

Regulatory Financial Statements

For the Financial Year ended 31 March 2023

BT Group



Ofcom Statement on BT's Regulatory Financial Statements 2023

Ofcom statement

Introduction

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 regulatory financial statements (RFS) cover the second year of this 5-year market review period.

BT is required to publish any statement we make commenting on the data in the RFS. We believe it is helpful to draw users' attention to the following aspects of the 2023 RFS.

Changes to the information reported in the RFS.

The inter-exchange connectivity (IEC) BT+2 market is no longer separately reported in the RFS this year in line with our decisions in March 2021.

The breakdowns of operating costs reported in the RFS now include more detail on labour costs to align the operating cost categories in the RFS with those reported in BT's annual report.

Impact of inflation on BT's returns

In our statement on BT's 2022 RFS, we noted that returns were generally higher than they had been in 2021. We explained that one reason for the increase was the impact of inflation on asset values, and the way changes in asset values are treated in the RFS. The returns in the 2023 RFS have also been affected by the impact of inflation on reported asset values.

As the RFS are prepared on a current cost accounting basis, BT must revalue its assets each year, based on an estimate of the cost to replace them. For some assets, we set out how this should be done; for example, BT is required to revalue duct, copper, and pole assets by reference to RPI at the year end. The estimated cost of replacing these assets and the reported mean capital employed will therefore increase each year in line with inflation. This increase, or "holding gain", is recognised in the income statement for the year and has the effect of reducing reported net costs and increasing reported returns.

We explained in our 2022 Statement that the use of RPI at 31 March 2022 (when annual inflation was around 9%) had resulted in significant increases in the reported value of some assets and had contributed to the increase in reported returns. The asset values in this year's RFS are based on RPI at 31 March 2023 (when annual inflation was around 13.5%), resulting in further large increases in the reported value of assets, significant holding gains, and corresponding increases in the reported returns.

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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 Sections 20.3 to 20.6 of the Commitments, we are required to disclose the financial results of Openreach (OR) 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 FY23 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)
- 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)
- Time Division Multiplex (TDM) Interconnection
- Internet Protocol (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 consult 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 conclude and potentially impose 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 regulatory framework has five-year market review periods and looks across all wholesale fixed telecoms markets.

Section 1 – Introduction to the Regulatory Financial Statements

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.

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 were the first financial statements to be prepared in accordance with the updated regulatory reporting requirements. This year's RFS have been prepared following the same requirements as for the last year, except for the reporting of IEC – BT+2 market balances. These balances were only to be presented in FY22 as part of transitional arrangements and now are included within Non-SMP.

Overall Market Update

Despite the economic challenges being faced by UK businesses, including high inflation and supply chain challenges, we are continuing our investment in the UK's digital infrastructure, to connect millions of people and businesses as well as generate growth, productivity and innovation. We continue to build full fibre and connect customers at pace, while pricing transparently. Full fibre, as at 31 March 2023, was available to 10.3m homes and businesses – reaching more than 59k new premises every single week. We also continue to deliver on our commitment, under the regulatory regime, delivering over 3 million rural connections as part of our overall build. In December 2022, we informed Ofcom of our plans to introduce Equinox 2, a new wholesale fibre offer enabling price discounts designed to promote copper to fibre migration. Ofcom, in May 2023, decided that the new pricing discounts are not anti-competitive and the offer is now launched.

The regulatory framework set by Ofcom supports and enables the scale and speed of BT Group's investment in full fibre broadband. It has incentivised new network build across the country through a combination of strong competition balanced by a regime that allows fair returns. We are fully committed to working within this framework and context set by Ofcom. Building full fibre broadband is a national mission and we are playing our part. It will create better outcomes for families and businesses across the UK, as well as for the wider economy.

We attach the highest priority to delivering the best level of service for our customers. In FY23, we had very strong service performance and we continue to achieve high customer satisfaction scores. We took action to ensure the adverse service impact of industrial action in Q2 and Q3 was minimised. We reported narrow misses against 3 of the 35 Quality of Service targets set by Ofcom.

To support future-proofed networks, UK landlines will move from the legacy Public Switched Telephone Network (PSTN) to a digital network by the end of 2025. We've continued our work this year to support CPs and the industry to withdraw analogue services.

Impact of CCA Adjustments on Market Performance

The RFS are 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. The 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 13.51% compared with 8.96% during 2022. 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) in two aspects:

- Revaluation gains on underlying assets and related depreciation recognised directly in each market, impacting both returns as well as Mean Capital Employed (MCE) balances; and
- Reduction of costs recharged from the Physical Infrastructure market to the downstream markets and services .

Overall Financial Performance

For Openreach markets, ROCE increased by 1.4 percentage points from 11.5% to 12.9%. This was mainly driven by significant CCA holding gains, resulting from a year of high inflation, therefore reducing the operating costs. Revenue growth for the higher speed fibre-enabled and Ethernet products; and lower costs reflecting lower repair volumes and efficiencies also contributed to the increase in ROCE.

Openreach total revenue increased by £219m from £5,453m to £5,672m. This is mainly driven by increased volumes in higher speed fibre-enabled FTTP / FTTC products and Ethernet services as customers switch towards faster speeds and price rises across various products; offset partially by decreases in legacy copper products and services.

Openreach total costs decreased by £213m from £3,554m to £3,341m. Reduction in cost is driven by increased CCA holding gains on copper, duct and pole assets due to higher indexation due to inflation, decrease in labour costs due to increased efficiency; partially offset by an increase in energy costs and depreciation.

Openreach total MCE increased by £1,601m from £16,509m to £18,110m. Increase in MCE is driven by upfront investment in the fibre network ahead of demand (also resulting in higher depreciation) and higher CCA indexation resulting in increase in holding gains recognised in MCE; partially offset by the declining copper asset base.

1.3.2 Physical Infrastructure (PI) Market

PI Market remains a key SMP market 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 predominantly comprised of duct, poles and and footway boxes, which are used to carry cables used by a variety of different services within different downstream markets, such as WLA, LLA and IEC.

Section 1 – Introduction to the Regulatory Financial Statements

PI Market Update

The scope of 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 (i.e. each duct, footway box and pole charge). We are also required to separately report external purchases of PI rentals and those rentals provided as inputs to downstream Openreach services.

As the cost information on each individual duct and pole service is not separately recorded, an apportionment methodology is used to allocate costs to individual services. We attribute all relevant duct and pole assets to the PI market. We are required to provide an explanation should we attribute any such costs outside of this 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 up to a financial limit are required to be included in the reported cost base of PI rental services but network adjustments above this financial limit are to be expensed in the market and disclosed against a separate service. Ancillaries required specifically for PI also need separate disclosure.

No new services have been announced in the last 12 months. Demand for our poles and duct products continues to increase; over 100 communication providers are registered to use our infrastructure.

PI Market Performance Summary

ROCE was consistent year on year at 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 £286m from £259m to £(27)m. 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 £339m from £(130)m to £(469)m. Reduction in cost is mainly attributed to current cost adjustment revaluation gains as these are recognised against costs.

MCE increased by £803m from £5,523m to £6,326m. Increases in MCE is driven by increase in duct asset base due to investment in fibre network and the 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 1.9 percentage points from 7.1% to 9.0%. Increased revenue and holding gains (reducing the cost); and reduction in recharge from the PIA market are driving the ROCE movement.

Revenue increased by £315m from £2,635m to £2,950m. This is mainly due to price increases and volumes uplift in higher speed FTTP and SoGEA services as customers switch towards faster speeds; partially offset by volume decreases in FTTC and MPF services.

Costs increased by £120m from £2,180m to £2,300m. Increase in cost is mainly attributed to higher labour and energy costs; and higher software and fibre depreciation in line with the Fibre network build; partially offset by the to higher CCA holding gains on assets recognised in WLA and a reduction in recharged costs from the PI market.

MCE increased by £821m from £6,369m to £7,190m. 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, the Business Connectivity market is divided into Leased Lines Access (LLA) and Interexchange 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).

Section 1 – Introduction to the Regulatory Financial Statements

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 1.1 percentage points from 15.3% to 16.4%. The ROCE movement is due to revenue increase resulting from increased demand for higher bandwidth products; partially offset by the higher MCE due to new fibre assets as part of the infrastructure build.

Revenue increased by £53m from £718m to £771m. This is mainly due to increased volume of higher bandwidth services (10gb and 1gb); and increase in prices during the year.

Costs increased by £3m from £508m to £511m. Increase in cost is mainly attributed to increased depreciation charges; partially off-set by a reduction in recharged costs from the PI market.

MCE increased by £214m from £1,372m to £1,586m. Increases in MCE is driven by increased fibre assets due to investments in fibre network build.

1.3.5 IEC Markets

IEC markets include the provision of dedicated circuits used for interexchange services that provide backhaul connections between BT exchanges. IEC is split into two markets based on geographic areas and competition:

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

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 interexchange connectivity in BT Only exchanges and BT+1 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. 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 12.8 percentage points from 67.3% to 80.1%. Increased revenue (due to both volume and prices increases) is driving the IEC ROCE movement.

Revenue increased by £17m from £173m to £190m. This is mainly due to increased volume of optical services rental and connection services as CP's are upgrading their capacity between exchanges; and due to increased prices.

Costs decreased by £1m from £70m to £69m. Reduction in cost is mainly attributed to reduction in recharged costs from the PI market; partially offset by increased energy costs.

MCE decreased by £2m from £153m to £151m. MCE remained fairly consistent with last year as increase in optical equipment capex being offset by depreciation.

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 increased by 3.4 percentage points from 26.0% to 29.4%. Revenue increased by £24m from £122m to £146m and costs increased by £21m from £77m to £98m. Increases in both revenue and costs are mainly due to higher electricity prices. MCE decreased by £3m from £171m to £168m due to the lower proportion of specialised buildings in use compared with last year.

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.

Section 1 – Introduction to the Regulatory Financial Statements

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 have 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 BT to another communications provider, for the termination of voice calls to geographic numbers in the area served by BT.

We are not required to publish market level information on WCT, however, we are required to publish service level revenue, volume, and price information.

WCT Market Performance Summary

Revenue decreased by £1m from £6m to £5m 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

Under WVMR, 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 Time Division Multiplex (TDM) network as well as the contemporary internet protocol (IP) network.

Although we are not required to publish market level information on interconnection, we are required to publish service level revenue, volume, and price information. Cost information for interconnection is prepared separately from the cost allocation system and submitted privately to Ofcom.

Interconnection Market Performance Summary

Interconnection reporting includes revenue, volume and price information as well as cost estimates for the year.

TDM interconnection revenue remained fairly stable at £4m. Volumes are on a declining trajectory as the industry transitions to internet-based telephony.

Section 2

Basis of Preparation

Section 2 – Basis of Preparation

2.1 Regulatory Accounting Framework

British Telecommunications plc 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 17 May 2023 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 2023, 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 'Promoting competition and investment in fibre networks: Wholesale Fixed Telecoms Market Review 2021-26' Final Statement dated 18 March 2021: Volume 7, Schedule 1, Condition 11.7.

Ofcom require 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 have informed us that they are 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 have explained their 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, and the assumptions we have used in applying financial and operational data to determine these attribution methods.
- **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 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 2023:

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

Section 2 – Basis of Preparation

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 current year's RFS.

2.6 Comparability of Current and Prior Year Results

The FY23 results are prepared in accordance with the AMD issued on 31 July 2023.

The restated comparatives for the year ended 31 March 2022 reflect:

- methodology changes, as listed in the FY23 Change Control Notification, are 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 sections 2.4.1 to 2.4.3 of Appendix 2.

2.7 Comparability of RFS with BT Annual Report

The structure for reporting of costs in the RFS was directed in the WFMTR, this means costs are not reported in the same format as the operating cost note (note 6) to the 2023 BT Annual Report.

The RFS reporting of operating costs will differ to that in the note 6 of the 2023 BT Annual Report because:

- we are directed by Ofcom to expense certain installation costs which are recognised as assets by the Group;
- we include short term financing costs within other operating costs in the RFS and in the 2023 BT Annual Report financing costs are reported separately; 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 2023 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.

2.8 Key Changes to Accounting Policies during the Year

There have been no material changes to accounting standards which have impacted the FY23 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

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 2022 originally published on 29 July 2022 (the “FY22 RFS”). The FY22 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 FY22 RFS.

The directors confirm to the best of their knowledge that the RFS for the year ended 31 March 2023 (the “FY23 RFS”) have been prepared in accordance with the requirements of the Final Statements, the AMD and Wholesale Catalogue issued on 31 July 2023 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 2022 included in the RFS have been prepared in accordance with the requirements of the Final Statements and the AMD issued on 29 July 2022 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 2022. 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 2023, have been prepared in accordance with the AMD and Wholesale Catalogue issued on 31 July 2023, 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 2022 included in the RFS, have been prepared in accordance with the requirements of the Final Statements and the AMD issued on 29 July 2022 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

31 July 2023

Section 4

Audit Report

Section 4 – Report of Independent Auditor's

Independent auditor's 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 17 to 100 and Appendix 3 on pages 109 to 110, and the accounting policies in the Basis of Preparation on pages 7 to 9 together referred to as the "Market Financial Statements", the Reconciliation Report set out in Appendix 2 on pages 101 to 108 of BT Group plc (the "Group"), together referred to as the "2023 Financial Statements", contained within the Regulatory Financial Statements 2023.

The "Market Summary Statements", within the Market Financial Statements, comprise the statements of financial performance for each market for the year ended 31 March 2023 shown within the Performance Summary by Market on pages 18 to 19, including those listed below on which we express an opinion (the "PIA Markets"):

- Physical Infrastructure Access (PI);
- Wholesale Local Access (WLA) Area 2;
- WLA Area 3;
- LLA Area 2;
- LLA Area 3;
- Leased lines access (LLA) High Network Reach (HNR);
- Interexchange 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;
- 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 18 to 19, Attribution of Operating Costs on pages 20 to 21 and Attribution of Mean Capital Employed on pages 22 to 23 together with the reconciliation statements headed "Openreach" on page 24 to 27 and the notes on pages 25 to 27 where they relate to these tables.

The Market Financial Statements include comparative information for the year ended 31 March 2022 first published on 29 July 2022 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 8 (the "Final Statements"), and in accordance with the Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2023, as amended, where applicable, in accordance with "Comparability of Current and Prior Year Results" on page 9.

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 2023 have been properly prepared, in all material respects, in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2023 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 2023 has been properly prepared, in all material respects, in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2023 and complies with the disclosure requirements of the 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 29 July 2022 as amended, where applicable, in accordance with note 2.6 "Comparability of Current and Prior Year results" on page 9 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 2023; 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 2022 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 2022 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 Auditor's responsibilities of our report), the terms of our engagement letter dated 2 May 2023 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 Auditor's 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.

Section 4 – Report of Independent Auditor's

Emphasis of matter – special purpose basis of preparation

We draw attention to the fact that the 2023 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 the Final Statements (the "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 2023 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 2023 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 2023 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 2023 Financial Statements are separate from the 2023 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.

As a result, the 2023 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 2023 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 2023 Statutory Financial Statements as authorised on 17 May 2023, and considering events in the period since the authorisation of those financial statements which could impact the Group's financial position and forecasts. We performed subsequent event inquiries together with review of management's forecast in relation to the going concern period and assessed 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 2023 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; and
- we found the going concern disclosure in Section 2.1 to be acceptable.

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 2023 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.

Section 4 – Report of Independent Auditor's

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 2023 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 2023 Financial Statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the 2023 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 2023 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 2023 Financial Statements, for instance through the imposition of fines or litigation or the loss of the Group's licence 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 2023 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 2023 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 fraud 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 2023 other than the 2023 Financial Statements and our auditor's report thereon.

The Directors are responsible for the other information. Our opinion on the 2023 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 2023 Financial Statements audit work, the information therein is materially misstated or inconsistent with the 2023 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 pages 10 and 11 the Directors of British Telecommunications plc (the "Company") are responsible for the preparation of the 2023 Financial Statements, including the Market Financial Statements and the Reconciliation Report, the Market Summary Statements, and the Restated Financial Statements 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 31 July 2023.

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, and the Company's Accounting Methodology Document and the Wholesale Catalogue dated 31 July 2023.

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 31 July 2023 in respect of information for the year ended 31 March 2023; 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 29 July 2022, as amended, where applicable, in accordance with note 2.6 "Comparability of Current and Prior Year results" on page 9 in respect of information for the year ended 31 March 2022.

As explained in the "Basis of Preparation" on pages 7 to 9, the Company has prepared the 2023 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 2023 and 31 March 2022.

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 2023 Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the 2023 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.

Section 4 – Report of Independent Auditor's

Auditor's 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 2023 have been properly prepared, in all material respects, in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2023 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 2023 has been properly prepared, in all material respects, in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2023 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 29 July 2022 as amended, where applicable, in accordance with note 2.6 "Comparability of Current and Prior Year results" on page 9 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 2023; 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 2022 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 2022 had these Accounting Methodology Documents not included these Material Errors.

In relation to 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 2023 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. See the "Basis of Preparation" on pages 7 to 9 for further detail.

Our objective is also to issue our opinion in an auditor's 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 2023 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 2023 Financial Statements are consistent with those used in the preparation of the 2023 Statutory Financial Statements of the Group.
- The nature, form and content of the 2023 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.

We audited the statutory financial statements of BT Group plc (the "Statutory Financial Statements") for the year ended 31 March 2023 ("the 2023 Statutory Financial Statements") on which we expressed an unmodified audit opinion on 17 May 2023. Our audit report on the 2023 Statutory Financial Statements describes the scope of our 2023 Statutory Financial Statements audit. In conducting our subsequent audit of the 2023 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.

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 2023 Financial Statements is separate from our opinions on the statutory financial statements of BT Group plc for the year ended 31 March 2023 on which we reported on 17 May 2023, and for the year ended 31 March 2022 on which we reported on 12 May 2022, 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 auditor's report is John Luke.

KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL
31 July 2023

Section 5

Summary of Market Performance

Section 5 – Summary of Market Performance

5.1 Performance Summary by Market For the year ended 31 March 2023

		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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding
PI revenues																		
External purchases	£m	13									13			13				
Internal purchases	£m	(2)									(2)			(2)				
Inputs to downstream services	£m	(38)									(38)		38	-				
Total PI revenues	£m	(27)									(27)		38	11		2	13	
Other revenues																		
External revenue	£m		1,236	583	231	130	19	43	20	144	2,406	536	-	2,942	17,726	-	1	20,669
Internal revenue	£m		664	467	240	130	21	78	49	2	1,651	1,068	-	2,719	1,994	(4,713)	-	-
Total other revenue	£m		1,900	1,050	471	260	40	121	69	146	4,057	1,604	-	5,661	19,720	(4,713)	1	20,669
Total revenue	£m	(27)	1,900	1,050	471	260	40	121	69	146	4,030	1,604	38	5,672	19,720	(4,711)	1	20,682
Attribution of PI costs	£m	-	(10)	(6)	(4)	(3)	-	(1)	-	-	(24)	(14)	38	-	(2)	2	-	-
Operating costs	£m	75	1,084	547	149	74	14	21	15	71	2,050	460	-	2,510	15,401	(4,747)	-	13,164
Depreciation	£m	195	511	294	173	82	15	20	14	25	1,329	444	-	1,773	2,819	(25)	-	4,567
Specific items	£m	4	34	19	8	4	1	1	1	2	74	31	-	105	453	(2)	(1)	555
Total HCA operating costs	£m	274	1,619	854	326	157	30	41	30	98	3,429	921	38	4,388	18,671	(4,772)	(1)	18,286
CCA adjustments	£m	(743)	(114)	(59)	(1)	(1)	-	(2)	-	-	(920)	(127)	-	(1,047)	(3)	3	-	(1,047)
Total CCA operating costs	£m	(469)	1,505	795	325	156	30	39	30	98	2,509	794	38	3,341	18,668	(4,769)	(1)	17,239
CCA return	£m	442	395	255	146	104	10	82	39	48	1,521	810	-	2,331	1,052	58	2	3,443
Mean capital employed	£m	6,326	4,465	2,725	1,013	483	90	86	65	168	15,421	2,689	-	18,110	21,756	(124)	(2)	39,740
Return on mean capital employed	%	7.0%	8.8%	9.4%	14.4%	21.6%	12.3%	96.0%	61.7%	29.4%	9.9%	30.1%	-	12.9%	4.8%	-	-	8.7%

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)

	WCT	£m	Total revenue
			5
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.

3) Specifics Reconciliation to the annual report

		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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding
Restructuring charges	£m	4	32	18	8	4	1	1	1	1	70	21	-	91	211	(2)	-	300
BT Sport disposal	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	155	-	-	155
Sports JV - subsequent movements	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	34	-	-	34
Retrospective regulatory matters	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-	12
Other divestment-related items	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	2
Impairment charges due to property rationalisation	£m	-	4	2	1	-	-	-	-	1	8	11	-	19	45	-	1	65
Finance expense relating to BT Sport disposal	£m	-	(2)	(1)	(1)	-	-	-	-	(4)	(1)	-	-	(5)	(6)	-	(2)	(13)
Specific items	£m	4	34	19	8	4	1	1	1	2	74	31	-	105	453	(2)	(1)	555

Section 5 – Summary of Market Performance

5.1 Performance Summary by Market Restated 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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding
PI revenues																		
External purchases	£m	5								5			-	5				
Internal purchases	£m	10								10			-	10		(10)		
Inputs to downstream services	£m	244								244		(244)	-	-				
Total PI revenues	£m	259								259		(244)	15		(10)		5	
Other revenues																		
External revenue	£m		1,159	526	211	120	18	41	17	120	2,212	556	-	2,768	18,078	-	(1)	20,845
Internal revenue	£m		551	399	228	120	21	70	45	2	1,436	1,234	-	2,670	1,896	(4,564)	(2)	-
Total other revenue	£m		1,710	925	439	240	39	111	62	122	3,648	1,790	-	5,438	19,974	(4,564)	(3)	20,845
Total revenue	£m	259	1,710	925	439	240	39	111	62	122	3,907	1,790	(244)	5,453	19,974	(4,574)	(3)	20,850
Attribution of PI costs	£m	-	76	39	10	8	1	3	1	-	138	106	(244)	-	10	(10)	-	-
Operating costs	£m	108	935	500	153	74	14	18	13	53	1,868	587	-	2,455	15,725	(4,600)	-	13,580
Depreciation	£m	189	431	251	152	71	14	20	14	23	1,165	464	-	1,629	2,634	(22)	(1)	4,240
Specific items	£m	5	30	17	8	4	1	1	-	1	67	25	-	92	203	(1)	(2)	292
Total HCA operating costs	£m	302	1,472	807	323	157	30	42	28	77	3,238	1,182	(244)	4,176	18,572	(4,633)	(3)	18,112
CCA adjustments	£m	(432)	(66)	(33)	(1)	(1)	-	-	-	-	(533)	(89)	-	(622)	(1)	3	(3)	(623)
Total CCA operating costs	£m	(130)	1,406	774	322	156	30	42	28	77	2,705	1,093	(244)	3,554	18,571	(4,630)	(6)	17,489
CCA return	£m	389	304	151	117	84	9	69	34	45	1,202	697	-	1,899	1,403	56	3	3,361
Mean capital employed	£m	5,523	3,900	2,469	879	411	82	90	63	171	13,588	2,921	-	16,509	21,819	(127)	(1)	38,200
Return on mean capital employed	%	7.0%	7.8%	6.1%	13.2%	20.5%	10.9%	77.6%	54.3%	26.0%	8.8%	23.9%	-	11.5%	6.4%	-	-	8.8%

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)

	WCT	£m	Total revenue
			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.

3) Specifics Reconciliation to the annual report

		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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding
Restructuring charges	£m	5	28	16	7	4	1	1	-	1	63	23	-	86	265	(1)	(3)	347
Divestment-related items	£m	-	2	1	1	-	-	-	-	-	4	2	-	6	(43)	-	1	(36)
Covid-19	£m	-	-	-	-	-	-	-	-	-	-	-	-	(19)	-	-	-	(19)
Specific Items	£m	5	30	17	8	4	1	1	-	1	67	25	-	92	203	(1)	(2)	292

Section 5 – Summary of Market Performance

5.2 Attribution of Operating Costs For the year ended 31 March 2023

(i) Operating costs by type		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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	1,355	(1,355)	-	-	
Attribution of PI costs	£m	-	(10)	(6)	(4)	(3)	-	(1)	-	-	(24)	(14)	38	(2)	2	-		
Wages and salaries	£m	49	821	428	131	64	12	8	5	9	1,527	340	-	1,867	2,219	(15)	1	4,072
Social security costs	£m	6	80	43	14	7	1	1	1	1	154	38	-	192	236	(2)	(2)	424
Other pension costs	£m	8	105	57	19	9	2	1	1	2	204	53	-	257	337	(3)	(1)	590
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	81	-	-	81
Own work capitalised	£m	(28)	(435)	(232)	(65)	(32)	(6)	(5)	(3)	(4)	(810)	(184)	-	(994)	(377)	8	(1)	(1,364)
Net indirect labour costs	£m	6	53	28	10	5	1	1	1	3	108	41	-	149	232	(2)	1	380
Product costs	£m	-	2	1	9	4	1	-	-	1	18	3	-	21	3,362	-	-	3,383
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	589	-	-	589
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	1,354	-	-	1,354
Property and energy costs	£m	2	227	137	27	14	2	8	7	55	479	174	-	653	603	(13)	(1)	1,242
Network operating and IT costs	£m	6	48	26	10	5	1	2	1	3	102	39	-	141	777	(3)	(2)	913
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	354	-	-	354
Provision and installation	£m	-	25	11	1	-	-	-	-	-	37	5	-	42	548	-	1	591
Marketing and sales	£m	-	2	1	-	-	-	-	-	-	3	1	-	4	359	-	-	363
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	5	-	5	133	-	-	138
Other operating costs	£m	29	168	54	(6)	(1)	-	5	2	1	252	75	-	327	3,327	(3,362)	5	297
Other operating income	£m	(3)	(12)	(7)	(1)	(1)	-	-	-	-	(24)	(130)	-	(154)	(88)	-	(1)	(243)
Specific items	£m	4	34	19	8	4	1	1	1	2	74	31	-	105	453	(2)	(1)	555
Total operating costs before depreciation	£m	79	1,108	560	153	75	15	21	16	73	2,100	477	38	2,615	15,852	(4,747)	(1)	13,719
Depreciation																		
Duct	£m	186	7	4	-	-	-	-	-	-	197	8	-	205	-	-	1	206
Poles	£m	5	-	-	-	-	-	-	-	-	5	-	-	5	-	-	-	5
Copper	£m	1	156	77	-	-	-	-	-	-	234	226	-	460	12	(2)	(1)	469
Fibre	£m	2	181	120	94	47	8	2	1	1	456	32	-	488	7	(5)	(1)	489
Electronics	£m	-	20	13	53	23	4	13	9	-	135	24	-	159	256	(7)	-	408
Software	£m	1	55	30	9	5	1	1	1	2	105	23	-	128	1,038	(1)	-	1,165
Land and buildings	£m	1	13	7	2	1	-	-	-	-	24	7	-	31	34	-	-	65
Right of use assets	£m	6	70	38	10	5	1	2	2	5	139	70	-	209	495	(5)	(1)	698
Other assets	£m	1	21	13	5	1	1	2	1	17	62	54	-	116	977	(5)	2	1,090
Less funded assets (BDUK, etc.)	£m	(8)	(12)	(8)	-	-	-	-	-	-	(28)	-	-	(28)	-	-	-	(28)
Total depreciation	£m	195	511	294	173	82	15	20	14	25	1,329	444	-	1,773	2,819	(25)	-	4,567
Total HCA operating costs	£m	274	1,619	854	326	157	30	41	30	98	3,429	921	38	4,388	18,671	(4,772)	(1)	18,286
CCA adjustments																		
Holding gains	£m	(932)	(187)	(96)	(2)	(2)	-	(2)	(1)	(1)	(1,223)	(229)	-	(1,452)	(14)	6	1	(1,459)
Supplementary depreciation	£m	156	91	46	2	2	-	1	1	2	301	125	-	426	14	(4)	(1)	435
Other CCA adjustments	£m	33	(18)	(9)	(1)	(1)	-	(1)	-	(1)	2	(23)	-	(21)	(3)	1	-	(23)
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total CCA operating costs	£m	(469)	1,505	795	325	156	30	39	30	98	2,509	794	38	3,341	18,668	(4,769)	(1)	17,239
Total CCA operating cost includes the following:																		
Cumulo charges	£m	-	121	75	16	9	1	2	1	2	227	62	-	289	23	-	(1)	311
Openreach SLGs	£m	-	8	(8)	-	-	-	1	-	-	1	-	-	1	96	-	(1)	96
Leaver costs	£m	3	19	10	4	2	-	-	-	-	38	10	-	48	90	-	3	141

(ii) Operating costs by division		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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	1,355	(1,355)	-	-	
Attribution of PI costs	£m	-	(10)	(6)	(4)	(3)	-	(1)	-	-	(24)	(14)	38	(2)	2	-		
Openreach																		
Service and network delivery	£m	56	580	261	61	32	6	4	2	4	1,006	117	-	1,123	135	(9)	-	1,249
Openreach support functions	£m	7	94	50	11	6	1	2	1	6	178	54	-	232	1,262	(2)	-	1,492
Openreach total	£m	63	674	311	72	38	7	6	3	10	1,184	171	-	1,355	1,397	(11)	-	2,741
Rest of BT																		
Group centre	£m	8	132	71	21	10	2	1	1	2	248	55	-	303	(4,224)	(2)	-	(3,923)
Property and facilities	£m	1	138	84	19	10	2	3	2	6	265	107	-	372	(340)	(4)	-	28
Technology units	£m	7	169	98	27	13	2	9	8	55	388	153	-	541	(471)	(19)	-	51
Consumer, Global and Enterprise	£m	-	5	2	18	7	2	3	2	-	39	5	-	44	18,137	(3,358)	(1)	14,822
Rest of BT total	£m	16	444	255	85	40	8	16	13	63	940	320	-	1,260	13,102	(3,383)	(1)	10,978
Operating cost before depreciation	£m	79	1,108	560	153	75	15	21	16	73	2,100	477	38	2,615	15,852	(4,747)	(1)	13,719

Section 5 – Summary of Market Performance

5.2 Attribution of Operating Costs

Restated for the year ended 31 March 2022

(i) Operating costs by type	£m	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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	1,164	(1,164)	-	-
Attribution of PI costs	£m	-	76	39	10	8	1	3	1	-	138	106	(244)	-	10	(10)	-	-
Wages and salaries	£m	58	665	361	130	62	12	7	4	9	1,308	398	-	1,706	2,203	(16)	-	3,893
Social security costs	£m	6	63	35	13	6	1	1	-	1	126	42	-	168	233	(2)	1	400
Other pension costs	£m	10	94	52	20	9	2	1	1	1	190	65	-	255	338	(3)	1	591
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	108	-	-	108
Own work capitalised	£m	(27)	(308)	(168)	(56)	(27)	(5)	(2)	(1)	(2)	(596)	(180)	-	(776)	(217)	6	(2)	(989)
Net indirect labour costs	£m	18	47	26	10	5	1	1	1	2	111	47	-	158	200	(3)	(1)	354
Product costs	£m	-	-	-	8	4	1	-	-	-	13	1	-	14	3,164	-	1	3,179
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	627	-	1	628
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	1,346	-	-	1,346
Property and energy costs	£m	2	188	118	22	12	2	6	5	37	392	158	-	550	489	(9)	(2)	1,028
Network operating and IT costs	£m	3	41	23	8	4	1	1	1	2	84	37	-	121	787	(3)	(1)	904
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	879	-	-	879
Provision and installation	£m	-	22	11	1	-	-	-	-	-	34	4	-	38	640	-	-	678
Marketing and sales	£m	-	2	1	-	-	-	-	-	-	3	1	-	4	308	-	-	312
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	3	-	3	135	-	-	138
Other operating costs	£m	42	143	54	(1)	-	(1)	3	2	3	245	118	-	363	3,412	(3,406)	3	372
Other operating income	£m	(4)	(22)	(13)	(2)	(1)	-	-	-	-	(42)	(107)	-	(149)	(91)	-	(1)	(241)
Specific items	£m	5	30	17	8	4	1	1	-	1	67	25	-	92	203	(1)	(2)	292
Total operating costs before depreciation		113	1,041	556	171	86	16	22	14	54	2,073	718	(244)	2,547	15,938	(4,611)	(2)	13,872
Depreciation																		
Duct	£m	171	6	4	-	-	-	-	-	-	181	8	-	189	-	-	-	189
Poles	£m	5	-	-	-	-	-	-	-	-	5	-	-	5	-	-	-	5
Copper	£m	1	150	69	-	-	-	-	-	-	220	267	-	487	(4)	(2)	-	481
Fibre	£m	1	158	110	72	35	7	2	1	-	386	29	-	415	8	(5)	(1)	417
Electronics	£m	-	18	12	60	26	6	13	9	-	144	24	-	168	212	(5)	-	375
Software	£m	7	28	16	7	3	1	1	1	2	66	18	-	84	965	(1)	-	1,048
Land and buildings	£m	-	1	1	-	-	-	-	-	-	2	3	-	5	30	-	-	35
Right of use assets	£m	5	52	29	10	5	1	2	2	6	112	76	-	188	505	(5)	-	688
Other assets	£m	1	21	12	3	2	(1)	2	1	15	56	39	-	95	918	(4)	-	1,009
Less funded assets (BDUK, etc.)	£m	(2)	(3)	(2)	-	-	-	-	-	-	(7)	-	-	(7)	-	-	-	(7)
Total depreciation	£m	189	431	251	152	71	14	20	14	23	1,165	464	-	1,629	2,634	(22)	(1)	4,240
Total HCA operating costs	£m	302	1,472	807	323	157	30	42	28	77	3,238	1,182	(244)	4,176	18,572	(4,633)	(3)	18,112
CCA adjustments																		
Holding gains	£m	(565)	(116)	(56)	(2)	(2)	-	(1)	(1)	(1)	(744)	(177)	-	(921)	(13)	5	(1)	(930)
Supplementary depreciation	£m	117	60	28	2	2	-	1	1	1	212	102	-	314	10	(3)	(1)	320
Other CCA adjustments	£m	16	(10)	(5)	(1)	(1)	-	-	-	-	(1)	(14)	-	(15)	2	1	(1)	(13)
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total CCA operating costs	£m	(130)	1,406	774	322	156	30	42	28	77	2,705	1,093	(244)	3,554	18,571	(4,630)	(6)	17,489
Total CCA operating cost includes the following:																		
Cumulo charges	£m	-	118	76	14	8	1	2	1	1	221	67	-	288	21	-	1	310
Openreach SLGs	£m	-	5	(5)	(1)	-	-	-	-	-	(1)	-	-	(1)	55	-	1	55
Leaver costs	£m	2	16	9	4	2	-	-	-	1	34	13	-	47	137	-	1	185

(ii) Operating costs by division	£m	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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations		Rounding
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	1,164	(1,164)	-	-
Attribution of PI costs	£m	-	76	39	10	8	1	3	1	-	138	106	(244)	-	10	(10)	-	-
Openreach																		
Service and network delivery	£m	75	487	238	64	32	7	2	1	3	909	213	-	1,122	173	(10)	(1)	1,284
Openreach support functions	£m	8	89	47	12	6	1	2	1	4	170	53	-	223	1,147	(1)	-	1,369
Openreach total	£m	83	576	285	76	38	8	4	2	7	1,079	266	-	1,345	1,320	(11)	(1)	2,653
Rest of BT																		
Group centre	£m	18	127	71	29	14	3	2	1	3	268	87	-	355	(3,881)	(3)	(1)	(3,530)
Property and facilities	£m	1	131	83	17	9	1	3	2	6	253	107	-	360	150	(3)	-	507
Technology units	£m	10	126	75	24	11	2	8	7	38	301	146	-	447	(380)	(19)	1	49
Consumer, Global and Enterprise	£m	1	5	3	15	6	1	2	1	-	34	6	-	40	17,555	(3,401)	(1)	14,193
Rest of BT total	£m	30	389	232	85	40	7	15	11	47	856	346	-	1,202	13,444	(3,426)	(1)	11,219
Operating cost before depreciation	£m	113	1,041	556	171	86	16	22	14	54	2,073	718	(244)	2,547	15,938	(4,611)	(2)	13,872

Section 5 – Summary of Market Performance

5.3 Attribution of MCE

For the year ended 31 March 2023

		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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Eliminations		Rounding	
Non-current assets																		
Duct	£m	6,138	264	161	-	-	-	-	-	-	6,563	255	-	6,818	-	-	-	6,818
Poles	£m	251	-	-	-	-	-	-	-	-	251	-	-	251	-	-	-	251
Copper	£m	12	1,270	638	-	-	-	-	-	-	1,920	1,704	-	3,624	32	(23)	-	3,633
Fibre	£m	54	2,517	1,690	796	394	71	16	5	6	5,549	290	-	5,839	53	(35)	-	5,857
Electronics	£m	-	208	136	135	57	11	50	40	-	637	78	-	715	675	(13)	(2)	1,375
Software	£m	(2)	83	46	17	8	1	3	2	7	165	47	-	212	2,314	(4)	-	2,522
Land and buildings	£m	1	12	7	3	1	-	1	1	3	29	35	-	64	351	(3)	-	412
Right of use assets	£m	18	201	110	30	15	3	5	4	11	397	155	-	552	1,710	(11)	(1)	2,250
Other assets	£m	(16)	241	140	31	12	3	16	17	124	568	299	-	867	16,859	(33)	(1)	17,692
Less funded assets (BDUK, etc.)	£m	(201)	(320)	(204)	-	-	-	-	-	-	(725)	-	-	(725)	-	-	-	(725)
Total non-current assets	£m	6,255	4,476	2,724	1,012	487	89	91	69	151	15,354	2,863	-	18,217	21,994	(122)	(4)	40,085
Current assets	£m	113	681	393	182	88	16	20	14	40	1,547	406	-	1,953	6,711	(20)	1	8,645
Current liabilities	£m	(41)	(675)	(381)	(177)	(90)	(15)	(25)	(17)	(22)	(1,443)	(475)	-	(1,918)	(6,457)	16	(1)	(8,360)
Provisions	£m	(2)	(17)	(10)	(3)	(2)	-	-	-	(1)	(35)	(103)	-	(138)	(492)	1	(1)	(630)
Rounding	£m	1	-	(1)	(1)	-	-	-	(1)	-	(2)	(2)	-	(4)	-	1	3	-
Total MCE	£m	6,326	4,465	2,725	1,013	483	90	86	65	168	15,421	2,689	-	18,110	21,756	(124)	(2)	39,740

Notes:
1) Duct assets reported outside Physical Infrastructure markets relate to cabinet connectivity duct used in WLA and Openreach Non-SMP products and services.

Section 5 – Summary of Market Performance

5.3 Attribution of MCE

Restated 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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Eliminations		Rounding	
Non-current assets																		
Duct	£m	5,348	256	157	-	-	-	-	-	-	5,761	252	-	6,013	-	-	6,013	
Poles	£m	199	-	-	-	-	-	-	-	-	199	-	-	199	-	-	199	
Copper	£m	9	1,154	545	-	-	-	-	-	-	1,708	1,892	-	3,600	33	(21)	3,612	
Fibre	£m	36	2,059	1,507	635	312	59	17	5	5	4,635	280	-	4,915	63	(43)	4,935	
Electronics	£m	-	158	108	157	66	14	49	37	-	589	80	-	669	766	(13)	(1)	1,421
Software	£m	21	83	48	22	11	2	3	2	5	197	59	-	256	1,988	(3)	1	2,242
Land and buildings	£m	1	11	6	2	1	-	1	1	3	26	28	-	54	327	(2)	(1)	378
Right of use assets	£m	19	171	97	35	17	3	5	4	14	365	191	-	556	1,924	(13)	2	2,469
Other assets	£m	12	242	145	32	12	3	15	16	131	608	307	-	915	16,255	(30)	-	17,140
Less funded assets (BDUK, etc.)	£m	(173)	(273)	(182)	-	-	-	-	-	-	(628)	-	-	(628)	-	-	(628)	
Total non-current assets	£m	5,472	3,861	2,431	883	419	81	90	65	158	13,460	3,089	-	16,549	21,356	(125)	1	37,781
Current assets	£m	105	613	367	171	81	16	19	13	33	1,418	447	-	1,865	7,340	(20)	-	9,185
Current liabilities	£m	(53)	(565)	(324)	(173)	(87)	(15)	(19)	(15)	(19)	(1,270)	(497)	-	(1,767)	(6,328)	17	1	(8,077)
Provisions	£m	(1)	(10)	(6)	(2)	(1)	-	-	-	(1)	(21)	(117)	-	(138)	(550)	1	(1)	(688)
Rounding	£m	-	1	1	-	(1)	-	-	-	-	1	(1)	-	-	1	-	(2)	(1)
Total MCE	£m	5,523	3,900	2,469	879	411	82	90	63	171	13,588	2,921	-	16,509	21,819	(127)	(1)	38,200

Notes:
1) Duct assets reported outside Physical Infrastructure markets relate to cabinet connectivity duct used in WLA and Openreach Non-SMP 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.

Section 5 – Summary of Market Performance

5.4 Reconciliation Statement: Income Statement For the year ended 31 March 2023

	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	5,675	4,285	1,390	20,669	17,494	3,175
Adjustments						
Specific items	(1)	63	(64)	12	568	(556)
Use of technology assets	-	(39)	39	-	-	-
Other trading differences	(2)	(114)	112	-	-	-
Net short term interest	-	(22)	22	-	(52)	52
BDUK data error	-	-	-	-	-	-
Share of post tax profit (loss) of associates and joint ventures	-	-	-	-	59	(59)
Installation costs treated as operating expenses	-	216	(216)	-	216	(216)
CCA adjustments	-	(1,047)	1,047	-	(1,047)	1,047
Rounding	-	(1)	1	1	1	-
As in the RFS	5,672	3,341	2,331	20,682	17,239	3,443

Notes:

1) 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 Units (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 during FY22 relating to the value of grant funding.
Share of post tax profit (loss) of associates 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.

2) Breakdown of other trading differences

	£m
Wages and Salaries	144
Social Security Costs	14
Other Pension Costs	20
Share-based payment expense	(13)
Own work capitalised	(44)
Net Indirect Labour Costs	78
Product Costs	5
Depreciation	(79)
Property and energy costs	393
Network operating and IT costs	(3)
Provisioning and installation	1
Marketing and sales	1
Other operating costs	(631)
Other trading differences	(114)

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

As the internal recharges are booked on different cost categories (i.e. other operating costs) to the underlying costs, which were recorded according to the nature of the cost, a line by line explanation is less meaningful using the cost categories in Note 1. We have included a high level explanation of the key differences of other trading differences below.

- There are costs and other operating income which were directly booked in Openreach and are allocated to Rest of BT markets (e.g. Share based payments). These reduce the Operating cost before depreciation in the RFS.
- Whilst the business units perform internal recharges throughout the year, within the RFS we reverse this impact (removing these costs from Openreach) and allocate actual underlying costs into the Operating cost before depreciation within Openreach based on our agreed methodologies. These are used to allocate costs such as vehicle fuel costs relating to Openreach's fleet or Business rates paid for the use of public land for our assets. The difference between these approaches forms part of the 'Other trading differences'.
- There are depreciation and amortisation costs of Openreach assets which are allocated to Rest of BT markets, which reduces the Depreciation in the RFS and some Technology Property plant and equipment related depreciation and amortisation are allocated to Openreach markets, which increases the Depreciation in the RFS.

Section 5 – Summary of Market Performance

5.4 Reconciliation Statement: Income Statement Restated 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	-	(39)	39	-	-	-
Other trading differences	10	(117)	127	-	-	-
Net short term interest	-	12	(12)	-	20	(20)
BDUK data error	-	(17)	17	-	(17)	17
Share of post tax profit (loss) of associates and joint ventures	-	-	-	-	-	-
Installation costs treated as operating expenses	-	143	(143)	-	143	(143)
CCA adjustments	-	(622)	622	-	(623)	623
Rounding	3	2	1	-	1	(1)
As in the RFS	5,453	3,554	1,899	20,850	17,489	3,361

Notes:

1) 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 Units (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 during FY22 relating to the value of grant funding.
Share of post tax profit (loss) of associates 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.

2) Breakdown of other trading differences

	£m
Wages and Salaries	176
Social Security Costs	14
Other Pension Costs	23
Share-based payment expense	(20)
Own work capitalised	(3)
Net Indirect Labour Costs	93
Product Costs	1
Sales Commissions	1
Depreciation	(84)
Property and energy costs	531
Network operating and IT costs	(18)
Provisioning and installation	(1)
Marketing and sales	1
Other operating costs	(831)
Other trading differences	(117)

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

As the internal recharges are booked on different cost categories (i.e. other operating costs) to the underlying costs, a line by line explanation is less meaningful using the cost categories in Note 1. We have included a high level explanation of the key differences of other trading differences below.

- There are costs and other operating income which were directly booked in Openreach and are allocated to Rest of BT markets (e.g. Share based payments). These reduce the Operating cost before depreciation in the RFS.
- Whilst the business units perform internal recharges throughout the year, within the RFS we reverse this impact (removing these costs from Openreach) and allocate actual underlying costs into the Operating cost before depreciation within Openreach based on our agreed methodologies. These are used to allocate costs such as vehicle fuel costs relating to Openreach's fleet or Business rates paid for the use of public land for our assets. The difference between these approaches forms part of the 'Other trading differences'.
- There are depreciation and amortisation costs of Openreach assets which are allocated to Rest of BT markets, which reduces the Depreciation in the RFS and some Technology Property plant and equipment related depreciation and amortisation are allocated to Openreach markets, which increases the Depreciation in the RFS.

Section 5 – Summary of Market Performance

5.5 Reconciliation Statement: MCE

5.5 Reconciliation Statement: MCE - BT Group For the year ended 31 March

MCE - BT Group plc	FY23 £m	FY22 £m	Openreach	FY23 £m	FY22 £m
Total assets less current liabilities, as in the annual report	42,360	40,728			
Adjustments					
Corporate taxes	(349)	(406)	Physical Infrastructure	6,326	5,523
Deferred taxes	(709)	(289)	WLA Area 2	4,465	3,900
Derivative financial instruments	(1,393)	(1,040)	WLA Area 3	2,725	2,469
Loans due within one year	1,075	234	LLA Area 2	1,013	879
Provisions	(369)	(439)	LLA Area 3	483	411
BDUK data error	-	17	LLA High network reach	90	82
Retirement benefit surplus	(52)	-	IEC BT only exchanges	86	90
Capital costs treated as operating expenses	(1,644)	(1,428)	IEC BT +1 exchanges	65	63
IFRS 16	(1,508)	(1,765)	Shared ancillaries	168	171
Closing HCA capital employed at 31 March	37,411	35,612	Total Openreach SMP	15,421	13,588
CCA adjustments	3,752	2,695	Openreach non-SMP	2,689	2,921
Rounding	-	(3)	Rest of BT non-SMP	21,756	21,819
Closing CCA capital employed at 31 March	41,163	38,304	Eliminations	(124)	(127)
Opening CCA capital employed at 1 April	38,316	38,096	Rounding	(2)	(1)
			Total CCA MCE in the RFS	39,740	38,200
Total CCA MCE in the RFS	39,740	38,200			

Notes:

1) Description of reconciliation adjustments

Adjustment	Description
Corporate taxes	Corporate taxes include Current Tax Receivables and Current Tax Liabilities as disclosed in 2023 BT Annual report. Tax balances are excluded from our calculation of MCE.
Deferred taxes	Deferred tax includes Deferred Tax Assets as disclosed in 2023 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 2023 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 2023 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 2023 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.
Retirement benefit surplus	Retirement benefit surplus includes Retirement benefit surplus as disclosed in 2023 BT Annual report. Retirement benefit surplus are excluded from our calculation of MCE.
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.

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 2023

	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	(11.1)	-	(11.1)	8,989,988	-	lead-ins	(1.23)	-	(51.9)	-	600.5	-	6.8%	-
Spine duct - 1 bore	(42.8)	-	(42.8)	755,891	-	km	(6.25)	-	(199.1)	-	2,301.2	-	6.8%	-
Spine duct - 2 bore	(11.1)	-	(11.1)	357,418	-	km	(3.35)	-	(50.7)	-	582.5	-	6.8%	-
Spine duct - 3+ bore	(16.4)	-	(16.4)	579,431	-	km	(2.92)	-	(72.4)	-	824.6	-	6.8%	-
Facility hosting (per manhole entry)	(13.2)	-	(13.2)	6,891,558	-	entries	(1.92)	-	(61.7)	-	712.8	-	6.8%	-
Facility hosting (per joint box entry)	(18.6)	-	(18.6)	56,549,375	-	entries	(0.33)	-	(82.4)	-	938.4	-	6.8%	-
Poles - multi-end-user attachment	18.5	-	18.5	2,747,288	-	attachments	6.74	-	12.4	-	90.4	-	6.8%	-
Poles - single-end-user attachment	36.9	-	36.9	20,092,913	-	attachments	1.84	-	24.6	-	180.1	-	6.8%	-
Pole top equipment	4.2	-	4.2	2,224,584	-	attachments	1.90	-	2.8	-	20.6	-	6.8%	-
Cable up a pole	1.8	-	1.8	1,194,077	-	attachments	1.50	-	1.2	-	8.7	-	6.8%	-
Total Inputs to downstream services	(51.8)	-	(51.8)						(477.2)	-	6,259.8	-	6.8%	-
PI rentals														
Lead-in duct	-	0.9	0.9	-	95,144	lead-ins	-	9.94	-	(0.2)	-	2.2	-	50.7%
Spine duct - 1 bore	-	3.2	3.2	-	10,377	km	-	310.00	-	(1.3)	-	14.7	-	30.5%
Spine duct - 2 bore	-	0.7	0.7	-	3,489	km	-	200.00	-	(0.2)	-	2.8	-	33.7%
Spine duct - 3+ bore	-	0.7	0.7	-	5,172	km	-	140.00	-	(0.3)	-	3.4	-	29.7%
Facility hosting (per manhole entry)	-	0.7	0.7	-	78,569	entries	-	9.43	-	(2.9)	-	33.8	-	10.8%
Facility hosting (per joint box entry)	-	1.9	1.9	-	857,673	entries	-	2.24	-	-	-	0.6	-	321.8%
Poles - multi-end-user attachment	-	0.6	0.6	-	98,932	attachments	-	5.65	-	0.3	-	2.3	-	11.6%
Poles - single-end-user attachment	-	0.3	0.3	-	121,909	attachments	-	2.21	-	0.1	-	0.9	-	16.5%
Pole top equipment	-	0.1	0.1	-	80,287	attachments	-	1.66	-	0.1	-	0.4	-	17.5%
Cable up a pole	-	0.1	0.1	-	57,858	attachments	-	1.10	-	-	-	0.2	-	21.3%
Total PI rentals	-	9.2	9.2						-	(4.4)	-	61.3	-	22.4%
Ancillary charges (excl. network adjustments)	-	3.5	3.5	(ux)	(ux)	(ux)	(sx)	(sx)	-	0.4	-	0.2	-	1,540.2%
Network adjustments above financial limit	12.2	-	12.2	(ux)	(ux)	(ux)	(sx)	(sx)	11.8	-	4.6	-	7.0%	-
Rounding	-	0.1	0.1						0.1	(0.1)	0.1	0.1		
Total Physical Infrastructure	(39.6)	12.8	(26.8)						(465.3)	(4.1)	6,264.5	61.6	6.8%	27.4%

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	-	-	48.2	14.6
Less network adjustments above the financial limit	-	-	(11.8)	-
Network adjustments below the limit	-	-	36.4	14.6
- of which, included in downstream services	-	-	36.0	14.4
- of which included in PI rentals	-	-	0.4	0.2

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	95,485

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
	4,117,508

Section 6 - Review of Physical Infrastructure Markets

6.1.1. Physical Infrastructure Summary Restated 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	16.4	-	16.4	8,741,026	-	lead-ins	1.88	-	(19.8)	-	518.1	-	7.0%	-
Spine duct - 1 bore	64.9	-	64.9	755,891	-	km	85.88	-	(77.7)	-	2,039.3	-	7.0%	-
Spine duct - 2 bore	15.9	-	15.9	357,282	-	km	44.49	-	(19.5)	-	508.6	-	7.0%	-
Spine duct - 3+ bore	21.8	-	21.8	579,433	-	km	37.64	-	(28.4)	-	720.6	-	7.0%	-
Facility hosting (per manhole entry)	19.7	-	19.7	6,891,833	-	entries	2.86	-	(23.9)	-	624.8	-	7.0%	-
Facility hosting (per joint box entry)	25.6	-	25.6	55,913,729	-	entries	0.46	-	(32.9)	-	836.2	-	7.0%	-
Poles - multi-end-user attachment	25.3	-	25.3	2,718,425	-	attachments	9.29	-	20.0	-	74.6	-	7.0%	-
Poles - single-end-user attachment	50.2	-	50.2	19,698,348	-	attachments	2.55	-	39.9	-	148.4	-	7.0%	-
Pole top equipment	5.8	-	5.8	2,040,890	-	attachments	2.86	-	4.6	-	17.2	-	7.0%	-
Cable up a pole	2.5	-	2.5	1,190,123	-	attachments	2.08	-	2.0	-	7.3	-	7.0%	-
Total Inputs to downstream services	248.1	-	248.1						(135.7)	-	5,495.1	-	7.0%	-
PI rentals														
Lead-in duct	-	0.2	0.2	-	26,069	lead-ins	-	9.52	-	(0.1)	-	2.2	-	15.0%
Spine duct - 1 bore	-	0.9	0.9	-	2,855	km	-	300.00	-	(0.4)	-	9.9	-	12.5%
Spine duct - 2 bore	-	0.5	0.5	-	2,568	km	-	190.00	-	(0.1)	-	1.9	-	28.9%
Spine duct - 3+ bore	-	0.3	0.3	-	2,189	km	-	140.00	-	(0.1)	-	2.8	-	14.8%
Facility hosting (per manhole entry)	-	0.3	0.3	-	35,152	entries	-	8.92	-	(0.1)	-	3.3	-	13.5%
Facility hosting (per joint box entry)	-	0.7	0.7	-	327,388	entries	-	2.12	-	(0.2)	-	5.1	-	17.4%
Poles - multi-end-user attachment	-	0.1	0.1	-	22,063	attachments	-	5.41	-	-	-	0.2	-	31.9%
Poles - single-end-user attachment	-	-	-	-	19,346	attachments	-	2.12	-	-	-	-	-	62.9%
Pole top equipment	-	-	-	-	22,075	attachments	-	1.60	-	-	-	0.1	-	29.4%
Cable up a pole	-	-	-	-	13,920	attachments	-	1.06	-	-	-	-	-	17.2%
Total PI rentals	-	3.0	3.0						-	(1.0)	-	25.5	-	15.6%
Ancillary charges (excl. network adjustments)	-	1.5	1.5	(ux)	(ux)	(ux)	(sx)	(sx)	-	0.8	-	0.2	-	301.7%
Network adjustments above financial limit	5.5	-	5.5	(ux)	(ux)	(ux)	(sx)	(sx)	5.4	-	1.7	-	7.0%	-
Rounding	0.3	0.1	0.4						-	0.1	0.1	0.2		
Total Physical Infrastructure	253.9	4.6	258.5						(130.3)	(0.1)	5,496.9	25.9	7.0%	18.0%

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	-	-	36.7	8.6
Less network adjustments above the financial limit	-	-	(5.4)	-
Network adjustments below the limit	-	-	31.3	8.6
- of which, included in downstream services	-	-	31.2	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:

km 92,142

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 4,111,323

Section 6 - Review of Physical Infrastructure Markets

6.1.3. Physical Infrastructure Analysis of Service MCE For the year ended 31 March 2023

	£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	612.5	2.2	2,347.1	14.8	593.4	2.8	841.0	3.5	726.6	34.4	959.3	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	6,080.0	58.3	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	74.7	1.8	148.9	0.7	17.1	0.3	7.2	0.1	-	-	-	-	-	-	0.1	-	247.9	3.0
Copper	£m	1.3	-	4.8	-	1.1	-	1.3	-	1.5	0.1	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	11.6	0.1	
Fibre	£m	1.3	-	4.7	-	1.1	-	1.3	-	1.5	0.1	1.4	-	12.8	0.4	25.4	0.1	2.9	0.1	1.2	-	-	-	-	-	-	0.1	-	53.6	0.8	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Software	£m	(0.5)	-	(1.9)	-	(0.5)	-	(0.7)	-	(0.6)	-	(0.8)	-	0.7	-	1.4	-	0.2	-	0.1	-	-	-	-	0.5	-	-	-	(2.1)	-	
Land and buildings	£m	-	-	0.1	-	-	-	0.1	-	-	-	0.1	-	0.2	-	0.3	-	-	-	-	-	-	-	-	-	0.1	-	-	0.9	-	
Right of use assets	£m	0.9	-	3.6	-	0.9	-	1.3	-	1.1	0.1	1.5	-	2.6	0.1	5.3	-	0.6	-	0.3	-	-	-	0.1	-	-	-	-	18.2	0.2	
Other assets	£m	(1.7)	-	(6.5)	-	(1.7)	-	(2.4)	-	(2.0)	(0.1)	(2.8)	-	-	-	-	-	-	-	-	-	-	-	1.1	-	(0.2)	(0.1)	(16.2)	(0.2)		
Less funded assets (BDUK, etc.)	£m	(19.4)	(0.1)	(74.6)	(0.5)	(18.9)	(0.1)	(27.0)	(0.1)	(23.1)	(1.1)	(30.8)	-	(1.5)	-	(2.9)	-	(0.3)	-	(0.1)	-	-	-	-	-	(0.2)	-	(198.8)	(1.9)		
Total non-current assets	£m	594.4	2.1	2,277.3	14.3	575.4	2.7	814.9	3.4	705.0	33.5	929.4	0.5	89.5	2.3	178.4	0.8	20.5	0.4	8.7	0.1	-	-	1.7	-	(0.1)	0.2	6,195.1	60.3		
Current assets	£m	8.1	0.1	30.9	0.3	7.8	0.1	11.0	0.1	9.5	0.5	12.6	0.1	8.5	0.2	17.0	0.1	1.9	-	0.8	-	-	0.2	3.6	-	(0.2)	-	111.5	1.7		
Current liabilities	£m	(1.9)	-	(6.8)	-	(0.7)	-	(0.9)	-	(1.8)	(0.1)	(3.4)	-	(7.4)	(0.2)	(14.7)	(0.1)	(1.7)	-	(0.7)	-	-	(0.1)	(0.7)	-	(0.1)	-	(40.8)	(0.5)		
Provisions	£m	(0.1)	-	(0.3)	-	(0.1)	-	(0.1)	-	(0.1)	-	(0.1)	-	(0.3)	-	(0.5)	-	(0.1)	-	-	-	-	-	-	-	(0.1)	-	(1.8)	-		
Rounding	£m	-	-	0.1	0.1	0.1	-	(0.3)	(0.1)	0.2	(0.1)	(0.1)	-	0.1	-	(0.1)	0.1	-	-	(0.1)	0.1	-	0.1	-	-	0.6	(0.1)	0.5	0.1		
Total MCE	£m	600.5	2.2	2,301.2	14.7	582.5	2.8	824.6	3.4	712.8	33.8	938.4	0.6	90.4	2.3	180.1	0.9	20.6	0.4	8.7	0.2	-	0.2	4.6	-	0.1	0.1	6,264.5	61.6		

Section 6 - Review of Physical Infrastructure Markets

6.1.3. Physical Infrastructure Analysis of Service MCE Restated 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	525.0	2.2	2,067.5	10.0	515.6	2.0	731.3	2.9	633.6	3.3	849.1	5.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	5,322.2	25.6
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	59.9	0.2	119.2	-	13.8	-	5.9	-	-	-	-	-	-	-	(0.1)	0.1	198.7	0.3
Copper	£m	1.0	-	4.0	-	0.9	-	0.9	-	1.1	-	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.0	-
Fibre	£m	0.8	-	3.3	-	0.7	-	0.8	-	0.9	-	1.0	-	8.6	-	17.1	-	2.0	-	0.8	-	-	-	-	-	-	-	0.1	-	36.0	0.1
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Software	£m	1.4	-	5.4	-	1.3	-	1.9	-	1.6	-	2.2	-	2.0	-	4.0	-	0.5	-	0.2	-	-	-	-	0.3	-	(0.1)	0.1	20.7	0.1	
Land and buildings	£m	-	-	0.2	-	-	-	0.1	-	0.1	-	0.1	-	0.1	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8	-
Right of use assets	£m	0.9	-	3.7	-	0.9	-	1.3	-	1.1	-	1.5	-	2.8	-	5.7	-	0.7	-	0.3	-	-	0.1	-	-	-	0.1	0.1	19.0	0.2	
Other assets	£m	0.6	-	2.4	-	0.6	-	0.8	-	0.7	-	0.9	-	1.8	-	3.5	-	0.4	-	0.2	-	-	0.1	0.1	-	(0.1)	-	11.9	0.1		
Less funded assets (BDUK, etc.)	£m	(16.5)	(0.1)	(65.1)	(0.3)	(16.3)	(0.1)	(23.3)	(0.1)	(20.0)	(0.1)	(27.0)	(0.2)	(1.2)	-	(2.3)	-	(0.3)	-	(0.1)	-	-	-	-	-	-	(0.1)	0.1	(172.2)	(0.8)	
Total non-current assets	£m	513.2	2.1	2,021.4	9.7	503.7	1.9	713.8	2.8	619.1	3.2	828.9	5.0	74.0	0.2	147.4	-	17.1	-	7.3	-	-	0.2	0.4	-	(0.2)	0.5	5,446.1	25.6		
Current assets	£m	7.4	-	29.2	0.2	7.3	-	10.3	-	8.9	0.1	12.0	0.1	8.4	-	16.7	-	1.9	-	0.8	-	-	0.3	1.6	-	-	0.1	104.5	0.8		
Current liabilities	£m	(2.4)	-	(10.9)	(0.1)	(2.4)	-	(3.3)	-	(3.2)	-	(4.5)	-	(7.7)	-	(15.2)	-	(1.8)	-	(0.7)	-	-	(0.3)	(0.4)	-	-	(0.1)	(52.5)	(0.5)		
Provisions	£m	(0.1)	-	(0.3)	-	(0.1)	-	(0.1)	-	(0.1)	-	(0.1)	-	(0.2)	-	(0.3)	-	-	-	-	-	-	-	-	-	-	-	(1.3)	-		
Rounding	£m	-	0.1	(0.1)	0.1	0.1	-	(0.1)	-	0.1	-	(0.1)	-	0.1	-	(0.2)	-	-	0.1	(0.1)	-	-	-	0.1	-	0.3	(0.3)	0.1	-		
Total MCE	£m	518.1	2.2	2,039.3	9.9	508.6	1.9	720.6	2.8	624.8	3.3	836.2	5.1	74.6	0.2	148.4	-	17.2	0.1	7.3	-	-	0.2	1.7	-	0.1	0.2	5,496.9	25.9		

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 2023

	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)	-	449.1	449.1	178	5,010,498	lines	89.59	89.64	-	210.8	-	788.2	29.7%	30.2%
MPF other rentals	4.4	31.8	36.2	46,379	336,060	lines	94.68	94.68	2.2	16.4	7.3	53.1	29.7%	29.0%
FTTC 40/10 rentals (charge controlled)	44.3	109.7	154.0	703,804	1,735,744	lines	62.93	63.20	16.2	39.0	80.3	197.8	35.0%	35.8%
FTTC other rentals	184.4	285.6	470.0	2,271,720	3,637,214	lines	81.16	78.52	52.8	82.1	260.7	416.3	50.5%	48.9%
FTTP 40/10 rentals (charge controlled)	5.5	2.3	7.8	31,410	13,036	lines	173.77	173.78	7.9	3.3	46.2	19.2	(5.3)%	(5.2)%
FTTP 40/10 rentals (non-charge controlled)	2.1	1.5	3.6	12,168	8,386	lines	173.77	173.78	3.1	2.1	17.9	12.3	(5.3)%	(5.2)%
FTTP other rentals	170.4	112.5	282.9	812,038	566,950	lines	209.81	198.42	205.1	142.2	1,195.5	834.1	(2.9)%	(3.6)%
SOGEA 40/10 rental (charge controlled)	34.5	24.2	58.7	226,087	158,842	lines	152.51	152.51	13.1	9.0	57.0	40.0	37.5%	38.0%
SOGEA other rentals	119.5	89.9	209.4	726,211	545,442	lines	164.58	164.90	42.4	31.2	182.5	136.8	42.2%	43.0%
NGA Visit Assure	12.3	11.4	23.7	90,497	83,414	amendments	136.40	136.40	12.7	11.7	0.1	0.1	(466.7)%	(466.8)%
Special Faults Investigation	3.8	1.8	5.6	(ux)	(ux)	(ux)	(sx)	(sx)	3.7	1.7	0.2	0.1	81.0%	81.0%
WLA Time Related Charges	5.0	10.0	15.0	(ux)	(ux)	(ux)	(sx)	(sx)	4.7	9.3	1.1	2.3	23.8%	31.9%
Hard Ceases	1.2	3.6	4.8	90,885	240,608	ceases	13.35	15.05	1.6	4.3	-	-	(3,935.5)%	2,843.7%
GEA Cancel/Amend/Modify – CRD	3.4	4.3	7.7	242,580	729,191	amendments	13.93	5.86	4.7	14.3	2.6	7.5	(53.6)%	(133.5)%
Tie cables	7.9	2.7	10.6	(ux)	(ux)	(ux)	(sx)	(sx)	(0.8)	-	28.8	-	30.1%	(12,766.3)%
Ancillaries (£0 cap)	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries - CPI-0% ¹	6.2	9.5	15.7	(ux)	(ux)	(ux)	(sx)	(sx)	21.2	27.2	10.8	10.0	(139.1)%	(176.1)%
GEA 40/10 (FTTC) PCP Only Install Connections	3.0	4.4	7.4	61,499	90,062	conns	49.14	49.14	6.6	8.5	1.7	2.1	(213.1)%	(198.6)%
GEA Other (FTTC) PCP Only Install Connections	4.2	13.2	17.4	86,485	268,932	conns	49.14	49.14	9.3	25.5	2.4	6.2	(213.1)%	(198.6)%
MPF New Provides	-	16.1	16.1	5	499,847	conns	23.75	32.23	-	17.3	-	2.8	(219.0)%	(41.9)%
Other ancillaries	13.5	11.0	24.5	(ux)	(ux)	(ux)	(sx)	(sx)	6.9	10.7	0.9	5.9	758.5%	6.0%
Other WLA services	77.8	65.9	143.7	(ux)	(ux)	(ux)	(sx)	(sx)	272.9	216.0	54.9	41.4	(355.4)%	(362.9)%
IFRS 15 deferred revenue	(6.1)	0.3	(5.8)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.2)	(0.2)	(23.7)	(30.8)	25.1%	(1.5)%
IFRS15 SLG	(33.8)	(25.3)	(59.1)	(ux)	(ux)	(ux)	(sx)	(sx)	(36.8)	(27.6)	(4.4)	(3.3)	(69.1)%	(69.1)%
Rounding	0.2	0.3	0.5						0.2	0.2	-	(0.2)	-	-
Total WLA - Area 2	663.7	1,235.8	1,899.5						649.5	855.0	1,922.8	2,541.9	0.7%	15.0%

Notes:

1) There is a small unresolved error in the allocation of cost and MCE associated with the Openreach sales and product management team which would move values of approximately £3m of cost and £(24)m of MCE from SOGEA services to FTTC and FTTP services. We believe that these movements are small across services and negligible at a market level, and would not impact an end users understanding of the results contained within the RFS. We intend to further investigate and correct this item where appropriate next year.

¹Ancillary (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 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	-	299.8	-	858.8	21.1%	21.9%
MPF other rentals	5.4	32.1	37.5	60,135	354,965	lines	90.42	90.42	3.5	21.5	9.2	54.2	21.6%	19.6%
FTTC 40/10 rentals (charge controlled)	51.5	121.2	172.7	851,849	2,006,070	lines	60.40	60.40	23.3	53.3	104.0	244.4	27.1%	27.8%
FTTC other rentals	223.7	269.3	493.0	2,873,025	3,561,373	lines	77.85	75.61	79.7	95.0	352.8	436.0	40.8%	40.0%
FTTP 40/10 rentals (charge controlled)	3.0	0.1	3.1	18,153	506	lines	163.39	167.48	6.2	0.2	33.8	0.9	(9.6)%	(9.3)%
FTTP 40/10 rentals (non-charge controlled)	2.5	0.1	2.6	15,027	710	lines	163.39	167.48	5.1	0.2	28.0	1.3	(9.6)%	(9.3)%
FTTP other rentals	103.7	36.1	139.8	613,094	188,822	lines	169.09	191.38	210.0	64.3	1,140.7	351.4	(9.3)%	(8.0)%
SOGEA 40/10 rental (charge controlled)	13.2	11.3	24.5	89,834	76,991	lines	146.56	146.40	6.7	5.6	22.8	19.5	28.2%	29.0%
SOGEA other rentals	42.6	52.9	95.5	265,421	331,768	lines	160.61	159.58	20.1	24.4	67.3	83.9	33.5%	34.1%
NGA Visit Assure	19.3	12.9	32.2	147,656	99,138	amendments	130.83	130.00	21.9	14.7	2.3	1.6	(110.6)%	(115.4)%
Special Faults Investigation	5.1	2.2	7.3	(ux)	(ux)	(ux)	(sx)	(sx)	5.5	2.3	0.9	0.4	(40.6)%	(39.5)%
WLA Time Related Charges	4.6	11.5	16.1	(ux)	(ux)	(ux)	(sx)	(sx)	3.7	8.1	1.2	2.6	83.5%	131.9%
Hard Ceases	1.3	5.0	6.3	101,543	336,595	ceases	13.28	14.83	1.7	5.5	0.3	1.0	(97.6)%	(46.3)%
GEA Cancel/Amend/Modify – CRD	2.8	2.7	5.5	218,802	476,410	amendments	12.58	5.63	2.7	5.8	1.4	3.0	7.3%	(104.3)%
Tie cables	8.2	2.6	10.8	(ux)	(ux)	(ux)	(sx)	(sx)	3.8	-	26.9	-	16.6%	10,355.9%
Ancillaries (£0 cap)	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries - CPI-0% ¹	9.4	15.9	25.3	(ux)	(ux)	(ux)	(sx)	(sx)	17.1	30.3	8.3	11.1	(92.6)%	(129.9)%
GEA 40/10 (FTTC) PCP Only Install Connections	5.4	19.5	24.9	114,473	413,266	conns	47.14	47.19	9.7	29.9	2.2	6.4	(199.6)%	(162.7)%
GEA Other (FTTC) PCP Only Install Connections	8.0	23.6	31.6	170,429	500,115	conns	47.12	47.13	14.5	36.2	3.2	7.7	(202.8)%	(164.4)%
MPF New Provides	-	23.7	23.7	220	761,964	conns	41.71	31.09	-	23.7	-	5.6	(19.0)%	(0.8)%
Other ancillaries	14.8	9.2	24.0	(ux)	(ux)	(ux)	(sx)	(sx)	6.5	6.6	1.6	2.7	515.0%	97.6%
Other WLA services	58.8	49.5	108.3	(ux)	(ux)	(ux)	(sx)	(sx)	184.3	111.1	35.2	19.9	(357.0)%	(309.5)%
IFRS 15 deferred revenue	(2.4)	(5.9)	(8.3)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.2)	(19.5)	(32.3)	11.9%	17.7%
IFRS15 SLG	(29.4)	(24.7)	(54.1)	(ux)	(ux)	(ux)	(sx)	(sx)	(31.9)	(26.8)	(1.5)	(1.2)	(169.0)%	(169.0)%
Rounding	(0.1)	-	(0.1)						(0.1)	0.2	-	-	-	-
Total WLA - Area 2	551.4	1,158.9	1,710.3						593.9	811.7	1,821.1	2,078.9	(2.3)%	16.7%

Notes:

1) There is a small unresolved error in the allocation of cost and MCE associated with the Openreach sales and product management team which would move values of approximately £3m of cost and £(12)m of MCE from SOGEA services to FTTC and FTTP services. We believe that these movements are small across services and negligible at a market level, and would not impact an end users understanding of the results contained within the RFS. We intend to further investigate and correct this item where appropriate next year

¹Ancillary (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 2023

	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		Hard Ceases			
	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	-	(5.5)	(0.1)	(0.4)	0.1	0.4	0.5	0.7	(0.1)	-	-	-	(2.6)	(1.8)	(0.2)	(0.1)	(0.7)	(0.5)	-	-	-	-	-	-	-	-	-
Wages and salaries	£m	-	86.8	0.9	7.0	2.5	6.2	8.2	13.1	3.2	1.3	1.2	0.9	82.9	57.9	4.2	3.0	13.6	10.2	6.8	6.3	2.0	0.9	2.5	5.0	1.5	3.9	
Social security costs	£m	-	9.9	0.1	0.8	0.3	0.8	1.1	1.7	0.4	0.2	0.1	0.1	9.7	6.8	0.5	0.4	1.6	1.2	0.8	0.7	0.2	0.1	0.3	0.6	0.2	0.4	
Other pension costs	£m	-	13.7	0.1	1.1	0.4	1.0	1.3	2.1	0.5	0.2	0.2	0.1	13.4	9.4	0.7	0.5	2.2	1.7	1.1	1.0	0.3	0.2	0.4	0.8	0.2	0.5	
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own work capitalised	£m	-	(47.4)	(0.5)	(3.8)	(1.3)	(3.1)	(4.1)	(6.6)	(1.8)	(0.7)	(0.7)	(0.5)	(45.8)	(32.0)	(2.2)	(1.5)	(7.0)	(5.3)	(3.8)	(3.5)	(1.1)	(0.5)	(1.4)	(2.8)	(0.9)	(2.3)	
Net indirect labour costs	£m	-	10.6	0.1	0.9	0.4	0.9	1.2	1.8	0.3	0.1	0.1	0.1	7.8	5.5	0.5	0.4	1.8	1.3	0.7	0.7	0.2	0.1	0.2	0.4	0.1	0.2	
Product costs	£m	-	0.2	-	-	-	0.1	0.1	0.2	-	-	-	-	0.3	0.2	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	-	36.6	0.3	2.5	6.0	14.9	19.5	31.2	1.9	0.8	0.7	0.5	48.8	34.1	2.8	2.0	8.9	6.7	0.2	0.2	0.1	-	0.1	0.1	-	0.1	
Network operating and IT costs	£m	-	7.4	0.1	0.6	0.3	0.9	1.1	1.8	0.3	0.1	0.1	0.1	8.4	5.8	0.4	0.3	1.3	1.0	0.6	0.6	0.2	0.1	0.2	0.4	0.1	0.1	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	1.6	-	0.1	-	-	0.1	0.1	-	-	-	-	0.5	0.4	0.1	0.1	0.2	0.2	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	0.2	-	-	-	-	-	0.1	-	-	-	-	0.2	0.2	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	34.7	0.4	3.2	0.8	1.2	3.2	2.9	(0.5)	(0.2)	(0.2)	(13.1)	(10.1)	1.8	1.1	5.8	3.7	4.9	4.5	1.4	0.7	1.8	3.5	0.3	0.8		
Other operating income	£m	-	(1.0)	-	(0.1)	(0.5)	(1.3)	(1.7)	(2.7)	-	-	-	(1.0)	(0.7)	(0.2)	(0.1)	(0.7)	(0.5)	(0.1)	-	-	-	-	-	-	-	-	
Specific items	£m	-	5.6	0.1	0.4	0.2	0.5	0.7	1.1	0.2	0.1	0.1	0.1	6.3	4.4	0.3	0.2	0.9	0.6	0.4	0.4	0.1	0.1	0.1	0.3	0.1	0.1	
Total operating costs before depreciation	£m	-	153.4	1.5	12.3	9.2	22.5	31.2	47.5	4.4	1.9	1.6	1.2	115.8	80.1	8.7	6.3	28.1	20.3	11.6	10.9	3.4	1.7	4.2	8.3	1.6	3.8	
Depreciation																												
Duct	£m	-	0.2	-	-	0.5	1.2	1.6	2.5	-	-	-	-	-	-	0.2	0.1	0.5	0.4	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	94.0	0.9	6.3	1.5	3.6	4.7	7.5	-	-	-	-	0.2	0.2	4.7	3.3	15.1	11.3	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	5.1	12.5	16.3	26.1	2.4	1.0	0.9	0.6	61.5	42.9	1.6	1.1	5.2	3.9	-	-	-	-	-	-	-	-	
Electronics	£m	-	0.2	-	-	0.7	1.6	2.1	3.4	0.2	0.1	0.1	0.1	5.7	4.0	0.2	0.2	0.7	0.5	-	-	-	-	-	-	-	-	
Software	£m	-	5.6	0.1	0.4	0.7	1.7	2.3	3.6	0.4	0.2	0.1	0.1	9.9	6.9	0.4	0.3	1.3	1.0	0.2	0.2	0.1	-	0.1	0.2	0.1	0.2	
Land and buildings	£m	-	1.3	-	0.1	-	0.1	0.1	0.2	0.1	-	-	-	1.5	1.0	0.1	-	0.2	0.1	0.1	0.1	-	-	-	0.1	-	-	
Right of use assets	£m	-	9.2	0.1	0.7	0.3	0.8	1.1	1.8	0.4	0.1	0.1	0.1	9.1	6.4	0.4	0.3	1.2	0.9	0.5	0.5	0.1	0.1	0.2	0.4	0.1	0.2	
Other assets	£m	-	2.8	-	0.2	0.6	1.5	1.9	3.1	0.2	0.1	0.1	0.1	5.1	3.6	0.3	0.2	0.8	0.6	0.1	0.1	-	-	0.2	0.4	-	-	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	(0.6)	(1.4)	(1.9)	(3.0)	(0.1)	-	-	-	(2.1)	(1.5)	(0.2)	(0.1)	(0.6)	(0.5)	-	-	-	-	-	-	-	-	
Total depreciation	£m	-	113.3	1.1	7.7	8.8	21.6	28.2	45.2	3.6	1.5	1.3	1.0	90.9	63.5	7.7	5.4	24.4	18.2	0.9	0.9	0.2	0.1	0.5	1.1	0.2	0.4	
Total HCA operating costs	£m	-	266.7	2.6	20.0	18.0	44.1	59.4	92.7	8.0	3.4	2.9	2.2	206.7	143.6	16.4	11.7	52.5	38.5	12.5	11.8	3.6	1.8	4.7	9.4	1.8	4.2	
CCA adjustments																												
Holding gains	£m	-	(96.7)	(0.9)	(6.5)	(2.9)	(7.1)	(9.3)	(14.8)	(0.1)	(0.1)	-	-	(3.2)	(2.3)	(5.3)	(3.7)	(16.9)	(12.7)	-	-	-	-	-	-	-	-	
Supplementary depreciation	£m	-	51.7	0.5	3.5	0.8	2.1	2.7	4.3	0.1	-	-	-	2.5	1.8	2.6	1.8	8.3	6.3	-	-	-	-	-	-	-	-	
Other CCA adjustments	£m	-	(11.0)	(0.1)	(0.7)	-	(0.1)	(0.1)	(0.1)	-	-	-	-	(1.1)	(0.7)	(0.5)	(0.4)	(1.6)	(1.2)	-	-	-	-	-	-	-	-	
Rounding	£m	-	0.1	0.1	0.1	0.3	-	0.1	-	(0.1)	-	0.2	(0.1)	0.2	(0.2)	(0.1)	(0.4)	0.1	0.3	0.2	(0.1)	0.1	(0.1)	-	(0.1)	(0.2)	0.1	
Total CCA operating costs	£m	-	210.8	2.2	16.4	16.2	39.0	52.8	82.1	7.9	3.3	3.1	2.1	205.1	142.2	13.1	9.0	42.4	31.2	12.7	11.7	3.7	1.7	4.7	9.3	1.6	4.3	
Total CCA operating cost includes the following:																												
Cumulo charges	£m	-	21.7	0.2	1.5	2.2	5.3	7.0	11.2	1.4	0.6	0.5	0.4	35.0	24.4	1.3	0.9	4.2	3.2	-	-	-	-	-	-	-	-	
Openreach SLGs	£m	-	2.5	0.1	0.2	0.6	0.6	2.4	1.6	0.1	-	-	-	2.2	0.6	0.4	0.1	1.5	0.5	-	-	-	-	-	-	-	-	
Leaver costs	£m	-	2.8	-	0.2	0.1	0.2	0.3	0.5	0.1	0.1	0.1	-	3.5	2.5	0.1	0.1	0.5	0.3	0.3	0.2	0.1	-	0.1	0.2	-	0.1	

	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		Hard Ceases			
	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	-	(5.5)	(0.1)	(0.4)	0.1	0.4	0.5	0.7	(0.1)	-	-	-	(2.6)	(1.8)	(0.2)	(0.1)	(0.7)	(0.5)	-	-	-	-	-	-	-	-	-
Openreach																												
Service and network delivery	£m	-	80.3	0.8	6.8	1.1	2.4	4.7	5.3	1.2	0.5	0.4	0.2	31.4	21.0	3.8	2.6	12.0	8.2									

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 2022

	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		Hard Ceases			
	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	-	43.2	0.5	2.7	1.0	2.3	3.2	4.0	0.3	-	0.2	-	8.9	2.8	0.8	0.7	2.3	2.9	-	-	-	-	-	-	-	-	-
Wages and salaries	£m	-	100.1	1.2	7.6	4.0	9.3	13.5	16.5	2.7	0.1	2.2	0.1	90.1	27.7	1.9	1.6	5.7	7.1	12.1	8.1	3.0	1.3	2.0	4.5	1.2	3.8	
Social security costs	£m	-	10.8	0.1	0.8	0.4	1.0	1.4	1.8	0.3	-	0.2	-	10.0	3.1	0.2	0.2	0.6	0.8	1.3	0.9	0.3	0.1	0.2	0.5	0.1	0.4	
Other pension costs	£m	-	16.6	0.2	1.3	0.7	1.5	2.2	2.7	0.5	-	0.4	-	15.5	4.8	0.3	0.3	1.0	1.2	2.1	1.4	0.5	0.2	0.3	0.8	0.2	0.5	
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own work capitalised	£m	-	(48.6)	(0.6)	(3.8)	(1.5)	(3.6)	(5.2)	(6.4)	(1.3)	-	(1.1)	(0.1)	(44.1)	(13.6)	(0.8)	(0.7)	(2.5)	(3.1)	(6.1)	(4.1)	(1.6)	(0.7)	(1.0)	(2.3)	(0.5)	(1.7)	
Net indirect labour costs	£m	-	11.2	0.1	0.9	0.5	1.3	1.9	2.2	0.2	-	0.2	-	7.5	2.3	0.2	0.2	0.7	0.8	1.1	0.7	0.3	0.1	0.1	0.3	0.1	0.2	
Product costs	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales commissions	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	-	35.8	0.4	2.3	6.8	16.0	22.9	28.4	1.3	-	1.1	0.1	45.0	13.9	0.9	0.8	2.6	3.3	0.3	0.2	0.1	-	-	0.1	-	0.1	
Network operating and IT costs	£m	-	7.1	0.1	0.6	0.5	1.2	1.7	2.2	0.2	-	0.2	-	7.0	2.1	0.1	0.1	0.4	0.6	1.0	0.7	0.2	0.1	0.1	0.3	0.1	0.2	
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	-	-	-	-	-	-	0.1
Marketing and sales	£m	-	0.3	-	-	-	0.1	0.1	0.1	-	-	-	-	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	30.5	0.5	2.9	1.4	1.6	5.5	3.2	(0.3)	(0.1)	(0.4)	(0.1)	(10.0)	(3.4)	0.8	0.5	2.0	1.9	8.2	5.5	2.1	0.9	1.4	3.0	0.4	1.3	
Other operating income	£m	-	(2.1)	-	(0.1)	(1.2)	(2.7)	(4.0)	(4.9)	(0.1)	-	-	-	(1.9)	(0.6)	(0.2)	(0.1)	(0.1)	(0.6)	(0.2)	(0.2)	0.1	-	0.1	(0.1)	-	(0.1)	
Specific items	£m	-	5.6	0.1	0.4	0.3	0.7	1.1	1.3	0.2	-	0.2	-	6.2	1.9	0.1	0.1	0.3	0.4	0.7	0.5	0.2	0.1	0.1	0.3	0.1	0.2	
Total operating costs before depreciation	£m	-	211.9	2.6	15.7	12.9	28.8	44.4	51.2	4.0	-	3.2	-	135.3	41.3	4.3	3.7	13.1	15.4	20.6	13.8	5.2	2.1	3.3	7.4	1.7	5.0	
Depreciation																												
Duct	£m	-	0.1	-	-	0.5	1.2	1.7	2.1	-	-	-	-	-	-	0.1	-	0.2	0.2	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	107.2	1.1	6.7	1.5	3.6	5.1	6.3	-	-	-	-	0.3	0.1	1.8	1.6	5.5	6.8	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	7.3	17.2	24.7	30.6	1.6	-	1.3	0.1	52.5	16.2	0.8	0.7	2.3	2.8	-	-	-	-	-	-	-	-	-
Electronics	£m	-	0.5	-	-	0.9	2.2	3.1	3.9	0.1	-	0.1	-	4.8	1.5	0.1	0.1	0.3	0.4	-	-	-	-	-	-	-	-	-
Software	£m	-	4.0	-	0.3	0.6	1.5	2.1	2.6	0.2	-	0.1	-	5.2	1.6	0.1	0.1	0.3	0.4	0.2	0.2	0.1	-	-	0.1	-	0.2	
Land and buildings	£m	-	0.3	-	-	-	-	0.1	0.1	-	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	£m	-	11.6	0.1	0.8	0.5	1.1	1.6	2.0	0.3	-	0.2	-	9.1	2.8	0.2	0.1	0.5	0.6	0.9	0.6	0.2	0.1	0.1	0.3	0.1	0.2	
Other assets	£m	-	2.7	-	0.2	0.7	1.6	2.5	3.0	0.1	-	0.1	-	4.2	1.3	0.1	0.1	0.3	0.3	0.2	0.1	0.1	-	0.1	0.3	-	0.1	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	(0.2)	(0.4)	(0.6)	(0.7)	-	-	-	-	(0.6)	(0.2)	-	-	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-
Total depreciation	£m	-	126.4	1.2	8.0	11.8	28.0	40.3	49.9	2.3	-	1.8	0.1	75.7	23.4	3.2	2.7	9.3	11.4	1.3	0.9	0.4	0.1	0.2	0.7	0.1	0.5	
Total HCA operating costs	£m	-	338.3	3.8	23.7	24.7	56.8	84.7	101.1	6.3	-	5.0	0.1	211.0	64.7	7.5	6.4	22.4	26.8	21.9	14.7	5.6	2.2	3.5	8.1	1.8	5.5	
CCA adjustments																												
Holding gains	£m	-	(71.1)	(0.8)	(4.4)	(2.1)	(4.9)	(6.9)	(8.6)	(0.1)	-	(0.1)	-	(2.4)	(0.8)	(1.3)	(1.1)	(3.9)	(4.9)	-	-	-	-	-	-	-	-	-
Supplementary depreciation	£m	-	40.5	0.4	2.5	0.6	1.5	2.1	2.6	0.1	-	-	-	2.0	0.6	0.7	0.6	2.1	2.6	-	-	-	-	-	-	-	-	-
Other CCA adjustments	£m	-	(7.8)	(0.1)	(0.5)	-	-	-	-	-	-	-	-	(0.7)	(0.2)	(0.1)	(0.1)	(0.4)	(0.5)	-	-	-	-	-	-	-	-	-
Rounding	£m	-	(0.1)	0.2	0.2	0.1	(0.1)	(0.2)	(0.1)	(0.1)	0.2	0.2	0.1	0.1	-	(0.1)	(0.2)	(0.1)	0.4	-	-	(0.1)	0.1	0.2	-	(0.1)	-	
Total CCA operating costs	£m	-	299.8	3.5	21.5	23.3	53.3	79.7	95.0	6.2	0.2	5.1	0.2	210.0	64.3	6.7	5.6	20.1	24.4	21.9	14.7	5.5	2.3	3.7	8.1	1.7	5.5	
Total CCA operating cost includes the following:																												
Cumulo charges	£m	-	23.2	0.2	1.4	3.7	8.7	12.5	15.4	1.0	-	0.9	-	35.4	10.9	0.5	0.4	1.4	1.8	-	-	-	-	-	-	-	-	-
Openreach SLGs	£m	-	3.6	0.1	0.2	1.0	0.9	4.5	2.0	0.1	-	-	-	2.1	0.3	0.3	0.1	0.9	0.4	-	-	-	-	-	-	-	-	-
Leaver costs	£m	-	2.9	-	0.2	0.2	0.4	0.5	0.6	0.1	-	0.1	-	3.3	1.0	0.1	0.1	0.2	0.2	0.4	0.3	0.1	-	0.1	0.1	-	0.1	-
(ii) Operating costs by division																												
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	43.2	0.5	2.7	1.0	2.3	3.2	4.0	0.3	-	0.2	-	8.9	2.8	0.8	0.7	2.3	2.9	-	-	-	-	-	-	-	-	-
Openreach																												
Service and network delivery	£m	-	84.0	1.1	7.1	1.7	2.3	6.5	4.4	1.1	-	0.9	-	37.3	11.1	1.4	1.1	4.3	4.6	15.1	10.2	3.9	1.6	2.5	5.5	1.1	3.0	
Openreach support functions	£m	-	13.7	0.2	1.0	0.8	1.9	2.7	3.3	0.2	-	0.1	-	6.1	1.9	0.4	0.4	1.4	1.7	1.4	0.9	0.3	0.1	0.2	0.4	0.3	0.9	
Openreach total	£m	-	97.7	1.3	8.1	2.5	4.2	9.2	7.7	1.3	-	1.0	-	43.4	13.0	1.8	1.5	5.7	6.3	16.5	11.1	4.2	1.7	2.7	5.9	1.4	3.9	
Rest of BT																												
Group centre	£m	-	22.4	0.3	1.7	1.2	2.9	4.2	5.1	0.7	-	0.6	-	22.5	6.9	0.5	0.4	1.4	1.7	2.6	1.7	0.7	0.3	0.4	1.0	0.2	0.8	
Property and facilities	£m	-	27.6	0.3	1.7	3.9	9.2	13.2	16.4	1.1	-	0.9	-	38.0	11.7	0.5	0.5	1.6	2.0	0.1	0.1	-	-	-	-	-	-	
Technology units	£m	-	19.9	0.2	1.4	4.2	10.0	14.3	17.7	0.6	-	0.5	-	21.8	6.7	0.7	0.6	2.0	2.4	1.3	0.9	0.3	0.1	0.2	0.5	0.1	0.3	
Consumer, Global and Enterprise	£m	-	1.1	-	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	-	71.0	0.8	4.9	9.4	22.3	32.0	39.5	2.4	-	2.0	-	83.0	25.5	1.7												

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 2022

	GEA Cancel/Amend/Modify – CRD		Tie cables		Ancillaries (£0 cap)		Other ancillaries – CPI-0%		GEA 40/10 (FTTC) PCP Only Install Connections		GEA Other (FTTC) PCP Only Install Connections		MPF New Provides		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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17.2	58.6
Wages and salaries	£m	4.2	9.0	4.3	-	-	-	24.0	25.9	6.1	21.7	9.0	26.3	-	13.1	4.3	3.9	115.5	73.0	(0.1)	(0.1)	(1.4)	(1.2)	(0.1)	0.1	305.4	359.5	
Social security costs	£m	0.4	0.9	0.2	-	-	-	2.5	2.6	0.5	1.7	0.7	2.1	-	1.3	0.2	0.3	8.8	5.3	-	-	(0.2)	(0.1)	0.3	(0.1)	28.5	34.4	
Other pension costs	£m	0.5	1.2	0.2	-	-	-	3.2	3.5	0.7	2.4	1.0	2.9	-	2.0	0.4	0.4	12.8	7.6	-	-	(0.2)	(0.2)	-	0.3	42.5	51.4	
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own work capitalised	£m	(3.0)	(6.4)	(0.7)	-	-	-	(17.0)	(16.8)	(2.7)	(9.8)	(4.1)	(11.8)	-	(6.2)	(1.0)	(1.3)	(46.0)	(27.4)	-	-	0.4	0.3	0.1	0.2	(140.3)	(167.9)	
Net indirect labour costs	£m	0.2	0.3	0.2	-	-	-	0.9	1.2	0.3	0.9	0.4	1.1	-	0.8	0.3	0.2	5.1	3.0	-	-	(0.6)	(0.5)	-	0.1	19.7	27.3	
Product costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	0.1	0.2	0.2	
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	0.1	0.2	0.2	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property and energy costs	£m	0.1	0.1	0.4	-	-	-	0.3	0.4	0.1	0.3	0.1	0.3	-	0.3	0.1	0.1	2.5	1.0	-	-	-	-	(0.1)	(0.1)	84.9	103.4	
Network operating and IT costs	£m	-	0.1	0.1	-	-	-	0.3	5.0	0.1	0.5	0.2	0.5	-	0.8	0.2	0.9	3.1	1.7	-	-	0.2	0.2	-	-	15.8	24.9	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	-	-	-	-	0.1	0.1	0.4	1.4	0.6	1.7	-	0.3	-	-	8.8	6.2	-	-	-	-	(0.1)	(0.2)	10.7	11.5	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	0.1	0.2	0.7	0.9	
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating costs	£m	(0.3)	(0.6)	(2.0)	-	-	-	-	5.1	3.5	8.9	5.7	10.7	-	9.4	1.3	1.5	61.6	33.8	0.1	(0.1)	(29.6)	(24.8)	(0.2)	(0.3)	51.7	91.3	
Other operating income	£m	-	-	-	-	-	-	(0.1)	(0.1)	-	(0.2)	(0.1)	(0.2)	-	(0.2)	-	-	(1.1)	(0.7)	-	-	-	-	-	-	(8.8)	(12.9)	
Specific items	£m	0.1	0.2	0.1	-	-	-	0.5	0.7	0.1	0.5	0.2	0.6	-	0.7	0.2	0.2	3.0	1.7	-	-	(0.1)	(0.1)	(0.1)	(0.1)	13.6	15.9	
Total operating costs before depreciation	£m	2.2	4.8	2.8	-	-	-	14.7	27.6	9.1	28.3	13.7	34.2	-	22.3	6.0	6.2	174.5	105.3	-	(0.2)	(31.5)	(26.4)	(0.1)	0.3	442.0	598.7	
Depreciation																												
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	2.5	3.8
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	2.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17.9	132.3
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	90.4	67.6	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	9.6	8.6	
Software	£m	-	-	0.1	-	-	-	0.2	0.5	0.1	0.4	0.2	0.5	-	0.5	0.1	0.1	3.6	2.5	-	-	(0.4)	(0.3)	0.2	(0.4)	13.0	14.8	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	0.1	0.4	0.6	
Right of use assets	£m	0.4	0.8	0.1	-	-	-	2.1	2.1	0.3	1.1	0.5	1.3	-	0.8	0.3	0.3	5.5	2.9	-	-	(0.1)	(0.1)	(0.1)	-	22.8	29.4	
Other assets	£m	-	0.1	0.1	-	-	-	0.2	0.2	-	0.1	-	0.2	-	0.2	0.1	0.1	0.9	0.4	-	-	0.1	-	(0.1)	(0.1)	9.7	10.9	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.5)	(1.4)	
Total depreciation	£m	0.4	0.9	2.9	-	-	-	2.5	2.8	0.4	1.6	0.7	2.0	-	1.5	0.5	0.5	10.1	5.8	-	-	(0.4)	(0.4)	0.1	(0.2)	164.8	266.6	
Total HCA operating costs	£m	2.6	5.7	5.7	-	-	-	17.2	30.4	9.5	29.9	14.4	36.2	-	23.8	6.5	6.7	184.6	111.1	-	(0.2)	(31.9)	(26.8)	-	0.1	606.8	865.3	
CCA adjustments																												
Holding gains	£m	-	-	(3.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20.6)	(95.8)
Supplementary depreciation	£m	-	-	1.1	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.1	51.0	
Other CCA adjustments	£m	-	-	0.1	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.2)	(9.2)	
Rounding	£m	0.1	0.1	(0.1)	-	-	-	(0.1)	(0.1)	0.2	-	0.1	-	(0.1)	-	(0.1)	(0.3)	-	-	(0.1)	-	-	-	(0.1)	0.1	(0.2)	0.4	
Total CCA operating costs	£m	2.7	5.8	3.8	-	-	-	17.1	30.3	9.7	29.9	14.5	36.2	-	23.7	6.5	6.6	184.3	111.1	(0.1)	(0.2)	(31.9)	(26.8)	(0.1)	0.2	593.9	811.7	
Total CCA operating cost includes the following:																												
Cumulo charges	£m	-	-	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2	56.0	62.0	
Openreach SLGs	£m	-	-	-	-	-	-	0.8	1.6	2.1	2.7	3.1	3.3	-	3.3	-	-	19.1	6.7	-	-	(29.5)	(24.7)	-	(0.1)	4.6	0.3	
Leaver costs	£m	-	0.1	0.1	-	-	-	0.3	0.4	0.1	0.3	0.1	0.3	-	0.4	0.1	0.1	1.6	0.9	-	-	-	-	(0.1)	-	7.3	8.4	

	GEA Cancel/Amend/Modify – CRD		Tie cables		Ancillaries (£0 cap)		Other ancillaries – CPI-0%		GEA 40/10 (FTTC) PCP Only Install Connections		GEA Other (FTTC) PCP Only Install Connections		MPF New Provides		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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17.2	58.6
Openreach																												
Service and network delivery	£m	-	0.1	1.0	-	-	-	1.8	12.7	7.2	21.2	10.7	25.7	-	15.7	4.5	4.4	138.9	85.5	-	-	(29.6)	(24.9)	(0.2)	-	211.2	275.3	
Openreach support functions	£m	1.3	2.9	0.7	-	-	-	7.7	8.4	0.8	2.8	1.2	3.4	-	2.3	0.4	0.6	11.2	6.1	-	-	(0.3)	(0.2)	(0.2)	-	36.9	52.5	
Openreach total	£m	1.3	3.0	1.7	-	-	-	9.5	21.1	8.0	24.0	11.9	29.1	-	18.0	4.9	5.0	150.1	91.6	-	-	(29.9)	(25.1)	(0.4)	-	248.1	327.8	
Rest of BT																												
Group centre	£m	0.7	1.5	0.5	-	-	-	4.1	4.8	0.8	2.9	1.3	3.5	-	2.8	0.7	0.7	15.4	8.9	-	(0.1)	(0.9)	(0.7)	(0.1)	-	57.8	69.2	
Property and facilities	£m	-	-	0.4	-	-	-	0.1	0.1	-	0.1	-	0.1	-	0.1	-	0.1	0.8	0.3	-	-	-	-	0.1	0.1	61.0	70.1	
Technology units	£m	0.2	0.3	0.2	-	-	-	1.0	1.5	0.3	1.2	0.5	1.4	-	1.3	0.4	0.4	7.7	4.2	-	(0.1)	(0.6)	(0.5)	0.1	0.1	56.0	70.3	
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1	-	0.1	-	-	0.5	0.3	-	-	(0.1)	(0.1)	0.2	0.1	1.9	2.7	
Rest of BT total	£m	0.9	1.8	1.1	-	-	-	5.2	6.5	1.1	4.3	1.8	5.1	-	4.3	1.1	1.2	24.4	13.7	-	(0.2)	(1.6)	(1.3)	0.3	0.3	176.7	212.3	
Operating cost before depreciation	£m	2.2	4.8	2.8	-	-	-	14.7	27.6	9.1	28.3	13.7	34.2	-	22.3	6.0												

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 2023

	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		Hard Ceases			
	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	-	5.3	-	0.4	17.6	43.3	56.7	90.8	0.1	-	-	-	1.6	1.1	5.9	4.1	18.9	14.2	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	699.1	6.5	46.9	17.8	43.8	57.4	91.8	0.1	0.1	0.1	-	3.6	2.5	37.1	26.1	119.2	89.6	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	44.8	110.6	144.7	231.7	40.9	17.0	15.8	10.9	1,057.0	738.0	14.4	10.1	46.3	34.7	-	-	-	-	-	-	-	-	-
Electronics	£m	-	2.2	-	0.1	6.2	15.4	20.2	32.3	2.5	1.0	1.0	0.7	65.1	45.5	2.1	1.5	6.7	5.0	-	-	-	-	-	-	-	-	-
Software	£m	-	10.0	0.1	0.7	1.2	2.9	3.9	6.2	0.5	0.2	0.2	0.1	13.9	9.7	0.7	0.5	2.4	1.8	0.3	0.3	0.1	-	0.1	0.3	0.1	0.2	
Land and buildings	£m	-	3.5	-	0.3	0.1	0.4	0.5	0.8	0.1	-	-	-	2.7	1.9	0.1	0.1	0.4	0.3	0.1	0.1	-	-	0.1	-	-	-	
Right of use assets	£m	-	23.7	0.2	1.9	0.9	2.2	2.9	4.6	1.0	0.4	0.4	0.3	26.0	18.1	1.1	0.7	3.4	2.5	1.5	1.4	0.4	0.2	0.6	1.1	0.2	0.5	
Other assets	£m	-	21.5	0.2	1.5	7.3	17.8	23.5	37.4	1.3	0.5	0.5	0.3	33.9	23.6	2.9	2.0	9.2	6.8	0.2	0.2	0.1	-	0.9	1.7	0.1	0.2	
Less funded assets (BDUK, etc.)	£m	-	(0.2)	-	-	(15.4)	(38.0)	(49.8)	(79.7)	(2.2)	(0.9)	(0.8)	(0.6)	(56.3)	(39.3)	(5.0)	(3.5)	(15.9)	(12.0)	-	-	-	-	-	-	-	-	
Total non-current assets	£m	-	765.1	7.0	51.8	80.5	198.4	260.0	415.9	44.3	18.3	17.2	11.7	1,147.5	801.1	59.3	41.6	190.6	142.9	2.1	2.0	0.6	0.2	1.6	3.2	0.4	0.9	
Current assets	£m	-	93.3	0.9	6.9	10.3	25.2	35.1	55.1	5.2	2.2	2.0	1.4	135.9	94.3	7.1	4.9	23.2	17.2	3.9	3.6	1.1	0.5	1.6	3.1	0.5	1.3	
Current liabilities	£m	-	(67.7)	(0.7)	(5.3)	(10.4)	(25.7)	(34.0)	(54.2)	(3.3)	(1.4)	(1.3)	(0.9)	(85.2)	(59.4)	(9.3)	(6.5)	(30.8)	(23.1)	(5.8)	(5.4)	(1.5)	(0.7)	(1.9)	(3.8)	(0.8)	(2.3)	
Provisions	£m	-	(2.4)	-	(0.2)	(0.1)	(0.2)	(0.3)	(0.5)	(0.1)	-	-	-	(2.6)	(1.8)	(0.1)	(0.1)	(0.4)	(0.3)	(0.2)	(0.1)	-	-	(0.1)	(0.1)	-	(0.1)	
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	0.1	-	-	0.1	(0.1)	(0.1)	(0.1)	0.2	
Total MCE	£m	-	788.2	7.3	53.1	80.3	197.8	260.7	416.3	46.2	19.2	17.9	12.3	1,195.5	834.1	57.0	40.0	182.5	136.8	0.1	0.1	0.2	0.1	1.1	2.3	-	-	

7.1.3 Wholesale Local Access – Area 2 Analysis of Service MCE (continued) For the year ended 31 March 2023

	GEA Cancel/Amend/ Modify – CRD		Tie cables		Ancillaries (£0 cap)		Other ancillaries - CPI-0%		GEA 40/10 (FTTC) PCP Only Install Connections		GEA Other (FTTC) PCP Only Install Connections		MPF New Provides		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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.8	-	-	-	-	-	-	(0.1)	-	100.7	163.0	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	28.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	270.5	999.9		
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	1,363.9	1,152.9		
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	103.9	103.8	
Software	£m	0.1	0.3	0.1	-	-	0.5	1.1	0.3	0.3	0.4	0.9	-	0.8	0.2	0.3	13.6	10.9	(0.1)	(0.1)	(1.6)	(1.2)	-	-	37.0	46.2		
Land and buildings	£m	(0.1)	(0.2)	-	-	-	(0.3)	(0.1)	-	-	-	-	-	0.1	-	-	0.6	0.3	-	-	-	-	0.2	(0.1)	4.4	7.5		
Right of use assets	£m	3.2	9.7	0.5	-	-	13.5	8.0	1.1	1.5	1.5	4.6	-	1.7	0.9	1.7	31.2	26.1	-	-	(0.2)	(0.2)	(0.2)	0.1	90.1	110.8		
Other assets	£m	0.8	2.3	0.1	-	-	3.3	2.9	0.6	0.7	0.8	2.2	-	0.7	-	0.5	22.0	17.0	(0.2)	(0.2)	(3.5)	(2.6)	(0.1)	-	103.9	137.0		
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(145.5)	(174.2)		
Total non-current assets	£m	4.0	12.1	29.5	-	-	17.0	11.9	2.0	2.5	2.7	7.7	-	3.3	1.1	6.3	67.5	54.4	(0.3)	(0.3)	(5.3)	(4.0)	(0.4)	(0.1)	1,928.9	2,546.9		
Current assets	£m	1.6	4.6	0.4	0.1	-	6.8	8.1	1.6	2.0	2.2	6.0	-	5.3	2.4	3.3	58.4	45.0	(0.2)	-	(1.3)	(1.0)	(0.1)	0.2	298.6	382.6		
Current liabilities	£m	(2.9)	(8.6)	(1.0)	(0.1)	-	(12.1)	(9.5)	(1.7)	(2.4)	(2.4)	(7.2)	-	(5.6)	(2.5)	(3.5)	(68.4)	(55.9)	(23.2)	(30.4)	2.3	1.7	(0.2)	-	(297.1)	(377.9)		
Provisions	£m	(0.2)	(0.6)	-	-	-	(0.8)	(0.5)	(0.1)	(0.1)	(0.1)	(0.3)	-	(0.2)	(0.1)	(0.1)	(2.5)	(2.0)	-	-	-	-	0.2	(0.2)	(7.5)	(9.8)		
Rounding	£m	0.1	-	(0.1)	-	-	(0.1)	-	(0.1)	0.1	-	-	-	-	-	(0.1)	(0.1)	(0.1)	-	(0.1)	(0.1)	-	0.5	(0.1)	(0.1)	0.1		
Total MCE	£m	2.6	7.5	28.8	-	-	10.8	10.0	1.7	2.1	2.4	6.2	-	2.8	0.9	5.9	54.9	41.4	(23.7)	(30.8)	(4.4)	(3.3)	-	(0.2)	1,922.8	2,541.9		

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 2022

	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		Hard Ceases			
	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	-	4.8	0.1	0.3	20.9	49.1	70.3	87.2	0.1	-	-	-	2.0	0.6	2.3	1.9	6.7	8.4	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	750.8	8.0	46.9	18.4	43.2	61.9	76.8	0.1	-	0.1	-	4.4	1.3	13.8	11.8	40.7	50.8	-	-	-	-	-	-	-	-	-
Fibre	£m	-	0.1	-	-	57.3	134.8	193.1	239.4	30.0	0.8	24.9	1.2	1,013.9	312.3	6.0	5.2	17.8	22.3	-	-	-	-	-	-	-	-	-
Electronics	£m	-	2.2	-	0.1	7.8	18.5	26.5	32.8	1.4	-	1.1	0.1	46.0	14.2	0.9	0.7	2.5	3.2	-	-	-	-	-	-	-	-	-
Software	£m	-	13.5	0.2	0.9	1.6	3.7	5.5	6.7	0.5	-	0.4	-	15.3	4.7	0.3	0.3	1.0	1.3	0.7	0.5	0.2	0.1	0.1	0.3	0.1	0.4	
Land and buildings	£m	-	3.4	-	0.2	0.2	0.4	0.6	0.7	0.1	-	0.1	-	2.2	0.7	-	-	0.1	0.2	0.1	0.1	-	-	-	-	-	-	
Right of use assets	£m	-	31.9	0.4	2.4	1.6	3.7	5.4	6.6	0.9	-	0.8	-	30.8	9.5	0.6	0.5	1.6	2.0	3.2	2.2	0.8	0.3	0.5	1.2	0.2	0.8	
Other assets	£m	-	27.0	0.3	1.9	9.4	22.1	31.7	39.2	1.1	-	0.9	-	37.2	11.5	1.2	1.1	3.7	4.6	1.8	1.2	0.5	0.2	0.8	1.7	0.1	0.5	
Less funded assets (BDUK, etc.)	£m	-	(0.2)	-	-	(16.4)	(38.7)	(55.4)	(68.6)	(1.7)	-	(1.4)	(0.1)	(57.6)	(17.7)	(1.7)	(1.5)	(5.1)	(6.4)	-	-	-	-	-	-	-	-	
Total non-current assets	£m	-	833.5	9.0	52.7	100.8	236.8	339.6	420.8	32.5	0.8	26.9	1.2	1,094.2	337.1	23.4	20.0	69.0	86.4	5.8	4.0	1.5	0.6	1.4	3.2	0.4	1.7	
Current assets	£m	-	105.1	1.2	7.4	13.8	32.1	48.8	59.2	3.9	0.1	3.2	0.2	132.4	40.8	3.0	2.5	9.0	11.0	7.0	4.7	1.8	0.7	1.3	2.9	0.5	1.8	
Current liabilities	£m	-	(77.4)	(0.9)	(5.8)	(10.4)	(24.3)	(35.3)	(43.4)	(2.5)	(0.1)	(2.1)	(0.1)	(83.9)	(25.8)	(3.5)	(3.0)	(10.7)	(13.3)	(10.3)	(6.9)	(2.2)	(0.9)	(1.5)	(3.4)	(0.7)	(2.4)	
Provisions	£m	-	(2.4)	-	(0.2)	(0.1)	(0.3)	(0.4)	(0.5)	(0.1)	-	-	-	(2.0)	(0.6)	-	-	(0.1)	(0.1)	(0.2)	(0.1)	-	-	-	(0.1)	-	-	
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)	(0.2)	-	-	-	0.1	(0.1)	
Total MCE	£m	-	858.8	9.2	54.2	104.0	244.4	352.8	436.0	33.8	0.9	28.0	1.3	1,140.7	351.4	22.8	19.5	67.3	83.9	2.3	1.6	0.9	0.4	1.2	2.6	0.3	1.0	

7.1.3 Wholesale Local Access – Area 2 Analysis of Service MCE (continued) Restated for the year ended 31 March 2022

	GEA Cancel/Amend/ Modify – CRD		Tie cables		Ancillaries (£0 cap)		Other ancillaries – CPI-0%		GEA 40/10 (FTTC) PCP Only Install Connections		GEA Other (FTTC) PCP Only Install Connections		MPF New Provides		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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	-	-	-	-	-	-	-	(0.1)	0.1	102.3	153.4	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	25.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.2	172.4	981.8		
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	1,343.1	716.1		
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	86.3	71.8		
Software	£m	0.1	0.2	0.4	-	-	0.6	1.5	0.4	1.4	0.7	1.6	-	1.4	0.2	0.2	11.6	7.8	(0.1)	(0.1)	(1.6)	(1.4)	0.1	-	38.3	45.0		
Land and buildings	£m	-	-	-	-	-	0.1	0.1	-	0.1	-	0.1	-	0.1	-	-	0.8	0.3	-	-	-	-	(0.1)	-	4.2	6.4		
Right of use assets	£m	1.3	2.8	0.5	-	-	7.4	7.4	1.1	3.8	1.6	4.6	-	2.9	1.0	0.9	18.5	10.2	-	-	(0.2)	(0.2)	(0.1)	(0.1)	77.9	93.4		
Other assets	£m	0.6	1.3	0.9	-	-	3.5	3.9	0.8	2.6	1.1	3.2	-	1.9	0.4	0.5	14.6	8.3	-	(0.1)	(0.9)	(0.7)	-	-	109.7	131.9		
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(139.4)	(133.2)		
Total non-current assets	£m	2.0	4.3	26.9	-	-	11.6	12.9	2.3	7.9	3.4	9.5	-	6.3	1.6	2.6	45.5	26.6	(0.1)	(0.2)	(2.7)	(2.3)	(0.2)	0.2	1,794.8	2,066.6		
Current assets	£m	1.1	2.3	1.3	0.1	-	6.6	10.2	2.4	7.3	3.6	8.8	-	7.6	2.4	2.2	41.5	23.9	(0.1)	(0.2)	(1.2)	(1.0)	-	-	283.5	329.7		
Current liabilities	£m	(1.6)	(3.5)	(1.2)	(0.1)	-	(9.7)	(11.9)	(2.5)	(8.7)	(3.7)	(10.5)	-	(8.2)	(2.3)	(2.2)	(51.0)	(30.2)	(19.3)	(31.8)	2.4	2.0	-	(0.2)	(252.9)	(312.1)		
Provisions	£m	-	-	-	-	-	(0.1)	(0.2)	-	(0.1)	(0.1)	(0.2)	-	(0.2)	(0.1)	(0.1)	(0.9)	(0.5)	-	-	0.1	-	(0.4)	(0.1)	(4.4)	(5.7)		
Rounding	£m	(0.1)	(0.1)	(0.1)	-	-	(0.1)	0.1	-	-	-	0.1	-	0.1	-	0.2	0.1	0.1	-	(0.1)	(0.1)	0.1	0.6	0.1	0.1	0.4		
Total MCE	£m	1.4	3.0	26.9	-	-	8.3	11.1	2.2	6.4	3.2	7.7	-	5.6	1.6	2.7	35.2	19.9	(19.5)	(32.3)	(1.5)	(1.2)	-	-	1,821.1	2,078.9		

Section 7 – Review of Wholesale Local Access Markets

7.2.1 Wholesale Local Access – Area 3 Summary For the year ended 31 March 2023

	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)	-	197.1	197.1	36	2,199,283	lines	89.59	89.64	-	92.5	-	346.0	29.7%	30.2%
MPF other rentals	0.9	14.0	14.9	9,294	147,509	lines	94.68	94.68	0.4	7.2	1.5	23.3	29.7%	29.2%
FTTC 40/10 rentals (charge controlled)	45.8	64.7	110.5	727,050	1,023,312	lines	62.93	63.20	16.7	23.0	83.0	116.6	35.0%	35.8%
FTTC other rentals	146.8	131.4	278.2	1,809,143	1,672,898	lines	81.16	78.52	42.0	37.8	207.6	191.5	50.5%	48.9%
FTTP 40/10 rentals (charge controlled)	2.6	0.9	3.5	14,688	4,924	lines	173.77	173.78	3.7	1.2	21.6	7.2	(5.3)%	(5.2)%
FTTP 40/10 rentals (non-charge controlled)	2.4	1.0	3.4	13,828	5,930	lines	173.77	173.78	3.5	1.5	20.3	8.7	(5.3)%	(5.2)%
FTTP other rentals	136.3	61.2	197.5	649,444	308,222	lines	209.81	198.42	164.0	77.3	956.1	453.5	(2.9)%	(3.6)%
SOGEA 40/10 rental (charge controlled)	22.5	14.4	36.9	147,513	94,421	lines	152.51	152.51	8.6	5.4	37.2	23.8	37.5%	38.0%
SOGEA other rentals	70.3	42.4	112.7	427,340	257,424	lines	164.58	164.90	25.0	14.7	107.4	64.6	42.2%	43.0%
NGA Visit Assure	9.8	5.2	15.0	72,070	38,365	amendments	136.40	136.40	10.1	5.4	0.1	-	(466.7)%	(466.8)%
Special Faults investigation	3.1	0.8	3.9	(ux)	(ux)	(ux)	(sx)	(sx)	2.9	0.8	0.2	-	81.0%	81.0%
WLA Time Related Charges	4.0	4.6	8.6	(ux)	(ux)	(ux)	(sx)	(sx)	3.8	4.3	0.9	1.0	23.8%	31.9%
Hard Ceases	1.2	2.6	3.8	88,999	173,467	ceases	13.32	15.05	1.6	3.1	-	-	(3,825.8)%	2,843.6%
GEA Cancel/Amend/Modify – CRD	2.4	3.1	5.5	174,889	525,712	amendments	13.93	5.86	3.4	10.3	1.8	5.4	(53.6)%	(133.5)%
Tie cables	5.7	1.9	7.6	(ux)	(ux)	(ux)	(sx)	(sx)	(0.6)	-	20.8	-	30.1%	(12,766.1)%
Ancillaries (£0 cap)	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries - CPI-0% ¹	4.3	5.3	9.6	(ux)	(ux)	(ux)	(sx)	(sx)	14.8	14.1	7.6	5.1	(138.6)%	(173.0)%
GEA 40/10 (FTTC) PCP Only Install Connections	2.6	2.2	4.8	52,925	45,389	conns	49.14	49.14	5.7	4.3	1.5	1.0	(213.1)%	(198.6)%
GEA Other (FTTC) PCP Only Install Connections	2.1	6.7	8.8	43,587	135,536	conns	49.14	49.14	4.7	12.9	1.2	3.1	(213.1)%	(198.6)%
MPF New Provides	-	4.1	4.1	1	127,474	conns	23.75	32.23	-	4.4	-	0.7	(206.6)%	(41.9)%
Other ancillaries	7.4	5.0	12.4	(ux)	(ux)	(ux)	(sx)	(sx)	5.2	4.9	0.7	2.7	309.6%	5.9%
Other WLA services	28.7	26.2	54.9	(ux)	(ux)	(ux)	(sx)	(sx)	108.4	88.7	22.1	17.1	(361.4)%	(366.0)%
IFRS 15 deferred revenue	(4.9)	0.1	(4.8)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.1)	(18.9)	(14.2)	25.1%	(1.5)%
IFRS15 SLG	(26.9)	(11.6)	(38.5)	(ux)	(ux)	(ux)	(sx)	(sx)	(29.3)	(12.7)	(3.5)	(1.5)	(69.1)%	(69.1)%
Rounding	(0.1)	0.1	-						(0.1)	(0.1)	(0.2)	-	-	-
Total WLA - Area 3	467.0	583.4	1,050.4						394.4	400.9	1,469.0	1,255.6	4.9%	14.5%

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 2023
Non-subsidised homes passed with FTTP	Million premises	0.8	2.5

2) There is a small unresolved error in the allocation of cost and MCE associated with the Openreach sales and product management team which would move values of approximately £1m of cost and £(9)m of MCE from SOGEA services to FTTC and FTTP services. We believe that these movements are small across services and negligible at a market level, and would not impact an end users understanding of the results contained within the RFS. We intend to further investigate and correct this item where appropriate next year.

¹Ancillary (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 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	-	126.4	-	362.6	21.1%	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	22.9	21.6%	20.2%
FTTC 40/10 rentals (charge controlled)	50.6	69.2	119.8	837,248	1,145,247	lines	60.40	60.40	22.9	30.4	102.2	139.5	27.1%	27.8%
FTTC other rentals	172.6	122.1	294.7	2,216,773	1,615,510	lines	77.85	75.61	61.5	43.1	272.2	197.8	40.8%	40.0%
FTTP 40/10 rentals (charge controlled)	1.6	-	1.6	10,039	118	lines	163.39	167.48	3.4	-	18.7	0.2	(9.6)%	(9.3)%
FTTP 40/10 rentals (non-charge controlled)	2.4	0.1	2.5	14,775	690	lines	163.39	167.48	5.1	0.2	27.5	1.3	(9.6)%	(9.3)%
FTTP other rentals	90.7	18.4	109.1	536,588	96,384	lines	169.09	191.38	183.7	32.8	998.4	179.3	(9.3)%	(8.0)%
SOGEA 40/10 rental (charge controlled)	8.4	7.0	15.4	57,227	47,718	lines	146.56	146.40	4.3	3.5	14.6	12.1	28.2%	29.0%
SOGEA other rentals	24.6	23.5	48.1	153,149	147,406	lines	160.61	159.58	11.5	10.8	38.8	37.3	33.6%	34.2%
NGA Visit Assure	14.9	5.8	20.7	113,929	44,971	amendments	130.83	130.00	16.9	6.7	1.8	0.7	(110.6)%	(115.4)%
Special Faults investigation	3.9	1.0	4.9	(ux)	(ux)	(ux)	(sx)	(sx)	4.2	1.1	0.7	0.2	(40.6)%	(39.5)%
WLA Time Related Charges	3.6	5.2	8.8	(ux)	(ux)	(ux)	(sx)	(sx)	2.8	3.7	0.9	1.2	83.5%	131.9%
Hard Ceases	1.1	2.9	4.0	86,194	195,468	ceases	13.24	14.83	1.4	3.2	0.3	0.6	(98.5)%	(46.3)%
GEA Cancel/Amend/Modify – CRD	1.6	1.6	3.2	127,063	276,661	amendments	12.58	5.63	1.5	3.3	0.8	1.7	7.3%	(104.3)%
Tie cables	4.8	1.5	6.3	(ux)	(ux)	(ux)	(sx)	(sx)	2.2	-	15.6	-	16.6%	10,355.8%
Ancillaries (£0 cap)	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries - CPI-0% ¹	5.9	9.2	15.1	(ux)	(ux)	(ux)	(sx)	(sx)	10.3	16.4	5.0	6.0	(86.3)%	(120.2)%
GEA 40/10 (FTTC) PCP Only Install Connections	3.0	10.3	13.3	63,414	218,611	conns	47.14	47.19	5.4	15.8	1.2	3.4	(199.6)%	(162.7)%
GEA Other (FTTC) PCP Only Install Connections	4.2	12.5	16.7	90,154	264,552	conns	47.12	47.13	7.6	19.1	1.7	4.1	(199.7)%	(163.1)%
MPF New Provides	-	6.0	6.0	56	192,659	conns	41.71	31.09	-	6.0	-	1.4	(19.0)%	(0.8)%
Other ancillaries	6.7	4.2	10.9	(ux)	(ux)	(ux)	(sx)	(sx)	4.4	3.2	1.1	1.4	207.4%	71.7%
Other WLA services	22.1	19.6	41.7	(ux)	(ux)	(ux)	(sx)	(sx)	76.3	50.7	14.3	9.1	(378.6)%	(341.7)%
IFRS 15 deferred revenue	(1.9)	(2.7)	(4.6)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.1)	(15.0)	(14.6)	11.9%	17.7%
IFRS15 SLG	(22.7)	(11.2)	(33.9)	(ux)	(ux)	(ux)	(sx)	(sx)	(24.6)	(12.1)	(1.1)	(0.6)	(169.0)%	(169.0)%
Rounding	0.1	0.1	0.2						0.1	(0.1)	(0.1)	-	-	-
Total WLA - Area 3	399.2	526.0	925.2						401.4	373.0	1,501.3	967.6	(0.1)%	15.8%

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

2) There is a small unresolved error in the allocation of cost and MCE associated with the Openreach sales and product management team which would move values of approximately £1m of cost and £(5)m of MCE from SOGEA services to FTTC and FTTP services. We believe that these movements are small across services and negligible at a market level, and would not impact an end users understanding of the results contained within the RFS. We intend to further investigate and correct this item where appropriate next year.

¹Ancillary (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 2023

	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		Hard Ceases			
	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	-	(2.4)	-	(0.2)	0.1	0.2	0.4	0.3	-	-	-	-	(2.1)	(1.0)	(0.1)	(0.1)	(0.4)	(0.2)	-	-	-	-	-	-	-	-	-
Wages and salaries	£m	-	38.1	0.2	3.0	2.6	3.7	6.5	6.0	1.5	0.5	1.4	0.6	66.3	31.5	2.7	1.8	8.0	4.8	5.4	2.9	1.6	0.4	2.0	2.3	1.4	2.8	
Social security costs	£m	-	4.3	-	0.3	0.3	0.5	0.8	0.8	0.2	0.1	0.2	0.1	7.8	3.7	0.3	0.2	1.0	0.6	0.6	0.3	0.2	0.1	0.2	0.3	0.1	0.3	
Other pension costs	£m	-	6.0	-	0.5	0.4	0.6	1.1	1.0	0.2	0.1	0.2	0.1	10.7	5.1	0.4	0.3	1.3	0.8	0.9	0.5	0.3	0.1	0.3	0.4	0.2	0.4	
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own work capitalised	£m	-	(20.8)	(0.1)	(1.7)	(1.3)	(1.9)	(3.3)	(3.0)	(0.8)	(0.3)	(0.8)	(0.3)	(36.6)	(17.4)	(1.4)	(0.9)	(4.1)	(2.5)	(3.0)	(1.6)	(0.9)	(0.2)	(1.1)	(1.3)	(0.9)	(1.7)	
Net indirect labour costs	£m	-	4.7	-	0.4	0.4	0.5	0.9	0.8	0.1	-	0.1	0.1	6.3	3.0	0.4	0.2	1.0	0.6	0.6	0.3	0.2	-	0.2	0.2	0.1	0.1	
Product costs	£m	-	0.1	-	-	-	0.1	0.1	0.1	-	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property and energy costs	£m	-	16.1	0.1	1.1	6.2	8.8	15.5	14.4	0.9	0.3	0.8	0.4	39.0	18.5	1.8	1.2	5.3	3.2	0.1	0.1	-	-	0.1	0.1	-	-	
Network operating and IT costs	£m	-	3.3	-	0.3	0.4	0.5	0.9	0.8	0.2	0.1	0.1	0.1	6.7	3.2	0.3	0.2	0.8	0.5	0.5	0.3	0.1	-	0.2	0.2	0.1	0.1	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	0.7	-	0.1	-	-	0.1	-	-	-	-	-	0.4	0.2	0.1	-	0.1	0.1	-	-	-	-	-	-	-	-	
Marketing and sales	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating costs	£m	-	15.2	0.1	1.4	0.9	0.7	2.6	1.4	(0.2)	(0.1)	(0.2)	(0.1)	(10.5)	(5.5)	1.2	0.6	3.4	1.7	3.9	2.1	1.1	0.3	1.4	1.6	0.3	0.5	
Other operating income	£m	-	(0.5)	-	-	(0.5)	(0.8)	(1.4)	(1.3)	-	-	-	-	(0.8)	(0.4)	(0.1)	(0.1)	(0.4)	(0.2)	-	-	-	-	-	-	-	-	
Specific items	£m	-	2.4	-	0.2	0.2	0.3	0.5	0.5	0.1	-	0.1	-	5.1	2.4	0.2	0.1	0.5	0.3	0.3	0.2	0.1	-	0.1	0.1	0.1	0.1	
Total operating costs before depreciation	£m	-	67.3	0.3	5.4	9.7	13.2	24.7	21.8	2.2	0.7	1.9	1.0	92.7	43.5	5.8	3.5	16.5	9.7	9.3	5.1	2.7	0.7	3.4	3.9	1.4	2.6	
Depreciation																												
Duct	£m	-	0.1	-	-	0.5	0.7	1.2	1.1	-	-	-	-	-	-	0.1	0.1	0.3	0.2	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	41.3	0.2	2.8	1.5	2.1	3.7	3.4	-	-	-	-	0.2	0.1	3.1	2.0	8.9	5.3	-	-	-	-	-	-	-	-	
Fibre	£m	-	-	-	-	5.2	7.4	13.0	12.0	1.1	0.4	1.0	0.4	49.2	23.3	1.1	0.7	3.1	1.8	-	-	-	-	-	-	-	-	
Electronics	£m	-	0.1	-	-	0.7	1.0	1.7	1.6	0.1	-	0.1	-	4.6	2.2	0.1	0.1	0.4	0.2	-	-	-	-	-	-	-	-	
Software	£m	-	2.5	-	0.2	0.7	1.0	1.8	1.7	0.2	0.1	0.2	0.1	7.9	3.7	0.3	0.2	0.8	0.5	0.2	0.1	0.1	-	0.1	0.1	0.1	0.2	
Land and buildings	£m	-	0.6	-	-	-	0.1	0.1	0.1	-	-	-	-	1.2	0.6	-	-	0.1	0.1	0.1	-	-	-	-	-	-	-	
Right of use assets	£m	-	4.0	-	0.3	0.4	0.5	0.9	0.8	0.2	0.1	0.2	0.1	7.3	3.5	0.2	0.2	0.7	0.4	0.4	0.2	0.1	-	0.1	0.2	0.1	0.1	
Other assets	£m	-	1.2	-	0.1	0.6	0.9	1.5	1.4	0.1	-	0.1	-	4.1	1.9	0.2	0.1	0.5	0.3	0.1	0.1	-	-	0.2	0.2	-	-	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	(0.6)	(0.9)	(1.5)	(1.4)	-	-	-	-	(1.7)	(0.8)	(0.1)	(0.1)	(0.4)	(0.2)	-	-	-	-	-	-	-	-	
Total depreciation	£m	-	49.8	0.2	3.4	9.0	12.8	22.4	20.7	1.7	0.6	1.6	0.6	72.8	34.5	5.0	3.3	14.4	8.6	0.8	0.4	0.2	-	0.4	0.5	0.2	0.3	
Total HCA operating costs	£m	-	117.1	0.5	8.8	18.7	26.0	47.1	42.5	3.9	1.3	3.5	1.6	165.5	78.0	10.8	6.8	30.9	18.3	10.1	5.5	2.9	0.7	3.8	4.4	1.6	2.9	
CCA adjustments																												
Holding gains	£m	-	(42.4)	(0.2)	(2.8)	(3.0)	(4.2)	(7.4)	(6.8)	(0.1)	-	(0.1)	-	(2.6)	(1.2)	(3.4)	(2.2)	(9.9)	(6.0)	-	-	-	-	-	-	-	-	
Supplementary depreciation	£m	-	22.7	0.1	1.5	0.9	1.2	2.1	2.0	-	-	-	-	2.0	1.0	1.7	1.1	4.9	3.0	-	-	-	-	-	-	-	-	
Other CCA adjustments	£m	-	(4.8)	-	(0.3)	-	-	(0.1)	-	-	-	-	-	(0.8)	(0.4)	(0.3)	(0.2)	(0.9)	(0.6)	-	-	-	-	-	-	-	-	
Rounding	£m	-	(0.1)	-	-	0.1	-	0.3	0.1	(0.1)	(0.1)	0.1	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	-	-	-	(0.1)	-	0.1	-	(0.1)	-	0.2	
Total CCA operating costs	£m	-	92.5	0.4	7.2	16.7	23.0	42.0	37.8	3.7	1.2	3.5	1.5	164.0	77.3	8.6	5.4	25.0	14.7	10.1	5.4	2.9	0.8	3.8	4.3	1.6	3.1	
Total CCA operating cost includes the following:																												
Cumulo charges	£m	-	9.5	-	0.6	2.2	3.1	5.6	5.1	0.6	0.2	0.6	0.3	28.0	13.3	0.9	0.5	2.5	1.5	-	-	-	-	-	-	-	-	
Openreach SLGs	£m	-	1.1	-	0.1	0.6	0.4	1.9	0.7	-	-	-	-	1.7	0.3	0.3	0.1	0.9	0.2	-	-	-	-	-	-	-	-	
Leaver costs	£m	-	1.2	-	0.1	0.1	0.1	0.2	0.2	0.1	-	0.1	-	2.8	1.3	0.1	0.1	0.3	0.2	0.2	0.1	0.1	-	0.1	0.1	-	0.1	

	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		Hard Ceases			
	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	-	(2.4)	-	(0.2)	0.1	0.2	0.4	0.3	-	-	-	-	(2.1)	(1.0)	(0.1)	(0.1)	(0.4)	(0.2)	-	-	-	-	-	-	-	-	-
Openreach																												
Service and network delivery	£m	-	35.2	0.3	3.1	1.3	1.4	3.6	2.4	0.6	0.2	0.5	0.3	25.2	11.5	2.5	1.5	7.1	4.0	6.9	3.8	2.0	0.5	2.7	3.0	0.8	1.5	
Openreach support functions	£m	-	6.7	-	0.5	0.4	0.6	1.0	1.0	0.1	-	0.1	-	4.9	2.3	0.6	0.4	1.7										

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 2023

	£m	GEA Cancel/Amend/Modify – CRD		Tie cables		Ancillaries (£0cap)		Other ancillaries - CPI-0%		GEA 40/10 (FTTC) PCP Only Install Connections		GEA Other (FTTC) PCP Only Install Connections		MPF New Provides		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
(i) Operating costs by type																												
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(2.2)	(3.4)	
Wages and salaries	£m	6.2	18.8	4.1	-	-	-	25.9	13.7	4.0	3.4	3.3	10.2	-	2.8	3.6	3.1	70.3	61.5	(0.1)	-	(1.0)	(0.4)	0.3	(0.1)	216.2	211.4	
Social security costs	£m	0.7	2.1	0.2	-	-	-	2.9	1.5	0.3	0.3	0.3	0.9	-	0.3	0.2	0.2	5.2	4.5	-	-	(0.1)	-	0.1	(0.2)	21.5	21.2	
Other pension costs	£m	0.8	2.5	0.2	-	-	-	3.5	1.8	0.4	0.4	0.4	1.1	-	0.4	0.3	0.3	6.9	6.0	-	-	(0.2)	(0.1)	0.1	(0.2)	28.4	28.1	
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own work capitalised	£m	(5.1)	(15.4)	(1.1)	-	-	-	(21.1)	(10.2)	(2.2)	(1.9)	(1.8)	(5.6)	-	(1.6)	(0.9)	(1.4)	(30.2)	(26.5)	-	-	0.3	0.1	0.1	0.5	(116.3)	(115.6)	
Net indirect labour costs	£m	0.1	0.4	0.1	-	-	-	0.6	0.5	0.1	0.1	0.1	0.3	-	0.2	0.2	0.2	2.6	2.2	-	-	(0.3)	(0.1)	(0.1)	(0.1)	13.7	14.6	
Product costs	£m	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	0.1	0.1	0.6	0.6
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	0.1	0.2	0.3	-	-	-	0.3	0.2	0.1	-	-	0.1	-	0.1	0.1	0.1	1.1	0.8	-	-	(0.1)	-	0.1	(0.3)	71.8	65.4	
Network operating and IT costs	£m	(0.1)	(0.3)	0.1	-	-	-	(0.3)	2.6	-	-	-	0.1	-	0.1	0.2	0.8	1.5	1.3	-	-	0.1	0.1	(0.2)	0.3	11.6	14.6	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	0.2	0.1	0.1	0.4	-	-	-	-	4.4	3.9	-	-	-	-	0.1	0.2	5.5	5.7	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	0.1	0.1	0.4	0.4	0.4	0.4
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	(0.3)	(1.0)	(4.5)	-	-	-	(0.9)	1.8	2.1	1.3	1.8	3.8	-	1.7	1.0	0.8	36.5	26.3	-	-	(27.3)	(11.8)	(0.5)	(0.2)	11.9	42.5	
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.2)	-	-	-	-	0.1	-	(0.2)	(0.1)	(3.6)	(3.6)
Specific items	£m	0.1	0.3	0.1	-	-	-	0.4	0.3	0.1	0.1	0.1	0.2	-	0.1	0.2	0.1	1.6	1.4	-	-	(0.1)	-	(0.1)	0.1	9.7	9.2	
Total operating costs before depreciation	£m	2.5	7.6	(0.5)	-	-	-	11.4	12.2	5.1	3.8	4.3	11.5	-	4.1	4.9	4.2	99.8	81.4	(0.1)	-	(28.6)	(12.2)	(0.2)	0.1	269.2	291.1	
Depreciation																												
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	2.1	2.3
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19.6	57.0
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	73.7	46.0
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.7	5.2
Software	£m	-	0.1	0.1	-	-	-	0.2	0.4	0.1	0.1	0.1	0.3	-	0.2	0.1	0.1	3.9	3.2	-	-	(0.6)	(0.3)	(0.2)	(0.2)	16.1	14.3	
Land and buildings	£m	0.2	0.5	-	-	-	-	0.7	0.3	0.1	0.1	0.1	0.2	-	-	-	0.1	0.8	0.7	-	-	-	-	0.2	-	3.6	3.4	
Right of use assets	£m	0.8	2.3	0.1	-	-	-	3.2	1.4	0.3	0.3	0.2	0.8	-	0.1	0.2	0.2	3.9	3.4	-	-	(0.1)	-	-	(0.1)	19.2	18.8	
Other assets	£m	(0.1)	(0.4)	0.1	-	-	-	(0.5)	(0.1)	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	(0.1)	-	6.9	5.8	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4.3)	(3.4)	
Total depreciation	£m	0.9	2.5	2.3	-	-	-	3.6	2.0	0.5	0.5	0.4	1.3	-	0.3	0.3	0.5	8.7	7.4	-	-	(0.7)	(0.3)	(0.1)	(0.3)	144.6	149.4	
Total HCA operating costs	£m	3.4	10.1	1.8	-	-	-	15.0	14.2	5.6	4.3	4.7	12.8	-	4.4	5.2	4.7	108.5	88.8	(0.1)	-	(29.3)	(12.5)	(0.3)	(0.2)	413.8	440.5	
CCA adjustments																												
Holding gains	£m	-	-	(3.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.1)	(30.2)	(65.7)	
Supplementary depreciation	£m	-	-	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	13.0	32.5	
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)	(2.3)	(6.5)	
Rounding	£m	-	0.2	-	-	-	-	(0.2)	(0.1)	0.1	-	-	0.1	-	-	-	0.2	(0.1)	(0.1)	-	(0.1)	-	(0.2)	0.2	0.4	0.1	0.1	
Total CCA operating costs	£m	3.4	10.3	(0.6)	-	-	-	14.8	14.1	5.7	4.3	4.7	12.9	-	4.4	5.2	4.9	108.4	88.7	(0.1)	(0.1)	(29.3)	(12.7)	(0.1)	(0.1)	394.4	400.9	
Total CCA operating cost includes the following:																												
Cumulo charges	£m	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	40.6	34.3	
Openreach SLGs	£m	-	-	-	-	-	-	0.3	0.8	1.1	0.4	0.9	1.3	-	0.8	-	-	11.8	4.7	-	-	(27.0)	(11.7)	0.1	0.1	(7.4)	(0.7)	
Leaver costs	£m	0.1	0.2	0.1	-	-	-	0.2	0.2	-	-	-	0.1	-	0.1	0.1	0.1	0.9	0.8	-	-	-	-	(0.1)	-	5.4	5.0	

	£m	GEA Cancel/Amend/Modify – CRD		Tie cables		Ancillaries (£0cap)		Other ancillaries - CPI-0%		GEA 40/10 (FTTC) PCP Only Install Connections		GEA Other (FTTC) PCP Only Install Connections		MPF New Provides		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
(ii) Operating costs by division																												
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(2.2)	(3.4)	
Openreach																												
Service and network delivery	£m	(0.1)	(0.2)	(1.8)	-	-	-	0.2	5.5	4.0	2.8	3.3	8.5	-	2.8	3.9	2.8	81.0	65.4	(0.1)	-	(27.1)	(11.7)	(0.2)	(0.1)	116.6	144.2	
Openreach support functions	£m	1.1	3.3	0.6	-	-	-	4.8	3.4	0.3	0.3	0.3	0.9	-	0.6	0.3	0.5	5.0	4.3	-	-	-	-	(0.1)	0.2	22.5	27.2	
Openreach total	£m	1.0	3.1	(1.2)	-	-	-	5.0	8.9	4.3	3.1	3.6	9.4	-	3.4	4.2	3.3	86.0	69.7	(0.1)	-	(27.1)	(11.7)	(0.3)	0.1	139.1	171.4	
Rest of BT																												
Group centre	£m	1.3	3.8	0.3	-	-	-	5.5	2.6	0.6	0.5	0.5	1.5	-	0.4	0.4	0.5	8.8	7.6	-	-	(0.7)	(0.3)	(0.2)	0.2	35.9	35.0	
Property and facilities	£m	-	0.1	0.3	-	-	-	0.1	0.1	-	-	-	0.1	-	-	-	0.1	0.5	0.4	-	-	(0.1)	-	0.1	(0.1)	45.0	39.2	
Technology units	£m	0.2	0.6	0.1	-	-	-	0.8	0.6	0.2	0.2	0.2	0.5	-	0.3	0.3	0.3	4.2	3.5	-	-	(0.6)	(0.2)	0.2	(0.3)	50.2	47.7	
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.2	-	-	(0.1)	-	0.1	0.2	1.2	1.2	
Rest of BT total	£m	1.5	4.5	0.7	-	-	-	6.4	3.3	0.8	0.7	0.7	2.1	-	0.7	0.7	0.9	13.8	11.7	-	-	(1.5)	(0.5)	0.2	-	132.3	123.1	
Operating cost before depreciation	£m	2.5	7.6	(0.5)	-	-	-	11.4	12.2	5.1	3.8	4.3																

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 2022

	£m	GEA Cancel/Amend/Modify – CRD		Tie cables		Ancillaries (£0 cap)		Other ancillaries - CPI-0%		GEA 40/10 (FTTC) PCP Only Install Connections		GEA Other (FTTC) PCP Only Install Connections		MPF New Provides		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
(i) Operating costs by type																												
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	-	13.6	25.6
Wages and salaries	£m	2.4	5.3	2.5	-	-	-	14.6	14.2	3.4	11.5	4.8	13.9	-	3.3	2.9	1.9	47.7	33.2	(0.1)	(0.1)	(1.1)	(0.5)	0.1	(0.2)	192.8	167.8	
Social security costs	£m	0.2	0.5	0.1	-	-	-	1.5	1.4	0.3	0.9	0.4	1.1	-	0.3	0.2	0.1	3.5	2.3	-	-	(0.1)	(0.1)	-	0.2	18.8	16.0	
Other pension costs	£m	0.3	0.7	0.1	-	-	-	1.9	1.9	0.4	1.3	0.5	1.5	-	0.5	0.3	0.2	5.1	3.4	-	-	(0.2)	(0.1)	-	0.3	28.2	23.7	
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own work capitalised	£m	(1.7)	(3.7)	(0.4)	-	-	-	(10.3)	(9.2)	(1.5)	(5.2)	(2.1)	(6.2)	-	(1.6)	(0.7)	(0.7)	(18.1)	(12.0)	-	-	0.3	0.2	(0.1)	-	(89.6)	(78.4)	
Net indirect labour costs	£m	0.1	0.2	0.1	-	-	-	0.6	0.7	0.1	0.5	0.2	0.6	-	0.2	0.2	0.1	2.0	1.3	-	-	(0.4)	(0.2)	0.2	-	13.5	12.5	
Product costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	-	0.1	0.2	-	-	-	0.2	0.2	-	0.2	0.1	0.2	-	0.1	-	-	0.8	0.5	-	-	-	-	-	(0.2)	69.4	48.5	
Network operating and IT costs	£m	-	-	-	-	-	-	0.2	2.3	0.1	0.2	0.1	0.3	-	0.2	0.1	0.5	1.1	0.8	-	-	0.2	0.1	(0.1)	0.2	11.5	11.4	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	0.1	0.2	0.7	0.3	0.9	-	0.1	-	-	4.0	3.0	-	-	-	-	-	0.1	0.2	5.3	5.6
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	0.1	0.2	0.5	0.4
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	(0.3)	(1.1)	-	-	-	(0.2)	3.0	2.0	4.5	2.9	5.6	-	2.4	1.1	0.8	25.4	15.0	0.1	0.1	(22.9)	(11.3)	(0.2)	(0.2)	14.3	40.1	
Other operating income	£m	-	-	-	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)	-	(0.1)	-	-	(0.5)	(0.3)	-	-	-	-	-	0.1	-	(6.9)	(6.2)
Specific items	£m	-	0.1	0.1	-	-	-	0.3	0.4	0.1	0.3	0.1	0.3	-	0.2	0.1	0.1	1.1	0.7	-	-	(0.1)	-	-	0.2	(0.1)	9.7	7.3
Total operating costs before depreciation	£m	1.3	2.9	1.6	-	-	-	8.8	14.9	5.1	14.8	7.3	18.1	-	5.6	4.2	3.0	72.2	48.0	-	-	(24.3)	(11.9)	0.6	0.6	281.3	274.5	
Depreciation																												
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	2.0	1.9	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	11.7	57.1
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	76.2	33.7	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	8.0	4.2
Software	£m	-	-	0.1	-	-	-	0.1	0.3	0.1	0.2	0.1	0.2	-	0.1	-	-	1.7	1.2	-	-	(0.3)	(0.2)	-	0.1	9.3	7.0	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2	0.3	0.3	
Right of use assets	£m	0.2	0.5	0.1	-	-	-	1.3	1.1	0.2	0.6	0.2	0.7	-	0.2	0.2	0.1	2.0	1.2	-	-	(0.1)	-	(0.1)	0.1	15.5	13.5	
Other assets	£m	-	-	0.1	-	-	-	0.1	0.1	-	0.1	-	0.1	-	-	-	-	0.3	0.2	-	-	-	-	(0.1)	0.1	7.4	5.0	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(1.2)	(0.7)	(0.7)	
Total depreciation	£m	0.2	0.5	1.8	-	-	-	1.5	1.5	0.3	0.9	0.3	1.0	-	0.3	0.2	0.1	4.0	2.6	-	-	(0.4)	(0.2)	-	0.3	129.2	122.0	
Total HCA operating costs	£m	1.5	3.4	3.4	-	-	-	10.3	16.4	5.4	15.7	7.6	19.1	-	5.9	4.4	3.1	76.2	50.6	-	-	(24.7)	(12.1)	0.6	0.9	410.5	396.5	
CCA adjustments																												
Holding gains	£m	-	-	(1.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	(14.6)	(41.8)	
Supplementary depreciation	£m	-	-	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	(0.1)	6.4	22.0	
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.9)	(4.0)	
Rounding	£m	-	(0.1)	-	-	-	-	-	-	-	0.1	-	-	-	0.1	-	0.1	0.1	0.1	(0.1)	(0.1)	0.1	-	(0.8)	(0.9)	-	0.3	
Total CCA operating costs	£m	1.5	3.3	2.2	-	-	-	10.3	16.4	5.4	15.8	7.6	19.1	-	6.0	4.4	3.2	76.3	50.7	(0.1)	(0.1)	(24.6)	(12.1)	0.1	(0.1)	401.4	373.0	
Total CCA operating cost includes the following:																												
Cumulo charges	£m	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	47.1	29.1	
Openreach SLGs	£m	-	-	-	-	-	-	0.5	0.9	1.1	1.4	1.6	1.7	-	0.8	-	-	7.8	2.7	-	-	(22.7)	(11.2)	0.1	-	(4.6)	(0.3)	
Leaver costs	£m	-	0.1	-	-	-	-	0.2	0.2	-	0.1	0.1	0.2	-	0.1	0.1	0.1	0.6	0.4	-	-	-	-	-	-	5.2	3.9	

	£m	GEA Cancel/Amend/Modify – CRD		Tie cables		Ancillaries (£0 cap)		Other ancillaries - CPI-0%		GEA 40/10 (FTTC) PCP Only Install Connections		GEA Other (FTTC) PCP Only Install Connections		MPF New Provides		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
(ii) Operating costs by division																												
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	13.6	25.6	
Openreach																												
Service and network delivery	£m	-	0.1	0.6	-	-	-	1.0	6.8	4.0	11.2	5.7	13.6	-	4.0	3.1	2.1	58.9	39.5	-	-	(22.8)	(11.3)	0.3	0.3	112.1	125.6	
Openreach support functions	£m	0.8	1.7	0.4	-	-	-	4.7	4.6	0.4	1.5	0.6	1.8	-	0.6	0.3	0.3	4.0	2.5	-	-	(0.2)	(0.1)	(0.1)	-	22.1	24.7	
Openreach total	£m	0.8	1.8	1.0	-	-	-	5.7	11.4	4.4	12.7	6.3	15.4	-	4.6	3.4	2.4	62.9	42.0	-	-	(23.0)	(11.4)	0.2	0.3	134.2	150.3	
Rest of BT																												
Group centre	£m	0.4	0.9	0.3	-	-	-	2.5	2.6	0.5	1.5	0.7	1.9	-	0.7	0.5	0.4	6.0	3.9	-	-	(0.7)	(0.3)	-	0.1	39.4	32.0	
Property and facilities	£m	-	-	0.2	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	(0.1)	50.6	32.4	
Technology units	£m	0.1	0.2	0.1	-	-	-	0.6	0.8	0.2	0.6	0.3	0.7	-	0.3	0.3	0.2	2.9	1.9	-	-	(0.5)	(0.2)	(0.1)	0.1	42.2	33.0	
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.2	0.1	-	-	(0.1)	-	0.3	0.2	1.3	1.2	
Rest of BT total	£m	0.5	1.1	0.6	-	-	-	3.1	3.5	0.7	2.1	1.0	2.7	-	1.0	0.8	0.6	9.3	6.0	-	-	(1.3)	(0.5)	0.2	0.3	133.5	98.6	
Operating cost before depreciation	£m	1.3	2.9	1.6	-	-	-	8.8	14.9	5.1	14.8	7.3	18.1	-	5.6	4.2												

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 2023

	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		Hard Ceases			
	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	-	2.3	-	0.2	18.2	25.5	45.2	41.8	-	-	-	-	1.2	0.6	3.8	2.5	11.1	6.7	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	306.9	1.3	20.6	18.4	25.8	45.7	42.2	0.1	-	0.1	-	2.9	1.4	24.2	15.5	70.2	42.3	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	46.3	65.2	115.2	106.6	19.1	6.4	18.0	7.7	845.4	401.2	9.4	6.0	27.2	16.4	-	-	-	-	-	-	-	-	-
Electronics	£m	-	1.0	-	0.1	6.5	9.1	16.1	14.9	1.2	0.4	1.1	0.5	52.1	24.7	1.4	0.9	3.9	2.4	-	-	-	-	-	-	-	-	-
Software	£m	-	4.4	-	0.3	1.2	1.7	3.1	2.8	0.3	0.1	0.2	0.1	11.1	5.3	0.5	0.3	1.4	0.8	0.3	0.1	0.1	-	0.1	0.1	0.1	0.2	
Land and buildings	£m	-	1.6	-	0.1	0.2	0.2	0.4	0.4	-	-	-	-	2.2	1.0	0.1	-	0.2	0.1	0.1	-	-	-	-	-	-	-	
Right of use assets	£m	-	10.4	-	0.8	0.9	1.3	2.3	2.1	0.5	0.2	0.4	0.2	20.8	9.9	0.7	0.4	2.0	1.2	1.2	0.6	0.4	0.1	0.4	0.5	0.2	0.4	
Other assets	£m	-	9.4	-	0.6	7.5	10.5	18.7	17.2	0.6	0.2	0.6	0.2	27.1	12.8	1.9	1.2	5.4	3.2	0.2	0.1	-	-	0.7	0.8	0.1	0.1	
Less funded assets (BDUK, etc.)	£m	-	(0.1)	-	-	(15.9)	(22.4)	(39.7)	(36.7)	(1.0)	(0.3)	(1.0)	(0.4)	(45.1)	(21.4)	(3.2)	(2.1)	(9.4)	(5.7)	-	-	-	-	-	-	-	-	
Total non-current assets	£m	-	335.9	1.3	22.7	83.3	116.9	207.0	191.3	20.8	7.0	19.4	8.3	917.7	435.5	38.8	24.7	112.0	67.4	1.8	0.8	0.5	0.1	1.2	1.4	0.4	0.7	
Current assets	£m	-	41.0	0.2	3.0	10.7	14.9	27.9	25.4	2.4	0.8	2.3	1.0	108.7	51.3	4.6	2.9	13.6	8.1	3.1	1.6	0.9	0.2	1.2	1.4	0.5	1.0	
Current liabilities	£m	-	(29.7)	(0.1)	(2.3)	(10.8)	(15.1)	(27.1)	(24.9)	(1.5)	(0.5)	(1.4)	(0.6)	(68.1)	(32.3)	(6.1)	(3.9)	(18.1)	(10.9)	(4.6)	(2.5)	(1.2)	(0.3)	(1.5)	(1.8)	(0.8)	(1.6)	
Provisions	£m	-	(1.1)	-	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	-	-	-	-	(2.1)	(1.0)	(0.1)	-	(0.2)	(0.1)	(0.1)	(0.1)	-	-	-	(0.1)	-	-	
Rounding	£m	-	(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)	(0.1)	
Total MCE	£m	-	346.0	1.5	23.3	83.0	116.6	207.6	191.5	21.6	7.2	20.3	8.7	956.1	453.5	37.2	23.8	107.4	64.6	0.1	-	0.2	-	0.9	1.0	-	-	

7.2.3 Wholesale Local Access – Area 3 Analysis of Service MCE (continued) For the year ended 31 March 2023

	GEA Cancel/Amend/ Modify – CRD		Tie cables		Ancillaries (£0 cap)		Other ancillaries – CPI-0%		GEA 40/10 (FTTC) PCP Only Install Connections		GEA Other (FTTC) PCP Only Install Connections		MPF New Provides		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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.7	-	-	-	-	-	-	0.1	(0.1)	79.6	81.2	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	20.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	0.1	183.5	454.8		
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	1,080.7	609.6		
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.2)	82.2	53.8		
Software	£m	0.1	0.2	0.1	-	-	0.3	0.6	0.2	0.2	0.2	0.5	-	0.2	0.1	0.1	5.6	4.6	(0.1)	(0.1)	(1.3)	(0.6)	-	0.1	23.6	22.0		
Land and buildings	£m	(0.1)	(0.2)	-	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	0.1	0.3	3.2	3.5		
Right of use assets	£m	2.3	7.0	0.3	-	-	9.6	4.2	0.9	0.8	0.8	2.3	-	0.4	0.6	0.8	11.9	10.3	-	-	(0.2)	(0.1)	0.2	0.1	56.2	53.9		
Other assets	£m	0.5	1.7	0.1	-	-	2.3	1.5	0.5	0.4	0.4	1.1	-	0.2	-	0.2	8.7	7.0	(0.2)	(0.1)	(2.8)	(1.2)	0.3	0.2	72.6	67.3		
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	(115.2)	(89.0)		
Total non-current assets	£m	2.8	8.7	21.3	-	-	12.0	6.2	1.6	1.4	1.4	3.9	-	0.8	0.7	2.8	26.4	22.0	(0.3)	(0.2)	(4.3)	(1.9)	0.6	0.7	1,466.4	1,257.1		
Current assets	£m	1.2	3.3	0.3	0.1	-	4.8	4.2	1.4	1.0	1.1	3.0	-	1.3	1.7	1.5	22.7	18.2	(0.2)	-	(1.1)	(0.5)	-	0.3	208.0	185.0		
Current liabilities	£m	(2.1)	(6.2)	(0.8)	(0.1)	-	(8.6)	(5.1)	(1.5)	(1.2)	(1.2)	(3.6)	-	(1.4)	(1.8)	(1.6)	(26.1)	(22.4)	(18.5)	(14.0)	1.8	0.8	0.1	(0.2)	(200.0)	(181.4)		
Provisions	£m	(0.1)	(0.4)	-	-	-	(0.6)	(0.3)	(0.1)	(0.1)	(0.1)	(0.2)	-	-	(0.1)	(0.1)	(0.9)	(0.8)	-	-	-	-	(0.2)	-	(4.9)	(4.7)		
Rounding	£m	-	-	-	-	-	-	0.1	0.1	(0.1)	-	-	-	-	0.2	0.1	-	0.1	0.1	-	0.1	0.1	(0.7)	(0.8)	(0.5)	(0.4)		
Total MCE	£m	1.8	5.4	20.8	-	-	7.6	5.1	1.5	1.0	1.2	3.1	-	0.7	0.7	2.7	22.1	17.1	(18.9)	(14.2)	(3.5)	(1.5)	(0.2)	-	1,469.0	1,255.6		

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 2022

	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		Hard Ceases			
	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	-	2.0	-	0.1	20.5	28.0	54.3	39.5	-	-	-	-	1.7	0.3	1.4	1.2	3.9	3.7	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	317.0	1.5	19.8	18.0	24.7	47.8	34.8	0.1	-	0.1	-	3.8	0.7	8.8	7.3	23.5	22.6	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	56.3	77.0	149.0	108.6	16.6	0.2	24.4	1.1	887.4	159.4	3.8	3.2	10.3	9.9	-	-	-	-	-	-	-	-	-
Electronics	£m	-	0.9	-	0.1	7.7	10.5	20.4	14.9	0.8	-	1.1	0.1	40.3	7.2	0.5	0.5	1.5	1.4	-	-	-	-	-	-	-	-	-
Software	£m	-	5.7	-	0.4	1.6	2.1	4.3	3.0	0.3	-	0.4	-	13.4	2.4	0.2	0.2	0.6	0.6	0.5	0.2	0.1	-	0.1	0.1	0.1	0.1	0.3
Land and buildings	£m	-	1.4	-	0.1	0.2	0.2	0.5	0.3	-	-	0.1	-	1.9	0.3	-	-	0.1	0.1	0.1	-	-	-	-	-	-	-	-
Right of use assets	£m	-	13.5	0.1	1.0	1.6	2.1	4.1	3.0	0.5	-	0.7	-	26.9	4.8	0.4	0.3	0.9	0.9	2.5	1.0	0.6	0.2	0.4	0.5	0.2	0.5	
Other assets	£m	-	11.4	0.1	0.8	9.2	12.6	24.5	17.8	0.6	-	0.9	-	32.6	5.8	0.8	0.7	2.1	2.0	1.4	0.6	0.4	0.1	0.6	0.8	0.1	0.3	
Less funded assets (BDUK, etc.)	£m	-	(0.1)	-	-	(16.1)	(22.1)	(42.7)	(31.1)	(0.9)	-	(1.4)	(0.1)	(50.4)	(9.1)	(1.1)	(0.9)	(3.0)	(2.8)	-	-	-	-	-	-	-	-	
Total non-current assets	£m	-	351.8	1.7	22.3	99.0	135.1	262.2	190.8	18.0	0.2	26.3	1.1	957.6	171.8	14.8	12.5	39.9	38.4	4.5	1.8	1.1	0.3	1.1	1.4	0.4	1.1	
Current assets	£m	-	44.4	0.2	3.1	13.6	18.3	37.7	26.8	2.2	-	3.2	0.1	115.9	20.8	1.9	1.6	5.2	4.9	5.4	2.1	1.4	0.3	1.0	1.3	0.4	1.0	
Current liabilities	£m	-	(32.7)	(0.2)	(2.4)	(10.2)	(13.9)	(27.2)	(19.7)	(1.4)	-	(2.0)	(0.1)	(73.4)	(13.2)	(2.2)	(1.8)	(6.2)	(5.9)	(7.9)	(3.1)	(1.7)	(0.4)	(1.2)	(1.5)	(0.6)	(1.4)	
Provisions	£m	-	(1.0)	-	(0.1)	(0.1)	(0.2)	(0.3)	(0.2)	-	-	-	-	(1.8)	(0.3)	-	-	(0.1)	(0.1)	(0.1)	(0.1)	-	-	-	-	-	-	
Rounding	£m	-	0.1	-	-	(0.1)	0.2	(0.2)	0.1	(0.1)	-	-	0.2	0.1	0.2	0.1	(0.2)	-	-	(0.1)	-	(0.1)	-	-	-	0.1	(0.1)	
Total MCE	£m	-	362.6	1.7	22.9	102.2	139.5	272.2	197.8	18.7	0.2	27.5	1.3	998.4	179.3	14.6	12.1	38.8	37.3	1.8	0.7	0.7	0.2	0.9	1.2	0.3	0.6	

7.2.3 Wholesale Local Access – Area 3 Analysis of Service MCE (continued) Restated for the year ended 31 March 2022

	GEA Cancel/Amend/ Modify – CRD		Tie cables		Ancillaries (£0 cap)		Other ancillaries – CPI-0%		GEA 40/10 (FTTC) PCP Only Install Connections		GEA Other (FTTC) PCP Only Install Connections		MPF New Provides		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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-	-	-	-	-	-	-	0.1	-	81.9	75.4	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	14.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	118.1	426.9		
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	1,147.9	359.5		
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72.3	35.6	
Software	£m	-	0.1	0.2	-	-	0.3	0.9	0.2	0.7	0.4	0.9	-	0.4	0.1	0.1	5.3	3.8	(0.1)	(0.1)	(1.3)	(0.6)	-	-	26.7	21.2		
Land and buildings	£m	-	-	-	-	-	-	0.1	-	-	0.1	-	-	-	-	0.3	0.2	-	-	-	-	-	-	0.2	3.2	3.0		
Right of use assets	£m	0.7	1.6	0.3	-	-	4.5	4.0	0.6	2.0	0.8	2.4	-	0.7	0.7	0.5	6.8	4.3	-	-	(0.1)	(0.1)	0.1	-	53.3	43.2		
Other assets	£m	0.3	0.7	0.5	-	-	2.1	2.1	0.4	1.4	0.6	1.7	-	0.5	0.2	0.2	5.7	3.7	-	-	(0.7)	(0.3)	(0.1)	(0.1)	82.3	62.8		
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(115.7)	(66.2)		
Total non-current assets	£m	1.0	2.4	15.6	-	-	6.9	7.1	1.2	4.1	1.8	5.1	-	1.6	1.0	1.4	18.1	12.0	(0.1)	(0.1)	(2.1)	(1.0)	-	0.2	1,470.0	961.4		
Current assets	£m	0.6	1.3	0.8	0.1	-	4.0	5.6	1.3	3.9	1.9	4.7	-	1.9	1.5	1.1	16.4	10.5	(0.1)	(0.1)	(0.9)	(0.4)	(0.1)	-	213.5	153.3		
Current liabilities	£m	(1.0)	(2.1)	(0.7)	(0.1)	-	(5.9)	(6.5)	(1.4)	(4.6)	(2.0)	(5.6)	-	(2.1)	(1.5)	(1.1)	(19.8)	(13.2)	(14.9)	(14.4)	1.8	0.9	0.2	(0.1)	(179.4)	(145.0)		
Provisions	£m	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)	-	(0.1)	-	-	-	-	(0.3)	(0.2)	-	-	-	-	(0.4)	(0.1)	(3.2)	(2.6)		
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	-	0.4	0.5		
Total MCE	£m	0.8	1.7	15.6	-	-	5.0	6.0	1.2	3.4	1.7	4.1	-	1.4	1.1	1.4	14.3	9.1	(15.0)	(14.6)	(1.1)	(0.6)	(0.1)	-	1,501.3	967.6		

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 2023

	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	27.3	30.6	57.9	13,999	14,988	ccts	1,950.34	2,038.46	15.3	13.4	3.6	2.8	337.4%	622.3%
EAD 1Gbit/s rentals	15.1	27.6	42.7	7,821	14,232	ccts	1,933.00	1,942.70	10.7	19.4	40.2	73.2	11.1%	11.3%
Other EAD rentals	16.2	27.9	44.1	7,444	11,367	ccts	2,182.50	2,454.90	13.0	21.7	46.0	71.5	7.0%	8.7%
EAD LA 1Gbit/s rentals	48.5	32.3	80.8	30,116	19,942	ccts	1,608.90	1,617.70	40.3	26.7	151.8	100.5	5.4%	5.5%
Other EAD LA rentals	68.4	60.8	129.2	46,423	40,467	ccts	1,473.28	1,502.95	61.4	54.5	232.7	204.2	3.0%	3.1%
Other rentals	0.4	0.4	0.8	200	314	ccts	1,990.18	1,247.68	0.3	0.4	0.8	1.2	19.3%	(0.4)%
Main link	12.3	28.0	40.3	65,397	149,587	km	188.02	187.20	1.5	3.5	4.2	9.5	259.2%	257.8%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	188.2	207.6	395.8						142.5	139.6	479.3	462.9	9.5%	14.6%
Optical services - rentals	30.2	9.5	39.7	17,830	7,011	ccts	1,695.98	1,358.74	25.4	9.8	91.1	35.7	5.3%	(0.9)%
Optical services - connections	5.6	6.1	11.7	2,570	1,692	ccts	2,195.73	3,630.03	1.6	0.9	0.3	0.1	1,304.9%	5,563.0%
Optical services - main link	10.1	4.1	14.2	43,881	16,557	km	231.28	250.40	1.0	0.4	2.7	1.0	336.1%	370.1%
Direct ECC basket	9.0	6.0	15.0	(ux)	(ux)	(ux)	(sx)	(sx)	7.9	5.3	1.9	1.3	55.7%	55.7%
Time related charges	0.2	0.9	1.1	(ux)	(ux)	(ux)	(sx)	(sx)	0.2	0.8	-	0.2	55.7%	55.7%
Other ancillaries	4.1	3.0	7.1	(ux)	(ux)	(ux)	(sx)	(sx)	1.8	0.5	0.2	0.1	1,476.0%	2,387.8%
IFRS 15 deferred revenue	(0.3)	(2.5)	(2.8)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.3)	(0.1)	(42.0)	(20.0)	0.1%	11.6%
IFRS15 SLG	(6.9)	(4.1)	(11.0)	(ux)	(ux)	(ux)	(sx)	(sx)	(7.5)	(4.5)	(0.9)	(0.5)	(69.1)%	(69.1)%
Rounding	0.1	0.1	0.2						(0.1)	-	-	-		
Total LLA - Area 2	240.3	230.7	471.0						172.5	152.7	532.6	480.8	12.7%	16.2%

Section 8 – Review of Leased Line Access Markets

8.1.1 Leased Lines Access – Area 2 Summary Restated 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	27.4	30.5	57.9	14,311	15,243	ccts	1,914.32	2,002.02	13.9	13.4	4.0	3.9	335.0%	443.6%
EAD 1Gbit/s rentals	14.2	24.9	39.1	7,354	12,822	ccts	1,931.78	1,942.61	10.5	18.4	34.7	60.4	10.6%	10.8%
Other EAD rentals	15.6	25.4	41.0	7,838	11,185	ccts	1,993.88	2,274.40	13.7	21.4	44.2	64.5	4.3%	6.3%
EAD LA 1Gbit/s rentals	39.7	25.5	65.2	24,795	15,823	ccts	1,603.10	1,613.78	35.3	22.5	116.0	74.0	3.9%	4.1%
Other EAD LA rentals	68.0	56.5	124.5	49,024	40,036	ccts	1,387.41	1,410.65	66.9	55.4	223.8	183.8	0.5%	0.6%
Other rentals	1.9	1.1	3.0	897	932	ccts	2,073.28	1,223.04	0.8	0.8	3.0	3.1	36.8%	11.3%
Main link	12.6	25.6	38.2	68,914	142,096	km	182.29	180.34	3.3	6.9	5.5	11.4	167.4%	165.0%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	179.4	189.5	368.9						144.4	138.8	431.2	401.1	8.1%	12.7%
Optical services - rentals	26.5	8.5	35.0	15,021	4,893	ccts	1,762.34	1,737.60	22.3	7.2	78.4	25.5	5.3%	5.0%
Optical services - connections	11.0	10.4	21.4	3,947	1,759	ccts	2,775.78	5,918.87	2.2	1.3	0.7	0.4	1,281.0%	2,305.7%
Optical services - main link	8.0	3.7	11.7	36,151	16,261	km	221.31	228.11	1.8	0.8	2.9	1.3	213.8%	222.1%
Direct ECC basket	5.9	4.6	10.5	(ux)	(ux)	(ux)	(sx)	(sx)	5.5	4.3	1.6	1.3	26.9%	26.9%
Time related charges	1.3	0.9	2.2	(ux)	(ux)	(ux)	(sx)	(sx)	1.2	0.8	0.4	0.2	26.9%	26.9%
Other ancillaries	3.1	2.4	5.5	(ux)	(ux)	(ux)	(sx)	(sx)	1.8	0.6	0.4	0.2	382.0%	1,078.2%
IFRS 15 deferred revenue	(2.1)	(5.3)	(7.4)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.3)	(0.1)	(43.7)	(22.4)	4.1%	23.2%
IFRS15 SLG	(5.5)	(3.9)	(9.4)	(ux)	(ux)	(ux)	(sx)	(sx)	(6.0)	(4.3)	(0.3)	(0.2)	(169.0)%	(169.0)%
Rounding	-	0.1	0.1						-	(0.1)	(0.1)	0.1		
Total LLA - Area 2	227.6	210.9	438.5						172.9	149.3	471.5	407.5	11.6%	15.1%

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 2023

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link		Other services - ethernet		Optical services - rentals	
		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)	(0.2)	(0.1)	(0.2)	(0.4)	(0.3)	(0.6)	(0.5)	-	-	(0.3)	(0.7)	-	-	(0.1)	-
Wages and salaries	£m	8.5	9.0	4.1	7.5	4.7	7.4	15.5	10.3	23.7	20.8	0.1	0.1	0.5	1.0	-	-	5.0	1.9
Social security costs	£m	0.5	0.6	0.5	0.9	0.6	0.9	1.8	1.2	2.8	2.4	-	-	0.1	0.1	-	-	0.6	0.2
Other pension costs	£m	0.7	0.7	0.7	1.2	0.8	1.2	2.5	1.7	3.9	3.4	-	-	0.1	0.2	-	-	0.8	0.3
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own work capitalised	£m	(3.6)	(3.8)	(2.2)	(4.1)	(2.6)	(4.0)	(8.5)	(5.6)	(13.0)	(11.4)	-	(0.1)	(0.2)	(0.5)	-	-	(2.6)	(1.0)
Net indirect labour costs	£m	0.4	0.4	0.4	0.7	0.4	0.7	1.4	0.9	2.1	1.8	-	-	0.1	0.2	-	-	0.6	0.2
Product costs	£m	2.2	2.3	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	0.1	0.1	1.0	1.8	1.1	1.6	3.7	2.4	5.7	5.0	0.1	0.2	0.5	1.2	-	-	1.2	0.4
Network operating and IT costs	£m	-	0.1	0.4	0.7	0.4	0.7	1.4	0.9	2.1	1.8	-	-	-	0.1	-	-	0.5	0.2
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	-	-	-	-	-	-	-	-
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	5.2	2.8	(0.5)	(1.0)	-	0.6	(1.9)	(1.3)	(2.6)	(2.0)	-	-	0.2	0.6	-	-	2.4	0.9
Other operating income	£m	-	-	-	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	(0.3)	(0.2)	-	-	-	-	-	-	(0.1)	-
Specific items	£m	0.3	0.3	0.3	0.5	0.3	0.5	1.0	0.7	1.5	1.4	-	-	-	0.1	-	-	0.3	0.1
Total operating costs before depreciation	£m	14.3	12.5	4.6	7.9	5.5	9.3	16.4	10.9	25.6	22.8	0.2	0.2	1.0	2.3	-	-	8.6	3.2
Depreciation																			
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	3.8	6.9	4.2	6.3	14.2	9.4	22.0	19.2	0.1	0.1	0.6	1.3	-	-	4.1	1.6
Electronics	£m	-	-	1.6	2.8	2.3	4.5	6.0	4.0	8.6	7.9	-	-	-	-	-	-	10.9	4.3
Software	£m	0.4	0.3	0.3	0.6	0.4	0.6	1.2	0.8	1.8	1.6	-	-	0.1	0.2	-	-	0.7	0.3
Land and buildings	£m	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.4	0.3	-	-	-	-	-	-	0.1	-
Right of use assets	£m	0.3	0.3	0.4	0.7	0.4	0.6	1.4	0.9	2.1	1.8	-	-	-	0.1	-	-	0.5	0.2
Other assets	£m	0.1	0.1	0.2	0.3	0.2	0.3	0.6	0.4	0.9	0.8	-	-	-	-	-	-	0.2	0.1
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.9	0.8	6.4	11.4	7.6	12.4	23.6	15.7	35.8	31.6	0.1	0.1	0.7	1.6	-	-	16.5	6.5
Total HCA operating costs	£m	15.2	13.3	11.0	19.3	13.1	21.7	40.0	26.6	61.4	54.4	0.3	0.3	1.7	3.9	-	-	25.1	9.7
CCA adjustments																			
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.4)	(1.0)	-	-	-	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	0.1	0.1	-	-	0.3	0.8	-	-	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	(0.1)	-	-	-	(0.1)	(0.3)	-	-	-	-
Rounding	£m	0.1	0.1	(0.3)	0.1	(0.1)	-	0.3	0.1	-	-	-	0.1	-	0.1	-	-	0.3	0.1
Total CCA operating costs	£m	15.3	13.4	10.7	19.4	13.0	21.7	40.3	26.7	61.4	54.5	0.3	0.4	1.5	3.5	-	-	25.4	9.8
Total CCA operating cost includes the following:																			
Cumulo charges	£m	-	-	0.6	1.0	0.6	0.9	2.2	1.4	3.3	2.9	0.1	0.2	0.5	1.1	-	-	0.6	0.2
Openreach SLGs	£m	5.5	3.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leaver costs	£m	0.2	0.2	0.2	0.3	0.2	0.3	0.6	0.4	0.9	0.8	-	-	-	-	-	-	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		Other services - ethernet		Optical services - rentals	
		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)	(0.2)	(0.1)	(0.2)	(0.4)	(0.3)	(0.6)	(0.5)	-	-	(0.3)	(0.7)	-	-	(0.1)	-
Openreach																			
Service and network delivery	£m	11.7	9.9	1.4	2.6	1.5	2.5	5.1	3.6	8.2	7.3	-	-	0.4	1.0	-	-	1.5	0.6
Openreach support functions	£m	1.2	1.2	0.4	0.5	0.3	0.5	1.0	0.6	1.5	1.3	-	-	0.2	0.4	-	-	0.4	0.1
Openreach total	£m	12.9	11.1	1.8	3.1	1.8	3.0	6.1	4.2	9.7	8.6	-	-	0.6	1.4	-	-	1.9	0.7
Rest of BT																			
Group centre	£m	0.7	0.7	0.8	1.3	0.8	1.4	2.8	1.8	4.2	3.7	-	-	0.1	0.2	-	-	1.1	0.4
Property and facilities	£m	0.1	0.1	0.8	1.2	0.8	1.1	2.6	1.7	4.0	3.5	0.2	0.2	0.5	1.1	-	-	0.8	0.3
Technology units	£m	0.6	0.6	0.9	1.7	1.1	1.7	3.6	2.4	5.5	4.8	-	-	0.1	0.3	-	-	1.8	0.7
Consumer, Global and Enterprise	£m	-	-	0.4	0.8	1.1	2.3	1.7	1.1	2.8	2.7	-	-	-	-	-	-	3.1	1.1
Rest of BT total	£m	1.4	1.4	2.9	5.0	3.8	6.5	10.7	7.0	16.5	14.7	0.2	0.2	0.7	1.6	-	-	6.8	2.5
Operating cost before depreciation	£m	14.3	12.5	4.6	7.9	5.5	9.3	16.4	10.9	25.6	22.8	0.2	0.2	1.0	2.3	-	-	8.6	3.2

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 2023

	£m	Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	
(i) Operating costs by type																				
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	0.1	(1.8)	(1.9)	
Wages and salaries	£m	0.8	0.5	0.3	0.1	4.4	3.0	0.1	0.4	1.4	0.4	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	0.2	68.7	62.4	
Social security costs	£m	0.1	0.1	-	-	0.1	-	-	-	0.1	-	-	-	-	-	(0.1)	-	7.1	6.4	
Other pension costs	£m	0.1	0.1	0.1	-	0.1	0.1	-	-	0.2	-	-	-	-	-	(0.2)	0.1	9.8	9.0	
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own work capitalised	£m	(0.6)	(0.4)	(0.2)	(0.1)	(0.2)	(0.2)	-	-	(0.6)	(0.2)	-	-	0.1	0.1	0.2	0.2	(34.0)	(31.1)	
Net indirect labour costs	£m	-	-	0.1	-	0.2	0.1	-	-	0.1	-	-	-	(0.1)	(0.1)	(0.3)	-	5.4	4.9	
Product costs	£m	-	-	-	-	2.3	1.5	0.1	0.2	-	-	-	-	-	-	0.1	0.2	4.8	4.3	
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property and energy costs	£m	-	-	0.3	0.1	0.1	-	-	-	-	-	-	-	-	-	-	0.1	13.8	12.9	
Network operating and IT costs	£m	-	-	-	-	0.1	0.1	-	-	0.1	-	-	-	-	-	0.2	-	5.2	4.6	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	0.4	0.3	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.2	0.2	
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating costs	£m	1.0	0.6	0.1	0.1	0.2	0.1	-	-	0.2	0.1	-	-	(7.1)	(4.3)	-	0.1	(2.8)	(2.7)	
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.1)	(0.6)	(0.6)	
Specific items	£m	-	-	-	-	0.2	0.1	-	-	0.1	-	-	-	-	-	-	(0.1)	4.0	3.6	
Total operating costs before depreciation	£m	1.4	0.9	0.5	0.1	7.5	4.8	0.2	0.6	1.6	0.3	(0.1)	(0.1)	(7.3)	(4.4)	0.2	1.0	80.2	72.3	
Depreciation																				
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	-	-	0.4	0.1	-	-	-	-	-	-	-	-	-	-	-	-	49.4	44.9	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	29.3	23.5	
Software	£m	-	-	0.1	-	0.2	0.1	-	-	-	-	(0.1)	-	(0.2)	(0.1)	-	-	4.9	4.4	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	1.0	0.9	
Right of use assets	£m	-	-	-	-	0.2	0.1	-	-	0.1	-	-	-	-	-	-	0.1	5.4	4.8	
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	0.1	2.4	2.1	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total depreciation	£m	-	-	0.5	0.1	0.4	0.2	-	-	0.1	-	(0.1)	-	(0.2)	(0.1)	0.1	0.3	92.4	80.6	
Total HCA operating costs	£m	1.4	0.9	1.0	0.2	7.9	5.0	0.2	0.6	1.7	0.3	(0.2)	(0.1)	(7.5)	(4.5)	0.3	1.3	172.6	152.9	
CCA adjustments																				
Holding gains	£m	-	-	(0.3)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.8)	
Supplementary depreciation	£m	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	0.1	-	0.7	1.0	
Other CCA adjustments	£m	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.3)	(0.4)	
Rounding	£m	0.2	-	0.2	0.2	-	0.3	-	0.2	0.1	0.2	(0.1)	-	-	-	(0.4)	(1.1)	0.3	0.4	
Total CCA operating costs	£m	1.6	0.9	1.0	0.4	7.9	5.3	0.2	0.8	1.8	0.5	(0.3)	(0.1)	(7.5)	(4.5)	(0.1)	-	172.5	152.7	
Total CCA operating cost includes the following:																				
Cumulo charges	£m	-	-	0.3	0.1	-	-	-	-	-	-	-	-	-	-	0.1	0.2	8.3	8.0	
Openreach SLGs	£m	1.1	0.6	-	-	-	-	-	-	-	-	-	-	(6.9)	(4.1)	0.1	0.1	(0.2)	(0.2)	
Leaver costs	£m	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	(0.1)	(0.1)	2.3	2.1	
(ii) Operating costs by division																				
EOI input prices																				
Attribution of PI costs	£m	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	0.1	(1.8)	(1.9)	
Openreach																				
Service and network delivery	£m	1.1	0.8	0.2	0.1	6.3	4.1	0.2	0.6	0.9	0.2	-	-	(7.0)	(4.2)	0.4	(0.2)	31.9	28.9	
Openreach support functions	£m	0.2	0.1	0.1	0.1	0.3	0.2	-	-	0.4	0.1	-	-	-	-	(0.3)	0.1	5.7	5.2	
Openreach total	£m	1.3	0.9	0.3	0.2	6.6	4.3	0.2	0.6	1.3	0.3	-	-	(7.0)	(4.2)	0.1	(0.1)	37.6	34.1	
Rest of BT																				
Group centre	£m	0.1	-	0.1	-	0.5	0.2	-	-	0.2	-	(0.1)	(0.2)	(0.1)	(0.1)	0.5	0.5	11.1	10.0	
Property and facilities	£m	-	-	0.2	-	-	-	-	-	-	-	-	-	-	(0.2)	0.2	0.2	9.8	9.4	
Technology units	£m	-	-	0.1	-	0.4	0.3	-	-	0.1	-	(0.1)	(0.1)	(0.1)	0.2	0.1	0.2	14.2	12.5	
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	0.2	9.3	8.2	
Rest of BT total	£m	0.1	-	0.4	-	0.9	0.5	-	-	0.3	-	(0.1)	(0.1)	(0.3)	(0.2)	0.1	1.0	44.4	40.1	
Operating cost before depreciation	£m	1.4	0.9	0.5	0.1	7.5	4.8	0.2	0.6	1.6	0.3	(0.1)	(0.1)	(7.3)	(4.4)	0.2	1.0	80.2	72.3	

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 2022

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link		Other services		Optical services - rentals		
		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	0.4	0.3	0.4	0.7	0.5	1.4	1.2	-	-	1.2	2.6	-	-	0.3	0.1	
Wages and salaries	£m	7.2	7.6	4.2	7.3	5.3	7.8	14.0	9.0	27.0	22.2	0.3	0.3	0.5	1.0	-	-	5.1	1.6	
Social security costs	£m	0.4	0.4	0.5	0.8	0.6	0.9	1.6	1.0	3.0	2.5	-	-	0.1	0.1	-	-	0.6	0.2	
Other pension costs	£m	0.5	0.5	0.7	1.3	0.9	1.3	2.4	1.5	4.6	3.8	0.1	0.1	0.1	0.2	-	-	0.9	0.3	
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own work capitalised	£m	(1.9)	(2.0)	(2.0)	(3.6)	(2.6)	(3.8)	(6.8)	(4.4)	(13.2)	(10.8)	(0.2)	(0.2)	(0.2)	(0.4)	-	-	(2.2)	(0.7)	
Net indirect labour costs	£m	0.4	0.4	0.3	0.6	0.4	0.6	1.2	0.7	2.2	1.8	-	-	0.1	0.2	-	-	0.6	0.2	
Product costs	£m	2.3	2.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property and energy costs	£m	0.1	0.1	0.8	1.3	1.0	1.3	2.6	1.6	5.1	4.1	0.2	0.2	0.6	1.2	-	-	0.9	0.3	
Network operating and IT costs	£m	0.1	0.1	0.3	0.5	0.4	0.5	1.0	0.6	1.8	1.5	-	-	-	0.1	-	-	0.4	0.1	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	-	-	-	-	-	0.1	0.1	0.1	0.2	0.1	-	-	-	-	-	-	-	-	
Marketing and sales	£m	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating costs	£m	4.0	2.9	(0.3)	(0.5)	0.1	0.8	(1.0)	(0.7)	(1.8)	(1.2)	-	-	0.2	0.5	-	-	2.2	0.7	
Other operating income	£m	-	-	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)	(0.2)	(0.5)	(0.4)	-	-	-	-	-	-	(0.1)	-	
Specific items	£m	0.3	0.3	0.3	0.5	0.3	0.5	0.9	0.6	1.7	1.4	-	-	-	0.1	-	-	0.4	0.1	
Total operating costs before depreciation	£m	13.4	12.7	4.9	8.5	6.6	10.2	16.4	10.3	31.6	26.3	0.4	0.4	2.6	5.6	-	-	9.1	2.9	
Depreciation																				
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	-	-	2.8	4.8	3.5	4.9	9.2	5.9	18.2	14.9	0.3	0.3	0.7	1.4	-	-	3.2	1.1	
Electronics	£m	-	-	2.2	3.8	2.7	4.8	7.4	4.7	12.4	10.5	-	-	-	-	-	-	8.9	2.9	
Software	£m	0.3	0.3	0.2	0.4	0.3	0.4	0.8	0.5	1.4	1.2	-	-	0.1	0.2	-	-	0.5	0.2	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Right of use assets	£m	0.3	0.3	0.3	0.6	0.4	0.6	1.2	0.7	2.3	1.9	-	-	-	0.1	-	-	0.4	0.1	
Other assets	£m	0.1	0.1	0.1	0.2	0.1	0.2	0.4	0.3	0.8	0.7	-	-	-	-	-	-	0.1	-	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total depreciation	£m	0.7	0.7	5.6	9.8	7.0	10.9	19.0	12.1	35.1	29.2	0.3	0.3	0.8	1.7	-	-	13.1	4.3	
Total HCA operating costs	£m	14.1	13.4	10.5	18.3	13.6	21.1	35.4	22.4	66.7	55.5	0.7	0.7	3.4	7.3	-	-	22.2	7.2	
CCA adjustments																				
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.4)	(0.8)	-	-	-	-	
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	0.4	0.7	-	-	-	-	
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.3)	-	-	-	-	
Rounding	£m	(0.2)	-	-	0.1	0.1	0.3	(0.1)	0.1	0.1	(0.1)	0.1	0.1	-	-	-	-	0.1	-	
Total CCA operating costs	£m	13.9	13.4	10.5	18.4	13.7	21.4	35.3	22.5	66.9	55.4	0.8	0.8	3.3	6.9	-	-	22.3	7.2	
Total CCA operating cost includes the following:																				
Cumulo charges	£m	-	-	0.5	0.8	0.6	0.9	1.6	1.0	3.2	2.6	0.1	0.1	0.6	1.2	-	-	0.6	0.2	
Openreach SLGs	£m	3.8	2.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Leaver costs	£m	0.2	0.2	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		Other services		Optical services - rentals	
		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	-	-	0.2	0.4	0.3	0.4	0.7	0.5	1.4	1.2	-	-	1.2	2.6	-	-	0.3	0.1
Openreach																			
Service and network delivery	£m	10.5	9.6	1.6	2.7	2.0	2.8	5.4	3.3	10.3	8.4	0.1	0.1	0.4	0.9	-	-	1.7	0.5
Openreach support functions	£m	1.3	1.4	0.3	0.6	0.4	0.6	1.0	0.6	1.9	1.6	-	-	0.1	0.3	-	-	0.5	0.1
Openreach total	£m	11.8	11.0	1.9	3.3	2.4	3.4	6.4	3.9	12.2	10.0	0.1	0.1	0.5	1.2	-	-	2.2	0.6
Rest of BT																			
Group centre	£m	1.0	1.1	1.0	1.7	1.3	1.9	3.4	2.2	6.5	5.3	0.1	0.1	0.1	0.3	-	-	1.5	0.5
Property and facilities	£m	-	-	0.6	1.0	0.7	1.0	1.9	1.2	3.7	3.0	0.1	0.1	0.7	1.2	-	-	0.7	0.2
Technology units	£m	0.6	0.6	0.8	1.5	1.0	1.4	2.8	1.7	5.3	4.4	0.1	0.1	0.1	0.3	-	-	1.6	0.5
Consumer, Global and Enterprise	£m	-	-	0.4	0.6	0.9	2.1	1.2	0.8	2.5	2.4	-	-	-	-	-	-	2.8	1.0
Rest of BT total	£m	1.6	1.7	2.8	4.8	3.9	6.4	9.3	5.9	18.0	15.1	0.3	0.3	0.9	1.8	-	-	6.6	2.2
Operating cost before depreciation	£m	13.4	12.7	4.9	8.5	6.6	10.2	16.4	10.3	31.6	26.3	0.4	0.4	2.6	5.6	-	-	9.1	2.9

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 2022

	£m	Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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
(i) Operating costs by type																			
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	0.7	0.3	-	-	-	-	-	-	-	-	-	-	-	(0.2)	4.8	5.3
Wages and salaries	£m	0.8	0.4	0.3	0.1	3.0	2.4	0.7	0.5	1.4	0.5	(0.2)	(0.1)	(0.3)	(0.2)	0.1	-	69.4	60.4
Social security costs	£m	0.1	-	-	-	-	-	-	-	0.1	-	-	-	-	-	(0.1)	0.1	6.9	6.0
Other pension costs	£m	0.1	0.1	-	-	0.1	0.1	-	-	0.2	0.1	-	-	-	-	-	(0.1)	10.6	9.2
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own work capitalised	£m	(0.5)	(0.2)	(0.1)	-	(0.1)	(0.1)	-	-	(0.5)	(0.2)	-	-	0.1	0.1	-	0.1	(30.2)	(26.2)
Net indirect labour costs	£m	0.1	-	-	-	0.2	0.1	-	-	0.1	-	(0.1)	-	(0.1)	(0.1)	0.1	0.2	5.5	4.7
Product costs	£m	-	-	-	-	1.6	1.2	0.4	0.2	-	-	-	-	-	-	-	0.2	4.3	4.0
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	-	-	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	0.3	11.6	10.5
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	0.1	4.1	3.5
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.4	0.3
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.2	0.2
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	1.5	0.9	0.1	0.1	0.2	0.2	-	-	0.3	0.1	-	-	(5.6)	(4.0)	(0.1)	(0.2)	(0.2)	(0.4)
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.2	(1.2)	(0.7)
Specific items	£m	-	-	-	-	0.1	0.1	-	-	0.1	-	-	-	-	-	-	-	4.1	3.6
Total operating costs before depreciation	£m	2.1	1.2	1.3	0.6	5.1	4.0	1.1	0.7	1.8	0.5	(0.3)	(0.1)	(5.9)	(4.2)	0.2	0.9	90.4	80.5
Depreciation																			
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	0.3	0.2	-	-	-	-	-	-	-	-	-	-	-	(0.2)	38.2	33.3
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33.6	26.7
Software	£m	0.1	-	0.1	-	0.1	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	0.1	3.7	3.2	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1
Right of use assets	£m	-	-	-	-	0.2	0.1	-	-	0.1	-	-	-	-	-	0.1	0.2	5.3	4.6
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	1.8	1.5
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.1	-	0.4	0.2	0.3	0.1	-	-	0.1	-	-	-	(0.1)	(0.1)	0.3	0.2	82.7	69.4
Total HCA operating costs	£m	2.2	1.2	1.7	0.8	5.4	4.1	1.1	0.7	1.9	0.5	(0.3)	(0.1)	(6.0)	(4.3)	0.5	1.1	173.1	149.9
CCA adjustments																			
Holding gains	£m	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.7)	(1.0)
Supplementary depreciation	£m	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	0.7	0.9
Other CCA adjustments	£m	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.3)
Rounding	£m	-	0.1	0.2	-	0.1	0.2	0.1	0.1	(0.1)	0.1	-	-	-	-	(0.4)	(1.2)	-	(0.2)
Total CCA operating costs	£m	2.2	1.3	1.8	0.8	5.5	4.3	1.2	0.8	1.8	0.6	(0.3)	(0.1)	(6.0)	(4.3)	-	(0.1)	172.9	149.3
Total CCA operating cost includes the following:																			
Cumulo charges	£m	-	-	0.3	0.1	-	-	-	-	-	-	-	-	-	-	(0.1)	-	7.4	6.9
Openreach SLGs	£m	1.5	0.9	-	-	-	-	-	-	-	-	-	-	(5.6)	(3.9)	0.1	-	(0.2)	(0.3)
Leaver costs	£m	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	2.2	1.9

	£m	Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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
(ii) Operating costs by division																			
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	0.7	0.3	-	-	-	-	-	-	-	-	-	-	-	(0.2)	4.8	5.3
Openreach																			
Service and network delivery	£m	1.6	0.9	0.1	0.1	4.1	3.2	0.8	0.6	1.1	0.3	-	-	(5.5)	(4.0)	(0.1)	0.6	34.1	30.0
Openreach support functions	£m	0.3	0.2	0.1	-	0.2	0.2	0.1	-	0.4	0.1	-	-	(0.1)	-	-	-	6.5	5.7
Openreach total	£m	1.9	1.1	0.2	0.1	4.3	3.4	0.9	0.6	1.5	0.4	-	-	(5.6)	(4.0)	(0.1)	0.6	40.6	35.7
Rest of BT																			
Group centre	£m	0.1	0.1	0.1	-	0.5	0.4	0.1	0.1	0.2	0.1	(0.1)	-	(0.2)	(0.1)	-	0.1	15.6	13.8
Property and facilities	£m	-	-	0.2	0.2	-	-	-	-	-	-	-	-	-	-	0.1	0.1	8.7	8.0
Technology units	£m	0.1	-	0.1	-	0.3	0.2	0.1	-	0.1	-	(0.2)	(0.1)	(0.1)	(0.1)	0.2	0.4	12.9	10.9
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	7.8	6.8
Rest of BT total	£m	0.2	0.1	0.4	0.2	0.8	0.6	0.2	0.1	0.3	0.1	(0.3)	(0.1)	(0.3)	(0.2)	0.3	0.5	45.0	39.5
Operating cost before depreciation	£m	2.1	1.2	1.3	0.6	5.1	4.0	1.1	0.7	1.8	0.5	(0.3)	(0.1)	(5.9)	(4.2)	0.2	0.9	90.4	80.5

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 2023

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link		Other services		Optical services - rentals		
		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	-	-	31.9	58.1	35.4	52.8	120.1	79.5	185.4	161.6	0.7	1.1	5.1	11.6	-	-	34.8	13.7	
Electronics	£m	-	-	3.2	5.8	4.7	9.2	12.2	8.1	17.5	16.2	-	-	-	-	-	-	41.3	16.3	
Software	£m	0.6	0.5	0.6	1.0	0.7	1.1	2.1	1.4	3.2	2.8	-	-	0.1	0.3	-	-	1.6	0.6	
Land and buildings	£m	0.1	0.1	0.1	0.2	0.1	0.2	0.4	0.2	0.6	0.5	-	-	-	-	-	-	0.1	-	
Right of use assets	£m	1.0	1.0	1.1	1.9	1.2	1.9	4.0	2.7	6.1	5.4	-	-	0.1	0.3	-	-	1.5	0.6	
Other assets	£m	1.0	0.8	1.3	2.4	1.4	2.2	5.0	3.3	7.7	6.7	-	-	(0.9)	(2.0)	-	-	3.0	1.0	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non-current assets	£m	2.7	2.4	38.2	69.4	43.5	67.4	143.8	95.2	220.5	193.2	0.7	1.1	4.4	10.2	-	-	82.3	32.2	
Current assets	£m	5.2	4.8	6.2	11.3	7.3	11.7	23.0	15.3	35.0	30.9	0.1	0.2	0.9	2.0	-	-	15.4	5.9	
Current liabilities	£m	(4.1)	(4.3)	(4.0)	(7.4)	(4.6)	(7.4)	(14.7)	(9.7)	(22.0)	(19.4)	(0.1)	(0.1)	(1.1)	(2.6)	-	-	(6.5)	(2.4)	
Provisions	£m	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.4)	(0.3)	(0.6)	(0.6)	-	-	-	-	-	-	(0.1)	(0.1)	
Rounding	£m	(0.1)	-	(0.1)	0.1	(0.1)	-	0.1	-	(0.2)	0.1	0.1	-	-	(0.1)	-	-	-	0.1	
Total MCE	£m	3.6	2.8	40.2	73.2	46.0	71.5	151.8	100.5	232.7	204.2	0.8	1.2	4.2	9.5	-	-	91.1	35.7	

8.1.3 Leased Lines Access – Area 2 Analysis of Service MCE (continued) For the year ended 31 March 2023

	£m	Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	
Non-current assets																				
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	3.4	1.3	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	416.8	379.6
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78.9	55.6
Software	£m	0.1	-	0.1	-	0.3	0.2	-	-	-	-	(0.2)	(0.1)	(0.3)	(0.2)	-	0.2	8.9	7.8	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	1.4	1.3	
Right of use assets	£m	0.1	-	0.1	-	0.7	0.5	-	0.1	0.2	0.1	-	-	-	-	(0.1)	(0.1)	16.0	14.4	
Other assets	£m	0.2	0.1	(0.6)	(0.2)	0.2	0.1	-	-	-	-	(0.3)	(0.2)	(0.7)	(0.4)	-	0.2	17.3	14.0	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	0.4	0.1	3.0	1.1	1.2	0.8	-	0.1	0.2	0.1	(0.5)	(0.3)	(1.0)	(0.6)	(0.1)	0.3	539.3	472.7	
Current assets	£m	0.7	0.5	0.7	0.3	2.4	1.6	0.1	0.2	0.6	0.3	-	(0.1)	(0.3)	(0.2)	(0.1)	-	97.2	84.7	
Current liabilities	£m	(0.6)	(0.6)	(0.9)	(0.4)	(1.6)	(1.1)	-	(0.2)	(0.8)	(0.2)	(41.5)	(19.6)	0.5	0.3	(0.2)	0.1	(102.2)	(75.0)	
Provisions	£m	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	(0.2)	-	(1.7)	(1.5)	
Rounding	£m	(0.2)	0.1	(0.1)	-	-	-	(0.1)	0.1	0.2	(0.1)	-	-	(0.1)	-	0.6	(0.4)	-	(0.1)	
Total MCE	£m	0.3	0.1	2.7	1.0	1.9	1.3	-	0.2	0.2	0.1	(42.0)	(20.0)	(0.9)	(0.5)	-	-	532.6	480.8	

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 2022

	£m	Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link		Other services		Optical services - rentals	
		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	-	-	24.4	42.5	31.4	43.6	81.5	52.0	161.3	131.7	2.6	2.7	6.2	12.7	-	-	28.6	9.3
Electronics	£m	-	-	4.9	8.6	6.0	10.8	16.6	10.6	28.1	23.8	-	-	-	-	-	-	35.9	11.7
Software	£m	0.9	0.8	0.7	1.2	0.9	1.3	2.4	1.5	4.6	3.8	-	-	0.3	0.6	-	-	1.8	0.6
Land and buildings	£m	-	-	0.1	0.1	0.1	0.1	0.3	0.2	0.5	0.4	-	-	-	-	-	-	0.1	-
Right of use assets	£m	1.2	1.2	1.2	2.1	1.5	2.3	4.1	2.6	7.9	6.5	0.1	0.1	0.2	0.3	-	-	1.7	0.5
Other assets	£m	0.7	0.7	1.4	2.4	1.6	2.3	4.6	2.9	8.9	7.3	0.1	0.1	(1.1)	(2.2)	-	-	1.9	0.6
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	2.8	2.7	32.7	56.9	41.5	60.4	109.5	69.8	211.3	173.5	2.8	2.9	5.6	11.4	-	-	70.0	22.7
Current assets	£m	4.9	4.9	5.8	10.2	7.4	11.2	19.2	12.3	36.5	30.1	0.5	0.5	0.9	1.8	-	-	14.1	4.6
Current liabilities	£m	(3.6)	(3.8)	(3.8)	(6.6)	(4.7)	(7.0)	(12.4)	(7.9)	(23.4)	(19.2)	(0.3)	(0.3)	(0.9)	(1.8)	-	-	(5.5)	(1.8)
Provisions	£m	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)	(0.2)	(0.5)	(0.4)	-	-	-	-	-	-	(0.1)	-
Rounding	£m	-	0.2	0.1	-	0.1	0.1	-	-	(0.1)	(0.2)	-	-	(0.1)	-	-	-	(0.1)	-
Total MCE	£m	4.0	3.9	34.7	60.4	44.2	64.5	116.0	74.0	223.8	183.8	3.0	3.1	5.5	11.4	-	-	78.4	25.5

8.1.3 Leased Lines Access – Area 2 Analysis of Service MCE (continued) Restated for the year ended 31 March 2022

	£m	Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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
Non-current assets																			
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	3.2	1.5	-	-	-	-	-	-	-	-	-	-	(0.1)	-	339.2	295.9
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	91.6	65.5
Software	£m	0.2	0.1	0.2	0.1	0.2	0.2	-	-	0.1	-	(0.2)	(0.1)	(0.3)	(0.2)	(0.1)	0.1	11.7	10.0
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	1.1	1.0
Right of use assets	£m	0.1	0.1	0.1	-	0.6	0.5	0.1	0.1	0.3	0.1	-	-	-	-	(0.1)	-	19.0	16.4
Other assets	£m	0.1	0.1	(0.6)	(0.2)	0.1	0.1	-	-	0.2	0.1	(0.1)	(0.1)	(0.2)	(0.1)	0.2	-	17.8	14.0
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	0.4	0.3	2.9	1.4	0.9	0.8	0.1	0.1	0.6	0.2	(0.3)	(0.2)	(0.5)	(0.3)	0.1	0.2	480.4	402.8
Current assets	£m	1.0	0.8	0.5	0.2	1.8	1.4	0.4	0.3	0.6	0.3	(0.1)	(0.2)	(0.2)	(0.2)	-	(0.2)	93.3	78.0
Current liabilities	£m	(0.8)	(0.6)	(0.5)	(0.2)	(1.1)	(0.8)	(0.2)	(0.2)	(0.7)	(0.3)	(43.3)	(22.0)	0.4	0.3	-	-	(100.8)	(72.2)
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(1.3)	(1.1)
Rounding	£m	0.1	(0.1)	-	(0.1)	-	(0.1)	0.1	-	(0.1)	-	-	-	-	-	(0.1)	0.2	(0.1)	-
Total MCE	£m	0.7	0.4	2.9	1.3	1.6	1.3	0.4	0.2	0.4	0.2	(43.7)	(22.4)	(0.3)	(0.2)	(0.1)	0.1	471.5	407.5

Section 8 – Review of Leased Line Access Markets

8.2.1 Leased Lines Access – Area 3 Summary For the year ended 31 March 2023

	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	-	0.6	0.6	-	440	ccts	-	1,461.93	-	0.4	-	0.1	-	249.5%
Connections - dual fibre	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Rentals - single fibre	-	0.2	0.2	-	188	ccts	-	1,020.66	-	-	-	0.1	-	172.6%
Rentals - dual fibre	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Main link	-	-	-	-	-	km	-	-	-	-	-	-	-	-
Patch panels - customer premises	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Patch panels - exchanges	-	-	-	-	188	ccts	-	-	-	-	-	-	-	(286.5)%
Initial testing	-	-	-	-	440	ccts	-	-	-	0.1	-	-	-	(452.1)%
Cessation charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Right when tested charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Ethernet services basket														
Connections	13.1	16.3	29.4	6,720	7,883	ccts	1,945.41	2,062.98	7.3	7.1	1.7	1.5	336.2%	632.8%
EAD 1Gbit/s rentals	16.8	15.2	32.0	8,757	7,838	ccts	1,923.23	1,943.20	11.9	10.7	45.0	40.3	10.9%	11.3%
Other EAD rentals	15.4	16.0	31.4	8,069	7,360	ccts	1,903.69	2,172.75	12.8	12.8	49.0	45.4	5.2%	7.0%
EAD LA 1Gbit/s rentals	16.3	12.6	28.9	10,134	7,768	ccts	1,607.51	1,618.18	13.6	10.4	51.1	39.2	5.3%	5.5%
Other EAD LA rentals	23.8	27.0	50.8	16,230	18,303	ccts	1,466.98	1,472.64	21.4	24.2	81.3	91.8	3.0%	3.0%
Other rentals	0.1	0.2	0.3	55	153	ccts	1,100.91	1,624.01	0.1	0.2	0.2	0.6	(5.0)%	9.4%
Main link	24.9	24.0	48.9	132,823	128,034	km	187.18	187.09	3.1	3.0	8.5	8.1	257.8%	257.6%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	110.4	111.3	221.7						70.2	68.4	236.8	226.9	16.9%	18.8%
Optical services - rentals	8.8	7.8	16.6	4,574	4,831	ccts	1,929.07	1,605.12	6.5	6.8	23.3	24.6	9.8%	3.9%
Optical services - connections	2.9	5.7	8.6	1,365	1,639	ccts	2,135.01	3,476.29	0.8	0.9	0.2	0.1	1,297.4%	5,486.5%
Optical services - main link	5.6	4.2	9.8	23,685	16,703	km	237.55	251.28	0.6	0.4	1.5	1.0	347.2%	371.6%
Direct ECC basket	4.0	3.0	7.0	(ux)	(ux)	(ux)	(sx)	(sx)	3.5	2.7	0.9	0.6	55.7%	48.0%
Time related charges	0.1	0.4	0.5	(ux)	(ux)	(ux)	(sx)	(sx)	0.1	0.4	-	0.1	55.7%	55.7%
Other ancillaries	1.9	1.8	3.7	(ux)	(ux)	(ux)	(sx)	(sx)	0.8	0.3	0.1	0.1	1,528.2%	2,485.5%
IFRS 15 deferred revenue	0.1	(2.6)	(2.5)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.1)	(17.8)	(14.7)	(1.0)%	17.2%
IFRS15 SLG	(3.4)	(2.4)	(5.8)	(ux)	(ux)	(ux)	(sx)	(sx)	(3.7)	(2.6)	(0.4)	(0.3)	(69.1)%	(69.1)%
Rounding	-	(0.1)	(0.1)						(0.1)	(0.2)	(0.2)	(0.1)		
Total LLA Area 3	130.4	129.9	260.3						78.6	77.5	244.4	238.5	21.2%	22.0%

Section 8 – Review of Leased Line Access Markets

8.2.1 Leased Lines Access – Area 3 Summary Restated 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	-	-	-	-	-	232.4%
Connections - dual fibre	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Rentals - single fibre	-	-	-	-	2	ccts	-	1,030.00	-	-	-	-	-	1,422.2%
Rentals - dual fibre	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Main link	-	-	-	-	-	km	-	-	-	-	-	-	-	-
Patch panels - customer premises	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Patch panels - exchanges	-	-	-	-	2	ccts	-	-	-	-	-	-	-	(363.3)%
Initial testing	-	-	-	-	5	ccts	-	-	-	-	-	-	-	(416.2)%
Cessation charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Right when tested charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Ethernet services basket														
Connections	12.6	15.0	27.6	6,667	7,466	ccts	1,894.96	2,014.72	6.5	6.6	1.9	1.9	330.2%	447.5%
EAD 1Gbit/s rentals	15.0	13.0	28.0	7,788	6,713	ccts	1,920.00	1,942.65	11.2	9.6	36.7	31.6	10.4%	10.8%
Other EAD rentals	14.9	13.8	28.7	8,397	6,994	ccts	1,774.59	1,979.13	13.6	12.1	46.5	39.3	2.8%	4.3%
EAD LA 1Gbit/s rentals	12.9	9.6	22.5	8,047	5,960	ccts	1,600.93	1,614.44	11.4	8.5	37.7	27.9	3.8%	4.1%
Other EAD LA rentals	23.3	24.9	48.2	16,803	17,999	ccts	1,383.70	1,385.98	22.9	24.5	76.6	82.1	0.5%	0.5%
Other rentals	0.3	0.9	1.2	226	675	ccts	1,329.35	1,384.24	0.2	0.6	0.8	2.3	13.5%	15.8%
Main link	23.3	21.9	45.2	129,284	121,637	km	180.27	180.32	6.2	5.9	10.3	9.7	164.9%	165.0%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	102.3	99.1	201.4						72.0	67.8	210.5	194.8	14.4%	16.2%
Optical services - rentals	6.9	7.4	14.3	3,324	3,466	ccts	2,090.45	2,121.37	4.9	5.1	17.4	18.1	11.6%	12.3%
Optical services - connections	4.8	15.3	20.1	1,700	2,713	ccts	2,836.84	5,644.55	1.0	1.9	0.3	0.6	1,290.0%	2,280.2%
Optical services - main link	4.1	3.8	7.9	17,545	16,256	km	233.14	231.92	0.9	0.8	1.4	1.3	228.2%	226.7%
Direct ECC basket	2.6	2.3	4.9	(ux)	(ux)	(ux)	(sx)	(sx)	2.4	2.1	0.7	0.6	26.9%	26.9%
Time related charges	0.6	0.4	1.0	(ux)	(ux)	(ux)	(sx)	(sx)	0.5	0.4	0.2	0.1	26.9%	26.9%
Other ancillaries	1.4	1.6	3.0	(ux)	(ux)	(ux)	(sx)	(sx)	0.8	0.3	0.2	0.1	400.4%	1,355.7%
IFRS 15 deferred revenue	(0.6)	(7.8)	(8.4)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.1)	(0.1)	(17.3)	(17.3)	2.6%	44.7%
IFRS15 SLG	(2.5)	(2.3)	(4.8)	(ux)	(ux)	(ux)	(sx)	(sx)	(2.8)	(2.5)	(0.1)	(0.1)	(169.0)%	(169.0)%
Rounding	-	0.2	0.2						-	0.1	(0.2)	0.1		
Total LLA Area 3	119.6	120.0	239.6						79.6	75.9	213.1	198.3	18.7%	22.2%

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 2023

	Other EAD LA rentals		Other rentals		Main link		Other services		Optical services - rentals		Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	(0.2)	(0.2)	-	-	(0.6)	(0.6)	-	-	-	-	-	-	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	(0.1)	-	(1.3)	(1.2)		
Wages and salaries	£m	8.3	9.3	-	0.1	0.9	0.9	-	-	1.3	1.3	0.4	0.5	0.2	0.1	2.0	1.5	-	0.2	0.6	0.2	-	-	(0.1)	(0.1)	(0.1)	-	32.4	32.0	
Social security costs	£m	1.0	1.1	-	-	0.1	0.1	-	-	0.1	0.2	-	0.1	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	3.3	3.3	
Other pension costs	£m	1.3	1.5	-	-	0.2	0.1	-	-	0.2	0.2	0.1	0.1	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	4.6	4.5	
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own work capitalised	£m	(4.5)	(5.1)	-	-	(0.5)	(0.4)	-	-	(0.7)	(0.7)	(0.3)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	-	(0.2)	(0.1)	-	-	-	-	-	-	0.1	(16.2)	(16.0)	
Net indirect labour costs	£m	0.7	0.8	-	-	0.2	0.1	-	-	0.1	0.2	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	(0.1)	2.6	2.5		
Product costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	0.8	-	0.1	-	-	-	-	-	-	0.2	-	2.2	2.2		
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property and energy costs	£m	2.0	2.2	-	0.1	1.0	1.0	-	-	0.3	0.3	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	7.1	6.8	
Network operating and IT costs	£m	0.7	0.8	-	-	0.1	0.1	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	2.4	2.3			
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1		
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating costs	£m	(0.9)	(0.7)	-	(0.1)	0.7	0.6	-	-	0.8	0.7	0.5	0.4	0.2	0.2	0.2	0.1	-	0.2	0.1	-	-	(3.5)	(2.4)	(0.2)	0.4	(0.8)	(0.6)		
Other operating income	£m	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.3)	(0.3)		
Specific items	£m	0.5	0.6	-	-	0.1	0.1	-	-	0.1	0.1	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	0.1	(0.1)	1.9	1.8		
Total operating costs before depreciation	£m	8.9	10.3	-	0.1	2.2	2.0	-	-	2.3	2.4	0.7	0.7	0.4	0.2	3.3	2.5	-	0.3	0.8	0.2	-	-	(3.6)	(2.5)	0.1	0.2	38.0	37.4	
Depreciation																														
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	7.7	8.7	-	0.1	1.1	1.1	-	-	1.1	1.1	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	(0.1)	23.8	22.7		
Electronics	£m	2.9	3.4	-	-	-	-	-	-	2.8	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.1)	11.2	11.6		
Software	£m	0.6	0.7	-	-	0.2	0.2	-	-	0.2	0.2	-	-	-	-	0.1	0.1	-	-	-	-	-	(0.1)	(0.1)	-	0.1	2.3	2.3		
Land and buildings	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.5	0.4		
Right of use assets	£m	0.7	0.8	-	-	0.1	0.1	-	-	0.1	0.1	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	0.3	0.1	2.7	2.6	
Other assets	£m	0.3	0.4	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.4)	0.7	0.7			
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total depreciation	£m	12.3	14.1	-	0.1	1.4	1.4	-	-	4.3	4.5	-	-	0.2	0.1	0.2	0.2	-	-	-	-	-	-	(0.1)	(0.1)	0.2	(0.4)	41.2	40.3	
Total HCA operating costs	£m	21.2	24.4	-	0.2	3.6	3.4	-	-	6.6	6.9	0.7	0.7	0.6	0.3	3.5	2.7	-	0.3	0.8	0.2	-	-	(3.7)	(2.6)	0.3	(0.2)	79.2	77.7	
CCA adjustments																														
Holding gains	£m	-	-	-	-	(0.9)	(0.8)	-	-	-	-	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-	-	-	-	(0.1)	(1.1)	(1.0)		
Supplementary depreciation	£m	-	-	-	-	0.7	0.7	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	0.1	0.9	0.8		
Other CCA adjustments	£m	-	-	-	-	(0.2)	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.3)	(0.3)		
Rounding	£m	0.2	(0.2)	0.1	-	(0.1)	(0.1)	-	-	(0.1)	(0.1)	0.1	0.2	0.1	0.1	-	-	0.1	0.1	0.1	(0.1)	(0.1)	-	-	(0.4)	0.2	(0.1)	0.3		
Total CCA operating costs	£m	21.4	24.2	0.1	0.2	3.1	3.0	-	-	6.5	6.8	0.8	0.9	0.6	0.4	3.5	2.7	0.1	0.4	0.8	0.3	(0.1)	(0.1)	(3.7)	(2.6)	(0.1)	(0.2)	78.6	77.5	
Total CCA operating cost includes the following:																														
Cumulo charges	£m	1.2	1.3	-	0.1	1.0	0.9	-	-	0.2	0.2	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	4.6	4.4	
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-	0.6	0.6	-	-	-	-	-	-	-	-	-	-	(3.4)	(2.4)	0.1	(0.1)	-		
Leaver costs	£m	0.3	0.4	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	1.1	1.1		

	Other EAD LA rentals		Other rentals		Main link		Other services		Optical services - rentals		Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	(0.2)	(0.2)	-	-	(0.6)	(0.6)	-	-	-	-	-	-	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	(0.1)	-	(1.3)	(1.2)	
Openreach																													
Service and network delivery	£m	2.9	3.3	-	-	0.9	0.9	-	-	0.4	0.4	0.6	0.6	0.2	0.1	2.8	2.1	-	0.3	0.4	0.1	-	-	(3.4)	(2.4)	0.3	0.3	15.9	15.6
Openreach support functions	£m	0.5	0.6	-	-	0.4	0.3	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	-	0.2	0.1	-	-	-	-	-	-	3.0	3.0
Openreach total	£m	3.4	3.9	-	-	1.3	1.2	-	-	0.5	0.5	0.7	0.7	0.3	0.2	2.9	2.2	-	0.3	0.6	0.2	-	<						

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 2022

	Other EAD LA rentals		Other rentals		Main link		Other services		Optical services - rentals		Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	Int	Ext	Int	Ext	Int	Ext	Int	Ext		
(i) Operating costs by type																														
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attribution of PI costs	£m	0.5	0.5	-	-	2.3	2.2	-	-	0.1	0.1	-	-	0.3	0.3	-	-	-	-	-	-	-	-	-	-	0.1	-	4.0	3.7	
Wages and salaries	£m	9.2	9.9	0.1	0.2	0.9	0.9	-	-	1.1	1.2	0.4	0.6	0.1	0.1	1.3	1.2	0.3	0.2	0.6	0.2	(0.1)	(0.1)	(0.1)	(0.1)	-	0.1	31.8	30.0	
Social security costs	£m	1.0	1.1	-	-	0.1	0.1	-	-	0.1	0.1	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	3.2	3.0	
Other pension costs	£m	1.6	1.7	-	-	0.2	0.2	-	-	0.2	0.2	0.1	0.1	-	-	-	-	-	-	0.1	-	-	-	-	-	(0.2)	-	4.8	4.6	
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own work capitalised	£m	(4.5)	(4.8)	-	(0.1)	(0.4)	(0.4)	-	-	(0.5)	(0.5)	(0.2)	(0.4)	(0.1)	-	-	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-	(13.9)	(13.1)	
Net indirect labour costs	£m	0.8	0.8	-	-	0.2	0.1	-	-	0.1	0.1	-	0.1	-	-	0.1	0.1	-	-	-	-	-	-	-	-	(0.2)	-	2.5	2.4	
Product costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.6	0.2	0.1	-	-	-	-	-	-	-	(0.1)	0.1	1.9	2.0	
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property and energy costs	£m	1.7	1.9	-	0.1	1.1	1.1	-	-	0.2	0.2	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	0.2	0.1	6.0	5.7	
Network operating and IT costs	£m	0.6	0.7	-	-	0.1	0.1	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	1.9	1.7	
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision and installation	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.2	0.2	
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating costs	£m	(0.6)	(0.7)	-	-	0.5	0.4	-	-	0.5	0.5	0.7	1.3	0.1	0.1	0.1	0.1	-	-	0.1	0.1	-	-	(2.6)	(2.4)	0.1	0.2	(0.3)	0.5	
Other operating income	£m	(0.2)	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	(0.4)	(0.5)	
Specific items	£m	0.6	0.6	-	-	0.1	0.1	-	-	0.1	0.1	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	0.1	0.1	1.9	1.8	
Total operating costs before depreciation	£m	10.8	11.6	0.1	0.2	5.1	4.8	-	-	2.0	2.1	1.0	1.8	0.6	0.6	2.3	2.1	0.5	0.3	0.6	0.2	(0.1)	(0.1)	(2.7)	(2.5)	0.5	0.9	43.7	42.1	
Depreciation																														
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	6.2	6.7	0.1	0.2	1.2	1.2	-	-	0.7	0.7	-	-	0.2	0.2	-	-	-	-	-	-	-	-	-	-	0.2	(0.1)	18.4	16.8	
Electronics	£m	4.2	4.6	-	-	-	-	-	-	2.0	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.1	13.2	12.7	
Software	£m	0.5	0.5	-	-	0.2	0.2	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2	1.7	1.7	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Right of use assets	£m	0.8	0.8	-	-	0.1	0.1	-	-	0.1	0.1	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	2.5	2.3	
Other assets	£m	0.3	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.8	0.7	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total depreciation	£m	12.0	12.9	0.1	0.2	1.5	1.5	-	-	2.9	3.0	-	-	0.2	0.2	0.1	0.1	-	-	-	-	-	-	-	-	0.4	0.1	36.6	34.2	
Total HCA operating costs	£m	22.8	24.5	0.2	0.4	6.6	6.3	-	-	4.9	5.1	1.0	1.8	0.8	0.8	2.4	2.2	0.5	0.3	0.6	0.2	(0.1)	(0.1)	(2.7)	(2.5)	0.9	1.0	80.3	76.3	
CCA adjustments																														
Holding gains	£m	-	-	-	-	(0.7)	(0.7)	-	-	-	-	-	-	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.9)	(0.8)
Supplementary depreciation	£m	-	-	-	-	0.7	0.6	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	0.8	0.8	
Other CCA adjustments	£m	-	-	-	-	(0.2)	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.3)	(0.3)	
Rounding	£m	0.1	-	-	0.2	(0.2)	(0.1)	-	-	-	-	0.1	0.1	-	-	(0.1)	-	0.1	0.2	0.1	-	-	(0.1)	-	(0.7)	(0.9)	(0.3)	(0.3)	(0.1)	
Total CCA operating costs	£m	22.9	24.5	0.2	0.6	6.2	5.9	-	-	4.9	5.1	1.0	1.9	0.9	0.8	2.4	2.1	0.5	0.4	0.8	0.3	(0.1)	(0.1)	(2.8)	(2.5)	-	0.1	79.6	75.9	

Total CCA operating cost includes the following:

Cumulo charges	1.1	1.2	-	0.1	1.1	1.0	-	-	0.1	0.1	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	-	4.2	3.9
Openreach SLGs	-	-	-	-	-	-	-	-	-	-	0.7	1.3	-	-	-	-	-	-	-	-	-	-	-	-	(2.5)	(2.4)	0.1	(0.1)	0.3
Leaver costs	0.3	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	1.0	0.9

	Other EAD LA rentals		Other rentals		Main link		Other services		Optical services - rentals		Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	Int	Ext	Int	Ext	Int	Ext	Int	Ext	
(ii) Operating costs by division																													
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	0.5	0.5	-	-	2.3	2.2	-	-	0.1	0.1	-	-	0.3	0.3	-	-	-	-	-	-	-	-	-	-	0.1	-	4.0	3.7
Openreach																													
Service and network delivery	£m	3.5	3.7	0.1	-	0.8	0.8	-	-	0.4	0.4	0.8	1.3	0.2	0.2	1.9	1.7	0.5	0.3	0.3	0.1	-	-	(2.5)	(2.4)	0.1	0.5	16.2	15.6
Openreach support functions	£m	0.6	0.7	-	-	0.3	0.2	-	-	0.1	0.1	0.1	0.3	-	-	0.1	0.1	-	-	0.2	0.1	-	-	-	-	0.1	-	3.1	3.0
Openreach total	£m	4.1	4.4	0.1	-	1.1	1.0	-	-	0.5	0.5	0.9	1.6</																

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 2023

	£m	Connections - single fibre		Connections - dual fibre		Rentals - single fibre		Rentals - dual fibre		Main link		Patch panels - customer premises		Patch panels - exchanges		Initial testing		Cessation charges		Right when testing charges		Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		
		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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35.8	32.0	39.4	35.1	40.4	31.0	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.6	3.2	3.5	4.5	4.1	3.2	
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	0.6	0.6	0.7	0.6	0.5	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.5	1.2	1.1	1.3	1.2	1.3	
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.4	1.5	1.3	1.5	1.4	1.3	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non-current assets	£m	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.3	1.2	42.8	38.3	46.5	42.9	48.3	37.1
Current assets	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.5	2.5	6.9	6.2	7.4	7.1	7.8	5.9
Current liabilities	£m	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.0)	(2.3)	(4.5)	(4.0)	(4.7)	(4.5)	(4.9)	(3.8)
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
Rounding	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.2	(0.1)	(0.1)	(0.1)	-	-	0.1
Total MCE	£m	-	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.7	1.5	45.0	40.3	49.0	45.4	51.1	39.2

8.2.3 Leased Lines Access – Area 3 Analysis of Service MCE (continued) For the year ended 31 March 2023

	£m	Other EAD LA rentals		Other rentals		Main link		Other services		Optical services - rentals		Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	64.8	73.1	0.2	0.5	10.3	9.9	-	-	8.9	9.4	-	-	1.8	1.3	-	-	-	-	-	-	-	-	-	-	-	-	201.6	192.4	
Electronics	£m	6.0	6.9	-	-	-	-	-	-	10.6	11.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	27.8	28.9	
Software	£m	1.1	1.3	-	-	0.2	0.2	-	-	0.4	0.4	-	-	-	-	0.1	0.1	-	-	-	-	-	(0.1)	(0.1)	(0.2)	(0.1)	0.2	4.0	4.0	
Land and buildings	£m	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	0.7	0.6	
Right of use assets	£m	2.1	2.4	-	-	0.3	0.2	-	-	0.4	0.4	-	-	-	-	0.3	0.2	-	-	-	-	0.1	-	-	-	-	0.3	7.5	7.3	
Other assets	£m	2.7	3.0	-	-	(1.8)	(1.7)	-	-	0.8	0.7	0.1	0.1	(0.3)	(0.2)	0.1	0.1	-	-	-	-	(0.1)	(0.1)	(0.4)	(0.2)	(0.2)	-	6.1	6.1	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non-current assets	£m	76.9	86.9	0.2	0.5	9.0	8.6	-	-	21.1	22.1	0.1	0.1	1.5	1.1	0.5	0.4	-	-	0.1	-	(0.2)	(0.2)	(0.6)	(0.3)	0.2	0.5	247.7	239.3	
Current assets	£m	12.2	13.8	-	0.1	1.8	1.7	-	-	4.0	4.1	0.3	0.5	0.4	0.3	1.1	0.8	-	0.1	0.3	0.1	-	(0.1)	(0.1)	(0.1)	(0.1)	0.2	44.5	43.3	
Current liabilities	£m	(7.7)	(8.7)	-	(0.1)	(2.3)	(2.2)	-	-	(1.7)	(1.7)	(0.3)	(0.5)	(0.5)	(0.4)	(0.7)	(0.5)	-	(0.1)	(0.3)	(0.1)	(17.6)	(14.5)	0.2	0.2	-	(47.0)	(43.3)		
Provisions	£m	(0.2)	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.1)	(0.8)	(0.8)	
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)	-	(0.7)	-	-	
Total MCE	£m	81.3	91.8	0.2	0.6	8.5	8.1	-	-	23.3	24.6	0.2	0.1	1.5	1.0	0.9	0.6	-	0.1	0.1	0.1	(17.8)	(14.7)	(0.4)	(0.3)	(0.2)	(0.1)	244.4	238.5	

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 2022

	£m	Connections - single fibre		Connections - dual fibre		Rentals - single fibre		Rentals - dual fibre		Main link		Patch panels - customer premises		Patch panels - exchanges		Initial testing		Cessation charges		Right when testing charges		Connections		EAD 1Gbit/s rentals		Other EAD rentals		EAD LA 1Gbit/s rentals		
		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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.8	22.3	34.4	28.1	26.4	19.6	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.2	4.5	5.2	5.3	5.4	4.0	
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	0.4	0.8	0.7	0.9	0.8	0.6	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.6	1.3	1.1	1.6	1.4	1.3	
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	1.4	1.2	1.7	1.4	1.5	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non-current assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.2	1.3	34.6	29.9	43.9	37.1	35.5	26.4
Current assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.3	2.4	6.2	5.3	7.5	6.6	6.2	4.6
Current liabilities	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.7)	(1.9)	(4.0)	(3.5)	(4.8)	(4.2)	(4.0)	(3.0)
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	(0.1)	0.1	-
Total MCE	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.9	1.9	36.7	31.6	46.5	39.3	37.7	27.9

8.2.3 Leased Lines Access – Area 3 Analysis of Service MCE (continued) Restated for the year ended 31 March 2022

	£m	Other EAD LA rentals		Other rentals		Main link		Other services		Optical services - rentals		Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	55.3	59.2	0.7	2.0	11.5	10.9	-	-	6.3	6.6	-	-	1.6	1.5	-	-	-	-	-	-	-	-	-	-	0.1	(0.2)	162.1	150.0	
Electronics	£m	9.6	10.3	-	-	-	-	-	-	7.9	8.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33.3	32.4	
Software	£m	1.6	1.7	-	-	0.6	0.5	-	-	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.1	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	5.5	5.2	
Land and buildings	£m	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.5	
Right of use assets	£m	2.7	2.9	-	0.1	0.3	0.3	-	-	0.4	0.4	-	0.1	-	-	0.3	0.2	0.1	-	0.1	-	-	-	-	-	0.1	-	8.7	8.1	
Other assets	£m	3.0	3.3	-	0.1	(2.0)	(1.9)	-	-	0.4	0.4	0.1	0.1	(0.3)	(0.2)	0.1	0.1	-	-	0.1	-	-	-	(0.1)	(0.1)	0.1	0.1	6.3	5.9	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non-current assets	£m	72.4	77.6	0.7	2.2	10.4	9.8	-	-	15.4	16.1	0.2	0.3	1.4	1.4	0.5	0.4	0.1	-	0.2	-	(0.1)	(0.1)	(0.2)	(0.2)	0.2	(0.1)	216.4	202.1	
Current assets	£m	12.5	13.4	0.1	0.3	1.6	1.5	-	-	3.2	3.3	0.5	1.1	0.3	0.2	0.8	0.7	0.2	0.1	0.3	0.1	-	(0.3)	(0.1)	(0.1)	(0.2)	0.2	41.4	39.4	
Current liabilities	£m	(8.0)	(8.6)	(0.1)	(0.2)	(1.7)	(1.6)	-	-	(1.3)	(1.3)	(0.3)	(0.9)	(0.3)	(0.2)	(0.5)	(0.4)	(0.1)	(0.1)	(0.3)	(0.1)	(17.1)	(16.9)	0.2	0.2	0.1	0.1	(43.9)	(42.6)	
Provisions	£m	(0.2)	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.6)	(0.5)	
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)	-	-	-	(0.2)	(0.1)	(0.2)	(0.1)	
Total MCE	£m	76.6	82.1	0.8	2.3	10.3	9.7	-	-	17.4	18.1	0.3	0.6	1.4	1.3	0.7	0.6	0.2	0.1	0.2	0.1	(17.3)	(17.3)	(0.1)	(0.1)	(0.2)	0.1	213.1	198.3	

Section 8 – Review of Leased Line Access Markets

8.3.1 Leased Lines Access – High Network Reach Summary For the year ended 31 March 2023

	Internal revenue £m	External revenue £m	Total revenue £m	Internal volume	External volume	Measure	Internal average price £	External average price £
Ethernet services								
Connections	2.8	3.0	5.8	1,384	1,484	ccts	2,020.01	2,041.92
EAD 1Gbit/s rentals	1.1	2.4	3.5	543	1,239	ccts	1,942.07	1,943.11
Other EAD rentals	1.1	2.0	3.1	447	854	ccts	2,491.67	2,383.47
EAD LA 1Gbit/s rentals	5.2	4.5	9.7	3,198	2,812	ccts	1,616.35	1,617.44
Other EAD LA rentals	6.4	5.0	11.4	4,211	3,253	ccts	1,522.83	1,535.43
Other rentals	0.1	-	0.1	42	33	ccts	3,156.49	1,017.41
Main link	0.5	0.8	1.3	2,728	4,364	km	189.23	187.73
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)
Total Ethernet services	17.2	17.7	34.9					
Optical services - rentals	2.4	0.4	2.8	1,219	235	ccts	1,979.60	1,601.42
Optical services - connections	0.2	0.2	0.4	79	40	ccts	2,592.19	4,233.09
Optical services - main link	0.6	0.2	0.8	2,213	617	km	277.79	247.19
Direct ECCs	0.8	0.5	1.3	(ux)	(ux)	(ux)	(sx)	(sx)
Time related charges	-	0.1	0.1	(ux)	(ux)	(ux)	(sx)	(sx)
Other ancillaries	0.5	0.3	0.8	(ux)	(ux)	(ux)	(sx)	(sx)
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)
IFRS 15 deferred revenue	(0.2)	-	(0.2)	(ux)	(ux)	(ux)	(sx)	(sx)
IFRS 15 SLG	(0.6)	(0.4)	(1.0)	(ux)	(ux)	(ux)	(sx)	(sx)
Rounding	0.1	0.1	0.2					
Total LLA High network reach	21.0	19.1	40.1					

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 2022

	Internal revenue £m	External revenue £m	Total revenue £m	Internal volume	External volume	Measure	Internal average price £	External average price £
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	2.4	0.3	2.7	1,174	159	ccts	2,016.46	1,907.63
Optical services - connections	0.6	0.4	1.0	172	66	ccts	3,698.09	6,488.53
Optical services - main link	0.6	0.1	0.7	2,225	565	km	266.16	230.32
Direct ECCs	0.6	0.4	1.0	(ux)	(ux)	(ux)	(sx)	(sx)
Time related charges	0.1	0.1	0.2	(ux)	(ux)	(ux)	(sx)	(sx)
Other ancillaries	0.4	0.3	0.7	(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)
IFRS 15 SLG	(0.4)	(0.3)	(0.7)	(ux)	(ux)	(ux)	(sx)	(sx)
Rounding	-	-	-					
Total LLA High network reach	20.8	17.7	38.5					

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 2023

	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	-	0.3	0.3	-	741	ccts	-	373.74	-	0.1	-	-	-	498.3%
Connections - dual fibre	-	0.2	0.2	-	400	ccts	-	621.44	-	0.1	-	-	-	701.0%
Rentals - single fibre	-	-	-	-	1,165	ccts	-	35.52	-	-	-	-	-	353.9%
Rentals - dual fibre	-	0.1	0.1	-	815	ccts	-	71.04	-	-	-	-	-	671.0%
Main link	-	4.2	4.2	-	26,030	km	-	159.85	-	0.8	-	2.8	-	120.0%
Patch panels - customer premises	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Patch panels - exchanges	-	-	-	-	1,981	ccts	-	-	-	0.1	-	-	-	(286.5)%
Initial testing	-	-	-	-	1,141	ccts	-	-	-	0.3	-	0.1	-	(434.2)%
Cessation charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Right when tested charges	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Dark Fibre IFRS 15 deferred revenue	-	(0.4)	(0.4)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	(0.3)	-	135.1%
Dark Fibre IFRS 15 SLG	-	(0.1)	(0.1)	(ux)	(ux)	(ux)	(sx)	(sx)	-	(0.1)	-	-	-	(69.1)%
Ethernet services basket														
Connections	2.2	0.6	2.8	370	164	ccts	6,075.25	3,434.62	0.5	0.1	0.2	-	804.8%	2,851.1%
EAD 1Gbit/s rentals	11.9	3.7	15.6	6,219	1,890	ccts	1,916.62	1,936.67	2.7	0.8	3.7	1.1	251.7%	255.3%
Other EAD rentals	2.0	2.4	4.4	633	649	ccts	3,166.16	3,733.80	0.9	1.0	1.2	1.4	96.0%	102.1%
EAD LA 1Gbit/s rentals	0.1	-	0.1	35	15	ccts	1,618.19	1,614.78	-	-	-	-	199.2%	198.6%
Other EAD LA rentals	-	-	-	26	19	ccts	1,458.80	1,458.08	-	-	-	-	193.1%	193.0%
Other rentals	34.4	6.8	41.2	2,952	738	ccts	11,645.41	9,240.43	16.0	3.2	44.1	9.0	41.6%	40.6%
Main link	14.2	4.7	18.9	77,041	25,192	km	184.66	187.00	1.8	0.6	4.9	1.6	253.6%	257.5%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	64.8	18.2	83.0						21.9	5.7	54.1	13.1	79.2%	95.5%
Optical services - rentals	6.3	8.7	15.0	2,351	5,910	ccts	2,696.91	1,464.13	2.3	5.7	6.8	17.2	58.8%	17.4%
Optical services - connections	0.5	12.7	13.2	162	3,874	ccts	2,985.18	3,275.51	0.1	2.0	-	0.2	1,377.5%	5,378.9%
Optical services - main link	4.0	5.2	9.2	15,081	21,293	km	268.34	242.11	0.4	0.5	0.9	1.3	402.4%	355.3%
Direct ECC basket	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Time related charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	1.2	1.1	2.3	(ux)	(ux)	(ux)	(sx)	(sx)	1.1	0.1	0.1	-	300.3%	2,555.4%
Ethernet IFRS 15 deferred revenue	1.7	(5.7)	(4.0)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	(4.1)	(6.7)	(41.9)%	84.1%
Ethernet IFRS 15 SLG	(0.3)	(1.1)	(1.4)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.3)	(1.2)	-	(0.1)	(69.1)%	(69.1)%
Rounding	-	(0.2)	(0.2)						(0.1)	(0.1)	-	0.1	-	-
Total IEC – BT Only Exchanges	78.2	43.2	121.4						25.4	14.0	57.8	27.7	91.3%	105.5%

Section 9 – Review of Inter-Exchange Connectivity Markets

9.1.1 IEC – BT Only Exchanges Summary Restated 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	-	-	-	308.1%
Connections - dual fibre	-	0.2	0.2	-	290	ccts	-	617.52	-	0.1	-	-	-	512.6%
Rentals - single fibre	-	-	-	-	315	ccts	-	30.98	-	-	-	-	-	84.1%
Rentals - dual fibre	-	-	-	-	450	ccts	-	68.02	-	-	-	-	-	218.2%
Main link	-	1.9	1.9	-	11,713	km	-	160.29	-	0.8	-	1.6	-	67.2%
Patch panels - customer premises	-	-	-	-	-	ccts	-	-	-	-	-	-	-	-
Patch panels - exchanges	-	-	-	-	765	ccts	-	-	-	0.1	-	-	-	(363.3)%
Initial testing	-	-	-	-	919	ccts	-	-	-	0.3	-	0.1	-	(412.2)%
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)	-	80.1%
Dark Fibre IFRS15 SLG	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	(169.0)%
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	1,110.7%	1,793.1%
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	6.0	2.3	140.7%	142.6%
Other EAD rentals	2.0	2.5	4.5	639	695	ccts	3,087.96	3,621.67	1.0	1.2	1.4	1.7	70.7%	78.4%
EAD LA 1Gbit/s rentals	-	-	-	31	13	ccts	1,614.51	1,610.46	-	-	-	-	-	109.7%
Other EAD LA rentals	-	-	-	27	20	ccts	1,376.36	1,376.49	-	-	-	-	-	106.4%
Other rentals	28.5	9.1	37.6	2,715	1,182	ccts	10,479.06	7,710.35	14.2	4.5	40.2	12.8	35.3%	36.3%
Main link	13.7	5.5	19.2	76,832	30,740	km	177.79	180.02	3.7	1.5	6.1	2.5	161.9%	164.6%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	58.4	23.3	81.7						22.8	8.7	53.9	19.4	65.8%	76.3%
Optical services - rentals	6.2	8.7	14.9	2,347	3,854	ccts	2,662.94	2,259.07	2.3	3.8	7.2	11.8	54.5%	41.9%
Optical services - connections	0.6	5.2	5.8	175	902	ccts	3,563.35	5,780.91	0.1	0.6	-	0.2	1,378.8%	2,293.1%
Optical services - main link	3.6	4.7	8.3	14,589	20,887	km	246.36	223.37	0.7	1.0	1.2	1.7	244.2%	216.3%
Direct ECC basket	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Time related charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	1.1	0.6	1.7	(ux)	(ux)	(ux)	(sx)	(sx)	1.0	0.2	0.2	0.1	28.7%	731.3%
Ethernet IFRS 15 deferred revenue	0.7	(3.3)	(2.6)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	(4.0)	(3.6)	(18.6)%	93.0%
Ethernet IFRS15 SLG	(0.3)	(0.4)	(0.7)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.3)	(0.5)	-	-	(169.0)%	(169.0)%
Rounding	-	-	-	-	-	-	-	-	-	(0.1)	0.2	(0.2)	-	-
Total IEC – BT Only Exchanges	70.3	41.0	111.3						26.6	15.1	58.7	31.0	74.5%	83.5%

Section 9 – Review of Inter-Exchange Connectivity Markets

9.1.3 IEC – BT Only Exchanges Analysis of Service MCE For the year ended 31 March 2023

	£m	Connections - single fibre		Connections - dual fibre		Rentals - single fibre		Rentals - dual fibre		Main link (dark fibre)		Patch panels - customer premises		Patch panels - exchanges		Initial testing		Cessation charges		Right when testing charges		Dark Fibre IFRS 15 deferred revenue		Dark fibre IFRS15 SLG		Connections (ethernet)		EAD 1Gbit/s rentals		Other EAD rentals		
		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	Int	Ext	
Non-current assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Fibre	£m	-	-	-	-	-	-	-	-	-	3.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Software	£m	-	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	-	2.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	3.6	1.1	1.0	1.2
Current assets	£m	-	-	-	-	-	-	-	-	-	0.4	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.2	-	1.4	0.4	0.4	0.5	
Current liabilities	£m	-	(0.1)	-	-	-	-	-	-	-	(0.2)	-	-	-	-	-	(0.1)	-	-	-	-	-	(0.3)	-	-	(0.1)	-	(1.3)	(0.4)	(0.3)	(0.3)	
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rounding	£m	-	0.1	-	-	-	-	-	-	-	(0.2)	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	
Total MCE	£m	-	-	-	-	-	-	-	-	-	2.8	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.2	-	3.7	1.1	1.2	1.4	

9.1.3 IEC – BT Only Exchanges Analysis of Service MCE (continued) For the year ended 31 March 2023

	£m	EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services - ethernet		Optical services - rentals		Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		Ethernet IFRS 15 deferred revenue		Ethernet 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	Int	Ext
Non-current assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	1.6	0.4	6.0	2.0	-	-	-	-	1.2	1.6	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	8.7	7.1
Electronics	£m	-	-	-	-	21.3	4.5	-	-	-	-	5.5	13.7	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	30.1	20.0	
Software	£m	-	-	-	-	1.4	0.3	0.1	-	-	-	0.2	0.4	-	0.1	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	0.2	1.9	1.0
Land and buildings	£m	-	-	-	-	0.8	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.8	0.2	
Right of use assets	£m	-	-	-	-	2.8	0.5	0.1	-	-	-	0.1	0.2	-	0.1	-	-	-	-	-	-	0.1	-	-	-	-	-	0.1	-	3.4	1.1
Other assets	£m	-	-	-	-	13.5	2.6	(1.0)	(0.3)	-	-	0.3	0.7	-	0.2	(0.2)	(0.3)	-	-	-	-	-	-	-	(0.1)	-	(0.1)	0.2	-	13.7	2.5
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	-	-	-	41.4	8.4	5.2	1.7	-	-	6.1	15.0	-	0.4	1.0	1.3	-	-	-	-	0.1	-	-	(0.1)	-	(0.2)	0.1	0.3	58.6	31.9
Current assets	£m	-	-	-	-	7.2	1.4	1.0	0.3	-	-	1.5	3.4	0.1	1.0	0.3	0.3	-	-	-	-	0.3	0.1	0.1	(0.2)	-	(0.1)	0.2	0.2	12.4	7.9
Current liabilities	£m	-	-	-	-	(4.2)	(0.8)	(1.3)	(0.4)	-	-	(0.7)	(1.1)	(0.1)	(1.2)	(0.4)	(0.5)	-	-	-	-	(0.4)	(0.1)	(4.1)	(6.4)	-	0.1	0.2	(0.1)	(12.7)	(11.9)
Provisions	£m	-	-	-	-	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.3)	(0.1)	(0.1)
Rounding	£m	-	-	-	-	(0.1)	-	-	-	-	-	(0.1)	(0.1)	-	-	-	0.2	-	-	-	-	0.1	-	(0.1)	-	-	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)
Total MCE	£m	-	-	-	-	44.1	9.0	4.9	1.6	-	-	6.8	17.2	-	0.2	0.9	1.3	-	-	-	-	0.1	-	(4.1)	(6.7)	-	(0.1)	-	0.1	57.8	27.7

Section 9 – Review of Inter-Exchange Connectivity Markets

9.1.3 IEC – BT Only Exchanges Analysis of Service MCE Restated for the year ended 31 March 2022

	£m	Connections - single fibre		Connections - dual fibre		Rentals - single fibre		Rentals - dual fibre		Main link (dark fibre)		Patch panels - customer premises		Patch panels - exchanges		Initial testing		Cessation charges		Right when testing charges		Dark Fibre IFRS 15 deferred revenue		Dark Fibre IFRS 15 SLG		Connections (ethernet)		EAD 1Gbit/s rentals		Other EAD rentals			
		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	Int	Ext		
Non-current assets																																	
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	-	-	-	-	-	-	-	-	-	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Software	£m	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	£m	-	-	-	-	-	-	-	-	-	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non-current assets	£m	-	-	-	-	-	-	-	-	-	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current assets	£m	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current liabilities	£m	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rounding	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total MCE	£m	-	-	-	-	-	-	-	-	-	1.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

9.1.3 IEC – BT Only Exchanges Analysis of Service MCE (continued) Restated for the year ended 31 March 2022

	£m	EAD LA 1Gbit/s rentals		Other EAD LA rentals		Other rentals		Main link (ethernet services)		Other services - ethernet		Optical services - rentals		Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	Int	Ext	Int	Ext	Int	Ext	Int	Ext	Int	Ext						
Non-current assets																																					
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Fibre	£m	-	-	-	-	1.7	0.6	6.9	2.7	-	-	-	-	-	1.3	1.9	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	9.8	6.9					
Electronics	£m	-	-	-	-	19.7	6.4	-	-	-	-	5.6	9.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	30.6	18.5			
Software	£m	-	-	-	-	1.1	0.4	0.3	0.1	-	-	0.2	0.4	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.1	1.3			
Land and buildings	£m	-	-	-	-	0.5	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.2			
Right of use assets	£m	-	-	-	-	2.9	0.9	0.2	0.1	-	-	0.1	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	3.7	1.5			
Other assets	£m	-	-	-	-	11.8	3.5	(1.2)	(0.5)	-	-	0.2	0.3	-	-	(0.2)	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	11.5	3.2		
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Total non-current assets	£m	-	-	-	-	37.7	12.0	6.2	2.4	-	-	6.1	10.1	-	-	1.2	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58.3	31.6		
Current assets	£m	-	-	-	-	6.4	2.0	0.9	0.4	-	-	1.6	2.5	0.1	0.4	0.2	0.3	-	-	-	-	-	0.3	0.1	-	-	-	-	-	-	-	-	-	11.9	7.1		
Current liabilities	£m	-	-	-	-	(3.6)	(1.1)	(1.0)	(0.4)	-	-	(0.5)	(0.8)	-	(0.3)	(0.2)	(0.3)	-	-	-	-	-	(0.4)	(0.1)	(3.9)	(3.4)	-	-	-	-	-	-	-	-	(11.3)	(7.6)	
Provisions	£m	-	-	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.1)
Rounding	£m	-	-	-	-	(0.1)	-	-	0.1	-	-	-	-	(0.1)	0.1	-	-	-	-	-	-	-	-	0.1	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	-	
Total MCE	£m	-	-	-	-	40.2	12.8	6.1	2.5	-	-	7.2	11.8	-	-	0.2	1.2	1.7	-	-	-	-	-	0.2	0.1	(4.0)	(3.6)	-	-	-	-	-	-	-	-	58.7	31.0

Section 9 – Review of Inter-Exchange Connectivity Markets

9.2.1 IEC – BT + 1 Exchanges Summary For the year ended 31 March 2023

	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	1.2	0.3	1.5	162	58	ccts	7,179.71	4,921.92	0.3	-	0.1	-	790.5%	2,836.6%
EAD 1Gbit/s rentals	2.7	0.8	3.5	1,425	399	ccts	1,914.69	1,935.19	0.6	0.2	0.8	0.2	251.4%	255.0%
Other EAD rentals	1.5	2.0	3.5	469	431	ccts	3,190.21	4,552.33	0.7	0.9	0.9	1.2	93.6%	88.0%
EAD LA 1Gbit/s rentals	-	-	-	5	2	ccts	1,618.42	1,618.37	-	-	-	-	199.2%	199.3%
Other EAD LA rentals	-	-	-	4	2	ccts	1,458.97	2,802.30	-	-	-	-	193.1%	78.9%
Other rentals	32.2	5.3	37.5	2,970	532	ccts	10,844.56	9,874.69	16.6	2.7	45.7	7.5	34.1%	34.3%
Main link	2.9	1.0	3.9	16,312	5,332	km	179.64	187.00	0.4	0.1	1.0	0.3	245.3%	257.5%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	40.5	9.4	49.9						18.6	3.9	48.5	9.2	45.2%	57.5%
Optical services - rentals	3.9	3.2	7.1	1,601	3,365	ccts	2,411.10	956.62	1.6	3.2	4.7	9.9	48.9%	0.1%
Optical services - connections	0.5	11.6	12.1	127	3,611	ccts	3,897.46	3,218.88	0.1	1.8	-	0.2	1,427.5%	5,346.9%
Optical services - main link	2.3	1.8	4.1	8,494	7,500	km	265.95	241.43	0.2	0.2	0.5	0.5	398.1%	354.1%
Direct ECC basket	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Time related charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	0.9	0.9	1.8	(ux)	(ux)	(ux)	(sx)	(sx)	0.8	0.1	-	-	254.8%	2,747.5%
Ethernet IFRS 15 deferred revenue	1.0	(5.5)	(4.5)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	(2.8)	(5.7)	(36.9)%	96.3%
Ethernet IFRS 15 SLG	(0.1)	(1.0)	(1.1)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.2)	(1.1)	-	(0.1)	(69.1)%	(69.1)%
Rounding	(0.1)	-	(0.1)	(ux)	(ux)	(ux)	(sx)	(sx)	0.2	0.1	0.1	0.1	-	-
Total IEC – BT + 1 Exchanges	48.9	20.4	69.3						21.3	8.2	51.0	14.1	54.2%	86.6%

Notes:

There are no revenues or costs for Dark fibre services in FY23 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 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	1,111.3%	1,930.3%
EAD 1Gbit/s rentals	2.8	0.8	3.6	1,444	406	ccts	1,913.84	1,933.63	0.8	0.2	1.4	0.4	140.5%	142.5%
Other EAD rentals	1.4	1.6	3.0	463	367	ccts	3,104.28	4,439.54	0.7	0.8	1.0	1.2	69.2%	69.6%
EAD LA 1Gbit/s rentals	-	-	-	5	3	ccts	1,614.81	1,614.63	-	-	-	-	109.8%	109.8%
Other EAD LA rentals	-	-	-	4	3	ccts	1,375.73	2,465.57	-	-	-	-	106.4%	61.2%
Other rentals	27.6	6.6	34.2	2,849	764	ccts	9,697.62	8,647.82	15.1	3.6	42.8	10.3	29.2%	28.9%
Main link	2.9	0.9	3.8	16,644	5,127	km	172.95	180.31	0.8	0.2	1.3	0.4	155.9%	165.0%
Other services	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Total Ethernet services basket	37.1	11.5	48.6						17.8	5.0	46.7	12.4	41.2%	52.3%
Optical services - rentals	3.2	2.4	5.6	1,402	1,672	ccts	2,308.49	1,417.38	1.4	1.6	4.3	5.1	43.1%	14.6%
Optical services - connections	1.4	4.1	5.5	338	684	ccts	4,203.85	5,945.73	0.3	0.5	0.1	0.2	1,436.6%	2,308.1%
Optical services - main link	1.6	1.4	3.0	6,652	6,218	km	241.33	218.77	0.3	0.3	0.5	0.5	238.1%	210.7%
Direct ECC basket	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Time related charges	-	-	-	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	-	-	-	-
Other ancillaries	0.8	0.4	1.2	(ux)	(ux)	(ux)	(sx)	(sx)	0.7	0.1	0.1	-	71.4%	1,011.6%
Ethernet IFRS 15 deferred revenue	0.7	(2.6)	(1.9)	(ux)	(ux)	(ux)	(sx)	(sx)	-	-	(4.7)	(2.7)	(15.1)%	94.5%
Ethernet IFRS 15 SLG	(0.2)	(0.3)	(0.5)	(ux)	(ux)	(ux)	(sx)	(sx)	(0.3)	(0.4)	-	-	(169.0)%	(169.0)%
Rounding	-	-	-	-	-	-	-	-	0.1	0.2	0.1	-	-	-
Total IEC – BT + 1 Exchanges	44.6	16.9	61.5						20.3	7.3	47.1	15.5	51.7%	62.0%

Notes:

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

Section 9 – Review of Inter-Exchange Connectivity Markets

9.2.2 IEC – BT + 1 Exchanges Analysis of Service Cost For the year ended 31 March 2023

	£m	Connections (ethernet)		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		
		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)	-	-	-	-	-	-
Wages and salaries	£m	0.1	-	0.1	-	0.1	0.2	-	-	-	-	2.0	0.3	0.1	-	-	-	-	0.1	0.2
Social security costs	£m	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-
Other pension costs	£m	-	-	-	-	-	-	-	-	-	-	0.4	0.1	-	-	-	-	-	-	-
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own work capitalised	£m	-	-	(0.1)	-	(0.1)	(0.1)	-	-	-	-	(1.1)	(0.2)	(0.1)	-	-	-	-	(0.1)	(0.1)
Net indirect labour costs	£m	-	-	-	-	-	-	-	-	-	-	0.5	0.1	-	-	-	-	-	-	-
Product costs	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	-	-	-	-	-	-	-	-	-	-	5.2	0.8	0.1	-	-	-	-	-	-
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	-	1.0	0.2	-	-	-	-	-	-	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	0.2	-	0.3	-	0.2	0.4	-	-	-	-	0.1	-	0.1	-	-	-	-	0.4	0.8
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-
Specific items	£m	-	-	-	-	-	-	-	-	-	-	0.5	0.1	-	-	-	-	-	-	-
Total operating costs before depreciation	£m	0.3	-	0.3	-	0.2	0.5	-	-	-	-	8.7	1.4	0.1	-	-	-	-	0.4	0.9
Depreciation																				
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	0.2	-	0.1	-	-	-	-	-	-
Electronics	£m	-	-	0.3	0.1	0.3	0.4	-	-	-	-	4.3	0.7	-	-	-	-	-	1.0	2.1
Software	£m	-	-	-	-	-	-	-	-	-	-	0.4	0.1	-	-	-	-	-	-	0.1
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	1.4	0.2	-	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	1.7	0.3	-	-	-	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	-	-	0.3	0.1	0.3	0.4	-	-	-	-	8.1	1.3	0.1	-	-	-	-	1.0	2.2
Total HCA operating costs	£m	0.3	-	0.6	0.1	0.5	0.9	-	-	-	-	16.8	2.7	0.2	-	-	-	-	1.4	3.1
CCA adjustments																				
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	(0.3)	-	(0.1)	-	-	-	-	-	-
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	0.4	0.1	0.1	-	-	-	-	-	-
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	(0.2)	-	-	-	-	-	-	-	-
Rounding	£m	-	-	-	0.1	0.2	-	-	-	-	-	(0.1)	(0.1)	0.2	0.1	-	-	-	0.2	0.1
Total CCA operating costs	£m	0.3	-	0.6	0.2	0.7	0.9	-	-	-	-	16.6	2.7	0.4	0.1	-	-	-	1.6	3.2
Total CCA operating cost includes the following:																				
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	-	0.4	0.1	0.1	-	-	-	-	-	-
Openreach SLGs	£m	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
(ii) Operating costs by division																				
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	(0.1)	-	(0.1)	-	-	-	-	-	-
Openreach																				
Service and network delivery	£m	0.3	-	0.1	-	-	0.1	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-
Openreach support functions	£m	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-
Openreach total	£m	0.3	-	0.1	-	-	0.1	-	-	-	-	0.2	0.2	0.1	-	-	-	-	-	-
Rest of BT																				
Group centre	£m	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	0.1
Property and facilities	£m	-	-	-	-	-	-	-	-	-	-	1.5	0.2	0.1	-	-	-	-	-	-
Technology units	£m	-	-	0.1	-	-	0.1	-	-	-	-	6.7	1.0	-	-	-	-	-	0.1	0.2
Consumer, Global and Enterprise	£m	-	-	0.1	-	0.2	0.3	-	-	-	-	0.1	-	-	-	-	-	-	0.3	0.6
Rest of BT total	£m	-	-	0.2	-	0.2	0.4	-	-	-	-	8.6	1.2	0.1	-	-	-	-	0.4	0.9
Operating cost before depreciation	£m	0.3	-	0.3	-	0.2	0.5	-	-	-	-	8.7	1.4	0.1	-	-	-	-	0.4	0.9

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 2023

	£m	Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	
(i) Operating costs by type																				
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.2)	(0.1)	
Wages and salaries	£m	-	1.2	0.1	0.1	-	-	-	-	0.6	0.1	-	-	-	-	0.1	(0.1)	3.3	2.0	
Social security costs	£m	-	0.1	-	-	-	-	-	-	0.1	-	-	-	-	0.1	0.1	0.4	0.2		
Other pension costs	£m	-	0.2	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-	0.6	0.3		
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Own work capitalised	£m	-	(0.9)	-	-	-	-	-	-	(0.2)	-	-	-	-	-	-	-	(1.7)	(1.3)	
Net indirect labour costs	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.6	0.2		
Product costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-		
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Property and energy costs	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	0.1	0.1	5.5	1.0		
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	1.1	0.2		
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other operating costs	£m	0.1	1.1	-	-	-	-	-	-	0.1	-	-	(0.2)	(1.0)	(0.2)	-	1.1	1.3		
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	0.1	0.1		
Specific items	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.6	0.1		
Total operating costs before depreciation	£m	0.1	1.8	0.2	0.2	-	-	-	-	0.7	0.1	-	-	(0.2)	(1.0)	0.7	0.1	11.5	4.0	
Depreciation																				
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	0.4	0.1		
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	6.1	3.3		
Software	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.1)	0.5	0.2		
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-		
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	1.6	0.3		
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)	1.4	-		
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total depreciation	£m	-	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	0.2	(0.3)	10.1	3.9		
Total HCA operating costs	£m	0.1	1.9	0.3	0.3	-	-	-	-	0.7	0.1	-	-	(0.2)	(1.0)	0.9	(0.2)	21.6	7.9	
CCA adjustments																				
Holding gains	£m	-	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.5)	(0.1)		
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.1		
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.3)	(0.1)			
Rounding	£m	-	(0.1)	-	(0.1)	-	-	-	-	0.1	-	-	(0.1)	(0.6)	0.5	-	-	0.4		
Total CCA operating costs	£m	0.1	1.8	0.2	0.2	-	-	-	-	0.8	0.1	-	-	(0.2)	(1.1)	0.2	0.1	21.3	8.2	
Total CCA operating cost includes the following:																				
Cumulo charges	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	0.6	0.2		
Openreach SLGs	£m	0.1	1.2	-	-	-	-	-	-	-	-	-	(0.2)	(1.0)	0.1	-	0.2	0.2		
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-		

	£m	Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	
(ii) Operating costs by division																				
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.2)	(0.1)		
Openreach																				
Service and network delivery	£m	0.1	1.3	0.1	0.1	-	-	-	-	0.3	0.1	-	-	(0.2)	(1.0)	0.6	-	1.4	0.8	
Openreach support functions	£m	-	0.3	-	-	-	-	-	-	0.2	-	-	-	-	0.1	0.1	0.5	0.4		
Openreach total	£m	0.1	1.6	0.1	0.1	-	-	-	-	0.5	0.1	-	-	(0.2)	(1.0)	0.7	0.1	1.9	1.2	
Rest of BT																				
Group centre	£m	-	0.1	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-	0.5	0.2		
Property and facilities	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	0.1	1.7	0.4		
Technology units	£m	-	0.1	-	-	-	-	-	-	0.1	-	-	-	-	-	-	7.0	1.4		
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	0.6	0.9			
Rest of BT total	£m	-	0.2	0.1	0.1	-	-	-	-	0.2	-	-	-	-	-	0.1	9.8	2.9		
Operating cost before depreciation	£m	0.1	1.8	0.2	0.2	-	-	-	-	0.7	0.1	-	-	(0.2)	(1.0)	0.7	0.1	11.5	4.0	

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 2022

	£m	Connections (ethernet)		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	
		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	-	-	-	-
Wages and salaries	£m	0.1	0.1	0.2	0.1	0.1	0.2	-	-	-	-	2.0	0.5	0.1	-	-	-	0.1	0.1
Social security costs	£m	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-
Other pension costs	£m	-	-	-	-	-	-	-	-	-	-	0.4	0.1	-	-	-	-	-	-
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own work capitalised	£m	-	-	(0.1)	-	(0.1)	(0.1)	-	-	-	-	(0.3)	(0.1)	-	-	-	-	-	-
Net indirect labour costs	£m	-	-	-	-	-	-	-	-	-	-	0.4	0.1	-	-	-	-	-	-
Product costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	-	-	-	-	-	-	-	-	-	-	3.4	0.8	0.1	-	-	-	-	-
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	-	0.7	0.2	-	-	-	-	-	-
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	0.3	0.1	0.1	-	0.2	0.2	-	-	-	-	-	-	0.1	-	-	-	0.3	0.3
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-
Specific items	£m	-	-	-	-	-	-	-	-	-	-	0.3	0.1	-	-	-	-	-	-
Total operating costs before depreciation	£m	0.4	0.2	0.2	0.1	0.2	0.3	-	-	-	-	7.3	1.9	0.6	0.1	-	-	0.4	0.4
Depreciation																			
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	-	-	-	-	-	-	-	-	0.2	-	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	-	-	-	-	-	-
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	1.1	0.3	-	-	-	-	-	-
Other assets	£m	-	-	-	-	-	-	-	-	-	-	1.3	0.3	-	-	-	-	-	-
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	-	-	0.4	0.1	0.3	0.4	-	-	-	-	8.0	1.9	0.2	-	-	-	0.8	1.0
Total HCA operating costs	£m	0.4	0.2	0.6	0.2	0.5	0.7	-	-	-	-	15.3	3.8	0.8	0.1	-	-	1.2	1.4
CCA adjustments																			
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.1)	(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	-	-	-	-	(0.2)	(0.2)	-	0.1	-	-	0.2	0.2
Total CCA operating costs	£m	0.4	0.2	0.8	0.2	0.7	0.8	-	-	-	-	15.1	3.6	0.8	0.2	-	-	1.4	1.6
Total CCA operating cost includes the following:																			
Cumulo charges	£m	-	-	-	-	-	-	-	-	-	-	0.4	0.1	0.1	-	-	-	-	-
Openreach SLGs	£m	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
(ii) Operating costs by division																			
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.3	0.1	-	-	-	-
Openreach																			
Service and network delivery	£m	0.4	0.2	(0.1)	0.1	-	0.1	-	-	-	-	0.2	0.2	0.2	-	-	-	(0.1)	(0.1)
Openreach support functions	£m	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Openreach total	£m	0.4	0.2	(0.1)	0.1	-	0.1	-	-	-	-	0.3	0.2	0.2	-	-	-	(0.1)	(0.1)
Rest of BT																			
Group centre	£m	-	-	0.1	-	-	-	-	-	-	-	0.5	0.1	-	-	-	-	0.1	0.1
Property and facilities	£m	-	-	-	-	-	-	-	-	-	-	1.2	0.3	0.1	-	-	-	-	-
Technology units	£m	-	-	0.1	-	-	-	-	-	-	-	5.0	1.2	-	-	-	-	0.1	0.1
Consumer, Global and Enterprise	£m	-	-	0.1	-	0.2	0.2	-	-	-	-	-	-	-	-	-	-	0.3	0.3
Rest of BT total	£m	-	-	0.3	-	0.2	0.2	-	-	-	-	6.7	1.6	0.1	-	-	-	0.5	0.5
Operating cost before depreciation	£m	0.4	0.2	0.2	0.1	0.2	0.3	-	-	-	-	7.3	1.9	0.6	0.1	-	-	0.4	0.4

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 2022

	£m	Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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
(i) Operating costs by type																			
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	0.1	-	-	0.8	0.3
Wages and salaries	£m	0.1	0.2	-	-	-	-	-	-	0.6	0.1	-	-	-	(0.1)	(0.1)	-	3.2	1.2
Social security costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.3	0.1
Other pension costs	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	0.1	-	0.6	0.2
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own work capitalised	£m	-	(0.1)	-	-	-	-	-	-	(0.2)	-	-	-	-	(0.1)	(0.1)	(0.8)	-	(0.4)
Net indirect labour costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.5	0.2
Product costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	0.1	-	-	3.7	0.9
Network operating and IT costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.8	0.2
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	0.2	0.4	-	-	-	-	-	-	0.1	-	-	(0.2)	(0.3)	(0.1)	0.1	-	1.0	0.8
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-
Specific items	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.1
Total operating costs before depreciation	£m	0.3	0.5	0.2	0.2	-	-	-	-	0.6	0.1	-	-	(0.2)	(0.3)	0.3	0.1	10.3	3.6
Depreciation																			
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	-
Fibre	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	(0.1)	0.1	-	0.4	0.2
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	6.5	2.7
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.5	0.2
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	1.2	0.3
Other assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	-	-	1.1	0.3
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	0.1	0.2	-	9.9	3.7
Total HCA operating costs	£m	0.3	0.5	0.3	0.3	-	-	-	-	0.6	0.1	-	-	(0.2)	(0.3)	0.4	0.3	20.2	7.3
CCA adjustments																			
Holding gains	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	(0.4)	(0.1)
Supplementary depreciation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	0.1
Other CCA adjustments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-
Rounding	£m	-	-	-	-	-	-	-	-	0.1	-	-	(0.1)	(0.1)	(0.2)	(0.1)	-	0.2	-
Total CCA operating costs	£m	0.3	0.5	0.3	0.3	-	-	-	-	0.7	0.1	-	-	(0.3)	(0.4)	0.1	0.2	20.3	7.3
Total CCA operating cost includes the following:																			
Cumulo charges	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.2
Openreach SLGs	£m	0.2	0.4	-	-	-	-	-	-	-	-	-	(0.2)	(0.3)	(0.1)	-	-	0.2	0.2
Leaver costs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.2	0.1
(ii) Operating costs by division																			
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	0.1	-	-	0.8	0.3
Openreach																			
Service and network delivery	£m	0.3	0.4	-	-	-	-	-	-	0.3	0.1	-	-	(0.2)	(0.3)	(0.1)	(0.3)	0.9	0.4
Openreach support functions	£m	-	0.1	-	-	-	-	-	-	0.2	-	-	-	-	0.2	0.1	-	0.5	0.2
Openreach total	£m	0.3	0.5	-	-	-	-	-	-	0.5	0.1	-	-	(0.2)	(0.3)	0.1	(0.2)	1.4	0.6
Rest of BT																			
Group centre	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	0.1	-	0.8	0.3
Property and facilities	£m	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	1.4	0.4
Technology units	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	5.3	1.4
Consumer, Global and Enterprise	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.6	0.6
Rest of BT total	£m	-	-	0.1	0.1	-	-	-	-	0.1	-	-	-	-	0.1	0.3	-	8.1	2.7
Operating cost before depreciation	£m	0.3	0.5	0.2	0.2	-	-	-	-	0.6	0.1	-	-	(0.2)	(0.3)	0.3	0.1	10.3	3.6

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 2023

	£m	Connections (ethernet)		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		
		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	-	-	-	-	-	-	-	-	-	-	1.6	0.3	1.3	0.4	-	-	-	-	-
Electronics	£m	-	-	0.6	0.2	0.7	0.9	-	-	-	-	22.1	3.8	-	-	-	-	-	3.7	7.8
Software	£m	-	-	-	-	-	-	-	-	-	-	1.4	0.2	-	-	-	-	-	0.1	0.2
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	0.8	0.1	-	-	-	-	-	-	-
Right of use assets	£m	-	-	-	-	-	-	-	-	-	-	2.9	0.5	-	-	-	-	-	0.1	0.1
Other assets	£m	-	-	0.2	-	0.1	0.1	-	-	-	-	14.1	2.2	(0.2)	(0.1)	-	-	-	0.2	0.4
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	-	0.8	0.2	0.8	1.0	-	-	-	-	42.9	7.1	1.1	0.3	-	-	-	4.1	8.5
Current assets	£m	0.1	-	0.3	0.1	0.3	0.4	-	-	-	-	7.3	1.2	0.2	0.1	-	-	-	1.0	1.9
Current liabilities	£m	(0.1)	-	(0.3)	(0.1)	(0.2)	(0.3)	-	-	-	-	(4.3)	(0.7)	(0.3)	(0.1)	-	-	-	(0.4)	(0.5)
Provisions	£m	-	-	-	-	-	-	-	-	-	-	(0.2)	-	-	-	-	-	-	-	-
Rounding	£m	0.1	-	-	-	-	0.1	-	-	-	-	-	(0.1)	-	-	-	-	-	-	-
Total MCE	£m	0.1	-	0.8	0.2	0.9	1.2	-	-	-	-	45.7	7.5	1.0	0.3	-	-	-	4.7	9.9

9.2.3 IEC – BT + 1 Exchanges Analysis of Service MCE (continued) For the year ended 31 March 2023

	£m	Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	
Non-current assets																				
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	0.7	0.6	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	3.5	1.3
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	27.0	12.6
Software	£m	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	1.7	0.6
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8	0.1
Right of use assets	£m	-	0.1	-	-	-	-	-	-	0.1	-	-	-	-	-	0.1	-	-	3.2	0.7
Other assets	£m	-	0.2	(0.1)	(0.1)	-	-	-	-	-	-	-	-	(0.1)	-	0.1	-	-	14.4	2.6
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	0.4	0.6	0.5	-	-	-	-	0.1	-	-	-	-	(0.1)	0.2	-	-	50.6	17.9
Current assets	£m	0.1	1.0	0.1	0.1	-	-	-	-	0.2	0.1	-	(0.2)	-	-	0.1	(0.2)	-	9.7	4.5
Current liabilities	£m	-	(1.1)	(0.2)	(0.2)	-	-	-	-	(0.3)	-	(2.8)	(5.4)	-	0.1	-	-	-	(8.9)	(8.3)
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-	-	(0.3)	(0.1)
Rounding	£m	(0.1)	(0.1)	-	0.1	-	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)	(0.1)	0.4	-	(0.1)	0.1
Total MCE	£m	-	0.2	0.5	0.5	-	-	-	-	-	-	(2.8)	(5.7)	-	(0.1)	0.1	0.1	-	51.0	14.1

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 2022

	£m	Connections (ethernet)		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		
		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	0.4	1.5	0.5	-	-	-	-	-
Electronics	£m	-	-	1.0	0.3	0.8	0.9	-	-	-	-	21.1	5.2	-	-	-	-	-	3.3	4.0
Software	£m	-	-	0.1	-	-	-	-	-	-	-	1.2	0.3	0.1	-	-	-	-	0.1	0.2
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	0.6	0.1	-	-	-	-	-	-	-
Right of use assets	£m	-	-	0.1	-	-	0.1	-	-	-	-	3.1	0.7	-	-	-	-	-	0.1	0.1
Other assets	£m	-	-	0.2	-	0.1	0.1	-	-	-	-	12.6	2.9	(0.3)	(0.1)	-	-	-	0.1	0.1
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	-	1.4	0.3	0.9	1.1	-	-	-	-	40.3	9.6	1.3	0.4	-	-	-	3.6	4.4
Current assets	£m	0.2	0.1	0.4	0.1	0.3	0.3	-	-	-	-	6.7	1.6	0.2	0.1	-	-	-	0.9	1.0
Current liabilities	£m	(0.1)	(0.1)	(0.3)	(0.1)	(0.2)	(0.2)	-	-	-	-	(3.8)	(0.9)	(0.2)	(0.1)	-	-	-	(0.3)	(0.3)
Provisions	£m	-	-	-	-	-	-	-	-	-	-	(0.2)	(0.1)	-	-	-	-	-	-	-
Rounding	£m	0.1	0.1	(0.1)	0.1	-	-	-	-	-	-	(0.2)	0.1	-	-	-	-	-	0.1	-
Total MCE	£m	0.2	0.1	1.4	0.4	1.0	1.2	-	-	-	-	42.8	10.3	1.3	0.4	-	-	-	4.3	5.1

9.2.3 IEC – BT + 1 Exchanges Analysis of Service MCE (continued) Restated for the year ended 31 March 2022

	£m	Optical services - connections		Optical services - main link		Direct ECC basket		Time related charges		Other ancillaries		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	
Non-current assets																				
Duct	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fibre	£m	-	-	0.6	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	3.8	1.5
Electronics	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	26.1	10.4
Software	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	1.6	0.6
Land and buildings	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.1
Right of use assets	£m	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	3.4	0.9
Other assets	£m	-	-	(0.1)	(0.1)	-	-	-	-	0.1	-	-	-	-	-	(0.1)	0.1	-	12.6	3.0
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	-	-	0.5	0.5	-	-	-	-	0.2	-	-	-	-	-	(0.1)	0.2	-	48.1	16.5
Current assets	£m	0.1	0.3	0.1	0.1	-	-	-	-	0.2	-	-	(0.1)	-	-	0.1	0.1	-	9.2	3.6
Current liabilities	£m	(0.1)	(0.2)	(0.1)	(0.1)	-	-	-	-	(0.3)	-	(4.7)	(2.6)	-	-	0.1	0.1	-	(10.0)	(4.5)
Provisions	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	(0.3)	(0.1)
Rounding	£m	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.1	(0.4)	-	0.1	-
Total MCE	£m	0.1	0.2	0.5	0.5	-	-	-	-	0.1	-	(4.7)	(2.7)	-	-	0.1	-	-	47.1	15.5

Section 10

Review of Shared Ancillaries

Section 10 - Review of Shared Ancillaries

10.1.1 Shared Ancillaries Summary For the year ended 31 March 2023

	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	0.1	2.3	2.4	3,119	9,497	lines	43.78	238.84	0.3	1.2	1.8	5.1	(11.3)%	21.7%
Accommodation	2.2	94.2	96.4	(ux)	(ux)	(ux)	(sx)	(sx)	-	45.0	-	144.7	(7,444.0)%	34.0%
Electricity charges	-	47.1	47.1	(ux)	(ux)	(ux)	(sx)	(sx)	-	51.3	-	16.2	-	(26.0)%
Total Shared Ancillaries	2.3	143.6	145.9						0.3	97.5	1.8	166.0	113.9%	27.8%

10.1.1 Shared Ancillaries Summary Restated 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	0.5	2.2	2.7	2,817	7,748	lines	162.29	287.66	0.3	0.9	1.4	4.0	9.9%	33.9%
Accommodation	1.3	87.0	88.3	(ux)	(ux)	(ux)	(sx)	(sx)	-	44.7	-	156.7	28,784.4%	27.0%
Electricity charges	-	30.5	30.5	(ux)	(ux)	(ux)	(sx)	(sx)	-	30.8	-	9.2	-	(3.0)%
Total Shared Ancillaries	1.8	119.7	121.5						0.3	76.4	1.4	169.9	95.5%	25.4%

Section 10 - Review of Shared Ancillaries

10.1.2 Shared Ancillaries Analysis of Service Cost For the year ended 31 March 2023

		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	-	-	-	-	-	-	-	-	-	-
Wages and salaries	£m	0.2	0.7	-	5.9	-	1.7	-	0.5	0.2	8.8
Social security costs	£m	-	0.1	-	0.7	-	0.2	-	0.3	-	1.3
Other pension costs	£m	-	0.1	-	1.0	-	0.4	-	0.4	-	1.9
Share-based payment expense	£m	-	-	-	-	-	-	-	0.3	-	0.3
Own work capitalised	£m	(0.1)	(0.5)	-	(2.9)	-	(0.9)	-	0.4	(0.1)	(3.9)
Net indirect labour costs	£m	-	-	-	2.5	-	0.6	-	0.3	-	3.4
Product costs	£m	-	-	-	0.2	-	0.3	-	-	-	0.5
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	-	0.1	-	8.9	-	46.4	-	(0.1)	-	55.3
Network operating and IT costs	£m	-	-	-	1.7	-	0.7	-	0.1	-	2.5
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	0.1	-	-	-	-	-	0.1
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	(0.1)	-	1.0	-	-	-	(0.1)	-	0.8
Other operating income	£m	-	-	-	(0.4)	-	-	-	-	-	(0.4)
Specific items	£m	-	-	-	1.6	-	0.1	-	0.1	-	1.8
Total operating costs before depreciation	£m	0.1	0.4	-	20.3	-	49.5	-	2.2	0.1	72.4
Depreciation											
Duct	£m	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-
Fibre	£m	0.1	0.4	-	-	-	-	-	-	0.1	0.4
Electronics	£m	-	-	-	-	-	-	-	-	-	-
Software	£m	-	0.1	-	1.1	-	0.9	-	-	-	2.1
Land and buildings	£m	-	-	-	0.3	-	-	-	-	-	0.3
Right of use assets	£m	-	-	-	5.1	-	0.1	-	-	-	5.2
Other assets	£m	-	-	-	15.9	-	0.6	-	0.4	-	16.9
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.1	0.5	-	22.4	-	1.6	-	0.4	0.1	24.9
Total HCA operating costs	£m	0.2	0.9	-	42.7	-	51.1	-	2.6	0.2	97.3
CCA adjustments											
Holding gains	£m	-	-	-	(0.7)	-	-	-	(0.4)	-	(1.1)
Supplementary depreciation	£m	-	-	-	2.0	-	-	-	(0.4)	-	1.6
Other CCA adjustments	£m	-	-	-	(0.8)	-	-	-	(0.4)	-	(1.2)
Rounding	£m	0.1	0.3	-	1.8	-	0.2	-	(1.4)	0.1	0.9
Total CCA operating costs	£m	0.3	1.2	-	45.0	-	51.3	-	-	0.3	97.5
Total CCA operating cost includes the following:											
Cumulo charges	£m	-	0.1	-	1.4	-	-	-	-	-	1.5
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-
Leaver costs	£m	-	-	-	0.2	-	0.1	-	-	-	0.3
(ii) Operating costs by division											
EOI input prices	£m	-	-	-	-	-	-	-	-	-	-
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-
Openreach											
Service and network delivery	£m	0.1	-	-	3.5	-	0.1	-	0.2	0.1	3.8
Openreach support functions	£m	-	0.1	-	2.2	-	3.0	-	0.3	-	5.6
Openreach total	£m	0.1	0.1	-	5.7	-	3.1	-	0.5	0.1	9.4
Rest of BT											
Group centre	£m	-	0.1	-	1.1	-	0.5	-	(0.1)	-	1.6
Property and facilities	£m	-	0.1	-	4.8	-	0.2	-	0.6	-	5.7
Technology units	£m	-	0.1	-	8.6	-	45.6	-	1.1	-	55.4
Consumer, Global and Enterprise	£m	-	-	-	0.1	-	0.1	-	0.1	-	0.3
Rest of BT total	£m	-	0.3	-	14.6	-	46.4	-	1.7	-	63.0
Operating cost before depreciation	£m	0.1	0.4	-	20.3	-	49.5	-	2.2	0.1	72.4

Section 10 – Review of Shared Ancillaries

10.1.2 Shared Ancillaries Analysis of Service Cost Restated 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	-	-	-	-	-	-	-	-	-	-
Wages and salaries	£m	0.2	0.6	-	6.8	-	1.1	-	-	0.2	8.5
Social security costs	£m	-	0.1	-	0.7	-	0.1	-	-	-	0.9
Other pension costs	£m	-	0.1	-	1.1	-	0.2	-	-	-	1.4
Share-based payment expense	£m	-	-	-	-	-	-	-	-	-	-
Own work capitalised	£m	(0.1)	(0.3)	-	(1.4)	-	(0.1)	-	-	(0.1)	(1.8)
Net indirect labour costs	£m	-	-	-	2.0	-	0.1	-	-	-	2.1
Product costs	£m	-	-	-	-	-	-	-	(0.1)	-	(0.1)
Sales commissions	£m	-	-	-	-	-	-	-	-	-	-
Payments to telecommunications operators	£m	-	-	-	-	-	-	-	-	-	-
Property and energy costs	£m	-	0.1	-	8.5	-	28.2	-	(0.1)	-	36.7
Network operating and IT costs	£m	-	-	-	1.9	-	0.4	-	-	-	2.3
TV programme rights charges	£m	-	-	-	-	-	-	-	-	-	-
Provision and installation	£m	-	-	-	-	-	-	-	-	-	-
Marketing and sales	£m	-	-	-	-	-	-	-	-	-	-
Net impairment of losses on TR and contract assets	£m	-	-	-	-	-	-	-	-	-	-
Other operating costs	£m	-	(0.1)	-	3.3	-	(0.1)	-	0.1	-	3.2
Other operating income	£m	-	-	-	(0.4)	-	-	-	-	-	(0.4)
Specific items	£m	-	-	-	0.8	-	0.2	-	-	-	1.0
Total operating costs before depreciation	£m	0.1	0.5	-	23.3	-	30.1	-	(0.1)	0.1	53.8
Depreciation											
Duct	£m	-	-	-	-	-	-	-	-	-	-
Poles	£m	-	-	-	-	-	-	-	-	-	-
Copper	£m	-	-	-	-	-	-	-	-	-	-
Fibre	£m	0.1	0.3	-	-	-	-	-	-	0.1	0.3
Electronics	£m	-	-	-	-	-	-	-	-	-	-
Software	£m	-	0.1	-	1.0	-	0.5	-	-	-	1.6
Land and buildings	£m	-	-	-	0.3	-	-	-	-	-	0.3
Right of use assets	£m	-	-	-	6.1	-	0.1	-	-	-	6.2
Other assets	£m	-	-	-	14.3	-	-	0.1	0.1	0.1	14.4
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-
Total depreciation	£m	0.1	0.4	-	21.7	-	0.6	0.1	0.1	0.2	22.8
Total HCA operating costs	£m	0.2	0.9	-	45.0	-	30.7	0.1	-	0.3	76.6
CCA adjustments											
Holding gains	£m	-	-	-	(1.2)	-	-	-	-	-	(1.2)
Supplementary depreciation	£m	-	-	-	1.1	-	-	-	-	-	1.1
Other CCA adjustments	£m	-	-	-	(0.3)	-	-	-	-	-	(0.3)
Rounding	£m	0.1	-	-	0.1	-	0.1	(0.1)	-	-	0.2
Total CCA operating costs	£m	0.3	0.9	-	44.7	-	30.8	-	-	0.3	76.4
Total CCA operating cost includes the following:											
Cumulo charges	£m	-	-	-	1.4	-	-	-	-	-	1.4
Openreach SLGs	£m	-	-	-	-	-	-	-	-	-	-
Leaver costs	£m	-	-	-	0.5	-	0.1	-	(0.1)	-	0.5
(ii) Operating costs by division											
EOI input prices											
Attribution of PI costs	£m	-	-	-	-	-	-	-	-	-	-
Openreach											
Service and network delivery	£m	0.1	0.2	-	3.0	-	-	-	(0.1)	0.1	3.1
Openreach support functions	£m	-	0.1	-	2.3	-	2.0	-	(0.2)	-	4.2
Openreach total	£m	0.1	0.3	-	5.3	-	2.0	-	(0.3)	0.1	7.3
Rest of BT											
Group centre	£m	-	0.1	-	1.8	-	0.6	-	-	-	2.5
Property and facilities	£m	-	-	-	5.6	-	0.1	-	0.1	-	5.8
Technology units	£m	-	0.1	-	10.6	-	27.3	-	0.1	-	38.1
Consumer, Global and Enterprise	£m	-	-	-	-	-	0.1	-	-	-	0.1
Rest of BT total	£m	-	0.2	-	18.0	-	28.1	-	0.2	-	46.5
Operating cost before depreciation	£m	0.1	0.5	-	23.3	-	30.1	-	(0.1)	0.1	53.8

Section 10 - Review of Shared Ancillaries

10.1.3 Shared Ancillaries Analysis of Service MCE For the year ended 31 March 2023

		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	1.6	4.7	-	-	-	-	-	-	1.6	4.7
Electronics	£m	-	-	-	-	-	-	-	-	-	-
Software	£m	-	0.1	-	3.3	-	3.6	-	-	-	7.0
Land and buildings	£m	-	-	-	3.1	-	0.1	-	-	-	3.2
Right of use assets	£m	-	0.1	-	10.1	-	0.3	-	-	-	10.5
Other assets	£m	-	0.1	-	121.0	-	2.5	-	(0.1)	-	123.5
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	1.6	5.0	-	137.5	-	6.5	-	(0.1)	1.6	148.9
Current assets	£m	0.2	0.7	0.1	23.1	-	15.7	-	-	0.3	39.5
Current liabilities	£m	(0.1)	(0.5)	(0.1)	(15.0)	-	(5.8)	-	-	(0.2)	(21.3)
Provisions	£m	-	-	-	(0.9)	-	(0.1)	-	-	-	(1.0)
Rounding	£m	0.1	(0.1)	-	-	-	(0.1)	-	0.1	0.1	(0.1)
Total MCE	£m	1.8	5.1	-	144.7	-	16.2	-	-	1.8	166.0

10.1.3 Shared Ancillaries Analysis of Service MCE Restated 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	1.2	3.4	-	-	-	-	-	-	1.2	3.4
Electronics	£m	-	-	-	-	-	-	-	-	-	-
Software	£m	0.1	0.2	-	3.4	-	1.7	-	-	0.1	5.3
Land and buildings	£m	-	-	-	2.9	-	-	-	-	-	2.9
Right of use assets	£m	-	0.1	-	13.5	-	0.2	-	0.1	-	13.9
Other assets	£m	-	0.1	-	129.7	-	1.4	-	-	-	131.2
Less funded assets (BDUK, etc.)	£m	-	-	-	-	-	-	-	-	-	-
Total non-current assets	£m	1.3	3.8	-	149.5	-	3.3	-	0.1	1.3	156.7
Current assets	£m	0.2	0.6	-	23.0	-	9.5	-	-	0.2	33.1
Current liabilities	£m	(0.1)	(0.4)	-	(14.7)	-	(3.6)	(0.1)	-	(0.2)	(18.7)
Provisions	£m	-	-	-	(1.1)	-	(0.1)	-	-	-	(1.2)
Rounding	£m	-	-	-	-	-	0.1	0.1	(0.1)	0.1	-
Total MCE	£m	1.4	4.0	-	156.7	-	9.2	-	-	1.4	169.9

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 2023

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price pence	External average price pence
	£m	£m	£m	mm	mm			
Service								
Wholesale call termination	1.5	3.6	5.1	4,845	11,804	lines	0.0301	0.0310
Total WCT	1.5	3.6	5.1					

11.1 WCT Summary

Restated for the year ended 31 March 2022

	Internal Revenue	External Revenue	Total Revenue	Internal Volume	External Volume	Measure	Internal average price pence	External average price pence
	£m	£m	£m	mm	mm			
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					

Section 12

Review of Time Division Multiplex (TDM) Interconnection

Section 12 – Review of TDM Interconnection

12.1 TDM Interconnection Summary For the year ended 31 March 2023

	External Revenue	External Volume	Measure	External average price £
	£m			
Service				
Wholesale IEC connections	-	46	lines	574.14
Wholesale IEC rentals - fixed	1.3	3,687	lines	358.68
Wholesale IEC rentals - per km	0.9	38,555	lines	24.00
Wholesale intra-building circuits connections	0.1	80	lines	955.70
Wholesale intra-building circuits rentals	1.3	10,916	lines	119.16
Wholesale rearrangements	-	34	lines	537.50
Total TDM Interconnection	3.6			

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 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.

Section 13

Review of Internet Protocol (IP) Interconnection

Section 13 – Review of IP Interconnection

13.1 IP Interconnection Summary For the year ended 31 March 2023

Service	External Revenue	External Volume	Measure	External average price
	£k			£
IP Exchange service set-up charges	20.9	15	Connections (Internet, NAP or PoP)	1,392.00
IP Exchange interoperability testing charges	13.0	26	days	500.00
IP Exchange port charges ¹	-	121,566	units	-
Total IP Interconnection	33.9			

Notes
Interconnection reporting includes revenue, volume and price information as well as cost estimates for the 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	5,897	27,511	-	33,408
IP Exchange interoperability testing charges	9,714	45,323	-	55,037

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%.

13.1 IP Interconnection Summary Restated for the year ended 31 March 2022

Service	External Revenue	External Volume	Measure	External average price
	£k			£
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.

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 2023

	Internal MCE £m	External MCE £m	Total MCE £m
Above the financial limit	12	-	12
Below the financial limit	86	25	111
	98	25	123

Appendix 1.2 - Network adjustments restated on MCE basis Restated for the year ended 31 March 2022

	Internal MCE £m	External MCE £m	Total MCE £m
Above the financial limit	6	-	6
Below the financial limit	55	14	69
	61	14	75

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 in Appendix sections 2.2 and 2.3. It sets out:

- details of changes to regulatory accounting methodologies for the FY23 RFS (section 2.2);
- details of errors, which meet Ofcom's definition of materiality, subsequently identified in the FY22 RFS (section 2.3);
- restatement walks presenting the impact of these methodology changes and material error corrections on revenue, CCA operating cost and MCE results for the FY22 RFS, originally published on 29 July 2022 (section 2.4); and
- restatement walks presenting the impact of these methodology changes on the FY23 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 rounding on the FY22 RFS results are detailed in the restatement walk tables set out in section 2.4.

The impacts of these methodology changes on the FY23 RFS results are set out in section 2.5.

Changes driven by Ofcom's legal directions

i. Removal of IEC BT+2 reporting schedules

Ofcom's WFTMR and WVMR statements defined the markets in which we are deemed to have SMP and are required to be presented within the RFS, effective from 1 April 2021. This included Inter-Exchange Connectivity - BT +2 exchanges (IEC - BT+2), which we were required to report upon insofar as Condition 11 applied. As detailed in section 2.2.1 of the FY23 CCN, Condition 11 only applied in FY22, and therefore, such reporting is not required in subsequent years. The impact of this change is set out in section 2.4 of this report.

ii. Changes to the RFS format and structure

Ofcom's WFTMR and WVMR statements redefined the reporting requirements for the RFS. To ensure compliance, we have updated our reporting to separately present specific items from FY23 onwards, as detailed in section 2.2.2 of the FY23 CCN. We have also updated schedules 5.1, 5.2 and 5.3 within the RFS to include a 'Total SMP' column, updated the 'Attribution of Operating Costs' and 'Attribution of MCE' schedules to ensure that the order of categories is presented consistently and aligned operating costs with the reporting sectors used in BT's annual report. These changes are reporting changes only.

iii. FTTP 40/10 rentals split based on charge control

We have updated our methodology so that FTTP 40/10 rentals are split between charge controlled and non-charge controlled services in line with the legal direction, as detailed in section 2.2.3 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

BT driven changes

iv. Improvement of cost allocations within the shared ancillaries market

We have updated our methodology so that external electricity service costs relating to metering data line and maintenance contract costs are allocated alongside other electricity costs related to LLU, as detailed in section 2.3.1 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

v. Removal of Cumulo journal

We have updated our methodology to allocate Cumulo charges directly from general ledger data, as detailed in section 2.3.2 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

vi. Ancillaries methodology update: AVCs, SFIs, TRCs and NGA SFVA

We have updated our methodologies to improve the accuracy and consistency of cost allocations to AVC, SFI, TRC and NGA SFVA services, as detailed in section 2.3.3 of the FY23 CCN. The impact of this methodology change varies to that shown in the CCN due to an update to our estimates. Consequently, we have revised our impacts on revenue, cost and MCE set out in section 2.4 of this report.

vii. Improvement to allocation of GEA customer site installations

We have updated our methodology to allocate GEA customer site installation costs between FTTC and FTTP components based on current year capital expenditure from FY23 onwards, as detailed in section 2.3.4 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

viii. Improvement of BDUK methodology

We completed a review of our BDUK methodology resulting in a number of changes to improve the accuracy of our reporting, as detailed in section 2.3.5 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

ix. Own work capitalised journal

We have updated our methodology for reversing the own work capitalised journal to use a standard model earlier in the overall process in line with best practice and revise the allocation logic used. The methodology change originally referred to the 'software capitalisation journal', as detailed in section 2.3.6 of the FY23 CCN. However, as the journal also includes other cost types, we have revised the title to describe the change more accurately. The impact of this change is set out in section 2.4 of this report.

x. Optical services products

We have updated our methodology to use a new report from the existing Hyperion system to obtain circuit volumes and connection revenues, as detailed in section 2.3.7 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

xi. Headends in property and electricity allocations

We have updated our methodologies for allocating specialised accommodation and power to include inputs relating to headends, as detailed in section 2.3.8 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

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xii. Simplification of organisational driven bases

We have replaced organisational driven bases which previously referenced organisational unit codes as these are no longer the standard organisational marker, as detailed in section 2.3.9 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

xiii. WACC alignment

We have updated our methodology so that WACC categories are assigned at the service level rather than the market level, as detailed in section 2.3.10 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

xiv. Technology methodology review

We have simplified our methodologies relating to the Digital and Network units by using SAP reports to provide the split of cost categories and to remove reference to legacy organisational unit codes, as detailed in section 2.3.11 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

xv. Improvement of cost allocation for Telereal lease

We have updated our methodology to isolate the element of the Telereal lease payable within one year, allowing us to split the liability reversal between current and non-current liabilities, as detailed in section 2.3.12 of the FY23 CCN. The impact of this methodology change varies to that shown in the CCN due to the creation of a separate material error (section 2.3.11). Consequently, we have revised our impacts on revenue, cost and MCE set out in section 2.4 of this report.

xvi. Consideration of pole testing costs

We have updated our methodologies to reflect that effective from 1st April 2022, pole testing costs for tests performed after 17 years of a pole's life will be capitalised under the POLES CoW. As detailed in section 2.3.13 of the FY23 CCN, the pole testing costs will be capitalised under a separate asset policy code in the POLES CoW and will be depreciated over a 6-year life. The remainder of the POLES CoW will continue to be depreciated over 40 years. There are no impacts to FY22 balances as this change is effective from 1st April 2022.

xvii. PIA reporting and network adjustments

We have updated our methodologies for allocating cost and MCE to the Physical Infrastructure market, as detailed in section 2.3.14 of the FY23 CCN. The impact of this change is set out in section 2.4 of this report.

Methodology changes not reversed in the Reconciliation Report

All the above methodology changes are included in the FY22 restated results published in these RFS. The following changes included in our FY23 CCN have not been reversed in the restatement walks presented in the tables shown in section 2.5:

i. Removal of IEC BT +2 reporting schedules (CCN section 2.2.1)

This change was implemented to comply with Ofcom's legal conditions and directions defining the markets in which are deemed to have SMP, and therefore has not been reversed.

ii. Changes to the RFS format structure (CCN section 2.2.2)

This change was implemented to comply with Ofcom's legal conditions and directions defining the reporting requirements for the RFS. This change is a reporting change only and therefore has not been reversed.

iii. Removal of Cumulo journal (CCN section 2.3.2)

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

iv. Improvement of BDUK methodology (CCN section 2.3.5)

This change has no material impact at a market or service level, and therefore has not been reversed.

v. Own work capitalised journal (CCN section 2.3.6)

All impacts resulting from this change are attributable to the revised allocation logic required to align to the Group's underlying financial data, and therefore have not been reversed.

vi. Simplification of organisational driven bases (CCN section 2.3.9)

This change was required to align to the Group's underlying financial data, and therefore has not been reversed.

vii. WACC alignment (CCN section 2.3.10)

This change has been implemented through a modification of underlying systems, and therefore has not been reversed.

viii. Technology methodology review (CCN section 2.3.11)

This change was required to align to the Group's underlying financial data, and therefore has not been reversed.

ix. Improvement of cost allocation for Telereal lease (CCN section 2.3.12)

This change has no material impact at a market or service level, and therefore has not been reversed.

x. Consideration of pole testing costs (CCN section 2.3.13)

This change was the result of a business change and therefore the reversal would require a modification of underlying systems.

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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 FY22 RFS results are detailed in the restatement walk tables set out in section 2.4.

i. Optical services discounts

An error was identified in the discount factor which is applied to optical service revenues to accurately reflect the price per the billing system. This error was identified during a routine review.

ii. Product to service mapping

An error was identified in the main product to service mappings updated as part of the WFTMR implementation. This error was identified during a routine review.

iii. Notional debtor calculation

An error was identified in the calculation of the average debtor days used in the calculation of notional debtors. Previous years data had been incorrectly excluded as anomalous and excluded from the five-year median. This error was identified during a routine review.

iv. PIA Events revenue

An error was identified in the service mapping for PIA Events. This error was identified during a routine review.

v. Poles methodology

Errors were identified in the mapping of general ledger codes relating to poles assets and within a calculation step intended to avoid double counts on PIA network adjustments. In addition, an incorrect version of the data was picked up, resulting in material movements within our Other CCA adjustments calculation. These errors were identified during routine reviews.

vi. Presentational mapping changes

A review of the general ledger hierarchy identified that the presentation of some balances was incorrect, corrections included within this error do not have any impact on allocations and are purely presentational.

vii. Ethernet and optical connections

An error was identified in the mapping of the volumes for ethernet and optical connections between LLA Area 2 and 3. This error was identified during a routine review.

viii. BT Fleet fuel

An error was identified in the allocation of BT Group Fleet fuel costs to Openreach markets. This error was identified during a routine reconciliation.

ix. Calculation of holding gain on Assets in the Course of Construction (AICC)

The revaluation of a subset of assets in the course of construction (AICC) were being incorrectly excluded from the holding gain/loss calculation for the LDD (Local Distribution Duct for Copper Cables), LDC (Local Distribution Cable) and LMC (Local/Main Exchange Side Cable) CoWs. This error was identified during a routine review.

x. Divisional split of operating costs

An error was identified in the divisional split of Openreach operating costs before depreciation. This error was identified during a routine review.

xi. IFRS16 Telereal lease journal

Errors were identified in the journal to reverse the IFRS16 treatment of the Telereal lease. The value was incorrectly based on the total liability value, whereas only the non-current liability carrying value should be used. The liability balance was also calculated based on mid-year data, whereas year-end data should be used to ensure the correct opening and closing balances are journalled. This error was identified during a routine review.

xii. BDUK funding liability

An error was identified in the mapping of BDUK funding liability. A share of the BDUK funding liability was being incorrectly mapped to residual markets within Rest of BT, whereas the associated assets were mapped to Openreach SMP markets. These balances have been remapped to the Grant Funded Assets (PDTGFA) attribution base to ensure the correct allocation pathway. This error was identified during a routine review.

xiii. SoGEA revenues

An error was identified where SLG charges relating to SoGEA services were being excluded from the calculation of SLGs for the WLA market. This error was identified by the auditors.

xiv. Access fibre usage volumes

An error was identified in the calculation of access fibre usage volumes for LLA markets. The error was identified during a routine review.

Appendix 2 – Reconciliation Report

2.4.1 Restatement Walks – Impact of methodology changes and error corrections to FY22 published RFS revenue

Below sets out the impact each change has to the published FY22 RFS revenue figures (£m), at Market level.

Restated for the year ended 31 March 2022

	Openreach													Rest of BT		BT Group		
	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 SMP	Non-SMP	Eliminations	Total	Total	Eliminations	Rounding	Total
FY22 published RFS revenue	245	1,723	927	420	274	39	115	64	2	142	3,951	1,731	(232)	5,450	20,002	(4,603)	2	20,851
Ofcom directed changes	-	-	-	-	-	-	-	-	(2)	(3)	(5)	5	-	-	-	-	-	-
BT driven changes	4	-	-	(5)	(3)	-	(2)	(1)	-	-	(7)	11	(4)	-	(48)	48	-	-
Total effect of methodology changes	4	-	-	(5)	(3)	-	(2)	(1)	(2)	(3)	(12)	16	(4)	-	(48)	48	-	-
FY22 restated for all methodology changes	249	1,723	927	415	271	39	113	63	-	139	3,939	1,747	(236)	5,450	19,954	(4,555)	2	20,851
FY22 published RFS revenue	245	1,723	927	420	274	39	115	64	2	142	3,951	1,731	(232)	5,450	20,002	(4,603)	2	20,851
Ofcom directed changes																		
Removal of IEC BT+2 reporting schedules	-	-	-	-	-	-	-	-	(2)	(3)	(5)	5	-	-	-	-	-	-
Changes to the RFS format and structure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FTTP 40/10 rentals split based on charge control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total effect of Ofcom directed methodology changes	-	-	-	-	-	-	-	-	(2)	(3)	(5)	5	-	-	-	-	-	-
BT driven changes																		
Improvement of cost allocations within the shared ancillaries market	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Removal of Cumulo journal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillaries methodology update: AVCs, SFIs, TRCs and NGA SFVA	(1)	-	-	-	-	-	-	-	-	-	(1)	-	1	-	-	-	-	-
Improvement to allocation of GEA customer site installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Improvement of BDUK methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own work capitalised journal	1	-	-	-	-	-	-	-	-	-	1	-	(1)	-	-	-	-	-
Optical services products	-	-	-	(5)	(3)	-	(2)	(1)	-	-	(11)	11	-	-	12	(12)	-	-
Headends in property and electricity allocations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(28)	28	-	-
Simplification of organisational driven bases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10)	10	-	-
WACC alignment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(35)	35	-	-
Technology methodology review	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13	(13)	-	-
Improvement of cost allocation for Telereal lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consideration of pole testing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIA reporting and network adjustments	4	-	-	-	-	-	-	-	-	-	4	-	(4)	-	-	-	-	-
Total effect of BT driven methodology changes	4	-	-	(5)	(3)	-	(2)	(1)	-	-	(7)	11	(4)	-	(48)	48	-	-
Cumulative non-material changes, interactions and rounding	4	(1)	2	2	(2)	-	-	-	-	3	8	(4)	(3)	1	29	(26)	(5)	(1)
Total effect of all methodology changes	8	(1)	2	(3)	(5)	-	(2)	(1)	(2)	-	(4)	12	(7)	1	(19)	22	(5)	(1)
Changes due to correction of material errors																		
Optical services discounts	-	-	-	(5)	(2)	-	(2)	(1)	-	-	(10)	10	-	-	5	(5)	-	-
Product to service mapping	-	(10)	(4)	-	-	-	-	-	-	(20)	(34)	36	-	2	(18)	16	-	-
Notional debtor calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIA Events revenue	1	-	-	-	-	-	-	-	-	-	1	(1)	-	-	-	-	-	-
Poles methodology	6	-	-	-	-	-	-	-	-	-	6	-	(6)	-	-	-	-	-
Presentational mapping changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet and optical connections	-	-	-	27	(27)	-	-	-	-	-	-	-	-	-	-	-	-	-
BT Fleet fuel	(1)	-	-	-	-	-	-	-	-	-	(1)	-	1	-	-	-	-	-
Calculation of holding gain on AICC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Divisional split of operating costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	(2)	-	-
IFRS16 Telereal lease journal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BDUK funding liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SoGEA revenues	-	(2)	-	-	-	-	-	-	-	-	(2)	2	-	2	(2)	-	-	-
Access fibre usage volumes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total effect of correcting material errors	6	(12)	(4)	22	(29)	-	(2)	(1)	-	(20)	(40)	47	(5)	2	(9)	7	-	-
Total effect of all methodology changes and correcting material errors	14	(13)	(2)	19	(34)	-	(4)	(2)	(2)	(20)	(44)	59	(12)	3	(28)	29	(5)	(1)
FY22 RFS figures reflecting all changes	259	1,710	925	439	240	39	111	62	-	122	3,907	1,790	(244)	5,453	19,974	(4,574)	(3)	20,850

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2.4.2 Restatement Walks - Impact of methodology changes and error corrections to FY22 published RFS CCA operating costs

Below sets out the impact each change has to the published FY22 RFS CCA operating cost figures (£m), at Market level.

Restated for the year ended 31 March 2022

	Openreach													Rest of BT		BT Group		
	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 SMP	Non-SMP	Eliminations	Total	Total	Eliminations	Rounding	Total
FY22 published RFS CCA operating cost	(142)	1,396	761	309	165	29	44	29	1	96	2,688	1,067	(232)	3,523	18,632	(4,663)	3	17,495
Ofcom directed changes	-	-	-	-	-	-	-	-	(1)	(2)	(3)	3	-	-	-	-	-	-
BT driven changes	3	22	24	(1)	(2)	-	(2)	(1)	-	2	45	11	(4)	52	(110)	51	1	(6)
Total effect of methodology changes	3	22	24	(1)	(2)	-	(2)	(1)	(1)	-	42	14	(4)	52	(110)	51	1	(6)
FY22 restated for all methodology changes	(139)	1,418	785	308	163	29	42	28	-	96	2,730	1,081	(236)	3,575	18,522	(4,612)	4	17,489
FY22 published RFS CCA operating cost	(142)	1,396	761	309	165	29	44	29	1	96	2,688	1,067	(232)	3,523	18,632	(4,663)	3	17,495
Ofcom directed changes																		
Removal of IEC BT+2 reporting schedules	-	-	-	-	-	-	-	-	(1)	(2)	(3)	3	-	-	-	-	-	-
Changes to the RFS format and structure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FTTP 40/10 rentals split based on charge control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total effect of Ofcom directed methodology changes	-	-	-	-	-	-	-	-	(1)	(2)	(3)	3	-	-	-	-	-	-
BT driven changes																		
Improvement of cost allocations within the shared ancillaries market	-	-	-	-	-	-	-	-	-	2	2	(2)	-	-	-	-	-	-
Removal of Cumulo journal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillaries methodology update: AVCs, SFIs, TRCs and NGA SFVA	(1)	(15)	(9)	(1)	(1)	-	-	-	-	-	(27)	22	1	(4)	(3)	-	1	(6)
Improvement to allocation of GEA customer site installations	-	(4)	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Improvement of BDUK methodology	-	1	-	-	-	-	-	-	-	-	1	(1)	-	-	-	-	-	-
Own work capitalised journal	1	-	-	1	-	-	-	-	-	-	2	5	(1)	6	(6)	-	-	-
Optical services products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	(12)	-	-
Headends in property and electricity allocations	-	42	29	(1)	(1)	-	(2)	(1)	-	-	66	(19)	-	47	(78)	31	-	-
Simplification of organisational driven bases	-	(4)	(2)	-	-	-	(1)	(1)	-	(2)	(10)	(5)	-	(15)	4	10	1	-
WACC alignment	-	-	-	-	-	-	-	-	-	-	-	3	-	3	(38)	35	-	-
Technology methodology review	-	2	2	-	-	-	1	1	-	2	8	7	-	15	(1)	(13)	(1)	-
Improvement of cost allocation for Telereal lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consideration of pole testing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIA reporting and network adjustments	3	-	-	-	-	-	-	-	-	-	3	1	(4)	-	-	-	-	-
Total effect of BT driven methodology changes	3	22	24	(1)	(2)	-	(2)	(1)	-	2	45	11	(4)	52	(110)	51	1	(6)
Cumulative non-material changes, interactions and rounding	4	4	2	3	3	1	-	-	-	(3)	14	6	(3)	17	17	(27)	(9)	(2)
Total effect of all methodology changes	7	26	26	2	1	1	(2)	(1)	(1)	(3)	56	20	(7)	69	(93)	24	(8)	(8)
Changes due to correction of material errors																		
Optical services discounts	-	(1)	(1)	-	-	-	-	-	-	-	(2)	(2)	-	(4)	9	(5)	-	-
Product to service mapping	-	1	(3)	-	1	-	-	-	-	(16)	(17)	19	-	2	(15)	16	(1)	2
Notional debtor calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIA Events revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poles methodology	6	-	-	-	-	-	-	-	-	-	6	-	(6)	-	-	-	-	-
Presentational mapping changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet and optical connections	-	-	-	11	(11)	-	-	-	-	-	-	-	-	-	-	-	-	-
BT Fleet fuel	(1)	(15)	(8)	(2)	(1)	-	-	-	-	-	(27)	(8)	1	(34)	33	1	-	-
Calculation of holding gain on AICC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Divisional split of operating costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	(2)	-	-
IFRS16 Telereal lease journal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-
BDUK funding liability	-	(1)	(1)	-	-	-	-	-	-	-	(2)	-	-	(2)	2	-	-	-
SoGEA revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	(2)	-	-
Access fibre usage volumes	-	-	-	2	1	-	-	-	-	-	3	(3)	-	-	(1)	1	-	-
Total effect of correcting material errors	5	(16)	(13)	11	(10)	-	-	-	-	(16)	(39)	6	(5)	(38)	32	9	(1)	2
Total effect of all methodology changes and correcting material errors	12	10	13	13	(9)	1	(2)	(1)	(1)	(19)	17	26	(12)	31	(61)	33	(9)	(6)
FY22 RFS figures reflecting all changes	(130)	1,406	774	322	156	30	42	28	-	77	2,705	1,093	(244)	3,554	18,571	(4,630)	(6)	17,489

Appendix 2 - Reconciliation Report

2.4.3 Restatement Walks - Impact of methodology changes and error corrections to FY22 published RFS MCE

Below sets out the impact each change has to the published FY22 RFS MCE figures (£m), at Market level.

Restated for the year ended 31 March 2022

	Physical Infrastructure	WLA Area 2	WLA Area 3	LLA Area 2	LLA Area 3	Openreach					Total SMP	Non-SMP	Eliminations	Total	Rest of BT		BT Group		Total
						LLA High network reach	IEC BT only exchanges	IEC BT +1 exchanges	IEC BT +2 exchanges	Shared ancillaries					Total	Total	Eliminations	Rounding	
FY22 published RFS MCE	5,488	3,869	2,432	910	392	83	95	66	2	210	13,547	2,941	-	16,488	21,494	(133)	-	37,849	
Ofcom directed changes	-	-	-	-	-	-	-	-	(2)	(11)	(13)	13	-	-	-	-	-	-	
BT driven changes	15	92	64	(7)	(2)	-	(4)	(3)	-	-	155	(49)	-	106	(104)	7	1	10	
Total effect of methodology changes	15	92	64	(7)	(2)	-	(4)	(3)	(2)	(11)	142	(36)	-	106	(104)	7	1	10	
FY22 restated for all methodology changes	5,503	3,961	2,496	903	390	83	91	63	-	199	13,689	2,905	-	16,594	21,390	(126)	1	37,859	
FY22 published RFS MCE	5,488	3,869	2,432	910	392	83	95	66	2	210	13,547	2,941	-	16,488	21,494	(133)	-	37,849	
Ofcom directed changes																			
Removal of IEC BT+2 reporting schedules	-	-	-	-	-	-	-	-	(2)	(11)	(13)	13	-	-	-	-	-	-	
Changes to the RFS format and structure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
FTTP 40/10 rentals split based on charge control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total effect of Ofcom directed methodology changes	-	-	-	-	-	-	-	-	(2)	(11)	(13)	13	-	-	-	-	-	-	
BT driven changes																			
Improvement of cost allocations within the shared ancillaries market	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Removal of Cumulo journal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ancillaries methodology update: AVCs, SFIs, TRCs and NGA SFVA	-	1	(1)	-	-	-	-	-	-	-	-	15	-	15	(2)	-	1	14	
Improvement to allocation of GEA customer site installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Improvement of BDUK methodology	(1)	6	5	-	-	-	-	-	-	-	10	(10)	-	-	-	-	-	-	
Own work capitalised journal	-	(3)	(2)	(1)	-	-	-	-	-	-	(6)	(1)	-	(7)	7	-	-	-	
Optical services products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Headends in property and electricity allocations	-	97	67	(3)	(1)	-	(4)	(3)	-	-	153	(44)	-	109	(116)	7	-	-	
Simplification of organisational driven bases	-	(1)	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	
WACC alignment	-	-	-	-	-	-	-	-	-	-	-	1	-	1	(1)	-	-	-	
Technology methodology review	-	(2)	(1)	(1)	-	-	-	-	-	(1)	(5)	(3)	-	(8)	8	-	-	-	
Improvement of cost allocation for Telereal lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Consideration of pole testing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PIA reporting and network adjustments	16	(6)	(4)	(2)	(1)	-	-	-	-	-	3	(7)	-	(4)	-	-	-	(4)	
Total effect of BT driven methodology changes	15	92	64	(7)	(2)	-	(4)	(3)	-	-	155	(49)	-	106	(104)	7	1	10	
Cumulative non-material changes, interactions and rounding	25	(14)	(5)	(3)	(3)	(1)	-	1	-	5	5	(25)	-	(20)	21	-	-	1	
Total effect of all methodology changes	40	78	59	(10)	(5)	(1)	(4)	(2)	(2)	(6)	147	(61)	-	86	(83)	7	1	11	
Changes due to correction of material errors																			
Optical services discounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	(1)	-	
Product to service mapping	1	(13)	(2)	(2)	(1)	-	-	-	-	(37)	(54)	55	-	1	-	-	(1)	-	
Notional debtor calculation	(7)	(46)	(25)	(11)	(7)	(1)	(3)	(2)	-	(4)	(106)	(46)	-	(152)	152	-	-	-	
PIA Events revenue	1	-	-	-	-	-	-	-	-	-	1	(1)	-	-	-	-	-	-	
Poles methodology	(1)	-	-	-	-	-	-	-	-	-	(1)	1	-	-	-	-	-	-	
Presentational mapping changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ethernet and optical connections	-	-	-	(24)	24	-	-	-	-	-	-	-	-	-	-	-	-	-	
BT Fleet fuel	-	(4)	(2)	(1)	-	-	-	-	-	-	(7)	(2)	-	(9)	9	-	-	-	
Calculation of holding gain on AICC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Divisional split of operating costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IFRS16 Telereal lease journal	2	18	9	4	2	-	2	1	-	8	46	54	-	100	245	(5)	-	340	
BDUK funding liability	(1)	(2)	(2)	-	-	-	-	-	-	-	(5)	-	-	(5)	5	-	-	-	
SoGEA revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Access fibre usage volumes	-	-	-	13	6	1	-	-	-	-	20	(20)	-	-	(4)	4	-	-	
Total effect of correcting material errors	(5)	(47)	(22)	(21)	24	-	(1)	(1)	-	(33)	(106)	41	-	(65)	408	(1)	(2)	340	
Total effect of all methodology changes and correcting material errors	35	31	37	(31)	19	(1)	(5)	(3)	(2)	(39)	41	(20)	-	21	325	6	(1)	351	
FY22 RFS figures reflecting all changes	5,523	3,900	2,469	879	411	82	90	63	-	171	13,588	2,921	-	16,509	21,819	(127)	(1)	38,200	

Appendix 2 - Reconciliation Report

2.5 Restatement Walks - FY23 RFS restated for FY22 methodologies (£m)

FY23 RFS restated for FY22 methodologies

Impact of methodologies on revenue

	Openreach												Rest of BT		BT Group		
	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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations	Rounding	Total
FY23 published RFS	(27)	1,900	1,050	471	260	40	121	69	146	4,030	1,604	38	5,672	19,720	(4,711)	1	20,682
FTTP 40/10 rentals split based on charge control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Improvement of cost allocations within the shared ancillaries market	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillaries methodology update: AVCs, SFIs, TRCs and NGA SFVA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Improvement to allocation of GEA customer site installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Optical services products	-	-	-	7	6	-	15	14	-	42	(42)	-	-	(50)	50	-	-
Headends in property and electricity allocations	-	-	-	-	-	-	-	-	-	-	-	-	34	(34)	-	-	-
PIA reporting and network adjustments	(10)	-	-	-	-	-	-	-	-	(10)	-	10	-	-	-	-	-
FY23 RFS figures using FY22 methodologies	(37)	1,900	1,050	478	266	40	136	83	146	4,062	1,562	48	5,672	19,704	(4,695)	1	20,682

Impact of methodologies on CCA operating costs

	Openreach												Rest of BT		BT Group		
	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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations	Rounding	Total
FY23 published RFS	(469)	1,505	795	325	156	30	39	30	98	2,509	794	38	3,341	18,668	(4,769)	(1)	17,239
FTTP 40/10 rentals split based on charge control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Improvement of cost allocations within the shared ancillaries market	-	-	-	-	-	-	-	-	(2)	(2)	2	-	-	-	-	-	-
Ancillaries methodology update: AVCs, SFIs, TRCs and NGA SFVA	-	10	7	(1)	-	-	1	1	-	18	(18)	-	-	-	-	-	-
Improvement to allocation of GEA customer site installations	-	1	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Optical services products	-	-	-	-	-	-	-	-	-	-	-	-	-	(50)	50	-	-
Headends in property and electricity allocations	-	(55)	(36)	2	1	-	2	2	-	(84)	23	-	(61)	98	(38)	1	-
PIA reporting and network adjustments	(6)	(2)	(1)	-	-	-	-	-	-	(9)	(4)	10	(3)	-	-	-	(3)
FY23 RFS figures using FY22 methodologies	(475)	1,459	764	326	157	30	42	33	96	2,432	797	48	3,277	18,716	(4,757)	-	17,236

Impact of methodologies on MCE

	Openreach												Rest of BT		BT Group		
	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	Shared ancillaries	Total SMP	Non-SMP	Eliminations	Total	Total	Eliminations	Rounding	Total
FY23 published RFS	6,326	4,465	2,725	1,013	483	90	86	65	168	15,421	2,689	-	18,110	21,756	(124)	(2)	39,740
FTTP 40/10 rentals split based on charge control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Improvement of cost allocations within the shared ancillaries market	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillaries methodology update: AVCs, SFIs, TRCs and NGA SFVA	-	(2)	(1)	-	-	-	-	-	-	(3)	(9)	-	(12)	1	-	1	(10)
Improvement to allocation of GEA customer site installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Optical services products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Headends in property and electricity allocations	-	(114)	(75)	4	2	-	4	4	-	(175)	49	-	(126)	134	(8)	-	-
PIA reporting and network adjustments	(30)	13	8	5	2	-	-	-	-	(2)	8	-	6	2	-	(1)	7
FY23 RFS figures using FY22 methodologies	6,296	4,362	2,657	1,022	487	90	90	69	168	15,241	2,737	-	17,978	21,893	(132)	(2)	39,737

Appendix 3

Attribution Diagrams

Appendix 3: Attribution diagrams

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

Glossary and Footnotes List

Glossary and Footnotes List

Glossary

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.
AVC	Abortive Visit Charges
Annual Report	BT Group plc's Annual Report including the consolidated financial statements for the year ended 31 March 2023. These are available on the BT website at: https://www.bt.com/about/investors/financial-reporting-and-news/annual-reports
BDUK	Building Digital UK
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.
CCN	Change Control Notification
ccts	Circuits
conns	Connections
CI Access Services	Contemporary Interface Access Services
CLA	Central London Area
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
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.
CoW	Class of Work
CP	Communication Provider
CPI	Consumer Price Index
DLE	Digital Local Exchange
EAD	Ethernet Access Direct
EBD	Ethernet Backhaul Direct
ECC	Excess Construction Charge
EOI	Equivalence of Input
FTTC	Fibre To The Cabinet
FTTP	Fibre To The Premises
Gbit/s	Gigabits per second
GEA	Generic Ethernet Access
HCA	Historical Cost Accounting
IAS	International Accounting Standards
IEC	Inter-exchange Connectivity
IFRS	International Financial Reporting Standard
IP	Internet Protocol
ISDN	Integrated Services Digital Network
km	Kilometres

Glossary and Footnotes List

LA	Local Access
lines	No. of Lines
LLA	Leased Line Access
LLU	Local Loop Unbundling
m	Millions
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.
mm	Millions of Minutes
MPF	Metallic Path Facilities
NGA	Next Generation Access
NGA SFVA	Next Generation Access Visit Assure
Ofcom	Office of Communications
OR	Openreach
PI	Physical Infrastructure
PIA	Physical Infrastructure Access
PIMR	Physical Infrastructure Market Review
PSTN	public switched telephone network
RAP	Regulatory Accounting Principles
RFS	Regulatory Financial Statements
ROCE	Return on Capital Employed
RPI	Retail Price Index
SLG	Service Level Guarantees
SFI	Special Fault Investigation
SML	Service Maintenance Level
SMP	Significant Market Power
TR	Trade receivables
TRC	Time related charges
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

Glossary and Footnotes List

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.