operating costs for each SMP market, Openreach and BT Group overall.
- Improved reporting of the Physical Infrastructure (PI) market to ensure duct and pole services are separately reported and the allocation of costs between PI and downstream markets is clear. Schedule 6.1.1 presents the new reporting for PI.
- New requirements reflecting changes in regulation – for example, requiring BT to report the number of homes passed by fibre to the premise in WLA Area 3. Schedule 7.2.1 includes this information.

Impact of inflation on BT's returns

Returns presented in the RFS this year are generally higher than last year; Openreach's ROCE is 11.7% this year, compared to 7.3% in 2021. One reason for the increase in returns is the impact of inflation on asset values and how changes in asset values are treated in the RFS.

As the RFS are prepared on a current cost accounting (CCA) basis, BT revalues its assets based on an estimate of what it would cost to replace them. For some assets, we set out in a Direction how this should be done; for example, BT is required to revalue duct, copper and pole assets by reference to RPI.

The estimated cost of replacing these assets, and therefore the reported mean capital employed, will increase each year, in line with inflation. This increase in value, or holding gain, is recognised in the income statement for the year (reported within the CCA adjustments), and has the effect of reducing reported net costs.

This year, the use of RPI as at 31 March has resulted in a significant increase in the reported value of the assets. The effect of the holding gain has been to reduce Openreach's net costs reported in the year by around 15%, and therefore increase the reported returns.

¹ WLA is split between Area 2 and Area 3; leased lines access is split between Area 2, Area 3 and High Network Reach, and IEC markets are split between BT only exchanges, BT+1 exchanges and BT+2 exchanges. Note that the IEC BT+2 market will only be reported in this year's RFS.

Contents

Regulatory Financial Statements

[Section 1: Introduction to the RFS](#)

[Section 2: Basis of preparation](#)

[Section 3: Statement of responsibility](#)

[Section 4: Audit report](#)

[Section 5: Performance Summary by Market](#)

[Section 6: Physical Infrastructure Market](#)

[Section 7: Wholesale Local Access Markets](#)

[Section 8: Leased Line Access Markets](#)

[Section 9: Inter-exchange Connectivity Markets](#)

[Section 10: Shared Ancillaries](#)

[Section 11: Wholesale Call Termination Market](#)

[Section 12: TDM Interconnection](#)

[Section 13: IP Interconnection](#)

[Appendix 1: Network adjustments restated on MCE basis](#)

[Appendix 2: Reconciliation Report](#)

[Appendix 3: Attribution diagrams](#)

[Glossary and footnotes](#)

Section 1

Introduction to the Regulatory Financial Statements

Section 1 – Introduction to the Regulatory Financial Statements

1.1 Regulatory Financial Reporting Obligations

The ultimate holding company of British Telecommunications plc ('the Company') is BT Group plc. The terms 'the Group', 'the Company', 'BT', 'we', 'us' or 'our' refer collectively to BT Group plc and its subsidiary undertakings. The form and content of the Regulatory Financial Statements (RFS) are based on the reporting obligations set by Office of Communications (Ofcom). We refer to these obligations as the Final Statements (see Section 2.4 Final Statements set out by Ofcom).

1.1.1 Openreach Reporting

In line with Section 20.6 of the Commitments, we are required to disclose the financial results of Openreach separately and to reconcile the financial results to the Openreach segmental information shown in BT Group plc's Annual Report. We have included this information in Section 5 of the RFS.

1.1.2 Markets with Significant Market Power (SMP Markets)

We are directed, under Ofcom's 'Promoting competition and investment in fibre networks: Wholesale Fixed Telecoms Market Review 2021-26' (WFTMR), to report on the following markets and services where we are considered to have Significant Market Power (SMP) in the FY22 RFS:

- Physical Infrastructure (PI)
- Wholesale Local Access Area 2 (WLA Area 2)
- Wholesale Local Access Area 3 (WLA Area 3)
- Leased Line Access Area 2 (LLA Area 2)
- Leased Line Access Area 3 (LLA Area 3)
- Leased Line Access High Network Reach (LLA HNR)
- Inter-exchange Connectivity – BT only exchanges (IEC - BT only)
- Inter-exchange Connectivity – BT+1 exchanges (IEC - BT+1)
- Inter-exchange Connectivity – BT +2 exchanges (IEC - BT+2)
- Shared Ancillaries

We are also directed, under Ofcom's 'Wholesale Voice Markets Review 2021-26' (WVMR), to report summary information on the following markets and services:

- Wholesale Call Termination (WCT)
- TDM Interconnection
- IP Interconnection

1.2 Regulatory Market Review Cycle

1.2.1 Overview of Market Review Cycle

Ofcom periodically reviews the communications markets, in accordance with the Communications Act 2003, as amended.

The process involves three analytical stages:

- **Market Definition** – Ofcom identifies and defines each relevant market, in terms of its products and geographic scope.
- **Market Power Analysis** – Ofcom assesses whether BT or any other Communication Provider (CP) has a position of SMP in any of these relevant markets.
- **SMP Remedies** – Ofcom consults on market definitions, SMP designation and proposed regulatory remedies on BT or any other CP, to address competition concerns that arise from the identification of SMP.

This is followed by consultations with stakeholders, after which Ofcom concludes and potentially imposes SMP remedies for the next period. BT and other stakeholders then have two months to appeal Ofcom's decision.

Prior to the expiry of the market review, where the remedies are in place, the market review cycle will start again. The review cycle spans five years, with the most recent reviews (WFTMR and WVMR) effective from 1 April 2021 to 31 March 2026.

1.2.2 Wholesale Fixed Telecoms Market Review (WFTMR)

Ofcom published their final WFTMR statement in March 2021, which covers the period from 1 April 2021 to 31 March 2026.

Ofcom's statement set out a clear and long-term framework to promote network investment by all parties. It also ensured that consumers continue to have access to affordable broadband as new networks and services become available.

The new regulatory framework has five-year market review periods instead of three and looks across all wholesale fixed telecoms markets rather than considering business and residential connectivity separately.

1.2.3 Wholesale Voice Market Review (WVMR)

Similarly, in March 2021 Ofcom published their final statement for the WVMR. This statement set out the regulation of the wholesale markets that underpin landline and mobile telephone calls in the UK for the period from 1 April 2021 to 31 March 2026. Changes were made to the regulation of Call Origination and Termination, and Ofcom switched their focus away from traditional interconnection services towards modern, IP-based solutions.

1.3 Summary of Market Updates and Financial Performance

1.3.1 SMP Markets

Ofcom market regulations through WFTMR and WVMR became effective from 1 April 2021, consequently, the FY22 RFS are the first financial statements that have been prepared in accordance with the updated regulatory reporting requirements. This includes revised presentation of operating costs through alignment of the cost categories reported in the RFS (at a market and service level) to those reported in BT's annual report.

Overall Market Update

Whilst the upstream PI market has remained one national market, Ofcom has taken different approaches to regulating WLA and LLA markets in different parts of the UK, described as Areas 1, 2 and 3 depending on the level of current and potential competition. Similarly, the IEC markets have been divided into exchanges depending on the presence of BT and other CPs. Varying level of remedies have been introduced across these areas including incentives for enhanced investments as well as providing support for Openreach in retiring its old copper network. Previously defined narrowband markets (WFAEL, ISDN2 and ISDN30) have been deregulated mainly due to switch-off of BT's Time Division Multiplex (TDM) network and the transition to Internet Protocol-based (IP) fixed voice services. Wholesale remedies across all markets include network access obligation supplemented by transparency, non-discrimination and financial reporting requirements.

Despite the pandemic and extreme winter weather causing complexity and concern, we have continued to build our new ultrafast, ultra-reliable full fibre network at a record pace, reaching 50,000 premises every week. We are extending 4G rural coverage through the Shared Rural Network (SRN) initiative which will extend coverage to 95% of the UK's geography by the middle of this decade, delivering better connectivity to local communities and businesses. As a key enabler for the UK's wider move to full fibre, UK landlines will move from the legacy public switched telephone network (PSTN) to be IP-based.

Impact of CCA Adjustments on Market Performance

The RFS is prepared on a Current Cost Accounting (CCA) basis, which differs from the Historical Cost Accounting (HCA) basis used in the Annual Report. The different basis in the RFS reflects the principle that Ofcom's regulation should incentivise efficient investment in new technologies. Our annual report outlines the costs we as a company actually incurred. Using CCA, we revalue certain assets each year to their current values. Gains or losses on revaluation ("holding gains/losses") are taken to the income statement together with differences in annual depreciation charges arising from variances between the CCA and HCA values ("supplementary depreciation").

Retail Price Index (RPI) increase during the year was 8.96% compared with an increase of 1.47% during 2021. This led to a material increase in the asset valuation, primarily on copper, duct and pole assets which are indexed on the basis of RPI. The resulting holding gain is recognised as reduction in costs leading to higher returns.

CCA impacts market Return on Capital Employed (ROCE) twofold:

- Revaluation gains on underlying assets recognised directly in each market; and
- Reduction of costs recharged from the Physical Infrastructure market.

Overall Financial Performance

For Openreach markets, ROCE increased by 4.4 percentage points from 7.3% to 11.7%. This was driven by revenue growth for the higher speed fibre-enabled products and lower costs reflecting lower repair volumes, ongoing efficiency programmes as well as the significant CCA holding gains, resulting from a year of high inflation, therefore reducing the operating costs.

Section 1 – Introduction to the Regulatory Financial Statements

Openreach total revenue increased by £183m from £5,267m to £5,450m. This is mainly due to better trading in fibre enabled FTTP, FTTC products (up 9%) and Ethernet services (up 6%) as customers switch towards faster speeds, offset partially by decreases in legacy copper products and services.

Openreach total costs decreased by £609m from £4,132m to £3,523m. Reduction in cost is attributed to increased CCA holding gains on duct and copper assets due to higher indexation, operating costs before CCA rose as a result of higher depreciation reflecting investment in fibre, higher installation costs treated as operating expenditure, and recharges from corporate units offset by lower repair volumes and ongoing efficiency programmes.

Openreach total Mean Capital Employed (MCE) increased by £911m from £15,577m to £16,488m. Increase in MCE is primarily driven by Access Fibre (FTTP) investment and higher CCA indexation resulting in increase in holding gains.

1.3.2 Physical Infrastructure (PI) Market

PI Market remains a key SMP market under WFTMR for the 2021-2026 period and covers the physical infrastructure available to Communication Providers (CPs), which facilitates the provision of network access and services to be provided to the end customer. The infrastructure is comprised of two main areas, duct and poles, which are used to carry cables used by a variety of different services within different downstream markets, such as WLA, LLA and IEC.

PI Market Update

The PI market covers the supply of wholesale access to Telecoms Physical Infrastructure for deploying a telecoms network in the United Kingdom excluding the Hull Area. We are required to publish revenue, volume, average price and cost information for PI rentals, split between internal and external customers, at the level they are regulated. We are also required to separately report external purchases of PI rentals and those rentals provided as inputs to downstream Openreach services.

Separate reporting financial information is required on each pole rental product for which prices are set by Ofcom. As the cost information on each individual pole service is not separately recorded, an apportionment methodology is used to allocate total pole costs to individual pole services. We are required to provide an explanation for any duct and pole assets reported outside of the PI market. Network adjustments are undertaken by Openreach to make its physical infrastructure accessible and ready for use by other telecommunications providers. Costs associated with network adjustments are required to be reported in the cost base of PI rental services up to a financial limit (i.e. capitalised) and expensed if these are above the financial limit. We are also required to publish revenue, volume, average price and cost information for network adjustments above the financial limit, split between internal and external customers to demonstrate compliance with the no-undue discrimination requirements. Ancillaries required specifically for PI also need separate disclosure.

PI Market Performance Summary

ROCE decreased by 0.1 percentage points from 7.1% to 7.0%. Currently only about 1% of PI revenue is external. Internal revenue is a notional “recharge” to downstream markets at cost plus an allowable return (7.0% of MCE). This treatment of PI costs results, by design, in a ROCE of 7.0%, consistent with Ofcom’s determined WACC of 7.0% used in cost modelling for WFTMR.

Revenue decreased by £463m from £708m to £245m. PI revenue is mostly internal and represents an input cost to downstream markets e.g. WLA, LLA, and Openreach non-SMP. As the PI return is set at 7.0% of capital, decrease in cost due to significant CCA holding gains has led to decrease in computed internal revenue. Lower internal revenue means lower costs recharged to downstream markets increasing ROCE for these downstream markets.

Costs decreased by £482m from £340m to £(142)m. Reduction in cost is mainly attributed to current cost adjustment revaluation gains as these are recognised against costs.

MCE increased by £317m from £5,171m to £5,488m. Increase in MCE is driven by higher CCA indexation resulting in increase in holding gains.

1.3.3 WLA Markets

WLA markets remain the biggest SMP markets by assets under WFTMR for the 2021-2026 period and describes the copper and fibre fixed lines connecting end-users to access nodes in BT exchanges. CPs use these lines to connect end-users to their voice or broadband nodes located in BT exchanges to provide telephone and internet services (including superfast broadband) to residential and business consumers.

WLA is split into two markets based on geographic areas and competition:

- WLA - Area 2: areas where there is some material and sustainable commercial deployment by rival networks to Openreach or where this could be economic during the review period; and
- WLA - Area 3: areas where there is unlikely to be material and sustainable commercial deployment by rival networks to Openreach during the review period.

WLA Market Update

The WLA markets cover the supply of wholesale local access at a fixed location in Area 2 and Area 3. We are required to publish revenue, volume, average price, and cost information for the specified MPF, SOGEA, FTTC, FTTP services and WLA specific ancillaries, split between internal and external customers in each of Area 2 and Area 3. We are also required to publish a note for WLA Area 3 summarising the number of non-subsidised homes passed with FTTP.

WLA Market Performance Summary

ROCE increased by 4.5 percentage points from 3.3% to 7.8%. Increased holding gains and an associated reduction in recharge from the PIA market are driving the ROCE movement.

Revenue increased by £214m from £2,436m to £2,650m. This is mainly due to increased volumes in higher speed FTTP and FTTC services as customers switch towards faster speeds.

Costs decreased by £99m from £2,256m to £2,157m. Reduction in cost is mainly attributed to higher CCA holding gains on assets recognised in WLA and a reduction in recharged costs from the PI market, partially offset by increased installation of FTTP/FTTC assets in the RFS as well as the increase in labour costs.

MCE increased by £764m from £5,537m to £6,301m. Increase in MCE is driven by increased asset base as a result of continued fibre roll out and higher CCA indexation resulting in increase in holding gains.

1.3.4 LLA Markets

Under WFTMR (for the 2021-2026 period) the Business Connectivity market is divided into Leased Lines Access (LLA) and Inter-exchange Connectivity (IEC) Markets. LLA markets include the provision of leased lines access services which provide connections from BT exchanges to end-user business sites. LLA is split into three markets based on geographic areas and competition:

- LLA - Area 2: areas where there is, or there is likely to be potential for, material and sustainable competition during the review period;
- LLA - Area 3: areas where there is not, and there is unlikely to be potential for, material and sustainable competition during the review period; and
- LLA - High Network Reach (HNR): areas which includes other postcode sectors where there are two or more rival networks to Openreach in the provision of leased lines during the review period.

The above markets are based on the specified postcode sectors as set out in the Final Statements (see Section 2.4).

LLA Market Update

The LLA markets cover the supply of leased line access in the Area 2, Area 3 and HNR Area. We are required to publish revenue, volume, and average price for the specified ethernet, optical, excess construction charges, time related charges and other ancillary services, split between internal and external customers in each of the LLA Area 2, LLA Area 3 and LLA HNR Area markets. Additionally, we are required to publish revenue, volume, average price, cost and ROCE information for the specified dark fibre services, split between internal and external customers for LLA Area 3 market.

LLA Market Performance Summary

ROCE increased by 5.5 percentage points from 11.1% to 16.6%. The ROCE movement is due to increased demand for new technology EAD and Optical service products and CCA revaluation gains.

Revenue increased by £75m from £658m to £733m. This is mainly due to increased volume of EAD and Optical services due to their higher bandwidth capabilities.

Costs decreased by £9m from £512m to £503m. Reduction in cost is mainly attributed to higher CCA holding gains on assets recognised in LLA and a reduction in recharged costs from the PI market, partially offset by increased labour and depreciation charges.

MCE increased by £72m from £1,313m to £1,385m. Increase in MCE is driven by increased fibre assets required to support the increased Ethernet volumes and higher CCA indexation resulting in increase in holding gains.

1.3.5 IEC Markets

IEC markets (previously part of the Business Connectivity markets) include the provision of dedicated circuits used for inter-exchange services that provide backhaul connections between BT exchanges. IEC is split into three markets based on geographic areas and competition:

- IEC - BT only exchanges: areas where only BT operate;
- IEC - BT+ 1: areas where only BT and no more than one other CP currently operate; and

Section 1 – Introduction to the Regulatory Financial Statements

- IEC - BT+2: areas where only BT and no more than two other CPs currently operate (only reported as SMP in FY22 and only for the newly classified exchanges, as part of transitional requirements).

The above markets are based on the specified postcode sectors as set out in the Final Statements (see Section 2.4).

IEC Market Update

The IEC markets cover the supply of inter-exchange connectivity in BT Only exchanges, BT+1 exchanges and BT+2 exchanges. We are required to publish revenue, volume, and average price for the specified ethernet, optical, excess construction charges, time related charges and other ancillary services, split between internal and external customers in each of the IEC BT Only and IEC BT+1 markets (and IEC BT+2 market in FY22 only). Additionally, we are required to publish revenue, volume, average price, cost and ROCE information for the specified dark fibre services, split between internal and external customers for IEC BT only market.

IEC Market Performance Summary

ROCE increased by 17.8 percentage points from 47.8% to 65.6%. Increased demand for EBD rental and connection services, and Optical spectrum services is driving the IEC ROCE movement.

Revenue increased by £25m from £156m to £181m. This is mainly due to increased volume of EBD rental and connection services, and Optical spectrum services.

Costs decreased by £6m from £80m to £74m. Reduction in cost is mainly attributed to higher CCA holding gains on assets recognised in IEC and a reduction in recharged costs from the PI market, partially offset by increased labour and depreciation charges.

MCE increased by £4m from £159m to £163m. Increase in MCE is driven by greater allocation to fibre products in line with end user volume and higher CCA indexation resulting in increase in holding gains.

1.3.6 Shared Ancillaries

Ancillary means an associated facility or service which support the provision of access to the electronic communications network. The ancillaries shared across SMP markets are reported together to provide transparency on revenues and costs without requiring complex allocations. Shared ancillaries include cablelink, accommodation and electricity charges.

Shared Ancillaries Market Update

We are required to publish revenue and cost information for the shared ancillaries, split between internal and external customers, at the level that they are regulated. We are also required to include shared ancillaries required for IP Interconnection as well.

Shared Ancillaries Market Performance Summary

ROCE decreased by 1.6 percentage points from 23.6% to 22.0%. Revenue decreased by £3m from £145m to £142m and costs decreased by £1m from £97m to £96m. Both revenue and costs from cablelink, accommodation and electricity services remained fairly stable. MCE increased by £7m from £203m to £210m.

1.3.7 WCT Market

The WCT market reports wholesale charges for calls to BT fixed lines, for carrying the call to the BT terminating line from the nearest point in the network at which other CPs could interconnect.

WCT Market Update

Under WVMR (for the 2021-2026 period), most of the Narrowband Markets that related to wholesale call origination were deregulated as CPs move to more modern methods of supplying landlines. However, Ofcom has determined that BT still hold SMP for the wholesale call termination (WCT) to the UK geographic numbers. The WCT market covers the wholesale call termination services that are provided by the BT to another communications provider, for the termination of voice calls to geographic numbers in the area served by BT. Ofcom's obligations include network access; charge control on calls that terminate on UK geographic numbers; and reasonable termination rates for calls originating outside the UK.

Ofcom has removed the requirement on BT to publish market level information on WCT and interconnection, however, it has maintained the requirement on BT to publish service level revenue, volume, and price information. It has also allowed BT to prepare cost information for interconnection separately from its cost allocation system and required submission privately to Ofcom.

WCT Market Performance Summary

Revenue decreased by £2m from £8m to £6m mainly due to decreased volumes of calls terminating on UK geographic numbers.

1.3.8 Interconnection

Interconnection means the services provided in association with the provision of wholesale call termination services to enable interconnection by means of Interconnect Circuits or at an IP Point of Connection.

Interconnection Market Update

As Ofcom has determined that BT still hold SMP for the WCT market under WVMR (for the 2021-2026 period), SMP conditions were also set for the interconnection services that BT provide for the purpose of giving access to wholesale call termination. Interconnection includes fixed line telephone services on both the legacy TDM network as well as the contemporary IP network. Ofcom's obligations include fair and reasonable charges; notification for charges; charge control on TDM interconnect circuits; prohibition of certain additional charges; and transparency of IP interconnection migration as well as for the quality of service. In order to encourage the move to modern interconnection, Ofcom also required BT to offer interconnection with the IP network for termination of calls at the regulated termination rate from April 2025.

Ofcom has removed the requirement on BT to publish market level information on WCT and interconnection, however, it has maintained the requirement on BT to publish service level revenue, volume, and price information. It has also allowed BT to prepare cost information for interconnection separately from its cost allocation system and required submission privately to Ofcom.

Interconnection Market Performance Summary

Interconnection reporting includes revenue, volume and price information as well as cost estimates for the year. Price and volume information was unavailable for the year ended March 31, 2021, and we will therefore not be able to publish a comparative for this year.

TDM interconnection revenue decreased by £1m from £5m to £4m mainly due to decreased volumes as the industry transitions to internet-based telephony.

Section 2

Basis of Preparation

Section 2 – Basis of Preparation

2.1 Regulatory Accounting Framework

The Company has, by agreement with BT Group plc, prepared the RFS in accordance with the Regulatory Accounting Principles (RAP) (as described in Section 2.2 below) and Accounting Methodology Document (AMD) (as described in Section 2.3 below), by disaggregating balances recorded in the general ledgers and other accounting records of the Group.

The RAP and AMD set out the framework under which the RFS are prepared.

The Directors of BT plc have considered the going concern assessment made by BT Group plc as approved on 12 May 2022 in the group financial statements. Due to the timing between those group accounts being authorised for issue and the date of approval of these financial statements, the directors of BT plc have performed enquiries with the directors of BT Group plc as to whether there have been any significant changes in performance or circumstances that are relevant to the Group's ability to continue as a going concern during the going concern assessment period. Accordingly, the RFS are prepared on a going concern basis.

In accordance with Section 435(1) of the Companies Act 2006, these RFS are not our statutory accounts.

The Group financial statements consolidate the financial statements of BT Group plc and its subsidiaries and include its share of the results of associates and joint ventures using the equity method of accounting.

Our Annual Report details the basis of preparation and explains the accounting policies adopted by the Group. Our Annual Report 2022, on which the independent external auditors issued an unqualified report, did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006 and has been delivered to the Registrar of Companies.

2.2 Regulatory Accounting Principles (RAP)

The RAP are the principles we apply or use in the preparation of the RFS. For example, we must attribute revenues, costs, assets and liabilities in accordance with the activities which cause the revenues to be earned, or costs to be incurred, or assets to be acquired, or liabilities to be incurred respectively.

Ofcom set out its conclusions in the Regulatory Financial Reporting Final Statement it issued on 20 May 2014 that, in preparing the RFS, BT shall comply with the RAP, including the requirement for consistency with regulatory decisions.

This requirement is reiterated in the RAP amended by Ofcom's SMP conditions imposed following market reviews, most recently within the 'Wholesale Voice Markets Review 2021-26' Final Statement dated 30 March 2021: Annex 5, Schedule 1, Part 3, Condition 8.

Ofcom requires us to ensure that the Regulatory Auditor should state in their opinion if RFS have been properly prepared in accordance with, among others, the RAP and if the Regulatory Auditor is unable to give an opinion on any required matters, the reasons for this must be reported in the RFS. KPMG has informed us that it is unable to give an opinion on the matter of compliance with principle 4 (Objectivity), principle 5 (Causality) and principle 6 (Compliance with the statutory accounting standards) and has explained its reasons in the Audit Report in Section 4.

2.3 Documentation and Application of the Regulatory Accounting Framework

In adhering to the RAP, we prepare and annually update our methodology documentation, the AMD. This document covers:

- **Attribution Methods** - we explain how we attribute revenues, transfer charges, costs, assets and liabilities to activities.
- **Transfer Charge System Methodology** - we explain our approach to transfer charges within our regulatory costing system (CostPerform).
- **No Undue Discrimination** - we demonstrate an equivalent treatment for internal and external CPs. For each reported market, we disclose the average price of services sold to external CPs and the average price sold to internal CPs.
- **Accounting Policies** - the way we apply the requirements of the Companies Act 2006, Article 4 of the International Accounting Standards (IAS) Regulation, and our accounting policies, in line with the RAP. The AMD details the accounting policies adopted in preparing the underlying financial information.
- **Current Cost Accounting (CCA)** - we prepare the RFS under the Financial Capital Maintenance (FCM) convention in accordance with the principles set out in the handbook "Accounting for the Effects of Changing Prices", published in 1986 by the Accounting Standards Committee. Under the FCM convention, we include changes in asset values in the RFS income statement as unrealised holding gains or losses. The CCA section also includes the Regulatory Asset Valuation (RAV) where Ofcom has directed an alternative methodology for valuing parts of the local access network.
- **Usage Factors** - we use usage factors in our costing methodology to reflect the different usage of network components by services.

In addition to the AMD, we also publish a Wholesale Catalogue, which separately identifies and describes services which are internally, externally, or both internally and externally supplied, and those which are used in the course of supplying other wholesale services.

The product and geographic markets defined by Ofcom's Final Statements do not correspond to how the Group is organised for management and accounting purposes. The RFS are therefore produced by overlaying the requirements of the regulatory reporting framework on the management and accounting structure of the Group.

We reconcile the RFS to our statutory accounts (in Section 5 of these RFS) and we explain any differences.

Due to the complex nature of the RFS, figures in this report are individually rounded to the nearest relevant unit (e.g. £m or £0.1m). Totals and sub-totals are calculated based on these rounded figures and percentages are based on unrounded figures. Where required by the Final Statements, rounding differences are shown on each individual schedule. Where rounding differences are not shown minor summation inconsistencies may arise between schedules.

2.4 Final Statements set out by Ofcom

Below are the Final Statements setting out the legal conditions and directions relevant to the RFS, to which we have complied with, for the year ended 31 March 2022:

- Promoting competition and investment in fibre networks: Wholesale Fixed Telecoms Market Review 2021-26; and
- Wholesale Voice Markets Review 2021-26

2.5 Changes to BT's Financial Reporting Obligations

The changes resultant of the WFTMR and WVMR, as set out in Section 1.2, have been implemented from 1 April 2021 and reflected in the FY22 RFS.

2.6 Comparability of Current and Prior Year Results

The FY22 results are prepared in accordance with the AMD issued on 29 July 2022.

The restated comparatives for the year ended 31 March 2021 reflect:

- methodology changes listed in the FY22 Change Control Notification (CCN), as summarised in section 2.2 of Appendix 2; and
- all known errors above Ofcom's defined materiality threshold as described in section 2.3 of Appendix 2.

The impact of these changes is shown in section 2.4 of Appendix 2.

As explained in 2022 BT Annual Report, we implemented a new accounting system during the year along with a new chart of accounts that has provided improved visibility of the Group's cost base. Following detailed analysis of the balances from the old and new accounting systems, we concluded they are not indicative of material errors in previously published financial data including the 2021 comparatives and hence these were not restated. However, to consistently apply our regulatory accounting methodology across the years, we had to use the Group balances from the new accounting system for both the current and prior years and have restated some balances as explained further within the reconciliation report. Extensive reconciliations have been prepared between the prior year general ledgers balances from both systems and no material differences have been identified.

2.7 Comparability of RFS with BT Annual Report

The structure for reporting of costs in the RFS was directed in the WFTMR, this means costs are reported in the same format as the operating cost note (note 6) to the 2022 BT Annual Report.

The RFS reporting of operating costs will differ to that in the note 6 of the 2022 BT Annual Report because:

- we are directed by Ofcom to expense certain installation costs which are recognised as assets by the Group;
- the RFS disclosure of operating costs includes balances reported as specific in the 2022 BT Annual Report;
- we include financing costs and net impairment losses on trade receivables and contract assets within other operating costs in the RFS, in the 2022 BT Annual Report financing costs, net impairment losses on trade receivables and contract assets and Other operating costs are reported separately (Net impairment losses on trade receivables and contract assets (FY22: £102m, FY21: £150m) are predominantly recognised in Rest of BT); and
- revenue recognised as internal in the RFS is eliminated in other operating costs.

Furthermore, in the RFS we report revenue, cost and MCE against the Ofcom directed market structure (most recently directed in the WFTMR and WVMR). Our approach to allocating costs in the RFS may mean we present credit balances (or income) for products services and markets which may be reported as a cost in the 2022 BT Annual report, where this is the case (e.g. for Other operating costs) these balances relate to labour recoveries and should be viewed alongside other Net Labour balances.

Section 2 – Basis of Preparation

2.8 Key Changes to Accounting Policies during the Year

There have been no changes to accounting standards which have impacted the FY22 RFS.

During the year we have implemented a number of methodology changes as detailed in the reconciliation report which is included as Appendix 2 to this document.

Section 3

Statement of Responsibility

Section 3 – Statement of Responsibility

3.1 Statement of Responsibility

British Telecommunications plc (the “Company”) is required to prepare the RFS in accordance with the Final Statements as described in Section 2.4 ‘Final Statements set out by Ofcom’.

The RFS include comparative information for the year ended 31 March 2021 originally published on 30 July 2021 (the “FY21 RFS”). The FY21 RFS were subsequently subject to certain restatements and re-presentations detailed in section 2.6. The Reconciliation Report (Appendix 2) provides additional detail on the impact of these methodology changes and errors identified subsequent to publishing the FY21 RFS.

The directors confirm to the best of their knowledge that the RFS for the year ended 31 March 2022 (the “FY22 RFS”) have been prepared in accordance with the requirements of the Final Statements, the AMD and Wholesale Catalogue issued on 29 July 2022 and in accordance with the RAP.

The directors confirm to the best of their knowledge that the comparative information for the year ended 31 March 2021 included in the RFS have been prepared in accordance with the requirements of the Final Statements and the AMD issued on 30 July 2021 subject to certain restatements and re-presentations as detailed in Appendix 2.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Openreach

The Company is also required in accordance with the Commitments to separately report the financial results of Openreach within the RFS as explained in Section 1.1.

The Commitments require the Company to report the financial results of Openreach, including the following:

- Openreach financial information such as headline revenue, operating costs disaggregated by major cost category, depreciation, revenues broken down into the broad product groups that Openreach Business Unit provides and further split between internal and external sales, and separately identified payments to other parts of BT for products that form inputs to Openreach Business Unit products (e.g. electronics); and
- Reconciliation of Openreach’s revenue, operating profit and return or profit before tax (and other such items as agreed between the Company and Ofcom) with financial information about Openreach shown in BT’s Annual Report.

The Openreach Financial Statements can be found in Section 5 and include comparative information for the year ended 31 March 2021. These comparatives were subject to certain restatements and representations detailed in Appendix 2.

The form, content and basis of preparation of the financial results of Openreach follow those used in the preparation of the RFS as described above, except where differences are agreed with Ofcom.

The directors confirm to the best of their knowledge that the Openreach Financial Statements for the year ended 31 March 2022, have been prepared in accordance with the AMD and Wholesale Catalogue issued on 29 July 2022, and comply with the financial reporting requirements of the Commitments, issued on 28 May 2021.

The directors confirm to the best of their knowledge that the comparative information for the Openreach Financial Statements for the year ended 31 March 2021 included in the RFS, have been prepared in accordance with the requirements of the Final Statements and the AMD issued on 30 July 2021 subject to certain restatements and re-presentations as detailed in Appendix 2, and comply with the requirements of the financial reporting requirements of the Commitments, issued on 28 May 2021.

Approved by the Board of Directors and signed on its behalf by:

Simon Lowth

Director, British Telecommunications plc

29 July 2022

Section 4

Audit Report

Section 4 – Report of Independent Auditors

4.1 Independent auditors' report to the Directors of British Telecommunications plc ("BT" or "the Company") and Ofcom ("the Regulator")

Opinion

We have audited the Summary of Market Performance, the Review of the Physical Infrastructure Markets, the Review of Wholesale Local Access Markets, the Review of Leased Line Access Markets, the Review of Inter-exchange Connectivity Markets, Shared Ancillaries, Wholesale Call Termination (WCT), Interconnection (TDM), Interconnection (IP) and Appendices for Network Adjustments Restated on MCE Basis and Attribution Diagrams as set out in sections 5 to 13 and Appendix 1 on pages 14 to 103 and Appendix 3 on pages 114 to 115, and the accounting policies in the Basis of Preparation on pages 5 to 7 together referred to as the "Market Financial Statements", the Reconciliation Report set out in Appendix 2 on pages 104 to 113 of BT Group plc (the "Group"), together referred to as the "2022 Financial Statements", contained within the Regulatory Financial Statements 2022.

The "Market Summary Statements", within the Market Financial Statements, comprise the statements of financial performance for each market for the year ended 31 March 2022 shown within the Performance Summary by Market on page 15 and 16, including those listed below on which we express an opinion (the "PPIA Markets"):

- Physical Infrastructure Access (PI);
- Wholesale Local Access (WLA) Area 2;
- WLA Area 3;
- Leased lines access (LLA) Area 2;
- LLA Area 3;
- LLA High Network Reach (HNR);
- Inter-exchange connectivity (IEC) BT only; and
- Shared Ancillaries;

For the avoidance of doubt, we do not express separate audit opinions in respect of the statements of financial performance for:

- IEC BT+1;
- IEC BT+2;
- WCT; and
- Interconnection (TDM + IP)

The "Openreach Information", within the Market Financial Statements, comprises the figures for "Total Openreach" within the Performance Summary by Market on pages 15 to 16, Attribution of Operating Costs on pages 17 to 18 and Attribution of Mean Capital Employed on pages 19 to 20 together with the reconciliation statements headed "Openreach" on pages 21 to 23 and the notes on pages 21 to 23 where they relate to these tables.

The Market Financial Statements include comparative information for the year ended 31 March 2021 first published on 30 July 2021 which has been restated and re-presented, "Restated Financial Statements", to comply with the Final Statements issued by Ofcom listed in Section 2.4 on page 6 (the "Final Statements"), and in accordance with the Accounting Methodology Documents and the Wholesale Catalogue dated 29 July 2022, as amended, where applicable, in accordance with "Comparability of Current and Prior Year Results" on page 6.

In our opinion:

- a) the Market Financial Statements as a whole, and the Market Summary Statements for each of the PPIA Markets for the year ended 31 March 2022 have been properly prepared, in all material respects, in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 29 July 2022 and Regulatory Accounting Principles 1, 2, 3 and 7 in the Final Statements, and comply with the disclosure requirements of the Final Statements;
- b) the Openreach Information for the year ended 31 March 2022 has been properly prepared, in all material respects, in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale

Catalogue dated 29 July 2022 and complies with the disclosure requirements of Commitments of British Telecommunications plc and Openreach Limited to Ofcom made on 28 May 2021 (the "Commitments");

- c) the Restated Financial Statements as a whole have been properly prepared, in all material respects, in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 30 July 2021 as amended, where applicable, in accordance with note 2.6 "Comparability of Current and Prior Year results" on page 6 and Regulatory Accounting Principles 1, 2, 3 and 7 in the Final Statements, and comply with the disclosure requirements of the Final Statements;
- d) for the Reconciliation Report, all Material Changes, as defined in the Final Statements, were included in the Change Control Notification published on 31 March 2022; the description of each of the Material Changes provided by BT in the Change Control Notification is accurate in all material respects; BT included each and every Material Change in the Reconciliation Report and, in all material respects, correctly calculated the impact of all changes presented in the Market Financial Statements in accordance with the Final Statements; the description of each of the Material Errors, as defined in Final Statements, provided by BT in the Reconciliation Report is, in all material respects, accurate; and the corrected figures for the year ended 31 March 2021 set out in the Reconciliation Report are properly prepared, in all material respects, in accordance with the Accounting Methodology Documents for the year ended 31 March 2021 had these Accounting Methodology Documents not included these Material Errors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 (except as stated in the section on Auditors' responsibilities of our report), the terms of our engagement letter dated 11 May 2022 and having regard to the guidance contained in ICAEW Technical Release 02/16AAF (Revised) Reporting to Regulators on Regulatory Accounts. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities section of our report. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applicable to listed public interest entities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We audited the statutory financial statements of BT Group plc (the "Statutory Financial Statements") for the year ended 31 March 2022 ("the 2022 Statutory Financial Statements") on which we expressed an unmodified audit opinion on 12 May 2022. Our audit report on the 2022 Statutory Financial Statements describes the scope of our 2022 Statutory Financial Statements audit. In conducting our subsequent audit of the 2022 Financial Statements, and in providing the opinions above, we have not performed any additional tests of the transactions and balances which are recorded in the general ledgers and other accounting records beyond those already performed for the purpose of the audit of the Statutory Financial Statements.

Emphasis of matter – special purpose basis of preparation

We draw attention to the fact that the 2022 Financial Statements have been prepared in accordance with a special purpose framework, as set out in Section 2.1, including Ofcom's Regulatory Accounting Principles. In particular, we note:

- As regards Principle 4 (Objectivity) of Ofcom's Regulatory Accounting Principles, where BT has used assumptions in applying financial and operational data, the manner in which these assumptions have been determined are defined within the AMD.
- As regards Principle 5 (Causality) of Ofcom's Regulatory Accounting Principles, BT has performed the attributions in accordance with the AMD.
- As regards Principle 6 (Compliance with statutory accounting standards) of Ofcom's Regulatory Accounting Principles, whilst the Regulatory Financial Statements have been prepared using data from the 2022 statutory financial statements of the Group, as stated below they have not been prepared in accordance with UK-adopted international accounting standards and changes have been necessary to reflect the procedures and rules set out in the Final Statements.

The 2022 Financial Statements have been prepared in accordance with a special purpose basis of preparation to allow the Company to comply with the requirements of the Final Statements issued by Ofcom. The nature, form and content of the 2022 Financial Statements are determined by Ofcom. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for Ofcom's purposes. Accordingly, we make no such assessment.

The 2022 Financial Statements are separate from the 2022 Statutory Financial Statements of the Group and have not been prepared in accordance with UK-adopted international accounting standards. Financial information other than that prepared in accordance with UK-adopted international accounting standards does not necessarily represent a true and fair view of the financial performance or financial position of the Group as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

Section 4 – Report of Independent Auditors

As a result, the 2022 Financial Statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Going concern

The directors of British Telecommunications plc (“the Directors”) have prepared the 2022 Financial Statements on the going concern basis as they have concluded that the Group’s financial position means that it is realistic that the Group will not be liquidated or cease operations. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

Our procedures in relation to going concern included examining the Group’s financial position and going concern disclosures included in the Group’s 2022 Statutory Financial Statements as authorised on 12 May 2022, and considering events in the period since the authorisation of those financial statements which could impact the Group’s financial position and forecasts and assessing whether the Directors had appropriately taken them into account in their assessment.

Our conclusions based on this work:

- we consider that the Directors’ use of the going concern basis of accounting in the preparation of the 2022 Financial Statements is appropriate;
- we have not identified, and concur with the Directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may have cast significant doubt on the Group’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group will continue in operation.

Fraud and breaches of laws and regulations – ability to detect Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Executive Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, recent revisions to guidance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because non-long-term contract revenues are not judgemental and consist of a high number of low value transactions, and long-term contracts are generally low in complexity with most having a revenue recognition profile aligned to billing.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries posted in the general ledgers, used for the preparation of the 2022 Statutory Financial Statements, based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted and approved by the same user and those posted to unusual or seldom used accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the 2022 Financial Statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of noncompliance throughout the audit.

The potential effect of these laws and regulations on the 2022 Financial Statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the 2022 Financial Statements including the financial reporting aspects of the Ofcom regulations, and we assessed the extent of compliance with these regulations as part of our procedures on the related 2022 Financial Statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the 2022 Financial Statements, for instance through the imposition of fines or litigation or the loss of the Group’s license to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, regulations affecting telecommunication providers, and regulated nature of the Group’s activities (including compliance with Ofcom regulation). Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the 2022 Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the 2022 Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The other information comprises all information in the Regulatory Financial Statements 2022 other than the 2022 Financial Statements and our auditors’ report thereon.

The Directors are responsible for the other information. Our opinion on the 2022 Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether based on our 2022 Financial Statements audit work, the information therein is materially misstated or inconsistent with the 2022 Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Respective Responsibilities

Directors’ Responsibilities

As explained more fully in the Directors’ Statement of Responsibility set out on page 9 the Directors of British Telecommunications plc (the “Company”) are responsible for the preparation of the 2022 Financial Statements, including the Market Financial Statements and the Reconciliation Report, in accordance with the Final Statements, as set out in Section 2.4 of this document, the Company’s Accounting Methodology Document and the Wholesale Catalogue dated 29 July 2022.

Section 4 – Report of Independent Auditors

The Directors are also responsible for the preparation of the Openreach Information in accordance with the Commitments, the Final Statements, as set out in Section 2.4 of this document, the Company's Accounting Methodology Document and the Wholesale Catalogue dated 29 July 2022.

The Directors are also responsible for the preparation of the Reconciliation Report under the current cost convention in accordance with: the Final Statements, as set out in Section 2.4 of this document, the Company's Accounting Methodology Document and the Wholesale Catalogue dated 29 July 2022 in respect of information for the year ended 31 March 2022; and in accordance with the Final Statements, as set out in Section 2.4 of this document, the Company's Accounting Methodology Document and the Wholesale Catalogue dated 30 July 2021, as amended, where applicable, in accordance with note 2.6 "Comparability of Current and Prior Year results" on page 6 in respect of information for the year ended 31 March 2021.

As explained in the "Basis of Preparation" on pages 6 and 7 the Company has, prepared the 2022 Financial Statements by disaggregating balances recorded in the general ledgers and other accounting records of the Group maintained in accordance with the Companies Act 2006 and used, in accordance with that Act, for the preparation of the Statutory Financial Statements for the years ended 31 March 2022 and 31 March 2021.

The Directors are also responsible for determining that the basis of preparation is acceptable in the circumstances and also for such internal control as they determine is necessary to enable the preparation of the 2022 Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the 2022 Financial Statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable matters related to going concern, and using the going concern basis of accounting unless the Directors assess that the Group's financial position means that there is no realistic alternative to either liquidating the Group or to ceasing operations.

Auditors' responsibilities

Our objectives are to obtain reasonable assurance about whether the following are free from material misstatement, whether due to fraud or error, and whether:

- a) the Market Financial Statements as a whole, and the Market Summary Statements for each of the PPIA Markets for the year ended 31 March 2022 have been properly prepared, in all material respects, in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 29 July 2022 and Regulatory Accounting Principles 1, 2, 3 and 7 in the Final Statements, and comply with the disclosure requirements of the Final Statements;
- b) the Openreach Information for the year ended 31 March 2022 has been properly prepared, in all material respects, in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 29 July 2022 and complies with the disclosure requirements of the Commitments of British Telecommunications plc and Openreach Limited to Ofcom made on 28 May 2021;
- c) the Restated Financial Statements as a whole have been properly prepared, in all material respects, in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 30 July 2021 as amended, where applicable, in accordance with note 2.6 "Comparability of Current and Prior Year results" on page 6 and Regulatory Accounting Principles 1, 2, 3, and 7 in the Final Statements, and comply with the disclosure requirements of the Final Statements; and
- d) for the Reconciliation Report, all Material Changes, as defined in the Final Statements, were included in the Change Control Notification published on 31 March 2022; the description of each of the Material Changes provided by BT in the Change Control Notification is accurate; BT included each and every Material Change in the Reconciliation Report and correctly calculated the impact of all changes presented in the Market Financial Statements in accordance with the Final Statements; the description of each of the Material Errors, as defined in Final Statements, provided by BT in the Reconciliation Report is accurate; and the corrected figures for the year ended 31 March 2021 set out in the Reconciliation Report are properly prepared, in all material respects, in accordance with the Accounting Methodology Documents for the year ended 31 March 2021 had these Accounting Methodology Documents not included these Material Errors.

In relation to Regulatory Accounting Principles in a) and c) above, our responsibilities are to give an opinion in respect of the Regulatory Accounting Principles 1, 2, 3, and 7 and the disclosure requirements of the Final Statements as the other requirements of the Final Statements in relation to Regulatory Accounting Principles 4 and 5 are not sufficiently detailed to a level of detail that would allow an audit to be performed, and Regulatory Accounting Principle 6 is not relevant as the 2022 Financial Statements are prepared in accordance with a special basis of preparation, as required by Ofcom, and are not prepared in accordance with UK-adopted international accounting standards.

Our objective is also to issue our opinion in an auditors' report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 2022 Financial Statements.

A further description of our responsibilities is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities, except as set out as follows:

- We have not assessed whether the accounting policies are appropriate to the circumstances of the Group where these are laid down in the Final Statements as set out by Ofcom. Where the Final Statements do not give specific guidance on the accounting policies to be followed, our audit includes an assessment of whether the accounting policies adopted in respect of the transactions and balances required to be included in the 2022 Financial Statements are consistent with those used in the preparation of the 2022 Statutory Financial Statements of the Group.

The purpose of our audit work and to whom we owe our responsibilities

This report is made, on terms that have been agreed, solely to British Telecommunications plc and Ofcom in order to meet the requirements of the Final Statements issued by Ofcom. Our audit work has been undertaken so that we might state to British Telecommunications plc and Ofcom those matters that we have agreed to state to them in our report, in order (a) to assist British Telecommunications plc to meet its obligation as specified in the Final Statements issued by Ofcom to procure a report and (b) to facilitate the carrying out by the Ofcom of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than British Telecommunications plc and Ofcom, for our audit work, for this report or for the opinions we have formed.

Our opinion on the 2022 Financial Statements is separate from our opinions on the statutory financial statements of BT Group plc for the year ended 31 March 2022 on which we reported on 12 May 2022, and for the year ended 31 March 2021 on which we reported on 13 May 2021, which are prepared for a different purpose. Our audit reports in relation to the statutory financial statements of BT Group plc (our "Statutory audits") were made solely to the BT Group plc's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our Statutory audit work was undertaken so that we might state to BT Group plc's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our Statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Engagement partner

The engagement partner on the audit resulting in this independent auditors' report is John Luke.

KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL
29 July 2022

Section 5

Summary of Market Performance

Section 5 – Summary of Market Performance

5.1 Performance Summary by Market

For the year ended 31 March 2022

		Openreach											Rest of BT		BT Group		Total	
		Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges ¹	Shared ancillaries	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding
PI revenues																		
External purchases	£m	3																3
Internal purchases	£m	10														(10)		-
Inputs to downstream services	£m	232																-
Total PI revenues	£m	245														(10)		3
Other revenues																		
External revenue	£m		1,160	527	206	137	18	44	19	1	140	528	-	2,780	18,067	-	-	20,847
Internal revenue	£m		563	400	214	137	21	71	45	1	2	1,203	-	2,657	1,935	(4,593)	2	1
Total other revenue	£m		1,723	927	420	274	39	115	64	2	142	1,731	-	5,437	20,002	(4,593)	2	20,848
Total revenue	£m	245	1,723	927	420	274	39	115	64	2	142	1,731	(232)	5,450	20,002	(4,603)	2	20,851
Attribution of PI costs	£m	-	72	37	10	7	1	3	1	-	-	99	(232)	(2)	10	(10)	2	-
Operating costs	£m	110	971	515	149	88	14	21	14	1	66	594	-	2,543	15,971	(4,633)	-	13,881
Depreciation	£m	187	419	242	151	71	14	20	14	-	30	460	-	1,608	2,651	(23)	-	4,236
Total HCA operating costs	£m	297	1,462	794	310	166	29	44	29	1	96	1,153	(232)	4,149	18,632	(4,666)	2	18,117
CCA adjustments	£m	(439)	(66)	(33)	(1)	(1)	-	-	-	-	-	(86)	-	(626)	-	3	1	(622)
Total CCA operating costs	£m	(142)	1,396	761	309	165	29	44	29	1	96	1,067	(232)	3,523	18,632	(4,663)	3	17,495
CCA return	£m	387	327	166	111	109	10	71	35	1	46	664	-	1,927	1,370	60	(1)	3,356
Mean capital employed	£m	5,488	3,869	2,432	910	392	83	95	66	2	210	2,941	-	16,488	21,494	(133)	-	37,849
Return on mean capital employed	%	7.0%	8.5%	6.8%	12.1%	27.9%	12.6%	75.2%	52.3%	40.6%	22.0%	22.6%	-	11.7%	6.4%	-	-	8.9%

Notes:

1) Rest of BT includes the following total revenue for wholesale call termination ("WCT") (section 11), the interconnect circuits listed in the Annex to Condition 3C ("TDM interconnection") (section 12) and interconnection provided at IP Points of Connection ("IP interconnection") (section 13)

	£m	Total revenue
WCT	£m	6
TDM interconnection	£m	4
IP interconnection	£m	-

2) Main link services are reported in the LLA and IEC markets. The Main Link volume attributed to each market is calculated based on the Main Link associated with the circuits attributed to that market. The Main Link volume is calculated on the basis of the serving exchanges associated with the A end and B end of each circuit within each market.

The geographical market location of a given Main Link circuit may not match the geographical market location of the circuit which it serves. This is because the serving exchanges for the Main Link may be in different postcodes to the A end and B ends of the circuit associated with it. The geographical location of the A and B ends of the circuit the Main Link supports takes precedence, to ensure that the volume of Main Link reported in each market is reflective of the circuits that the Main Link supports.

¹insofar as SMP Condition 11 applies

Section 5 – Summary of Market Performance

5.1 Performance Summary by Market

Restated for the year ended 31 March 2021

		Openreach											Rest of BT		BT Group		Total	
		Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges ¹	Shared ancillaries	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding
PI revenues																		
External purchases	£m	2																2
Internal purchases	£m	36																-
Inputs to downstream services	£m	670																-
Total PI revenues	£m	708																2
Other revenues																		
External revenue	£m		1,085	484	170	122	16	36	12	-	143	524	-	2,592	18,737	-	-	21,329
Internal revenue	£m		501	366	197	132	21	67	40	1	2	1,310	-	2,637	2,124	(4,761)	-	-
Total other revenue	£m		1,586	850	367	254	37	103	52	1	145	1,834	-	5,229	20,861	(4,761)	-	21,329
Total revenue	£m	708	1,586	850	367	254	37	103	52	1	145	1,834	(670)	5,267	20,861	(4,797)	-	21,331
Attribution of PI costs	£m	-	189	99	32	27	2	11	4	1	-	305	(670)	-	36	(36)	-	-
Operating costs	£m	146	840	496	136	82	14	20	12	-	70	696	-	2,512	16,919	(4,797)	1	14,635
Depreciation	£m	192	378	223	134	69	14	19	12	-	29	472	-	1,542	2,722	(24)	(2)	4,238
Total HCA operating costs	£m	338	1,407	818	302	178	30	50	28	1	99	1,473	(670)	4,054	19,677	(4,857)	(1)	18,873
CCA adjustments	£m	2	21	10	1	1	-	-	1	-	(2)	44	-	78	2	(1)	(1)	78
Total CCA operating costs	£m	340	1,428	828	303	179	30	50	29	1	97	1,517	(670)	4,132	19,679	(4,858)	(2)	18,951
CCA return	£m	368	158	22	64	75	7	53	23	-	48	317	-	1,135	1,182	61	2	2,380
Mean capital employed	£m	5,171	3,368	2,169	840	392	81	97	60	2	203	3,194	-	15,577	23,009	(136)	2	38,452
Return on mean capital employed	%	7.1%	4.7%	1.0%	7.6%	19.2%	8.4%	54.5%	38.8%	10.3%	23.6%	9.9%	-	7.3%	5.1%	-	-	6.2%

Notes:

1) Rest of BT includes the following total revenue for wholesale call termination ("WCT") (section 11), the interconnect circuits listed in the Annex to Condition 3C ("TDM interconnection") (section 12) and interconnection provided at IP Points of Connection ("IP interconnection") (section 13)

		Total revenue
WCT	£m	8
TDM interconnection	£m	5
IP interconnection	£m	-

2) Main link services are reported in the LLA and IEC markets. The Main Link volume attributed to each market is calculated based on the Main Link associated with the circuits attributed to that market. The Main Link volume is calculated on the basis of the serving exchanges associated with the A end and B end of each circuit within each market.

The geographical market location of a given Main Link circuit may not match the geographical market location of the circuit which it serves. This is because the serving exchanges for the Main Link may be in different postcodes to the A end and B ends of the circuit associated with it. The geographical location of the A and B ends of the circuit the Main Link supports takes precedence, to ensure that the volume of Main Link reported in each market is reflective of the circuits that the Main Link supports.

¹insofar as SMP Condition 11 applies

Section 5 – Summary of Market Performance

5.2 Attribution of Operating Costs

For the year ended 31 March 2022

(i) Operating costs by type		Openreach											Total	Rest of BT		BT Group		Total	
		Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Non-SMP		Eliminations	Total	Eliminations	Rounding		
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,175	(1,175)	-	-
Attribution of PI costs	£m	-	72	37	10	7	1	3	1	-	-	-	100	(232)	(1)	10	(10)	1	-
Net labour costs	£m	66	586	319	113	68	11	9	6	-	16	374	-	-	1,568	3,063	(19)	(2)	4,610
Product costs & sales commissions	£m	-	1	-	6	6	1	-	-	-	-	1	-	-	15	3,792	-	-	3,807
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,347	-	(1)	1,346
Property & energy costs	£m	2	171	106	23	13	2	5	1	41	163	-	-	533	516	(11)	(3)	1,035	
Network operating and IT costs	£m	7	62	34	12	7	1	2	1	4	51	-	-	181	745	(4)	1	923	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	879	-	-	-	879
Provision and installation	£m	-	22	11	1	-	-	-	-	-	4	-	-	38	638	-	1	677	
Marketing and sales	£m	-	2	1	-	-	-	-	-	-	1	-	-	4	309	-	1	314	
Other operating costs	£m	39	149	57	(4)	(5)	(1)	4	2	-	6	105	-	352	3,652	(3,424)	2	582	
Other operating income	£m	(4)	(22)	(13)	(2)	(1)	-	-	-	(1)	(106)	-	-	(149)	(145)	-	2	(292)	
Total operating costs before depreciation	£m	110	1,043	552	159	95	15	24	15	1	66	693	(232)	2,541	15,981	(4,643)	2	13,881	
Depreciation																			
Duct	£m	165	7	4	-	-	-	-	-	-	-	8	-	184	-	-	-	-	184
Poles	£m	5	-	-	-	-	-	-	-	-	-	-	-	5	-	-	-	-	5
Copper	£m	-	150	68	-	-	-	-	-	-	-	264	-	482	(4)	(2)	-	-	476
Fibre	£m	5	158	110	71	34	6	2	1	1	30	-	-	418	8	(6)	1	421	
Electronics	£m	-	18	12	60	26	6	13	8	-	24	-	-	167	213	(5)	1	376	
Software	£m	7	27	16	7	4	1	1	1	2	17	-	-	83	966	(1)	-	1,048	
Right of use assets	£m	5	48	26	10	5	1	2	2	9	74	-	-	182	511	(5)	-	688	
Land and buildings	£m	-	1	-	-	-	-	-	-	-	3	-	-	4	30	-	1	35	
Other assets	£m	1	12	7	3	2	-	2	2	18	40	-	-	87	929	(4)	(2)	1,010	
Less funded assets (BDUK, etc.)	£m	(1)	(2)	(1)	-	-	-	-	-	-	(4)	-	-	(4)	(2)	-	(1)	(7)	
Total depreciation	£m	187	419	242	151	71	14	20	14	-	30	460	-	1,608	2,651	(23)	-	4,236	
Total HCA operating costs	£m	297	1,462	794	310	166	29	44	29	1	96	1,153	(232)	4,149	18,632	(4,666)	2	18,117	
CCA adjustments																			
Holding gains	£m	(558)	(117)	(56)	(2)	(2)	-	(1)	(1)	-	(1)	(179)	-	(917)	(14)	5	2	(924)	
Supplementary depreciation	£m	116	59	27	2	2	-	1	1	-	2	101	-	311	12	(3)	(1)	319	
Other CCA adjustments	£m	3	(8)	(4)	(1)	(1)	-	-	-	-	(1)	(8)	-	(20)	2	1	-	(17)	
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total CCA operating costs	£m	(142)	1,396	761	309	165	29	44	29	1	96	1,067	(232)	3,523	18,632	(4,663)	3	17,495	
Total CCA operating cost includes the following:																			
Cumulo charges	£m	-	118	76	15	8	1	2	1	-	2	65	-	288	21	-	1	310	
Openreach SLGs	£m	-	6	(4)	-	(2)	-	-	-	-	-	-	-	-	55	-	-	55	
Leaver costs	£m	2	16	9	4	2	-	-	-	-	1	12	-	46	138	-	1	185	

(ii) Operating costs by division		Openreach											Total	Rest of BT		BT Group		Total
		Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Non-SMP		Eliminations	Total	Eliminations	Rounding	
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	1,175	(1,175)	-	-
Attribution of PIA costs	£m	-	72	37	10	7	1	3	1	-	-	100	(232)	(1)	10	(10)	1	-
Openreach																		
Service and network delivery	£m	74	339	174	45	25	3	3	1	1	205	-	-	871	128	(11)	1	989
Openreach support functions	£m	7	267	124	22	21	3	2	1	0	48	0	-	501	1122	(1)	(1)	1621
Openreach total	£m	81	606	298	67	46	6	5	2	1	253	-	-	1,372	1,250	(12)	-	2,610
Rest of BT																		
Group centre	£m	17	126	71	28	15	3	2	1	-	77	-	-	343	(3,749)	(4)	-	(3,410)
Property and facilities	£m	1	127	81	18	10	2	3	2	-	105	-	-	357	154	(3)	(2)	506
Technology	£m	10	107	62	25	13	2	9	8	-	152	-	-	436	(346)	(21)	-	69
Consumer, Global and Enterprise	£m	1	5	3	11	4	1	2	1	-	6	-	-	34	17,487	(3,418)	3	14,106
Rest of BT total	£m	29	365	217	82	42	8	16	12	-	59	340	-	1,170	13,546	(3,446)	1	11,271
Operating cost before depreciation	£m	110	1,043	552	159	95	15	24	15	1	66	693	(232)	2,541	15,981	(4,643)	2	13,881

Section 5 – Summary of Market Performance

5.2 Attribution of Operating Costs

Restated for the year ended 31 March 2021

(i) Operating costs by type		Openreach											Total	Rest of BT		BT Group		Total
		Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Non-SMP		Eliminations	Total	Total	Eliminations	
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	1,056	(1,055)	(1)	-
Attribution of PI costs	£m	-	189	99	32	27	2	11	4	1	-	305	(670)	-	36	(36)	-	-
Net labour costs	£m	103	536	321	108	64	11	10	4	-	15	452	-	1,624	3,461	(18)	1	5,068
Product costs & sales commissions	£m	-	-	-	7	7	1	-	-	-	1	3	-	19	4,812	-	1	4,832
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	1,650	-	-	1,650
Property & energy costs	£m	3	161	102	22	13	2	6	5	-	40	175	-	529	487	(10)	(1)	1,005
Network operating and IT costs	£m	12	51	30	10	6	1	1	1	-	3	49	-	164	851	(3)	1	1,013
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	787	-	-	787
Provision and installation	£m	-	13	8	-	-	-	-	-	-	-	5	-	26	437	-	1	464
Marketing and sales	£m	1	2	1	-	-	-	-	-	-	-	2	-	6	284	-	-	290
Other operating costs	£m	26	92	43	(11)	(8)	(1)	3	2	-	12	112	-	270	3,357	(3,711)	(1)	(85)
Other operating income	£m	1	(15)	(9)	-	-	-	-	-	-	(1)	(102)	-	(126)	(263)	-	-	(389)
Total operating costs before depreciation	£m	146	1,029	595	168	109	16	31	16	1	70	1,001	(670)	2,512	16,955	(4,833)	1	14,635
Depreciation																		
Duct	£m	160	7	4	-	-	-	-	-	-	-	8	-	179	-	-	1	180
Poles	£m	15	-	-	-	-	-	-	-	-	-	-	-	15	-	-	-	15
Copper	£m	-	142	64	-	-	-	-	-	-	-	268	-	474	5	(2)	1	478
Fibre	£m	3	135	99	70	37	7	2	1	-	1	35	-	390	10	(7)	(2)	391
Electronics	£m	-	16	12	42	19	4	13	7	-	-	22	-	135	207	(6)	(2)	334
Software	£m	12	26	16	8	5	1	1	1	-	2	21	-	93	1,103	(1)	2	1,197
Right of use assets	£m	7	43	25	8	5	1	1	1	-	8	74	-	173	522	(4)	(2)	689
Land and buildings	£m	-	1	-	-	-	-	-	-	-	-	2	-	3	30	-	1	34
Other assets	£m	4	22	13	6	3	1	2	2	-	18	42	-	113	845	(4)	(1)	953
Less funded assets (BDUK, etc.)	£m	(9)	(14)	(10)	-	-	-	-	-	-	-	-	-	(33)	-	-	-	(33)
Total depreciation	£m	192	378	223	134	69	14	19	12	-	29	472	-	1,542	2,722	(24)	(2)	4,238
Total HCA operating costs	£m	338	1,407	818	302	178	30	50	28	1	99	1,473	(670)	4,054	19,677	(4,857)	(1)	18,873
CCA adjustments																		
Holding gains	£m	(92)	(20)	(9)	-	-	-	-	-	-	(2)	(35)	-	(158)	(6)	1	(1)	(164)
Supplementary depreciation	£m	94	45	21	2	2	-	1	1	-	1	85	-	252	11	(3)	(1)	259
Other CCA adjustments	£m	-	(4)	(2)	(1)	(1)	-	(1)	-	-	(1)	(6)	-	(16)	(3)	1	1	(17)
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total CCA operating costs	£m	340	1,428	828	303	179	30	50	29	1	97	1,517	(670)	4,132	19,679	(4,858)	(2)	18,951
Total CCA operating cost includes the following:																		
Cumulo charges	£m	-	109	73	14	9	1	2	1	-	3	76	-	288	22	-	-	310
Openreach SLGs	£m	-	-	1	-	(1)	-	-	-	-	-	-	-	-	27	-	-	27
Leaver costs	£m	5	23	14	6	3	1	-	-	-	1	21	-	74	208	-	-	282

(ii) Operating costs by division		Openreach											Total	Rest of BT		BT Group		Total
		Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Non-SMP		Eliminations	Total	Total	Eliminations	
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	1,056	(1,055)	(1)	-
Attribution of PIA costs	£m	-	189	99	32	27	2	11	4	1	-	305	(670)	-	36	(36)	-	-
Openreach																		
Service and network delivery	£m	87	322	178	38	22	4	3	1	-	2	264	-	921	184	(11)	2	1,096
Openreach support functions	£m	5	186	112	21	19	3	1	1	-	11	64	-	423	1,113	(1)	-	1,535
Openreach total	£m	92	508	290	59	41	7	4	2	-	13	328	-	1,344	1,297	(12)	2	2,631
Rest of BT																		
Group centre	£m	29	105	63	23	13	2	2	1	-	3	85	-	326	(3,727)	(4)	4	(3,401)
Property and facilities	£m	1	119	79	16	9	1	3	2	-	8	113	-	351	146	(3)	(1)	493
Technology	£m	22	104	62	26	14	3	9	6	-	46	163	-	455	(453)	(17)	(1)	(16)
Consumer, Global and Enterprise	£m	2	4	2	12	5	1	2	1	-	-	7	-	36	18,600	(3,706)	(2)	14,928
Rest of BT total	£m	54	332	206	77	41	7	16	10	-	57	368	-	1,168	14,566	(3,730)	-	12,004
Operating cost before depreciation	£m	146	1,029	595	168	109	16	31	16	1	70	1,001	(670)	2,512	16,955	(4,833)	1	14,635

Section 5 – Summary of Market Performance

5.3 Attribution of MCE

For the year ended 31 March 2022

		Openreach											Rest of BT		BT Group		Total		
		Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding	
Non-current assets																			
Duct	£m	5,335	269	165	-	-	-	-	-	-	-	-	252	-	6,021	-	-	-	6,021
Poles	£m	196	(1)	(1)	-	-	-	-	-	-	-	-	(1)	-	193	-	-	-	193
Copper	£m	-	1,162	541	-	-	-	-	-	-	-	-	1,881	-	3,584	33	(21)	-	3,596
Fibre	£m	23	2,064	1,510	628	309	59	17	5	-	13	-	285	-	4,913	66	(47)	2	4,934
Electronics	£m	-	158	108	157	66	14	49	37	1	-	-	79	-	669	766	(13)	(1)	1,421
Software	£m	20	81	47	21	11	2	3	2	-	6	-	58	-	251	1,993	(3)	1	2,242
Land and buildings	£m	1	11	6	3	1	-	1	1	-	5	-	35	-	64	361	(3)	1	423
Right of use assets	£m	19	160	91	34	18	3	5	5	-	20	-	180	-	535	1,931	(13)	1	2,454
Other assets	£m	12	162	90	33	14	3	17	18	1	157	-	308	-	815	16,303	(35)	1	17,084
Less funded assets (BDUK, etc.)	£m	(172)	(270)	(180)	-	-	-	-	-	-	-	-	-	-	(622)	(5)	-	(1)	(628)
Total non-current assets	£m	5,434	3,796	2,377	876	419	81	92	68	2	201	3,077	-	16,423	21,448	(135)	4	37,740	
Current assets	£m	110	657	390	178	94	17	23	15	1	44	-	486	-	2,015	7,192	(21)	(1)	9,185
Current liabilities	£m	(54)	(574)	(329)	(142)	(122)	(15)	(21)	(16)	(1)	(33)	-	(531)	-	(1,838)	(6,571)	22	-	(8,387)
Provisions	£m	(1)	(9)	(5)	(2)	(1)	-	-	-	-	(2)	-	(92)	-	(112)	(575)	1	(2)	(688)
Rounding	£m	(1)	(1)	(1)	-	2	-	1	(1)	-	-	-	1	-	-	-	-	(1)	(1)
Total MCE	£m	5,488	3,869	2,432	910	392	83	95	66	2	210	2,941	-	16,488	21,494	(133)	-	37,849	

Notes:
1) Duct assets reported outside Physical Infrastructure markets relate to cabinet connectivity duct used in WLA and Openreach residual products and services. Poles reported outside Physical Infrastructure markets is not material.

Section 5 – Summary of Market Performance

5.3 Attribution of MCE

Restated for the year ended 31 March 2021

		Openreach											Rest of BT		BT Group		Total		
		Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding	
Non-current assets																			
Duct	£m	4,992	282	171	-	-	-	-	-	-	-	238	-	5,683	-	-	(1)	5,682	
Poles	£m	169	-	-	-	-	-	-	-	-	-	-	-	169	-	-	-	169	
Copper	£m	-	1,165	539	-	-	-	-	-	-	2,023	-	3,727	27	(16)	1	3,739		
Fibre	£m	23	1,616	1,274	551	296	54	20	6	-	302	11	4,153	79	(58)	2	4,176		
Electronics	£m	-	117	88	151	69	14	46	31	1	78	-	595	774	(13)	-	1,356		
Software	£m	42	76	48	25	15	2	4	2	-	69	6	289	1,681	(3)	-	1,967		
Land and buildings	£m	2	11	6	3	1	-	1	1	-	35	5	65	281	(3)	-	343		
Right of use assets	£m	24	159	94	34	19	4	6	5	-	226	23	594	2,286	(14)	-	2,866		
Other assets	£m	17	135	76	23	8	3	15	16	1	293	144	731	16,619	(27)	1	17,324		
Less funded assets (BDUK, etc.)	£m	(164)	(258)	(177)	-	-	-	-	-	-	-	-	(599)	(6)	-	(1)	(606)		
Total non-current assets	£m	5,105	3,303	2,119	787	408	77	92	61	2	189	3,264	15,407	21,741	(134)	2	37,016		
Current assets	£m	156	589	364	165	92	17	22	14	1	46	549	2,015	8,869	(22)	(1)	10,861		
Current liabilities	£m	(88)	(516)	(310)	(109)	(108)	(13)	(15)	(13)	(1)	(31)	(521)	(1,725)	(7,000)	19	-	(8,706)		
Provisions	£m	(2)	(8)	(5)	(2)	(1)	-	-	-	-	(2)	(97)	(117)	(600)	1	(1)	(717)		
Rounding	£m	-	-	1	(1)	1	-	(2)	(2)	-	1	(1)	(3)	(1)	-	2	(2)		
Total MCE	£m	5,171	3,368	2,169	840	392	81	97	60	2	203	3,194	15,577	23,009	(136)	2	38,452		

Notes:

1) Duct assets reported outside Physical Infrastructure markets relate to cabinet connectivity duct used in WLA and Openreach residual products and services.

Section 5 – Summary of Market Performance

5.4 Reconciliation Statement: Income Statement

Openreach Statements

In accordance with Section 20.5 and 20.6 of the Commitments, the RFS must separately present the financial results of Openreach and include a reconciliation of Openreach's revenue, operating profit (and other items agreed between us and Ofcom) with Openreach's financial information as shown in our Annual Report.

The form, content and basis of preparation of the financial results of Openreach follow, to the fullest extent possible, those used in the preparation of the RFS. The reconciliation of this statement to the Openreach segmental financial information as shown in our Annual Report is shown in the Income Statement below.

5.4 Reconciliation Statement: Income Statement

For the year ended 31 March 2022

	Openreach			BT Group PLC		
	Revenue £m	Operating cost £m	Return or operating profit £m	Revenue £m	Operating cost £m	Return or operating profit £m
As in the annual report	5,441	4,138	1,303	20,845	17,673	3,172
Adjustments						
Specific items	(1)	54	(55)	5	292	(287)
Use of technology assets	-	(38)	38	-	-	-
Other trading differences	10	(146)	156	-	-	-
Net short term interest	-	12	(12)	-	20	(20)
BDUK data error	-	(17)	17	-	(17)	17
Share of post tax loss of associated and joint ventures	-	-	-	-	-	-
Installation costs treated as operating expenses	-	147	(147)	-	147	(147)
CCA adjustments	-	(624)	624	-	(622)	622
Rounding	-	(3)	3	1	2	(1)
As in the RFS	5,450	3,523	1,927	20,851	17,495	3,356

Notes:

1) Breakdown of other trading differences

	£m
Net labour costs	273
Product costs & sales commissions	2
Payments to telecommunications operators	-
Property & energy costs	513
Network operating and IT costs	38
TV programme rights charges	-
Provision and installation	(1)
Marketing and sales	1
Other operating costs	(972)
Other trading differences	(146)

2) Description of reconciliation adjustments

Adjustment	Description
Specific items	The Group's income statement and segmental analysis separately identifies trading results on an adjusted basis, being before specific items. Presentation of the Group's results in this way is relevant to understanding the Group's financial performance as specific items are those that, in management's judgement, need to be disclosed by virtue of their size, nature or incidence. Examples of charges or credits that may be 'specific items' include acquisitions and disposals of businesses and investments, retrospective regulatory matters, historical insurance or litigation claims, business restructuring programmes, asset impairment charges and property rationalisation programmes.
Use of technology assets	Within the Openreach segmental financial information reported in our Annual Report, the results include a charge for an appropriate return on capital where assets are owned by Technology (e.g. for line cards, electronics and network features) but are used by Openreach. The Openreach regulatory statements do not include this charge, as the basis for attribution of costs and assets to products in the regulatory accounts is actual costs and assets.
Other trading differences	The Openreach segmental financial information reported in our Annual Report reflects the internal charges between our business units rather than the allocation of actual costs and capital employed as shown in the RFS. The other trading differences reflect the total of these differences across the year.
BDUK data error	Depreciation differences relate to an error identified in data inputs relating to the value of grant funding. For more information see Appendix 2.3.
Net short term interest	These are included within our return but not included as adjusted operating profit within our Annual Report.
Share of post tax loss of associated and joint ventures	These are included within our return but not included as adjusted operating profit within our Annual Report.
Installation costs treated as operating expenses	As directed by Ofcom, we make an adjustment in the RFS (relative to IFRS and BT's accounting policies) to treat installation and planning costs related to GEA Customer Site installation, Tie Cables, GEA Cable Links, Abortive Visits, Co-mingling services, Excess Construction Charges and Expedite services as operating expenditure in the RFS in line with connection revenues received (rather than capital expenditure), and the opening capital employed associated with these activities is also removed.
CCA adjustments	Our consolidated financial statements are prepared on the historical cost basis, except for certain financial and equity instruments that have been measured at fair value. Our RFS have been prepared on a CCA basis, in accordance with the annually updated AMD. As such, a reconciliation entry has been made to include the aggregated CCA adjustments within the Openreach regulatory statement.

3) Explanation of 'Other trading differences' adjustments for cost categories representing 10% or more

Net labour costs	Variances are due to labour costs allocated from Technology Units and share based payments from group centre.
Property & energy costs	Variances are due to property and energy costs allocated from Property and Facilities centre and from Technology Units allocating to Openreach markets.
Network operating and IT costs	Variances relate to network operation and maintenance cost and IT costs from Technology Units allocated to Openreach Markets.
Other operating costs	Variances are due to corporate recharges allocated to Rest of BT, this includes a share of Technology Units recharges, corporate costs, cumulo charges and insurance costs.

Section 5 – Summary of Market Performance

5.4 Reconciliation Statement: Income Statement

Restated for the year ended 31 March 2021

	Openreach			BT Group PLC		
	Revenue £m	Operating cost £m	Return or operating profit £m	Revenue £m	Operating cost £m	Return or operating profit £m
As in the annual report	5,244	4,014	1,230	21,370	18,302	3,068
Adjustments						
Specific items	(16)	86	(102)	(39)	442	(481)
Use of technology assets	-	(43)	43	-	-	-
Other trading differences	36	(127)	163	-	-	-
Net short term interest	-	2	(2)	-	12	(12)
BDUK data error	-	17	(17)	-	17	(17)
Share of post tax loss of associated and joint ventures	-	-	-	-	(8)	8
Installation costs treated as operating expenses	-	108	(108)	-	108	(108)
CCA adjustments	-	77	(77)	-	78	(78)
Rounding	3	(2)	5	-	-	-
As in the RFS	5,267	4,132	1,135	21,331	18,951	2,380

Notes:

1) Breakdown of other trading differences

	£m
Net labour costs	316
Product costs & sales commissions	2
Payments to telecommunications operators	-
Property & energy costs	514
Network operating and IT costs	34
TV programme rights charges	-
Provision and installation	1
Marketing and sales	2
Other operating costs	(996)
Other trading differences	(127)

2) Description of reconciliation adjustments

Adjustment	Description
Specific items	The Group's income statement and segmental analysis separately identifies trading results on an adjusted basis, being before specific items. Presentation of the Group's results in this way is relevant to understanding the Group's financial performance as specific items are those that, in management's judgement, need to be disclosed by virtue of their size, nature or incidence. Examples of charges or credits that may be 'specific items' include acquisitions and disposals of businesses and investments, retrospective regulatory matters, historical insurance or litigation claims, business restructuring programmes, asset impairment charges and property rationalisation programmes.
Use of technology assets	Within the Openreach segmental financial information reported in our Annual Report, the results include a charge for an appropriate return on capital where assets are owned by Technology (e.g. for line cards, electronics and network features) but are used by Openreach. The Openreach regulatory statements do not include this charge, as the basis for attribution of costs and assets to products in the regulatory accounts is actual costs and assets.
Other trading differences	The Openreach segmental financial information reported in our Annual Report reflects the internal charges between our business units rather than the allocation of actual costs and capital employed as shown in the RFS. The other trading differences reflect the total of these differences across the year.
Net short term interest	These are included within our return but not included as adjusted operating profit within our Annual Report.
BDUK data error	Depreciation differences relate to an error identified in data inputs relating to the value of grant funding. For more information see Appendix 2.3.
Share of post tax loss of associated and joint ventures	These are included within our return but not included as adjusted operating profit within our Annual Report.
Installation costs treated as operating expenses	As directed by Ofcom, we make an adjustment in the RFS (relative to IFRS and BT's accounting policies) to treat installation and planning costs related to GEA Customer Site installation, Tie Cables, GEA Cable Links, Abortive Visits, Co-mingling services, Excess Construction Charges and Expedite services as operating expenditure in the RFS in line with connection revenues received (rather than capital expenditure), and the opening capital employed associated with these activities is also removed.
CCA adjustments	Our consolidated financial statements are prepared on the historical cost basis, except for certain financial and equity instruments that have been measured at fair value. Our RFS have been prepared on a CCA basis, in accordance with the annually updated AMD. As such, a reconciliation entry has been made to include the aggregated CCA adjustments within the Openreach regulatory statement.

3) Explanation of 'Other trading differences' adjustments for cost categories representing 10% or more

Net labour costs	Variances are due to labour costs allocated from Technology Units and share based payments from group centre.
Property & energy costs	Variances are due to property and energy costs allocated from Property and Facilities centre and from Technology Units allocating to Openreach markets.
Network operating and IT costs	Variances relate to network operation and maintenance cost and IT costs from Technology Units allocated to Openreach Markets.
Other operating costs	Variances are due to corporate recharges allocated to Rest of BT, this includes a share of Technology Units recharges, corporate costs, cumulo charges and insurance costs.

Section 5 – Summary of Market Performance

5.5 Reconciliation Statement: MCE

5.5 Reconciliation Statement: MCE - BT Group

For the year ended 31 March

	2022 £m	2021 £m		2022 £m	2021 £m
MCE - BT Group plc					
Total assets less current liabilities, as in the annual report	40,728	41,871			
Adjustments			Openreach		
Corporate taxes	(406)	(197)	Physical Infrastructure	5,488	5,171
Deferred taxes	(289)	(989)	WLA Area 2	3,869	3,368
Derivative financial instruments	(1,040)	(1,147)	WLA Area 3	2,432	2,169
Loans due within one year	233	219	LLA Area 2	910	840
Provisions	(439)	(427)	LLA Area 3	392	392
BDUK data error	17	(17)	LLA High network reach	83	81
Capital costs treated as operating expenses	(1,453)	(1,318)	IEC BT only exchanges	95	97
IFRS 16	(2,139)	(2,275)	IEC BT +1 exchanges	66	60
Closing HCA capital employed at 31 March	35,212	35,720	IEC BT +2 exchanges ¹	2	2
			Shared ancillaries	210	203
CCA adjustments	2,695	2,063	Total Openreach SMP	13,547	12,383
Rounding	(4)	(1)	Openreach non-SMP	2,941	3,194
Closing CCA capital employed at 31 March	37,903	37,782	Rest of BT	21,494	23,009
Opening CCA capital employed at 1 April	37,795	39,122	Eliminations	(133)	(136)
			Rounding	-	2
Total CCA MCE in the RFS	37,849	38,452	Total CCA MCE in the RFS	37,849	38,452

1) Description of reconciliation adjustments

Adjustment	Description
Corporate taxes	Corporate taxes include Current Tax Receivables and Current Tax Liabilities as disclosed in 2022 BT Annual report. Tax balances are excluded from our calculation of MCE.
Deferred taxes	Deferred tax includes Deferred Tax Assets as disclosed in 2022 BT Annual report. Deferred tax is excluded from our calculation of MCE.
Derivative financial instruments	Derivative financial instruments includes Derivative financial instrument Assets as disclosed in 2022 BT Annual report. Derivative financial instruments are excluded from our calculation of MCE.
Loans due within one year	Loans due within one year includes Listed bonds < 1yr Principal and listed bonds < 1yr interest accrual as disclosed in 2022 BT Annual report. Loans due within one year are excluded from our calculation of MCE.
Provisions	Provisions includes for provisions for liabilities and charges > 1yr as disclosed in 2022 BT Annual report. Provisions are included in our calculation of MCE.
BDUK data error	Depreciation differences relate to an error identified in data inputs relating to the value of grant funding. For more information see Appendix 2.3.
Capital costs treated as operating expenses	See details in 5.4 Reconciliation Statement: Income statement
IFRS 16	We have included a portion of the lease liability over one year for property leases in our asset base to avoid a significant increase in our asset base, which would reduce comparability between the ROCE reported in the RFS and Ofcom's approach to setting prices.
¹ insofar as SMP Condition 11 applies	

Section 6

Review of Physical Infrastructure Markets

Section 6 – Review of Physical Infrastructure Markets

6.1.1. Physical Infrastructure Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Inputs to downstream services														
Lead-in duct	16.3	-	16.3	8,741,026	-	lead-ins	1.86	-	(20.4)	-	522.6	-	7.0%	-
Spine duct - 1 bore	63.3	-	63.3	786,752	-	km	80.45	-	(78.9)	-	2,031.9	-	7.0%	-
Spine duct - 2 bore	14.6	-	14.6	357,282	-	km	40.77	-	(19.3)	-	483.9	-	7.0%	-
Spine duct - 3+ bore	21.5	-	21.5	579,433	-	km	37.11	-	(29.3)	-	725.2	-	7.0%	-
Facility hosting (per manhole entry)	19.2	-	19.2	6,891,833	-	entries	2.78	-	(24.4)	-	622.4	-	7.0%	-
Facility hosting (per joint box entry)	25.2	-	25.2	55,913,729	-	entries	0.45	-	(33.4)	-	836.9	-	7.0%	-
Poles - multi-end-user attachment	23.0	-	23.0	2,718,425	-	attachments	8.47	-	17.9	-	73.3	-	7.0%	-
Poles - single-end-user attachment	45.6	-	45.6	19,698,348	-	attachments	2.31	-	35.6	-	142.5	-	7.0%	-
Pole top equipment	5.3	-	5.3	2,040,890	-	attachments	2.61	-	4.2	-	16.8	-	7.0%	-
Cable up a pole	2.3	-	2.3	1,190,123	-	attachments	1.92	-	1.8	-	7.2	-	7.0%	-
Other PI rentals	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Inputs to downstream services	236.3	-	236.3						(146.2)	-	5,462.6	-	7.0%	-
PI rentals														
Lead-in duct	-	0.2	0.2	-	26,069	lead-ins	-	9.52	-	(0.1)	-	1.6	-	19.8%
Spine duct - 1 bore	-	0.9	0.9	-	2,855	km	-	300.00	-	(0.2)	-	6.6	-	16.6%
Spine duct - 2 bore	-	0.5	0.5	-	2,568	km	-	190.00	-	(0.1)	-	3.5	-	18.0%
Spine duct - 3+ bore	-	0.3	0.3	-	2,189	km	-	140.00	-	(0.1)	-	2.8	-	15.1%
Facility hosting (per manhole entry)	-	0.3	0.3	-	35,152	entries	-	8.92	-	(0.1)	-	2.6	-	16.0%
Facility hosting (per joint box entry)	-	0.7	0.7	-	327,388	entries	-	2.12	-	(0.1)	-	3.2	-	25.7%
Poles - multi-end-user attachment	-	0.1	0.1	-	22,063	attachments	-	5.41	-	-	-	0.2	-	38.4%
Poles - single-end-user attachment	-	-	-	-	19,346	attachments	-	2.12	-	-	-	0.1	-	38.4%
Pole top equipment	-	-	-	-	22,075	attachments	-	1.60	-	-	-	0.1	-	38.4%
Cable up a pole	-	-	-	-	13,920	attachments	-	1.06	-	-	-	-	-	38.4%
Other PI rentals	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total PI rentals	-	3.0	3.0						-	(0.7)	-	20.7	-	18.6%
Ancillary charges (excl. network adjustments)	-	0.1	0.1	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	285.6%
Network adjustments above financial limit	5.4	-	5.4	(ux)	(ux)	(ux)	(sx)	(sx)	5.1	-	4.7	-	7.0%	-
Other PI charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Rounding	(0.1)	0.2	0.1						(0.1)	-	0.1	-	-	-
Total Physical Infrastructure	241.6	3.3	244.9						(141.2)	(0.7)	5,467.4	20.7	7.0%	19.2%

Notes:

1) Network adjustments above and below the financial limit added this year

	Internal Opex	External Opex	Additions to Internal MCE	Additions to External MCE
	£m	£m	£m	£m
Gross network adjustments	-	-	36.4	8.6
Less network adjustments above the financial limit	-	-	(5.1)	-
Network adjustments below the limit	-	-	31.3	8.6
- of which, included in downstream services	-	-	31.3	8.6
- of which included in PI rentals	-	-	0.1	-

2) Lead-in duct

BT detailed above the volume by number of new connections and capital cost of Lead-in duct, the volume in kilometres is as follows:

Volume	
92,142	km

3) Poles

BT detailed above the capital cost of Poles separately from other asset and infrastructure costs, the volume is as follows:

4,111,323	No. of poles
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Section 6 – Review of Physical Infrastructure Markets

6.1.1. Physical Infrastructure Summary

Restated for the year ended 31 March 2021

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Inputs to downstream services														
Lead-in duct	59.5	-	59.5	8,087,790	-	lead-ins	7.35	-	25.7	-	474.8	-	7.1%	-
Spine duct - 1 bore	236.4	-	236.4	687,851	-	km	343.68	-	102.6	-	1,882.3	-	7.1%	-
Spine duct - 2 bore	59.9	-	59.9	337,173	-	km	177.67	-	25.8	-	479.8	-	7.1%	-
Spine duct - 3+ bore	87.5	-	87.5	578,121	-	km	151.36	-	37.4	-	703.9	-	7.1%	-
Facility hosting (per manhole entry)	73.9	-	73.9	6,896,540	-	entries	10.71	-	31.9	-	589.6	-	7.1%	-
Facility hosting (per joint box entry)	101.4	-	101.4	53,170,632	-	entries	1.91	-	43.7	-	810.9	-	7.1%	-
Poles - multi-end-user attachment	25.5	-	25.5	2,685,487	-	attachments	9.50	-	20.8	-	65.5	-	7.1%	-
Poles - single-end-user attachment	51.1	-	51.1	19,279,107	-	attachments	2.65	-	41.9	-	128.8	-	7.1%	-
Pole top equipment	6.0	-	6.0	1,862,996	-	attachments	3.20	-	4.9	-	15.1	-	7.1%	-
Cable up a pole	2.5	-	2.5	1,189,115	-	attachments	2.14	-	2.1	-	6.5	-	7.1%	-
Other PI rentals	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Inputs to downstream services	703.7	-	703.7						336.8	-	5,157.2	-	7.1%	-
PI rentals														
Lead-in duct	-	0.4	0.4	-	40,273	lead-ins	-	9.38	-	0.2	-	3.3	-	5.8%
Spine duct - 1 bore	-	0.3	0.3	-	1,068	km	-	290.00	-	0.2	-	2.7	-	5.8%
Spine duct - 2 bore	-	0.1	0.1	-	476	km	-	180.00	-	-	-	0.9	-	3.9%
Spine duct - 3+ bore	-	0.1	0.1	-	797	km	-	130.00	-	0.1	-	1.0	-	5.2%
Facility hosting (per manhole entry)	-	0.1	0.1	-	13,907	exits	-	8.65	-	-	-	0.1	-	80.7%
Facility hosting (per joint box entry)	-	0.4	0.4	-	195,357	exits	-	2.08	-	0.2	-	3.6	-	6.1%
Poles - multi-end-user attachment	-	0.1	0.1	-	4,899	attachments	-	11.56	-	-	-	0.1	-	38.4%
Poles - single-end-user attachment	-	-	-	-	3,124	attachments	-	4.94	-	-	-	-	-	38.4%
Pole top equipment	-	-	-	-	3,944	attachments	-	3.58	-	-	-	-	-	38.4%
Cable up a pole	-	-	-	-	2,789	attachments	-	2.33	-	-	-	-	-	38.4%
Other PI rentals	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total PI rentals	-	1.5	1.5						-	0.7	-	11.7	-	7.0%
Ancillary charges (excl. network adjustments)	-	0.1	0.1	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	1,517.8%
Network adjustments above financial limit	2.8	-	2.8	(ux)	(ux)	(ux)	(sx)	(sx)	2.7	-	1.7	-	7.3%	-
Other PI charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Rounding	(0.1)	-	(0.1)						-	-	-	-	-	-
Total Physical Infrastructure	706.4	1.6	708.0						339.5	0.7	5,158.9	11.7	7.1%	7.6%

Notes:

1) Network adjustments above and below the financial limit added this year

	Internal Opex	External Opex	Additions to Internal MCE	Additions to External MCE
	£m	£m	£m	£m
Gross network adjustments	-	-	28.0	7.5
Less network adjustments above the financial limit	-	-	(2.7)	-
Network adjustments below the limit	-	-	25.3	7.5
- of which, included in downstream services	-	-	25.3	7.5
- of which included in PI rentals	-	-	-	-

2) Lead-in duct

BT detailed above the volume by number of new connections and capital cost of Lead-in duct, the volume in kilometres is as follows:

	Volume
km	85,009

3) Poles

BT detailed above the capital cost of Poles separately from other asset and infrastructure costs, the volume is as follows:

	No. of poles
	4,100,397

Section 6 – Review of Physical Infrastructure Markets

6.1.2. Physical Infrastructure Analysis of Service Cost

For the year ended 31 March 2022

		Lead-in duct		Spine duct - 1 bore		Spine duct - 2 bore		Spine duct - 3+ bore		Facility hosting (per manhole entry)		Facility hosting (per joint box entry)		Poles - multi-end-user attachment		Poles - single-end-user attachment		Pole top equipment		Cable up a pole		Ancillary charges (excl. network adjustments)		Network adjustments above financial limit		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																														
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net labour costs	£m	2.3	-	9.3	-	2.1	-	3.1	-	2.8	-	3.8	-	12.6	-	25.2	-	2.9	-	1.3	-	-	-	0.4	-	0.1	65.8	0.1	-	
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-		
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Property & energy costs	£m	0.1	-	0.3	-	0.1	-	0.1	-	0.1	-	0.1	-	0.3	-	0.5	-	0.1	-	-	-	-	-	-	-	(0.1)	-	1.6	-	
Network operating and IT costs	£m	0.3	-	1.2	-	0.3	-	0.4	-	0.4	-	0.5	-	1.0	-	2.0	-	0.2	-	0.1	-	-	-	0.1	-	0.1	6.6	-	-	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	0.1	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-	-	-	-	-	-	-	-	0.1	-	0.4	-	
Marketing and sales	£m	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.2	-	
Other operating costs	£m	2.2	-	8.6	-	2.1	-	3.1	-	2.7	-	3.6	-	4.8	-	10.0	-	1.2	-	0.5	-	-	-	-	(0.1)	0.1	38.7	0.1	-	
Other operating income	£m	(0.3)	-	(1.1)	-	(0.3)	-	(0.4)	-	(0.3)	-	(0.5)	-	(0.3)	-	(0.5)	-	(0.1)	-	-	-	-	-	-	-	-	(3.8)	-	-	
Total operating costs before depreciation	£m	4.6	-	18.5	-	4.3	-	6.3	-	5.7	-	7.5	-	18.5	-	37.4	-	4.3	-	1.9	-	-	-	0.5	-	0.1	0.2	109.6	0.2	
Depreciation																														
Duct	£m	16.4	(0.1)	63.6	0.2	15.2	0.1	22.9	0.1	19.5	0.1	26.4	0.1	-	-	-	-	-	-	-	-	-	-	-	0.2	-	0.1	0.1	164.3	0.6
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	1.4	-	3.0	-	0.3	-	0.1	-	-	-	-	-	0.1	-	4.9	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	-	-	0.1	-	-	-	-	-	-	-	-	-	0.2	-	0.1	-	-	-	-	-	-	-	-	4.8	-	0.1	-	5.3	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Software	£m	0.4	-	1.7	-	0.4	-	0.6	-	0.5	-	0.7	-	0.7	-	1.4	-	0.2	-	0.1	-	-	-	0.1	-	-	-	6.8	-	
Right of use assets	£m	0.3	-	1.0	-	0.2	-	0.4	-	0.3	-	0.4	-	0.8	-	1.5	-	0.2	-	0.1	-	-	-	-	-	-	-	5.2	-	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	
Other assets	£m	-	-	0.2	-	-	-	0.1	-	-	-	0.1	-	0.2	-	0.3	-	-	-	-	-	-	-	-	-	0.1	-	1.0	-	
Less funded assets (BDUK, etc.)	£m	(0.1)	-	(0.5)	-	(0.1)	-	(0.2)	-	(0.2)	-	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(1.4)	-	-	
Total depreciation	£m	17.0	(0.1)	66.1	0.2	15.7	0.1	23.8	0.1	20.1	0.1	27.4	0.1	3.3	-	6.3	-	0.7	-	0.3	-	-	-	5.1	-	0.4	0.1	186.2	0.6	
Total HCA operating costs	£m	21.6	(0.1)	84.6	0.2	20.0	0.1	30.1	0.1	25.8	0.1	34.9	0.1	21.8	-	43.7	-	5.0	-	2.2	-	-	-	5.6	-	0.5	0.3	295.8	0.8	
CCA adjustments																														
Holding gains	£m	(53.7)	-	(208.3)	(0.7)	(49.6)	(0.4)	(74.4)	(0.3)	(63.8)	(0.3)	(85.9)	(0.3)	(5.8)	-	(11.8)	-	(1.4)	-	(0.6)	-	-	-	(0.6)	-	0.1	0.1	(555.8)	(1.9)	
Supplementary depreciation	£m	11.9	-	45.9	0.1	10.5	0.1	15.4	0.1	13.9	0.1	17.9	0.1	0.1	-	0.2	-	-	-	-	-	-	-	0.2	-	(0.1)	(0.1)	115.9	0.4	
Other CCA adjustments	£m	(0.3)	-	(1.1)	-	(0.3)	-	(0.4)	-	(0.4)	-	(0.5)	-	1.7	-	3.5	-	0.4	-	0.2	-	-	-	-	-	0.1	-	2.9	-	
Rounding	£m	0.1	-	-	0.2	0.1	0.1	-	-	0.1	-	0.2	-	0.1	-	-	-	0.2	-	-	-	-	-	(0.1)	-	(0.7)	(0.3)	-	-	
Total CCA operating costs	£m	(20.4)	(0.1)	(78.9)	(0.2)	(19.3)	(0.1)	(29.3)	(0.1)	(24.4)	(0.1)	(33.4)	(0.1)	17.9	-	35.6	-	4.2	-	1.8	-	-	-	5.1	-	(0.1)	-	(141.2)	(0.7)	
Total CCA operating cost includes the following:																														
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Leaver costs	£m	0.1	-	0.5	-	0.1	-	0.2	-	0.1	-	0.2	-	0.3	-	0.7	-	0.1	-	-	-	-	-	-	-	-	-	-	2.3	-

		Lead-in duct		Spine duct - 1 bore		Spine duct - 2 bore		Spine duct - 3+ bore		Facility hosting (per manhole entry)		Facility hosting (per joint box entry)		Poles - multi-end-user attachment		Poles - single-end-user attachment		Pole top equipment		Cable up a pole		Ancillary charges (excl. network adjustments)		Network adjustments above financial limit		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(ii) Operating costs by division																													
EOI input prices		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach																													
Service and network delivery	£m	2.6	-	10.6	-	2.5	-	3.8	-	3.3	-	4.4	-	13.9	-	28.3	-	3.3	-	1.4	-	-	-	0.1	-	-	0.1	74.2	0.1
Openreach support functions	£m	0.3	-	1.5	-	0.3	-	0.4	-	0.4	-	0.7	-	0.9	-	1.8	-	0.2	-	0.1	-	-	-	-	-	0.2	-	6.8	-
Openreach total	£m	2.9	-	12.1	-	2.8	-	4.2	-	3.7	-	5.1	-	14.8	-	30.1	-	3.5	-	1.5	-	-	-	0.1	-	0.2	0.1	81.0	0.1
Rest of BT																													
Group centre	£m	1.0	-	3.8	-	1.0	-	1.2	-	1.2	-	1.4	-	2.3	-	4.6	-	0.5	-	0.2	-	-	-	0.3	-	(0.3)	-	17.2	-
Property and facilities	£m	-	-	0.1	-	-	-	-	-	-	-	0.1	-	0.1	-	0.2	-	-	-	-	-	-	-	-	-	0.2	-	0.7	-
Technology	£m	0.7	-	2.3	-	0.5	-	0.8	-	0.7	-	0.8	-	1.2	-	2.4	-	0.3	-	0.2	-	-	-	0.1	-	0.2	-	10.2	-
Consumer, Global and Enterprise	£m	-	-	0.2	-	-	-	0.1	-	0.1	-	0.1	-	0.1	-	0.1	-	-	-	-	-	-	-	-	-	(0.2)	0.1	0.5	0.1
Rest of BT total	£m	1.7	-	6.4	-	1.5	-	2.1	-	2.0	-	2.4	-	3.7	-	7.3	-	0.8	-	0.4	-	-	-	0.4	-	(0.1)	0.1	28.6	0.1
Operating cost before depreciation	£m	4.6	-	18.5	-	4.3	-	6.3	-	5.7	-	7.5	-	18.5	-	37.4	-	4.3	-	1.9	-	-	-	0.5	-	0.1	0.2	109.6	0.2

Section 6 – Review of Physical Infrastructure Markets

6.1.2. Physical Infrastructure Analysis of Service Cost

Restated for the year ended 31 March 2021

	£m	Lead-in duct		Spine duct - 1 bore		Spine duct - 2 bore		Spine duct - 3+ bore		Facility hosting (per manhole entry)		Facility hosting (per joint box entry)		Poles - multi-end-user attachment		Poles - single-end-user attachment		Pole top equipment		Cable up a pole		Ancillary charges (excl. network adjustments)		Network adjustments above financial limit		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(i) Operating costs by type																													
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net labour costs	£m	6.4	-	25.7	0.1	6.3	-	9.3	-	8.0	-	11.2	-	10.7	-	21.3	-	2.5	-	1.1	-	-	-	0.2	-	(0.1)	0.1	102.6	0.2
Product costs & sales commissions	£m	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	0.2	-	0.7	-	0.2	-	0.3	-	0.2	-	0.3	-	0.2	-	0.4	-	-	-	-	-	-	-	-	-	0.1	-	2.6	-
Network operating and IT costs	£m	0.8	-	3.3	-	0.8	-	1.2	-	1.0	-	1.4	-	0.9	-	1.7	-	0.2	-	0.1	-	-	-	-	-	0.3	-	11.7	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	0.3	-
Marketing and sales	£m	0.1	-	0.3	-	0.1	-	0.1	-	0.1	-	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	(0.1)	-	0.8	-	
Other operating costs	£m	1.3	-	5.1	-	1.3	-	2.0	-	1.6	-	2.2	-	3.7	-	7.8	-	0.9	-	0.4	-	-	-	-	-	-	-	26.3	-
Other operating income	£m	0.1	-	0.5	-	0.1	-	0.2	-	0.2	-	0.2	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	1.4	-
Total operating costs before depreciation	£m	8.9	-	35.8	0.1	8.8	-	13.1	-	11.1	-	15.4	-	15.5	-	31.4	-	3.6	-	1.6	-	-	-	0.2	-	0.4	0.1	145.8	0.2
Depreciation																													
Duct	£m	15.4	0.2	60.6	-	15.6	-	23.0	-	19.1	-	26.4	0.1	-	-	-	-	-	-	-	-	-	-	0.1	-	(0.2)	0.1	160.0	0.4
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	4.3	-	8.8	-	1.0	-	0.4	-	-	-	-	-	0.1	-	14.6	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	0.1	-	-	-	-	-	-	-	-	-	0.2	-	0.1	-	-	-	-	-	-	-	2.4	-	-	-	2.8	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Software	£m	1.0	-	3.5	-	1.0	-	1.4	-	1.2	-	1.7	-	0.8	-	1.6	-	0.2	-	0.1	-	-	-	-	-	(0.1)	-	12.4	-
Right of use assets	£m	0.4	-	1.9	-	0.4	-	0.6	-	0.5	-	0.7	-	0.7	-	1.3	-	0.2	-	0.1	-	-	-	-	-	(0.1)	-	6.7	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	0.2	-
Other assets	£m	0.2	-	1.3	-	0.2	-	0.3	-	0.3	-	0.4	-	0.3	-	0.7	-	0.1	-	-	-	-	-	-	-	0.2	-	4.0	-
Less funded assets (BDUK, etc.)	£m	(0.8)	-	(3.3)	-	(0.9)	-	(1.3)	-	(1.0)	-	(1.5)	-	(0.1)	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	(9.0)	-
Total depreciation	£m	16.2	0.2	64.1	-	16.3	-	24.0	-	20.1	-	27.7	0.1	6.2	-	12.4	-	1.5	-	0.6	-	-	-	2.5	-	0.1	0.1	191.7	0.4
Total HCA operating costs	£m	25.1	0.2	99.9	0.1	25.1	-	37.1	-	31.2	-	43.1	0.1	21.7	-	43.8	-	5.1	-	2.2	-	-	-	2.7	-	0.5	0.2	337.5	0.6
CCA adjustments																													
Holding gains	£m	(8.6)	-	(34.0)	(0.1)	(8.7)	-	(12.7)	-	(10.6)	-	(14.7)	(0.1)	(0.8)	-	(1.6)	-	(0.2)	-	(0.1)	-	-	-	-	-	-	-	(92.0)	(0.2)
Supplementary depreciation	£m	9.0	-	36.2	0.1	9.1	-	12.8	-	11.2	-	14.9	0.1	0.1	-	0.1	-	-	-	-	-	-	0.1	-	-	0.1	-	93.5	0.3
Other CCA adjustments	£m	0.1	-	0.4	-	0.1	-	0.2	-	0.1	-	0.2	-	(0.2)	-	(0.4)	-	-	-	-	-	-	-	-	-	(0.1)	-	0.4	-
Rounding	£m	0.1	-	-	0.1	0.2	-	-	0.1	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.3)	(0.3)	0.1	-
Total CCA operating costs	£m	25.7	0.2	102.5	0.2	25.8	-	37.4	0.1	31.9	-	43.7	0.2	20.8	-	41.9	-	4.9	-	2.1	-	-	-	2.7	-	0.1	-	339.5	0.7
Total CCA operating cost includes the following:																													
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leaver costs	£m	0.4	-	1.4	-	0.4	-	0.5	-	0.4	-	0.6	-	0.5	-	1.0	-	0.1	-	-	-	-	-	-	-	-	-	5.3	-

	£m	Lead-in duct		Spine duct - 1 bore		Spine duct - 2 bore		Spine duct - 3+ bore		Facility hosting (per manhole entry)		Facility hosting (per joint box entry)		Poles - multi-end-user attachment		Poles - single-end-user attachment		Pole top equipment		Cable up a pole		Ancillary charges (excl. network adjustments)		Network adjustments above financial limit		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(ii) Operating costs by division																													
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach																													
Service and network delivery	£m	4.6	-	18.3	0.1	4.6	-	6.8	-	5.7	-	7.9	-	11.6	-	23.6	-	2.7	-	1.1	-	-	-	0.1	-	0.1	-	87.1	0.1
Openreach support functions	£m	0.3	-	1.4	-	0.2	-	0.4	-	0.4	-	0.7	-	0.6	-	1.1	-	0.2	-	0.1	-	-	-	-	-	(0.2)	-	5.2	-
Openreach total	£m	4.9	-	19.7	0.1	4.8	-	7.2	-	6.1	-	8.6	-	12.2	-	24.7	-	2.9	-	1.2	-	-	-	0.1	-	(0.1)	-	92.3	0.1
Rest of BT																													
Group centre	£m	2.0	-	8.4	-	2.0	-	3.1	-	2.6	-	3.5	-	1.9	-	3.9	-	0.4	-	0.3	-	-	-	-	-	0.6	0.1	28.7	0.1
Property and facilities	£m	0.1	-	0.3	-	0.1	-	0.1	-	0.1	-	0.1	-	0.1	-	0.2	-	-	-	-	-	-	-	-	-	0.1	-	1.2	-
Technology	£m	1.7	-	6.8	-	1.7	-	2.5	-	2.1	-	2.9	-	1.2	-	2.5	-	0.3	-	0.1	-	-	-	0.1	-	(0.1)	-	21.8	-
Consumer, Global and Enterprise	£m	0.2	-	0.6	-	0.2	-	0.2	-	0.2	-	0.3	-	0.1	-	0.1	-	-	-	-	-	-	-	-	-	(0.1)	-	1.8	-
Rest of BT total	£m	4.0	-	16.1	-	4.0	-	5.9	-	5.0	-	6.8	-	3.3	-	6.7	-	0.7	-	0.4	-	-	-	0.1	-	0.5	0.1	53.5	0.1
Operating cost before depreciation	£m	8.9	-	35.8	0.1	8.8	-	13.1	-	11.1	-	15.4	-	15.5	-	31.4	-	3.6	-	1.6	-	-	-	0.2	-	0.4	0.1	145.8	0.2

Section 6 – Review of Physical Infrastructure Markets

6.1.3. Physical Infrastructure Analysis of Service MCE

For the year ended 31 March 2022

	£m	Lead-in duct		Spine duct - 1 bore		Spine duct - 2 bore		Spine duct - 3+ bore		Facility hosting (per manhole entry)		Facility hosting (per joint box entry)		Poles - multi-end-user attachment		Poles - single-end-user attachment		Pole top equipment		Cable up a pole		Ancillary charges (excl. network adjustments)		Network adjustments above financial limit		Rounding		Total			
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext		
Non-current assets																															
Duct	£m	530.6	1.7	2,065.0	6.9	491.9	3.5	737.4	2.8	632.5	2.6	851.4	3.2	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,314.5	20.6
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	57.6	0.3	118.1	-	13.7	-	5.8	-	-	-	-	-	-	0.1	-	-	195.3	0.3
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	-
Fibre	£m	0.4	-	1.6	-	-	-	-	-	0.4	-	0.4	-	9.1	-	11.8	-	1.6	-	0.7	-	-	-	-	(2.9)	-	0.1	-	-	23.2	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Software	£m	1.4	-	5.3	-	1.2	-	1.8	-	1.6	-	2.1	-	1.9	-	3.8	-	0.4	-	0.2	-	-	-	-	0.3	-	0.1	0.1	20.1	0.1	-
Land and buildings	£m	0.1	-	0.2	-	-	-	0.1	-	0.1	-	0.1	-	0.1	-	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	-
Right of use assets	£m	0.9	-	3.7	-	0.9	-	1.3	-	1.1	-	1.5	-	2.8	-	5.5	-	0.6	-	0.3	-	-	-	-	0.1	-	-	-	-	18.7	-
Other assets	£m	0.6	-	2.3	-	0.5	-	0.8	-	0.7	-	0.9	-	1.7	-	3.4	-	0.4	-	0.2	-	-	-	-	0.2	-	(0.1)	-	-	11.6	-
Less funded assets (BDUK, etc.)	£m	(16.6)	-	(64.6)	(0.2)	(15.6)	(0.1)	(23.4)	(0.1)	(19.9)	(0.1)	(26.9)	(0.1)	(1.1)	-	(2.3)	-	(0.3)	-	(0.1)	-	-	-	-	-	-	(0.2)	-	(171.0)	(0.6)	
Total non-current assets	£m	517.4	1.7	2,013.5	6.7	478.9	3.4	718.0	2.7	616.5	2.5	829.5	3.1	72.1	0.2	140.6	-	16.4	-	7.1	-	-	-	-	3.4	-	0.1	0.1	5,413.5	20.4	
Current assets	£m	7.9	-	30.6	0.1	7.2	0.1	10.8	0.1	9.4	-	12.6	0.1	8.9	-	17.3	-	2.0	-	0.9	-	-	-	-	1.9	-	(0.1)	0.1	109.4	0.5	
Current liabilities	£m	(2.6)	-	(11.8)	-	(2.3)	-	(3.4)	-	(3.5)	-	(5.0)	-	(7.6)	-	(15.0)	-	(1.8)	-	(0.8)	-	-	-	-	(0.5)	-	-	(0.1)	(54.3)	(0.1)	
Provisions	£m	(0.1)	-	(0.3)	-	(0.1)	-	(0.1)	-	(0.1)	-	(0.1)	-	(0.2)	-	(0.3)	-	-	-	-	-	-	-	-	-	0.1	-	-	(1.2)	-	
Rounding	£m	-	-	(0.1)	-	0.2	-	(0.1)	-	0.1	0.1	(0.1)	-	0.1	-	(0.1)	-	0.2	-	-	-	-	-	-	(0.1)	-	(0.1)	(0.1)	-	-	-
Total MCE	£m	522.6	1.7	2,031.9	6.8	483.9	3.5	725.2	2.8	622.4	2.6	836.9	3.2	73.3	0.2	142.5	-	16.8	-	7.2	-	-	-	-	4.7	-	-	-	5,467.4	20.8	

6.1.3. Physical Infrastructure Analysis of Service MCE

Restated for the year ended 31 March 2021

	£m	Lead-in duct		Spine duct - 1 bore		Spine duct - 2 bore		Spine duct - 3+ bore		Facility hosting (per manhole entry)		Facility hosting (per joint box entry)		Poles - multi-end-user attachment		Poles - single-end-user attachment		Pole top equipment		Cable up a pole		Ancillary charges (excl. network adjustments)		Network adjustments above financial limit		Rounding		Total			
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext		
Non-current assets																															
Duct	£m	477.9	3.3	1,896.1	2.7	483.5	0.9	709.5	1.0	593.7	0.1	817.8	3.5	-	-	-	-	-	-	-	-	-	-	-	1.8	-	(0.1)	0.1	4,980.2	11.6	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	49.9	0.1	102.2	-	11.8	-	5.1	-	-	-	-	-	-	-	-	-	169.0	0.1
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	-
Fibre	£m	0.5	-	2.0	-	-	-	-	-	0.6	-	0.4	-	7.6	-	10.8	-	1.4	-	0.6	-	-	-	-	(1.0)	-	0.1	-	-	23.0	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Software	£m	3.3	-	13.1	-	3.3	-	4.9	-	4.1	-	5.6	-	2.4	-	4.8	-	0.6	-	0.2	-	-	-	-	0.1	-	(0.1)	0.1	42.3	0.1	
Land and buildings	£m	0.1	-	0.4	-	0.1	-	0.2	-	0.1	-	0.2	-	0.1	-	0.2	-	-	-	-	-	-	-	-	-	-	0.2	-	-	1.6	-
Right of use assets	£m	1.5	-	5.8	-	1.4	-	2.1	-	1.8	-	2.5	-	2.6	-	5.2	-	0.6	-	0.3	-	-	-	-	-	-	0.1	-	-	23.9	-
Other assets	£m	1.3	-	5.2	-	1.3	-	1.9	-	1.6	-	2.2	-	1.1	-	2.2	-	0.3	-	0.1	-	-	-	-	0.1	-	0.1	-	-	17.4	-
Less funded assets (BDUK, etc.)	£m	(15.4)	-	(60.9)	(0.1)	(15.6)	-	(23.0)	-	(19.1)	-	(26.5)	(0.1)	(1.1)	-	(2.2)	-	(0.3)	-	(0.1)	-	-	-	-	-	-	0.1	(0.1)	(164.1)	(0.3)	
Total non-current assets	£m	469.2	3.3	1,861.7	2.6	474.0	0.9	695.6	1.0	582.8	0.1	802.2	3.4	62.6	0.1	123.2	-	14.4	-	6.2	-	-	-	-	1.0	-	0.5	0.1	5,093.4	11.5	
Current assets	£m	11.9	-	47.5	0.1	12.0	-	17.6	-	14.8	-	20.5	0.1	9.3	-	18.3	-	2.1	-	0.9	-	-	-	-	1.0	-	0.1	0.1	156.0	0.3	
Current liabilities	£m	(6.3)	-	(26.2)	(0.1)	(6.1)	-	(9.0)	-	(8.0)	-	(11.6)	-	(6.3)	-	(12.5)	-	(1.5)	-	(0.6)	-	-	-	-	(0.2)	-	0.1	(0.1)	(88.2)	(0.2)	
Provisions	£m	(0.1)	-	(0.5)	-	(0.1)	-	(0.2)	-	(0.2)	-	(0.2)	-	(0.1)	-	(0.3)	-	-	-	-	-	-	-	-	-	(0.2)	-	-	(1.9)	-	
Rounding	£m	0.1	-	-	0.1	-	-	(0.1)	-	0.2	-	-	-	-	-	0.1	-	0.1	-	-	-	-	-	-	(0.1)	-	(0.5)	-	(0.2)	0.1	
Total MCE	£m	474.8	3.3	1,882.5	2.7	479.8	0.9	703.9	1.0	589.6	0.1	810.9	3.5	65.5	0.1	128.8	-	15.1	-	6.5	-	-	-	-	1.7	-	-	-	5,159.1	11.7	

Section 7

Review of Wholesale Local Access Markets

Section 7 – Review of Wholesale Local Access Markets

7.1.1 Wholesale Local Access – Area 2 Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
MPF rentals (SML1) (charge controlled)	-	488.1	488.1	324	5,678,152	lines	85.97	85.96	-	298.1	-	864.3	20.9%	22.0%
MPF other rentals	5.4	32.1	37.5	60,135	354,965	lines	90.42	90.42	3.5	21.3	9.2	54.6	21.3%	19.8%
FTTC 40/10 rentals (charge controlled)	51.5	121.2	172.7	851,849	2,006,070	lines	60.40	60.40	21.8	48.9	101.2	237.7	29.4%	30.4%
FTTC other rentals	224.0	256.8	480.8	2,878,784	3,468,907	lines	77.83	74.02	75.0	85.1	345.5	414.1	43.1%	41.5%
FTTP 40/10 rentals (charge controlled) ¹	-	-	-	-	-	lines	-	-	-	-	-	-	-	-
FTTP 40/10 rentals (non-charge controlled)	5.4	0.2	5.6	33,180	1,216	lines	163.39	167.48	10.8	0.4	60.3	2.2	(8.8)%	(8.5)%
FTTP other rentals	103.7	36.1	139.8	613,094	188,822	lines	169.09	191.38	198.8	60.7	1,113.6	343.1	(8.5)%	(7.1)%
SOGEA 40/10 rental (charge controlled)	13.2	11.3	24.5	89,834	76,991	lines	146.56	146.40	6.5	5.4	22.7	19.4	29.2%	30.3%
SOGEA other rentals	43.3	60.3	103.6	268,870	371,883	lines	161.22	162.04	19.7	26.2	68.0	93.7	34.7%	36.4%
NGA Visit Assure	19.3	11.7	31.0	147,656	89,938	amendments	130.83	130.00	18.4	11.2	2.4	1.5	39.7%	34.6%
Special Faults Investigation	4.9	-	4.9	(ux)	(ux)	(ux)	(sx)	(sx)	11.1	-	2.0	-	(313.4)%	-
WLA Time Related Charges	4.6	11.5	16.1	(ux)	(ux)	(ux)	(sx)	(sx)	5.6	14.0	2.0	5.0	(51.0)%	(51.0)%
Hard Ceases	-	5.0	5.0	-	336,595	ceases	-	14.80	-	5.4	-	1.1	-	(41.9)%
GEA Cancel/Amend/Modify – CRD	2.9	3.1	6.0	251,273	542,713	amendments	11.68	5.63	2.6	5.5	1.4	2.8	27.0%	(89.4)%
MPF enhanced care	4.0	2.9	6.9	(ux)	(ux)	(ux)	(sx)	(sx)	0.5	0.3	0.2	0.2	1,515.3%	1,557.8%
WLA abortive visits	3.0	3.4	6.4	44,897	49,918	visits	67.50	67.50	5.0	5.6	1.4	1.6	(139.7)%	(139.7)%
Tie cables	18.2	2.8	21.0	(ux)	(ux)	(ux)	(sx)	(sx)	6.7	-	37.8	0.1	30.3%	3,457.0%
VLAN moves applied to GEA Cablelink Modify	3.1	0.2	3.3	549,459	39,044	amendments	5.63	5.63	5.6	0.4	2.8	0.2	(89.4)%	(89.4)%
Ancillaries (£0 cap)	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries - CPI-0% ²	5.0	7.8	12.8	(ux)	(ux)	(ux)	(sx)	(sx)	20.9	13.5	9.3	4.7	(170.6)%	(121.6)%
Other ancillaries	9.2	3.2	12.4	(ux)	(ux)	(ux)	(sx)	(sx)	6.4	4.1	2.4	2.9	114.2%	(32.4)%
Other WLA services	74.3	130.8	205.1	(ux)	(ux)	(ux)	(sx)	(sx)	210.6	219.0	41.8	51.8	(326.5)%	(170.3)%
IFRS 15 deferred revenue	(2.4)	(5.9)	(8.3)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.2)	(19.6)	(32.4)	11.8%	17.5%
IFRS15 SLG	(30.5)	(21.9)	(52.4)	(ux)	(ux)	(ux)	(sx)	(sx)	(33.9)	(24.3)	(2.1)	(1.5)	(160.5)%	(160.5)%
Rounding	0.4	(0.6)	(0.2)						-	-	0.2	(0.2)	-	-
Total WLA - Area 2	562.5	1,160.1	1,722.6						595.5	800.6	1,802.5	2,066.9	(1.8)%	17.4%

Notes:

¹Revenue, Cost, MCE and volumes for FTTP 40/10 rentals have not been split between charge controlled and non-charge controlled services because this data is not held in our billing and revenue reporting systems. Both the charge controlled and the non charge controlled services are priced at the same regulated rate. However, our inventory systems show that the majority of lines are sold where there is an equivalent copper based service (and therefore are non-charge controlled). We estimate the proportion of charge controlled services for 21/22 is only 25% in area 2. We intend to further develop this information source and anticipate proposing a methodology change for 2022/23.

²Ancillary (CPI-0%) services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 7 – Review of Wholesale Local Access Markets

7.1.1 Wholesale Local Access – Area 2 Summary

Restated for the year ended 31 March 2021

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
MPF rentals (SML1) (charge controlled)	-	507.8	507.8	425	5,946,715	lines	85.38	85.39	0.1	457.9	0.1	927.9	(64.9)%	5.4%
MPF other rentals	6.9	38.8	45.7	76,659	428,782	lines	90.42	90.43	6.3	36.0	12.1	67.7	5.1%	4.0%
FTTC 40/10 rentals (charge controlled)	54.9	130.3	185.2	915,677	2,177,233	lines	59.97	59.83	27.4	63.0	116.3	276.0	23.7%	24.4%
FTTC other rentals	244.3	204.5	448.8	3,152,333	2,789,389	lines	77.48	73.31	95.6	81.1	404.3	356.1	36.8%	34.7%
FTTP 40/10 rentals (charge controlled) ¹	-	-	-	-	-	lines	-	-	-	-	-	-	-	-
FTTP 40/10 rentals (non-charge controlled)	4.7	-	4.7	30,204	170	lines	156.78	128.87	17.9	0.1	87.6	0.5	(15.1)%	(16.0)%
FTTP other rentals	57.3	3.0	60.3	303,611	18,697	lines	188.87	159.76	180.7	11.1	881.2	54.2	(14.0)%	(14.9)%
SOGEA 40/10 rental (charge controlled)	1.9	6.9	8.8	12,914	47,567	lines	145.07	145.09	1.3	4.9	3.4	12.4	15.5%	16.5%
SOGEA other rentals	7.0	36.0	43.0	43,650	225,410	lines	159.61	159.87	4.6	23.2	11.4	58.5	20.8%	21.9%
NGA Visit Assure	21.8	19.1	40.9	168,049	146,923	amendments	130.00	130.00	24.9	21.8	4.4	3.8	(69.4)%	(69.4)%
Special Faults Investigation	5.9	-	5.9	(ux)	(ux)	(ux)	(sx)	(sx)	12.1	-	3.0	-	(210.2)%	-
WLA Time Related Charges	4.1	12.7	16.8	(ux)	(ux)	(ux)	(sx)	(sx)	4.7	14.6	1.8	5.6	(32.7)%	(32.7)%
Hard Ceases	-	4.7	4.7	-	321,915	ceases	-	14.74	-	5.7	-	1.4	-	(65.7)%
GEA Cancel/Amend/Modify – CRD	1.6	1.5	3.1	164,997	274,444	amendments	9.74	5.58	1.0	1.7	0.6	0.8	110.4%	(15.3)%
MPF enhanced care	5.6	2.5	8.1	(ux)	(ux)	(ux)	(sx)	(sx)	0.7	0.3	0.4	0.2	1,196.8%	1,232.7%
WLA abortive visits	2.0	2.9	4.9	29,718	42,631	visits	67.49	67.50	1.7	2.5	0.5	0.8	54.7%	54.7%
Tie cables	18.7	3.4	22.1	(ux)	(ux)	(ux)	(sx)	(sx)	12.3	2.2	34.3	5.6	18.6%	21.7%
VLAN moves applied to GEA Cablelink Modify	7.6	1.1	8.7	1,358,061	201,873	amendments	5.58	5.58	8.2	1.2	4.2	0.6	(15.3)%	(15.3)%
Ancillaries (£0 cap)	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries - CPI-0% ²	6.8	7.3	14.1	(ux)	(ux)	(ux)	(sx)	(sx)	17.2	12.8	7.2	4.5	(144.0)%	(122.8)%
Other ancillaries	9.2	1.0	10.2	(ux)	(ux)	(ux)	(sx)	(sx)	6.4	1.3	2.2	1.3	128.6%	(21.8)%
Other WLA services	62.6	123.8	186.4	(ux)	(ux)	(ux)	(sx)	(sx)	124.6	186.5	30.8	43.2	(201.7)%	(145.1)%
IFRS 15 deferred revenue	4.1	(6.4)	(2.3)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.3)	(20.9)	(35.4)	(20.4)%	17.5%
IFRS15 SLG	(25.5)	(17.0)	(42.5)	(ux)	(ux)	(ux)	(sx)	(sx)	(28.2)	(18.8)	(1.5)	(1.0)	(173.2)%	(173.1)%
Rounding	(0.1)	0.9	0.8						-	(0.1)	(0.2)	0.3	-	-
Total WLA - Area 2	501.4	1,084.8	1,586.2						519.4	908.7	1,583.2	1,785.0	(1.1)%	9.9%

Notes:

¹Revenue, Cost, MCE and volumes for FTTP 40/10 rentals have not been split between charge controlled and non-charge controlled services because this data is not held in our billing and revenue reporting systems. Both the charge controlled and the non charge controlled services are priced at the same regulated rate. However, our inventory systems show that the majority of lines are sold where there is an equivalent copper based service (and therefore are non-charge controlled). We estimate the proportion of charge controlled services for 20/21 is less than 20% in Area 2. We intend to further develop this information source and anticipate proposing a methodology change for 2022/23.

²Ancillary (CPI-0%) services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 7 – Review of Wholesale Local Access Markets

7.1.2 Wholesale Local Access – Area 2 Analysis of Service Cost

For the year ended 31 March 2022

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		Special Faults Investigation		WLA Time Related Charges			
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(i) Operating costs by type																											
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	40.9	0.4	2.6	0.9	2.1	3.0	3.7	-	-	0.5	-	8.6	2.7	0.7	0.6	2.2	3.1	-	-	-	-	-	-	-	-
Net labour costs	£m	-	93.9	1.1	7.2	3.9	9.1	13.3	15.7	-	-	4.4	0.2	81.4	25.0	1.9	1.6	5.7	7.8	9.2	5.6	5.6	-	-	2.7	6.8	
Product costs & sales commissions	£m	-	0.2	-	-	-	-	-	0.1	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	-	35.4	0.4	2.2	6.0	14.1	20.3	24.5	-	-	2.1	0.1	39.5	12.2	0.8	0.7	2.4	3.3	0.2	0.1	0.2	-	-	0.1	0.2	
Network operating and IT costs	£m	-	11.3	0.1	0.9	0.8	1.8	2.6	3.0	-	-	0.5	-	9.7	3.0	0.2	0.2	0.7	1.0	1.1	0.6	0.6	-	-	0.3	0.8	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	1.2	-	0.1	-	0.1	0.1	0.1	-	-	-	-	0.6	0.2	-	-	0.1	0.1	0.1	-	-	-	-	-	-	0.1
Marketing and sales	£m	-	0.3	-	-	-	0.1	0.1	0.1	-	-	-	-	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	29.0	0.5	2.8	1.5	1.5	6.4	2.9	-	-	(0.6)	-	(10.3)	(3.7)	0.7	0.4	2.2	1.9	6.8	4.1	4.2	-	-	2.1	5.2	
Other operating income	£m	-	(2.1)	-	(0.2)	(1.2)	(2.7)	(3.9)	(4.7)	-	-	(0.1)	-	(1.7)	(0.5)	(0.1)	(0.1)	(0.4)	(0.6)	(0.2)	(0.1)	(0.1)	-	-	(0.1)	(0.1)	
Total operating costs before depreciation	£m	-	210.1	2.5	15.6	11.9	26.1	41.9	45.4	-	-	6.8	0.3	128.3	39.0	4.2	3.4	12.9	16.6	17.2	10.3	10.5	-	-	5.1	13.0	
Depreciation																											
Duct	£m	-	0.2	-	-	0.6	1.3	1.9	2.3	-	-	-	-	-	-	0.1	0.1	0.2	0.3	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	106.4	1.1	6.7	1.4	3.3	4.8	5.7	-	-	-	-	0.3	0.1	1.8	1.6	5.5	7.6	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	7.3	17.2	24.7	29.8	-	-	2.9	0.1	52.7	16.2	0.8	0.7	2.3	3.2	-	-	-	-	-	-	-	-
Electronics	£m	-	0.5	-	-	0.9	2.2	3.1	3.8	-	-	0.3	-	4.8	1.5	0.1	0.1	0.3	0.4	-	-	-	-	-	-	-	-
Software	£m	-	3.8	-	0.3	0.6	1.4	2.0	2.4	-	-	0.3	-	5.0	1.5	0.1	0.1	0.3	0.4	0.2	0.1	0.1	-	-	0.1	0.2	
Right of use assets	£m	-	11.3	0.1	0.8	0.2	0.6	0.8	1.0	-	-	0.4	-	7.7	2.4	0.1	0.1	0.4	0.6	0.7	0.5	0.5	-	-	0.2	0.6	
Land and buildings	£m	-	0.3	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	2.4	-	0.2	0.3	0.6	0.9	1.1	-	-	0.1	-	1.5	0.5	-	-	0.1	0.2	0.2	0.1	0.1	-	-	0.2	0.5	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	(0.1)	(0.3)	(0.4)	(0.5)	-	-	-	-	(0.5)	(0.1)	-	-	-	(0.1)	-	-	-	-	-	-	-	-
Total depreciation	£m	-	124.9	1.2	8.0	11.2	26.3	37.8	45.6	-	-	4.0	0.1	71.6	22.1	3.0	2.7	9.1	12.6	1.1	0.7	0.7	-	-	0.5	1.3	
Total HCA operating costs	£m	-	335.0	3.7	23.6	23.1	52.4	79.7	91.0	-	-	10.8	0.4	199.9	61.1	7.2	6.1	22.0	29.2	18.3	11.0	11.2	-	-	5.6	14.3	
CCA adjustments																											
Holding gains	£m	-	(71.8)	(0.8)	(4.5)	(1.9)	(4.5)	(6.4)	(7.7)	-	-	(0.1)	-	(2.2)	(0.7)	(1.3)	(1.1)	(4.0)	(5.5)	-	-	-	-	-	-	-	-
Supplementary depreciation	£m	-	40.3	0.4	2.5	0.5	1.2	1.8	2.1	-	-	0.1	-	1.6	0.5	0.7	0.6	2.1	2.9	-	-	-	-	-	-	-	-
Other CCA adjustments	£m	-	(5.4)	(0.1)	(0.3)	(0.1)	(0.1)	(0.2)	(0.2)	-	-	-	-	(0.6)	(0.2)	(0.1)	(0.1)	(0.3)	(0.4)	-	-	-	-	-	-	-	-
Rounding	£m	-	-	0.3	-	0.2	(0.1)	0.1	(0.1)	-	-	-	-	0.1	-	-	(0.1)	(0.1)	-	0.1	0.2	(0.1)	-	-	-	(0.3)	-
Total CCA operating costs	£m	-	298.1	3.5	21.3	21.8	48.9	75.0	85.1	-	-	10.8	0.4	198.8	60.7	6.5	5.4	19.7	26.2	18.4	11.2	11.1	-	-	5.6	14.0	
Total CCA operating cost includes the following:																											
Cumulo charges	£m	-	22.6	0.2	1.4	3.7	8.7	12.5	15.1	-	-	1.9	0.1	35.6	11.0	0.5	0.4	1.4	2.0	-	-	-	-	-	-	-	-
Openreach SLGs	£m	-	4.0	0.1	0.3	1.3	1.0	5.7	2.1	-	-	0.1	-	2.7	0.3	0.3	0.1	1.1	0.5	-	-	-	-	-	-	-	-
Leaver costs	£m	-	2.8	-	0.2	0.1	0.3	0.5	0.6	-	-	0.2	-	3.2	1.0	0.1	-	0.2	0.2	0.3	0.2	0.2	-	-	0.1	0.2	-

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		Special Faults Investigation		WLA Time Related Charges			
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(ii) Operating costs by division																											
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	40.9	0.4	2.6	0.9	2.1	3.0	3.7	-	-	0.5	-	8.6	2.7	0.7	0.6	2.2	3.1	-	-	-	-	-	-	-	-
Openreach																											
Service and network delivery	£m	-	84.4	1.0	7.1	0.8	1.8	2.6	3.1	-	-	2.1	0.1	38.9	12.0	1.2	1.0	3.7	5.1	12.9	7.9	8.0	-	-	3.9	9.8	
Openreach support functions	£m	-	15.3	0.3	1.1	1.9	2.5	7.9	4.7	-	-	0.3	-	6.5	1.5	0.7	0.4	2.3	2.1	1.0	0.6	0.4	-	-	0.2	0.5	
Openreach total	£m	-	99.7	1.3	8.2	2.7	4.3	10.5	7.8	-	-	2.4	0.1	45.4	13.5	1.9	1.4	6.0	7.2	13.9	8.5	8.4	-	-	4.1	10.3	
Rest of BT																											
Group centre	£m	-	21.4	0.3	1.6	1.1	2.8	4.2	4.9	-	-	1.1	0.1	22.0	6.7	0.5	0.5	1.4	1.8	2.0	1.0	1.3	-	-	0.7	1.8	
Property and facilities	£m	-	27.0	0.3	1.7	3.8	8.9	12.7	15.3	-	-	2.0	0.1	37.0	11.4	0.5	0.4	1.5	2.1	0.1	0.1	0.1	-	-	-	0.1	
Technology	£m	-	20.1	0.2	1.4	3.3	7.8	11.2	13.4	-	-	0.8	-	14.6	4.5	0.6	0.5	1.7	2.3	1.1	0.7	0.7	-	-	0.3	0.8	
Consumer, Global and Enterprise	£m	-	1.0	-	0.1	0.1	0.2	0.3	0.3	-	-	-	-	0.7	0.2	-	-	0.1	0.1	0.1	-	-	-	-	-	-	-
Rest of BT total	£m	-	69.5	0.8	4.8	8.3	19.7	28.4	33.9	-	-	3.9	0.2	74.3	22.8	1.6	1.4	4.7	6.3	3.3	1.8	2.1	-	-	1.0	2.7	
Operating cost before depreciation	£m	-	210.1	2.5	15.6	11.9	26.1	41.9	45.4	-	-	6.8	0.3	128.3	39.0	4.2	3.4	12.9	16.6	17.2	10.3	10.5	-	-	5.1	13.0	

Section 7 – Review of Wholesale Local Access Markets

7.1.2 Wholesale Local Access – Area 2 Analysis of Service Cost (continued)

For the year ended 31 March 2022

	£m	Hard Ceases		GEA Cancel/Amend/Modify – CRD		MPF enhanced care		WLA abortive visits		Tie Cables		VLAN moves applied to GEA Cablelink Modify		Ancillaries (£0 cap)		Other ancillaries – CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total			
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext		
(i) Operating costs by type																															
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	0.1	(0.2)	16.4	55.6	
Net labour costs	£m	-	3.3	2.0	4.4	0.2	0.2	4.0	4.5	6.3	-	4.4	0.3	-	-	16.1	5.9	4.8	2.9	109.0	119.8	(0.1)	(0.2)	(2.1)	(1.5)	-	(0.2)	273.8	312.2		
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	0.1	0.2	0.4	0.6	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property & energy costs	£m	-	0.1	-	0.1	-	-	-	-	0.1	-	0.1	-	-	-	0.4	0.1	0.1	0.1	2.6	2.5	-	-	-	-	-	-	-	75.3	95.7	
Network operating and IT costs	£m	-	0.3	0.1	0.2	-	-	0.1	0.1	0.3	-	0.2	-	-	-	1.3	5.4	0.3	0.5	7.0	7.8	-	-	(0.4)	(0.3)	0.1	(0.1)	25.5	36.5		
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.8	9.6	-	-	-	-	-	(0.3)	10.7	11.3	-	-	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	0.3	0.3	0.9	1.1	-	-
Other operating costs	£m	-	1.3	-	0.1	0.2	0.1	0.5	0.5	(1.5)	-	0.1	-	-	-	0.5	1.1	0.6	0.2	72.2	68.2	-	-	(30.9)	(22.2)	0.1	0.3	55.3	93.7	-	-
Other operating income	£m	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	-	(1.2)	(1.4)	-	-	-	-	(0.1)	(0.1)	(9.2)	(12.8)	-	-
Total operating costs before depreciation	£m	-	5.0	2.1	4.8	0.4	0.3	4.6	5.1	5.2	-	4.8	0.3	-	-	18.2	12.4	5.8	3.7	199.7	206.9	(0.1)	(0.2)	(33.4)	(24.0)	0.6	(0.1)	449.1	593.9	-	-
Depreciation																															
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	(0.1)	-	2.7	4.3	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	3.5	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	0.1	18.4	131.6	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	-	-	-	-	(0.2)	(0.2)	90.5	67.5	-	-	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	(0.1)	9.5	8.5	-	-	
Software	£m	-	0.1	-	-	-	-	0.1	0.1	0.3	-	-	-	-	0.2	0.2	0.1	-	4.0	4.1	-	-	(0.4)	(0.3)	(0.2)	(0.2)	12.8	14.2	-	-	
Right of use assets	£m	-	0.2	0.3	0.7	-	-	0.2	0.2	0.2	-	0.7	-	-	2.4	0.7	0.5	0.4	5.9	6.5	-	-	(0.1)	(0.1)	0.4	0.1	21.5	26.5	-	-	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	0.2	0.2	0.4	0.6	-	-
Other assets	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.2	0.1	0.1	-	0.9	1.0	-	-	-	-	-	0.5	0.2	5.1	6.9	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.0)	(1.0)	-	-	
Total depreciation	£m	-	0.3	0.3	0.7	-	-	0.3	0.3	4.1	-	0.7	-	-	2.8	1.0	0.7	0.5	10.9	12.4	-	-	(0.5)	(0.4)	0.6	0.1	159.9	259.1	-	-	
Total HCA operating costs	£m	-	5.3	2.4	5.5	0.4	0.3	4.9	5.4	9.3	-	5.5	0.3	-	-	21.0	13.4	6.5	4.2	210.6	219.3	(0.1)	(0.2)	(33.9)	(24.4)	1.2	-	609.0	853.0	-	-
CCA adjustments																															
Holding gains	£m	-	-	-	-	-	-	-	-	(4.1)	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	(0.1)	(0.2)	(20.9)	(96.1)	-	-	
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	1.5	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	0.1	8.7	50.3	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	0.1	-	(1.2)	(6.8)	-	-
Rounding	£m	-	0.1	0.2	-	0.1	-	0.1	0.2	(0.1)	-	0.1	0.1	-	(0.1)	0.1	(0.1)	(0.1)	-	(0.2)	-	-	-	0.1	(1.2)	0.1	(0.1)	0.2	-	-	
Total CCA operating costs	£m	-	5.4	2.6	5.5	0.5	0.3	5.0	5.6	6.7	-	5.6	0.4	-	-	20.9	13.5	6.4	4.1	210.6	219.0	(0.1)	(0.2)	(33.9)	(24.3)	-	-	595.5	800.6	-	-
Total CCA operating cost includes the following:																															
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	0.4	0.3	56.2	61.8	-	-
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	-	-	-	24.2	14.5	-	-	(31.1)	(22.3)	0.4	0.3	5.2	0.8	-	-	
Leaver costs	£m	-	0.1	-	0.1	-	-	0.1	0.1	0.1	-	0.1	-	-	0.3	0.1	0.1	0.1	1.7	2.0	-	-	-	-	0.3	0.4	7.6	8.4	-	-	

	£m	Hard Ceases		GEA Cancel/Amend/Modify – CRD		MPF enhanced care		WLA abortive visits		Tie Cables		VLAN moves applied to GEA Cablelink Modify		Ancillaries (£0 cap)		Other ancillaries – CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total			
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext		
(ii) Operating costs by division																															
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	0.1	(0.2)	16.4	55.6	-	-
Openreach																															
Service and network delivery	£m	-	3.1	0.1	0.3	0.3	0.2	0.5	0.5	0.9	-	0.3	-	-	1.1	6.5	1.1	0.7	54.6	62.8	-	-	(0.3)	(0.3)	-	(0.3)	133.7	205.7	-	-	
Openreach support functions	£m	-	0.8	1.3	2.9	-	-	3.3	3.7	3.0	-	2.9	0.2	-	11.2	3.7	3.1	2.0	118.0	114.1	-	-	(31.3)	(22.5)	0.1	0.1	133.1	133.6	-	-	
Openreach total	£m	-	3.9	1.4	3.2	0.3	0.2	3.8	4.2	3.9	-	3.2	0.2	-	12.3	10.2	4.2	2.7	172.6	176.9	-	-	(31.6)	(22.8)	0.1	(0.2)	266.8	339.3	-	-	
Rest of BT																															
Group centre	£m	-	0.8	0.6	1.3	0.1	0.1	0.5	0.6	0.9	-	1.3	0.1	-	4.5	1.6	1.2	0.8	16.9	19.1	(0.1)	(0.1)	(0.9)	(0.6)	(0.2)	(0.2)	59.5	66.1	-	-	
Property and facilities	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	0.8	0.9	-	-	-	-	-	0.1	-	59.0	68.1	-	-
Technology	£m	-	0.3	0.1	0.3	-	-	0.3	0.3	0.4	-	0.3	-	-	1.2	0.6	0.4	0.2	8.8	9.3	-	(0.1)	(0.8)	(0.5)	0.2	0.1	45.3	62.0	-	-	
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	0.6	0.6	-	-	(0.1)	(0.1)	0.2	0.4	2.1	2.8	-	-	
Rest of BT total	£m	-	1.1	0.7	1.6	0.1	0.1	0.8	0.9	1.3	-	1.6	0.1	-	5.9	2.2	1.6	1.0	27.1	29.9	(0.1)	(0.2)	(1.8)	(1.2)	0.3	0.3	165.9	199.0	-	-	
Operating cost before depreciation	£m	-	5.0	2.1	4.8	0.4	0.3	4.6	5.1	5.2	-	4.8	0.3	-	-	18.2	12.4	5.8	3.7	199.7	206.9	(0.1)	(0.2)	(33.4)	(24.0)	0.5	(0.1)	449.1	593.9	-	-

Section 7 – Review of Wholesale Local Access Markets

7.1.2 Wholesale Local Access – Area 2 Analysis of Service Cost

Restated for the year ended 31 March 2021

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		Special Faults Investigation		WLA Time Related Charges			
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(i) Operating costs by type																											
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	119.8	1.5	8.6	2.5	5.8	8.5	7.5	-	-	2.4	-	23.8	1.5	0.3	1.1	1.0	5.1	-	-	-	-	-	-	-	-
Net labour costs	£m	0.1	114.5	1.6	9.8	6.0	14.2	20.8	18.2	-	-	6.9	-	69.1	4.3	0.4	1.3	1.3	6.5	12.9	11.3	6.2	-	2.3	7.2	-	
Product costs & sales commissions	£m	-	-	-	-	-	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	-	38.4	0.5	2.8	6.9	16.5	23.9	21.1	-	-	3.5	-	35.0	2.2	0.1	0.5	0.4	2.3	0.3	0.3	0.2	-	0.1	0.2	-	
Network operating and IT costs	£m	-	12.0	0.2	1.0	0.7	1.6	2.4	2.1	-	-	0.7	-	7.2	0.4	-	0.1	0.1	0.6	1.3	1.1	0.6	-	0.2	0.7	-	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	0.6	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	0.5	-	-	-	0.1	0.1	0.1	-	-	-	-	0.2	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Other operating costs	£m	-	26.0	0.5	3.0	0.6	(0.6)	3.1	(0.5)	-	-	(1.7)	-	(16.9)	(1.1)	0.1	0.1	0.2	0.7	8.6	7.5	4.3	-	1.7	5.1	-	
Other operating income	£m	-	(0.8)	-	(0.1)	(1.3)	(3.2)	(4.6)	(4.1)	-	-	-	-	(0.2)	-	-	(0.1)	(0.1)	(0.3)	-	-	-	-	-	-	-	-
Total operating costs before depreciation	£m	0.1	311.0	4.3	25.1	15.4	34.5	54.3	44.5	-	-	11.8	-	118.3	7.3	0.9	3.0	2.9	15.0	23.1	20.2	11.3	-	4.3	13.2	-	
Depreciation																											
Duct	£m	-	0.1	-	-	0.7	1.6	2.3	2.1	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	105.0	1.4	7.6	1.8	4.3	6.3	5.6	-	-	-	-	0.3	-	0.3	0.9	0.9	4.4	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	8.1	19.2	27.7	24.5	-	-	4.5	-	45.0	2.8	0.1	0.4	0.4	2.0	-	-	-	-	-	-	-	-
Electronics	£m	-	1.3	-	0.1	0.8	1.9	2.7	2.4	-	-	0.6	-	6.1	0.4	-	-	-	0.2	-	-	-	-	-	-	-	-
Software	£m	-	4.9	0.1	0.4	0.7	1.7	2.6	2.2	-	-	0.5	-	4.6	0.3	-	0.1	0.1	0.3	0.3	0.2	0.1	-	0.1	0.2	-	
Right of use assets	£m	-	13.4	0.2	1.1	0.3	0.8	1.2	1.1	-	-	0.6	-	5.7	0.4	-	0.1	0.1	0.4	1.0	0.9	0.5	-	0.2	0.6	-	
Land and buildings	£m	-	0.3	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	5.3	0.1	0.4	0.5	1.3	1.8	1.6	-	-	0.3	-	2.9	0.2	-	0.1	0.1	0.3	0.5	0.5	0.3	-	0.2	0.6	-	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	(1.0)	(2.4)	(3.5)	(3.1)	-	-	(0.3)	-	(3.1)	(0.2)	-	(0.1)	-	(0.3)	-	-	-	-	-	-	-	-
Total depreciation	£m	-	130.3	1.8	9.6	11.9	28.4	41.1	36.4	-	-	6.2	-	61.6	3.9	0.4	1.5	1.6	7.5	1.8	1.6	0.9	-	0.5	1.4	-	
Total HCA operating costs	£m	0.1	441.3	6.1	34.7	27.3	62.9	95.4	80.9	-	-	18.0	-	179.9	11.2	1.3	4.5	4.5	22.5	24.9	21.8	12.2	-	4.8	14.6	-	
CCA adjustments																											
Holding gains	£m	-	(13.1)	(0.2)	(0.9)	(0.4)	(1.0)	(1.4)	(1.3)	-	-	-	-	(0.2)	-	-	(0.1)	(0.1)	(0.6)	-	-	-	-	-	-	-	-
Supplementary depreciation	£m	-	32.3	0.4	2.3	0.5	1.3	1.8	1.6	-	-	0.1	-	1.4	0.1	0.1	0.3	0.3	1.3	-	-	-	-	-	-	-	-
Other CCA adjustments	£m	-	(2.8)	-	(0.2)	-	(0.1)	(0.2)	(0.1)	-	-	-	-	(0.5)	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-
Rounding	£m	-	0.2	-	0.1	-	(0.1)	-	-	-	-	(0.2)	0.1	0.1	(0.2)	(0.1)	0.2	(0.1)	0.1	-	-	(0.1)	-	(0.1)	-	-	
Total CCA operating costs	£m	0.1	457.9	6.3	36.0	27.4	63.0	95.6	81.1	-	-	17.9	0.1	180.7	11.1	1.3	4.9	4.6	23.2	24.9	21.8	12.1	-	4.7	14.6	-	
Total CCA operating cost includes the following:																											
Cumulo charges	£m	-	24.7	0.3	1.8	4.3	10.3	14.9	13.2	-	-	3.2	-	31.8	2.0	0.1	0.3	0.3	1.5	-	-	-	-	-	-	-	-
Openreach SLGs	£m	-	3.3	0.1	0.3	1.2	0.8	5.2	1.3	-	-	0.1	-	1.2	-	-	-	0.1	0.2	-	-	-	-	-	-	-	-
Leaver costs	£m	-	5.4	0.1	0.5	0.3	0.8	1.1	1.0	-	-	0.4	-	4.0	0.2	-	0.1	0.1	0.3	0.7	0.6	0.3	-	0.1	0.4	-	

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		Special Faults Investigation		WLA Time Related Charges			
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(ii) Operating costs by division																											
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	119.8	1.5	8.6	2.5	5.8	8.5	7.5	-	-	2.4	-	23.8	1.5	0.3	1.1	1.0	5.1	-	-	-	-	-	-	-	-
Openreach																											
Service and network delivery	£m	0.1	95.5	1.5	8.9	1.3	3.2	4.7	4.1	-	-	2.5	-	25.9	1.6	0.2	0.7	0.6	3.5	17.0	14.8	8.6	-	3.3	10.0	-	
Openreach support functions	£m	-	16.3	0.3	1.4	1.7	2.0	6.9	2.9	-	-	0.6	-	5.8	0.3	0.1	0.4	0.5	1.8	1.7	1.5	0.5	-	0.2	0.6	-	
Openreach total	£m	0.1	111.8	1.8	10.3	3.0	5.2	11.6	7.0	-	-	3.1	-	31.7	1.9	0.3	1.1	1.1	5.3	18.7	16.3	9.1	-	3.5	10.6	-	
Rest of BT																											
Group centre	£m	-	24.0	0.3	2.0	1.6	3.7	5.4	4.6	-	-	1.6	-	16.0	1.1	0.1	0.2	0.2	1.3	2.7	2.4	1.4	-	0.5	1.5	-	
Property and facilities	£m	-	29.9	0.4	2.2	4.4	10.5	15.3	13.5	-	-	3.3	-	33.2	2.0	0.1	0.3	0.3	1.6	0.1	0.1	0.1	-	-	0.1	-	
Technology	£m	-	24.2	0.3	1.9	3.8	9.1	13.2	11.6	-	-	1.3	-	13.0	0.8	0.1	0.3	0.3	1.6	1.5	1.3	0.7	-	0.3	0.9	-	
Consumer, Global and Enterprise	£m	-	1.3	-	0.1	0.1	0.2	0.3	0.3	-	-	0.1	-	0.6	-	-	-	-	0.1	0.1	0.1	-	-	-	-	-	
Rest of BT total	£m	-	79.4	1.0	6.2	9.9	23.5	34.2	30.0	-	-	6.3	-	62.8	3.9	0.3	0.8	0.8	4.6	4.4	3.9	2.2	-	0.8	2.6	-	
Operating cost before depreciation	£m	0.1	311.0	4.3	25.1	15.4	34.5	54.3	44.5	-	-	11.8	-	118.3	7.3	0.9	3.0	2.9	15.0	23.1	20.2	11.3	-	4.3	13.2	-	

Section 7 – Review of Wholesale Local Access Markets

7.1.2 Wholesale Local Access – Area 2 Analysis of Service Cost (continued)

Restated for the year ended 31 March 2021

	£m	Hard Ceases		GEA Cancel/Amend/Modify – CRD		MPF enhanced care		WLA abortive visits		Tie Cables		VLAN moves applied to GEA Cablelink Modify		Ancillaries (£0 cap)		Other ancillaries – CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(i) Operating costs by type																													
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.1	39.9	149.5
Net labour costs	£m	-	3.5	0.8	1.4	0.4	0.2	1.4	2.0	6.7	1.2	6.9	1.0	-	-	13.9	5.7	4.2	0.8	66.3	108.4	(0.1)	(0.2)	(1.8)	(1.2)	(0.1)	(0.2)	226.2	309.9
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	(0.2)	-	-	-	0.1	0.3	-	-	-	-	-	-	(0.1)	0.4
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	-	0.1	-	-	-	-	-	-	0.4	0.1	0.2	-	-	0.3	0.1	0.1	-	2.1	2.0	-	-	(0.1)	-	0.1	(0.1)	74.0	86.6	
Network operating and IT costs	£m	-	0.3	-	0.1	-	-	-	0.1	0.3	0.1	0.3	-	-	0.6	5.3	0.3	0.3	3.6	6.6	-	-	(0.3)	(0.2)	0.3	0.1	18.5	32.3	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.4	5.7	-	-	-	-	0.1	0.1	6.7	6.5	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	0.2	0.1	0.7	1.1	
Other operating costs	£m	-	1.3	(0.1)	(0.1)	0.2	0.1	0.2	0.2	0.8	0.1	(0.5)	(0.1)	-	-	(0.2)	0.7	1.2	-	38.1	52.0	-	-	(25.5)	(17.0)	(0.2)	0.2	14.5	77.6
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	(0.1)	(0.1)	-	-	-	-	(0.2)	-	(6.4)	(8.7)
Total operating costs before depreciation	£m	-	5.3	0.7	1.4	0.6	0.3	1.6	2.3	8.2	1.5	6.8	0.9	-	-	14.5	11.8	5.8	1.1	116.7	175.1	(0.1)	(0.2)	(27.7)	(18.4)	0.1	0.3	374.0	655.2
Depreciation																													
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	3.1	4.1
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	3.0	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.1	13.9	128.4	
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	(0.1)	-	-	-	85.7	49.0
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	10.2	6.2	
Software	£m	-	0.1	-	-	-	-	-	-	0.3	0.1	0.1	-	-	0.2	0.2	0.1	-	3.1	2.9	-	-	(0.3)	(0.2)	(0.2)	-	12.4	13.4	
Right of use assets	£m	-	0.2	0.1	0.2	-	-	0.1	0.1	0.2	-	1.1	0.2	-	2.0	0.6	0.4	0.1	3.5	5.7	-	-	(0.1)	-	-	(0.1)	17.1	25.8	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	0.1	0.1	0.3	0.5	
Other assets	£m	-	0.1	-	-	-	-	-	-	0.2	-	0.2	-	-	0.4	0.2	0.1	-	1.3	2.4	-	-	-	-	-	0.1	8.9	13.1	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(8.0)	(6.1)	
Total depreciation	£m	-	0.4	0.1	0.2	-	-	0.1	0.1	3.7	0.6	1.4	0.2	-	-	2.6	1.0	0.6	0.1	8.0	11.2	-	-	(0.4)	(0.2)	(0.3)	0.2	143.6	234.4
Total HCA operating costs	£m	-	5.7	0.8	1.6	0.6	0.3	1.7	2.4	11.9	2.1	8.2	1.1	-	-	17.1	12.8	6.4	1.2	124.7	186.3	(0.1)	(0.2)	(28.1)	(18.6)	(0.1)	0.4	517.6	889.6
CCA adjustments																													
Holding gains	£m	-	-	-	-	-	-	-	-	(0.6)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(2.9)	(17.0)
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	0.9	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	5.5	39.5
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.8)	(3.4)	
Rounding	£m	-	-	0.2	0.1	0.1	-	0.1	0.1	0.1	0.1	-	0.1	-	0.1	(0.1)	-	0.1	(0.1)	0.2	-	(0.1)	(0.1)	(0.2)	0.3	(0.7)	-	-	-
Total CCA operating costs	£m	-	5.7	1.0	1.7	0.7	0.3	1.7	2.5	12.3	2.2	8.2	1.2	-	-	17.2	12.8	6.4	1.3	124.6	186.5	(0.1)	(0.3)	(28.2)	(18.8)	0.1	(0.1)	519.4	908.7
Total CCA operating cost includes the following:																													
Cumulo charges	£m	-	-	-	-	-	-	-	-	0.3	0.1	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	(0.1)	55.4	54.0	
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	16.9	11.5	-	-	(25.9)	(17.2)	0.1	0.1	(0.7)	0.3	
Leaver costs	£m	-	0.2	-	-	-	-	0.1	0.1	0.2	-	0.2	-	-	0.4	0.2	0.2	-	1.5	3.2	-	-	(0.1)	(0.1)	0.2	0.1	9.8	13.0	

	£m	Hard Ceases		GEA Cancel/Amend/Modify – CRD		MPF enhanced care		WLA abortive visits		Tie Cables		VLAN moves applied to GEA Cablelink Modify		Ancillaries (£0 cap)		Other ancillaries – CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(ii) Operating costs by division																													
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.1	39.9	149.5
Openreach																													
Service and network delivery	£m	-	3.2	-	0.1	0.4	0.2	0.2	0.3	0.8	0.2	0.5	0.1	-	-	2.0	7.3	2.8	0.4	30.6	64.8	-	-	(0.4)	(0.3)	0.2	0.2	102.7	218.8
Openreach support functions	£m	-	0.9	0.5	0.8	0.1	-	1.1	1.6	5.4	1.0	4.0	0.6	-	-	8.1	2.2	1.7	0.5	71.0	84.5	-	-	(25.9)	(17.2)	(0.1)	(0.2)	84.1	102.1
Openreach total	£m	-	4.1	0.5	0.9	0.5	0.2	1.3	1.9	6.2	1.2	4.5	0.7	-	-	10.1	9.5	4.5	0.9	101.6	149.3	-	-	(26.3)	(17.5)	-	0.1	186.8	320.9
Rest of BT																													
Group centre	£m	-	0.9	0.1	0.4	0.1	0.1	0.2	0.3	1.2	0.1	1.8	0.1	-	-	3.3	1.5	0.9	0.1	8.4	15.7	(0.1)	(0.1)	(0.6)	(0.5)	0.1	0.3	45.3	59.6
Property and facilities	£m	-	-	-	-	-	-	-	-	0.3	0.1	-	-	-	-	0.1	0.1	-	-	0.9	0.9	-	-	-	-	(0.2)	(0.2)	58.3	61.1
Technology	£m	-	0.3	0.1	0.1	-	-	0.1	0.1	0.5	0.1	0.5	0.1	-	-	1.0	0.7	0.4	0.1	5.5	8.7	-	(0.1)	(0.7)	(0.4)	0.2	0.1	42.1	61.5
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.5	-	-	(0.1)	-	0.1	(0.1)	1.6	2.6
Rest of BT total	£m	-	1.2	0.2	0.5	0.1	0.1	0.3	0.4	2.0	0.3	2.3	0.2	-	-	4.4	2.3	1.3	0.2	15.1	25.8	(0.1)	(0.2)	(1.4)	(0.9)	0.2	0.1	147.3	184.8
Operating cost before depreciation	£m	-	5.3	0.7	1.4	0.6	0.3	1.6	2.3	8.2	1.5	6.8	0.9	-	-	14.5	11.8	5.8	1.1	116.7	175.1	(0.1)	(0.2)	(27.7)	(18.4)	0.1	0.3	374.0	655.2

Section 7 – Review of Wholesale Local Access Markets

7.1.3 Wholesale Local Access – Area 2 Analysis of Service MCE

For the year ended 31 March 2022

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		Special Faults Investigation		WLA Time Related Charges		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																										
Duct	£m	-	4.9	0.1	0.3	21.9	51.6	74.0	89.2	-	-	0.1	-	2.0	0.6	2.4	2.0	7.1	9.9	-	-	-	-	-	-	-
Poles	£m	-	(0.2)	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	749.9	7.9	46.9	17.8	41.9	60.2	72.5	-	-	0.2	-	4.5	1.4	13.7	11.7	41.0	56.7	-	-	-	-	-	-	-
Fibre	£m	-	0.1	-	-	57.3	135.0	193.7	233.4	-	-	55.0	2.0	1,016.5	313.1	6.0	5.2	18.1	25.0	-	-	-	-	-	-	-
Electronics	£m	-	2.2	-	0.1	7.8	18.5	26.5	31.9	-	-	2.5	0.1	46.1	14.2	0.9	0.7	2.6	3.5	-	-	-	-	-	-	-
Software	£m	-	13.0	0.2	0.9	1.5	3.5	5.2	6.0	-	-	0.8	-	14.5	4.4	0.3	0.3	1.0	1.3	0.6	0.3	0.4	-	-	0.2	0.5
Land and buildings	£m	-	4.3	-	0.3	0.1	0.2	0.3	0.3	-	-	0.1	-	1.8	0.6	-	-	0.1	0.2	0.1	0.1	0.1	-	-	-	0.1
Right of use assets	£m	-	30.3	0.4	2.3	1.1	2.5	3.7	4.4	-	-	1.5	0.1	27.5	8.5	0.5	0.4	1.4	2.0	2.7	1.6	1.6	-	-	0.8	2.0
Other assets	£m	-	26.8	0.3	1.9	5.5	12.8	18.5	22.1	-	-	0.6	-	10.6	3.3	0.8	0.7	2.5	3.4	1.5	0.9	1.0	-	-	1.3	3.2
Less funded assets (BDUK, etc.)	£m	-	(0.2)	-	-	(16.3)	(38.3)	(55.0)	(66.3)	-	-	(3.1)	(0.1)	(57.1)	(17.6)	(1.7)	(1.5)	(5.1)	(7.1)	-	-	-	-	-	-	-
Total non-current assets	£m	-	831.1	8.9	52.7	96.7	227.7	327.1	393.5	-	-	57.7	2.1	1,066.2	328.4	22.9	19.5	68.7	94.9	4.9	2.9	3.1	-	-	2.3	5.8
Current assets	£m	-	117.0	1.3	8.2	14.7	34.1	53.5	62.2	-	-	7.2	0.3	132.4	40.9	3.3	2.7	10.1	13.7	6.5	4.0	3.5	-	-	2.0	5.0
Current liabilities	£m	-	(81.4)	(0.9)	(6.1)	(10.2)	(23.8)	(34.8)	(41.4)	-	-	(4.5)	(0.2)	(83.2)	(25.6)	(3.4)	(2.9)	(10.7)	(14.7)	(8.9)	(5.4)	(4.4)	-	-	(2.3)	(5.6)
Provisions	£m	-	(2.3)	-	(0.2)	(0.1)	(0.2)	(0.3)	(0.4)	-	-	(0.1)	-	(1.7)	(0.5)	-	-	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	-	-	-	(0.1)
Rounding	£m	-	(0.1)	(0.1)	-	0.1	(0.1)	-	0.2	-	-	-	-	(0.1)	(0.1)	(0.1)	0.1	-	(0.1)	0.1	0.1	(0.1)	-	-	-	(0.1)
Total MCE	£m	-	864.3	9.2	54.6	101.2	237.7	345.5	414.1	-	-	60.3	2.2	1,113.6	343.1	22.7	19.4	68.0	93.7	2.4	1.5	2.0	-	-	2.0	5.0

7.1.3 Wholesale Local Access – Area 2 Analysis of Service MCE (continued)

For the year ended 31 March 2022

	£m	Hard Ceases		GEA Cancel/Amend/Modify – CRD		MPF enhanced care		WLA abortive visits		Tie Cables		VLAN moves applied to GEA Cablelink Modify		Ancillaries (£0 cap)		Other ancillaries – CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																														
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.1	-	1.4	-	-	-	-	-	-	-	-	107.6	161.0
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.2)	-	-	-	-	(0.1)	(0.1)	(0.4)	(0.6)		
Copper	£m	-	-	-	-	-	-	-	-	34.4	-	-	-	-	-	-	-	-	-	1.1	-	-	-	-	0.1	-	-	179.8	982.1	
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.6	-	-	-	-	0.1	-	-	1,346.7	717.4	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	-	-	-	-	-	0.1	-	86.4	71.8	
Software	£m	-	0.4	0.1	0.2	-	-	0.2	0.2	0.8	-	0.2	-	-	0.7	0.6	0.3	0.1	13.0	13.0	(0.1)	(0.1)	(1.7)	(1.2)	(0.3)	-	37.9	43.4		
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	1.0	0.9	-	-	-	-	0.3	-	4.0	7.1		
Right of use assets	£m	-	0.8	1.1	2.4	0.1	-	0.8	0.9	0.7	-	2.4	0.2	-	8.4	2.4	1.7	1.3	20.0	22.8	-	-	(0.2)	(0.2)	(0.3)	(0.2)	75.9	84.5		
Other assets	£m	-	0.5	0.5	1.1	-	-	0.2	0.2	1.4	-	1.1	0.1	-	4.0	1.5	0.7	0.6	16.2	17.5	-	(0.1)	(0.9)	(0.7)	-	-	65.8	95.8		
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.0)	-	-	-	-	-	-	(138.3)	(132.1)		
Total non-current assets	£m	-	1.7	1.7	3.7	0.1	-	1.2	1.3	37.3	-	3.7	0.3	-	13.2	4.6	2.7	3.1	50.1	59.6	(0.1)	(0.2)	(2.8)	(2.1)	(0.2)	(0.2)	1,765.4	2,030.4		
Current assets	£m	-	1.9	1.1	2.2	0.4	0.3	1.6	1.8	3.0	0.2	2.3	0.2	-	7.8	4.6	2.6	1.6	50.2	56.9	(0.2)	(0.4)	(2.1)	(1.5)	0.2	(0.2)	301.4	355.7		
Current liabilities	£m	-	(2.4)	(1.4)	(3.1)	(0.3)	(0.2)	(1.3)	(1.4)	(2.5)	(0.1)	(3.1)	(0.2)	-	(11.5)	(4.4)	(2.9)	(1.8)	(57.6)	(63.7)	(19.2)	(31.8)	2.8	2.0	0.1	(0.1)	(260.2)	(314.1)		
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	-	(1.0)	(1.1)	-	-	0.1	-	(0.3)	(0.1)	(4.0)	(5.2)		
Rounding	£m	-	(0.1)	-	-	-	0.1	(0.1)	(0.1)	-	-	(0.1)	(0.1)	-	(0.1)	-	0.1	-	0.1	0.1	(0.1)	-	(0.1)	0.1	0.4	0.2	(0.1)	0.1		
Total MCE	£m	-	1.1	1.4	2.8	0.2	0.2	1.4	1.6	37.8	0.1	2.8	0.2	-	9.3	4.7	2.4	2.9	41.8	51.8	(19.6)	(32.4)	(2.1)	(1.5)	0.2	(0.2)	1,802.5	2,066.9		

Section 7 – Review of Wholesale Local Access Markets

7.1.3 Wholesale Local Access – Area 2 Analysis of Service MCE

Restated for the year ended 31 March 2021

		MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		Special Faults Investigation		WLA Time Related Charges			
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
Non-current assets																											
Duct	£m	-	4.4	0.1	0.3	26.7	63.5	91.9	81.3	-	-	0.2	-	2.2	0.1	0.4	1.4	1.3	6.7	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	0.1	786.2	10.1	56.7	22.4	53.3	77.1	68.2	-	-	0.5	-	4.7	0.3	2.0	7.4	6.8	35.1	-	-	-	-	-	-	-	
Fibre	£m	-	-	-	-	67.4	160.2	232.0	205.3	-	-	79.3	0.4	797.4	49.1	1.0	3.5	3.2	16.6	-	-	-	-	-	-	-	
Electronics	£m	-	3.3	-	0.2	5.6	13.3	19.3	17.0	-	-	4.8	-	48.6	3.0	0.1	0.3	0.3	1.4	-	-	-	-	-	-	-	
Software	£m	-	16.8	0.2	1.3	1.7	3.9	5.8	5.0	-	-	1.4	-	13.9	0.9	0.1	0.2	0.2	1.0	0.9	0.8	0.5	-	0.2	0.6		
Land and buildings	£m	-	5.1	0.1	0.4	0.1	0.3	0.4	0.3	-	-	0.2	-	1.6	0.1	-	-	-	0.1	0.2	0.1	0.1	-	-	0.1		
Right of use assets	£m	-	41.7	0.6	3.5	1.7	4.0	5.8	5.1	-	-	2.4	-	24.1	1.5	0.1	0.3	0.3	1.7	3.9	3.4	1.9	-	0.7	2.3		
Other assets	£m	-	28.6	0.4	2.2	6.5	15.5	22.5	19.9	-	-	0.4	-	4.0	0.2	0.1	0.4	0.4	2.1	1.4	1.2	0.7	-	0.8	2.4		
Less funded assets (BDUK, etc.)	£m	-	(0.1)	-	-	(18.8)	(44.6)	(64.6)	(57.1)	-	-	(5.6)	-	(56.7)	(3.5)	(0.3)	(1.0)	(0.9)	(4.6)	-	-	-	-	-	-		
Total non-current assets	£m	0.1	886.0	11.5	64.6	113.3	269.4	390.2	345.0	-	-	83.6	0.4	839.8	51.7	3.5	12.5	11.6	60.1	6.4	5.5	3.2	-	1.7	5.4		
Current assets	£m	0.1	132.9	1.9	10.7	16.1	37.6	59.3	50.8	-	-	10.7	0.1	108.6	6.6	0.5	1.8	1.8	9.0	9.2	8.0	4.1	-	1.8	5.6		
Current liabilities	£m	(0.1)	(88.2)	(1.2)	(7.4)	(13.0)	(30.7)	(44.9)	(39.4)	-	-	(6.6)	-	(65.9)	(4.1)	(0.6)	(2.1)	(2.0)	(10.4)	(11.0)	(9.6)	(4.2)	-	(1.7)	(5.2)		
Provisions	£m	-	(2.6)	-	(0.2)	(0.1)	(0.3)	(0.4)	(0.3)	-	-	(0.1)	-	(1.3)	(0.1)	-	-	-	(0.1)	(0.2)	(0.2)	(0.1)	-	-	(0.1)		
Rounding	£m	-	(0.2)	(0.1)	-	-	-	0.1	-	-	-	-	-	-	0.1	-	0.2	-	(0.1)	-	0.1	-	-	-	(0.1)		
Total MCE	£m	0.1	927.9	12.1	67.7	116.3	276.0	404.3	356.1	-	-	87.6	0.5	881.2	54.2	3.4	12.4	11.4	58.5	4.4	3.8	3.0	-	1.8	5.6		

7.1.3 Wholesale Local Access – Area 2 Analysis of Service MCE (continued)

Restated for the year ended 31 March 2021

		Hard Ceases		GEA Cancel/Amend/ Modify – CRD		MPF enhanced care		WLA abortive visits		Tie Cables		VLAN moves applied to GEA Cablelink Modify		Ancillaries (£0 cap)		Other ancillaries - CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
Non-current assets																													
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8	-	0.4	-	-	-	-	-	-	0.1	122.8	159.0
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	29.3	4.8	-	-	-	-	-	-	-	-	0.3	-	-	-	-	-	(0.1)	153.0	1,012.2	
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.9	-	-	-	-	-	0.1	1,180.3	436.1	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	78.7	38.6	
Software	£m	-	0.4	-	-	-	-	0.1	0.1	1.0	0.2	0.2	-	0.4	0.6	0.3	-	9.6	9.5	(0.1)	(0.1)	(1.3)	(0.8)	0.1	-	35.2	40.4		
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	0.8	0.9	-	-	-	-	-	-	-	3.6	7.5	
Right of use assets	£m	-	0.9	0.5	0.8	0.1	-	0.3	0.4	0.8	0.2	4.1	0.6	7.6	2.3	1.4	0.3	12.1	21.8	-	-	(0.2)	(0.1)	(0.1)	(0.1)	68.1	90.6		
Other assets	£m	-	0.3	0.1	0.2	-	-	(0.1)	1.6	0.3	0.8	0.1	-	1.7	0.9	0.4	-	8.1	11.7	-	(0.1)	(0.5)	(0.3)	0.1	0.4	49.5	85.9		
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	-	-	-	-	-	0.1	(0.1)	(146.8)	(111.3)	
Total non-current assets	£m	-	1.6	0.6	1.0	0.1	-	0.4	0.4	32.7	5.5	5.1	0.7	-	-	9.8	3.9	2.1	1.1	30.6	45.3	(0.1)	(0.2)	(2.0)	(1.2)	0.2	0.3	1,544.4	1,759.0
Current assets	£m	-	2.1	0.5	0.8	0.6	0.3	0.7	0.9	4.2	0.8	4.1	0.6	7.6	4.7	2.7	0.5	31.1	52.4	0.3	(0.4)	(1.8)	(1.2)	-	(0.1)	264.1	324.5		
Current liabilities	£m	-	(2.2)	(0.6)	(1.0)	(0.3)	(0.1)	(0.4)	(0.6)	(2.7)	(0.6)	(5.0)	(0.7)	(10.0)	(3.9)	(2.6)	(0.4)	(30.3)	(53.6)	(21.0)	(34.8)	2.2	1.4	(0.1)	(0.2)	(222.0)	(293.8)		
Provisions	£m	-	-	-	-	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)	(0.1)	-	-	(0.6)	(0.9)	-	-	-	-	-	(0.1)	(3.1)	(5.0)		
Rounding	£m	-	(0.1)	0.1	-	-	-	(0.2)	0.1	0.2	(0.1)	0.1	-	(0.1)	(0.1)	-	0.1	-	-	(0.1)	-	0.1	-	(0.3)	0.4	(0.2)	0.3		
Total MCE	£m	-	1.4	0.6	0.8	0.4	0.2	0.5	0.8	34.3	5.6	4.2	0.6	-	-	7.2	4.5	2.2	1.3	30.8	43.2	(20.9)	(35.4)	(1.5)	(1.0)	(0.2)	0.3	1,583.2	1,785.0

Section 7 – Review of Wholesale Local Access Markets

7.2.1 Wholesale Local Access – Area 3 Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
MPF rentals (SML1) (charge controlled)	-	206.1	206.1	60	2,397,399	lines	85.97	85.96	-	125.9	-	364.9	20.9%	22.0%
MPF other rentals	1.0	13.6	14.6	11,106	149,871	lines	90.42	90.42	0.6	8.9	1.7	23.0	21.3%	20.2%
FTTC 40/10 rentals (charge controlled)	50.6	69.2	119.8	837,248	1,145,247	lines	60.40	60.40	21.4	27.9	99.5	135.7	29.4%	30.4%
FTTC other rentals	165.6	116.5	282.1	2,159,191	1,573,566	lines	76.71	74.02	56.2	38.6	258.9	187.8	42.3%	41.5%
FTTP 40/10 rentals (charge controlled) ¹	-	-	-	-	-	lines	-	-	-	-	-	-	-	-
FTTP 40/10 rentals (non-charge controlled)	4.1	0.1	4.2	24,814	807	lines	163.39	167.48	8.0	0.3	45.1	1.5	(8.8)%	(8.5)%
FTTP other rentals	90.7	18.4	109.1	536,588	96,384	lines	169.09	191.38	174.0	31.0	974.7	175.1	(8.5)%	(7.1)%
SOGEA 40/10 rental (charge controlled)	8.4	7.0	15.4	57,227	47,718	lines	146.56	146.40	4.2	3.3	14.5	12.0	29.2%	30.3%
SOGEA other rentals	25.0	26.8	51.8	155,139	165,229	lines	161.22	162.04	11.4	11.6	39.2	41.6	34.7%	36.4%
NGA Visit Assure	14.9	5.3	20.2	113,929	40,798	amendments	130.83	130.00	14.2	5.1	1.8	0.7	39.7%	34.6%
WLA Time Related Charges	3.6	5.2	8.8	(ux)	(ux)	(ux)	(sx)	(sx)	4.4	6.4	1.5	2.3	(51.0)%	(51.0)%
Tie cables	7.3	1.6	8.9	(ux)	(ux)	(ux)	(sx)	(sx)	2.5	-	14.1	-	34.0%	3,455.4%
Ancillaries (£0 cap)	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries - CPI-0% ²	8.6	9.6	18.2	(ux)	(ux)	(ux)	(sx)	(sx)	15.5	14.8	4.9	4.8	(139.9)%	(106.5)%
Other ancillaries	15.9	9.8	25.7	(ux)	(ux)	(ux)	(sx)	(sx)	24.9	11.0	15.1	7.0	(59.4)%	(17.1)%
Other WLA services	30.2	51.2	81.4	(ux)	(ux)	(ux)	(sx)	(sx)	86.1	92.2	17.2	19.0	(324.6)%	(215.5)%
IFRS 15 deferred revenue	(1.9)	(2.7)	(4.6)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.1)	(15.1)	(14.7)	11.8%	17.5%
IFRS15 SLG	(23.5)	(9.9)	(33.4)	(ux)	(ux)	(ux)	(sx)	(sx)	(26.1)	(11.0)	(1.6)	(0.7)	(160.5)%	(160.5)%
Rounding	(0.5)	(0.4)	(0.9)						(0.9)	(0.8)	0.2	0.1		
Total WLA - Area 3	400.0	527.4	927.4						396.3	365.1	1,471.7	960.2	0.3%	16.9%

Notes:

1) FTTP homes passed in Area 3

Premises passed by FTTP - A premise is passed by FTTP if Openreach's GEA FTTP product is available for connection and supply at that premise.

	Measure	Additions for the year	Cumulative total as at 31 March 2022
Non-subsidised homes passed with FTTP	Million premises	0.8	1.7

¹Revenue, Cost, MCE and volumes for FTTP 40/10 rentals have not been split between charge controlled and non-charge controlled services because this data is not held in our billing and revenue reporting systems. Both the charge controlled and the non charge controlled services are priced at the same regulated rate. However, our inventory systems show that the majority of lines are sold where there is an equivalent copper based service (and therefore are non-charge controlled). We estimate the proportion of charge controlled services for 21/22 is only 30% in area 3. We intend to further develop this information source and anticipate proposing a methodology change for 2022/23.

²Ancillary (CPI-0%) services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 7 – Review of Wholesale Local Access Markets

7.2.1 Wholesale Local Access – Area 3 Summary

Restated for the year ended 31 March 2021

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
MPF rentals (SML1) (charge controlled)	-	217.9	217.9	79	2,551,599	lines	85.38	85.39	-	196.5	-	398.2	4.5%	5.4%
MPF other rentals	1.3	16.6	17.9	14,416	183,980	lines	90.42	90.43	1.2	15.4	2.3	29.0	5.1%	4.3%
FTTC 40/10 rentals (charge controlled)	47.5	71.5	119.0	792,084	1,194,605	lines	59.97	59.83	23.7	34.6	100.6	151.4	23.7%	24.4%
FTTC other rentals	174.2	89.9	264.1	2,274,698	1,226,408	lines	76.59	73.31	69.0	35.6	291.6	156.6	36.1%	34.7%
FTTP 40/10 rentals (charge controlled) ¹	-	-	-	-	-	lines	-	-	-	-	-	-	-	-
FTTP 40/10 rentals (non-charge controlled)	3.9	-	3.9	25,127	297	lines	156.79	128.87	14.9	0.2	72.9	0.9	(15.1)%	(16.0)%
FTTP other rentals	54.8	1.6	56.4	290,450	10,274	lines	188.73	159.76	172.8	6.1	843.0	29.8	(14.0)%	(14.9)%
SOGEA 40/10 rental (charge controlled)	1.1	4.3	5.4	7,284	29,818	lines	145.07	145.09	0.8	3.0	1.9	7.8	15.5%	16.5%
SOGEA other rentals	3.6	14.4	18.0	22,287	90,287	lines	159.61	159.87	2.4	9.3	5.8	23.4	20.8%	21.9%
NGA Visit Assure	16.2	8.4	24.6	124,662	64,598	amendments	130.00	130.00	18.5	9.6	3.2	1.7	(69.4)%	(69.4)%
WLA Time Related Charges	3.1	5.6	8.7	(ux)	(ux)	(ux)	(sx)	(sx)	3.5	6.4	1.4	2.5	(32.7)%	(32.7)%
Tie cables	6.7	1.7	8.4	(ux)	(ux)	(ux)	(sx)	(sx)	4.1	1.1	11.5	2.8	22.4%	21.7%
Ancillaries (£0 cap)	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries - CPI-0% ²	10.5	11.0	21.5	(ux)	(ux)	(ux)	(sx)	(sx)	16.7	15.7	5.7	4.9	(109.6)%	(96.1)%
Other ancillaries	14.7	6.3	21.0	(ux)	(ux)	(ux)	(sx)	(sx)	18.4	7.3	11.0	3.7	(34.4)%	(24.9)%
Other WLA services	44.6	45.1	89.7	(ux)	(ux)	(ux)	(sx)	(sx)	96.6	74.0	22.5	15.8	(231.3)%	(183.6)%
IFRS 15 deferred revenue	3.0	(2.8)	0.2	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.1)	(15.5)	(15.6)	(20.4)%	17.5%
IFRS15 SLG	(18.9)	(7.5)	(26.4)	(ux)	(ux)	(ux)	(sx)	(sx)	(20.9)	(8.3)	(1.1)	(0.5)	(173.2)%	(173.1)%
Rounding	(0.1)	0.2	0.1						(0.1)	(0.1)	(0.2)	0.1		
Total WLA - Area 3	366.2	484.1	850.3						421.5	406.3	1,356.6	812.4	(4.1)%	9.6%

Notes:

1) FTTP homes passed in Area 3

Premises passed by FTTP - A premise is passed by FTTP if Openreach's GEA FTTP product is available for connection and supply at that premise.

	Measure	Additions for the year	Cumulative total as at 31 March 2021
Non-subsidised homes passed with FTTP	Million premises	0.5	0.9

¹Revenue, Cost, MCE and volumes for FTTP 40/10 rentals have not been split between charge controlled and non-charge controlled services because this data is not held in our billing and revenue reporting systems. Both the charge controlled and the non charge controlled services are priced at the same regulated rate. However, our inventory systems show that the majority of lines are sold where there is an equivalent copper based service (and therefore are non-charge controlled). We estimate the proportion of charge controlled services for 20/21 is less than 30% in Area 3. We intend to further develop this information source and anticipate proposing a methodology change for 2022/23.

²Ancillary (CPI-0%) services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 7 – Review of Wholesale Local Access Markets

7.2.2 Wholesale Local Access – Area 3 Analysis of Service Cost

For the year ended 31 March 2022

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	17.3	0.1	1.1	0.9	1.2	2.3	1.7	-	-	0.4	-	7.6	1.4	0.5	0.4	1.3	1.4	-	-	
Net labour costs	£m	-	39.6	0.2	3.0	3.8	5.2	10.0	7.1	-	-	3.3	0.1	71.2	12.8	1.2	1.0	3.3	3.5	7.1	2.6	
Product costs & sales commissions	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property & energy costs	£m	-	14.9	0.1	0.9	5.9	8.1	15.2	11.1	-	-	1.6	0.1	34.6	6.2	0.5	0.4	1.4	1.5	0.2	0.1	
Network operating and IT costs	£m	-	4.8	-	0.4	0.7	1.0	1.9	1.4	-	-	0.4	-	8.5	1.5	0.2	0.1	0.4	0.4	0.8	0.3	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	0.5	-	-	-	-	0.1	-	-	-	-	-	0.5	0.1	-	-	-	-	0.1	-	
Marketing and sales	£m	-	0.1	-	-	-	-	0.1	-	-	-	-	-	0.2	-	-	-	-	-	-	-	
Other operating costs	£m	-	12.3	0.1	1.2	1.5	0.8	4.8	1.3	-	-	(0.4)	-	(9.0)	(1.9)	0.4	0.2	1.2	0.9	5.2	1.9	
Other operating income	£m	-	(0.9)	-	(0.1)	(1.1)	(1.5)	(2.9)	(2.1)	-	-	(0.1)	-	(1.5)	(0.3)	(0.1)	(0.1)	(0.3)	(0.3)	(0.1)	(0.1)	
Total operating costs before depreciation	£m	-	88.7	0.5	6.5	11.7	14.8	31.5	20.5	-	-	5.2	0.2	112.2	19.8	2.7	2.0	7.3	7.4	13.3	4.8	
Depreciation																						
Duct	£m	-	0.1	-	-	0.6	0.8	1.4	1.0	-	-	-	-	-	-	-	-	0.1	0.1	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	44.9	0.2	2.8	1.4	1.9	3.6	2.6	-	-	-	-	0.2	-	1.2	1.0	3.2	3.4	-	-	
Fibre	£m	-	-	-	-	7.2	9.8	18.6	13.5	-	-	2.1	0.1	46.1	8.3	0.5	0.4	1.3	1.4	-	-	
Electronics	£m	-	0.2	-	-	0.9	1.2	2.4	1.7	-	-	0.2	-	4.2	0.8	0.1	0.1	0.2	0.2	-	-	
Software	£m	-	1.6	-	0.1	0.6	0.8	1.5	1.1	-	-	0.2	-	4.3	0.8	0.1	0.1	0.2	0.2	0.2	0.1	
Right of use assets	£m	-	4.8	-	0.3	0.2	0.3	0.6	0.4	-	-	0.3	-	6.7	1.2	0.1	0.1	0.2	0.3	0.6	0.2	
Land and buildings	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	
Other assets	£m	-	1.0	-	0.1	0.3	0.4	0.7	0.5	-	-	0.1	-	1.3	0.2	-	-	0.1	0.1	0.1	-	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	(0.1)	(0.2)	(0.3)	(0.2)	-	-	-	-	(0.4)	(0.1)	-	-	-	-	-	-	
Total depreciation	£m	-	52.7	0.2	3.3	11.1	15.0	28.5	20.6	-	-	2.9	0.1	62.5	11.2	2.0	1.7	5.3	5.7	0.9	0.3	
Total HCA operating costs	£m	-	141.4	0.7	9.8	22.8	29.8	60.0	41.1	-	-	8.1	0.3	174.7	31.0	4.7	3.7	12.6	13.1	14.2	5.1	
CCA adjustments																						
Holding gains	£m	-	(30.3)	(0.1)	(1.9)	(1.9)	(2.6)	(4.8)	(3.5)	-	-	(0.1)	-	(1.9)	(0.3)	(0.8)	(0.7)	(2.3)	(2.4)	-	-	
Supplementary depreciation	£m	-	17.0	0.1	1.1	0.5	0.7	1.3	1.0	-	-	0.1	-	1.4	0.3	0.4	0.4	1.2	1.3	-	-	
Other CCA adjustments	£m	-	(2.3)	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	-	-	-	(0.5)	(0.1)	(0.1)	-	(0.2)	(0.2)	-	-	
Rounding	£m	-	-	0.3	-	0.2	(0.1)	0.1	(0.1)	-	-	-	-	0.1	-	-	(0.1)	(0.1)	-	0.1	0.2	
Total CCA operating costs	£m	-	125.9	0.6	8.9	21.4	27.9	56.2	38.6	-	-	8.0	0.3	174.0	31.0	4.2	3.3	11.4	11.6	14.2	5.1	
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	9.5	-	0.6	3.6	5.0	9.4	6.8	-	-	1.4	-	31.1	5.6	0.3	0.3	0.8	0.9	-	-	
Openreach SLGs	£m	-	1.7	-	0.1	1.3	0.6	4.2	1.0	-	-	0.1	-	2.3	0.2	0.2	0.1	0.6	0.2	-	-	
Leaver costs	£m	-	1.2	-	0.1	0.1	0.2	0.4	0.3	-	-	0.1	-	2.8	0.5	-	-	0.1	0.1	0.2	0.1	

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	17.3	0.1	1.1	0.9	1.2	2.3	1.7	-	-	0.4	-	7.6	1.4	0.5	0.4	1.3	1.4	-	-	
Openreach																						
Service and network delivery	£m	-	35.6	0.1	2.9	0.8	1.0	2.0	1.4	-	-	1.5	0.1	34.0	6.1	0.7	0.6	2.1	2.3	10.0	3.5	
Openreach support functions	£m	-	6.5	0.1	0.5	1.9	1.4	5.9	2.1	-	-	0.3	-	5.7	0.8	0.5	0.3	1.3	0.9	0.7	0.3	
Openreach total	£m	-	42.1	0.2	3.4	2.7	2.4	7.9	3.5	-	-	1.8	0.1	39.7	6.9	1.2	0.9	3.4	3.2	10.7	3.8	
Rest of BT																						
Group centre	£m	-	9.0	0.1	0.7	1.0	1.6	3.1	2.1	-	-	0.9	0.1	19.1	3.3	0.3	0.1	0.7	0.9	1.7	0.7	
Property and facilities	£m	-	11.4	0.1	0.7	3.7	5.1	9.6	7.0	-	-	1.5	-	32.4	5.8	0.3	0.3	0.9	0.9	0.1	-	
Technology	£m	-	8.5	-	0.6	3.3	4.4	8.4	6.1	-	-	0.6	-	12.8	2.3	0.4	0.3	1.0	1.0	0.8	0.3	
Consumer, Global and Enterprise	£m	-	0.4	-	-	0.1	0.1	0.2	0.1	-	-	-	-	0.6	0.1	-	-	-	-	-	-	
Rest of BT total	£m	-	29.3	0.2	2.0	8.1	11.2	21.3	15.3	-	-	3.0	0.1	64.9	11.5	1.0	0.7	2.6	2.8	2.6	1.0	
Operating cost before depreciation	£m	-	88.7	0.5	6.5	11.7	14.8	31.5	20.5	-	-	5.2	0.2	112.2	19.8	2.7	2.0	7.3	7.4	13.3	4.8	

Section 7 – Review of Wholesale Local Access Markets

7.2.2 Wholesale Local Access – Area 3 Analysis of Service Cost (continued)

For the year ended 31 March 2022

	£m	WLA Time Related Charges		Tie cables		Ancillaries (£0 cap)		Other ancillaries - CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	13.0	24.4	
Net labour costs	£m	2.1	3.1	2.3	-	-	-	9.4	9.6	18.5	5.8	44.2	50.7	(0.1)	(0.1)	(1.6)	(0.7)	9.5	9.9	175.0	143.6	
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	0.2	0.2	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property & energy costs	£m	0.1	0.1	-	-	-	-	0.2	0.2	0.7	0.3	0.8	0.8	-	-	-	-	0.2	(0.2)	61.3	44.3	
Network operating and IT costs	£m	0.2	0.3	0.1	-	-	-	0.8	0.7	1.3	2.8	2.7	3.1	-	-	(0.3)	(0.1)	0.9	0.6	17.8	16.6	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	-	-	-	-	-	0.1	-	-	4.5	4.6	-	-	-	-	0.1	0.3	5.3	5.5	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	0.1	0.2	0.5	0.4	
Other operating costs	£m	1.6	2.3	(0.6)	-	-	-	3.8	2.8	1.2	1.0	29.9	28.7	-	-	(23.8)	(10.1)	3.8	2.8	15.9	41.4	
Other operating income	£m	-	(0.1)	-	-	-	-	(0.1)	(0.1)	(0.2)	(0.1)	(0.5)	(0.5)	-	-	-	-	(0.1)	-	(6.9)	(6.1)	
Total operating costs before depreciation	£m	4.0	5.7	1.8	-	-	-	14.1	13.3	21.5	9.8	81.8	87.6	(0.1)	(0.1)	(25.7)	(10.9)	14.4	13.5	282.1	270.3	
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	2.2	2.1	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	1.3	-	-	-	-	-	0.1	-	-	-	-	-	-	-	0.3	0.3	11.5	56.9	
Fibre	£m	-	-	-	-	-	-	-	-	0.4	0.2	-	-	-	-	-	-	-	(0.2)	76.2	33.5	
Electronics	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	(0.1)	-	8.0	4.2	
Software	£m	-	0.1	0.1	-	-	-	0.2	0.3	0.3	0.1	1.8	1.8	-	-	(0.3)	(0.1)	0.1	-	9.1	6.7	
Right of use assets	£m	0.2	0.3	0.1	-	-	-	1.1	1.0	2.2	0.6	2.1	2.5	-	-	(0.1)	-	1.3	0.6	14.5	11.6	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.2	0.1	
Other assets	£m	0.2	0.2	0.1	-	-	-	0.1	0.1	0.2	0.1	0.3	0.3	-	-	-	-	-	0.3	3.4	3.2	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.9)	(0.5)	
Total depreciation	£m	0.4	0.6	1.6	-	-	-	1.4	1.4	3.3	1.0	4.2	4.6	-	-	(0.4)	(0.1)	1.7	1.1	124.2	117.8	
Total HCA operating costs	£m	4.4	6.3	3.4	-	-	-	15.5	14.7	24.8	10.8	86.0	92.2	(0.1)	(0.1)	(26.1)	(11.0)	16.1	14.6	406.3	388.1	
CCA adjustments																						
Holding gains	£m	-	-	(1.5)	-	-	-	-	(0.1)	(0.1)	-	-	-	-	-	-	-	(0.1)	(0.2)	(13.6)	(42.0)	
Supplementary depreciation	£m	-	-	0.6	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	(0.2)	5.6	21.7	
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	(0.9)	(2.9)	
Rounding	£m	(0.1)	-	-	-	-	-	0.1	0.2	0.2	0.1	-	-	-	-	-	(1.5)	(0.2)	(1.1)	0.2	0.2	
Total CCA operating costs	£m	4.4	6.4	2.5	-	-	-	15.5	14.8	24.9	11.0	86.1	92.2	(0.1)	(0.1)	(26.1)	(11.0)	14.6	14.0	396.3	365.1	
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-	0.2	0.1	47.0	28.9	
Openreach SLGs	£m	-	-	-	-	-	-	0.4	0.4	0.2	-	10.5	6.0	-	-	(24.0)	(10.1)	0.6	0.3	(4.0)	0.1	
Leaver costs	£m	0.1	0.1	-	-	-	-	0.2	0.3	0.4	0.1	0.7	0.8	-	-	-	-	0.3	0.2	5.2	3.7	

	£m	WLA Time Related Charges		Tie cables		Ancillaries (£0 cap)		Other ancillaries - CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	13.0	24.4	
Openreach																						
Service and network delivery	£m	3.1	4.4	0.3	-	-	-	6.6	5.5	2.2	3.8	20.8	23.4	-	-	(0.3)	(0.1)	6.6	4.9	83.9	89.9	
Openreach support functions	£m	0.1	0.2	1.1	-	-	-	3.9	4.4	12.8	4.1	50.7	52.4	-	-	(24.1)	(10.2)	3.7	4.0	60.7	63.3	
Openreach total	£m	3.2	4.6	1.4	-	-	-	10.5	9.9	15.0	7.9	71.5	75.8	-	-	(24.4)	(10.3)	10.3	8.9	144.6	153.2	
Rest of BT																						
Group centre	£m	0.5	0.7	0.3	-	-	-	2.6	2.4	4.6	1.1	6.4	7.5	(0.1)	(0.1)	(0.6)	(0.4)	3.0	3.1	41.0	30.4	
Property and facilities	£m	-	-	-	-	-	-	0.1	0.1	0.3	0.2	0.3	0.3	-	-	-	-	0.2	0.2	49.4	31.9	
Technology	£m	0.3	0.4	0.1	-	-	-	0.9	0.9	1.5	0.6	3.4	3.7	-	-	(0.6)	(0.2)	0.8	0.8	32.8	28.8	
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	0.1	-	0.2	0.3	-	-	(0.1)	-	0.2	0.6	1.3	1.6	
Rest of BT total	£m	0.8	1.1	0.4	-	-	-	3.6	3.4	6.5	1.9	10.3	11.8	(0.1)	(0.1)	(1.3)	(0.6)	4.2	4.7	124.5	92.7	
Operating cost before depreciation	£m	4.0	5.7	1.8	-	-	-	14.1	13.3	21.5	9.8	81.8	87.6	(0.1)	(0.1)	(25.7)	(10.9)	14.4	13.5	282.1	270.3	

Section 7 – Review of Wholesale Local Access Markets

7.2.2 Wholesale Local Access – Area 3 Analysis of Service Cost

Restated for the year ended 31 March 2021

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	51.4	0.3	3.7	2.1	3.2	6.1	3.3	-	-	2.0	-	22.7	0.8	0.2	0.7	0.5	2.1	-	-	
Net labour costs	£m	-	49.1	0.3	4.2	5.2	7.8	15.0	8.0	-	-	5.7	0.1	66.1	2.3	0.2	0.8	0.6	2.6	9.6	5.0	
Product costs & sales commissions	£m	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property & energy costs	£m	-	16.5	0.1	1.2	6.0	9.0	17.2	9.3	-	-	2.9	-	33.5	1.2	0.1	0.3	0.2	0.9	0.2	0.1	
Network operating and IT costs	£m	-	5.2	-	0.4	0.6	0.9	1.7	0.9	-	-	0.6	-	6.9	0.2	-	0.1	0.1	0.2	0.9	0.5	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	0.2	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	
Marketing and sales	£m	-	0.2	-	-	-	-	0.1	-	-	-	-	-	0.2	-	-	-	-	-	-	-	
Other operating costs	£m	-	11.2	0.1	1.2	0.5	(0.3)	2.2	(0.2)	-	-	(1.4)	-	(16.2)	(0.6)	-	0.1	0.1	0.3	6.4	3.3	
Other operating income	£m	-	(0.3)	-	-	(1.2)	(1.7)	(3.3)	(1.8)	-	-	-	-	(0.2)	-	-	-	-	(0.1)	-	-	
Total operating costs before depreciation	£m	-	133.5	0.8	10.7	13.2	18.9	39.1	19.5	-	-	9.8	0.1	113.1	3.9	0.5	2.0	1.5	6.0	17.1	8.9	
Depreciation																						
Duct	£m	-	0.1	-	-	0.6	0.9	1.7	0.9	-	-	-	-	-	-	-	-	-	0.1	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	45.1	0.3	3.2	1.6	2.4	4.5	2.4	-	-	-	-	0.3	-	0.1	0.6	0.4	1.8	-	-	
Fibre	£m	-	-	-	-	7.0	10.5	20.0	10.8	-	-	3.7	-	43.0	1.5	0.1	0.3	0.2	0.8	-	-	
Electronics	£m	-	0.6	-	-	0.7	1.0	1.9	1.0	-	-	0.5	-	5.8	0.2	-	-	-	0.1	-	-	
Software	£m	-	2.1	-	0.2	0.6	0.9	1.8	1.0	-	-	0.4	-	4.4	0.2	-	-	-	0.1	0.2	0.1	
Right of use assets	£m	-	5.8	-	0.5	0.3	0.5	0.9	0.5	-	-	0.5	-	5.5	0.2	-	0.1	-	0.2	0.7	0.4	
Land and buildings	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	
Other assets	£m	-	2.3	-	0.2	0.5	0.7	1.3	0.7	-	-	0.2	-	2.8	0.1	-	-	-	0.1	0.4	0.2	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	(0.9)	(1.3)	(2.6)	(1.4)	-	-	(0.3)	-	(3.0)	(0.1)	-	-	-	(0.1)	-	-	
Total depreciation	£m	-	56.1	0.3	4.1	10.4	15.6	29.5	15.9	-	-	5.0	-	58.9	2.1	0.2	1.0	0.6	3.1	1.3	0.7	
Total HCA operating costs	£m	-	189.6	1.1	14.8	23.6	34.5	68.6	35.4	-	-	14.8	0.1	172.0	6.0	0.7	3.0	2.1	9.1	18.4	9.6	
CCA adjustments																						
Holding gains	£m	-	(5.6)	-	(0.4)	(0.4)	(0.5)	(1.0)	(0.6)	-	-	-	-	(0.2)	-	-	(0.1)	(0.1)	(0.2)	-	-	
Supplementary depreciation	£m	-	13.8	0.1	1.0	0.5	0.7	1.3	0.7	-	-	0.1	-	1.3	-	-	0.2	0.1	0.5	-	-	
Other CCA adjustments	£m	-	(1.2)	-	(0.1)	-	(0.1)	(0.1)	(0.1)	-	-	-	-	(0.5)	-	-	-	-	-	-	-	
Rounding	£m	-	(0.1)	-	0.1	-	-	0.2	0.2	-	-	-	0.1	0.2	0.1	0.1	(0.1)	0.3	(0.1)	0.1	-	
Total CCA operating costs	£m	-	196.5	1.2	15.4	23.7	34.6	69.0	35.6	-	-	14.9	0.2	172.8	6.1	0.8	3.0	2.4	9.3	18.5	9.6	
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	10.6	0.1	0.8	3.8	5.7	10.8	5.8	-	-	2.6	-	30.4	1.1	-	0.2	0.1	0.6	-	-	
Openreach SLGs	£m	-	1.4	-	0.1	1.0	0.5	3.7	0.6	-	-	0.1	-	1.2	-	-	-	0.1	0.1	-	-	
Leaver costs	£m	-	2.3	-	0.2	0.3	0.4	0.8	0.4	-	-	0.3	-	3.9	0.1	-	-	-	0.1	0.5	0.3	

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	51.4	0.3	3.7	2.1	3.2	6.1	3.3	-	-	2.0	-	22.7	0.8	0.2	0.7	0.5	2.1	-	-	
Openreach																						
Service and network delivery	£m	-	41.0	0.3	3.8	1.2	1.8	3.4	1.8	-	-	2.1	-	24.8	0.9	0.1	0.5	0.3	1.4	12.6	6.5	
Openreach support functions	£m	-	7.0	0.1	0.6	1.4	1.1	4.9	1.3	-	-	0.5	-	5.5	0.2	0.1	0.2	0.2	0.7	1.3	0.7	
Openreach total	£m	-	48.0	0.4	4.4	2.6	2.9	8.3	3.1	-	-	2.6	-	30.3	1.1	0.2	0.7	0.5	2.1	13.9	7.2	
Rest of BT																						
Group centre	£m	-	10.4	-	0.9	1.3	1.9	4.0	2.0	-	-	1.4	0.1	15.4	0.5	(0.1)	0.2	0.1	0.6	2.0	1.0	
Property and facilities	£m	-	12.8	-	0.9	3.8	5.8	11.0	5.9	-	-	2.7	-	31.7	1.1	0.1	0.2	0.2	0.6	0.1	0.1	
Technology	£m	-	10.4	0.1	0.8	3.3	5.0	9.5	5.1	-	-	1.1	-	12.4	0.4	0.1	0.2	0.2	0.6	1.1	0.6	
Consumer, Global and Enterprise	£m	-	0.5	-	-	0.1	0.1	0.2	0.1	-	-	-	-	0.6	-	-	-	-	-	-	-	
Rest of BT total	£m	-	34.1	0.1	2.6	8.5	12.8	24.7	13.1	-	-	5.2	0.1	60.1	2.0	0.1	0.6	0.5	1.8	3.2	1.7	
Operating cost before depreciation	£m	-	133.5	0.8	10.7	13.2	18.9	39.1	19.5	-	-	9.8	0.1	113.1	3.9	0.5	2.0	1.5	6.0	17.1	8.9	

Section 7 – Review of Wholesale Local Access Markets

7.2.2 Wholesale Local Access – Area 3 Analysis of Service Cost (continued)

Restated for the year ended 31 March 2021

	£m	WLA Time Related Charges		Tie cables		Ancillaries (£0 cap)		Other ancillaries - CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	34.0	65.2
Net labour costs	£m	1.7	3.2	2.2	0.6	-	-	10.3	9.6	13.9	3.4	51.3	43.8	(0.1)	(0.1)	(1.4)	(0.5)	10.5	9.5	180.8	139.8	
Product costs & sales commissions	£m	-	-	-	-	-	-	(0.1)	-	(0.1)	-	0.1	0.1	-	-	-	-	(0.1)	0.1	-	0.2	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property & energy costs	£m	-	0.1	0.1	-	-	-	0.2	0.2	0.5	0.1	1.0	0.7	-	-	-	-	0.3	0.3	62.1	39.7	
Network operating and IT costs	£m	0.2	0.3	0.1	-	-	-	0.7	0.7	0.7	2.6	2.9	2.4	-	-	(0.2)	(0.1)	0.8	0.8	15.3	14.4	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	-	-	-	-	-	0.1	0.1	-	5.0	2.8	-	-	-	-	-	0.1	5.2	3.1	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	0.2	(0.1)	0.6	0.2	
Other operating costs	£m	1.2	2.2	0.3	0.1	-	-	3.6	3.6	0.6	0.6	30.8	20.0	-	-	(19.0)	(7.5)	3.7	3.2	9.3	33.6	
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	(0.1)	(0.2)	(4.9)	(4.1)	
Total operating costs before depreciation	£m	3.1	5.8	2.7	0.7	-	-	14.7	14.2	15.8	6.7	91.1	69.9	(0.1)	(0.1)	(20.6)	(8.1)	15.3	13.7	302.4	292.1	
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.3	2.0	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	1.0	0.2	-	-	-	-	0.1	-	-	-	-	-	-	-	-	(0.2)	8.3	55.5	
Fibre	£m	-	-	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	-	0.4	74.3	24.3	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	9.0	3.0	
Software	£m	-	0.1	0.1	-	-	-	0.2	0.3	0.2	0.1	2.4	1.2	-	-	(0.3)	(0.1)	0.4	0.3	10.2	6.2	
Right of use assets	£m	0.1	0.3	0.1	-	-	-	1.2	0.9	1.7	0.3	2.2	2.0	-	-	(0.1)	-	1.4	0.6	13.3	11.4	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.2	0.2	
Other assets	£m	0.2	0.3	0.1	-	-	-	0.4	0.3	0.4	0.1	0.9	0.8	-	-	-	-	0.3	0.3	7.1	5.8	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.1)	(6.7)	(3.0)	
Total depreciation	£m	0.3	0.7	1.3	0.2	-	-	1.8	1.5	2.7	0.5	5.5	4.0	-	-	(0.4)	(0.1)	2.4	1.5	118.0	105.4	
Total HCA operating costs	£m	3.4	6.5	4.0	0.9	-	-	16.5	15.7	18.5	7.2	96.6	73.9	(0.1)	(0.1)	(21.0)	(8.2)	17.7	15.2	420.4	397.5	
CCA adjustments																						
Holding gains	£m	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.1	(2.0)	(7.4)	
Supplementary depreciation	£m	-	-	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	3.8	17.1	
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.7)	(1.5)	
Rounding	£m	0.1	(0.1)	-	0.2	-	-	0.2	-	(0.1)	0.1	-	0.1	-	-	0.1	(0.1)	(1.0)	0.2	-	0.6	
Total CCA operating costs	£m	3.5	6.4	4.1	1.1	-	-	16.7	15.7	18.4	7.3	96.6	74.0	(0.1)	(0.1)	(20.9)	(8.3)	16.6	15.6	421.5	406.3	
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	-	0.1	-	-	-	-	-	0.2	-	0.1	-	-	-	-	-	-	0.1	48.2	24.9	
Openreach SLGs	£m	-	-	-	-	-	-	0.4	0.4	0.1	-	13.9	4.4	-	-	(19.2)	(7.6)	0.3	0.5	1.2	-	
Leaver costs	£m	0.1	0.2	0.1	-	-	-	0.4	0.4	0.5	0.1	1.3	1.1	-	-	(0.1)	-	0.4	0.6	8.1	5.8	

	£m	WLA Time Related Charges		Tie cables		Ancillaries (£0 cap)		Other ancillaries - CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	34.0	65.2
Openreach																						
Service and network delivery	£m	2.4	4.4	0.3	0.1	-	-	7.7	7.8	3.4	3.7	25.5	21.1	-	-	(0.3)	(0.1)	7.7	7.3	83.8	94.2	
Openreach support functions	£m	0.1	0.3	1.8	0.5	-	-	3.7	3.2	7.6	1.7	54.3	39.4	-	-	(19.2)	(7.6)	4.1	2.9	62.7	49.0	
Openreach total	£m	2.5	4.7	2.1	0.6	-	-	11.4	11.0	11.0	5.4	79.8	60.5	-	-	(19.5)	(7.7)	11.8	10.2	146.5	143.2	
Rest of BT																						
Group centre	£m	0.4	0.7	0.3	0.1	-	-	2.2	2.2	3.2	0.8	6.6	5.7	(0.1)	(0.1)	(0.5)	(0.2)	2.2	1.7	36.2	26.3	
Property and facilities	£m	-	-	0.1	-	-	-	0.1	0.1	0.2	0.1	0.4	0.3	-	-	-	-	0.2	0.3	50.5	28.1	
Technology	£m	0.2	0.4	0.2	-	-	-	1.0	0.9	1.3	0.4	4.0	3.2	-	-	(0.5)	(0.2)	1.1	1.3	34.1	28.2	
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	0.3	0.2	-	-	(0.1)	-	-	0.2	1.1	1.1	
Rest of BT total	£m	0.6	1.1	0.6	0.1	-	-	3.3	3.2	4.7	1.3	11.3	9.4	(0.1)	(0.1)	(1.1)	(0.4)	3.5	3.5	121.9	83.7	
Operating cost before depreciation	£m	3.1	5.8	2.7	0.7	-	-	14.7	14.2	15.8	6.7	91.1	69.9	(0.1)	(0.1)	(20.6)	(8.1)	15.3	13.7	302.4	292.1	

Section 7 – Review of Wholesale Local Access Markets

7.2.3 Wholesale Local Access – Area 3 Analysis of Service MCE

For the year ended 31 March 2022

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	2.1	-	0.1	21.5	29.4	55.5	40.5	-	-	0.1	-	1.7	0.3	1.5	1.3	4.1	4.4	-	-	
Poles	£m	-	(0.1)	-	-	-	-	-	-	-	-	-	-	(0.2)	-	-	-	-	-	-	-	
Copper	£m	-	316.6	1.5	19.8	17.5	23.9	45.1	32.9	-	-	0.2	-	4.0	0.7	8.7	7.3	23.6	25.2	-	-	
Fibre	£m	-	-	-	-	56.3	77.1	145.3	105.9	-	-	41.1	1.3	889.7	159.8	3.9	3.2	10.4	11.1	-	-	
Electronics	£m	-	0.9	-	0.1	7.7	10.5	19.9	14.5	-	-	1.9	0.1	40.3	7.2	0.5	0.5	1.5	1.6	-	-	
Software	£m	-	5.5	-	0.4	1.5	2.0	3.9	2.7	-	-	0.6	-	12.7	2.3	0.2	0.2	0.6	0.6	0.4	0.2	
Land and buildings	£m	-	1.8	-	0.1	0.1	0.1	0.2	0.2	-	-	0.1	-	1.6	0.3	-	-	0.1	0.1	0.1	-	
Right of use assets	£m	-	12.8	0.1	0.9	1.1	1.5	2.8	2.0	-	-	1.1	-	24.0	4.3	0.3	0.3	0.8	0.9	2.1	0.7	
Other assets	£m	-	11.3	0.1	0.8	5.4	7.3	13.9	10.0	-	-	0.4	-	9.3	1.7	0.5	0.4	1.4	1.5	1.2	0.4	
Less funded assets (BDUK, etc.)	£m	-	(0.1)	-	-	(16.0)	(21.9)	(41.3)	(30.1)	-	-	(2.3)	(0.1)	(50.0)	(9.0)	(1.1)	(0.9)	(3.0)	(3.2)	-	-	
Total non-current assets	£m	-	350.8	1.7	22.2	95.1	129.9	245.3	178.6	-	-	43.2	1.3	933.1	167.6	14.5	12.3	39.5	42.2	3.8	1.3	
Current assets	£m	-	49.4	0.2	3.4	14.5	19.5	39.9	28.2	-	-	5.3	0.2	115.9	20.9	2.1	1.7	5.8	6.1	5.0	1.8	
Current liabilities	£m	-	(34.4)	(0.2)	(2.5)	(10.0)	(13.6)	(26.1)	(18.8)	-	-	(3.4)	(0.1)	(72.8)	(13.1)	(2.2)	(1.8)	(6.2)	(6.5)	(6.8)	(2.4)	
Provisions	£m	-	(1.0)	-	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	-	-	(0.1)	-	(1.5)	(0.3)	-	-	(0.1)	(0.1)	(0.1)	-	
Rounding	£m	-	0.1	-	-	-	-	-	-	-	-	0.1	0.1	-	-	0.1	(0.2)	0.2	(0.1)	(0.1)	-	
Total MCE	£m	-	364.9	1.7	23.0	99.5	135.7	258.9	187.8	-	-	45.1	1.5	974.7	175.1	14.5	12.0	39.2	41.6	1.8	0.7	

7.2.3 Wholesale Local Access – Area 3 Analysis of Service MCE (continued)

For the year ended 31 March 2022

	£m	WLA Time Related Charges		Tie cables		Ancillaries (£0 cap)		Other ancillaries - CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	1.2	1.2	-	-	-	-	-	-	0.1	-	85.7	79.3	
Poles	£m	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	-	-	-	-	(0.1)	(0.3)	(0.3)	
Copper	£m	-	-	12.8	-	-	-	-	-	1.0	0.5	-	-	-	-	-	-	-	-	114.4	426.9	
Fibre	£m	-	-	-	-	-	-	-	-	3.1	1.6	-	-	-	-	-	-	0.1	-	1,149.9	360.0	
Electronics	£m	-	-	-	-	-	-	-	-	0.4	0.2	-	-	-	-	-	-	-	-	72.2	35.6	
Software	£m	0.1	0.2	0.3	-	-	-	0.5	0.8	0.9	0.4	5.8	5.8	(0.1)	(0.1)	(1.3)	(0.6)	0.6	0.8	26.2	20.4	
Land and buildings	£m	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.4	0.4	-	-	-	-	-	-	2.7	3.1	
Right of use assets	£m	0.6	0.9	0.3	-	-	-	3.9	3.7	8.0	2.0	7.4	8.8	-	-	(0.2)	(0.1)	3.8	3.8	52.2	38.8	
Other assets	£m	1.0	1.5	0.5	-	-	-	2.0	1.9	3.9	1.1	6.2	7.0	-	-	(0.7)	(0.3)	2.0	2.0	45.1	44.7	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	(0.9)	(0.4)	-	-	-	-	-	-	0.1	0.1	(114.5)	(65.6)	
Total non-current assets	£m	1.7	2.6	13.9	-	-	-	6.5	6.5	17.7	6.7	19.7	21.9	(0.1)	(0.1)	(2.2)	(1.0)	6.7	6.6	1,433.6	942.9	
Current assets	£m	1.5	2.3	1.1	0.1	-	-	5.5	5.3	9.7	4.1	20.0	22.6	(0.1)	(0.2)	(1.6)	(0.7)	5.7	5.2	225.0	164.6	
Current liabilities	£m	(1.8)	(2.6)	(0.9)	(0.1)	-	-	(7.0)	(6.9)	(12.1)	(3.7)	(22.1)	(25.1)	(14.9)	(14.4)	2.2	0.9	(6.8)	(6.8)	(184.1)	(145.0)	
Provisions	£m	-	(0.1)	-	-	-	-	(0.1)	(0.1)	(0.2)	(0.1)	(0.4)	(0.4)	-	-	-	-	(0.1)	0.1	(2.8)	(2.3)	
Rounding	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.4)	(0.1)	-	-	
Total MCE	£m	1.5	2.3	14.1	-	-	-	4.9	4.8	15.1	7.0	17.2	19.0	(15.1)	(14.7)	(1.6)	(0.7)	5.1	5.0	1,471.7	960.2	

Section 7 – Review of Wholesale Local Access Markets

7.2.3 Wholesale Local Access – Area 3 Analysis of Service MCE

Restated for the year ended 31 March 2021

	£m	MPF rentals (SML1) (charge controlled)		MPF other rentals		FTTC 40/10 rentals (charge controlled)		FTTC other rentals		FTTP 40/10 rentals (charge controlled)		FTTP 40/10 rentals (non-charge controlled)		FTTP other rentals		SOGEA 40/10 rental (charge controlled)		SOGEA other rentals		NGA Visit Assure		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	1.9	-	0.1	23.1	34.8	66.3	35.8	-	-	0.2	-	2.1	0.1	0.2	0.9	0.7	2.7	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	337.3	1.9	24.3	19.4	29.2	55.6	30.0	-	-	0.4	-	4.5	0.2	1.1	4.6	3.5	14.0	-	-	
Fibre	£m	-	-	-	-	58.3	87.9	167.4	90.3	-	-	66.0	0.8	762.8	27.0	0.5	2.2	1.6	6.6	-	-	
Electronics	£m	-	1.4	-	0.1	4.8	7.3	13.9	7.5	-	-	4.0	-	46.5	1.6	-	0.2	0.1	0.6	-	-	
Software	£m	-	7.2	-	0.6	1.5	2.1	4.2	2.2	-	-	1.2	-	13.3	0.5	-	0.1	0.1	0.4	0.7	0.4	
Land and buildings	£m	-	2.2	-	0.2	0.1	0.1	0.3	0.1	-	-	0.1	-	1.5	0.1	-	-	-	-	0.1	0.1	
Right of use assets	£m	-	17.9	0.1	1.5	1.4	2.2	4.2	2.2	-	-	2.0	-	23.1	0.8	0.1	0.2	0.2	0.7	2.9	1.5	
Other assets	£m	-	12.3	0.1	1.0	5.7	8.5	16.3	8.7	-	-	0.3	-	3.9	0.1	0.1	0.3	0.2	0.9	1.0	0.5	
Less funded assets (BDUK, etc.)	£m	-	(0.1)	-	-	(16.2)	(24.5)	(46.6)	(25.1)	-	-	(4.7)	(0.1)	(54.3)	(1.9)	(0.1)	(0.6)	(0.5)	(1.9)	-	-	
Total non-current assets	£m	-	380.1	2.1	27.8	98.1	147.6	281.6	151.7	-	-	69.5	0.7	803.4	28.5	1.9	7.9	5.9	24.0	4.7	2.5	
Current assets	£m	-	57.0	0.3	4.5	13.9	20.7	42.7	22.3	-	-	8.9	0.1	103.9	3.6	0.3	1.1	0.9	3.6	6.8	3.5	
Current liabilities	£m	-	(37.9)	(0.2)	(3.1)	(11.2)	(16.8)	(32.4)	(17.3)	-	-	(5.5)	(0.1)	(63.1)	(2.2)	(0.3)	(1.3)	(1.0)	(4.2)	(8.2)	(4.2)	
Provisions	£m	-	(1.1)	-	(0.1)	(0.1)	(0.1)	(0.3)	(0.1)	-	-	(0.1)	-	(1.2)	-	-	-	-	-	(0.1)	(0.1)	
Rounding	£m	-	0.1	0.1	(0.1)	(0.1)	-	-	-	-	-	0.1	0.2	-	(0.1)	-	0.1	-	-	-	-	
Total MCE	£m	-	398.2	2.3	29.0	100.6	151.4	291.6	156.6	-	-	72.9	0.9	843.0	29.8	1.9	7.8	5.8	23.4	3.2	1.7	

7.2.3 Wholesale Local Access – Area 3 Analysis of Service MCE (continued)

Restated for the year ended 31 March 2021

	£m	WLA Time Related Charges		Tie cables		Ancillaries (£0 cap)		Other ancillaries - CPI-0%		Other ancillaries		Other WLA services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	0.9	0.7	-	-	-	-	-	-	-	0.1	93.5	77.1	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	9.8	2.4	-	-	-	-	0.8	0.1	-	-	-	-	-	-	-	0.1	97.0	442.2	
Fibre	£m	-	-	-	-	-	-	-	-	2.4	0.4	-	-	-	-	-	-	0.1	-	1,059.1	215.2	
Electronics	£m	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	0.2	-	69.7	18.7	
Software	£m	0.1	0.2	0.3	0.1	-	-	0.6	0.9	0.6	0.3	7.4	4.0	(0.1)	(0.1)	(0.9)	(0.4)	0.6	1.0	29.0	18.6	
Land and buildings	£m	-	-	-	-	-	-	0.1	0.1	0.1	-	0.4	0.3	-	-	-	-	0.2	0.2	2.8	3.3	
Right of use assets	£m	0.5	1.0	0.3	0.1	-	-	4.6	3.3	6.5	1.2	8.3	7.6	-	-	(0.1)	-	4.5	3.3	54.0	40.2	
Other assets	£m	0.6	1.1	0.6	0.1	-	-	1.2	1.0	1.6	0.4	5.7	4.6	-	-	(0.4)	(0.2)	1.0	1.1	36.7	39.4	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	(0.7)	(0.1)	-	-	-	-	-	-	0.1	0.1	(123.0)	(54.2)	
Total non-current assets	£m	1.2	2.3	11.0	2.7	-	-	6.5	5.3	12.4	3.0	21.8	16.5	(0.1)	(0.1)	(1.4)	(0.6)	6.7	5.9	1,318.8	800.5	
Current assets	£m	1.3	2.4	1.4	0.4	-	-	6.6	5.9	8.2	2.8	23.9	19.0	0.2	(0.2)	(1.3)	(0.5)	6.7	6.0	218.1	146.3	
Current liabilities	£m	(1.2)	(2.3)	(0.9)	(0.3)	-	-	(7.3)	(6.3)	(9.6)	(2.1)	(22.8)	(19.5)	(15.6)	(15.3)	1.6	0.6	(7.2)	(6.3)	(177.6)	(132.3)	
Provisions	£m	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	-	(0.4)	(0.3)	-	-	-	-	(0.2)	(0.4)	(2.5)	(2.2)	
Rounding	£m	0.1	0.1	-	-	-	-	-	0.1	0.1	-	-	0.1	-	-	-	-	(0.5)	(0.3)	(0.2)	0.1	
Total MCE	£m	1.4	2.5	11.5	2.8	-	-	5.7	4.9	11.0	3.7	22.5	15.8	(15.5)	(15.6)	(1.1)	(0.5)	5.5	4.9	1,356.6	812.4	

Section 8

Review of Leased Line Access Markets

Section 8 – Review of Leased Line Access Markets

8.1.1 Leased Lines Access – Area 2 Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Ethernet services basket														
Connections	12.6	15.1	27.7	6,669	7,469	ccts	1,894.94	2,015.45	7.1	7.1	2.0	2.0	282.8%	400.0%
EAD 1Gbit/s rentals	14.2	24.9	39.1	7,354	12,822	ccts	1,931.78	1,942.61	10.2	17.8	34.4	59.9	11.5%	11.8%
Other EAD rentals	15.6	25.4	41.0	7,838	11,185	ccts	1,993.88	2,274.40	13.2	20.4	43.7	63.9	5.6%	7.8%
EAD LA 1Gbit/s rentals	39.8	25.5	65.3	24,795	15,823	ccts	1,603.10	1,613.78	34.3	21.9	114.9	73.3	4.8%	5.0%
Other EAD LA rentals	68.0	56.5	124.5	49,024	40,036	ccts	1,387.41	1,410.65	64.8	53.7	221.3	181.8	1.4%	1.5%
Other rentals	1.9	1.1	3.0	897	932	ccts	2,073.28	1,223.04	1.8	1.9	9.0	9.3	0.2%	(8.2)%
Main link	12.6	25.6	38.2	68,914	142,096	km	182.29	180.34	3.3	6.8	5.8	12.0	158.9%	156.8%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	164.7	174.1	338.8						134.7	129.6	431.1	402.2	6.9%	11.1%
Optical services - rentals	29.6	9.5	39.1	15,021	4,893	ccts	1,970.23	1,946.74	21.5	7.0	78.6	25.6	10.2%	9.9%
Optical services - connections	4.8	20.2	25.0	1,700	2,740	ccts	2,847.22	7,365.91	0.9	2.0	0.4	1.3	899.2%	1,452.1%
Optical services - main link	8.6	4.0	12.6	36,151	16,261	km	239.09	247.02	1.7	0.8	3.2	1.4	217.6%	225.8%
Direct ECC basket	5.9	5.0	10.9	(ux)	(ux)	(ux)	(sx)	(sx)	6.6	5.5	1.5	1.2	(43.6)%	(43.6)%
Time related charges	1.3	0.5	1.8	(ux)	(ux)	(ux)	(sx)	(sx)	1.4	0.5	0.3	0.1	(43.6)%	(43.6)%
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	2.3	2.1	4.4	(ux)	(ux)	(ux)	(sx)	(sx)	1.9	0.7	0.4	0.2	95.6%	656.7%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
IFRS 15 deferred revenue	(0.3)	(7.7)	(8.0)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.1)	(19.2)	(17.6)	1.1%	43.3%
IFRS15 SLG	(2.5)	(2.4)	(4.9)	(ux)	(ux)	(ux)	(sx)	(sx)	(2.8)	(2.7)	(0.2)	(0.2)	(160.5)%	(160.5)%
Rounding	-	0.2	0.2						0.1	-	(0.1)	-		
Total LLA - Area 2	214.4	205.5	419.9						165.9	143.3	496.0	414.2	9.8%	15.0%

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 8 – Review of Leased Line Access Markets

8.1.1 Leased Lines Access – Area 2 Summary

Restated for the year ended 31 March 2021

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Ethernet services basket														
Connections	10.7	14.9	25.6	5,677	7,494	ccts	1,888.24	1,994.02	4.8	6.1	2.1	2.7	288.3%	330.8%
EAD 1Gbit/s rentals	13.1	21.0	34.1	6,785	10,825	ccts	1,931.70	1,943.60	9.9	15.8	32.6	52.1	9.9%	10.1%
Other EAD rentals	15.3	22.9	38.2	8,078	10,885	ccts	1,893.92	2,103.44	14.0	19.8	46.6	63.7	2.7%	4.8%
EAD LA 1Gbit/s rentals	33.1	19.2	52.3	20,634	11,880	ccts	1,606.05	1,619.57	29.6	17.1	98.9	56.9	3.5%	3.8%
Other EAD LA rentals	68.1	53.4	121.5	49,272	38,145	ccts	1,382.91	1,401.17	68.9	53.8	230.1	178.9	(0.3)%	(0.2)%
Other rentals	3.4	2.1	5.5	1,874	1,774	ccts	1,793.09	1,191.53	2.5	2.3	10.8	10.0	7.8%	(2.1)%
Main link	13.4	22.4	35.8	73,012	124,278	km	183.76	180.41	7.8	13.2	8.3	14.1	67.9%	65.1%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	157.1	155.9	313.0						137.5	128.1	429.4	378.4	4.6%	7.4%
Optical services - rentals	22.2	7.2	29.4	10,853	2,906	ccts	2,041.74	2,489.59	14.0	3.8	43.4	11.7	18.7%	29.6%
Optical services - connections	2.2	3.0	5.2	862	809	ccts	2,587.09	3,665.84	0.3	0.3	0.2	0.3	800.2%	953.4%
Optical services - main link	6.2	2.9	9.1	27,413	12,560	km	227.85	228.34	2.9	1.3	3.2	1.5	104.1%	104.5%
Direct ECC basket	6.8	4.9	11.7	(ux)	(ux)	(ux)	(sx)	(sx)	6.8	4.9	1.9	1.4	3.4%	3.4%
Time related charges	1.3	0.3	1.6	(ux)	(ux)	(ux)	(sx)	(sx)	1.3	0.3	0.4	0.1	3.4%	3.4%
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	2.6	2.2	4.8	(ux)	(ux)	(ux)	(sx)	(sx)	2.7	0.8	0.7	0.3	(9.0)%	439.7%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
IFRS 15 deferred revenue	(0.6)	(5.2)	(5.8)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.1)	(16.9)	(15.2)	2.6%	33.6%
IFRS15 SLG	(1.2)	(1.0)	(2.2)	(ux)	(ux)	(ux)	(sx)	(sx)	(1.3)	(1.1)	(0.1)	(0.1)	(173.2)%	(173.2)%
Rounding	0.3	0.1	0.4						-	0.4	(0.1)	(0.1)		
Total LLA - Area 2	196.9	170.3	367.2						164.1	138.7	462.1	378.3	7.1%	8.4%

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 8 – Review of Leased Line Access Markets

8.1.2 Leased Lines Access – Area 2 Analysis of Service Cost

For the year ended 31 March 2022

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	0.2	0.3	0.2	0.3	0.6	0.4	1.3	1.0	0.1	0.1	1.2	2.5	-	-	0.2	0.1	-	-	
Net labour costs	£m	4.3	4.8	3.5	6.1	4.4	6.6	11.7	7.5	22.4	18.4	0.7	0.8	0.5	1.1	-	-	4.8	1.6	0.3	0.5	
Product costs & sales commissions	£m	1.0	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property & energy costs	£m	0.1	0.1	0.8	1.4	1.0	1.4	2.7	1.8	5.4	4.4	0.2	0.2	0.6	1.2	-	-	1.0	0.3	-	-	
Network operating and IT costs	£m	0.3	0.3	0.4	0.7	0.5	0.8	1.4	0.9	2.7	2.3	0.1	0.1	0.1	0.1	-	-	0.7	0.2	-	-	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	-	-	-	-	0.1	0.1	0.2	0.1	-	-	-	-	-	-	-	-	-	-	
Marketing and sales	£m	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	
Other operating costs	£m	1.1	0.5	(0.3)	(0.5)	-	0.5	(0.9)	(0.6)	(1.5)	(1.1)	(0.1)	(0.1)	0.2	0.5	-	-	1.6	0.5	0.6	1.4	
Other operating income	£m	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.5)	(0.4)	-	-	-	-	-	-	(0.1)	-	-	-	
Total operating costs before depreciation	£m	6.8	6.8	4.5	7.9	6.0	9.5	15.4	9.9	30.1	24.8	1.0	1.1	2.6	5.4	-	-	8.2	2.7	0.9	1.9	
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	-	-	2.7	4.7	3.4	4.8	8.9	5.7	17.7	14.5	0.8	0.8	0.7	1.4	-	-	3.1	1.0	-	-	
Electronics	£m	-	-	2.2	3.8	2.7	4.8	7.4	4.7	12.4	10.5	-	-	-	-	-	-	8.9	2.9	-	-	
Software	£m	0.1	0.1	0.2	0.4	0.3	0.4	0.8	0.5	1.4	1.2	-	-	0.1	0.2	-	-	0.6	0.2	-	-	
Right of use assets	£m	0.2	0.2	0.3	0.6	0.4	0.6	1.2	0.7	2.2	1.8	0.1	0.1	0.1	0.1	-	-	0.4	0.1	-	-	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	£m	-	-	0.1	0.2	0.1	0.2	0.4	0.3	0.9	0.7	-	-	-	-	-	-	0.1	-	-	-	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total depreciation	£m	0.3	0.3	5.5	9.7	6.9	10.8	18.7	11.9	34.6	28.7	0.9	0.9	0.9	1.7	-	-	13.1	4.2	-	-	
Total HCA operating costs	£m	7.1	7.1	10.0	17.6	12.9	20.3	34.1	21.8	64.7	53.5	1.9	2.0	3.5	7.1	-	-	21.3	6.9	0.9	1.9	
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	(0.1)	-	-	-	(0.4)	(0.8)	-	-	-	-	-	-	
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	0.1	0.1	-	-	0.4	0.7	-	-	-	-	-	-	
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.3)	-	-	-	-	-	-	
Rounding	£m	-	-	0.2	0.2	0.3	0.1	0.2	0.1	0.1	0.1	(0.1)	(0.1)	(0.1)	0.1	-	-	0.2	0.1	-	0.1	
Total CCA operating costs	£m	7.1	7.1	10.2	17.8	13.2	20.4	34.3	21.9	64.8	53.7	1.8	1.9	3.3	6.8	-	-	21.5	7.0	0.9	2.0	
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	-	0.5	0.9	0.7	0.9	1.7	1.1	3.4	2.8	0.2	0.2	0.5	1.1	-	-	0.6	0.2	-	-	
Openreach SLGs	£m	1.6	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	1.4	
Leaver costs	£m	0.1	0.1	0.1	0.2	0.2	0.3	0.5	0.3	0.9	0.7	-	-	-	-	-	-	0.2	0.1	-	-	

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	0.2	0.3	0.2	0.3	0.6	0.4	1.3	1.0	0.1	0.1	1.2	2.5	-	-	0.2	0.1	-	-	
Openreach																						
Service and network delivery	£m	1.0	1.2	1.3	2.4	1.7	2.8	5.0	3.2	9.8	8.0	0.4	0.5	0.5	0.8	-	-	1.4	0.5	-	-	
Openreach support functions	£m	4.9	4.7	0.2	0.4	0.3	0.4	0.7	0.5	1.3	1.1	-	-	0.1	0.3	-	-	0.4	0.1	0.8	1.7	
Openreach total	£m	5.9	5.9	1.5	2.8	2.0	3.2	5.7	3.7	11.1	9.1	0.4	0.5	0.6	1.1	-	-	1.8	0.6	0.8	1.7	
Rest of BT																						
Group centre	£m	0.6	0.6	1.0	1.7	1.2	1.8	3.2	2.0	6.1	5.0	0.2	0.2	0.1	0.3	-	-	1.4	0.5	0.1	0.1	
Property and facilities	£m	-	-	0.6	1.0	0.8	1.1	2.0	1.3	4.0	3.3	0.2	0.2	0.6	1.2	-	-	0.7	0.2	-	-	
Technology	£m	0.3	0.3	0.9	1.6	1.1	1.6	3.0	1.9	5.7	4.7	0.1	0.1	0.1	0.3	-	-	2.0	0.6	-	0.1	
Consumer, Global and Enterprise	£m	-	-	0.3	0.5	0.7	1.5	0.9	0.6	1.9	1.7	-	-	-	-	-	-	2.1	0.7	-	-	
Rest of BT total	£m	0.9	0.9	2.8	4.8	3.8	6.0	9.1	5.8	17.7	14.7	0.5	0.5	0.8	1.8	-	-	6.2	2.0	0.1	0.2	
Operating cost before depreciation	£m	6.8	6.8	4.5	7.9	6.0	9.5	15.4	9.9	30.1	24.8	1.0	1.1	2.6	5.4	-	-	8.2	2.7	0.9	1.9	

Section 8 – Review of Leased Line Access Markets

8.1.2 Leased Lines Access – Area 2 Analysis of Service Cost (continued)

For the year ended 31 March 2022

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	0.6	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	4.5	5.1	
Net labour costs	£m	0.3	0.1	5.0	4.2	1.1	0.4	-	-	1.2	0.4	-	-	(0.1)	(0.1)	(0.2)	(0.2)	0.2	0.3	60.1	52.5	
Product costs & sales commissions	£m	-	-	1.5	1.3	0.3	0.1	-	-	-	-	-	-	-	-	-	-	0.1	0.2	2.9	2.7	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.1)	
Property & energy costs	£m	0.3	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	12.3	11.0	
Network operating and IT costs	£m	-	-	0.3	0.2	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	0.1	-	6.7	5.7
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.4	0.3	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.2	0.2	
Other operating costs	£m	0.1	0.1	(0.6)	(0.5)	(0.1)	-	-	-	0.5	0.2	-	-	-	-	(2.6)	(2.4)	0.1	(0.2)	(1.9)	(1.7)	
Other operating income	£m	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(1.1)	(0.9)	
Total operating costs before depreciation	£m	1.3	0.6	6.2	5.3	1.4	0.5	-	-	1.8	0.6	-	-	(0.1)	(0.1)	(2.8)	(2.6)	0.8	0.5	84.1	74.8	
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	0.3	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.2)	37.7	32.9	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33.6	26.7	
Software	£m	0.1	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	3.7	3.2	
Right of use assets	£m	-	-	0.2	0.2	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.1	5.2	4.5	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.1	1.9	1.5	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total depreciation	£m	0.4	0.2	0.3	0.3	-	-	-	-	0.1	-	-	-	-	-	-	-	0.5	0.2	82.2	68.9	
Total HCA operating costs	£m	1.7	0.8	6.5	5.6	1.4	0.5	-	-	1.9	0.6	-	-	(0.1)	(0.1)	(2.8)	(2.6)	1.3	0.7	166.3	143.7	
CCA adjustments																						
Holding gains	£m	(0.2)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.7)	(1.0)	
Supplementary depreciation	£m	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.9	
Other CCA adjustments	£m	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.2)	(0.4)	
Rounding	£m	0.1	-	0.1	(0.1)	-	-	-	-	0.1	-	-	-	-	-	(0.1)	(1.2)	(0.7)	(0.7)	(0.2)	(0.1)	
Total CCA operating costs	£m	1.7	0.8	6.6	5.5	1.4	0.5	-	-	1.9	0.7	-	-	(0.1)	(0.1)	(2.8)	(2.7)	0.1	(0.2)	165.9	143.1	
Total CCA operating cost includes the following:																						
Cumulo charges	£m	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	8.0	7.4	
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.6)	(2.5)	0.1	0.1	(0.3)	-	-	
Leaver costs	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.1	1.8	

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	0.6	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	4.5	5.1	
Openreach																						
Service and network delivery	£m	0.1	0.2	1.2	1.1	0.3	0.2	-	-	1.2	0.4	-	-	(0.1)	(0.1)	-	0.1	0.7	(0.4)	24.5	20.9	
Openreach support functions	£m	0.1	-	4.1	3.4	0.9	0.3	-	-	0.3	0.1	-	-	-	-	(2.6)	(2.5)	(0.3)	0.3	11.2	10.8	
Openreach total	£m	0.2	0.2	5.3	4.5	1.2	0.5	-	-	1.5	0.5	-	-	(0.1)	(0.1)	(2.6)	(2.4)	0.4	(0.1)	35.7	31.7	
Rest of BT																						
Group centre	£m	0.1	-	0.6	0.5	0.1	-	-	-	0.2	0.1	-	-	-	-	(0.1)	(0.1)	-	0.1	14.8	12.8	
Property and facilities	£m	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.2	8.4	
Technology	£m	0.1	-	0.3	0.3	0.1	-	-	-	0.1	-	-	-	-	-	(0.1)	(0.1)	0.1	0.2	13.8	11.6	
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	6.1	5.2	
Rest of BT total	£m	0.5	0.1	0.9	0.8	0.2	-	-	-	0.3	0.1	-	-	-	-	(0.2)	(0.2)	0.3	0.5	43.9	38.0	
Operating cost before depreciation	£m	1.3	0.6	6.2	5.3	1.4	0.5	-	-	1.8	0.6	-	-	(0.1)	(0.1)	(2.8)	(2.6)	0.8	0.5	84.1	74.8	

Section 8 – Review of Leased Line Access Markets

8.1.2 Leased Lines Access – Area 2 Analysis of Service Cost

Restated for the year ended 31 March 2021

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	0.6	1.0	1.0	1.3	2.0	1.1	4.7	3.6	0.2	0.2	4.8	8.2	-	-	0.2	0.1	-	-	
Net labour costs	£m	2.9	3.8	3.6	5.7	5.1	7.0	10.9	6.3	25.4	19.7	1.0	0.9	0.5	0.9	-	-	2.1	0.6	0.1	0.1	
Product costs & sales commissions	£m	1.1	1.5	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	0.1	-	-	-	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property & energy costs	£m	-	0.1	0.9	1.4	1.1	1.5	2.3	1.3	5.5	4.2	0.3	0.2	0.7	1.2	-	-	0.4	0.1	-	-	
Network operating and IT costs	£m	0.2	0.2	0.4	0.6	0.5	0.7	1.2	0.7	2.7	2.1	0.1	0.1	0.1	0.1	-	-	0.3	0.1	-	-	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Marketing and sales	£m	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	
Other operating costs	£m	0.3	0.1	(0.6)	(0.9)	(0.5)	(0.2)	(1.7)	(1.0)	(3.8)	(2.8)	(0.2)	(0.2)	0.2	0.4	-	-	1.6	0.4	0.1	0.1	
Other operating income	£m	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	-	
Total operating costs before depreciation	£m	4.5	5.7	4.9	7.8	7.2	10.3	14.7	8.4	34.6	26.9	1.4	1.2	6.3	10.8	-	-	4.7	1.3	0.2	0.2	
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	-	-	2.7	4.3	4.0	5.3	8.2	4.7	19.6	15.2	1.0	0.9	0.9	1.5	-	-	0.9	0.3	-	-	
Electronics	£m	-	-	1.4	2.3	1.8	2.8	4.4	2.5	9.2	7.3	-	-	-	-	-	-	7.8	2.1	-	-	
Software	£m	0.2	0.2	0.3	0.4	0.3	0.5	0.8	0.5	1.9	1.5	0.1	-	0.2	0.4	-	-	0.4	0.1	-	-	
Right of use assets	£m	0.1	0.1	0.3	0.5	0.4	0.6	0.9	0.5	2.2	1.7	0.1	0.1	0.1	0.1	-	-	0.1	-	-	-	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	£m	0.1	0.1	0.2	0.3	0.3	0.4	0.7	0.4	1.6	1.2	0.1	-	-	-	-	-	0.2	0.1	-	-	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total depreciation	£m	0.4	0.4	4.9	7.8	6.8	9.6	15.0	8.6	34.5	26.9	1.3	1.0	1.2	2.0	-	-	9.4	2.6	-	-	
Total HCA operating costs	£m	4.9	6.1	9.8	15.6	14.0	19.9	29.7	17.0	69.1	53.8	2.7	2.2	7.5	12.8	-	-	14.1	3.9	0.2	0.2	
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	0.4	0.7	-	-	-	-	-	-	
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.3)	-	-	-	-	-	-	
Rounding	£m	(0.1)	-	0.1	0.2	-	(0.1)	(0.1)	0.1	(0.3)	-	(0.2)	0.1	0.1	0.1	-	-	(0.1)	(0.1)	0.1	0.1	
Total CCA operating costs	£m	4.8	6.1	9.9	15.8	14.0	19.8	29.6	17.1	68.9	53.8	2.5	2.3	7.8	13.2	-	-	14.0	3.8	0.3	0.3	
Total CCA operating cost includes the following:																						
Cumulo charges		-	-	0.6	1.0	0.7	1.0	1.4	0.8	3.4	2.6	0.2	0.2	0.7	1.1	-	-	0.2	0.1	-	-	
Openreach SLGs		0.8	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	
Leaver costs		0.1	0.1	0.2	0.3	0.3	0.4	0.6	0.4	1.5	1.1	0.1	0.1	-	-	-	-	0.1	-	-	-	

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	0.6	1.0	1.0	1.3	2.0	1.1	4.7	3.6	0.2	0.2	4.8	8.2	-	-	0.2	0.1	-	-	
Openreach																						
Service and network delivery	£m	0.5	0.6	1.3	2.1	1.8	2.5	3.9	2.3	9.1	7.1	0.3	0.3	0.5	0.8	-	-	0.4	0.1	-	-	
Openreach support functions	£m	3.4	4.2	0.2	0.4	0.3	0.4	0.7	0.4	1.5	1.2	0.1	0.1	0.1	0.1	-	-	0.1	-	0.2	0.2	
Openreach total	£m	3.9	4.8	1.5	2.5	2.1	2.9	4.6	2.7	10.6	8.3	0.4	0.4	0.6	0.9	-	-	0.5	0.1	0.2	0.2	
Rest of BT																						
Group centre	£m	0.4	0.5	0.8	1.3	1.2	1.6	2.5	1.4	6.0	4.4	0.4	0.2	-	0.2	-	-	0.7	0.2	-	-	
Property and facilities	£m	-	0.1	0.7	0.9	0.9	1.2	1.6	0.9	4.0	3.1	0.2	0.2	0.7	1.2	-	-	0.3	0.1	-	-	
Technology	£m	0.2	0.3	1.0	1.6	1.3	1.8	3.0	1.7	6.9	5.4	0.2	0.2	0.2	0.3	-	-	1.2	0.3	-	-	
Consumer, Global and Enterprise	£m	-	-	0.3	0.5	0.7	1.5	1.0	0.6	2.4	2.1	-	-	-	-	-	-	1.8	0.5	-	-	
Rest of BT total	£m	0.6	0.9	2.8	4.3	4.1	6.1	8.1	4.6	19.3	15.0	0.8	0.6	0.9	1.7	-	-	4.0	1.1	-	-	
Operating cost before depreciation	£m	4.5	5.7	4.9	7.8	7.2	10.3	14.7	8.4	34.6	26.9	1.4	1.2	6.3	10.8	-	-	4.7	1.3	0.2	0.2	

Section 8 – Review of Leased Line Access Markets

8.1.2 Leased Lines Access – Area 2 Analysis of Service Cost (continued)

Restated for the year ended 31 March 2021

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	1.8	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15.3	16.3
Net labour costs	£m	0.2	0.1	4.6	3.3	0.9	0.2	-	-	1.8	0.5	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	-	58.8	48.9
Product costs & sales commissions	£m	-	-	2.3	1.6	0.4	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	4.0	3.3
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	0.3	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.2	-	11.5	10.3
Network operating and IT costs	£m	-	-	0.2	0.2	-	-	-	-	0.1	-	-	-	-	-	-	-	(0.2)	-	-	5.6	4.8
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1	0.1
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.2	0.2
Other operating costs	£m	0.1	-	(0.7)	(0.5)	(0.1)	-	-	-	0.6	0.2	-	-	-	-	(1.2)	(1.0)	(0.1)	-	-	(6.0)	(5.4)
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	(0.2)	(0.2)
Total operating costs before depreciation	£m	2.4	1.0	6.5	4.6	1.2	0.3	-	-	2.5	0.7	-	-	(0.1)	(0.1)	(1.3)	(1.1)	(0.4)	0.3	89.3	78.3	
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	0.3	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	37.6	32.3
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.5	-	24.5	17.5
Software	£m	0.1	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	4.3	3.6
Right of use assets	£m	-	-	0.2	0.1	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.1	-	4.5	3.8
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1	0.1
Other assets	£m	-	-	0.1	0.1	-	-	-	-	0.1	-	-	-	-	-	-	-	(0.2)	-	-	3.2	2.6
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.4	0.2	0.4	0.3	-	-	-	-	0.2	-	-	-	-	-	-	-	(0.3)	0.5	-	74.2	59.9
Total HCA operating costs	£m	2.8	1.2	6.9	4.9	1.2	0.3	-	-	2.7	0.7	-	-	(0.1)	(0.1)	(1.3)	(1.1)	(0.7)	0.8	163.5	138.2	
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)	(0.2)
Supplementary depreciation	£m	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.7	0.9
Other CCA adjustments	£m	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Rounding	£m	-	-	(0.1)	-	0.1	-	-	-	0.1	-	-	-	-	-	-	-	0.7	(0.4)	-	0.2	0.1
Total CCA operating costs	£m	2.9	1.3	6.8	4.9	1.3	0.3	-	-	2.7	0.8	-	-	(0.1)	(0.1)	(1.3)	(1.1)	(0.1)	0.4	164.0	138.7	
Total CCA operating cost includes the following:																						
Cumulo charges	£m	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.5	6.9
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	(1.2)	(1.0)	-	-	-	-	-	(0.2)	(0.1)
Leaver costs	£m	-	-	0.1	0.1	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.1	-	3.1	2.6

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	1.8	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15.3	16.3
Openreach																						
Service and network delivery	£m	0.2	0.1	0.8	0.6	0.2	-	-	-	1.5	0.5	-	-	-	-	-	-	0.1	-	-	20.6	17.0
Openreach support functions	£m	-	-	4.7	3.4	0.9	0.2	-	-	0.5	0.2	-	-	-	-	(1.3)	(1.1)	-	(0.1)	-	11.4	9.6
Openreach total	£m	0.2	0.1	5.5	4.0	1.1	0.2	-	-	2.0	0.7	-	-	-	-	(1.3)	(1.1)	0.1	(0.1)	-	32.0	26.6
Rest of BT																						
Group centre	£m	-	-	0.7	0.4	-	0.1	-	-	0.3	(0.1)	-	-	(0.1)	(0.1)	-	-	(0.3)	0.3	-	12.6	10.4
Property and facilities	£m	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.7	7.8
Technology	£m	0.1	-	0.3	0.2	0.1	-	-	-	0.2	0.1	-	-	-	-	-	-	(0.2)	(0.1)	-	14.5	11.8
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	6.2	5.4
Rest of BT total	£m	0.4	0.1	1.0	0.6	0.1	0.1	-	-	0.5	-	-	-	(0.1)	(0.1)	-	-	(0.5)	0.4	-	42.0	35.4
Operating cost before depreciation	£m	2.4	1.0	6.5	4.6	1.2	0.3	-	-	2.5	0.7	-	-	(0.1)	(0.1)	(1.3)	(1.1)	(0.4)	0.3	89.3	78.3	

Section 8 – Review of Leased Line Access Markets

8.1.3 Leased Lines Access – Area 2 Analysis of Service MCE

For the year ended 31 March 2022

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	23.7	41.3	30.5	42.3	79.1	50.5	156.6	127.9	7.9	8.2	6.1	12.7	-	-	27.8	9.1	-	-	-
Electronics	£m	-	-	4.9	8.6	6.0	10.8	16.6	10.6	28.1	23.8	-	-	-	-	-	-	35.9	11.7	-	-	-
Software	£m	0.4	0.4	0.7	1.2	0.9	1.3	2.4	1.5	4.6	3.8	0.1	0.1	0.3	0.6	-	-	1.9	0.6	0.1	0.2	-
Land and buildings	£m	-	-	0.1	0.2	0.1	0.2	0.3	0.2	0.6	0.5	-	-	-	-	-	-	0.1	-	-	-	-
Right of use assets	£m	0.6	0.7	1.2	2.1	1.5	2.2	4.0	2.5	7.6	6.3	0.3	0.3	0.2	0.3	-	-	1.7	0.5	-	0.1	-
Other assets	£m	0.5	0.6	1.4	2.4	1.6	2.4	4.7	3.0	9.1	7.5	0.2	0.2	(1.1)	(2.2)	-	-	2.0	0.6	0.1	0.1	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	1.5	1.7	32.0	55.8	40.6	59.2	107.1	68.3	206.5	169.8	8.5	8.8	5.5	11.4	-	-	69.4	22.5	0.2	0.4	-
Current assets	£m	2.8	3.0	6.1	10.7	7.7	11.7	20.0	12.8	37.7	31.1	1.2	1.2	1.2	2.5	-	-	14.9	4.8	0.6	1.9	-
Current liabilities	£m	(2.4)	(2.7)	(3.7)	(6.4)	(4.5)	(6.8)	(12.0)	(7.6)	(22.6)	(18.6)	(0.7)	(0.7)	(0.9)	(1.9)	-	-	(5.5)	(1.8)	(0.3)	(1.0)	-
Provisions	£m	-	-	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)	(0.2)	(0.5)	(0.4)	-	-	-	-	-	-	(0.1)	-	-	-	-
Rounding	£m	0.1	-	0.1	(0.1)	-	-	0.1	-	0.2	(0.1)	-	-	-	-	-	-	(0.1)	0.1	(0.1)	-	-
Total MCE	£m	2.0	2.0	34.4	59.9	43.7	63.9	114.9	73.3	221.3	181.8	9.0	9.3	5.8	12.0	-	-	78.6	25.6	0.4	1.3	-

8.1.3 Leased Lines Access – Area 2 Analysis of Service MCE (continued)

For the year ended 31 March 2022

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	3.2	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.2)	335.0	293.3	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	91.6	65.5	
Software	£m	0.2	0.1	0.2	0.2	0.1	-	-	-	0.1	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	-	11.6	9.8	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	1.4	1.2	
Right of use assets	£m	0.1	-	0.7	0.6	0.2	0.1	-	-	0.3	0.1	-	-	-	-	-	-	(0.1)	-	18.3	15.8	
Other assets	£m	(0.6)	(0.2)	0.5	0.4	0.1	-	-	-	0.2	0.1	-	-	-	-	(0.1)	(0.1)	0.1	(0.5)	18.7	14.3	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	2.9	1.4	1.4	1.2	0.4	0.1	-	-	0.6	0.2	-	-	(0.1)	(0.1)	(0.2)	(0.2)	0.2	(0.7)	476.5	399.8	
Current assets	£m	0.8	0.4	2.2	1.9	0.5	0.2	-	-	0.7	0.3	-	-	-	(0.5)	(0.2)	(0.2)	0.1	(0.1)	96.3	81.7	
Current liabilities	£m	(0.5)	(0.2)	(2.2)	(1.9)	(0.5)	(0.2)	-	-	(0.8)	(0.3)	-	-	(19.0)	(17.0)	0.2	0.2	(0.1)	0.1	(75.5)	(66.8)	
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.2)	(1.2)	(1.1)	-
Rounding	£m	-	(0.2)	0.1	-	(0.1)	-	-	-	(0.1)	-	-	-	(0.1)	-	-	-	(0.2)	0.8	(0.1)	0.5	-
Total MCE	£m	3.2	1.4	1.5	1.2	0.3	0.1	-	-	0.4	0.2	-	-	(19.2)	(17.6)	(0.2)	(0.2)	(0.1)	(0.1)	496.0	414.1	

Section 8 – Review of Leased Line Access Markets

8.1.3 Leased Lines Access – Area 2 Analysis of Service MCE

Restated for the year ended 31 March 2021

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	20.9	33.4	31.3	41.2	63.7	36.7	152.6	118.1	9.1	8.5	8.2	13.9	-	-	7.3	2.0	-	-	
Electronics	£m	-	-	5.4	8.6	6.6	10.5	16.3	9.4	34.2	27.0	-	-	-	-	-	-	25.7	6.9	-	-	
Software	£m	0.5	0.6	0.8	1.3	1.1	1.5	2.5	1.4	5.8	4.5	0.2	0.2	0.6	1.1	-	-	1.3	0.3	0.1	-	
Land and buildings	£m	-	-	0.1	0.1	0.1	0.2	0.3	0.2	0.7	0.5	-	-	-	-	-	-	0.1	-	-	-	
Right of use assets	£m	0.4	0.6	1.2	2.0	1.7	2.4	3.8	2.2	8.8	6.8	0.3	0.3	0.2	0.3	-	-	0.7	0.2	-	-	
Other assets	£m	0.2	0.3	1.1	1.8	1.4	1.9	3.4	2.0	8.0	6.2	0.2	0.2	(1.6)	(2.7)	-	-	0.7	0.2	-	-	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non-current assets	£m	1.1	1.5	29.5	47.2	42.2	57.7	90.0	51.9	210.1	163.1	9.8	9.2	7.4	12.6	-	-	35.8	9.6	0.1	-	
Current assets	£m	2.1	2.8	5.9	9.5	8.2	11.5	17.5	10.1	40.1	31.3	1.6	1.5	1.4	2.3	-	-	9.7	2.7	0.2	0.3	
Current liabilities	£m	(1.2)	(1.6)	(2.8)	(4.4)	(3.9)	(5.4)	(8.4)	(4.8)	(19.5)	(15.2)	(0.7)	(0.7)	(0.5)	(0.8)	-	-	(2.0)	(0.6)	(0.1)	(0.1)	
Provisions	£m	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	(0.5)	(0.4)	-	-	-	-	-	-	(0.1)	-	-	-	
Rounding	£m	0.1	-	0.1	(0.1)	0.2	-	-	(0.2)	(0.1)	0.1	0.1	-	-	-	-	-	-	-	-	0.1	
Total MCE	£m	2.1	2.7	32.6	52.1	46.6	63.7	98.9	56.9	230.1	178.9	10.8	10.0	8.3	14.1	-	-	43.4	11.7	0.2	0.3	

8.1.3 Leased Lines Access – Area 2 Analysis of Service MCE (continued)

Restated for the year ended 31 March 2021

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	3.1	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.1)	296.3	255.1	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88.2	62.4	
Software	£m	0.2	0.1	0.3	0.2	0.1	-	-	-	0.1	-	-	-	(0.1)	(0.1)	(0.1)	-	(0.1)	0.2	13.3	11.3	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2	1.4	1.2	
Right of use assets	£m	0.1	-	0.7	0.5	0.1	-	-	-	0.4	0.1	-	-	-	-	-	-	0.1	0.2	18.5	15.6	
Other assets	£m	(0.6)	(0.3)	0.3	0.2	0.1	-	-	-	0.2	-	-	-	-	-	-	-	-	0.2	13.4	10.0	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non-current assets	£m	2.8	1.2	1.3	0.9	0.3	-	-	-	0.7	0.1	-	-	(0.1)	(0.1)	(0.1)	-	0.2	0.7	431.1	355.6	
Current assets	£m	0.6	0.3	2.4	1.8	0.5	0.1	-	-	1.0	0.4	-	-	-	(0.3)	(0.1)	(0.1)	0.1	(0.1)	91.2	74.1	
Current liabilities	£m	(0.2)	(0.1)	(1.8)	(1.3)	(0.3)	(0.1)	-	-	(1.0)	(0.3)	-	-	(16.8)	(14.8)	0.1	0.1	-	0.1	(59.1)	(50.0)	
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(1.0)	(0.9)	
Rounding	£m	-	0.1	-	-	(0.1)	0.1	-	-	-	0.1	-	-	-	-	-	(0.1)	(0.4)	(0.6)	(0.1)	(0.5)	
Total MCE	£m	3.2	1.5	1.9	1.4	0.4	0.1	-	-	0.7	0.3	-	-	(16.9)	(15.2)	(0.1)	(0.1)	(0.1)	(0.1)	462.1	378.3	

Section 8 – Review of Leased Line Access Markets

8.2.1 Leased Lines Access – Area 3 Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Dark fibre services														
Connections - single fibre	-	-	-	-	5	ccts	-	1,487.00	-	-	-	-	-	204.3%
Connections - dual fibre	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Rentals - single fibre	-	-	-	-	2	ccts	-	1,030.00	-	-	-	-	-	1,021.6%
Rentals - dual fibre	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Main link	-	-	-	-	-	km	-	-	-	-	-	-	-	-
Patch panels - customer premises	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Patch panels - exchanges	-	-	-	-	2	ccts	-	-	-	-	-	-	-	(372.5)%
Initial testing	-	-	-	-	5	ccts	-	-	-	-	-	-	-	(419.1)%
Cessation charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Right when tested charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Ethernet services basket														
Connections	27.4	30.5	57.9	14,310	15,239	ccts	1,914.32	2,001.66	15.2	14.4	4.2	4.1	287.1%	396.2%
EAD 1Gbit/s rentals	15.0	13.0	28.0	7,788	6,713	ccts	1,920.00	1,942.65	10.8	9.3	36.4	31.4	11.3%	11.8%
Other EAD rentals	14.9	13.8	28.7	8,397	6,994	ccts	1,774.59	1,979.13	13.1	11.7	45.9	38.9	3.9%	5.6%
EAD LA 1Gbit/s rentals	12.9	9.6	22.5	8,047	5,960	ccts	1,600.93	1,614.44	11.1	8.2	37.3	27.6	4.7%	5.0%
Other EAD LA rentals	23.3	24.9	48.2	16,803	17,999	ccts	1,383.70	1,385.98	22.2	23.8	75.8	81.2	1.4%	1.4%
Other rentals	0.3	0.9	1.2	227	675	ccts	1,319.05	1,384.24	0.5	1.4	2.3	6.8	(7.6)%	(6.7)%
Main link	23.3	21.9	45.2	129,284	121,637	km	180.27	180.32	6.2	5.8	10.9	10.3	156.7%	156.8%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	117.1	114.6	231.7						79.1	74.6	212.8	200.3	17.8%	20.1%
Optical services - rentals	7.8	8.2	16.0	3,324	3,466	ccts	2,335.95	2,376.71	4.8	5.0	17.4	18.2	17.1%	18.1%
Optical services - connections	11.0	13.6	24.6	3,947	1,776	ccts	2,785.91	7,645.75	2.1	1.3	1.0	0.8	894.5%	1,458.6%
Optical services - main link	4.4	4.1	8.5	17,545	16,256	km	251.96	251.14	0.8	0.8	1.5	1.4	230.9%	230.1%
Direct ECC basket	2.6	2.5	5.1	(ux)	(ux)	(ux)	(sx)	(sx)	2.8	2.7	0.6	0.6	(43.6)%	(43.6)%
Time related charges	0.6	0.2	0.8	(ux)	(ux)	(ux)	(sx)	(sx)	0.6	0.3	0.1	0.1	(43.6)%	(43.6)%
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	2.2	1.9	4.1	(ux)	(ux)	(ux)	(sx)	(sx)	0.8	0.3	0.3	0.2	543.3%	963.8%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
IFRS 15 deferred revenue	(2.7)	(5.0)	(7.7)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.3)	(0.2)	(40.7)	(22.1)	5.9%	22.2%
IFRS15 SLG	(5.4)	(4.0)	(9.4)	(ux)	(ux)	(ux)	(sx)	(sx)	(6.0)	(4.4)	(0.4)	(0.3)	(160.5)%	(160.5)%
Rounding	(0.3)	0.4	0.1						0.2	0.1	0.1	(0.1)		
Total LLA Area 3	137.3	136.5	273.8						84.9	80.5	192.7	199.1	27.2%	28.1%

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 8 – Review of Leased Line Access Markets

8.2.1 Leased Lines Access – Area 3 Summary

Restated for the year ended 31 March 2021

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Ethernet services basket														
Connections	21.5	30.4	51.9	11,179	14,891	ccts	1,919.62	2,038.80	9.5	12.1	4.1	5.4	294.1%	339.3%
EAD 1Gbit/s rentals	13.5	11.2	24.7	7,035	5,786	ccts	1,918.09	1,943.40	10.3	8.4	33.8	27.8	9.6%	10.1%
Other EAD rentals	15.5	13.2	28.7	8,894	7,127	ccts	1,744.03	1,857.35	14.9	12.3	50.7	40.9	1.2%	2.4%
EAD LA 1Gbit/s rentals	10.7	7.6	18.3	6,647	4,701	ccts	1,602.40	1,620.59	9.5	6.8	31.8	22.5	3.5%	3.8%
Other EAD LA rentals	25.2	25.7	50.9	18,238	18,590	ccts	1,380.33	1,380.66	25.5	26.0	85.1	86.8	(0.3)%	(0.3)%
Other rentals	0.8	1.8	2.6	659	1,296	ccts	1,278.08	1,360.84	0.9	1.7	3.8	7.3	(1.4)%	0.7%
Main link	24.3	22.0	46.3	134,549	121,679	km	180.49	180.63	14.3	12.9	15.3	13.8	65.2%	65.3%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	111.5	111.9	223.4						84.9	80.2	224.6	204.5	11.8%	15.5%
Optical services - rentals	6.5	6.7	13.2	2,673	2,492	ccts	2,443.77	2,680.71	3.5	3.2	10.8	10.1	28.6%	34.3%
Optical services - connections	11.7	5.8	17.5	4,981	1,846	ccts	2,347.83	3,166.74	1.5	0.5	1.3	0.6	776.9%	919.9%
Optical services - main link	3.6	3.4	7.0	15,067	14,678	km	238.90	229.21	1.6	1.6	1.8	1.7	112.9%	105.2%
Direct ECC basket	3.1	2.6	5.7	(ux)	(ux)	(ux)	(sx)	(sx)	3.1	2.6	0.9	0.7	3.4%	3.4%
Time related charges	0.6	0.2	0.8	(ux)	(ux)	(ux)	(sx)	(sx)	0.6	0.2	0.2	-	3.4%	3.4%
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	2.6	3.2	5.8	(ux)	(ux)	(ux)	(sx)	(sx)	1.2	0.4	0.4	0.3	325.9%	936.7%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
IFRS 15 deferred revenue	(4.6)	(9.4)	(14.0)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.3)	(0.2)	(38.4)	(27.2)	11.3%	33.9%
IFRS15 SLG	(2.8)	(2.0)	(4.8)	(ux)	(ux)	(ux)	(sx)	(sx)	(3.1)	(2.2)	(0.2)	(0.1)	(173.2)%	(173.2)%
Rounding	(0.1)	(0.1)	(0.2)						(0.1)	(0.1)	-	0.1		
Total LLA Area 3	132.1	122.3	254.4						92.9	86.2	201.4	190.7	19.5%	18.9%

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

There are no revenues or costs for Dark fibre services in FY21 in this market.

Section 8 – Review of Leased Line Access Markets

8.2.2 Leased Lines Access – Area 3 Analysis of Service Cost

For the year ended 31 March 2022

		Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(i) Operating costs by type																					
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	0.2	0.2	0.3	0.2	0.2	0.2	0.4	0.5	-	-	2.3	2.2	-	-	0.1	0.1	-	-
Net labour costs	£m	9.2	9.7	3.7	3.2	4.6	3.9	3.8	2.8	7.7	8.2	0.2	0.6	1.0	0.9	-	-	1.1	1.1	0.6	0.4
Product costs & sales commissions	£m	2.2	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	0.1	0.2	0.9	0.7	1.1	0.9	0.9	0.7	1.9	2.0	0.1	0.2	1.1	1.0	-	-	0.2	0.2	-	-
Network operating and IT costs	£m	0.5	0.6	0.5	0.4	0.6	0.5	0.5	0.3	0.9	1.0	-	0.1	0.1	0.1	-	-	0.2	0.2	-	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	2.4	0.9	(0.3)	(0.2)	(0.3)	-	(0.3)	(0.2)	(0.5)	(0.6)	-	(0.1)	0.5	0.4	-	-	0.4	0.4	1.4	0.9
Other operating income	£m	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	-	-	-	-	-	-	-	-	-	-
Total operating costs before depreciation	£m	14.3	13.6	4.9	4.2	6.2	5.4	5.0	3.7	10.3	11.0	0.3	0.8	5.0	4.6	-	-	2.0	2.0	2.0	1.3
Depreciation																					
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	2.8	2.4	3.8	3.1	2.9	2.1	6.1	6.5	0.2	0.6	1.2	1.2	-	-	0.7	0.7	-	-
Electronics	£m	-	-	2.3	2.0	2.3	2.3	2.4	1.8	4.2	4.6	-	-	-	-	-	-	2.0	2.1	-	-
Software	£m	0.3	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.5	0.5	-	-	0.2	0.2	-	-	0.1	0.1	0.1	-
Right of use assets	£m	0.4	0.4	0.4	0.3	0.5	0.4	0.4	0.3	0.8	0.8	-	0.1	0.1	0.1	-	-	0.1	0.1	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.3	0.3	-	-	-	-	-	-	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.8	0.8	5.8	5.0	7.1	6.1	6.0	4.5	11.9	12.7	0.2	0.7	1.5	1.5	-	-	2.9	3.0	0.1	-
Total HCA operating costs	£m	15.1	14.4	10.7	9.2	13.3	11.5	11.0	8.2	22.2	23.7	0.5	1.5	6.5	6.1	-	-	4.9	5.0	2.1	1.3
CCA adjustments																					
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.7)	(0.7)	-	-	-	-	-	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.6	-	-	-	-	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)	-	-	-	-	-	-
Rounding	£m	0.1	-	0.1	0.1	(0.2)	0.2	0.1	-	-	0.1	-	(0.1)	(0.1)	-	-	-	(0.1)	-	-	-
Total CCA operating costs	£m	15.2	14.4	10.8	9.3	13.1	11.7	11.1	8.2	22.2	23.8	0.5	1.4	6.2	5.8	-	-	4.8	5.0	2.1	1.3
Total CCA operating cost includes the following:																					
Cumulo charges		-	-	0.5	0.5	0.7	0.6	0.6	0.4	1.2	1.3	-	0.1	1.0	1.0	-	-	0.1	0.1	-	-
Openreach SLGs		3.5	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.4	0.9
Leaver costs		0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.1	0.3	0.3	-	-	-	-	-	-	-	-	-	-

		Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(ii) Operating costs by division																					
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	0.2	0.2	0.3	0.2	0.2	0.2	0.4	0.5	-	-	2.3	2.2	-	-	0.1	0.1	-	-
Openreach																					
Service and network delivery	£m	1.9	2.0	1.7	1.4	2.0	1.6	1.6	1.1	3.4	3.5	0.2	0.3	0.9	0.8	-	-	0.4	0.4	0.1	-
Openreach support functions	£m	10.4	9.6	0.2	0.2	0.3	0.2	0.2	0.2	0.5	0.5	-	-	0.2	0.2	-	-	0.1	0.1	1.7	1.2
Openreach total	£m	12.3	11.6	1.9	1.6	2.3	1.8	1.8	1.3	3.9	4.0	0.2	0.3	1.1	1.0	-	-	0.5	0.5	1.8	1.2
Rest of BT																					
Group centre	£m	1.3	1.3	1.0	0.9	1.3	1.1	1.0	0.8	2.1	2.2	0.1	0.2	0.2	0.2	-	-	0.3	0.3	0.1	0.1
Property and facilities	£m	-	-	0.6	0.5	0.8	0.7	0.7	0.5	1.4	1.5	-	0.2	1.1	0.9	-	-	0.2	0.2	-	-
Technology	£m	0.7	0.7	0.9	0.8	1.1	1.0	1.0	0.7	1.9	2.1	-	0.1	0.3	0.3	-	-	0.4	0.4	0.1	-
Consumer, Global and Enterprise	£m	-	-	0.3	0.2	0.4	0.6	0.3	0.2	0.6	0.7	-	-	-	-	-	-	0.5	0.5	-	-
Rest of BT total	£m	2.0	2.0	2.8	2.4	3.6	3.4	3.0	2.2	6.0	6.5	0.1	0.5	1.6	1.4	-	-	1.4	1.4	0.2	0.1
Operating cost before depreciation	£m	14.3	13.6	4.9	4.2	6.2	5.4	5.0	3.7	10.3	11.0	0.3	0.8	5.0	4.6	-	-	2.0	2.0	2.0	1.3

Section 8 – Review of Leased Line Access Markets

8.2.2 Leased Lines Access – Area 3 Analysis of Service Cost (continued)

For the year ended 31 March 2022

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	0.3	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	3.8	3.6	-
Net labour costs	£m	0.1	0.1	2.2	2.1	0.5	0.2	-	-	0.5	0.2	-	-	(0.2)	(0.1)	(0.4)	(0.3)	-	0.1	34.6	33.1	-
Product costs & sales commissions	£m	-	-	0.6	0.6	0.1	0.1	-	-	-	-	-	-	-	-	-	-	0.1	(0.1)	3.0	2.9	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.2	6.4	6.2	-
Network operating and IT costs	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	(0.1)	-	-	0.1	(0.1)	3.4	3.2	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.2	0.2	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	-
Other operating costs	£m	0.1	0.1	(0.3)	(0.2)	(0.1)	-	-	-	0.2	0.1	-	-	-	(5.5)	(4.0)	(0.1)	-	-	(2.4)	(2.5)	-
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.6)	(0.5)	-
Total operating costs before depreciation	£m	0.7	0.6	2.6	2.6	0.5	0.3	-	-	0.7	0.3	-	-	(0.2)	(0.1)	(6.0)	(4.3)	0.2	0.3	48.5	46.3	-
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	17.9	16.5	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	13.2	12.7	-
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	0.1	0.2	1.9	1.8	-	-
Right of use assets	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	2.7	2.6	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.9	0.8	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.2	0.2	0.1	0.1	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	0.1	(0.1)	36.6	34.4	34.4	34.4
Total HCA operating costs	£m	0.9	0.8	2.7	2.7	0.5	0.3	-	-	0.7	0.3	-	-	(0.2)	(0.1)	(6.1)	(4.4)	0.3	0.2	85.1	80.7	-
CCA adjustments																						
Holding gains	£m	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.9)	(0.8)	-
Supplementary depreciation	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.8	0.8	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.3)	(0.3)	-
Rounding	£m	(0.1)	-	0.1	-	0.1	-	-	-	0.1	-	-	(0.1)	(0.1)	0.1	-	-	0.1	(0.4)	0.2	(0.2)	-
Total CCA operating costs	£m	0.8	0.8	2.8	2.7	0.6	0.3	-	-	0.8	0.3	-	-	(0.3)	(0.2)	(6.0)	(4.4)	0.2	(0.2)	84.9	80.2	-
Total CCA operating cost includes the following:																						
Cumulo charges		0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	(0.1)	4.4	4.0	-
Openreach SLGs		-	-	-	-	-	-	-	-	-	-	-	-	-	(5.5)	(4.0)	-	-	(0.6)	(1.0)	-	-
Leaver costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	1.1	1.0	-

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	0.3	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	3.8	3.6	-
Openreach																						
Service and network delivery	£m	0.2	0.1	0.5	0.5	0.1	-	-	-	0.4	0.3	-	-	(0.1)	(0.1)	-	(0.3)	0.3	13.0	12.2	-	
Openreach support functions	£m	-	-	1.7	1.7	0.3	0.3	-	-	0.1	-	-	-	(5.6)	(4.1)	-	0.5	-	10.6	10.1	-	
Openreach total	£m	0.2	0.1	2.2	2.2	0.4	0.3	-	-	0.5	0.3	-	-	(0.1)	(5.7)	(4.1)	0.2	0.3	23.6	22.3	-	
Rest of BT																						
Group centre	£m	-	-	0.3	0.3	0.1	-	-	-	0.1	-	-	-	(0.1)	-	(0.2)	(0.1)	-	(0.1)	7.6	7.2	-
Property and facilities	£m	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.0	4.7	-
Technology	£m	-	-	0.1	0.1	-	-	-	-	0.1	-	-	-	(0.1)	-	(0.1)	(0.1)	-	0.1	6.4	6.2	-
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	2.1	2.3	-
Rest of BT total	£m	0.2	0.2	0.4	0.4	0.1	-	-	-	0.2	-	-	-	(0.2)	-	(0.3)	(0.2)	-	0.1	21.1	20.4	-
Operating cost before depreciation	£m	0.7	0.6	2.6	2.6	0.5	0.3	-	-	0.7	0.3	-	-	(0.2)	(0.1)	(6.0)	(4.3)	0.2	0.3	48.5	46.3	-

Section 8 – Review of Leased Line Access Markets

8.2.2 Leased Lines Access – Area 3 Analysis of Service Cost

Restated for the year ended 31 March 2021

		Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(i) Operating costs by type																					
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	0.7	0.5	1.1	0.9	0.6	0.4	1.7	1.8	0.1	0.2	8.8	8.0	-	-	0.1	0.1	-	-
Net labour costs	£m	5.6	7.5	3.7	3.1	5.5	4.4	3.5	2.5	9.4	9.6	0.3	0.6	1.0	0.9	-	-	0.5	0.5	0.6	0.2
Product costs & sales commissions	£m	2.2	2.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	0.1	0.1	0.9	0.8	1.2	1.0	0.7	0.5	2.0	2.1	0.1	0.2	1.3	1.2	-	-	0.1	0.1	-	-
Network operating and IT costs	£m	0.3	0.4	0.4	0.3	0.6	0.5	0.4	0.3	1.0	1.0	-	0.1	0.1	0.1	-	-	0.1	0.1	-	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	0.6	0.3	(0.6)	(0.5)	(0.9)	(0.5)	(0.6)	(0.4)	(1.4)	(1.4)	(0.1)	(0.2)	0.4	0.4	-	-	0.4	0.4	0.7	0.3
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating costs before depreciation	£m	8.8	11.2	5.1	4.2	7.5	6.3	4.6	3.3	12.7	13.1	0.4	0.9	11.6	10.6	-	-	1.2	1.2	1.3	0.5
Depreciation																					
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	2.8	2.3	4.5	3.6	2.6	1.9	7.2	7.4	0.4	0.7	1.6	1.5	-	-	0.2	0.2	-	-
Electronics	£m	-	-	1.5	1.2	1.7	1.5	1.4	1.0	3.4	3.5	-	-	-	-	-	-	1.9	1.8	-	-
Software	£m	0.3	0.4	0.3	0.2	0.4	0.3	0.3	0.2	0.7	0.7	-	-	0.4	0.4	-	-	0.1	0.1	0.1	-
Right of use assets	£m	0.2	0.3	0.3	0.3	0.5	0.4	0.3	0.2	0.8	0.8	-	0.1	0.1	0.1	-	-	-	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	0.1	0.1	0.2	0.2	0.3	0.3	0.2	0.2	0.6	0.6	-	-	0.1	-	-	-	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.6	0.8	5.1	4.2	7.4	6.1	4.8	3.5	12.7	13.0	0.4	0.8	2.2	2.0	-	-	2.2	2.1	0.1	-
Total HCA operating costs	£m	9.4	12.0	10.2	8.4	14.9	12.4	9.4	6.8	25.4	26.1	0.8	1.7	13.8	12.6	-	-	3.4	3.3	1.4	0.5
CCA adjustments																					
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	-	-	-	-	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	0.8	0.7	-	-	-	-	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)	-	-	-	-	-	-
Rounding	£m	0.1	0.1	0.1	-	-	(0.1)	0.1	-	0.1	(0.1)	0.1	-	0.1	-	-	-	0.1	(0.1)	0.1	-
Total CCA operating costs	£m	9.5	12.1	10.3	8.4	14.9	12.3	9.5	6.8	25.5	26.0	0.9	1.7	14.3	12.9	-	-	3.5	3.2	1.5	0.5
Total CCA operating cost includes the following:																					
Cumulo charges		-	-	0.6	0.5	0.8	0.6	0.5	0.3	1.3	1.3	0.1	0.1	1.2	1.1	-	-	0.1	0.1	-	-
Openreach SLGs		1.5	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8	0.3
Leaver costs		0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.1	0.5	0.5	-	-	0.1	-	-	-	-	-	-	-

		Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(ii) Operating costs by division																					
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	0.7	0.5	1.1	0.9	0.6	0.4	1.7	1.8	0.1	0.2	8.8	8.0	-	-	0.1	0.1	-	-
Openreach																					
Service and network delivery	£m	1.0	1.2	1.3	1.1	2.0	1.7	1.2	0.8	3.2	3.5	-	0.2	0.8	0.9	-	-	0.2	0.2	-	0.1
Openreach support functions	£m	6.7	8.4	0.2	0.2	0.3	0.3	0.2	0.2	0.6	0.6	-	-	0.1	0.1	-	-	-	-	1.1	0.4
Openreach total	£m	7.7	9.6	1.5	1.3	2.3	2.0	1.4	1.0	3.8	4.1	-	0.2	0.9	1.0	-	-	0.2	0.2	1.1	0.5
Rest of BT																					
Group centre	£m	0.7	1.0	0.9	0.7	1.3	1.0	0.8	0.6	2.2	2.2	0.1	0.2	0.3	0.2	-	-	0.1	0.1	0.1	-
Property and facilities	£m	-	-	0.7	0.6	0.9	0.7	0.5	0.4	1.5	1.5	0.1	0.2	1.3	1.1	-	-	0.1	0.1	-	-
Technology	£m	0.4	0.6	1.0	0.8	1.4	1.1	1.0	0.7	2.6	2.6	0.1	0.1	0.3	0.3	-	-	0.3	0.3	0.1	-
Consumer, Global and Enterprise	£m	-	-	0.3	0.3	0.5	0.6	0.3	0.2	0.9	0.9	-	-	-	-	-	-	0.4	0.4	-	-
Rest of BT total	£m	1.1	1.6	2.9	2.4	4.1	3.4	2.6	1.9	7.2	7.2	0.3	0.5	1.9	1.6	-	-	0.9	0.9	0.2	-
Operating cost before depreciation	£m	8.8	11.2	5.1	4.2	7.5	6.3	4.6	3.3	12.7	13.1	0.4	0.9	11.6	10.6	-	-	1.2	1.2	1.3	0.5

Section 8 – Review of Leased Line Access Markets

8.2.2 Leased Lines Access – Area 3 Analysis of Service Cost (continued)

Restated for the year ended 31 March 2021

		Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	1.0	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	14.1	12.8	
Net labour costs	£m	0.1	0.1	2.1	1.7	0.4	0.1	-	-	0.8	0.3	-	-	(0.2)	(0.2)	(0.2)	(0.1)	0.1	-	33.2	31.2	
Product costs & sales commissions	£m	-	-	1.0	0.9	0.2	0.1	-	-	-	-	-	-	-	-	-	-	0.1	-	3.5	3.9	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property & energy costs	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	6.7	6.1	
Network operating and IT costs	£m	-	-	0.1	0.1	-	-	-	-	0.1	-	-	-	-	-	-	-	(0.1)	(0.1)	3.0	2.8	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	
Other operating costs	£m	-	-	(0.3)	(0.3)	(0.1)	-	-	-	0.3	0.1	-	-	-	-	(2.8)	(2.0)	0.2	-	(4.2)	(3.8)	
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	
Total operating costs before depreciation	£m	1.2	1.2	2.9	2.4	0.5	0.2	-	-	1.2	0.4	-	-	(0.2)	(0.2)	(3.0)	(2.1)	0.5	(0.2)	56.3	53.0	
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.1)	19.6	17.7	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.9	9.0	
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.1	2.5	2.4	
Right of use assets	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	2.5	2.3	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	1.6	1.5	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total depreciation	£m	0.2	0.2	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.4	0.1	36.2	32.9	
Total HCA operating costs	£m	1.4	1.4	3.0	2.5	0.5	0.2	-	-	1.2	0.4	-	-	(0.2)	(0.2)	(3.0)	(2.1)	0.9	(0.1)	92.5	85.9	
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	
Supplementary depreciation	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.9	0.9	
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)	
Rounding	£m	0.1	0.1	0.1	0.1	0.1	-	-	-	-	-	-	(0.1)	-	(0.1)	(0.1)	(1.0)	(0.1)	(0.1)	(0.1)	(0.2)	
Total CCA operating costs	£m	1.6	1.6	3.1	2.6	0.6	0.2	-	-	1.2	0.4	-	-	(0.3)	(0.2)	(3.1)	(2.2)	(0.1)	(0.1)	92.9	86.2	
Total CCA operating cost includes the following:																						
Cumulo charges		0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	4.7	4.2	
Openreach SLGs		-	-	-	-	-	-	-	-	-	-	-	-	-	(2.9)	(2.0)	0.1	-	(0.5)	(0.2)		
Leaver costs		-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	1.6	1.5	

		Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	1.0	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	14.1	12.8	
Openreach																						
Service and network delivery	£m	0.1	0.1	0.5	0.3	0.1	0.1	-	-	0.8	0.3	-	-	-	-	0.1	0.1	-	-	11.3	10.6	
Openreach support functions	£m	-	-	2.1	1.8	0.4	0.1	-	-	0.2	0.1	-	-	-	-	(2.9)	(2.0)	0.2	(0.1)	9.2	10.1	
Openreach total	£m	0.1	0.1	2.6	2.1	0.5	0.2	-	-	1.0	0.4	-	-	-	-	(2.8)	(1.9)	0.2	(0.1)	20.5	20.7	
Rest of BT																						
Group centre	£m	-	-	0.2	0.2	-	-	-	-	0.1	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	0.1	0.3	6.7	6.3	
Property and facilities	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.6)	5.3	4.1	
Technology	£m	-	-	0.1	0.1	-	-	-	-	0.1	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	-	0.2	7.2	6.6	
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	2.5	2.5	
Rest of BT total	£m	0.1	0.1	0.3	0.3	-	-	-	-	0.2	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)	0.3	-	21.7	19.5	
Operating cost before depreciation	£m	1.2	1.2	2.9	2.4	0.5	0.2	-	-	1.2	0.4	-	-	(0.2)	(0.2)	(3.0)	(2.1)	0.5	(0.2)	56.3	53.0	

Section 8 – Review of Leased Line Access Markets

8.2.3 Leased Lines Access – Area 3 Analysis of Service MCE

For the year ended 31 March 2022

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	25.1	21.6	33.4	27.3	25.7	19.0	53.7	57.5	2.1	6.0	11.5	10.8	-	-	6.2	6.4	-	-	-
Electronics	£m	-	-	5.2	4.5	5.2	5.3	5.4	4.0	9.6	10.3	-	-	-	-	-	-	7.9	8.3	-	-	-
Software	£m	0.9	0.9	0.8	0.7	0.9	0.8	0.8	0.6	1.6	1.7	-	0.1	0.5	0.5	-	-	0.4	0.4	0.2	0.1	-
Land and buildings	£m	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	1.4	1.4	1.3	1.1	1.6	1.3	1.3	1.0	2.6	2.8	0.1	0.2	0.3	0.3	-	-	0.4	0.4	0.1	0.1	-
Other assets	£m	1.1	1.2	1.5	1.3	1.7	1.4	1.5	1.1	3.1	3.3	-	0.1	(2.0)	(1.9)	-	-	0.4	0.4	0.1	0.1	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	3.5	3.6	34.0	29.3	42.9	36.2	34.8	25.8	70.8	75.8	2.2	6.4	10.3	9.7	-	-	15.3	15.9	0.4	0.3	-
Current assets	£m	6.1	6.1	6.5	5.6	7.8	6.8	6.5	4.8	12.9	13.8	0.3	0.9	2.2	2.1	-	-	3.4	3.5	1.3	1.3	-
Current liabilities	£m	(5.3)	(5.5)	(3.9)	(3.4)	(4.7)	(4.0)	(3.9)	(2.9)	(7.7)	(8.3)	(0.2)	(0.5)	(1.7)	(1.6)	-	-	(1.3)	(1.3)	(0.7)	(0.7)	-
Provisions	£m	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	(0.1)	-	-	-	-	-	0.1	-	-	-	0.1	0.1	-	-	-	0.1	-	-	(0.1)
Total MCE	£m	4.2	4.1	36.4	31.4	45.9	38.9	37.3	27.6	75.8	81.2	2.3	6.8	10.9	10.3	-	-	17.4	18.2	1.0	0.8	-

8.2.3 Leased Lines Access – Area 3 Analysis of Service MCE (continued)

For the year ended 31 March 2022

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	1.6	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	0.1	159.1	150.1	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33.3	32.4	-
Software	£m	0.1	0.1	0.1	0.1	-	-	-	-	-	-	-	-	(0.2)	(0.1)	(0.3)	(0.2)	-	(0.5)	5.8	5.2	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.7	0.7	-
Right of use assets	£m	-	-	0.3	0.3	0.1	-	-	-	0.1	-	-	-	-	-	-	-	(0.2)	(0.3)	9.4	8.6	-
Other assets	£m	(0.3)	(0.2)	0.2	0.2	-	-	-	-	0.1	-	-	-	(0.1)	(0.1)	(0.2)	(0.1)	0.3	0.1	7.4	6.9	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	1.4	1.3	0.6	0.6	0.1	-	-	-	0.2	-	-	-	(0.3)	(0.2)	(0.5)	(0.3)	(0.1)	(0.6)	215.6	203.8	-
Current assets	£m	0.4	0.4	1.0	0.9	0.2	0.1	-	-	0.4	0.2	-	-	(0.2)	(0.3)	(0.4)	(0.3)	(0.2)	0.1	48.2	46.0	-
Current liabilities	£m	(0.2)	(0.2)	(1.0)	(0.9)	(0.2)	(0.1)	-	-	(0.3)	(0.1)	-	-	(40.2)	(21.6)	0.5	0.4	-	(0.1)	(70.8)	(50.8)	-
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.6)	(0.6)	-
Rounding	£m	(0.1)	(0.1)	-	-	-	0.1	-	-	-	0.1	-	-	-	-	-	(0.1)	0.6	0.9	0.5	1.1	-
Total MCE	£m	1.5	1.4	0.6	0.6	0.1	0.1	-	-	0.3	0.2	-	-	(40.7)	(22.1)	(0.4)	(0.3)	0.3	0.3	192.9	199.5	-

Section 8 – Review of Leased Line Access Markets

8.2.3 Leased Lines Access – Area 3 Analysis of Service MCE

Restated for the year ended 31 March 2021

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	21.7	17.8	35.1	27.7	20.5	14.5	56.5	57.6	3.3	6.2	15.1	13.6	-	-	1.8	1.7	-	-	-
Electronics	£m	-	-	5.6	4.6	6.4	5.7	5.3	3.7	12.6	12.9	-	-	-	-	-	-	6.3	5.9	-	-	-
Software	£m	0.9	1.2	0.8	0.7	1.2	0.9	0.8	0.6	2.2	2.2	0.1	0.1	1.2	1.0	-	-	0.3	0.3	0.3	0.1	-
Land and buildings	£m	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	0.9	1.1	1.3	1.1	1.9	1.5	1.2	0.9	3.2	3.3	0.1	0.2	0.3	0.3	-	-	0.2	0.2	0.1	-	-
Other assets	£m	0.5	0.6	1.2	1.0	1.6	1.3	1.1	0.8	3.0	3.0	0.1	0.2	(2.9)	(2.7)	-	-	0.2	0.2	0.1	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	2.3	3.0	30.7	25.3	46.3	37.2	29.0	20.6	77.7	79.3	3.6	6.7	13.7	12.2	-	-	8.8	8.3	0.5	0.1	-
Current assets	£m	4.2	5.6	6.1	5.1	8.8	7.2	5.6	4.0	14.8	15.1	0.6	1.1	2.5	2.3	-	-	2.5	2.3	1.2	0.5	-
Current liabilities	£m	(2.4)	(3.1)	(2.9)	(2.4)	(4.2)	(3.4)	(2.7)	(1.9)	(7.2)	(7.4)	(0.3)	(0.5)	(0.9)	(0.8)	-	-	(0.5)	(0.5)	(0.4)	(0.1)	-
Provisions	£m	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	(0.2)	(0.2)	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	(0.1)	(0.1)	-	-	(0.2)	-	-	(0.1)	-	-	0.1	-	-	-	-	-	-	0.1
Total MCE	£m	4.1	5.4	33.8	27.8	50.7	40.9	31.8	22.5	85.1	86.8	3.8	7.3	15.3	13.8	-	-	10.8	10.1	1.3	0.6	-

8.2.3 Leased Lines Access – Area 3 Analysis of Service MCE (continued)

Restated for the year ended 31 March 2021

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	1.7	1.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.1	155.6	140.8	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	36.1	32.7	-
Software	£m	0.1	0.1	0.1	0.1	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	-	0.1	7.8	7.2	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	(0.1)	0.7	0.6	-
Right of use assets	£m	-	-	0.3	0.3	0.1	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-	9.8	9.0	-
Other assets	£m	(0.3)	(0.3)	0.1	0.1	-	-	-	-	0.1	-	-	-	(0.1)	-	(0.1)	-	(0.2)	(0.5)	4.4	3.7	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	1.5	1.4	0.5	0.5	0.1	-	-	-	0.3	0.1	-	-	(0.2)	(0.1)	(0.2)	(0.1)	(0.2)	(0.5)	214.4	194.0	-
Current assets	£m	0.3	0.3	1.1	0.9	0.2	0.1	-	-	0.6	0.3	-	-	(0.3)	(0.6)	(0.2)	(0.1)	0.1	-	48.1	44.1	-
Current liabilities	£m	(0.1)	(0.1)	(0.8)	(0.7)	(0.2)	-	-	-	(0.4)	(0.2)	-	-	(37.9)	(26.4)	0.2	0.2	0.1	-	(60.6)	(47.3)	-
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.5)	(0.5)	-
Rounding	£m	0.1	0.1	0.1	-	0.1	(0.1)	-	-	(0.1)	0.1	-	-	-	(0.1)	-	(0.1)	0.2	0.6	0.2	0.4	-
Total MCE	£m	1.8	1.7	0.9	0.7	0.2	-	-	-	0.4	0.3	-	-	(38.4)	(27.2)	(0.2)	(0.1)	0.2	0.1	201.6	190.7	-

Section 8 – Review of Leased Line Access Markets

8.3.1 Leased Lines Access – High Network Reach Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price
	£m	£m	£m				£	£
Ethernet services								
Connections	2.4	2.8	5.2	1,209	1,392	ccts	1,975.26	2,007.63
EAD 1Gbit/s rentals	1.0	2.1	3.1	507	1,083	ccts	1,941.76	1,943.47
Other EAD rentals	1.0	1.9	2.9	471	857	ccts	2,196.18	2,162.99
EAD LA 1Gbit/s rentals	4.5	3.9	8.4	2,775	2,444	ccts	1,612.05	1,613.44
Other EAD LA rentals	6.6	5.0	11.6	4,641	3,452	ccts	1,417.59	1,437.43
Other rentals	0.5	0.1	0.6	207	72	ccts	2,558.15	1,063.78
Main link	0.6	0.8	1.4	3,269	4,368	km	186.86	180.69
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)
Total Ethernet services	16.6	16.6	33.2					
Optical services - rentals	2.6	0.3	2.9	1,174	159	ccts	2,254.04	2,137.25
Optical services - connections	0.6	0.5	1.1	172	67	ccts	3,711.40	8,222.23
Optical services - main link	0.6	0.1	0.7	2,225	565	km	287.58	249.41
Direct ECCs	0.6	0.5	1.1	(ux)	(ux)	(ux)	(sx)	(sx)
Time related charges	0.1	-	0.1	(ux)	(ux)	(ux)	(sx)	(sx)
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)
Other ancillaries	0.4	0.2	0.6	(ux)	(ux)	(ux)	(sx)	(sx)
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)
IFRS 15 deferred revenue	(0.1)	(0.2)	(0.3)	(ux)	(ux)	(ux)	(sx)	(sx)
IFRS15 SLG	(0.4)	(0.3)	(0.7)	(ux)	(ux)	(ux)	(sx)	(sx)
Rounding	0.1	0.1	0.2					
Total LLA High network reach	21.1	17.8	38.9					

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 8 – Review of Leased Line Access Markets

8.3.1 Leased Lines Access – High Network Reach Summary

Restated for the year ended 31 March 2021

	Internal revenue £m	External revenue £m	Total revenue £m	Internal volume	External volume	Measure	Internal average price £	External average price £
Ethernet services								
Connections	1.9	2.4	4.3	967	1,190	ccts	2,000.26	2,004.90
EAD 1Gbit/s rentals	1.1	1.9	3.0	542	989	ccts	1,940.54	1,943.67
Other EAD rentals	1.1	1.9	3.0	533	936	ccts	2,002.84	1,984.76
EAD LA 1Gbit/s rentals	4.0	3.1	7.1	2,472	1,944	ccts	1,617.04	1,619.34
Other EAD LA rentals	7.0	4.8	11.8	5,014	3,397	ccts	1,397.24	1,417.82
Other rentals	0.7	0.1	0.8	337	118	ccts	2,185.43	1,154.40
Main link	0.7	0.8	1.5	3,745	4,683	km	187.36	180.76
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)
Total Ethernet services	16.5	15.0	31.5					
Optical services - rentals	2.0	0.2	2.2	901	91	ccts	2,190.11	2,381.52
Optical services - connections	0.6	0.2	0.8	252	61	ccts	2,568.20	3,762.13
Optical services - main link	0.5	0.1	0.6	2,045	490	km	262.35	224.73
Direct ECCs	0.7	0.5	1.2	(ux)	(ux)	(ux)	(sx)	(sx)
Time related charges	0.1	-	0.1	(ux)	(ux)	(ux)	(sx)	(sx)
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)
Other ancillaries	0.6	0.3	0.9	(ux)	(ux)	(ux)	(sx)	(sx)
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)
IFRS 15 deferred revenue	(0.3)	(0.5)	(0.8)	(ux)	(ux)	(ux)	(sx)	(sx)
IFRS15 SLG	(0.2)	(0.2)	(0.4)	(ux)	(ux)	(ux)	(sx)	(sx)
Rounding	-	0.4	0.4					
Total LLA High network reach	20.5	16.0	36.5					

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 9

Review of Inter-Exchange Connectivity Markets

Section 9 – Review of Inter-Exchange Connectivity Markets

9.1.1 IEC – BT Only Exchanges Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Dark fibre services														
Connections - single fibre	-	0.2	0.2	-	629	ccts	-	371.47	-	0.1	-	-	-	281.9%
Connections - dual fibre	-	0.2	0.2	-	290	ccts	-	617.52	-	-	-	-	-	451.1%
Rentals - single fibre	-	-	-	-	315	ccts	-	30.98	-	-	-	-	-	80.1%
Rentals - dual fibre	-	-	-	-	450	ccts	-	68.02	-	-	-	-	-	202.4%
Main link	-	1.9	1.9	-	11,713	km	-	160.29	-	0.8	-	1.6	-	65.8%
Patch panels - customer premises	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Patch panels - exchanges	-	-	-	-	765	ccts	-	-	-	0.1	-	-	-	(372.5)%
Initial testing	-	-	-	-	919	ccts	-	-	-	0.3	-	0.1	-	(415.6)%
Cessation charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Right when tested charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Dark Fibre IFRS 15 deferred revenue	-	(0.1)	(0.1)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	(0.1)	-	78.3%
Dark Fibre IFRS15 SLG	-	(0.1)	(0.1)	(ux)	(ux)	(ux)	(sx)	(sx)	-	(0.1)	-	-	-	(160.5)%
Ethernet services basket														
Connections	2.3	1.7	4.0	380	338	ccts	6,052.94	4,945.40	0.4	0.2	0.2	0.1	846.5%	1,262.9%
EAD 1Gbit/s rentals	11.9	4.5	16.4	6,204	2,337	ccts	1,915.84	1,935.11	3.5	1.3	6.4	2.4	131.5%	133.2%
Other EAD rentals	2.0	2.5	4.5	639	695	ccts	3,087.96	3,621.67	0.9	1.1	1.5	1.8	72.4%	80.0%
EAD LA 1Gbit/s rentals	-	-	-	31	13	ccts	1,614.51	1,610.46	-	-	-	-	103.3%	102.9%
Other EAD LA rentals	-	-	-	27	20	ccts	1,376.36	1,376.49	-	-	-	-	100.2%	100.2%
Other rentals	28.5	9.1	37.6	2,715	1,182	ccts	10,479.06	7,710.35	15.4	4.9	42.4	13.5	30.7%	31.1%
Main link	13.7	5.5	19.2	76,832	30,740	km	177.79	180.02	3.7	1.5	6.5	2.6	153.9%	156.4%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	58.4	23.3	81.7						23.9	9.0	57.0	20.4	60.4%	70.5%
Optical services - rentals	7.0	9.8	16.8	2,347	3,854	ccts	2,976.66	2,530.99	2.3	3.7	7.4	12.1	63.5%	50.1%
Optical services - connections	0.6	6.8	7.4	175	911	ccts	3,576.25	7,504.33	0.1	0.7	0.1	0.4	944.5%	1,455.3%
Optical services - main link	3.9	5.1	9.0	14,589	20,887	km	266.36	241.88	0.7	1.0	1.3	1.8	245.7%	220.5%
Direct ECC basket	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Time related charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	1.1	0.6	1.7	(ux)	(ux)	(ux)	(sx)	(sx)	1.1	0.2	0.2	0.1	(13.2)%	521.1%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Ethernet IFRS 15 deferred revenue	0.7	(3.3)	(2.6)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	(3.9)	(3.6)	(18.8)%	90.7%
Ethernet IFRS15 SLG	(0.3)	(0.5)	(0.8)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.3)	(0.5)	-	-	(160.5)%	(160.5)%
Rounding	(0.1)	0.1	-						0.4	0.1	-	0.1	-	-
Total IEC – BT Only Exchanges	71.3	44.0	115.3						28.2	15.4	62.1	32.9	69.5%	87.2%

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 9 – Review of Inter-Exchange Connectivity Markets

9.1.1 IEC – BT Only Exchanges Summary

Restated for the year ended 31 March 2021

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Dark fibre services														
Connections - single fibre	-	-	-	-	43	ccts	-	375.00	-	-	-	-	-	245.0%
Connections - dual fibre	-	0.2	0.2	-	316	ccts	-	638.00	-	-	-	-	-	410.4%
Rentals - single fibre	-	-	-	-	45	ccts	-	106.00	-	-	-	-	-	142.9%
Rentals - dual fibre	-	-	-	-	150	ccts	-	212.00	-	-	-	-	-	286.6%
Main link	-	0.7	0.7	-	3,325	km	-	215.17	-	0.6	-	0.6	-	20.0%
Patch panels - customer premises	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Patch panels - exchanges	-	-	-	-	196	ccts	-	-	-	-	-	-	-	(380.9)%
Initial testing	-	-	-	-	359	ccts	-	-	-	0.1	-	-	-	(428.0)%
Cessation charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Right when tested charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Dark Fibre IFRS 15 deferred revenue	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Dark Fibre IFRS15 SLG	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	(173.2)%
Ethernet services basket														
Connections	3.0	1.0	4.0	477	241	ccts	6,252.81	4,275.15	0.3	0.1	0.3	0.1	950.9%	980.9%
EAD 1Gbit/s rentals	11.8	4.7	16.5	6,148	2,454	ccts	1,915.75	1,935.43	3.2	1.3	7.7	3.1	112.1%	113.5%
Other EAD rentals	1.9	2.2	4.1	636	643	ccts	2,965.09	3,395.71	0.8	0.8	1.5	1.7	73.5%	81.5%
EAD LA 1Gbit/s rentals	-	-	-	25	12	ccts	1,612.50	1,620.19	-	-	-	-	89.3%	89.8%
Other EAD LA rentals	-	-	-	32	21	ccts	1,374.61	1,374.67	-	-	-	-	83.0%	83.0%
Other rentals	24.7	8.8	33.5	2,534	1,361	ccts	9,750.92	6,487.87	14.5	5.5	38.5	14.8	26.6%	22.3%
Main link	13.7	5.7	19.4	77,252	31,678	km	177.86	180.16	8.2	3.4	8.8	3.6	63.0%	64.9%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	55.1	22.4	77.5						27.0	11.1	56.8	23.3	49.7%	49.3%
Optical services - rentals	6.8	8.4	15.2	2,491	2,957	ccts	2,745.96	2,843.92	2.7	3.2	8.1	9.7	50.8%	53.4%
Optical services - connections	0.7	1.3	2.0	196	403	ccts	3,449.30	3,282.98	0.1	0.1	0.1	0.1	862.3%	928.4%
Optical services - main link	3.5	4.3	7.8	14,561	19,554	km	239.58	217.89	1.6	2.1	1.7	2.3	113.4%	96.1%
Direct ECC basket	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Time related charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	1.3	0.5	1.8	(ux)	(ux)	(ux)	(sx)	(sx)	1.5	0.3	0.4	0.1	(53.0)%	163.8%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Ethernet IFRS 15 deferred revenue	(0.3)	(1.7)	(2.0)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	(3.7)	(2.1)	7.6%	80.4%
Ethernet IFRS15 SLG	(0.1)	(0.1)	(0.2)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.2)	(0.1)	-	-	(173.2)%	(173.2)%
Rounding	0.1	0.2	0.3						0.1	0.2	-	-	-	-
Total IEC – BT Only Exchanges	67.1	36.2	103.3						32.8	17.6	63.4	34.0	54.0%	54.7%

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

Section 9 – Review of Inter-Exchange Connectivity Markets

9.2.1 IEC – BT + 1 Exchanges Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Ethernet services basket														
Connections	2.4	1.6	4.0	355	288	ccts	6,723.40	5,703.40	0.4	0.2	0.2	0.1	847.6%	1,329.4%
EAD 1Gbit/s rentals	2.8	0.8	3.6	1,444	406	ccts	1,913.84	1,933.63	0.8	0.2	1.5	0.4	131.3%	133.1%
Other EAD rentals	1.4	1.6	3.0	463	367	ccts	3,104.28	4,439.54	0.7	0.8	1.1	1.2	71.0%	72.3%
EAD LA 1Gbit/s rentals	-	-	-	5	3	ccts	1,614.81	1,614.63	-	-	-	-	103.4%	103.3%
Other EAD LA rentals	-	-	-	4	3	ccts	1,375.73	2,465.57	-	-	-	-	100.1%	62.8%
Other rentals	27.6	6.6	34.2	2,849	764	ccts	9,697.62	8,647.82	16.4	4.0	45.0	11.0	24.9%	24.2%
Main link	2.9	0.9	3.8	16,644	5,127	km	172.95	180.31	0.8	0.2	1.4	0.4	148.5%	156.7%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	37.1	11.5	48.6						19.1	5.4	49.2	13.1	36.6%	47.5%
Optical services - rentals	3.6	2.7	6.3	1,402	1,672	ccts	2,579.54	1,587.99	1.3	1.6	4.4	5.2	51.3%	20.6%
Optical services - connections	1.4	5.3	6.7	338	690	ccts	4,218.74	7,670.04	0.3	0.5	0.1	0.3	973.2%	1,459.1%
Optical services - main link	1.7	1.5	3.2	6,652	6,218	km	260.85	236.90	0.3	0.3	0.6	0.5	240.1%	215.3%
Direct ECC basket	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Time related charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	0.8	0.4	1.2	(ux)	(ux)	(ux)	(sx)	(sx)	0.8	0.1	0.2	-	21.6%	703.5%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Ethernet IFRS 15 deferred revenue	0.7	(2.6)	(1.9)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	(4.7)	(2.8)	(15.3)%	92.0%
Ethernet IFRS 15 SLG	(0.2)	(0.3)	(0.5)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.3)	(0.4)	-	-	(160.5)%	(160.5)%
Rounding	-	-	-						-	-	-	0.2	-	-
Total IEC – BT + 1 Exchanges	45.1	18.5	63.6						21.5	7.5	49.8	16.5	47.5%	66.9%

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

There are no revenues or costs for Dark fibre services in FY22 in this market.

Section 9 – Review of Inter-Exchange Connectivity Markets

9.2.1 IEC – BT + 1 Exchanges Summary

Restated for the year ended 31 March 2021

	Internal revenue	External revenue	Total revenue	Internal volume	External volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Ethernet services basket														
Connections	3.0	1.1	4.1	436	188	ccts	6,925.27	5,799.46	0.3	0.1	0.3	0.1	963.0%	1,034.0%
EAD 1Gbit/s rentals	2.9	0.8	3.7	1,493	392	ccts	1,912.67	1,934.74	0.8	0.2	1.9	0.5	111.9%	113.5%
Other EAD rentals	1.3	1.0	2.3	445	250	ccts	3,005.50	4,191.52	0.6	0.4	1.1	0.8	72.2%	75.5%
EAD LA 1Gbit/s rentals	-	-	-	11	3	ccts	1,641.81	1,620.76	-	-	-	-	91.5%	89.9%
Other EAD LA rentals	-	-	-	8	5	ccts	1,374.60	1,981.78	-	-	-	-	83.0%	68.3%
Other rentals	23.7	6.2	29.9	2,610	874	ccts	9,098.78	7,153.57	14.8	4.5	39.3	11.9	22.7%	14.7%
Main link	2.9	0.9	3.8	16,953	4,803	km	172.97	181.38	1.8	0.5	1.9	0.5	58.8%	65.9%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	33.8	10.0	43.8						18.3	5.7	44.5	13.8	35.2%	30.9%
Optical services - rentals	3.1	1.6	4.7	1,309	845	ccts	2,403.61	1,933.35	1.4	0.9	4.2	2.7	40.6%	26.2%
Optical services - connections	0.8	2.5	3.3	270	780	ccts	3,075.27	3,163.42	0.1	0.2	0.1	0.2	838.7%	919.7%
Optical services - main link	1.3	0.9	2.2	5,553	4,241	km	234.93	212.17	0.6	0.5	0.6	0.5	109.7%	91.4%
Direct ECC basket	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Time related charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	1.0	0.5	1.5	(ux)	(ux)	(ux)	(sx)	(sx)	1.1	0.1	0.3	0.1	(28.1)%	584.2%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Ethernet IFRS 15 deferred revenue	(0.5)	(3.0)	(3.5)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	(4.0)	(2.8)	10.9%	104.9%
Ethernet IFRS 15 SLG	(0.2)	(0.2)	(0.4)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.2)	(0.2)	-	-	(173.2)%	(173.2)%
Rounding	0.3	-	0.3						-	-	0.1	0.1	-	-
Total IEC – BT + 1 Exchanges	39.6	12.3	51.9						21.3	7.2	45.8	14.6	39.9%	34.8%

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

There are no revenues or costs for Dark fibre services in FY21 in this market.

Section 9 – Review of Inter-Exchange Connectivity Markets

9.2.2 IEC – BT + 1 Exchanges Analysis of Service Cost

For the year ended 31 March 2022

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.3	0.1	-	-	-	-	-	-	-
Net labour costs	£m	0.1	-	0.2	0.1	0.1	0.2	-	-	-	-	2.8	0.7	0.1	-	-	-	-	0.2	0.2	0.1	0.1
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	-	-	-	-	-	-	-	-	-	-	3.9	0.9	0.1	-	-	-	-	-	-	-	-
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	-	0.9	0.2	-	-	-	-	-	-	-	-	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	0.3	0.1	-	-	0.1	0.2	-	-	-	-	0.4	0.1	0.1	-	-	-	-	0.2	0.2	0.2	0.4
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-
Total operating costs before depreciation	£m	0.4	0.1	0.2	0.1	0.2	0.4	-	-	-	-	8.2	2.0	0.6	0.1	-	-	-	0.4	0.4	0.3	0.5
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	0.2	0.1	0.2	-	-	-	-	-	-	-	-
Electronics	£m	-	-	0.4	0.1	0.3	0.4	-	-	-	-	4.9	1.2	-	-	-	-	-	0.8	1.0	-	-
Software	£m	-	-	-	-	-	-	-	-	-	-	0.4	0.1	-	-	-	-	-	-	0.1	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	1.2	0.3	-	-	-	-	-	-	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	1.5	0.3	-	-	-	-	-	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	-	-	0.4	0.1	0.3	0.4	-	-	-	-	8.3	2.0	0.2	-	-	-	-	0.8	1.1	-	-
Total HCA operating costs	£m	0.4	0.1	0.6	0.2	0.5	0.8	-	-	-	-	16.5	4.0	0.8	0.1	-	-	-	1.2	1.5	0.3	0.5
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	(0.3)	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.1	-	-	-	-	-	-	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	0.1	0.2	-	0.2	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	0.1	-	-
Total CCA operating costs	£m	0.4	0.2	0.8	0.2	0.7	0.8	-	-	-	-	16.4	4.0	0.8	0.2	-	-	-	1.3	1.6	0.3	0.5
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	-	0.4	0.1	0.1	-	-	-	-	-	-	-	-
Openreach SLGs	£m	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.4
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.3	0.1	-	-	-	-	-	-	-
Openreach																						
Service and network delivery	£m	-	-	0.1	-	0.1	0.1	-	-	-	-	0.2	-	0.1	-	-	-	-	-	-	-	-
Openreach support functions	£m	0.3	0.1	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.2	0.4
Openreach total	£m	0.3	0.1	0.1	-	0.1	0.1	-	-	-	-	0.3	-	0.1	-	-	-	-	-	-	0.2	0.4
Rest of BT																						
Group centre	£m	-	-	0.1	-	-	-	-	-	-	-	0.5	0.1	-	-	-	-	-	0.1	0.1	-	-
Property and facilities	£m	-	-	-	-	-	-	-	-	-	-	1.3	0.3	0.1	-	-	-	-	-	-	-	-
Technology	£m	0.1	-	-	0.1	-	0.1	-	-	-	-	5.8	1.5	0.1	-	-	-	-	0.1	0.1	0.1	0.1
Consumer, Global and Enterprise	£m	-	-	-	-	0.1	0.2	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-
Rest of BT total	£m	0.1	-	0.1	0.1	0.1	0.3	-	-	-	-	7.6	1.9	0.2	-	-	-	-	0.4	0.4	0.1	0.1
Operating cost before depreciation	£m	0.4	0.1	0.2	0.1	0.2	0.4	-	-	-	-	8.2	2.0	0.6	0.1	-	-	-	0.4	0.4	0.3	0.5

Section 9 – Review of Inter-Exchange Connectivity Markets

9.2.2 IEC – BT + 1 Exchanges Analysis of Service Cost (continued)

For the year ended 31 March 2022

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		Ethernet IFRS 15 deferred revenue		Ethernet IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.8	0.3	
Net labour costs	£m	0.1	-	-	-	-	-	-	-	0.5	0.1	-	-	-	-	-	-	(0.1)	0.1	4.1	1.5	
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property & energy costs	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.1	1.0	
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	1.1	0.3	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating costs	£m	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	(0.2)	(0.3)	-	-	1.3	0.7	
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	
Total operating costs before depreciation	£m	0.3	0.2	-	-	-	-	-	-	0.7	0.1	-	-	-	-	(0.2)	(0.3)	0.2	0.2	11.3	3.8	
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	0.4	0.2	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.5)	(0.2)	5.9	2.5	
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.5	0.2	
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-	1.5	0.3	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	1.6	0.4	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total depreciation	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	10.0	3.6	
Total HCA operating costs	£m	0.4	0.3	-	-	-	-	-	-	0.7	0.1	-	-	-	-	(0.2)	(0.3)	0.1	0.1	21.3	7.4	
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.5)	(0.1)	
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.5	0.1	
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.2)	-	
Rounding	£m	(0.1)	-	-	-	-	-	-	-	0.1	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	0.3	0.1	
Total CCA operating costs	£m	0.3	0.3	-	-	-	-	-	-	0.8	0.1	-	-	-	(0.3)	(0.4)	(0.1)	-	-	21.4	7.5	
Total CCA operating cost includes the following:																						
Cumulo charges	£m	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.6	0.2	
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.3)	-	-	(0.1)	0.3	0.1	
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		Ethernet IFRS 15 deferred revenue		Ethernet IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.8	0.3	
Openreach																						
Service and network delivery	£m	-	-	-	-	-	-	-	-	0.5	0.1	-	-	-	-	-	-	-	0.1	1.0	0.3	
Openreach support functions	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	(0.3)	(0.3)	-	0.3	0.2	0.7	0.4	
Openreach total	£m	-	-	-	-	-	-	-	-	0.6	0.1	-	-	-	(0.3)	(0.3)	-	0.3	0.3	1.7	0.7	
Rest of BT																						
Group centre	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.1	0.8	0.3	
Property and facilities	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.5	0.4	
Technology	£m	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	(0.3)	(0.2)	6.1	1.7	
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.4	0.4	
Rest of BT total	£m	0.2	0.1	-	-	-	-	-	-	0.1	-	-	-	-	-	0.1	-	(0.2)	(0.1)	8.8	2.8	
Operating cost before depreciation	£m	0.3	0.2	-	-	-	-	-	-	0.7	0.1	-	-	-	-	(0.2)	(0.3)	0.2	0.2	11.3	3.8	

Section 9 – Review of Inter-Exchange Connectivity Markets

9.2.2 IEC – BT + 1 Exchanges Analysis of Service Cost

Restated for the year ended 31 March 2021

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	1.2	0.4	1.1	0.3	-	-	-	-	-	-	-
Net labour costs	£m	0.1	-	0.3	0.1	0.1	0.1	-	-	-	-	2.5	0.8	0.1	-	-	-	0.2	0.1	-	0.1	-
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	-	-	-	-	-	-	-	-	-	3.5	1.0	0.2	-	-	-	-	-	-	-	-	-
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	0.5	0.2	-	-	-	-	-	-	-	-	-	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	0.2	0.1	-	-	0.1	0.1	-	-	-	-	0.3	0.1	0.1	-	-	-	0.2	0.1	0.1	0.1	-
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-
Total operating costs before depreciation	£m	0.3	0.1	0.3	0.1	0.2	0.2	-	-	-	-	8.0	2.5	1.5	0.3	-	-	0.4	0.2	0.1	0.2	-
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	0.2	0.1	0.2	0.1	-	-	-	-	-	-	-	-
Electronics	£m	-	-	0.3	0.1	0.2	0.2	-	-	-	3.9	1.2	-	-	-	-	0.9	0.6	-	-	-	-
Software	£m	-	-	-	-	-	-	-	-	-	0.3	0.1	0.1	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	0.8	0.2	-	-	-	-	-	-	-	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	1.5	0.4	-	-	-	-	-	-	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	-	-	0.3	0.1	0.2	0.2	-	-	-	6.7	2.0	0.3	0.1	-	-	0.9	0.6	-	-	-	-
Total HCA operating costs	£m	0.3	0.1	0.6	0.2	0.4	0.4	-	-	-	14.7	4.5	1.8	0.4	-	-	1.3	0.8	0.1	0.2	-	-
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	0.3	0.1	0.1	-	-	-	-	-	-	-	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	0.2	-	0.2	-	-	-	-	-	(0.1)	(0.1)	0.1	-	-	0.1	0.1	-	-	-	-
Total CCA operating costs	£m	0.3	0.1	0.8	0.2	0.6	0.4	-	-	-	14.8	4.5	1.8	0.5	-	-	1.4	0.9	0.1	0.2	-	-
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	0.3	0.1	0.2	-	-	-	-	-	-	-	-	-
Openreach SLGs	£m	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-
Leaver costs	£m	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	-	-	1.2	0.4	1.1	0.3	-	-	-	-	-	-	-
Openreach																						
Service and network delivery	£m	-	-	0.1	-	-	-	-	-	-	0.2	0.1	0.1	-	-	-	-	-	-	-	-	-
Openreach support functions	£m	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2	-
Openreach total	£m	0.2	0.1	0.1	-	-	-	-	-	-	0.2	0.1	0.1	-	-	-	-	-	-	-	0.1	0.2
Rest of BT																						
Group centre	£m	0.1	-	-	0.1	(0.1)	0.1	-	-	-	0.4	0.2	0.1	-	-	-	-	0.1	-	-	-	-
Property and facilities	£m	-	-	-	-	-	-	-	-	-	1.0	0.3	0.2	-	-	-	-	-	-	-	-	-
Technology	£m	-	-	0.1	-	0.1	-	-	-	-	5.2	1.5	-	-	-	-	-	0.1	0.1	-	-	-
Consumer, Global and Enterprise	£m	-	-	0.1	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-
Rest of BT total	£m	0.1	-	0.2	0.1	0.2	0.2	-	-	-	6.6	2.0	0.3	-	-	-	-	0.4	0.2	-	-	-
Operating cost before depreciation	£m	0.3	0.1	0.3	0.1	0.2	0.2	-	-	-	8.0	2.5	1.5	0.3	-	-	0.4	0.2	0.1	0.2	-	-

Section 9 – Review of Inter-Exchange Connectivity Markets

9.2.2 IEC – BT + 1 Exchanges Analysis of Service Cost (continued)

Restated for the year ended 31 March 2021

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		Ethernet IFRS 15 deferred revenue		Ethernet IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	0.4	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.7	1.0
Net labour costs	£m	-	-	-	-	-	-	-	-	0.7	0.1	-	-	-	-	-	-	-	(0.4)	(0.5)	3.6	0.8
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	-	4.1	1.3
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	0.1	-	-	0.7	0.2
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	(0.2)	(0.2)	0.1	0.2	-	1.1	0.5
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-
Total operating costs before depreciation	£m	0.5	0.3	-	-	-	-	-	-	1.0	0.1	-	-	-	-	(0.2)	(0.2)	0.1	0.2	-	12.2	3.8
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	0.5	0.2
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.3	2.1
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.5	0.2
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.9	0.3
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	1.6	0.5
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.2	-	8.8	3.3
Total HCA operating costs	£m	0.6	0.4	-	-	-	-	-	-	1.0	0.1	-	-	-	-	(0.2)	(0.2)	0.4	0.2	-	21.0	7.1
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.4	0.2
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	(0.2)	(0.1)
Rounding	£m	-	0.1	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	(0.3)	(0.2)	-	0.2	-
Total CCA operating costs	£m	0.6	0.5	-	-	-	-	-	-	1.1	0.1	-	-	-	-	(0.2)	(0.2)	-	-	-	21.3	7.2
Total CCA operating cost includes the following:																						
Cumulo charges	£m	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.1	-	0.5	0.2
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)	-	-	-	-	0.1	-
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.2	0.1

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		Ethernet IFRS 15 deferred revenue		Ethernet IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	0.4	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.7	1.0
Openreach																						
Service and network delivery	£m	-	-	-	-	-	-	-	-	0.6	0.1	-	-	-	-	-	-	0.1	(0.1)	-	1.1	0.1
Openreach support functions	£m	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	(0.2)	(0.2)	0.2	0.1	-	0.5	0.2
Openreach total	£m	-	-	-	-	-	-	-	-	0.8	0.1	-	-	-	-	(0.2)	(0.2)	0.3	-	-	1.6	0.3
Rest of BT																						
Group centre	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.2	-	0.7	0.6
Property and facilities	£m	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.1	-	1.6	0.4
Technology	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	(0.5)	(0.4)	-	5.1	1.2
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.5	0.3
Rest of BT total	£m	0.1	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	(0.2)	-	-	7.9	2.5
Operating cost before depreciation	£m	0.5	0.3	-	-	-	-	-	-	1.0	0.1	-	-	-	-	(0.2)	(0.2)	0.1	-	-	12.2	3.8

Section 9 – Review of Inter-Exchange Connectivity Markets

9.2.3 IEC – BT + 1 Exchanges Analysis of Service MCE

For the year ended 31 March 2022

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	1.7	0.5	1.5	0.5	-	-	-	-	-	-	-
Electronics	£m	-	-	1.0	0.3	0.8	0.9	-	-	-	-	21.1	5.3	-	-	-	-	3.3	4.0	-	-	-
Software	£m	-	-	0.1	-	-	-	-	-	-	-	1.1	0.3	0.1	-	-	-	0.1	0.2	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	0.8	0.2	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	0.1	-	-	0.1	-	-	-	-	3.2	0.8	-	-	-	-	0.1	0.1	-	-	-
Other assets	£m	-	-	0.2	0.1	0.1	0.1	-	-	-	-	14.6	3.4	(0.3)	(0.1)	-	-	0.1	0.1	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	-	1.4	0.4	0.9	1.1	-	-	-	-	42.5	10.5	1.3	0.4	-	-	3.6	4.4	-	-	-
Current assets	£m	0.3	0.2	0.5	0.1	0.3	0.4	-	-	-	-	7.9	1.9	0.3	0.1	-	-	1.0	1.1	0.2	0.5	-
Current liabilities	£m	(0.1)	(0.1)	(0.3)	(0.1)	(0.2)	(0.2)	-	-	-	-	(5.2)	(1.2)	(0.2)	(0.1)	-	-	(0.3)	(0.3)	(0.1)	(0.3)	-
Provisions	£m	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.1)	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	(0.1)	-	0.1	(0.1)	-	-	-	-	0.1	(0.1)	-	-	-	-	0.1	-	-	-	0.1
Total MCE	£m	0.2	0.1	1.5	0.4	1.1	1.2	-	-	-	-	45.0	11.0	1.4	0.4	-	-	4.4	5.2	0.1	0.3	-

9.2.3 IEC – BT + 1 Exchanges Analysis of Service MCE (continued)

For the year ended 31 March 2022

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		Ethernet IFRS 15 deferred revenue		Ethernet IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	0.6	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	3.8	1.5	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	26.1	10.4	-
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	1.5	0.6	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8	0.2	-
Right of use assets	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	0.1	-	3.6	1.0	-
Other assets	£m	(0.1)	(0.1)	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	14.7	3.5	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	0.5	0.5	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	0.1	(0.1)	50.5	17.2	-
Current assets	£m	0.2	0.1	-	-	-	-	-	-	0.3	0.1	-	-	-	(0.2)	-	-	-	-	11.0	4.3	-
Current liabilities	£m	(0.1)	(0.1)	-	-	-	-	-	-	(0.3)	-	-	-	(4.7)	(2.6)	-	-	-	0.1	(11.5)	(4.9)	-
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.1)	-
Rounding	£m	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-	(0.5)	(0.1)	(0.3)	(0.3)
Total MCE	£m	0.6	0.5	-	-	-	-	-	-	0.2	-	-	-	(4.7)	(2.8)	-	-	(0.4)	(0.1)	49.4	16.2	-

Section 9 – Review of Inter-Exchange Connectivity Markets

9.2.3 IEC – BT + 1 Exchanges Analysis of Service MCE

Restated for the year ended 31 March 2021

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	2.0	0.7	1.9	0.5	-	-	-	-	-	-	-
Electronics	£m	-	-	1.2	0.3	0.7	0.6	-	-	-	-	17.4	5.5	-	-	-	-	3.1	2.0	-	-	-
Software	£m	-	-	0.1	-	-	-	-	-	-	-	0.8	0.3	0.1	-	-	-	0.1	0.1	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	0.7	0.2	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	0.1	-	-	-	-	-	-	-	3.2	0.9	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	0.2	-	0.1	-	-	-	-	-	12.6	3.6	(0.4)	(0.1)	-	-	0.1	0.1	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	-	1.6	0.3	0.8	0.6	-	-	-	-	36.7	11.2	1.6	0.4	-	-	3.3	2.2	-	-	-
Current assets	£m	0.3	0.1	0.5	0.1	0.3	0.2	-	-	-	-	7.1	2.1	0.3	0.1	-	-	1.0	0.7	0.1	0.2	-
Current liabilities	£m	-	-	(0.2)	(0.1)	(0.1)	(0.1)	-	-	-	-	(4.2)	(1.2)	(0.1)	-	-	-	(0.2)	(0.1)	-	(0.1)	-
Provisions	£m	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	0.2	0.1	0.1	-	-	-	-	(0.1)	(0.1)	0.1	-	-	-	0.1	(0.1)	-	-	0.1
Total MCE	£m	0.3	0.1	1.9	0.5	1.1	0.8	-	-	-	-	39.3	11.9	1.9	0.5	-	-	4.2	2.7	0.1	0.2	-

9.2.3 IEC – BT + 1 Exchanges Analysis of Service MCE (continued)

Restated for the year ended 31 March 2021

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		Ethernet IFRS 15 deferred revenue		Ethernet IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	0.6	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.5	1.7
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	22.5	8.4
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.1	-	1.4	0.5
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.2
Right of use assets	£m	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	0.1	0.2	-	3.6	1.1
Other assets	£m	(0.1)	(0.1)	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	(0.2)	0.1	-	12.4	3.6
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	0.5	0.4	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	0.3	0.4	-	45.1	15.5
Current assets	£m	0.1	0.1	-	-	-	-	-	-	0.4	0.1	-	-	-	(0.2)	-	-	-	-	-	10.1	3.5
Current liabilities	£m	-	-	-	-	-	-	-	-	(0.4)	-	-	-	(3.9)	(2.6)	-	-	0.1	0.2	-	(9.0)	(4.0)
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	(0.9)	(1.0)	-	(0.8)	(0.8)
Total MCE	£m	0.6	0.5	-	-	-	-	-	-	0.3	0.1	-	-	(4.0)	(2.8)	-	-	(0.3)	(0.3)	-	45.4	14.2

Section 9 – Review of Inter-Exchange Connectivity Markets

9.3.1 IEC BT+2 Exchanges Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Ethernet services basket														
Connections	0.1	-	0.1	13	7	ccts	6,376.95	5,933.09	-	-	-	-	847.8%	1,252.2%
EAD 1Gbit/s rentals	-	-	-	21	8	ccts	1,916.83	1,936.60	-	-	-	-	131.6%	133.4%
Other EAD rentals	-	0.1	0.1	10	12	ccts	2,748.37	4,573.23	-	-	-	-	84.4%	71.2%
EAD LA 1Gbit/s rentals	-	-	-	1	-	ccts	1,605.12	-	-	-	-	-	102.4%	-
Other EAD LA rentals	-	-	-	2	-	ccts	1,481.97	-	-	-	-	-	89.2%	-
Other rentals	1.0	0.2	1.2	107	26	ccts	9,231.08	8,192.01	0.6	0.1	1.6	0.4	24.2%	18.6%
Main link	0.1	0.1	0.2	462	298	km	160.94	180.14	-	-	-	-	134.9%	156.6%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	1.2	0.4	1.6						0.6	0.1	1.6	0.4	32.7%	39.9%
Optical services - rentals	0.1	0.1	0.2	47	60	ccts	2,396.99	1,631.44	-	0.1	0.1	0.2	45.6%	22.0%
Optical services - connections	-	0.2	0.2	5	24	ccts	3,247.06	7,292.80	-	-	-	-	926.2%	1,450.3%
Optical services - main link	0.1	0.1	0.2	383	481	km	254.94	225.77	-	-	-	-	234.0%	203.6%
Direct ECC basket	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Time related charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	(3.5)%	682.4%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
IFRS 15 deferred revenue	-	(0.1)	(0.1)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	(0.1)	(0.1)	(16.0)%	100.3%
IFRS15 SLG	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	(160.5)%	(160.5)%
Rounding	-	-	-						0.1	0.1	0.1	0.1	-	-
Total IEC BT+2 exchanges	1.4	0.7	2.1						0.7	0.3	1.7	0.6	37.9%	64.2%

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

For the IEC BT+2 Exchanges insofar as SMP Condition 11 applies

Section 9 – Review of Inter-Exchange Connectivity Markets

9.3.1 IEC BT+2 Exchanges Summary Restated for the year ended 31 March 2021

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Ethernet services basket														
Connections	0.1	-	0.1	22	7	ccts	6,660.72	5,441.78	-	-	-	-	958.6%	1,024.6%
EAD 1Gbit/s rentals	-	-	-	24	7	ccts	1,913.92	1,936.22	-	-	-	-	112.0%	113.6%
Other EAD rentals	-	-	-	9	10	ccts	2,562.29	4,518.63	-	-	-	-	84.9%	74.5%
EAD LA 1Gbit/s rentals	-	-	-	1	-	ccts	1,607.65	-	-	-	-	-	88.9%	-
Other EAD LA rentals	-	-	-	2	-	ccts	1,462.73	-	-	-	-	-	77.9%	-
Other rentals	0.9	0.2	1.1	106	30	ccts	8,585.02	6,952.98	0.6	0.2	1.5	0.4	22.5%	10.8%
Main link	0.1	0.1	0.2	528	282	km	163.72	181.46	0.1	-	0.1	-	50.9%	66.0%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	1.1	0.3	1.4						0.7	0.2	1.6	0.4	34.0%	27.3%
Optical services - rentals	0.1	0.1	0.2	42	37	ccts	2,181.66	1,869.73	-	-	0.1	0.1	33.9%	24.3%
Optical services - connections	0.1	0.1	0.2	25	30	ccts	3,502.05	3,053.83	-	-	-	-	865.3%	911.2%
Optical services - main link	0.1	0.1	0.2	323	374	km	234.63	203.84	-	-	-	-	109.5%	84.6%
Direct ECC basket	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Time related charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Ancillaries ¹	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	0.1	-	0.1	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	5.7%	686.3%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
IFRS 15 deferred revenue	(0.1)	(0.1)	(0.2)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	(0.2)	(0.1)	24.9%	132.3%
IFRS15 SLG	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	(173.2)%	(173.2)%
Rounding	(0.3)	(0.2)	(0.5)						0.1	0.1	0.1	0.3	-	-
Total IEC BT+2 exchanges	1.1	0.3	1.4						0.8	0.3	1.6	0.7	16.9%	(5.4)%

Notes:

¹Ancillary services where individual service total revenue is less than £5m can be aggregated and reported together.

For the IEC BT+2 Exchanges insofar as SMP Condition 11 applies

Section 9 – Review of Inter-Exchange Connectivity Markets

9.3.2 IEC BT+2 Exchanges Analysis of Service Cost

For the year ended 31 March 2022

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net labour costs	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating costs before depreciation	£m	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-
Total HCA operating costs	£m	-	-	-	-	-	-	-	-	-	-	0.5	-	-	-	-	-	-	-	-	-	-
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	0.1	-	-
Total CCA operating costs	£m	-	-	-	-	-	-	-	-	-	-	0.6	0.1	-	-	-	-	-	-	0.1	-	-
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach																						
Service and network delivery	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach support functions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of BT																						
Group centre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and facilities	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technology	£m	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of BT total	£m	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-
Operating cost before depreciation	£m	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-

Section 9 – Review of Inter-Exchange Connectivity Markets

9.3.2 IEC BT+2 Exchanges Analysis of Service Cost (continued)

For the year ended 31 March 2022

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net labour costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	-	-	0.6	-
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating costs before depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.1	-	0.7	0.1
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.2	0.1
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.3	0.1
Total HCA operating costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.2	-	1.0	0.2
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.4)	(0.1)	-	(0.3)	0.1
Total CCA operating costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.7	0.3
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	-
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach																						
Service and network delivery	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	-	0.3	0.3
Openreach support functions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	-	0.3	0.3
Rest of BT																						
Group centre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and facilities	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	(0.3)	-	0.2	(0.3)
Technology	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.2	0.1
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of BT total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	(0.2)	-	0.4	(0.2)
Operating cost before depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.1	-	0.7	0.1

Section 9 – Review of Inter-Exchange Connectivity Markets

9.3.2 IEC BT+2 Exchanges Analysis of Service Cost

Restated for the year ended 31 March 2021

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net labour costs	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating costs before depreciation	£m	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronics	£m	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-
Total HCA operating costs	£m	-	-	-	-	-	-	-	-	-	0.4	0.1	-	-	-	-	-	-	-	-	-	-
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	-	-	-	-	-	-	0.2	0.1	0.1	-	-	-	-	-	-	-	-	-
Total CCA operating costs	£m	-	-	-	-	-	-	-	-	-	0.6	0.2	0.1	-	-	-	-	-	-	-	-	-
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach																						
Service and network delivery	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach support functions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of BT																						
Group centre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and facilities	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technology	£m	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of BT total	£m	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-
Operating cost before depreciation	£m	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-

Section 9 – Review of Inter-Exchange Connectivity Markets

9.3.2 IEC BT+2 Exchanges Analysis of Service Cost (continued)

Restated for the year ended 31 March 2021

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(i) Operating costs by type																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	0.3	0.3	-
Net labour costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	0.3	0.1	-
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.1	-	-
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	0.2	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating costs before depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.5	0.8	0.6	-
Depreciation																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	-	-	-	-
Total HCA operating costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	0.5	0.8	0.6	-
CCA adjustments																						
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.4)	-	(0.3)	-
Total CCA operating costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.8	0.3	-
Total CCA operating cost includes the following:																						
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																						
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PIA costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	0.3	0.3	-
Openreach																						
Service and network delivery	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	0.2	-	-
Openreach support functions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	0.2	-	-
Openreach total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	-	0.4	-	-
Rest of BT																						
Group centre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and facilities	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-
Technology	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.2	-
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.1)	-	-
Rest of BT total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.2	0.1	0.3	-
Operating cost before depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.5	0.8	0.6	-

Section 9 – Review of Inter-Exchange Connectivity Markets

9.3.3 IEC BT+2 Exchanges Analysis of Service MCE

For the year ended 31 March 2022

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	0.8	0.2	-	-	-	-	0.1	0.1	-	-	-
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	0.5	0.1	-	-	-	-	-	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	-	-	-	-	-	-	-	-	-	1.5	0.3	-	-	-	-	0.1	0.1	-	-	-
Current assets	£m	-	-	-	-	-	-	-	-	-	-	0.3	0.1	-	-	-	-	-	-	-	-	-
Current liabilities	£m	-	-	-	-	-	-	-	-	-	-	(0.2)	-	-	-	-	-	-	-	-	-	-
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Total MCE	£m	-	-	-	-	-	-	-	-	-	-	1.6	0.4	-	-	-	-	-	-	0.1	0.2	-

9.3.3 IEC BT+2 Exchanges Analysis of Service MCE (continued)

For the year ended 31 March 2022

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.9	0.4
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.1
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2	1.7	0.6
Current assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.4	0.2	0.2
Current liabilities	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	-	(0.1)	(0.1)	(0.4)	(0.2)	(0.2)
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-
Total MCE	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	-	0.1	0.1	1.7	0.6	0.6

Section 9 – Review of Inter-Exchange Connectivity Markets

9.3.3 IEC BT+2 Exchanges Analysis of Service MCE

Restated for the year ended 31 March 2021

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services (ethernet services)		Optical services - rentals		Optical services - connections		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-	-	-	-	-	-	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	0.7	0.2	-	-	-	-	0.1	0.1	-	-	-
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	0.5	0.1	-	-	-	-	-	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	-	-	-	-	-	-	-	-	-	1.4	0.3	0.1	-	-	-	0.1	0.1	-	-	-
Current assets	£m	-	-	-	-	-	-	-	-	-	-	0.3	0.1	-	-	-	-	-	-	-	-	-
Current liabilities	£m	-	-	-	-	-	-	-	-	-	-	(0.2)	-	-	-	-	-	-	-	-	-	-
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total MCE	£m	-	-	-	-	-	-	-	-	-	-	1.5	0.4	0.1	-	-	-	0.1	0.1	-	-	-

9.3.3 IEC BT+2 Exchanges Analysis of Service MCE (continued)

Restated for the year ended 31 March 2021

	£m	Optical services - main link		Direct ECC basket		Time related charges		Ancillaries		Other ancillaries		Other services		IFRS 15 deferred revenue		IFRS 15 SLG		Rounding		Total		
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
Non-current assets																						
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	-
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8	0.3	-
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.1
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	1.7	0.5	-
Current assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.4	0.2	-
Current liabilities	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.1)	-	-	-	(0.1)	(0.4)	(0.2)	-
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.2	(0.1)	0.2	-
Total MCE	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.1)	-	-	0.1	0.3	1.6	0.7	-

Section 10

Review of Shared Ancillaries

Section 10 – Review of Shared Ancillaries

10.1.1 Shared Ancillaries Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Service														
Cablelink	1.0	4.5	5.5	10,721	18,743	lines	93.96	241.14	1.3	2.5	5.8	10.0	(5.4)%	20.5%
Accommodation	0.8	103.4	104.2	(ux)	(ux)	(ux)	(sx)	(sx)	-	60.8	-	185.3	3,459.3%	23.0%
Electricity charges	-	32.1	32.1	(ux)	(ux)	(ux)	(sx)	(sx)	-	31.0	-	9.3	-	11.6%
Total Shared Ancillaries	1.8	140.0	141.8						1.3	94.3	5.8	204.6	8.0%	22.3%

10.1.1 Shared Ancillaries Summary

Restated for the year ended 31 March 2021

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price	Internal Opex	External Opex	Internal MCE	External MCE	Internal ROCE	External ROCE
	£m	£m	£m				£	£	£m	£m	£m	£m	%	%
Service														
Cablelink	1.0	4.3	5.3	9,589	16,244	lines	105.08	266.05	1.2	1.7	5.3	8.9	(2.7)%	29.9%
Accommodation	0.8	107.3	108.1	(ux)	(ux)	(ux)	(sx)	(sx)	-	64.2	-	178.9	2,502.1%	24.1%
Electricity charges	-	31.2	31.2	(ux)	(ux)	(ux)	(sx)	(sx)	-	30.3	-	10.3	-	8.9%
Total Shared Ancillaries	1.8	142.8	144.6						1.2	96.2	5.3	198.1	12.1%	23.3%

Section 10 – Review of Shared Ancillaries

10.1.2 Shared Ancillaries Analysis of Service Cost For the year ended 31 March 2022

		Cablelink		Accommodation		Electricity charges		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(i) Operating costs by type											
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-
Net labour costs	£m	0.6	1.2	-	13.0	-	1.3	0.1	-	0.7	15.5
Product costs & sales commissions	£m	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	0.1	0.2	-	11.4	-	27.9	-	1.0	0.1	40.5
Network operating and IT costs	£m	0.1	0.1	-	3.9	-	0.4	-	(0.1)	0.1	4.3
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	0.1	-	0.1
Other operating costs	£m	(0.1)	(0.2)	-	5.5	-	0.6	-	(0.1)	(0.1)	5.8
Other operating income	£m	-	-	-	(0.6)	-	-	-	-	-	(0.6)
Total operating costs before depreciation	£m	0.7	1.3	-	33.2	-	30.2	0.1	0.9	0.8	65.6
Depreciation											
Duct	£m	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-
Fibre	£m	0.4	0.7	-	-	-	-	-	-	0.4	0.7
Electronics	£m	-	-	-	-	-	-	-	-	-	-
Software	£m	0.1	0.2	-	1.4	-	0.3	-	(0.1)	0.1	1.8
Right of use assets	£m	-	0.1	-	8.6	-	0.1	-	-	-	8.8
Land and buildings	£m	-	-	-	0.4	-	-	-	-	-	0.4
Other assets	£m	-	-	-	17.2	-	-	-	0.4	-	17.6
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.5	1.0	-	27.6	-	0.4	-	0.3	0.5	29.3
Total HCA operating costs	£m	1.2	2.3	-	60.8	-	30.6	0.1	1.2	1.3	94.9
CCA adjustments											
Holding gains	£m	-	-	-	(1.4)	-	-	-	-	-	(1.4)
Supplementary depreciation	£m	-	-	-	1.6	-	-	-	-	-	1.6
Other CCA adjustments	£m	-	-	-	(0.6)	-	-	-	-	-	(0.6)
Rounding	£m	-	(0.1)	-	0.1	-	-	-	(0.2)	-	(0.2)
Total CCA operating costs	£m	1.2	2.2	-	60.5	-	30.6	0.1	1.0	1.3	94.3
Total CCA operating cost includes the following:											
Cumulo charges		0.1	0.1	-	2.1	-	-	-	0.1	0.1	2.3
Openreach SLGs		-	-	-	-	-	-	-	-	-	-
Leaver costs		-	-	-	0.8	-	0.1	-	-	-	0.9

		Cablelink		Accommodation		Electricity charges		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(ii) Operating costs by division											
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-
Openreach											
Service and network delivery	£m	0.2	0.4	-	0.7	-	0.1	-	-	0.2	1.2
Openreach support functions	£m	0.1	0.2	-	4.7	-	0.7	-	0.1	0.1	5.7
Openreach total	£m	0.3	0.6	-	5.4	-	0.8	-	0.1	0.3	6.9
Rest of BT											
Group centre	£m	0.2	0.5	-	2.1	-	0.6	(0.2)	-	-	3.2
Property and facilities	£m	0.1	0.1	-	8.2	-	0.1	(0.1)	(0.1)	-	8.3
Technology	£m	0.1	0.1	-	17.5	-	28.6	0.4	0.9	0.5	47.1
Consumer, Global and Enterprise	£m	-	-	-	-	-	0.1	-	-	-	0.1
Rest of BT total	£m	0.4	0.7	-	27.8	-	29.4	0.1	0.8	0.5	58.7
Operating cost before depreciation	£m	0.7	1.3	-	33.2	-	30.2	0.1	0.9	0.8	65.6

Section 10 – Review of Shared Ancillaries

10.1.2 Shared Ancillaries Analysis of Service Cost

Restated for the year ended 31 March 2021

		Cablelink		Accommodation		Electricity charges		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(i) Operating costs by type											
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-
Net labour costs	£m	0.6	1.0	-	13.1	-	1.1	-	(0.4)	0.6	14.8
Product costs & sales commissions	£m	-	-	-	0.3	-	0.2	-	0.1	-	0.6
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-
Property & energy costs	£m	0.1	0.1	-	11.4	-	28.1	-	0.3	0.1	39.9
Network operating and IT costs	£m	0.1	0.1	-	3.1	-	0.3	-	(0.2)	0.1	3.3
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	0.1	-	-	-	-	-	0.1
Other operating costs	£m	(0.2)	(0.3)	-	12.0	-	0.5	-	(0.4)	(0.2)	11.8
Other operating income	£m	-	-	-	(0.7)	-	-	-	-	-	(0.7)
Total operating costs before depreciation	£m	0.6	0.9	-	39.3	-	30.2	-	(0.6)	0.6	69.8
Depreciation											
Duct	£m	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-
Fibre	£m	0.3	0.6	-	-	-	-	-	-	0.3	0.6
Electronics	£m	-	-	-	-	-	-	-	-	-	-
Software	£m	0.2	0.3	-	1.1	-	0.2	-	0.1	0.2	1.7
Right of use assets	£m	-	0.1	-	7.7	-	-	-	-	-	7.8
Land and buildings	£m	-	-	-	0.3	-	-	-	-	-	0.3
Other assets	£m	-	-	-	17.4	-	0.5	-	-	-	17.9
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.5	1.0	-	26.5	-	0.7	-	0.1	0.5	28.3
Total HCA operating costs	£m	1.1	1.9	-	65.8	-	30.9	-	(0.5)	1.1	98.1
CCA adjustments											
Holding gains	£m	-	-	-	(1.2)	-	-	-	(0.6)	-	(1.8)
Supplementary depreciation	£m	-	-	-	1.5	-	-	-	(0.1)	-	1.4
Other CCA adjustments	£m	-	-	-	(1.0)	-	-	-	-	-	(1.0)
Rounding	£m	0.1	0.1	-	(0.9)	-	(0.6)	-	0.9	0.1	(0.5)
Total CCA operating costs	£m	1.2	2.0	-	64.2	-	30.3	-	(0.3)	1.2	96.2
Total CCA operating cost includes the following:											
Cumulo charges		0.1	0.1	-	2.4	-	-	-	-	0.1	2.5
Openreach SLGs		-	-	-	-	-	-	-	-	-	-
Leaver costs		-	0.1	-	0.8	-	-	-	-	-	0.9

		Cablelink		Accommodation		Electricity charges		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
(ii) Operating costs by division											
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-
Openreach											
Service and network delivery	£m	0.2	0.3	-	1.1	-	0.7	-	-	0.2	2.1
Openreach support functions	£m	0.1	0.2	-	10.9	-	0.3	-	(0.4)	0.1	11.0
Openreach total	£m	0.3	0.5	-	12.0	-	1.0	-	(0.4)	0.3	13.1
Rest of BT											
Group centre	£m	0.1	0.2	-	2.3	-	0.5	-	(0.4)	0.1	2.6
Property and facilities	£m	0.1	0.1	-	8.0	-	0.1	-	0.1	0.1	8.3
Technology	£m	0.1	0.1	-	16.8	-	28.5	-	0.1	0.1	45.5
Consumer, Global and Enterprise	£m	-	-	-	0.2	-	0.1	-	-	-	0.3
Rest of BT total	£m	0.3	0.4	-	27.3	-	29.2	-	(0.2)	0.3	56.7
Operating cost before depreciation	£m	0.6	0.9	-	39.3	-	30.2	-	(0.6)	0.6	69.8

Section 10 – Review of Shared Ancillaries

10.1.3 Shared Ancillaries Analysis of Service MCE

For the year ended 31 March 2022

		Cablelink		Accommodation		Electricity charges		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
Non-current assets											
Duct	£m	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-
Fibre	£m	5.0	8.5	-	-	-	-	-	(0.1)	5.0	8.4
Electronics	£m	-	-	-	-	-	-	-	-	-	-
Software	£m	0.3	0.5	-	4.5	-	1.1	-	(0.1)	0.3	6.0
Land and buildings	£m	-	-	-	5.3	-	0.1	-	(0.1)	-	5.3
Right of use assets	£m	0.2	0.3	-	18.8	-	0.2	-	0.1	0.2	19.4
Other assets	£m	0.1	0.2	-	155.0	-	1.3	-	-	0.1	156.5
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	5.6	9.5	-	183.6	-	2.7	-	(0.2)	5.6	195.6
Current assets	£m	0.8	1.5	0.1	31.8	-	10.3	(0.1)	-	0.8	43.6
Current liabilities	£m	(0.5)	(1.0)	-	(28.0)	-	(3.6)	(0.1)	-	(0.6)	(32.6)
Provisions	£m	-	-	-	(1.6)	-	(0.1)	-	-	-	(1.7)
Rounding	£m	(0.1)	-	(0.1)	(0.5)	-	-	0.2	0.2	-	(0.3)
Total MCE	£m	5.8	10.0	-	185.3	-	9.3	-	-	5.8	204.6

10.1.3 Shared Ancillaries Analysis of Service MCE

Restated for the year ended 31 March 2021

		Cablelink		Accommodation		Electricity charges		Rounding		Total	
		Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext
Non-current assets											
Duct	£m	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-
Fibre	£m	4.2	6.9	-	-	-	-	-	-	4.2	6.9
Electronics	£m	-	-	-	-	-	-	-	-	-	-
Software	£m	0.5	0.9	-	3.6	-	0.9	-	(0.1)	0.5	5.3
Land and buildings	£m	-	-	-	5.2	-	-	-	-	-	5.2
Right of use assets	£m	0.2	0.3	-	22.8	-	0.2	-	(0.1)	0.2	23.2
Other assets	£m	0.1	0.1	-	142.7	-	1.3	-	(0.3)	0.1	143.8
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	5.0	8.2	-	174.3	-	2.4	-	(0.5)	5.0	184.4
Current assets	£m	0.7	1.4	0.1	33.7	-	10.5	-	(0.5)	0.8	45.1
Current liabilities	£m	(0.4)	(0.7)	-	(27.2)	-	(2.5)	-	-	(0.4)	(30.4)
Provisions	£m	-	-	-	(1.6)	-	-	-	(0.1)	-	(1.7)
Rounding	£m	-	-	(0.1)	(0.3)	-	(0.1)	-	1.1	(0.1)	0.7
Total MCE	£m	5.3	8.9	-	178.9	-	10.3	-	-	5.3	198.1

Section 11

Review of Wholesale Call Termination (WCT) Market

Section 11 - Review of WCT Market

11.1 WCT Summary

For the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price
	£m	£m	£m	mm	mm		pence	pence
Service								
Wholesale call termination	1.8	4.3	6.1	6,062	13,854	lines	0.0301	0.0310
Total WCT	1.8	4.3	6.1					

11.1 WCT Summary

Restated for the year ended 31 March 2021

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price	External average price
	£m	£m	£m	mm	mm		pence	pence
Service								
Wholesale call termination	2.9	5.2	8.1	10,192	17,954	lines	0.0281	0.0292
Total WCT	2.9	5.2	8.1					

Section 12

Review of TDM Interconnection

Section 12 – Review of TDM Interconnection

12.1 TDM Interconnection Summary For the year ended 31 March 2022

	External Revenue	External Volume	Measure	External average price
	£m			£
Service				
Wholesale IEC connections	-	72	lines	541.64
Wholesale IEC rentals - fixed	1.6	4,581	lines	338.52
Wholesale IEC rentals - per km	1.1	46,618	lines	22.80
Wholesale intra-building circuits connections	0.1	97	lines	901.60
Wholesale intra-building circuits rentals	1.4	12,230	lines	112.56
Wholesale rearrangements	0.1	220	lines	507.50
Total TDM Interconnection	4.3			

Notes

1) Services not offered

Wholesale CSI connections, Wholesale CSI rentals - fixed, Wholesale CSI rentals - per km, Wholesale ISI links rentals, Wholesale ISI links per km are offered in the interconnect basket of products, but fall outside the regulated area (DLE). As such are not included in the Regulatory Financial Statements.

12.1 TDM Interconnection Summary Restated for the year ended 31 March 2021

	External Revenue	External Volume	Measure	External average price
	£m			£
Service				
Wholesale IEC connections	-	65	lines	541.63
Wholesale IEC rentals - fixed	1.8	5,356	lines	338.52
Wholesale IEC rentals - per km	1.2	54,681	lines	22.80
Wholesale intra-building circuits connections	0.3	309	lines	901.60
Wholesale intra-building circuits rentals	1.5	13,315	lines	112.56
Wholesale rearrangements	-	70	lines	507.50
Total TDM Interconnection	4.8			

Notes

1) Services not offered

Wholesale CSI connections, Wholesale CSI rentals - fixed, Wholesale CSI rentals - per km, Wholesale ISI links rentals, Wholesale ISI links per km are offered in the interconnect basket of products, but fall outside the regulated area (DLE). As such are not included in the Regulatory Financial Statements.

Section 13

Review of IP Interconnection

Section 13 – Review of IP Interconnection

13.1 IP Interconnection Summary For the year ended 31 March 2022

	External Revenue	External Volume	Measure	External average price
	£k			£
Service				
IP Exchange service set-up charges	21.9	14	Connections (Internet, NAP or PoP)	1,563.21
IP Exchange interoperability testing charges	11.3	23	days	500.00
IP Exchange port charges ¹	-	94,834	units	-
Total IP Interconnection	33.2			

Notes

Interconnection reporting includes revenue, volume and price information as well as cost estimates for the year. Price and volume information was unavailable for the year ended March 31 2021 and we will therefore not be able to publish a comparative for this year.

1) Services not offered

The following services are not offered at present:

- IP Exchange circuit charges - direct access at BT exchanges

2) Estimates of costs:

	Direct £	Mark up for common costs £	Return on capital employed ² %	Total estimate £
IP Exchange service set-up charges	4,680	9,190	-	13,870
IP Exchange interoperability testing charges	5,199	10,210	-	15,409

The IP Exchange port charges service does not attract labour cost or other costs as this is a rental service. BT rents the assets from Openreach at a very small cost, therefore there is no capital cost of assets or depreciation. The cost of maintenance is included in the rental cost.

¹BT does not levy separate port charges by access type therefore BT is permitted to omit these services from the RFS.

²There are no assets associated with IP Interconnect, therefore return on capital employed is 0%.

Appendix 1

Network Adjustments Restated on MCE Basis

Appendix 1 – Network Adjustments Restated on MCE Basis

Appendix 1.1 - Network adjustments restated on MCE basis

For the year ended 31 March 2022

	Internal MCE £m	External MCE £m	Total MCE £m
Above the financial limit	5	-	5
Below the financial limit	55	14	69
	60	14	74

Appendix 1.2 - Network adjustments restated on MCE basis

Restated for the year ended 31 March 2021

	Internal MCE £m	External MCE £m	Total MCE £m
Above the financial limit	2	-	2
Below the financial limit	28	7	35
	30	7	37

Appendix 2

Reconciliation Report

Appendix 2 - Reconciliation Report

2.1. Comparability of Current and Prior Year Results

This reconciliation report is prepared in line with the basis of preparation set out in Section 2 of these RFS, except for the adjustments to methodologies and correction of errors as described within. It sets out:

- details of changes to regulatory accounting methodologies for the FY22 RFS (Section 2.2);
- details of errors, which meet Ofcom's definition of materiality, subsequently identified in the FY21 RFS (Section 2.3);
- restatement walks presenting the impact of these methodology changes and material error corrections on revenue, operating cost and MCE results for the FY21 RFS, originally published on 30 July 2021 (Section 2.4); and
- restatement walks presenting the impact of these methodology changes on the FY22 RFS (Section 2.5)

2.2 Methodology Changes

The impact of material methodology changes as defined by Ofcom (i.e. resulting in a change of any figure in the RFS which exceeds the higher of 5% or £1m), as well as cumulative non-material changes, interactions and roundings on the 2020/21 RFS results are detailed in the restatement walk tables set out in Section 2.4.

The impacts of these methodology changes on the FY22 RFS results are set out in Section 2.5.

Market Definition Changes

i. Changes to Market Structure

Ofcom's WFTMR and WVMR statements redefined the markets in which we are deemed to have SMP and are required to present within the RFS. We have restated the FY21 RFS results in line with the new market structure, as details in section 2.1.1 of the FY22 CCN. The impact of this methodology change varies to that shown in the CCN. This is due to an update to our estimates. Consequently we have revised our impacts on revenue, cost and MCE in line with the new market structure. The impact of these changes are set out in Section 2.4 of this report.

Other Ofcom Directed Changes

ii. Changes to RFS Form and Content

Ofcom's WFTMR and WVMR statements redefined the reporting requirements for the RFS. We have updated the RFS form and content to ensure compliance, as detailed in Section 2.1.2 of the FY22 CCN.

This change updates sector reporting to align reported cost and MCE categories to the annual report, as directed in Ofcom's WFTMR and WVMR statements. A number of assets previously categorised as accommodation plant network have been reclassified as land and buildings, therefore the values reported will differ between the FY21 restated and FY21 published. All other sectors will not be able to be identified between FY21 restated and FY21 published RFS.

iii. Changes to Network Components

Ofcom's WFTMR statement directs us to use network components set out in Annex A to Direction six, and allows us to remove components we do not use. We have updated our methodology as detailed in Section 2.1.3 of the FY22 CCN. The impact of these changes are set out in Section 2.4 of this report.

iv. Unit Cost Calculation

Ofcom's WFTMR statement directs us to prepare unit cost by reference to 'national unit cost'. We have updated our methodology as detailed in Section 2.1.4 of the FY22 CCN. The impact of this methodology change varies to that shown in the CCN. This is due to an update to our estimates. Consequently we have revised our impacts on revenue, cost and MCE in line with this methodology and the impact of this change is set out in Section 2.4 of this report.

v. Decapitalisation Review

We conducted a review of how we treat assets, in line with Ofcom's WFTMR Regulatory Accounting Principles (RAP) and have decapitalised expedite services in the RFS. We have updated our methodology as detailed in Section 2.1.5 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report.

vi. New Methodology for Duct

Ofcom's WFTMR statement directs us to separately identify the net replacement cost and depreciation of duct installed before and after 31 March 2018 and attribute costs associated with pre-March 2018 using fixed percentages provided by Ofcom. We have updated our methodology as detailed in Section 2.1.6 of the FY22 CCN. The impact of these changes are set out in Section 2.4 of this report.

vii. New Methodology for Poles

Ofcom's WFTMR statement directs us to identify and report the volumes and capital costs of poles separately from other assets and infrastructure costs, and set the accounting asset life of poles to 40 years as of 1 April 2021. We have updated our methodology as detailed in Section 2.1.7 of the FY22 CCN. The impact of this methodology change varies to that shown in the CCN. This is due to an update to our estimates. Consequently we have revised our impacts on revenue, cost and MCE in line with this methodology. The impact of these changes are set out in Section 2.4 of this report.

viii. New Methodology for Dark Fibre

Ofcom's WFTMR statement directs us to report dark fibre services within IEC BT only, IEC BT+1 and LLA Area 3 Markets. We have updated our methodology as detailed in Section 2.1.8 of the FY22 CCN. The impact of these changes are set out in Section 2.4 of this report.

BT Driven Changes

Other BT Driven Changes

ix. ISDN ORBIT Data Sources

We have updated our methodology to remove the adjustment splitting ISDN2 and ISDN30 between pre- and post-December 2018, as detailed in Section 2.2.1 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report.

x. Business Reorganisations

We have updated our cost attributions to minimise the impact of business reorganisations on our methodologies, as detailed in Section 2.2.3 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report.

xi. Discontinuation of Broadband Boost

We have removed the Broadband boost product data from our methodology as this product was discontinued from 1 May 2020, as detailed in Section 2.2.3 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report.

Changes Driven by BT's ERP Implementation Project

xii. Activity Group Simplification

We have updated our methodology to allocate certain BT Group pay costs using AG116 and removing AG115, as detailed in Section 2.3.1 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report.

xiii. Transfer Charges

We have removed the system driven transfer charge logic and applied rules directly to general ledger data, as detailed in Section 2.3.2 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report.

xiv. BT Protect

We have updated our methodology to apportion pay costs on the Central Security profit centre via the BTPROTECT base, as detailed in Section 2.3.3 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report.

xv. Cumulo Charge

We have updated our methodology to use a Cumulo data source rather than general ledger data, as detailed in Section 2.3.4 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report.

xvi. Service Level Guarantees (SLGs)

We have updated our methodology to use the SLGs data source rather than general ledger data, as detailed in Section 2.3.5 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report.

xvii. Openreach Organisational Units

We have updated our methodology to use the new data sources to report at the required level of granularity, as detailed in Section 2.3.6 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report.

xviii. Data Inputs

We have updated our methodology to use the new data sources to report at the required level of granularity, as detailed in Section 2.3.7 of the FY22 CCN. The impact of this change is set out in Section 2.4 of this report. The impact of this methodology change varies to that shown in the CCN. This is due to an update to our estimates. Consequently we have revised our impacts on revenue, cost and MCE in line with this methodology and the impact of this change is set out in Section 2.4 of this report.

Appendix 2 - Reconciliation Report

Methodology Changes Not Reversed in the Reconciliation Report

All of the above methodology changes are included in the FY21 restated results published in these RFS, these are presented in the tables shown in Section 2.4. The following changes included in our FY22 CCN have not been reversed in the restatement walks presenting the impact of these methodology changes on the FY22 RFS which are presented in the tables shown in Section 2.5:

i. Changes to Market Structure (CCN Section 2.1.1)

This change was implemented as part of Ofcom's WFTMR and WVMR statements redefining the markets in which are deemed to have SMP, so has not been reversed.

ii. Changes to RFS Form and Content (CCN Section 2.1.2)

This change was implemented as part of Ofcom's WFTMR and WVMR statements redefining the reporting requirements for the RFS. This change is a reporting change only and so has not been reversed.

iii. New Methodology for Dark Fibre (CCN Section 2.1.8)

This change was implemented as part of Ofcom's WFTMR statement directing us to now report dark fibre services within the new redefined SMP markets as mentioned above. Therefore this change has not been reversed.

iv. ISDN ORBIT Data Sources (CCN Section 2.2.1)

This change was implemented as part of Ofcom's WFTMR statement directing us that we no longer are directed to report ISDN2 and ISDN30 market split. This data source is no longer available for FY22 due to limitations in data capability for legacy products, therefore this change has not been reversed.

v. Business Reorganisations (CCN Section 2.2.2)

These changes relate to reorganisations of business structure from 1 April 2021 and therefore have not been reversed.

vi. Discontinuation of Broadband Boost (CCN Section 2.2.3)

This change relates to the discontinuation of a product, therefore the change is applied prospectively and has not been reversed.

vii. Transfer Charges (CCN Section 2.3.2)

This change was due to general ledger changes resulting from the ERP implementation project, and therefore has not been reversed.

viii. BT Protect (CCN Section 2.3.3)

This change was due to general ledger changes resulting from the ERP implementation project, and therefore has not been reversed.

ix. Cumulo Charge (CCN Section 2.3.4)

This change was due to general ledger changes and changes to the input data, therefore this change has not been reversed.

x. Service Level Guarantees (CCN Section 2.3.5)

This change was due to general ledger changes resulting from the ERP implementation project, and therefore has not been reversed.

xi. Openreach Organisational Units (CCN Section 2.3.6)

These changes relate to changes to general ledger structure and associated reporting hierarchies resulting from BT migrating to a new ERP, and therefore have not been reversed.

xii. Data Inputs (CCN Section 2.3.7)

These changes relate to changes to general ledger structure and associated reporting hierarchies resulting from BT migrating to a new ERP, and therefore have not been reversed.

The following changes included in our FY22 CCN have been partially reversed in the restatement walks presenting the impact of these methodology changes on the FY22 RFS which are presented in the tables shown in Section 5:

xiii. New Methodology for Poles

Part of this methodology change that sets the accounting asset life of poles to 40 years is unable to be reversed, due to limitations in data capability. Therefore part of this change has not been reversed.

2.3 Error Corrections

The prior year comparatives have been restated to reflect the correction of errors which meet Ofcom's definition of a material error (i.e. resulting in a change of any figure in the RFS which exceeds the higher of 5% or £1m). The error must fulfil at least one of the following conditions:

- the error has arisen within the Regulatory Attribution System; or
- the error has been brought to the attention of the Audit and Risk Committee by the Regulatory Auditor.

The impacts of correcting these material errors on the FY21 RFS results are detailed in the restatement walk tables set out in Section 2.4.

i. PIA Network Adjustments Note Error

An error was identified in the reporting of 'enabling works above the financial limit' within the 'Network adjustments' note presented on the Physical Infrastructure Market summary schedule of the RFS. The number presented in the note was incorrectly reported and did not agree to the detailed reported balance. The error was identified during a routine review, carried out by Openreach.

ii. BDUK data Error

An error was identified in the data input relating to the value of grant funding. This error was identified during a routine process review carried out by Openreach.

iii. Service Level Guarantees Error

An error was identified in a cost allocation workflow, with two general ledger codes being double counted. This error was identified during a routine process review

2.4 Restatement Walks - Prior Year Results Restated under New Methodologies and Material Errors Corrected

The market impact structure changes have been reported in separate tables to the other methodology changes within Sections 2.4.1, 2.4.3 and 2.4.5. These tables set out the figures published in the RFS for the year ended 31 March 2021, alongside the market structure changes implemented in FY22, to present these figures restated to reflect if such market structures had been implemented during FY21.

The impact of all other methodology changes have been reported in tables within Sections 2.4.2, 2.4.4 and 2.4.6. These tables set out the FY21 figures restated for market structure changes, alongside the impacts of all other methodology changes implemented in FY22, to present these figures restated to reflect if such methodology changes had been implemented during FY21.

The purpose of separating the impacts of changes to market structure from all other methodology changes is to improve the legibility of the impact tables.

Appendix 2 - Reconciliation Report

2.4.1 Restatement Walks - Changes to Market Structure to Published FY21 RFS Revenue

The table below sets out the impact of the market structure changes detailed in Section 2.1.1 of CCN has to the published FY21 RFS revenue figures, at the level of Markets and Technical Areas.

Included in these restatement walks is the sub total *Cumulative non-material changes, interactions and Rounding* included in this total are the correction of errors which don't meet Ofcom's definition of material, any interactions as a result of the order of methodology changes and rounding.

Reconciliation report - Market structure change - Revenue

Restated for the year ended 31 March 2021

Market name	2021 published RFS	Revenue (£m) Impact of change	2021 restated
Physical infrastructure	712	-	712
WLA	2,555	(2,555)	-
WLA Area 2	-	1,580	1,580
WLA Area 3	-	847	847
CI Access services – BT Only	415	(415)	-
CI Access services – BT+1	204	(204)	-
High network reach areas outside CLA	27	(27)	-
LLA Area 2	-	366	366
LLA Area 3	-	254	254
LLA High network reach	-	37	37
Technical areas (dark fibre) inter exchange	1	(1)	-
IEC BT only exchanges	-	104	104
Technical areas (non-dark fibre) inter exchange	171	(171)	-
IEC BT + 1 exchanges	-	52	52
IEC BT + 2 exchanges	-	2	2
WFAEL	1,490	(1,490)	-
ISDN2	54	(54)	-
ISDN30	94	(94)	-
Shared ancillaries	-	144	144
Total Openreach SMP markets	5,723	(1,625)	4,098
Openreach residual	216	(216)	-
Non-SMP Openreach	-	1,841	1,841
Eliminations	(678)	-	(678)
Total Openreach	5,261	-	5,261
Fixed Call Origination	125	(125)	-
Fixed Geographic Call Termination	8	(8)	-
Technical Areas (DLE Interconnect Circuits)	5	(5)	-
WBA (Market A)	166	(166)	-
Total Rest of BT SMP Markets	304	(304)	-
Rest of BT residual	20,656	(20,656)	-
Total rest of BT	-	20,960	20,960
Eliminations	(4,888)	-	(4,888)
Rounding	(2)	-	(2)
Total markets	21,331	-	21,331

Appendix 2 - Reconciliation Report

2.4.2 Restatement Walks - Impact of All Other Methodology Changes to Published FY21 RFS Revenue

Below sets out the impact each change has to the published FY21 RFS revenue figures (£m), at Market level.

Reconciliation report - All other changes - Revenue

Restated for the year ended 31 March 2021

	Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	Openreach					Shared ancillaries	Total Non-SMP	Eliminations	Total Openreach	BT Group		
						LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Total Rest of BT					Eliminations	Rounding	Total Markets
2021 Published RFS revenue	712	1,580	847	366	254	37	104	52	2	144	1,841	(678)	5,261	20,960	(4,888)	(2)	21,331
Other Ofcom directed changes	(10)	-	-	-	-	-	-	-	-	-	-	10	-	-	-	-	-
BT driven changes	2	-	-	-	-	-	-	-	-	-	(4)	1	(1)	(94)	94	1	-
Total effect of methodology changes	(8)	-	-	-	-	-	-	-	-	-	(4)	11	(1)	(94)	94	1	-
2021 restated for all methodology changes	704	1,580	847	366	254	37	104	52	2	144	1,837	(667)	5,260	20,866	(4,794)	(1)	21,331
Changes to RFS form and content	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes to network components	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unit cost calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decapitalisation review	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New methodology for duct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New methodology for poles	(10)	-	-	-	-	-	-	-	-	-	-	10	-	-	-	-	-
New methodology for dark fibre	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total effect of Ofcom directed methodology changes	(10)	-	-	-	-	-	-	-	-	-	-	10	-	-	-	-	-
BT driven changes																	
ISDN ORBIT data sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business reorganisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontinuation of Broadband Boost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activity group simplification	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer charges	(1)	-	-	-	-	-	-	-	-	-	-	1	-	2	(2)	-	-
BT Protect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulo charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach organisational units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Data inputs	3	-	-	-	-	-	-	-	-	-	(4)	-	(1)	(96)	96	1	-
Total effect of BT driven methodology changes	2	-	-	-	-	-	-	-	-	-	(4)	1	(1)	(94)	94	1	-
Cumulative non-material changes, interactions and Rounding	(1)	-	(1)	1	(1)	-	(1)	-	(1)	1	5	5	7	(5)	(3)	1	-
Total effect of all methodology changes	(9)	-	(1)	1	(1)	-	(1)	-	(1)	1	1	16	6	(99)	91	2	-
Changes due to correction of material errors																	
PIA network adjustments note error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BDOUK data error	5	-	-	-	-	-	-	-	-	-	-	(5)	-	-	-	-	-
Service level guarantees	-	6	4	-	1	-	-	-	-	-	(8)	(3)	-	-	-	-	-
Total effect of correcting material errors	5	6	4	-	1	-	-	-	-	-	(8)	(8)	-	-	-	-	-
Total effect of all methodology changes and correcting material errors	(4)	6	3	1	-	-	(1)	-	(1)	1	(7)	8	6	(99)	91	2	-
2021 RFS figures reflecting all methodology changes	708	1,586	850	367	254	37	103	52	1	145	1,834	(670)	5,267	20,861	(4,797)	-	21,331

Appendix 2 - Reconciliation Report

2.4.3 Restatement Walks - Changes to Market Structure to Published FY21 RFS CCA Operating Costs

The table below sets out the impact of the market structure changes detailed in Section 2.1.1 of CCN has to the published FY21 RFS CCA operating cost figures, at the level of Markets and Technical Areas.

Reconciliation report - Market structure change - Cost Restated for the year ended 31 March 2021

Market name	2021 published RFS	Cost (£m)	Impact of change	2021 restated
Physical infrastructure	344	-	-	344
WLA	2,320	(2,320)	-	-
WLA Area 2	-	1,411	-	1,411
WLA Area 3	-	817	-	817
CI Access services – BT Only	360	(360)	-	-
CI Access services – BT+1	145	(145)	-	-
High network reach areas outside CLA	17	(17)	-	-
LLA Area 2	-	283	-	283
LLA Area 3	-	217	-	217
LLA High network reach	-	22	-	22
Technical areas (dark fibre) inter exchange	1	(1)	-	-
IEC BT only exchanges	-	59	-	59
Technical areas (non-dark fibre) inter exchange	93	(93)	-	-
IEC BT + 1 exchanges	-	27	-	27
IEC BT + 2 exchanges	-	1	-	1
WFAEL	1,271	(1,271)	-	-
ISDN2	37	(37)	-	-
ISDN30	70	(70)	-	-
Shared ancillaries	-	103	-	103
Total Openreach SMP markets	4,658	(1,374)		3,284
Openreach residual	130	(130)	-	-
Non-SMP Openreach	-	1,504	-	1,504
Eliminations	(678)	-	-	(678)
Total Openreach	4,110	-		4,110
Fixed Call Origination	85	(85)	-	-
Fixed Geographic Call Termination	94	(94)	-	-
Technical Areas (DLE Interconnect Circuits)	4	(4)	-	-
WBA (Market A)	40	(40)	-	-
Total Rest of BT SMP Markets	223	(223)		-
Rest of BT residual	19,552	(19,552)	-	-
Total rest of BT	-	19,775		19,775
Eliminations	(4,950)	-	-	(4,950)
Rounding	1	-	-	1
Total markets	18,936	-		18,936

Appendix 2 - Reconciliation Report

2.4.4 Restatement Walks - Impact of All Other Methodology Changes to Published FY21 RFS CCA Operating Costs

Below sets out the impact each change has to the published FY21 RFS CCA operating cost figures (£m), at Market level.

Reconciliation report - All other changes - Cost

Restated for the year ended 31 March 2021

	Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	Openreach							Total Openreach	BT Group			Total Markets
						LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Total Non-SMP	Eliminations		Total Rest of BT	Eliminations	Rounding	
2021 Published RFS cost	344	1,411	817	283	217	22	59	27	1	103	1,504	(678)	4,110	19,775	(4,950)	1	18,936
Other Ofcom directed changes	(11)	1	-	20	(39)	8	(10)	4	1	-	13	11	(2)	-	-	1	(1)
BT driven changes	2	10	6	-	-	-	(1)	-	-	(4)	(2)	(2)	9	(98)	95	-	6
Total effect of methodology changes	(9)	11	6	20	(39)	8	(11)	4	1	(4)	11	9	7	(98)	95	1	5
2021 restated for all methodology changes	335	1,422	823	303	178	30	48	31	2	99	1,515	(669)	4,117	19,677	(4,855)	2	18,941
Changes to RFS form and content	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes to network components	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unit cost calculation	-	-	-	19	(36)	7	(9)	3	1	-	14	-	(1)	-	-	1	-
Decapitalisation review	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)	-	-	-	(1)
New methodology for duct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New methodology for poles	(11)	1	-	1	(3)	1	(1)	1	-	-	-	11	-	-	-	-	-
New methodology for dark fibre	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total effect of Ofcom directed methodology changes	(11)	1	-	20	(39)	8	(10)	4	1	-	13	11	(2)	-	-	1	(1)
BT driven changes																	
ISDN ORBIT data sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business reorganisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontinuation of Broadband Boost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activity group simplification	-	1	1	-	-	-	-	-	-	-	(1)	-	1	-	-	(2)	(1)
Transfer charges	(1)	(1)	-	(3)	(2)	-	-	-	-	-	(8)	1	(14)	15	(2)	1	-
BT Protect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulo charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach organisational units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Data inputs	3	10	5	3	2	-	(1)	-	-	(4)	7	(3)	22	(113)	97	1	7
Total effect of BT driven methodology changes	2	10	6	-	-	-	(1)	-	-	(4)	(2)	(2)	9	(98)	95	-	6
Cumulative non-material changes, interactions and Rounding	-	(3)	(1)	-	1	-	2	(2)	(1)	(2)	-	4	(2)	3	(3)	(4)	(6)
Total effect of all methodology changes	(9)	8	5	20	(38)	8	(9)	2	-	(6)	11	13	5	(95)	92	(3)	(1)
Changes due to correction of material errors																	
PIA network adjustments note error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BDOUK data error	5	9	6	-	-	-	-	-	-	-	2	(5)	17	(1)	-	-	16
Service level guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total effect of correcting material errors	5	9	6	-	-	-	-	-	-	-	2	(5)	17	(1)	-	-	16
Total effect of all methodology changes and correcting material errors	(4)	17	11	20	(38)	8	(9)	2	-	(6)	13	8	22	(96)	92	(3)	15
2021 RFS figures reflecting all methodology changes	340	1,428	828	303	179	30	50	29	1	97	1,517	(670)	4,132	19,679	(4,858)	(2)	18,951

Appendix 2 - Reconciliation Report

2.4.5 Restatement Walks - Changes to Market Structure to Published FY21 RFS MCE

The table below sets out the impact of the market structure changes detailed in Section 2.1.1 of CCN has to the published FY21 RFS MCE figures, at the level of Markets and Technical Areas.

Reconciliation report - Market structure change - MCE

Restated for the year ended 31 March 2021

Market name	2021 published RFS	MCE (£m)	Impact of change	2021 restated
Physical infrastructure	5,165	-	-	5,165
WLA	5,739	(5,739)		-
WLA Area 2	-	3,384		3,384
WLA Area 3	-	2,177		2,177
CI Access services – BT Only	968	(968)		-
CI Access services – BT+1	379	(379)		-
High network reach areas outside CLA	41	(41)		-
LLA Area 2	-	807		807
LLA Area 3	-	520		520
LLA High network reach	-	58		58
Technical areas (dark fibre) inter exchange	1	(1)		-
IEC BT only exchanges	-	114		114
Technical areas (non-dark fibre) inter exchange	182	(182)		-
IEC BT + 1 exchanges	-	56		56
IEC BT + 2 exchanges	-	2		2
WFAEL	2,449	(2,449)		-
ISDN2	69	(69)		-
ISDN30	179	(143)		36
Shared ancillaries	-	173		173
Total Openreach SMP markets	15,172	(2,680)		12,492
Openreach residual	498	(498)		-
Non-SMP Openreach	-	3,178		3,178
Eliminations	-	-		-
Total Openreach	15,670	-		15,670
Fixed Call Origination	145	(145)		-
Fixed Geographic Call Termination	158	(158)		-
Technical Areas (DLE Interconnect Circuits)	6	(6)		-
WBA (Market A)	58	(58)		-
Total Rest of BT SMP Markets	367	(367)		-
Rest of BT residual	22,580	(22,580)		-
Total rest of BT	-	22,947		22,947
Eliminations	(136)	-		(136)
Rounding	-	-		-
Total markets	38,481	-		38,481

Appendix 2 - Reconciliation Report

2.4.6 Restatement Walks - Impact of All Other Methodology Changes to Published FY21 RFS MCE

Below sets out the impact each change has to the published FY21 RFS MCE figures (£m), at Market level.

Reconciliation report - All other changes - MCE

Restated for the year ended 31 March 2021

	Openreach											BT Group					
	Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3 network reach	LLA High	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Total Non-SMP	Eliminations	Total Openreach	Total Rest of BT	Eliminations	Rounding	Total Markets
2021 Published RFS MCE	5,165	3,384	2,177	807	520	58	114	56	2	209	3,178	-	15,670	22,947	(136)	-	38,481
Other Ofcom directed changes	5	6	6	40	(122)	23	(12)	4	1	-	31	-	(18)	3	-	2	(13)
BT driven changes	1	(8)	(5)	(2)	(3)	-	-	(1)	-	(5)	(18)	-	(41)	52	-	7	18
Total effect of methodology changes	6	(2)	1	38	(125)	23	(12)	3	1	(5)	13	-	(59)	55	-	9	5
2021 restated for all methodology changes	5,171	3,382	2,178	845	395	81	102	59	3	204	3,191	-	15,611	23,002	(136)	9	38,486
Changes to RFS form and content	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes to network components	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unit cost calculation	-	-	-	51	(115)	24	(12)	4	-	-	46	-	(2)	-	-	2	-
Decapitalisation review	-	(7)	(4)	-	-	-	-	-	-	-	(5)	-	(16)	2	-	1	(13)
New methodology for duct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New methodology for poles	5	13	10	(11)	(6)	(1)	-	-	1	-	(10)	-	1	1	-	(1)	1
New methodology for dark fibre	-	-	-	-	(1)	-	-	-	-	-	-	-	(1)	-	-	-	(1)
Total effect of Ofcom directed methodology changes	5	6	6	40	(122)	23	(12)	4	1	-	31	-	(18)	3	-	2	(13)
BT driven changes																	
ISDN ORBIT data sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business reorganisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontinuation of Broadband Boost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activity group simplification	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer charges	(1)	2	2	(1)	(1)	-	-	-	-	-	(11)	-	(10)	5	-	5	-
BT Protect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulo charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach organisational units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Data inputs	2	(10)	(7)	(1)	(2)	-	-	(1)	-	(5)	(7)	-	(31)	47	-	2	18
Total effect of BT driven methodology changes	1	(8)	(5)	(2)	(3)	-	-	(1)	-	(5)	(18)	-	(41)	52	-	7	18
Cumulative non-material changes, interactions and Rounding	1	(9)	(6)	(5)	(3)	-	(5)	1	(1)	(1)	4	-	(24)	8	-	(8)	(24)
Total effect of all methodology changes	7	(11)	(5)	33	(128)	23	(17)	4	-	(6)	17	-	(83)	63	-	1	(19)
Changes due to correction of material errors																	
PIA network adjustments note error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BDUK data error	(1)	(5)	(3)	-	-	-	-	-	-	-	(1)	-	(10)	(1)	-	1	(10)
Service level guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total effect of correcting material errors	(1)	(5)	(3)	-	-	-	-	-	-	-	(1)	-	(10)	(1)	-	1	(10)
Total effect of all methodology changes and correcting material errors	6	(16)	(8)	33	(128)	23	(17)	4	-	(6)	16	-	(93)	62	-	2	(29)
2021 RFS figures reflecting all methodology changes	5,171	3,368	2,169	840	392	81	97	60	2	203	3,194	-	15,577	23,009	(136)	2	38,452

Appendix 2 - Reconciliation Report

2.5 Restatement Walks - FY22 Restated for FY21 Methodologies

2022 restated for 2021 methodologies

Impact on methodologies on revenue

	Openreach													Rest of BT			
	Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Total Non-SMP	Eliminations	Total Openreach	Total Rest of BT	Eliminations	Rounding	Total Markets
2022 Published RFS	245	1,723	927	420	274	39	115	64	2	142	1,731	(232)	5,450	20,002	(4,603)	2	20,851
New methodology for poles	19	-	-	-	-	-	-	-	-	-	-	(18)	1	-	-	(2)	(1)
Unit cost calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decapitalisation review	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New methodology for duct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes to network components	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2022 RFS figures using 2021 methodologies	264	1,723	927	420	274	39	115	64	2	142	1,731	(250)	5,451	20,002	(4,603)	-	20,850

Impact on methodologies on cost

	Openreach													Rest of BT			
	Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Total Non-SMP	Eliminations	Total Openreach	Total Rest of BT	Eliminations	Rounding	Total Markets
2022 Published RFS	(142)	1,396	761	309	165	29	44	29	1	96	1,067	(232)	3,523	18,632	(4,663)	3	17,495
New methodology for poles	17	(2)	(1)	3	2	-	-	-	-	-	5	(18)	6	-	-	(1)	5
Unit cost calculation	-	(1)	(1)	(11)	24	(5)	4	(1)	(2)	-	(7)	-	-	-	-	-	-
Decapitalisation review	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New methodology for duct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes to network components	-	-	(1)	-	-	-	1	(1)	(1)	-	2	-	-	-	-	-	-
2022 RFS figures using 2021 methodologies	(125)	1,393	758	301	191	24	49	27	(2)	96	1,067	(250)	3,529	18,632	(4,663)	2	17,500

Impact on methodologies on MCE

	Openreach													Rest of BT			
	Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries	Total Non-SMP	Eliminations	Total Openreach	Total Rest of BT	Eliminations	Rounding	Total Markets
2022 Published RFS	5,488	3,869	2,432	910	392	83	95	66	2	210	2,941	-	16,488	21,494	(133)	-	37,849
New methodology for poles	(20)	(14)	(12)	24	11	2	-	-	-	(1)	21	-	11	(13)	-	-	(2)
Unit cost calculation	-	-	-	(45)	108	(27)	10	(3)	(5)	-	(31)	-	7	-	-	-	7
Decapitalisation review	-	6	3	-	-	-	-	-	-	-	-	-	9	(2)	-	-	7
New methodology for duct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes to network components	-	(1)	(1)	-	1	-	2	-	(1)	-	-	-	-	(1)	-	-	(1)
2022 RFS figures using 2021 methodologies	5,468	3,860	2,422	889	512	58	107	63	(4)	209	2,931	-	16,515	21,478	(133)	-	37,860

Appendix 3

Attribution diagrams

Appendix 3 - Attribution diagrams

See Appendix 3: Attribution diagrams published separately to this RFS.

Glossary and Footnotes List

Glossary

AG	Activity Group	HCA	Historical Cost Accounting
AMD	Accounting Methodology Document. This sets out the detailed processes by which revenues and costs are attributed between the SMP Markets, Services and Residual Activities.	IAS	International Accounting Standards
Annual Report	BT Group plc's Annual Report including the consolidated financial statements for the year ended 31 March 2022. These are available on the BT website at: https://www.bt.com/about/investors/financial-reporting-and-news/annual-reports	IEC	Inter-exchange Connectivity
CCA	Current Cost Accounting – adjustments to historical costs arising from the revaluation of assets on a current cost basis. In the statements for individual markets the adjustments comprise the holding gains or losses arising from changes in asset values, together with the effect on asset values and depreciation of the appropriate allocation of current cost asset values between markets and wholesale services.	IFRS	International Financial Reporting Standard
CCN	Change Control Notification	IP	Internet Protocol
ccts	Circuits	ISDN	Integrated Services Digital Network
CI Access Services	Contemporary Interface Access Services	km	Kilometres
CLA	Central London Area	LA	Local Access
Commitments	The commitments given to Ofcom and Industry by BT on how Openreach will operate, first issued on 10 March 2017 and most recently issued on 28 May 2021	lines	No. of Lines
Cost Accounting	A Cost Accounting system is a set of rules which supports the attribution of costs, revenues and mean capital employed to individual activities and services.	LLA	Leased Line Access
CoW	Class of Work	LLU	Local Loop Unbundling
CP	Communication Provider	m	Millions
CP Layer	Cost Perform Layer	MCE	Mean Capital Employed is defined as total assets less current liabilities, excluding corporate taxes and dividends payable, and provisions other than those for deferred taxation. The mean is computed from the start and end values for the period.
CPI	Consumer Price Index	mm	Millions of Minutes
DLE	Digital Local Exchange	MPF	Metallic Path Facilities
EAD	Ethernet Access Direct	NGA	Next Generation Access
EBD	Ethernet Backhaul Direct	NRC	Net replacement costs
ECC	Excess Construction Charge	NTE	Network Terminating Equipment
EOI	Equivalence of Input	Ofcom	Office of Communications
FAC	Fully allocated cost	PG	Plant Group
FTTC	Fibre To The Cabinet	PI	Physical Infrastructure
FTTP	Fibre To The Premises	PIA	Physical Infrastructure Access
Gbit/s	Gigabits per second	PIMR	Physical Infrastructure Market Review
GBV	Gross book value	PSTN	public switched telephone network
GEA	Generic Ethernet Access	RAP	Regulatory Accounting Principles
GL	General Ledger	RAV	Regulatory Accounting Value
GRC	Gross replacement costs	RFS	Regulatory Financial Statements
		ROCE	Return on Capital Employed
		RoU	Right of use
		RPI	Retail Price Index
		RT	Rule Type
		SLG	Service Level Guarantees
		SMDS	Switched Multimegabit Data Services

Glossary and Footnotes List

SML	Service Maintenance Level
SMP	Significant Market Power
TDM	Time Division Multiplex
Usage Factors	Usage Factors refer to the usage of any network component, including conveyance components.
Use	The proportional bandwidth use of each circuit.
WACC	Weighted Average Cost of Capital
WBA	Wholesale Broadband Access
WCT	Wholesale Call Termination
WFAEL	Wholesale Fixed Analogue Exchange Lines
WFTMR	Wholesale Fixed Telecoms Market Review
WLA	Wholesale Local Access
WVMR	Wholesale Voice Market Review

Footnotes

(sx) This service comprises a number of individual prices as indicated by the value of x.

(ux) This service comprises a number of individual volume types as indicated by the value of x.