Accounting Methodology Documentation

Relating to the 2024 Regulatory Financial Statements

BT Group

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Part One: Overview

1. Introduction

1.1 Overview of the AMD: Purpose and Structure

Ofcom directs BT as prescribed in Condition 11 – Regulatory Financial Reporting Wholesale Fixed Telecoms Market Review (WFTMR) 2021-26 published in March 2021 to:

- prepare, maintain and keep up-to-date the Accounting Methodology Documents in accordance with the Conditions and with the Regulatory Accounting Principles (RAP) (as laid out in the above market review); and
- include in the Accounting Methodology Documents documentation setting out a description of each of:
    a) its Attribution Methods;
    b) its Transfer Charge System Methodology;
    c) its Accounting Policies;
    d) the valuation principles used to value assets; and (e) the Regulatory Accounting System.

The Accounting Methodology Document (AMD) is published annually to ensure compliance with this transparency direction and sets out the basis on which we prepare the Regulatory Financial Statements (RFS).

It is used to describe:

- Legal and accounting frameworks under which the RFS are prepared;
- Costing principles used to prepare the RFS on a fully allocated cost basis;
- Different stages of the Accounting Separation (AS) process to attribute revenue, costs and capital employed to the defined Markets and Technical Areas of BT;
- The systems and processes used by BT to support AS; and
- Valuation principles to value assets on a current cost basis.

The AMD shows that we[1] have prepared the RFS in compliance with the Significant Market Power (SMP) conditions that apply to BT and, along with the Wholesale Catalogue, serves as the basis for the RFS' Properly Prepared in Accordance With (PPIA) audit opinions.

The Wholesale Catalogue is published alongside the AMD and describes the wholesale services included in the Wholesale SMP markets and technical areas where BT has a regulatory financial reporting obligation.

The AMD is structured in the following parts:

- **Part One** provides a high-level overview of BT's regulatory reporting principles and concepts;
    - Section one explains the key concepts associated with Regulatory Reporting.
    - Section two sets out BT's organisational structure.
    - Section three sets out the differences between the RFS and our Annual Report and Accounts.
    - Section four summarises the different attribution layers within our cost attribution model software and sets out the **concept of a methodology taxonomy and driver classifications**, which are used to group methodologies of a similar nature in part two, section five.
- **Part Two** is a reference manual of methodologies[2], intended to be used by technical users of the RFS;

All entries have a standardised tabular format detailing the key aspects to a methodology, which include:

Reference	The attribution object reference.
Title	The title of the attribution object.
Overview	A summary of the methodology is provided, except for where the attribution object allocates directly to a single destination.
Description	**1. Source cost and MCE:** The types of costs apportioned or allocated by the attribution object are explained. **2. Cost and MCE categories:** The source costs and MCE are summarised into key categories, in line with a structured hierarchy.
	3. Summary destination: The key destinations the attribution object apportions or allocates to are listed. This includes other attribution objects, services and markets.
	4. Methodology taxonomy: The methodology type, based on structured hierarchy of driver.

[1] The terms 'the Group', 'the Company', 'BT', 'we', 'us' and 'our' refer collectively to BT Group plc and its subsidiary undertakings.
[2] Part Two: Detailed methodologies section has been written to specifically describe at least 90% of the total ledgered value allocated to SMP markets, and explains material elements of our methodologies, rather than all data and calculation steps.

	5. Driver classification: The key driver of the attribution methodology is documented, in line with a structured hierarchy. An introduction to these methodology taxonomy and driver classifications can be found in Part one, section 4.7 "Methodology categories".
	6. Data source summary: The key data sources used to apportion the source costs and MCE are summarised. This is not applicable for attribution objects that allocate direct to a single destination.
Data sources	The key data sources grouped and presented, as follows: Data category: Data driver (Source system) This is not applicable for attribution objects that allocate direct to a single destination.
Calculation steps	Calculation steps for attribution methodologies are documented, except for where the attributions are direct allocations. The key aspects of each significant methodology are summarised, and the key calculations are noted. A worked example is presented for each calculation step to provide transparency. The values used in these calculations are notional and do not reflect actual BT data.

- **The Annexes** providing further relevant reference information and are published alongside the AMD or, in some cases, as a separate document on our website[3]; and
- **The Glossary** providing definitions of key terms and acronyms.

1.2 Regulatory Reporting Requirements

BT operates predominantly within the UK telecommunications sector and as such, we are regulated by Ofcom (the UK's independent communications regulator, www.ofcom.org.uk), the Communications Act 2003 and related legislation.

Ofcom needs product profitability information from BT in order to assess competition. According to Ofcom's conditions and directions relating to its Significant Market Power (SMP) findings, BT is subject to regulatory financial reporting obligations for Markets and Technical Areas where we are deemed to have SMP. These obligations are fulfilled in the form of the RFS, a set of annual product profitability statements which show our costs, revenues, assets and liabilities against regulatory markets and services as defined by Ofcom in their market reviews.

The key purpose of regulatory reporting requirements is to provide Ofcom with the information necessary to:

- make informed regulatory decisions;
- monitor compliance with SMP conditions;
- ensure those SMP conditions continue to address the underlying competition issues; and
- investigate potential breaches of SMP conditions and anti-competitive practices.

Ofcom's directions set out the measures to be published, as well as the allocations and accounting principles to use. The resulting key differences between the RFS and the BT Group Annual Report are discussed in section 3 "Accounting Policies". The RFS set out the markets in which BT are considered to have SMP. These markets, along with an overview of key market details, can be found on within the 'Introduction to the Regulatory Financial Statements' section of the FY24 RFS.

1.3 Legal Conditions and Directions set out by Ofcom

Ofcom imposes regulatory financial reporting requirements across all of the fixed telecoms markets in which we are regulated, comprising:

- Physical infrastructure access;
- Wholesale local access;
- Leased line access;
- Inter-exchange connectivity; and
- Shared ancillaries
- Wholesale call termination;
- Time division multiplex interconnection; and
- IP Interconnection.

These requirements are imposed by Ofcom by way of an SMP condition set in each regulated market and a suite of directions imposed in each market pursuant to the associated SMP condition. The SMP condition sets out Ofcom's general regulatory financial reporting requirements, including accounting separation and cost accounting. The directions then set out the detailed regulatory financial reporting requirements.

[3] Key destination tables specify the destinations and are presented in Annex one which is published separately on the Company's website. This should be used in conjunction with Part Two.

The RFS for the year ended 31 March 2024 are prepared in line with the legal conditions and directions which can be found in the 'Basis of Preparation' section of the FY24 RFS.

1.4 Key principles and methodologies in the RFS

The RFS is governed by the Regulatory Accounting Principles (RAP) (see section 3.1 “Basis of preparation of the RFS” FY24 for details) and underpinned by Activity-Based Costing (ABC), Current Cost Accounting (CCA) and Mean Capital Employed (MCE) accounting methodologies:

1.4.1 Activity Based Costing

A costing method that recognises the relationship between costs, activities, products and services, and uses these relationships to assign overhead and indirect costs to related products and services.

Activity based costing first assigns costs to the activities that are the real cause of the overhead and indirect costs. It then assigns the costs of those activities only to the products and services that demand the activities.

1.4.2 Current Cost Accounting

A method of accounting in which assets are valued on the basis of their current replacement cost and changes as a result of their valuation are recognised against operating profit in the RFS.

1.4.3 Mean Capital Employed

Capital employed is the total amount of capital used for the acquisition of profits. It is the value of all the assets employed in a business, and can be calculated by adding fixed assets to working capital or by subtracting current liabilities from total assets. Capital employed is primarily used by analysts to determine the return on capital employed (ROCE).

2. Business Overview

This section gives an overview of our business' organisational structure.

BT operates as a single business made up of different divisions and departments, which can be categorised in three distinct types:

Unit	Description
Customer Facing Units (CFUs)	Sell products and services to customers
Corporate Units (CUs)	Support the whole of BT Group
Technology Units (TUs)	Includes Network and Digital divisions and also leads our innovation and R&D activity.

2.1 Organisational structure

Customer Facing Units (CFUs) are profit centres focused on maximising value for us and our customers. Corporate Units (CUs) and Technology Units (TUs) are profit centres managing and serving the whole of BT.

All costs, revenues, assets and liabilities are recorded by profit centre at the general ledger account level. Underlying source systems are used to record transactions, these map to profit centres using Organisational units. Indirect cost of sales (COS), Selling General & Admin SG&A expenses, depreciation and amortisation costs are also recorded against a Cost Centre.

Part two, section 5.3 “Organisational Driven Bases” will provide an overview of the different allocation rules for Costs and MCE that originate in each CFU, CU or TU.

3. Accounting Policies

This section explains the basis of the preparation of the RFS and highlights any differences between current cost and historical cost policy as set out in BT's Annual Report. Details of how these balances are attributed are included in section 4 "Attribution overview" of this AMD.

3.1 Basis of preparation of the RFS

The RFS are prepared 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, except where directed by Ofcom to apply alternative valuation methodologies.

The consolidated financial statements of BT Group plc have been prepared in accordance with the Companies Act 2006, Article 4 of the IAS Regulation and IAS and IFRS and related interpretations, as adopted by the United Kingdom. The consolidated financial statements also comply with IFRS as issued by the International Accounting Standards Board (the IASB). 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 and as such, there are differences between the RFS and Annual Report which are set out in 'Key differences in accounting policies' within this section.

The Group's accounting policies are detailed within BT's Annual Report for the year ended 31 March 2024 which is available from our website: www.BTplc.com, or from our registered office: BT Group plc, One Braham, 1 Braham Street, London, E1 8EE.

3.1.1 Accounting Methodology Documents

The Accounting Methodology Documents are made up of the following:

1. Regulatory Accounting Principles[4];
2. Apportionment Methodologies;
3. Transfer Charge System Methodology;
4. Accounting Policies;

3.2 Key differences in accounting policies

The attribution of costs between BT and Openreach is on a different basis to the ARA. These differences are set out in reconciliation presented in section 5 "Attribution methodologies dictionary" of the RFS for the year ended 31 March 2024.

3.2.1 Principles of Valuation of Non-Current Assets

Current Cost Accounting

Under the Current Cost Accounting (CCA) convention, asset values are adjusted to reflect their value to the business, usually equivalent to their net replacement cost (NRC). NRC is derived from the asset's Gross Replacement Cost (GRC) and equates to the current purchase price of an identical new asset, or the cost of a modern equivalent asset (MEA) with the same service potential, except where we are directed by Ofcom to apply a different valuation methodology. Holding gains and losses are recognised on the revaluation of the asset, and supplementary depreciation is the in-year increase in depreciation charge resulting from the change in asset value.

Other differences between CCA and HCA transactions are reported as 'other CCA adjustments' e.g. under CCA accounting the value of disposals and write-offs reflect their revalued NRC. All MCE numbers reported reflect the revalued NRCs. We use the same accounting policies in HCA and CCA, including the same useful economic asset lives.

CCA and HCA charge the same amount to the income statement over the life of the asset (including supplementary depreciation as a result of CCA changes). We allocate CCA adjustments in the income statement and balance sheet to Markets using the same principles and processes as we use for allocating the historical costs for the same assets. The valuation types associated with CCA, along with the different ways in which we employ them, are explained in Section 7 "CCA valuation methodologies".

IFRS16 'Leases'

To avoid a significant increase in our asset base which would have reduced comparability between the Return on Capital Employed (ROCE) reported in the RFS and Ofcom's approach to setting prices, we have included a portion of the non-current lease liability for property leases in our asset base. This adoption of IFRS16 in the RFS means there is a minimal impact in our market ROCEs. It is therefore included as a reconciling item within the MCE reconciliation.

[4] Published separately to this document by Ofcom in Direction 1: 'Direction specifying the Regulatory Accounting Principles' as notified in the WFTMR and WVMR dated March 2021

Property, Plant and Equipment (PPE) and Software Intangible Assets
BT's fixed assets are categorised into a range of sub-accounts known as 'Classes of Work' (CoWs) within the Fixed Asset Register (FAR). These CoWs describe the type of asset in detail and are an appropriate level of granularity for us to make our valuation decisions. They are grouped into a smaller number of asset categories for the purpose of presentation in the RFS. Details of the CoWs included under each asset category are provided in Annex One.

PPE assets are stated at current cost less depreciation. The GRC of the major categories of PPE and Software intangible assets has been assessed on the following basis:

Land and Buildings
This sector contains the asset values that are booked to BT CoW for land and buildings, including BT owned corporate offices and network buildings, that are freehold, long leases and short leases, which are valued at historical cost.

Copper
Copper includes copper cables across the network, as well as the equipment required to carry signals between the end-user and the exchange. Copper cable is valued using the indexed historic methodology and the Office of National Statistics (ONS) published Retail Price Index (RPI).

Fibre
Fibre includes the spine and distribution cables, as well as the equipment required to connect the end-user and the exchange. Access fibre cables are valued using the historic cost accounting methodology.

Duct
Duct is a pipe, tube or conduit through which underground cables are passed. Duct is valued using either:
• the indexed historic methodology and the ONS published RPI; or
• for duct used by access cables, a prescribed Regulatory Asset Valuation ("RAV") methodology which Ofcom have directed us to use.

Poles
Poles are valued using the indexed historic methodology and the ONS published RPI.

Electronics

Electronics includes assets associated with switching for 21CN voice, ethernet and broadband traffic and electronics to support Fibre To The Cabinet (FTTC), Fibre To The Premises (FTTP) and IP Network Capital. These assets are valued at historical cost. System X Local Exchanges are revalued using extrapolated absolute valuation.

Right of Use Assets
Right of use assets relate to assets recognised following the implementation and subsequent treatment of IFRS16. Assets are valued at historical cost.

Funded Assets
Funded assets include grant funding received in relation to eligible capex spend incurred. Assets are valued at historical cost.

Software
Includes internally developed and externally purchased software, valued at historical cost.

Other Non-Current Assets
This sector contains the asset values for a variety of assets used by BT, valued mainly at historical cost. It also includes specialised accommodation assets which are valued using the indexed historic methodology.

Depreciation
Historical Cost Accounting (HCA) depreciation is provided on PPE assets on a straight line basis from the time the asset is available for use. Freehold land is not depreciated.

Installations costs treated as operating expenses
Under IFRS (as adopted by the United Kingdom), expenditure which meets the recognition principles of IAS 16 (International Accounting Standard 16) are capitalised. Ofcom most recently directed as part of the WFTMR dated March 2021 a deviation from this standard for the recognition of installation and planning costs related to specific services. In FY24 these are:

- GEA Customer Site installation;
- Tie Cables;
- GEA Cable Links;
- Abortive Visits;
- Expedite charges;
- Above the line Network Adjustments;
- Co-mingling services; and
- Excess Construction Charges (ECCs).

This means that certain planning and installation costs are treated as operating expenditure in the RFS, in line with connection revenues received (as compared to capital expenditure in accordance to IFRS and BT's accounting policies), and the opening Mean Capital Employed (MCE) associated with these activities are also removed.

3.2.2 Revenue

In most cases we use revenues directly from the accounting records and published price lists, however in some cases the services sold by Openreach differ from the services as defined by Ofcom. In these cases, we use methodologies to combine or split revenues to report the services in the RFS.

IFRS 15 Revenue

IFRS 15 sets out the requirements for recognising revenue and costs from contracts with customers.

The impact of IFRS 15 in the RFS is due to changes in the way we account for connections revenue. Previously, the group recognised connections revenue upon performance of the connection activity. Under IFRS 15, connections revenue is deferred and recognised on a straight-line basis over the associated line/circuit lease term[5]. This means that Openreach revenue is recognised later. The largest impact is seen in our Business Connectivity and Wholesale Local Access markets. We report individual service level revenues on a pre-IFRS 15 basis, with total market revenues reported on a post-IFRS 15 basis. Adjustment for deferred connection fees are recognised on an IFRS 15 specific service code.

3.2.3 Government Grants

Government grant funding is received in relation to eligible capex spend that has been incurred and relates to grant funded assets received from a local or regional authority, or from a devolved government body (e.g. Broadband Delivery UK (BDUK) grant funding received from the Department of Digital, Culture, Media and Sport; and European Regional Development Fund (ERDF) grants).

3.2.4 Equivalence of Input Services

Services are provided on an equivalent basis to all customers where Openreach are subject to an Equivalence of Input (EOI) obligation. This means BT provides the same product or service to all CPs (including BT):

- on the same timescales; and
- under the same terms and conditions (including price and service levels); and
- by means of the same systems and processes.

3.2.5 Physical Infrastructure Assets

We are required to report on a separate market our physical infrastructure available to CPs, which facilitates the provision of network access and services to be provided to the end customer. The 'attribution of PI costs' captures those duct and poles costs which need to be allocated to downstream markets.

[5] The revised lease definition introduced by IFRS 16 has required us to evaluate whether there are any arrangements that are now in scope of the standard and should therefore be accounted for as leases. The accounting for ongoing rentals is unchanged under IFRS 16, however up-front connections fees are now deferred over the lease term rather than the contractual period.

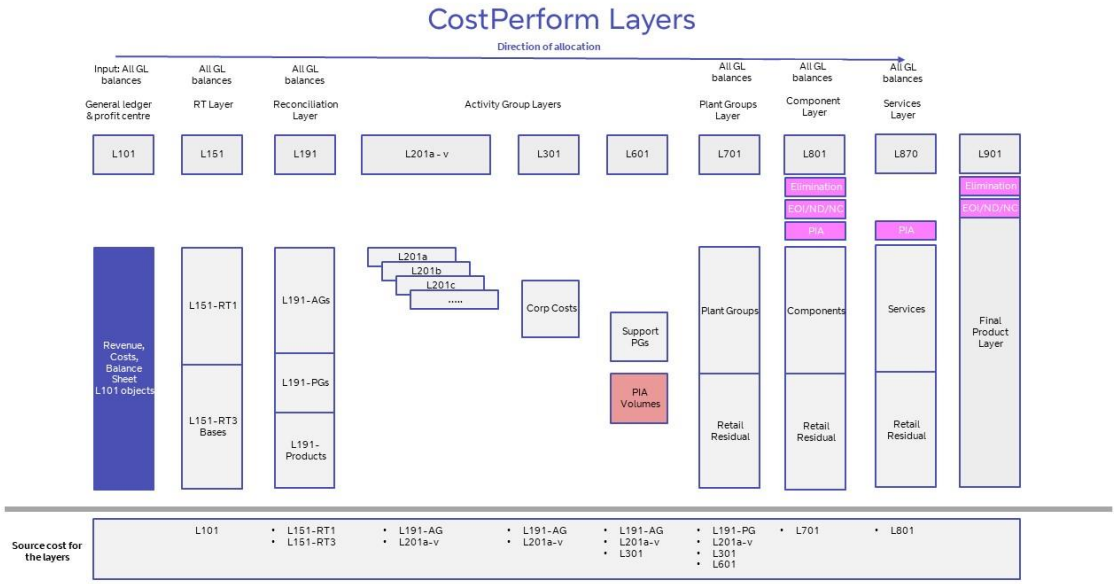
4. Attribution overview

4.1 Regulatory Accounting System

We use CostPerform (CP) as our Regulatory Accounting System. CostPerform (CP) is an activity-based costing system that attributes the costs, revenues, assets and liabilities to regulated and non-regulated markets, using a series of predetermined rules and bases which are detailed in Part two of this AMD.

The CP model is structured in hierarchical layers. Costs, revenues, assets and liabilities are attributed through different layers to services, which are presented in the RFS, and ultimately to products in the final layer. The order of attribution is important as some onward attributions are based on 'Previously Allocated Costs' (PAC).

The diagram below illustrates the layer structure of CP used to prepare the RFS:



Layer 101 - GL layer

The first layer of CP is L101 and includes all balances recorded in the general ledger (GL).

GL accounts are the lowest level at which financial data is used within preparation of the RFS. GL balances are recorded by Profit Centres and for certain type of costs, Cost Centres and may also be assigned a Class of Work (CoW) which specifies the type of activity or asset engineers are engaged in, so costs can be reported by cost type or organisational dimensions.

We have Operational (BT01) and Group (BTGR) GL codes as well as Competition Finance (BTCF) and Current Cost Accounting (BTCC) accounts which have markers assigned to provide additional information about the cost or asset. Attribution rules are applied on either CoW level or account level or for a combination of account and organisational unit. These GL accounts by organisational unit are a form of data input to CP and are allocated to Activity Groups (AGs) and Plant Groups (PGs) before being allocated on to Components, or directly to Products, depending on the attribution rule.

GL accounts are grouped into parent nodes and categorised based on similar functionalities, with each category associated with either 'Income Statement' or 'Balance Sheet' for reporting purposes. These parent nodes are then further aggregated into the reported RFS sectors.

Layer 151 - Rule type layer
The second layer in CP is L151 and contains all balances from Layer 101. It is split based on attribution rule types which are explained in section 4.3. The attribution rules are uploaded to the system in the form of percentage apportionments, as set out in section 5.

Layer 191 - Reconciliation layer
This layer includes all balances, after the base attributions are done.

Layers 201, 301 and 601 - Activity group layers
These layers include the proportion of balances which are allocated between different AGs. An overview of AGs is outlined in section 4.4, with attribution methodologies set out in section 5.4. We also capture PIA Volumes on the last AG layer to track their allocation.

Layer 701 - Plant group layer
This layer includes all balances. Costs and assets which relate to activities such as training, development, facilities management and general corporate costs are attributed to PGs and Retail Residual, using methodologies appropriate to the type of costs they attribute. An overview of PGs is outlined in section 4.5, with attribution methodologies set out in section 5.5.

Layer 801 - Component layer
This layer includes all balances, as well as EOI recharges, PIA Downstream costs (see section 6 for details) and notional debtors and creditors. The costs and assets relating to network overheads (e.g. accommodation costs for network building; cost of providing power to exchanges and transmission assets), are attributed from PGs onto components using methodologies specific to the type of cost or assets being attributed. The balances are reported as 'Components' or 'Retail Residual', based on previous allocation pathways. An overview of components is outlined in section 4.6 with attribution methodologies set out in section 5.6.

Layer 870 - Service layer
This layer includes all balances, as well as EOI recharges, PIA Downstream costs (see section 6 for details) and notional debtors and creditors. Components contain costs and assets which use BT's network and these are attributed onwards to the relevant services using factors and volumes.

Layer 901 - Product layer
This layer includes all balances, aggregating services into specific products. This layer is not used for RFS reporting.

4.2 Journals overview

Journals are required in the RFS where we are unable to use the ledger data in its original format. There are two types of journal, which are set out below:

Journal Type	Description
Accounting adjustment	Where the RFS demands an asset is either recognised or derecognised, typically creating a P&L impact resulting in a difference between the RFS and ARA.
Allocation adjustment	In some cases, where the data in the underlying ledger does not provide the granularity required to apply a specific methodology rule, the most efficient way to apply a methodology is via a journal. This does not alter the overall profit of BT Group or create a difference between the RFS and ARA.

Journal methodologies are set out in Part Two of the AMD, section 5.1 “Journals”.

4.3 Rule type layer overview - L151

All costs, revenues, assets and liabilities are attributed using one of 2 types of attribution.

Order	Rule Type	Name	Calculation	Allocation basis
1	Rule type 1	Direct allocation	Fixed in CostPerform	Allocates 100% of the balance to one specific AG, PG, or directly to Retail Residual, based on the type of cost or balance.
2	Rule type 3	Attribution bases	Apportionment workflow	Apportions the balances between multiple cost pools, using a % attribution rule calculated within a workflow.

4.3.1 Rule Type 1 direct allocations

Rule Type 1 allocations refer to instances where we assign revenues, costs, assets and liabilities that can be directly attributed to one distinct destination using their profit centre, CoW and GL code combination.

Many costs are attributed using Rule Type 1 based on the CoW and profit centre combinations or based on just the CoW. The following are examples of CoWs where 100% of their costs are attributed using direct apportionments:

CoW	Description	Destination
ADSL	Construction, Digital Subscriber-line (FAR)	Openreach costs are attributed to PG152B (Other Openreach Repairs) Other costs attributed to PG153N (DSLAM - Equipment)
APARR	P&I Tele Answering & Recording M/cs, Residential	All costs are attributed to Rest of BT Residual
APCTB	Provision & Installation IT Products & Services-Business	All costs are attributed to Rest of BT Residual
APMSB	Apparatus - Provision (& installation) of a medium and small switch for customers.	Openreach costs are attributed to PG981R (Regulated Time Related Charges) All costs are attributed to Rest of BT Residual

CoW	Description	Destination
APOPR	P&I, Other A.S.B. Products for Customers	All costs are attributed to Rest of BT Residual
CPDSL	Circuit Provision - Asymmetric Digital Subscriber line (ADSL)	Predominantly Consumer costs that are attributed to Rest of BT Residual except for: Technology, Business Centre cost to PG145N (WBA End User NTEs) Openreach costs to PDTCPDSL
DTTS	Construction, Short-Haul Multimode of Private Ccts	PG457A (Optical Ethernet Electronics Capital)
DTTSW	Construction of SHDS links for BT Business Products	Construction of SHDS links for BT Wholesale Products: PG467A (EAD Electronics Capital)
FTTX	FTTx Customer Premises Provision	PG954C (GEA Customer Site Installations)
GFA	Grant Funded Assets	PG998A (Fibre Rollout Funding)
HK	Repayment Work - Alterations (Statutory)	Openreach costs and MCE to PG980R (Repayment works) Other costs and MCE to Rest of BT Residual
HSW	Repayment Work - Alterations (Major Works)	Openreach costs to PG980R (Repayment works) except for BDUK to PG197A (FTTC Service Delivery & Development) Other CFU costs to Rest of BT Residual
J	P&I-Jumpering in Exchanges	PG142A (MDF Hardware Jumpering)
JLU	Jumpering in Exchanges Specific to LLU	PG142A (MDF Hardware Jumpering)
LDC	Construction, Local Distribution Cable	All costs and MCE to PDTLDC, except for Repayment works recognised against PG980R (Repayment works), Business against Residual, and BDUK to PG990A (FTTP Funded Fibre Rollout Spend) or PG999A (FTTC Funded Fibre Rollout Spend)
LFME	Construction, Local Network Service Module Equipment	PG953C (GEA DSLAM and Cabinets), unless BDUK (to PG999A or PG990A)
LFXE	Construction Local Line of Exchange Service Module	PG952C (GEA Electronics) unless BDUK (to PG999A or PG990A)
PT	Routine Testing of Poles and Wire & Cable Clearance	PG201P (Poles Repair)
TPWA	Construction, Access Radio Systems	PG115C (Access Radio Equipment), except for BDUK (to PG999A or PG990A)

A list of material direct allocations are published in Annex One: Detailed Attribution Tables.

4.3.2 Rule Type 3 apportionments

This section provides an overview of bases methodologies which can be grouped into two categories; 'attribution bases' and 'organisational driven bases'.

Attribution bases
We have defined a set of attribution bases methodologies to attribute costs to AGs, PGs, and Rest of BT Residual cost categories.

These methodologies (sub-divided by department in some instances) either:

- attribute 100% of the costs to a particular cost category; or
- apportion the costs across multiple cost categories.

They attribute costs onwards based upon the functions of CoWs and how they support regulated services. This can involve combinations of Department or Division, therefore a methodology is applied to cover this more general cost base that is associated with.

Details of specific methodologies are set out in part two of this AMD, under Section 5.

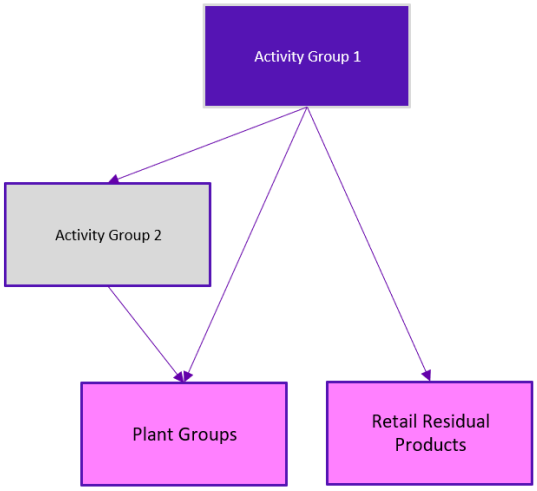
Organisational driven bases
Where there is a consistent and straightforward attribution treatment of the Division at a profit centre level, the same attribution process is applied to the Division as a whole.

In instances where most of a departmental cost or MCE is attributed in a certain way, the specific treatment will be detailed in part two of this AMD, under section 5.3 “Organisational Driven Bases”. Explanations will indicate that for specific departments, the relevant base dictionary will contain the methodology for the attribution of the exceptional costs.

4.4 Activity group layer overview - L201, L301, L601

Activity Groups (AGs) are used to attribute large pools of costs or capital expenditure which relate to parts of the business (e.g. support functions including Group Property and Facilities Management), rather than specific groups of services. The majority of AG attributions are system driven calculations based on simple drivers such as headcount, or previously allocated costs.

We attribute the costs of all AGs into other AGs (intra AG allocation), PGs or Residual products, as illustrated below:



Details of AG methodologies can be found in section 5.4 "Activity Groups" of this AMD.

4.5 Plant group layer overview - L701

Plant groups (PGs) are used to attribute the costs and asset values of activities, equipment and infrastructure for the purposes of running and selling network services (e.g. Provision and maintenance activities, MSAN equipment, Copper infrastructure), to components.

Approximately one third of PGs have a direct allocation to Components, and the remaining two-thirds use a methodology to apportion costs across multiple Network Components.

Details of PG methodologies can be found in section 5.5 "Plant Groups" of this AMD.

4.6 Component layer overview - L801

Components are groupings of costs and are used to attribute costs and asset values representing discrete parts of BT's Network. Component attribution is the final stage of the attribution process, with cost and asset values allocated to Services. These services are then grouped to represent different Markets for regulatory purposes.

Component to service attribution
The cost of each component can either be:

- directly allocated to an individual product/service; or
- an attribution methodology can be used to apportion the cost to multiple products/services.

The attribution methodologies are often directly linked to service volumes and hence drive the attribution of costs.

For example, if Component A is used by two services, each with equal volume usage, then the attribution of costs of Component A to the two services will reflect an equal split.

Introduction to factors and factored volumes
The total costs of the Wholesale Markets can be obtained by aggregating the costs of all components. However, it is necessary to attribute that total cost to individual wholesale services.

In cases where components are used by multiple services it is necessary to factorise the component volume per service to determine the cost attribution. For services provided on a cost basis, the cost to Wholesale Markets of providing such service is the cost of each component used in providing the service.

For some Wholesale services, the calculation of the cost of service provision is more complicated, as each service represents the utilisation of one or more network components, and its cost is therefore determined by an attribution of component costs. This attribution can involve the calculation and application of route factors, usage factors or other appropriate basis of apportioning components costs.

Usage factors are one of the most common ways of determining a service's usage of a particular component.

Derivation of usage factors
Usage factors reflect the use of a particular component by different services. For example, engineering time is used to calculate the component to service usage factor for FTTC provisions, whereas the usage factor for frames at local exchanges is based on the number of jumpers used by each service.

The example below shows how component costs are attributed to services:

Component X has total cost of £1,000 and allocates onwards to two services. Service A uses two lines to deliver the service, and service B uses just one of the same type of lines, therefore the usage factors are two and one.

	Unfactored volume (units)	Usage factors	Factored volume	Calculation step		Cost attributed to service
Service A	600	2	1,200	Cost x factored volume / Total factored volume	1,000 x 1,200 / 1,600 = £750	£750
Service B	400	1	400		1,000 x 400 / 1,600 = £250	£250
Total	**1,000**		**1,600**			£1,000

- The component factored volume is calculated by multiplying the service volume by the component-service usage factor (i.e. how many components are used by that service). The costs are those that have been attributed through to the component layer in CP.
- The component factored volumes are then used to calculate the cost of the service.

In many cases the product or service volume weighting is one, and in this instance we can use raw volumes to derive the cost of the service, as set out in section 5.6 "Components".

In the above example without using factors the cost would be split between A and B in the ratio £600:£400, this demonstrates that because Service A uses Component X comparatively more than Service B does, it should take a higher proportion of its cost.

The calculation of usage factors for the most significant components, as well as methodology details can be found in Part two of this AMD, section 5.6 "Components".

4.7 Methodology categories

Under ABC we allocate costs and MCE directly to products and services wherever possible. We have classified these methodologies as:

- Direct; and
- Direct residual.

Where there is not a direct relationship, we follow specific methodologies utilising a common driver. We have grouped our methodologies in part two of the AMD based on the common drivers listed below:

- Asset metrics
- Electricity
- Labour
- Network data
- Other Miscellaneous
- Property and Insurance
- Revenue and volumes
- Service Level Guarantees (SLGs)
- Activity Groups

Within each category, the methodology can be further split as either:

- Organisational - e.g. CFU driven; or
- Cost based - e.g. LFDC CoW driven.

Direct
A 'Direct' allocation methodology involves a 100% apportionment pathway, at any layer in our CP model, from either:

- Layer 101 to a base, AG or PG, using a RT1
- One base to one PG or AG
- One PG to one Component

No data sources are required to calculate the allocation pathway.

Direct residual
A 'Direct residual' allocation methodology involves a 100% apportionment pathway directly to an unregulated, residual market from Layer 101 in our CP model using a RT1.

No data sources are required to calculate the allocation pathway.

Asset metrics
An asset metric is a measure associated with an asset base, such as network equipment, infrastructure or BT buildings.

Methodologies classified as 'asset metrics' use the below key drivers throughout our cost allocation process, depending on the type of cost and MCE apportioned:

Driver	Description
Asset useful life	The useful life of an asset is used to recalculate depreciation and determine the allocation.
Capex spend	Capital expenditure, usually per CoW, is used to calculate the allocation of an asset.
CCA indexation values	CCA indexation values are used to calculate the allocation of CCA adjustments.
Gross book value (GBV)	Total capital employed for each asset class, primarily split by CoW, is used to apportion assets that are not impacted by CCA adjustments.
Gross replacement cost (GRC)	Current GRC is primarily used to apportion expedite provision costs.
In year depreciation	Current year depreciation charge relating to particular assets is used to determine the apportionment of bases/PGs that contain depreciation opex costs.
Net book value (NBV)	The current value of assets is used to apportion bases/PGs that contain assets that are not impacted by CCA adjustments.
Net replacement cost (NRC)	The replacement cost of assets is used to apportion bases/PGs that contain assets that are impacted by CCA adjustments.
Network adjustment costs	Cost are apportioned based on existing physical infrastructure for network accessibility.
PIA component costs	Apportionment is based on the average unit cost of PIA network components (e.g. ducts and poles).
PIA component volumes	Apportionment is based on volumes of PIA network components (e.g. ducts and poles) measured either in units (e.g. manholes) or distance (e.g. duct).
Rateable asset value (RAV[1])	Apportionment is based on the rateable network assets within BT's network, in order to allocate Cumulo property tax charges and liabilities.

Electricity
An 'electricity' base relates to methodologies centred around the provision of power.

Methodologies classified as 'electricity' use the below key drivers throughout our cost allocation process, depending on the type of cost and MCE apportioned:

Driver	Description
Electricity cost	Allocations are determined based on costs for particular CoWs, driven by usage and the average unit price per kWh.
Electricity usage	Allocations for particular buildings or equipment are determined based on total actual usage, or average usage rates per item.

Labour
A 'labour' base relates to methodologies centred around the provision of staff.

Methodologies classified as 'labour' use the below key drivers throughout our cost allocation process, depending on the type of cost and MCE apportioned:

Driver	Description
FTE costs	Cost of Full Time Equivalent (FTE) employees are used as the basis of allocation.
FTE headcount	The number of FTE employees drives the basis of allocation.
FTEs using employee broadband	The number of FTE employees that have taken up the employee broadband offer drives the basis of allocation.
Man-hours and labour rates	Total man-hours multiplied by labour rates are used to determine the allocation split.

Network data
Methodologies based on 'network data' utilise various non-financial metrics that relate to the BT/Openreach Network (e.g. stats for Equipment, Circuits, Calls, Fibres, and Bandwidth). These metrics can be sourced from a wide range of systems and sources within the business.

Methodologies classified as 'network data' use the below key drivers throughout our cost allocation process, depending on the type of cost and MCE apportioned:

Driver	Description
Bearer volumes (CTCS)	Allocations are determined using volumes of 'bearers' on the network, per product platform.
Cable lengths (INS)	Allocations are based on the total number of cables, factoring cable density, within the fibre network being used for FTTx (NGA) and LLA/IEC services.
Channels per circuit	Allocations are based on average number of channels per circuit.
CISL platform volumes and factors (CCMIS)	Allocations are based on the volumes on the Common Intelligence Service Layer (CISL) platform.
End-users / bandwidth and depreciation	Allocations are based on the total number of end users or average Bandwidth per end user depending on products and platforms on the network.
Equipment hits (CTCS)	Allocations are based on the number of elements of transmission equipment utilised by a number of active circuits on the network, per CoW.
Equipment volumes / bandwidths (CTCS)	Allocations are based on volumes and bandwidths of specific types of transmission related equipment utilised across the network, by location and function.
Fibre count by product (CTCS/Other)	Allocations are based on ethernet fibre circuit volumes for LLA/IEC services, based on current (EAD) and legacy (WES & BES) circuits.
Fibre lengths (CTCS/LLUMS/Other)	Allocations are based on fibre lengths (km) across the network, including bandwidth usage for data, voice and different technologies (e.g. NGA and Non-NGA).
Network topology mapping	Allocations are based on network topology mapping.
Operator assistance (OA) call volumes and duration (CCMIS)	Allocations are based on OA call volumes and duration by call or service type, including Emergency Operator Assistance (999) calls.

Other miscellaneous

Methodologies classified as 'other miscellaneous' utilise various financial and non-financial metrics that relate to the BT and Openreach business. These metrics can be sourced from a wide range of systems and sources within the business.

These methodologies use the below key drivers throughout our cost allocation process, depending on the type of cost and MCE apportioned:

Driver	Description
BT PC and laptop volumes	General computer costs associated with employee own use machines and equipment, which are recognised in the ledger, are used to determine the basis of allocation.
Class of work (CoW) list	The CoW list is used to determine which CoWs receive an allocation of cumulo charges.
Contract revenue per GL	Contract revenue per GL is used to determine the allocation costs to REVDTAT011 for Business CFU.
Corporate special project costs	This driver uses the proportion of cost spent by CPZ on retail and non-retail projects in order to determine allocations.
CPDSL CoW costs	Costs recognised against the 'Circuit Provision Asymmetric Digital Subscriber line' (ADSL) CoW are used to calculate the allocation pathway.
Cumulo charges	Determines the ledgered cumulo cost to be allocated.
Cumulo service tagging	Cumulo service tagging is used to determine which services receive an allocation of cumulo charges.
Equipment costs	Equipment costs recognised in the ledger are used to determine the allocation pathway.
Fleet recharge costs	Fleet recharges are set out in section 8. “Transfer charges”.
Head-end equipment cost	Head-end equipment costs are used to determine allocations to PG952C and the decapitalisation of co-mingling recognised via a journal.
Internal profit margin	The business service team's assessment of internal profit margin is used as the basis of allocation.
Management accounts	The management accounts are used to determine allocations to Digital Overheads and prepare journals (e.g. liquid funds, salary provisions, software capitalisation).
Supplier contract values	Total supplier contract costs are used to calculate the cost allocation pathway.
Supply chain recharges	Supply chain recharge data is identified in the ledger, recorded by CFU, and used to calculate the allocation pathway.
Total costs per service	Allocation of cumulo costs to services is calculated using ledgered costs per service.
Total opex cost per GL	Opex costs are used to calculate journal (e.g. FTTX, tie cables) and determine the amount of electricity charges.

Driver	Description
Wayleaves payments	Poles & Duct Wayleaves payments are identified in the ledger and used to calculate the cost allocation pathway.

Property and insurance
A 'property and insurance' base relates to methodologies centred around the insurance premium costs and property costs (excluding electricity).

Methodologies classified as 'property and insurance' use the below key drivers throughout our cost allocation process, depending on the type of cost and MCE apportioned:

Driver	Description
Insurance premium costs	Allocations are based on insurance premiums.
Property costs (excl. electricity)	Allocations are based on the usage of building floor space.
Property sale proceeds	Allocations are based on the underlying property costs associated with the property sold.
Property space	Allocations are based on the usage of building floor space.

Revenue and volumes
'Revenue and volumes' relate to methodologies for revenue, price and volumes specific to Markets, Technologies and Services.

Volumes are obtained from the business and used to derive revenue and allocate costs from components to services. Examples of such drivers are:

- Connection service volumes
- Ethernet revenue and volumes
- Ethernet service circuit volumes
- Openreach and Wholesale service revenue
- Openreach revenue and volumes
- Wholesale broadband access revenue and volumes
- Wholesale calls and revenue volumes
- Wholesale interconnect revenue and volumes
- Wholesale revenue and volumes.

Revenue and volumes drivers with specific methodologies are set out below:

Driver	Description
Network feature service volumes	The volumes for network feature services are used to calculate the cost allocation basis.
Redcare CCTV circuits	CCTV circuit data is used to determine the basis of allocation.
Scrap sales volumes (tonnes)	The volumes for scrap sales are used to calculate the allocation basis of other income relating to the sale of copper.
Total revenue by CFU	The total revenue by CFU is used to calculate the allocation basis of the Ofcom Licence fee.

Service Level Guarantees
Service Level Guarantees (SLGs) set out specific compensation a customer would be entitled to if the agreed quality of service set out in a 'Service Level Agreement' (SLA) is not met.

Methodologies classified as 'SLGs' are primarily driven by SLG compensation payments, which are categorised by product and SLG type.

Activity Group (AG)
Activity Groups are summarised in section 4.4 “Activity group layer overview - L201, L301, L601” and the methodologies associated with AGs are grouped as follows:

- System driven, where allocations are calculated in CP. These methodologies are further categorised as:
    - Pay - Pay or factorised pay costs are apportioned.
    - PAC - Previously allocated costs, following the same apportionment from the general ledger stage in CP.
    - Other - including fleet and other operational costs are apportioned.
- Property and insurance - drivers are set out under 'Property and Insurance' in this section 4.7 “Methodology categories”.

Part Two: Detailed methodologies

5. Attribution methodologies dictionary

Introduction

This section documents the details of methodologies applied to costs and MCE throughout the allocation process. It should be used in conjunction with the tables presented in Annex one: Detailed attribution tables, which set out the attribution pathways from one stage to the next.

The values presented within the calculation step worked examples are notional and do not represent actual data.

5.1 Journals

Decapitalisation journals
As first directed by Ofcom's WLA Market Review statement (28 March 2018), 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 and Excess Construction Charges 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.

Decapitalisation of Abortive Visit Charges

Reference	Decapitalisation
Title	Decapitalisation of AVC asset (CFJ01)
Overview	This journal is an accounting adjustment to Abortive Visits Costs (AVC), which have been recognised as an asset in line with IFRS and BT's accounting policies. As first directed by Ofcom's WLA Market Review statement (28 March 2018), costs must not be capitalised where they are recovered from upfront revenues. Therefore, installation and planning costs related to Abortive Visits are restated as operating expenditure in the RFS.
Description	**1. Source Costs and MCE:** Capital expenditure and Operating expenditure for the following Classes of Work: NWB (Provision & Installation, Exchange lines (Business)) and NWR (Provision & Installation, Exchange lines (Residential)). **2. Cost and MCE Categories:** Non-Current Assets (Copper); and Depreciation (Copper).
	3. Summary Destination: PDTEPD; PG150B; and outside of the RFS.
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Gross Book Value (GBV), Asset Useful Life, Depreciation.
	6. Data Source Summary: SAP Fixed Asset Register report for the relevant Classes of Work
Data Source	Asset metrics: GBV (General ledger) Other: Total Opex (General ledger)

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step: • Summarises the Opening and Closing NBV balances • Summarises the related CCA adjustments • Calculates the Opening and Closing NRC balances by combining the above **NBV data is obtained from the SAP Fixed Asset Register report and CCA data is obtained from the "CCA CP Output"**	For each CoW: Opening NBV = Sum of [Opening NBV for all GL codes within CoW] Opening CCA adjustments = Sum of [Opening CCA adjustments for all GL codes within CoW] Closing NBV = Sum of [Closing NBV for all GL codes within CoW] Closing CCA adjustments = Sum of [Closing CCA adjustments for all GL codes within CoW] Opening NRC = [Opening NBV (Result from above)] + [Opening CCA adjustments (Result from above)] Closing NRC = [Closing NBV (Result from above)] + [Closing CCA adjustments (Result from above)]	Opening NBV = £500m Opening CCA adjustments = £80m Closing NBV = £550m Closing CCA adjustments = £100m Opening NRC = £500m + £80m Closing NRC = £550m + £100m	Opening NRC = £580m Closing NRC = £650m
	2	This step: • Summarises the depreciation expense per Class of Work. • Calculates the in-year additions by adding the depreciation expense to the NRC movement. • Applies the AVC proportion to these balances. **AVC proportion % is obtained from the calculations for PDTEPD (Expedite costs) at step 11.**	For each CoW: Depreciation expense = Sum of [Depreciation expense for all GL codes within CoW] Additions = [Closing NRC (Result from step 1)] – [Opening NRC (Result from step 1)] + [Depreciation expense (Result from above)] AVC Opening NRC = [Opening NRC (Result from step 1)] * [AVC Provision Proportion] AVC Depreciation expense = [Depreciation expense (Result from above)] * [AVC Provision Proportion] AVC Additions = [Additions (Result from above)] * [AVC Provision Proportion] Balance closing = Balance opening +additions - depreciation	Depreciation expense = £100m Additions = £650m-£580m + £100m AVC Opening NRC = £580m * 2.5% AVC Depreciation expense = £100m * 2.5% AVC Additions = £170m * 2.5% Balance closing = £12+£1m-£2m	Additions = £170m AVC Opening NRC = £14.5m AVC Depreciation expense = £2.5m AVC Additions = £4.25m Balance closing = £11m
	3	This step calculates the Closing Journal	Prior year accumulated capex:	NA	NA

			• **Debit**: Reserves = [AVC Opening NRC (Result from step 2)] • **Credit**: MCE = [AVC Opening NRC (Result from step 2)] In-year depreciation: • **Debit**: Reserves = [AVC Depreciation expense (Result from step 2)] • **Credit**: Depreciation expense = [AVC Depreciation expense (Result from step 2)] Current year capex: • **Debit**: Operating expenses = [AVC Additions (Result from step 2)] • **Credit**: MCE = [AVC Additions (Result from step 2)]		
	4	This step calculates the Opening Journal **Balances are obtained from the Closing Journal from last year**	NA	NA	NA

Decapitalisation of Above the Line Network adjustments

Reference	Decapitalisation				
Title	Decapitalisation of Above the Financial Limit Network Adjustments Asset (CFJ13)				
Overview	This journal is an accounting adjustment, impacting both the balance sheet and income statement, to decapitalise Network Adjustments cost above the Financial Limit and book as operating cost. It also reverses the related depreciation expense. Ofcom's RFR statement (12 July 2019) directed BT to identify Network Adjustment costs both above the financial limit (of £4,750 per km) including network adjustments BT undertakes for itself (internal) and those requested by third parties (external). Network adjustment costs above the financial limit are to be treated as operating cost in the PIA market and the recovery of these costs for third parties (if external) are to be treated as operating income in the PIA market.				
Description	**1. Source Costs and MCE:** Network Adjustments related to duct assets that exceed the Financial Limit of £4,750 per km. **2. Cost and MCE Categories:** Non-Current Assets (PIA); and Depreciation (PIA).				
	3. Summary Destination: PG304N.				
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** Network Adjustment Costs.				
	6. Data Source Summary: Openreach provide data on network adjustments carried out on poles and ducts, the data is split into costs above and below a threshold.				
Data Source	Asset metrics: Internal Network Adjustments.				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the internal and external duct network adjustments relating to all classes of work.	Part A: Internal Network Adj Cost GRC closing = Internal Network Adj Cost GBV opening * Indexation Part B: Internal Annual Depreciation Inc CCA = Internal Network Adj Cost GRC/ Asset Life/2	Part A = £1.9m * 1.053 Part B = £4m / 40/2 Part C = £2m - £0.05m	Part A = £2m Part B = £0.05m Part C = £1.95m

		Part C: Int. NA NBV = Internal Network Adj Cost GBV - Internal Annual Depreciation exc. CCA **Repeat for external**	**Repeat for external** Part C (External) = £1m	**Repeat for external** Part C (External) = £1m
2	This step calculates the four core values needed to form the journal. 1. Network Adjustments operating cost 2. Depreciation charged in year 3. Total GRC of duct assets 4. Accumulated depreciation to date Network Adjustments operating cost (P&L) is the in-year additions to duct network adjustments above the financial limit.	Network Adjustments operating cost = [Network Adjustments additions above the FL (Duct assets related only)] Other values as per summary.	Network Adjustments operating cost = £5m Depreciation charged in year (Result from step 1) = £0.06m Total GRC of duct assets (Result from step 1) = £8m Accumulated depreciation to date (Result from step 1) = £0.2m	Network Adjustments operating cost = £5m Depreciation charged in year = £0.06m Total GRC of duct assets = £8m Accumulated depreciation to date = £0.2m
3	The journal balance to be decapitalised outside the RFS is calculated. Depreciation charge in the current year is reversed	Amount decapitalised outside the RFS = Total GRC of duct assets - Accumulated depreciation to date - Network Adjustments operating cost + Depreciation charged in year Network Adjustments Depreciation charged in current year reversal = [-1] * [Network Adjustments Depreciation charged in current year (Result from step 1)]	Amount decapitalised outside the RFS = £8m - £0.2m - £5m + £0.06m Network Adjustments Depreciation expense reversal = -1 * £0.06m	Amount decapitalised outside the RFS = £2.86m Network Adjustments Depreciation expense reversal = -£0.06m
4	This step calculates the reversal of total GRC of duct assets	Total GRC of duct assets reversal = [-1] * [Total GRC of duct assets (Result from step 1)]	Total GRC of duct assets = -1 * £8m	Total GRC of duct assets reversal = -£8m
5	This step calculates the Closing Journal as below: <u>Removal of capitalisation in the Fixed Assets, booking as current year cost, reversal of current year depreciation, and moving prior year capitalised amounts outside of the RFS:</u> • **Credit:** 15400013 (Total GRC of duct assets) • **Debit:** 1570013 (Accumulated depreciation to date) • **Debit:** 71000013 (Network Adjustments operating cost) • **Debit:** 30000013 (Amount decapitalised outside the RFS) • **Credit:** 71000013 (Depreciation charged in year)	<u>Removal of capitalisation in the Fixed Assets, booking as current year cost, reversal of current year depreciation, and moving prior year capitalised amounts outside of the RFS:</u> • **Credit:** 15400013 [Total GRC of duct assets (Result from step 2)] • **Debit:** 1570013 (Accumulated depreciation to date (Result from step 1)) • **Debit:** 71000013 [Network Adjustments operating cost (Result from step 1)] • **Debit:** 30000013 (Amount decapitalised outside the RFS (Result from step 2)] • **Credit:** 71000013 [Depreciation charged in year (Result from step 1)]	Amounts as per steps 1, 2 and 3 Amounts as per last year.	Amounts as per steps 1, 2 and 3 Amounts as per last year.

	Opening Journal **Balances are obtained from the Closing Journal from last year.** Note: This is the same journal as closing journal.	**Opening Journal** **Balances are obtained from the Closing Journal from last year.** Note: This is the same journal as closing journal.		

Decapitalisation of Cablelink

Reference	Decapitalisation			
Title	Decapitalisation of Cablelink Asset (CFJ05)			
Overview	This journal is an accounting adjustment to Cablelinks, which have been recognised as an asset in line with IFRS and BT's accounting policies. As first directed by Ofcom's WLA Market Review statement (28 March 2018), costs must not be capitalised where they are recovered from upfront revenues. Therefore, installation and planning costs related to GEA Cablelinks are restated as operating expenditure in the RFS.			
Description	**1. Source Costs and MCE:** Capital expenditure and Operating expenditure for the following Classes of Work: LFDC (Local Fibre Distribution Cable) and LFSC (Local Fibre Spine Cable). **2. Cost and MCE Categories:** Non-Current Assets (Fibre); and Depreciation (Fibre).			
	3. Summary Destination: PDTLFDCBS, PDTLFDC, PDTLFSC and PG960A			
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** Gross Book Value (GBV), Asset Useful Life, Depreciation.			
	6. Data Source Summary: SAP Fixed Asset Register report for the relevant Classes of Work			
Data Source	Asset metrics: GBV (General ledger) Other: Total Opex (General ledger)			
Calculation Steps	**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1 This step calculates In-year additions by subtracting closing balance from the opening balance. **Data is obtained from the Cablelink Balance Sheet Data**	<u>For each relevant Cablelink spend:</u> Opening Cablelink GBV = Cablelink spend for all years excluding the current year Closing Cablelink GBV = Cablelink spend for all years including the current year Additions = Closing Cablelink GBV - Opening Cablelink GBV	<u>For each Cablelink spend</u> Addition= £200k - £50k	Additions = £50k
	2 This step summarises the Opening Accumulated Depreciation, In-year Depreciation and Closing Accumulated Depreciation by GL code **Useful economic lives (UEL) are obtained from SAP Fixed Asset Register** **Period & Year of spend are obtained from the Cablelink Balance Sheet Data**	<u>For each relevant Cablelink spend:</u> Months of Depreciation = Months since period & year of spend until end of last year Opening Cablelink AD = [Opening Cablelink GBV (from step 1)] / [UEL] * [Months of Depreciation]	Opening months in use = Apr-2017 to Mar-2020 Opening Cablelink AD = £900 / 180 months * 36 months	Opening months in use = 36 months Opening Cablelink AD = £180

		In-year depreciation = [Closing Cablelink GBV (from step 1)] / [UEL] * [Months in use during current year] Closing Cablelink AD = [Opening Cablelink AD (Result from above)] + [In-year depreciation (Result from above)] <u>For each relevant GL code:</u> GL_{χ} Opening Cablelink GBV = Sum of Opening Cablelink GBV for all spend with GL_{χ} GL_{χ} Closing Cablelink GBV = Sum of Closing Cablelink GBV for all spend with GL_{χ} GL_{χ} Opening Cablelink AD = Sum of Opening Cablelink AD for all spend with GL_{χ} GL_{χ} Closing Cablelink AD = Sum of Closing Cablelink AD for all spend with GL_{χ}	In-year depreciation = £1,200 / 180 months * 12 months Closing Cablelink AD = £180 + £80 GL_1 Opening Cablelink GBV = ∑ [Opening Cablelink GBV for all spend with GL_1] GL_1 Closing Cablelink GBV = ∑ [Closing Cablelink GBV for all spend with GL_1] GL_1 Opening Cablelink AD = ∑ [Opening Cablelink AD for all spend with GL_1] GL_1 Closing Cablelink AD = ∑ [Closing Cablelink AD for all spend with GL_1]	In-year depreciation = £80 Closing Cablelink AD = £260 GL_1 Opening Cablelink GBV = £90k GL_1 Closing Cablelink GBV = £120k GL_1 Opening Cablelink AD = £18k GL_1 Closing Cablelink AD = £26k
3	This step: Summarises the Opening NBV Calculates the Closing Journal reversing the above **Debit**: Reserves **Credit**: MCE	<u>For each relevant GL code:</u> GL_{χ} Opening Cablelink NBV = [GL_{χ} Opening Cablelink GBV (Result from step 2)] – [GL_{χ} Opening Cablelink AD (Result from step 2)] GL_{χ} Closing Cablelink NBV = [GL_{χ} Closing Cablelink GBV (Result from step 2)] – [GL_{χ} Closing Cablelink AD (Result from step 2)] Summarise of the Opening NBV balance	GL_1 Opening Cablelink NBV = £90k - £18k GL_1 Closing Cablelink NBV = £95k - £20k Total Opening balance NBV = £10k + £20k	GL_1 Opening Cablelink NBV = £72k GL_1 Closing Cablelink NBV = £85k total Opening Balance NBV = 30k
4	This step calculates the Closing Journal for the reversal of the In-Year Depreciation for Class of Work: LFDC. **Debit**: MCE **Credit**: Depreciation Expense	<u>For each relevant GL code for LFDC CoW:</u> GL_{χ} In-year depreciation = [GL_{χ} Closing Cablelink AD (Result from step 2)] – [GL_{χ} Opening Cablelink AD (Result from step 2)] Total in year depreciation = ∑ [GL_{χ} in year depreciation Cablelink (Result from step 3)]	GL_{1a} In-year depreciation = £15k - £10k Total in year depreciation = £10k + £20k	GL_{1a} In-year depreciation = £5k Total in year depreciation = £35k
5	This step calculates the Closing Journal for the reversal of the In-Year Depreciation for Class of Work: LFSC.	<u>For each relevant GL code for LFSC CoW:</u>		

		Debit: MCE **Credit**: Depreciation Expense	GL_{χ} In-year depreciation = [GL_{χ} Closing Cablelink AD $_{(Result\ from\ step\ 2)}$] – [$GL_{\chi}$ Opening Cablelink AD $_{(Result\ from\ step\ 2)}$] Additions = Closing Cablelink GBV - Opening Cablelink GBV	GL_{1b} In-year depreciation = £11k - £8k Additions = £15k - 10k	GL_{1b} In-year depreciation = £3k Additions = £5k
	6	This step calculates the Closing Journal for Additions **Debit**: Operating Expenses **Credit**: MCE	<u>For each relevant GL code:</u> GL_{χ} Current Year Additions = [GL_{χ} Closing Cablelink GBV $_{(Result\ from\ step\ 2)}$] – [$GL_{\chi}$ Opening Cablelink GBV $_{(Result\ from\ step\ 2)}$]	GL_{1} Current Year Additions = £120k - £90k	GL_{1} Current Year Additions = £30k
	7	This step calculates the closing Balances (CB) reversal Journal. by adding in the CB type for each line from the union of the figures in Step 3,4,5 and 6 above			
	8	This step calculates the Opening Balances (OB) reversal Journal. **Balances are obtained from the Closing Balances (CB) Journal from last year**. Note: This is the same journal as in steps 3, 4, 5 and 6.	Note: This is the same journal as in steps 3, 4, 5 and 6.	Amounts as per last year	Amounts as per last year.

Decapitalisation of Co-Mingling

Reference	Decapitalisation
Title	Decapitalisation of Co-Mingling Asset (CFJ06)
Overview	This journal, impacting both the balance sheet and income statement, is an accounting adjustment to de-capitalise Co-mingling costs that have been recognised as asset in line with the IFRS and BT's accounting policies. As first directed by Ofcom's WLA Market Review statement (28 March 2018), adjustments are made to treat installation and planning costs related to Co-mingling 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.
Description	**1. Source Costs and MCE:** This journal is created to decapitalise co-mingling pay costs, and reverse depreciation costs. In-year additions are then booked as the P/L charge. This impacts the ACPA Class of Work. **2. Cost and MCE Categories:** • De-capitalisation: Non-Current Assets (Fibre), and Depreciation (Fibre) • In-Year Additions Cost: Rest of BT OPEX - excl. Depreciation (Other)
	3. Summary Destination: P136A, PG132B and outside of the RFS.
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** Gross Book Value (GBV), Asset Useful Life, Depreciation.
	6. Data Source Summary: The general ledger is used to obtain operational expenditure and MCE booked to the ACPA CoW.
Data Source	Asset metrics: GBV (General ledger); and Network data: Head end equipment costs (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step summarises the opening balance for GL accounts for ACPA CoW (Accommodation Plant - Access Services Division). **Pre-allocation GL data is obtained from "Co-mingling BS MCE Ledger" input.**	ACPA CoW Total Opening Balance = Sum of Opening Balance of all relevant GL Codes (CoW: ACPA)	ACPA CoW Total Opening Balance = £50k + £70k	ACPA CoW Total Opening Balance = £120k
2	This step summarises the transfers balance for GL accounts for ACPA CoW (Accommodation Plant - Access Services Division). **Pre-allocation GL data is obtained from "Co-mingling BS MCE Ledger" input.**	ACPA CoW Total Transfers Balance = Sum of Closing Balance of all relevant Transfer GL Codes (CoW: ACPA)	ACPA CoW Total Transfers Balance = £2k + £8k	ACPA CoW Total Transfers Balance = -£10k
3	This step summarises the closing balance for GL accounts for ACPA CoW (Accommodation Plant - Access Services Division). **Pre-allocation GL data is obtained from "Co-mingling BS MCE Ledger" input.**	ACPA CoW Total Closing Balance = Sum of Closing Balance of all relevant GL Codes (CoW: ACPA)	ACPA CoW Total Closing Balance = £100k + £45k	ACPA CoW Total Closing Balance = £145k
4	This step summarises the depreciation expense for GL accounts for ACPA CoW (Accommodation Plant - Access Services Division). **Pre-allocation GL data is obtained from "Co-mingling OPEX Ledger" input.**	ACPA CoW Total Depreciation Expense = Sum of Depreciation Expense of all relevant GL Code & organisational area combinations (CoW: ACPA)	ACPA CoW Total Depreciation Expense = £20k + £10k	ACPA CoW Total Depreciation Expense = -£30k
5	This step summarises the opening balance for BDUK (Broadband Delivery UK) in GL accounts for ACPA CoW (Accommodation Plant - Access Services Division). **Data is obtained from "BDUK Opening Balances" input, this is from step 3 of BDUK HCA adjustment with FTTC and FTTP split journal.**	ACPA CoW Total BDUK Opening Balance = Sum of Opening BDUK Balance of all relevant GL Codes (CoW: ACPA)	ACPA CoW Total BDUK Opening Balance = £5k + £15k	ACPA CoW Total BDUK Opening Balance = £20k
6	This step summarises the closing balance for BDUK (Broadband Delivery UK) in GL accounts for ACPA CoW (Accommodation Plant - Access Services Division). **Data is obtained from "BDUK Closing Balances" input, this is from step 3 of BDUK HCA adjustment with FTTC and FTTP split journal.**	ACPA CoW Total BDUK Closing Balance = Sum of Closing BDUK Balance of all relevant GL Codes (CoW: ACPA)	ACPA CoW Total BDUK Closing Balance = £15k + £10k	ACPA CoW Total BDUK Closing Balance = £25k
7	This step takes-off the BDUK balances (CoW: ACPA) from the total GL balances (CoW: ACPA) – this is done for both Opening and Closing balances. This step then calculates the additions balance for the GL accounts for ACPA CoW (Accommodation Plant - Access Services Division); by subtracting the opening balance, depreciation, and transfers from the closing balance	ACPA CoW Total Opening Balance excluding BDUK = [ACPA CoW Total Opening Balance (Result from step 1)] – [ACPA CoW Total BDUK Opening Balance (Result from step 5)] ACPA CoW Total Closing Balance excluding BDUK = [ACPA CoW Total Closing Balance (Result from step 3)] – [ACPA CoW Total BDUK Closing Balance (Result from step 6)] ACPA CoW Total Additions Balance = [ACPA CoW Total Closing Balance excluding BDUK (Result from above)] – [ACPA CoW Total Opening Balance excluding BDUK (Result from above)] – [ACPA CoW Total Transfers Balance	ACPA CoW Total Opening Balance excluding BDUK = £120k - £20k ACPA CoW Total Closing Balance excluding BDUK = £145k - £25k ACPA CoW Total Additions Balance = £120k - £100k – (-£10k) – (-£30k)	ACPA CoW Total Opening Balance excluding BDUK = £100k ACPA CoW Total Closing Balance excluding BDUK = £120k ACPA CoW Total Additions Balance = £60k

		(Result from step 2)] – [ACPA CoW Total Depreciation Expense (Result from step 4)]		
8	This step calculates the apportioned balances for co-mingling services. **Co-mingling apportionment rate is obtained from "Co-mingling apportionment" input.** Note: The split of the ACPA (specialised accommodation) CoW between PG132B Co-mingling Recurring Costs and PG136A Survey Costs is driven by PDTACPA base. This base is fixed with 70% allocation to recurring costs and 30% allocation to survey costs.	Co-mingling Opening Balance = [ACPA CoW Total Opening Balance excluding BDUK (Result from step 7)] * 30% Co-mingling Depreciation Expense = [ACPA CoW Total Depreciation Expense (Result from step 4)] * 30% Co-mingling Additions Balance = [ACPA CoW Total Additions Balance (Result from step 7)] * 30% Co-mingling Transfers Balance = [ACPA CoW Total Transfers Balance (Result from step 2)] * 30%	Co-mingling Opening Balance = £100k * 30% Co-mingling Depreciation Expense = -£30k * 30% Co-mingling Additions Balance = £60 * 30% Co-mingling Transfers Balance = -£10 * 30%	Co-mingling Opening Balance = £30k Co-mingling Depreciation Expense = -£9k Co-mingling Additions Balance = £18k Co-mingling Transfers Balance = -£3k
9	This step calculates the Closing Balances (CB) Journal as below: <u>Removal of capitalisation in the Fixed Assets opening balance:</u> • **Debit**: Capital & Funding • **Credit**: FA NBV <u>Removal of current year depreciation:</u> • **Debit**: FA NBV • **Credit**: Depreciation expense <u>Removal of current year capitalisation in the Fixed Assets and booking as current year cost:</u> • **Debit**: Co-mingling Opex • **Credit**: FA GBV <u>Removal of transfers in the Fixed Assets:</u> • **Debit**: FA GBV • **Credit**: Capital & Funding	<u>Removal of capitalisation in the Fixed Assets opening balance:</u> • **Debit**: Capital & Funding = [Co-mingling Opening Balance (Result from step 8)] • **Credit**: FA GBV = [Co-mingling Opening Balance (Result from step 8)] <u>Removal of current year depreciation:</u> • **Debit**: FA GBV = [Co-mingling Depreciation Expense (Result from step 8)] • **Credit**: Dep exp = [Co-mingling Depreciation Expense (Result from step 8)] <u>Removal of current year capitalisation in the Fixed Assets and booking as current year cost:</u> • **Debit**: Co-mingling Opex = [Co-mingling Additions Balance (Result from step 8)] • **Credit**: FA GBV = [Co-mingling Additions Balance (Result from step 8)] <u>Removal of transfers in the Fixed Assets:</u> • **Debit**: FA GBV = [Co-mingling Transfers Balance (Result from step 8)] • **Credit**: Capital & Funding = [Co-mingling Transfers Balance (Result from step 8)]	Amounts as per step 8.	Amounts as per step 8.

	10	This step calculates the Opening Balances (OB) Journal. **Balances are obtained from the Closing Balances (CB) Journal from last year.** Note: This is the same journal as in step 9.	Note: This is the same journal as in step 9.	Amounts as per last year.	Amounts as per last year.

Decapitalisation of FTTX Customer Premises Provision

Reference	Decapitalisation
Title	Decapitalisation of FTTX Customer Premises Provision Asset (CFJ07)
Overview	As first directed by Ofcom's WLA Market Review statement (28 March 2018), adjustments are made to treat installation and planning costs related to GEA Customer Site installation as operating expenditure in the RFS in line with connection revenues received, rather than recognising them as capital expenditure, in line with BT's accounting policies.
Description	**1. Source Costs and MCE:** This journal has been created to restate capitalised costs on the FTTX Class of Work (Customer Premises Provision) as operating expenditure, to the extent that upfront revenues have been received. Depreciation costs are reversed in line with the value decapitalised. Opening balances for capital expenditure and accumulated depreciation are also reversed, in line with values decapitalised in prior years. **2. Cost and MCE Categories:** Prior year decapitalised balances (NBV) – transferred from Non-current Assets to Reserves Current year capex – transferred from Non-current Assets to Opex Current year depreciation – transferred from Opex to Non-current Assets
	3. Summary Destination: PG954C
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** Gross Book Value (GBV), Asset Useful Life, Depreciation
	6. Data Source Summary: The general ledger is used to obtain operational expenditure and MCE booked to the FTTX CoW.
Data Source	Asset metrics: GBV (General ledger); and Other misc.: Total Opex (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step produces the Opening Balances (OB) Journal output, taken from the consolidated outputs from the Prior Year run, filtered by FTTX CoW.	NA	NA	NA
2	This step calculates the Current Year Capex Additions for the FTTX CoW. **Pre-allocation GL data is obtained from "MCE Report (FTTX CoW)" input.** Then calculates the Depreciation charge for CY FTTX Additions.	CY FTTX Additions = Closing MCE Balance - Opening MCE Balance Depreciation on Additions = CY FTTX Additions * 0.5 / Asset Useful Life	CY FTTX Additions = £1,400m - £1,050m Depreciation on Additions = £350m * 0.5 / 10 Years	CY FTTX Additions = £350m Depreciation on Additions = £17.5m
3	This step calculates the proportion of Capitalised FTTX costs recovered from upfront revenue received in-year.	CY Adjustment % = Min (CY FTTX Revenue / CY FTTX Additions (Result from Step 2), 1)	CY Adjustment % = Min (£220m / £350m, 1)	CY Adjustment % = 63%
4	This step calculates the proportion of Opening MCE Balances decapitalised in the Prior Year. **Pre-allocation GL data is obtained from "MCE Report (FTTX CoW)" input.**	Historic Adjustment % = Opening Journal Balance / Opening MCE Balance	Historic Adjustment % = £1,040m / £1,050m	Historic Adjustment % = 99%

		And summarises the Opening Journal Balances to decapitalise: **Credit**: Non-Current Assets **Debit**: Reserves	Closing Balance = Opening Journal Balance (Capex) - Opening Journal Balance (Accumulated Depreciation)	Closing Balance = £1,040m - £370m	Closing Balance = £670m
	5	This step calculates the proportion of Additions to decapitalise: **Credit**: Non-Current Assets **Debit**: Opex And the proportion of Depreciation on Additions to reverse: **Credit**: Opex **Debit**: Non-Current Assets And the proportion of Historic Depreciation to reverse: **Credit**: Opex **Debit**: Non-Current Assets **Pre-allocation GL data is obtained from "OPEX Report (FTTX CoW)" input.**	Closing Balance = CY FTTX Additions (Result from Step 2) * CY Adjustment % (Result from Step 3) Closing Balance = Depreciation on Additions (Result from Step 2) * CY Adjustment % (Result from Step 3) Closing Balance = (CY Depreciation - Depreciation on Additions (Result from Step 2)) * Historic Adjustment % (Result from Step 4)	Closing Balance = £350m * 63% Closing Balance = £17.5m * 63% Closing Balance = (£140m - £17.5m) * 99%	Closing Balance = £220m Closing Balance = £11m Closing Balance = £121m

Decapitalisation of WLA Tie Cables

Reference	Tie Cables				
Title	Decapitalisation of WLA Tie Cables (CFJ21)				
Overview	This journal, impacting both the balance sheet and income statement, is an accounting adjustment to de-capitalise Tie Cables costs that have been recognised as asset in line with the IFRS and BT's accounting policies. As first directed by Ofcom's WLA Market Review statement (28 March 2018), adjustments are made to treat installation and planning costs related to Tie Cables 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.				
Description	**1. Source Costs and MCE:** This journal is created to decapitalise Tie Cables costs, and reverse depreciation costs. In-year additions are then booked as the P/L charge. This impacts the LMC Class of Work. **2. Cost: and MCE Categories:** • De-capitalisation: Non-Current Assets (Copper), and Depreciation (Copper) • In-Year Additions Cost: Rest of BT OPEX - excl. Depreciation (Other)				
	3. Summary Destination: PG130A; PDTLMC; and outside of the RFS.				
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** Gross Book Value (GBV), Asset Useful Life, Depreciation.				
	6. Data Source Summary: The general ledger and fixed asset reports are used to identify the operational expenditure and MCE associated with LMC CoW.				
Data Source	Asset metrics: GBV (General ledger); and Other misc.: Total Opex (General ledger).				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the proportion of the Synthetic Categories 'Survey and Installations' cost as a % of total cost of synthetic categories in each year. The cost data is obtained from surveys.	For each synthetic category in each year: Survey and Installations % = Cost / Grand Total	For Installation Syn. category in 2014/15: Survey and Installations % = £780k / £1,500k	Survey and Installations % = 52%

	2	This step calculates total capex for relevant sub-programmes	For each year: Capex excl Stores = Total evoTAM Capex for relevant sub-programme – Stores Capex (tie cables)	Capex excl Stores = £5m - £3.5m	Capex ex Stores = £1.5m
	3	This step estimates depreciation of TAMS capex booked to policy code CLLU: Part A: Estimates total TAMS capex for each synthetic category in each year Part B: Estimates Depreciation value for each year	Part A: Total TAMS capex for each synthetic category = capex ex stores (Results from Step 2) x survey and installations percentage (Result from Step 1) Part B: Estimated depreciation = Total TAMS capex (Result from Step 3, Part A) / Asset Life	Part A: Total TAMS capex For Installation in 2014/15 = £1.5m x 52% = £0.8m Part B: Estimated depreciation in 2014/15 = £0.8m / 18	Estimated depreciation in 2014/15 = £0.04m
	4	This step calculates the estimated depreciation for TAMs, for P12 in policy code CLLU (LMC class of work). Part A: Calculate percent depreciated for each year Part B: Calculate closing balances Part C: Calculate opening balances	For each year: Part A: % depreciated = years elapsed/TAMS asset life Part B: Closing balance = additions (result from step 2) x % depreciated Part C: Opening balance = closing balance + estimated depreciation	Part A: % depreciated in $year_n$ = 6 years / 18 years = 0.3333 Part B: Closing balance $year_n$ = £0.8m x 0.3333 = £0.27m Part C: Opening balance $year_n$ = £0.27m + 0.04 = £0.31m	% closing balance in $year_n$ = £0.27m % opening balance in $year_n$ = £0.31m
	5	This step sums up the individual years into total TAMS balances Part A: Calculate total opening balance Part B: Calculate total closing balance Part C: Calculate total annual depreciation	Part A: Total opening = opening year 1 (result from step 4) + opening year n (result from step 4) Part B: Total closing = closing year 1 (result from step 4) + closing year n (result from step 4) Part C: Total annual depreciation = annual depreciation year 1 (result from step 3) + annual depreciation year n (result from step 3)	Part A: Total opening = opening year 1 + opening year n = £29m Part B: Total closing = closing year 1 + closing year n = £27m Part C: Total annual depreciation = annual depreciation year 1 + annual depreciation year n = £2m	Opening balance = £29m Depreciation = £2m Closing balance = £27m
	6	This step calculates the tie cables values on policy code CLLU by subtracting TAMS Part A: Calculate opening balance Part B: Calculate in year additions Part C: Calculate in year depreciation Part D: Calculate closing balance	Part A: CLLU ex TAMS opening = CLLU opening – TAMS opening (result from step 5) Part B: CLLU ex TAMS additions = CLLU additions – TAMS additions Part C: CLLU ex TAMS depreciation = CLLU depreciation – TAMS depreciation (result from step 5) Part D: CLLU ex TAMS closing = CLLU closing – TAMS closing (result from step 5)	Part A: CLLU ex TAMS opening = £100m - £29m Part B: CLLU ex TAMS additions = £0.1m – 0 Part C: CLLU ex TAMS depreciation = £17m - £2m Part D: CLLU ex TAMS closing = £84m - £27m	CLLU ex TAMS opening = £71m CLLU ex TAMS additions = £0.1m CLLU ex TAMS depreciation = £15m CLLU ex TAMS closing = 57m
	7	This step calculates the CLLU ex TAMS share of total LMC values	Part A: CLLU ex TAMS opening share = CLLU ex TAMS opening / LMC opening (result from step 6)	Part A: CLLU ex TAMS opening share = £71m / £750m	CLLU ex TAMS opening share = 9%

		Part A: Calculate opening balance share Part B: Calculate in year additions share Part C: Calculate in year depreciation share	Part B: CLLU ex TAMS additions share = CLLU ex TAMS additions / LMC additions (result from step 6) Part C: CLLU ex TAMS depreciation share = CLLU ex TAMS depreciation / LMC depreciation (result from step 6)	Part B: CLLU ex TAMS additions share = £0.1m / £18m Part C: CLLU ex TAMS depreciation share = £15m / £85m	CLLU ex TAMS additions = 1% CLLU ex TAMS depreciation = 18%
	8	This step calculates the BDUK LMC balances Part A: Calculate in year additions Part B: Calculate closing balance Part C: Calculate opening balance	Part A: BDUK LMC additions = BDUK LMC closing GBV - BDUK LMC opening GBV Part B: BDUK LMC closing = BDUK LMC closing GBV - BDUK LMC closing accumulated depreciation Part C: BDUK LMC opening = BDUK LMC closing (result from part B) + BDUK LMC depreciation - BDUK LMC additions (result from part A)	Part A: BDUK LMC additions = £160m - £160m Part B: BDUK LMC closing = £160m - £50m Part C: BDUK LMC opening = £110m + £10m - £0m	BDUK LMC additions = £0m BDUK LMC closing = £110m BDUK LMC opening = £120m
	9	This step calculates the BDUK adjustment to tie cables based on CLLU ex TAMS share of total LMC and BDUK LMC balances Part A: Calculate opening balance Part B: Calculate in year additions Part C: Calculate in year depreciation	Part A: BDUK opening adjustment = CLLU ex TAMS opening share (result from step 7) x BDUK LMC opening Part B: BDUK additions adjustment = CLLU ex TAMS additions share (result from step 7) x BDUK LMC additions Part C: BDUK depreciation adjustment = CLLU ex TAMS depreciation share (result from step 7) x BDUK LMC depreciation	Part A: BDUK opening adjustment = 9% x £120m Part B: BDUK additions adjustment = 1% x £0m Part C: BDUK depreciation adjustment = 18% x £10m	BDUK opening adjustment = £10.8m BDUK additions adjustment = £0m BDUK depreciation adjustment = £1.8m
	10	This step subtracts the BDUK tie cables values from CLLU ex TAMS to calculate non-BDUK tie cables Part A: Calculate opening balance Part B: Calculate in year additions Part C: Calculate in year depreciation	Part A: non-BDUK tie cables opening = CLLU ex TAMS opening (result from step 6) - BDUK opening adjustment (result from step 9) Part B: non-BDUK tie cables additions = CLLU ex TAMS additions (result from step 6) - BDUK additions adjustment (result from step 9) Part C: non-BDUK tie cables depreciation = CLLU ex TAMS depreciation (result from step 6) - BDUK depreciation adjustment (result from step 9)	Part A: non-BDUK tie cables opening = £71m – £10.8m Part B: non-BDUK tie cables additions = £0.1m - £0m Part C: non-BDUK tie cables depreciation = £15m – £1.8m	Part A: non-BDUK tie cables opening = £60.2m Part B: non-BDUK tie cables additions = £0.1m Part C: non-BDUK tie cables depreciation = £13.2m
	11	This step calculates the percentage split of pay and stores based on LMC values to separate the two	Pay % = sum of pay GLs / sum of pay and stores GLs Stores % = sum of stores GLs / sum of pay and stores GLs	Pay % = £16m / £20m Stores % = £4m / £20m	Pay % = 80% Stores % = 20%
	12	This step calculates the tie cables value to decaptialise by multiplying tie cables excluding BDUK by the tie cables pay percentage Part A: Calculate opening balance	Part A: Tie cables decap opening = non-BDUK tie cables opening (result from step 10) x Pay % (result from step 11) Part B: Tie cables decap additions = non-BDUK tie cables additions (result from step 10) x Pay % (result from step 11)	Part A: Tie cables decap opening = £60.2m x 80% Part B: Tie cables decap additions = £0.1m x 80%	Tie cables decap opening = £48.2m Tie cables decap additions = £0.1m

		Part B: Calculate in year additions Part C: Calculate in year depreciation	Part C: Tie cables decap depreciation = non-BDUK tie cables depreciation (result from step 10) x Pay % (result from step 11)	Part C: Tie cables decap depreciation = £13.2m x 80%	Tie cables decap depreciation = £10.6m
	13	This step calculates the Closing Journal as below: <u>Removal of capitalisation in the Fixed Assets opening balance:</u> **Debit**: Capital & Funding **Credit**: FA NBV <u>Removal of current year depreciation:</u> **Debit**: FA NBV **Credit**: Depreciation expense <u>Removal of current year capitalisation in the Fixed Assets and booking as current year cost:</u> **Debit**: Tie Cable Opex **Credit**: FA GBV	<u>Removal of capitalisation in the Fixed Assets opening balance:</u> **Debit**: Capital & Funding = Tie Cable opening NBV allocation (Result from step 12) **Credit**: FA GBV = Tie Cable opening NBV allocation (Result from step 12) <u>Removal of current year depreciation:</u> **Debit**: FA GBV = Tie Cable depreciation expense allocation (Result from step 12) **Credit**: Depreciation expense = Tie Cable depreciation expense allocation (Result from step 12) <u>Removal of current year capitalisation in the Fixed Assets and booking as current year cost:</u> **Debit**: Tie Cable Opex = Tie Cable additions allocation (Result from step 12) **Credit**: FA GBV = Tie Cable additions allocation (Result from step 12)	Amounts as per step 11	Amounts as per step 11
	14	This step calculates the Opening Journal. **Balances are obtained from the Closing Journal from last year** Note: This is the same journal as in step 13	Note: This is the same journal as in step 13	Amounts as per last year.	Amounts as per last year.

Decapitalisation of Excess Construction Charges

Reference	Decapitalisation
Title	Decapitalisation of Excess Construction Charges (ECC) assets. (CFJ22)
Overview	This journal is an accounting adjustment to Excess Construction Charges (ECC), which have been recognised as an asset in line with IFRS and BT's accounting policies. As first directed by Ofcom's WLA Market Review statement (28 March 2018), costs must not be capitalised where they are recovered from upfront revenues. Therefore, installation and planning costs related to Excess Construction Charges are restated as operating expenditure in the RFS.
Description	**1. Source Costs and MCE:** Capital expenditure and Operating expenditure for the following Classes of Work: LFSC (Local Fibre Spine Cable), LFDC (Local Fibre Distribution Cable) and LFD (Construction, Local Duct for Optical Fibre Cable). **2. Cost and MCE Categories:** Non-Current Assets - PIA and Copper. Depreciation - PIA and Copper.
	3. Summary Destination: This journal attributes cost to PDTDUCT (Duct), PG003Y (CISBO Excess Construction Adjustment Credit), PG006X (CISBO ECC Capex Debit) and PG006Y (CISBO ECC Capex Credit)
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** Net Book Value (NBV), Depreciation and Capex Spend.

	6. Data Source Summary: SAP Fixed Asset Register report for the relevant Classes of Work				
Data Source	Asset metrics: GBV (General ledger) Other: Total Opex (General ledger), Revenue and Volumes (ARC), NIMS (Network Instruction Management System) and ECC Calculator (ECC activity volumes), Capital Reporting via ORBIT				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	Residual: This step calculates the weighting splits for Ethernet (Duct and Fibre) and Residual (Copper and Duct) ECCs, driven by non-BDUK funded Gross Book Value and Asset Life. **Data is obtained from SAP Fixed Asset Register and ECC Asset Life.** *Classes of work:* *LDC – Local Distribution Cable (Access Copper Cable)* *LDD – Local Distribution Duct for Copper Cable (Backhaul and Core Duct)* *LFDC – Local Fibre Distribution Cable (Access Fibre Cable)*	Residual CoW_{χ} Average Asset Life (years) = $\sum_{\text{(all assets within CoW)}}$ ([$Asset_{\chi}$ Book life (months)] * ([$Asset_{\chi}$ GBV] - [BDUK Funded $Asset_{\chi}$ GBV])) / ([CoW_{χ} GBV] - [Funded CoW_{χ} GBV])/ 12 CoW_{χ} GBV weighting = [CoW_{χ} Average Asset Life (years)] * ([CoW_{χ} GBV] - [Funded CoW_{χ} GBV]) CoW_{χ} weighting split = [CoW_{χ} GBV weighting] / [Total of all CoW GBV weighting] * 100 TISBO Implied LDD weighting split = [ECCs Asset Life – LFDC Asset Life] / [LDD Asset Life – LFDC Asset Life] Implied LDFC weighting split = 1 – Implied LDD weighting split	CoW_{LDD} Average Asset Life (years) = ∑ [(216 months * (£2.1m-0,1m) + (480 months * (£4.1m-0.1m)) + (180 months * (£6.1m-£0.1m))] / (£12.3m - £0.3m)/ 12 CoW_{LDD} GBV weighting = 23.83 years * (£12.3m-£0.3m) CoW_{LDD} weighting split = £286m / £1,021m * 100	CoW_{LDD} Average Asset Life (years) = 23.83 years CoW_{LDD} GBV weighting = £286m CoW_{LDD} weighting split = 28%
	2	Residual: This step calculates Capex Additions, In-Year Depreciation and NBV (MCE) for Residual ECCs, driven by Revenues for ECC services as well as historic (PY) calculated outputs. **Data is obtained from ARC**	TISBO $Market_{\chi}$ Capex Additions = (Volume * Price) for ECC Services Residual $Market_{\chi}$ Capex Additions = Sum of Reported Earned Revenue for ECC Services For all markets $Market_{\chi}$ In-Year Depreciation = ($Market_{\chi}$ Capex Additions (Result from above) / Asset Life) + $Market_{\chi}$ Depreciation on Opening GBV (obtained from last year's $Market_{\chi}$ In-Year Depreciation) $Market_{\chi}$ Closing NBV = $Market_{\chi}$ Opening NBV + $Market_{\chi}$ Capex Additions (Result from above) For each relevant Market & Category combination	$Market_{TISBO}$ Capex Additions = £2m $Market_{Residual}$ Capex Additions = £1.5m $Market_{TISBO}$ In-Year Depreciation = (£2m / 40 years) + £1m $Market_{TISBO}$ Closing NBV = £15m + £2m $Market_{TISBO}$ & $Category_{Duct}$ In-Year Depreciation = £1.05m * 28%	$Market_{TISBO}$ Capex Additions = £2m $Market_{Residual}$ Capex Additions = £1.5m $Market_{TISBO}$ In-Year Depreciation = £1.05m $Market_{TISBO}$ Closing GBV = £17m

		$Market_{\chi}$ & $Category_{\chi}$ In-Year Depreciation = [$Market_{\chi}$ In-Year Depreciation (Result from above)] * [CoW_{χ} weighting split (Result from step 1)] $Market_{\chi}$ & $Category_{\chi}$ Closing NBV = [$Market_{\chi}$ Closing NBV (Result from above)] * [CoW_{χ} weighting split (Result from step 1)]	$Market_{TISBO}$ & $Category_{Duct}$ Closing NBV = £17m * 28%	$Market_{TISBO}$ & $Category_{Duct}$ In-Year Depreciation = £0.30m $Market_{TISBO}$ & $Category_{Duct}$ Closing GBV = £4.76m
3	This step calculates the ECC apportionment from the total cost of ECC jobs (i.e. the costs of providing circuits between ECCs and common network) **Data is obtained from NIMS and the ECC Calculator.**	<u>For each relevant ECC category</u> $ECC\ category_{\chi}$ apportionment of total ECC jobs cost = [Total costs from NIMS] * [Lower of volume as per NIMS and ECC Calculator] / [Total volume from NIMS]	$ECC\ category_{Cabling}$ apportionment of total ECC jobs cost = £500m * (£200m / £250m)	$ECC\ category_{Cabling}$ apportionment of total ECC jobs cost = £400m
4	This step calculates the Revenue Adjustment Ratio for ECC Revenue vs ARC/RFS Revenue **Data is obtained from ARC and ECC Calculator**	Revenue Adjustment Ratio = ([Total ECC Revenue from RFS] + [ECC connection revenue per service @ fixed fee]) / [Total ECC Revenue from ECC Calculator]	Revenue Adjustment Ratio = (£1,200m + £1,350m) / £2,500m	Revenue Adjustment Ratio = 1.02
5	This step allocates ECC costs to class of work and cost type (Pay, Stores and Other) **Total Costs of all connections obtained from Capital Reporting via ORBIT.** **Survey cost is obtained from the ECC Calculator.**	<u>For each relevant ECC category:</u> $CoW_{\chi}\ ECC\ category_{\chi}$ proportion = [CoW_{χ} ECC $category_{\chi}$ cost] / [Sum of ECC cost for all CoW_{χ} ECC categories] $CoW_{\chi}\ ECC\ category_{\chi}$ allocated cost = [CoW_{χ} ECC $category_{\chi}$ proportion (Result from above)] * [$ECC\ category_{\chi}$ apportionment of total ECC jobs cost (Result from step 3)] <u>For each relevant class of work:</u> Total CoW_{χ} allocated cost = Sum of CoW_{χ} allocated cost for all ECC categories CoW_{χ} Survey cost = [Total Survey cost] * [Total CoW_{χ} allocated cost (Result from above)] / [Sum of Total allocated cost for all CoWs] CoW_{χ} total connection cost = [CoW_{χ} $CostType_{PAY}$ cost] + [CoW_{χ} $CostType_{STORES}$ cost] + [CoW_{χ} $CostType_{CONTRACT}$ cost] <u>For each CostType (Pay, Stores and Contract (Other)):</u> $CoW_{\chi}\ CostType_{\chi}$ Ratio = [CoW_{χ} $CostType_{\chi}$ cost (Result from above)] / [CoW_{χ} total connection cost(Result from above)]	$CoW_{LFD}\ ECC\ category_{Cabling}$ proportion = £500m / £1,800m $CoW_{LFD}\ ECC\ category_{Cabling}$ allocated cost = 0.27 * £400m Total CoW_{LFD} allocated cost = ∑ [[CoW_{LFD} allocated cost for all ECC categories] CoW_{LFD} Survey cost = £120m * £600m / £1,200m CoW_{LFD} total connection cost = £50m + £70m + £80m $CoW_{LFD}\ CostType_{PAY}$ Ratio = £50m / £250m	$CoW_{LFD}\ ECC\ category_{Cabling}$ proportion = 0.27 $CoW_{LFD}\ ECC\ category_{Cabling}$ allocated cost = £108m Total CoW_{LFD} allocated cost = £600m CoW_{LFD} Survey cost = £60m CoW_{LFD} total connection cost = £200 $CoW_{LFD}\ CostType_{PAY}$ Ratio = 0.2

		CoW_{χ} allocated $CostType_{\chi}$ costs = ([Total CoW_{χ} allocated cost] (Result from above) * [CoW $CostType_{\chi}$ Ratio] (Result from above)) + [CoW Survey cost (Result from above) {Survey cost is added to CostType Pay only}]	CoW_{LFD} allocated $CostType_{PAY}$ costs = £600m * 0.2 + £60m	CoW_{LFD} allocated $CostType_{PAY}$ costs = £180m
6	This step calculates the CY Capex balances for the market (LFD, LFDC and LFSC)	<u>For each relevant CoW and CostType combination:</u> CoW_{χ} ECCs Adjusted cost (Capex Additions) for $CostType_{\chi}$ = [CoW allocated costs for $CostType_{\chi}$ (Result from step 5)] * [Revenue Adjustment Ratio (Result from step 4)]	CoW_{LFDC} ECCs Adjusted cost (Capex Additions) for $CostType_{PAY}$ = £180m * 1.02	CoW_{LFDC} ECCs Adjusted cost (Capex Additions) for $CostType_{PAY}$ = £183.6m
7	This step calculates the NBV and CY Depreciation balances for the market. **Data is obtained from Historic Capex (GBV), Depreciation and MCE (NBV)**	<u>For each relevant class of work:</u> CY Fibre Capex Spine/Distribution Ratio CoW_{χ} = ([CoW_{χ} CY Capex] + [CoW_{χ} Capex from 16/17 to PY]) / ([Total CY Capex for Fibre Cable] + [Total Fibre Cable Capex from 16/17 to PY]) CoW_{χ} Capex up to 15/16 = [GBV up to 15/16] * [$CoW\chi$ weighting split (Result from step 1)] * [CY Fibre Capex Spine/Distribution Ratio CoW_{χ} (Result from above)] {Note: Spine/Distribution Ratio not used for LFD} CoW_{χ} NBV up to 15/16 = [CoW_{χ} NBV up to 15/16] * [$CoW\chi$ weighting split (Result from step 1)] * [Historic Fibre Capex Spine/Distribution Ratio CoW_{χ}] {Note: Spine/Distribution Ratio not used for LFD} CoW_{χ} In-Year Depreciation = ([CoW_{χ} CY Capex]/2 + [CoW_{χ} Capex from 16/17 to PY] + [CoW_{χ} Capex upto15/16] (Result from above)) / [CoW_{χ} Average Asset Life (years)] CoW_{χ} Total NBV = [CoW_{χ} NBV up to 15/16 (Result from above)] + [CoW_{χ} Capex from 16/17 to PY] – [CoW_{χ} Depreciation from 16/17 to PY] – [CoW_{χ} In-Year Depreciation (Result from above)]	CY Fibre Capex Spine/Distribution Ratio CoW_{LFDC} = (£89m + £80m) / (£100m + £90m) CoW_{LFDC} Capex upto15/16 = £500m * 0.42 * 0.89 CoW_{LFDC} NBV upto15/16 = £300m * 0.42 * 0.88 CoW_{LFDC} In-Year Depreciation = (£89 + £124.1m + £186.9m) / 40 years CoW_{LFDC} Total NBV = £110.88m + £124.1m – £18.98 – £10m	CY Fibre Capex Spine/Distribution Ratio CoW_{LFDC} = 0.89 CoW_{LFDC} Capex upto15/16 = £186.9m CoW_{LFDC} NBV upto15/16 = £110.88m CoW_{LFDC} In-Year Depreciation = £10m CoW_{LFDC} Total NBV = £206m
8	This step calculates the Closing and Opening Journals	<u>Removal of capitalisation in the Fixed Assets closing balance:</u> Debit: Capital & Funding = [$Market_{\chi}$ & $Category_{\chi}$ Closing GBV (Result from step 2)] Credit: FA GBV = [$Market_{\chi}$ & $Category_{\chi}$ Closing GBV (Result from step 2)] <u>Removal of capitalisation in the Fixed Assets opening balance:</u> Debit: Capital & Funding = [CoW_{χ} Total NBV (Result from step 7)] Credit: FA NBV = [CoW_{χ} Total NBV (Result from step 7)]	Amounts as per steps 2, 6 and 7.	Amounts as per steps 2, 6 and 7.

			Removal of current year depreciation: TISBO and Residual Debit: FA AD = [$Market_{\chi}$ & $Category_{\chi}$ In-Year Depreciation (Result from step 2)] Credit: Dep exp = [$Market_{\chi}$ & $Category_{\chi}$ In-Year Depreciation (Result from step 2)] CISBO Debit: FA NBV = [CoW_{χ} In-Year Depreciation (Result from step 7)] Credit: Dep exp = [CoW_{χ} In-Year Depreciation (Result from step 7)] Removal of current year capitalisation in the Fixed Assets and booking as current year cost: CISBO Debit: ECC Opex = [CoW_{χ} ECCs Adjusted cost (Capex Additions) for $CostType_{\chi}$ (Result from step 6)] Credit: FA NBV = [CoW_{χ} ECCs Adjusted cost (Capex Additions) for $CostType_{\chi}$ (Result from step 6)] Opening Journal **Balances are obtained from the Closing Journal from last year.**	Amounts as per last year.	Amounts as per last year.

Decapitalisation of Expedite Charges

Reference	Decapitalisation
Title	Decapitalisation of Expedite Assets (CFJ25)
Overview	This journal, impacting both the balance sheet and income statement, is an accounting adjustment to de-capitalise expedites that have been recognised as asset in line with IFRS and BT's accounting policies.
Description	**1. Source Costs and MCE:** This journal impacts the NWB and NWR class of work. **2. Cost and MCE Categories:** Decapitalisation: Non-Current Assets (Copper), and Accumulated depreciation (Copper). In-year addition of costs: Rest of BT OPEX - excl. Depreciation (Other).
	3. Summary Destination: PDTEPD; PG150B; and outside of the RFS.
	4. Methodology Taxonomy: Asset Metrics **5. Driver classification:** Gross Book Value (GBV), Asset Useful Life, Depreciation.
	6. Data Source Summary: Balance Sheet opening and closing from pre-allocation report relating to the base PDTEPD (expedites) (consisting of NWB and NWR CoWs).
Data Source	Asset metrics: GBV (General ledger); and Other Misc: Total Opex (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step first summarises the Opening and Closing NBV balances for the NWB and NWR classes of work and the related CCA adjustments. Then, it adds the	For each relevant CoW (NWB and NWR): Opening NBV = Sum of [Opening NBV for all GL codes within CoW]	Opening NBV = £200k +£500k + £300k	Opening NBV = £1,000k

	NBV and CCA adjustments to calculate the Opening and Closing NRC balances. **NBV data is obtained from the "Pre-Allocation report" and the CCA adjustments are obtained from the "CCA CP Output", both filtered for PDTEPD base (NWB/NWR CoWs).** *Relevant classes of work:* *NWB (Provision & Installation, Exchange lines (Business))* *NWR (Provision & Installation, Exchange lines (Residential)) Classes of Work.*	Opening CCA adjustments = Sum of [Opening CCA adjustments for all GL codes within CoW] Closing NBV = Sum of [Closing NBV for all GL codes within CoW] Closing CCA adjustments = Sum of [Closing CCA adjustments for all GL codes within CoW] Opening NRC = [Opening NBV (Result from above)] + [Opening CCA adjustments (Result from above)] Closing NRC = [Closing NBV (Result from above)] + [Closing CCA adjustments (Result from above)]	Opening CCA adjustments = £100k + £100k Closing NBV = £1,000k + £300k Closing CCA adjustments = £200k + £100k Opening NRC = £1,000k + £200k Closing NRC = £1,300k + £300k	Opening CCA adjustments = £200k Closing NBV = £1,300k Closing CCA adjustments = £300k Opening NRC = £1,200k Closing NRC = £1,600k
2	This step: Summarises the depreciation expense for the NWB and NWR classes of work. Calculates the additions during the year by adding depreciation expense to the NRC movements. Calculates the proportional balances for the Expedites Provision using the Expedites Proportion. **Proportion % is obtained from the calculations for PDTEPD (Expedite costs) step 11.**	For each relevant CoW (NWB and NWR): Depreciation expense = Sum of [depreciation expense for all GL codes within CoW] Additions = [Closing NRC (Result from step 1)] – [Opening NRC (Result from step 1)] + [Depreciation expense (Result from above)] Expedites Opening NRC = [Opening NRC (Result from step 1)] * [Expedites Provision Proportion] Expedites Deprecation expense = [Depreciation expense (Result from above)] * [Expedites Provision Proportion] Expedites Additions = [Additions (Result from above)] * [Expedites Provision Proportion]	Depreciation expense = £300k + £100k Additions = £1,600k - £1,200k + £400k Expedites Opening NRC = £1,200k * 2% Expedites Deprecation expense = £400k * 2% Expedites Additions = £800k * 2%	Depreciation expense = £400k Additions = £800k Expedites Opening NRC = £24k Expedites Deprecation expense = £8k Expedites Additions = £16k
3	This step calculates the Closing Journal as below: <u>Removal of capitalisation in the Fixed Assets opening balance:</u> **Debit**: Capital & Funding **Credit**: FA NBV <u>Removal of current year depreciation:</u>	<u>Removal of capitalisation in the Fixed Assets opening balance:</u> **Debit**: Capital & Funding = [Expedites Opening NRC (Result from step 2)] **Credit**: FA GBV = [Expedites Opening NRC (Result from step 2)] <u>Removal of current year depreciation:</u> **Debit**: FA GBV = [Expedites Depreciation expense (Result from step 2)] **Credit**: Depreciation expense = [Expedites Depreciation expense (Result from step 2)]	Amounts as per step 2.	Amounts as per step 2.

		Debit: FA NBV **Credit**: Depreciation expense <u>Removal of current year capitalisation in the Fixed Assets and booking as current year cost:</u> **Debit**: Expedites Opex **Credit**: FA GBV	<u>Removal of current year capitalisation in the Fixed Assets and booking as current year cost:</u> **Debit**: Expedites Opex = [Expedites Additions (Result from step 2)] **Credit**: FA GBV = [Expedites Additions (Result from step 2)]		
	4	This step calculates the Opening Journal. **Balances are obtained from the Closing Journal from last year.** Note: This is the same journal as in step 3.	Note: This is the same journal as in step 3.	Amounts as per last year.	Amounts as per last year.

BDUK CCA adjustments

Reference	BDUK CCA
Title	BDUK CCA Adjustments
Overview	This journal posts the BDUK associated Current Cost Accounting (CCA) adjustments (Gross Replacement Cost, Current Cost Accumulated Depreciation, Holding Gain/Loss, Supplementary Depreciation, and Other CCA Adjustment) split between Fibre to the Cabinet (FTTC) and Fibre to the Premises (FTTP) balances.
Description	**1. Source Costs and MCE:** This journal posts CCA adjustments for BDUK and adjustments are split between FTTC and FTTP. **2. Cost and MCE Categories:** Predominantly Copper and Duct: Non-Current Assets; Depreciation; Holding Gains (Duct); Supplementary Depreciation (Duct); and Other CCA Adjustments (Duct)
	3. Summary Destination: This journal attributes to PG999A (FTTC Fibre Funded Fibre Rollout Spend). A reversal is also made against GL Codes covering Openreach Non-Current Assets (predominantly Duct and Copper) and associated Depreciation costs.
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** CCA Indexation Values.
	6. Data Source Summary: Openreach provide data on BDUK spend. Some items are tagged as either FTTC or FTTP. For untagged items, a separate data source is used, which uses Total Homes Passed (THP) data in the UK to generate a split between FTTC and FTTP. The above gives us HCA (Historical Cost Accounting) values, which is the basis upon which CCA is calculated. CCA values are calculated by applying indexation on the HCA value. Indices are sourced from the Office of National Statistics website.
Data Source	Asset metrics: Asset useful life (BT Intranet); CCA indexation value (Office of National Statistics); and Network data: Capex Spend (Orbit).

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates the Historical Cost Accounting (HCA) Opening and Closing balances for Gross Book Value (GBV) and Accumulated Depreciation (AD). Current Year (CY) Depreciation is also calculated in this step. **GBV and Opening AD balances are obtained from the "Capex Reports" from each BU and Useful Asset Lives are obtained from "Book Lives" input.**	<u>HCA Opening Balances:</u> GBV Opening = Amount per Source Data (This is set to nil if the Asset Service Date has not started at the Current Financial Year (FY) Start Date) Accumulated Depreciation (AD) Opening = Prior Year (PY) Closing Accumulated Depreciation <u>HCA CY Depreciation:</u> Monthly Depreciation = Gross Book Value (GBV) / Useful Asset Life (UAL) in months	<u>HCA Opening Balances:</u> GBV Opening = £1,000 AD Opening = £200 <u>HCA CY Depreciation:</u> Monthly Depreciation = £1,000 / 100 months CY Depreciation = £10 * 12 months	<u>HCA Opening Balances:</u> GBV Opening = £1,000 AD Opening = £200 <u>HCA CY Depreciation:</u>

	This step is done separately for Openreach (OR), Northern Ireland (NI) and Technology using the same logic/methodology.	Current Year (CY) Depreciation = Monthly Depreciation * No. of months in use during CY HCA Closing Balances: GBV Closing = Amount per Source Data (This is set to nil if the Asset Service Date has not started at the Current Financial Year (FY) End Date) Accumulated Depreciation (AD) Closing = PY Closing AD + CY Depreciation	HCA Closing Balances: GBV Closing = £1,000 AD Closing = £200 + £120	Monthly Depreciation = £10 CY Depreciation = £120 HCA Closing Balances: GBV Closing = £1,000 AD Closing = £320
2	This step calculates the Current Cost Account (CCA) Opening and Closing balances for Gross Replacement Cost (GRC) and Current Cost Accumulated Depreciation (CCAD). **Price indices are sourced from the Office for National Statistics (ONS).** This step is separately done for Openreach (OR), Northern Ireland and Technology using the same logic/methodology. Note: Not all BDUK Assets are subject to Current Cost Accounting (CCA). In this case, the HCA values are used, and the indexation is not applied. For BDUK Assets which are subject to CCA, the driver which determines the price index is the Lead Class of Work. Please refer to the CCA Methodology for further information.	CCA Opening Balance Gross Replacement Cost (GRC) Opening = [GBV Opening (Result from step 1)] * [Index @ FY Start Date] / [Index @ 01/09/xx (xx = Year of Asset Registration)] Current Cost Accumulated Depreciation (CCAD) Opening = [AD Opening (Result from step 1)] * [Index @ FY Start Date] / [Index @ 01/09/xx (xx = Year of Asset Registration)] CCA Closing Balance Gross Replacement Cost (GRC) Closing = [GBV Closing (Result from step 1)] * Index @ [FY End Date] / [Index @ 01/09/xx (xx = Year of Asset Registration)] Current Cost Accumulated Depreciation (CCAD) Closing = [AD Closing (Result from step 1)] * [Index @ FY End Date] / [Index @ 01/09/xx (xx = Year of Asset Registration)]	CCA Opening Balance GRC Opening = £1,000 * 105 / 100 CCAD Opening = £200 * 105 / 100 CCA Closing Balance GRC Closing = £1,000 * 110 / 100 CCAD Closing = £320 * 110 / 100	CCA Opening Balance GRC Opening = £1,050 CCAD Opening = £210 CCA Closing Balance GRC Closing = £1,100 CCAD Closing = £352
3	This step calculates the allocated values for the Fibre to the Cabinet (FTTC) and the Fibre to the Premises (FTTP) based on Percentage Split. The FTTC & FTTP Split is obtained as below: OR and Technology: Some records are identified as either FTTC or FTTP from the Openreach Source Data. These records are treated as either 100% FTTC or 100% FTTP. For unidentified records, the Total Homes Passed (THP) data is used to generate the FTTC & FTTP Split. This is	For each FibreType (FTTC and FTTP): Opening GBV $FibreType_{\chi}$ Opening = [$FibreType_{\chi}$ %] * [GBV Opening (Result from step 1)] AD $FibreType_{\chi}$ Opening = [$FibreType_{\chi}$ %] * [AD Opening (Result from step 1)] GRC $FibreType_{\chi}$ Opening = [$FibreType_{\chi}$ %] * [GRC Opening (Result from step 2)] CCAD $FibreType_{\chi}$ Opening = [$FibreType_{\chi}$ %] * [CCAD Opening (Result from step 2)] Closing GBV $FibreType_{\chi}$ Closing = [$FibreType_{\chi}$ %] * [GBV Closing (Result from step 1)] AD $FibreType_{\chi}$ Closing = [$FibreType_{\chi}$ %] * [AD Closing (Result from step 1)] GRC $FibreType_{\chi}$ Closing = [$FibreType_{\chi}$ %] * [GRC Closing (Result from step 2)] CCAD $FibreType_{\chi}$ Closing = [$FibreType_{\chi}$ %] * [CCAD Closing (Result from step 2)]	GBV $FibreType_{(FTTC)}$ Opening = 75% * £1000 AD $FibreType_{(FTTC)}$ Opening = 75% * £200 GRC $FibreType_{(FTTC)}$ Opening = 75% * £1050 CCAD $FibreType_{(FTTC)}$ Opening = 75% * £210 GBV $FibreType_{(FTTC)}$ Closing = 75% * £1000	GBV $FibreType_{(FTTC)}$ Opening = £750 AD $FibreType_{(FTTC)}$ Opening = £150 GRC $FibreType_{(FTTC)}$ Opening = £787.50 CCAD $FibreType_{(FTTC)}$ Opening = £157.50

	applied to all unidentified records and is updated annually. NI: The FTTC & FTTP Split is identified using the Northern Ireland Source Data.		AD $FibreType_{(FTTC)}$ Closing = 75% * £320 GRC $FibreType_{(FTTC)}$ Closing = 75% * £1100 CCAD $FibreType_{(FTTC)}$ Closing = 75% * £352	GBV $FibreType_{(FTTC)}$ Closing = £750 AD $FibreType_{(FTTC)}$ Closing = £240 GRC $FibreType_{(FTTC)}$ Closing = £825 CCAD $FibreType_{(FTTC)}$ Closing = £264
4	This step calculates the Net Book Values (NBVs) and Net Replacement Costs (NRC).	For each FibreType (FTTC and FTTP): <u>Opening</u> NBV $FibreType_{\chi}$ Opening = [GBV $FibreType_{\chi}$ Opening (Result from step 3)] – [AD $FibreType_{\chi}$ Opening (Result from step 3)] NRC $FibreType_{\chi}$ Opening = [GRC $FibreType_{\chi}$ Opening (Result from step 3)] – [CCAD $FibreType_{\chi}$ Opening (Result from step 3)] <u>Closing</u> NBV $FibreType_{\chi}$ Closing = [GBV $FibreType_{\chi}$ Closing (Result from step 3)] – [AD $FibreType_{\chi}$ Closing (Result from step 3)] NRC $FibreType_{\chi}$ Closing = [GRC $FibreType_{\chi}$ Closing (Result from step 3)] – [CCAD $FibreType_{\chi}$ Closing (Result from step 3)]	NBV $FibreType_{(FTTC)}$ Opening = £750 - £150 NRC $FibreType_{(FTTC)}$ Opening = £787.50 - £157.50 NBV $FibreType_{(FTTC)}$ Closing = £750 - £240 NRC $FibreType_{(FTTC)}$ Closing = £825 - £264	NBV $FibreType_{(FTTC)}$ Opening = £600 NRC $FibreType_{(FTTC)}$ Opening = £630 NBV $FibreType_{(FTTC)}$ Closing = £510 NRC $FibreType_{(FTTC)}$ Closing = £561
5	This step calculates the CCA - Holding Gain/Loss, Supplementary Depreciation and Other CCA Adjustments.	For each FibreType (FTTC and FTTP): Total CCA Adjustments $FibreType_{\chi}$ = ([NRC $FibreType_{\chi}$ Opening (Result from step 4)] – [NRC $FibreType_{\chi}$ Closing (Result from step 4)]) – ([NBV $FibreType_{\chi}$ Opening (Result from step 4)] – [NBV $FibreType_{\chi}$ Closing (Result from step 4)]) Indexation % CY = ([Index @ FY End Date] – [Index @ FY Start Date]) / [Index @ FY Start Date] Holding Gains/Losses $FibreType_{\chi}$ = – (([GRC $FibreType_{\chi}$ Opening (Result from step 3)] * [Indexation % CY]) – ([CCAD $FibreType_{\chi}$ Opening (Result from step 3)] * [Indexation % CY]) + ([GBV $FibreType_{\chi}$ Closing (Result from step 3)] – [GBV $FibreType_{\chi}$ Opening (Result from step 3)]) * (√(1+ [Indexation % CY]) – 1)) Supplementary Depreciation $FibreType_{\chi}$ = ([AD $FibreType_{\chi}$ Closing (Result from step 3)] – [AD $FibreType_{\chi}$ Opening (Result from step 3)] * (([GRC $FibreType_{\chi}$	Total CCA Adjustments $FibreType_{(FTTC)}$= (£630 - £561) - (£600 - £510) Indexation % CY = (100 - 95) / 100 Holding Gains/Losses $FibreType_{(FTTC)}$= - ((£787.50 * 0.05) - (£157.50 * 0.05) + (£750 - £750) * (√(1+0.05) - 1))	Total CCA Adjustments $FibreType_{(FTTC)}$ = - £21 Indexation % CY = 0.05 Holding Gains/Losses $FibreType_{(FTTC)}$ = – £31.50

		Closing (Result from step 3)] + ([GRC FibreType$_{\chi}$ Opening (Result from step 3)]) / ([GBV FibreType$_{\chi}$ Closing (Result from step 3)] + [GBV FibreType$_{\chi}$ Opening (Result from step 3)])) – ([AD Closing FibreType$_{\chi}$ (Result from step 3)] – [AD Opening FibreType$_{\chi}$ (Result from step 3)]) Other CCA Adjustments FibreType$_{\chi}$ = [Total CCA Adjustments FibreType$_{\chi}$] – [Holding Gains/Losses FibreType$_{\chi}$] – [Supplementary Depreciation FibreType$_{\chi}$]	Supplementary Depreciation FibreType (FTTC)= (£240 - £150) * ((£825 + £787.50) / (£750 + £750)) - (£240 - £150) Other CCA Adjustments FibreType (FTTC)= -£21 - (-£31.50) - £6.75	Supplementary Depreciation FibreType (FTTC) = £6.75 Other CCA Adjustments FibreType (FTTC) = £3.75
6	This step first maps the GL+COWs combinations to Profit Centre (Journal entries require GL and Profit Centre information) and then calculates the elimination and FTTC/FTTP split journal entries. **Mapping is obtained from "Journal Mapping Tables" input.** *GL Codes Summary:* *GBV to GRC Adjustment* *AD to CCAD Adjustment* *Balance Sheet Movements* *Holding Gain/Loss* *Supplementary Depreciation* *Other CCA Adjustment*	**Opening Journal** Eliminations: Taken from prior year closing value (see below) Posting of FTTC/FTTP split - for each FibreType (FTTC and FTTP): Taken from prior year closing value (see below) **Closing Journal** Eliminations: **Credit:** GBV to GRC Adjustment = [GRC Opening (Result from step 2)] – [GBV Opening (Result from step 1)] **Debit:** AD to CCAD Adjustment = – ([CCAD Opening (Result from step 2)] – [AD Opening (Result from step 1)]) **Credit:** Balance Sheet movements = (Sum of [NRC FibreTypeχ Closing (Result from step 4)] – Sum of [NBV FibreTypeχ Closing (Result from step 4)]) – (Sum of [NRC FibreTypeχ Opening (Result from step 4)] – Sum of [NBV FibreTypeχ Opening (Result from step 4)]) (both FTTC and FTTP) **Debit:** Holding Gain/Loss = Sum of [Holding Gains/Losses FibreTypeχ (Result from step 5)] (both FTTC and FTTP) **Credit:** Supplementary Depreciation = Sum of [Supplementary Depreciation FibreTypeχ (Result from step 5)] (both FTTC and FTTP) **Debit:** Other CCA Adjustment = Sum of [Other CCA Adjustments FibreTypeχ (Result from step 5)] (both FTTC and FTTP) Posting of FTTC/FTTP split - for each FibreType (FTTC and FTTP): **Debit:** GBV to GRC Adjustment = [GRC FibreTypeχ Opening (Result from step 3)] – [GBV FibreTypeχ Opening (Result from step 3)] **Credit:** AD to CCAD Adjustment = – ([CCAD FibreTypeχ Opening (Result from step 3)] – [AD FibreTypeχ Opening (Result from step 3)]) **Debit:** Balance Sheet movements = (Sum of [NRC FibreTypeχ Closing (Result from step 4)] – Sum of [NBV FibreTypeχ Closing (Result from step 4)]) - (Sum of [NRC FibreTypeχ Opening (Result from step 4)] – Sum of [NBV FibreTypeχ Opening (Result from step 4)]) (both FTTC and FTTP) **Credit:** Holding Gain/Loss = [Holding Gains/Losses FibreTypeχ (Result from step 5)]	Numbers as calculated above	Numbers as calculated above

		Debit: Supplementary Depreciation = [Supplementary Depreciation FibreTypeχ (Result from step 5)] **Credit:** Other CCA Adjustment = [Other CCA Adjustments FibreTypeχ (Result from step 5)]		

BDUK HCA adjustment with FTTC and FTTP split

Reference	BDUK HCA			
Title	BDUK HCA Adjustments – Elimination of General Ledger (GL) balances and reposting with FTTC/FTTP split			
Overview	This journal eliminates the BDUK balances (Gross Book Values, Accumulated Depreciation and Current Year Depreciation) in the General Ledger, and then reposts them split between Fibre to the Cabinet (FTTC) and Fibre to the Premises (FTTP) balances.			
Description	**1. Source Costs and MCE:** This journal posts adjustments for BDUK CCA balances split between FTTC and FTTP. **2. Cost and MCE Categories:** Predominantly Non-Current Assets (Fibre, Duct) and Depreciation (Fibre, Duct)			
	3. Summary Destination: This journal attributes to PG999A (FTTC Fibre Funded Fibre Rollout Spend) and PG990A (FTTP Fibre Funded Fibre Rollout Spend). A reversal is also made against GL Codes covering Openreach Non-Current Assets (Fibre, Duct) and associated Depreciation costs.			
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** Asset Useful Life, Depreciation, CCA Indexation Values, Gross Book Value (GBV), and Gross Replacement Cost (GRC).			
	6. Data Source Summary: Openreach provide data on BDUK spend. Some items are tagged as either FTTC or FTTP. For untagged items, a separate data source is used, which uses Total Homes Passed (THP) data in the UK to generate a split between FTTC and FTTP.			
Data Source	Asset metrics: Asset useful life (BT Intranet); CCA indexation value (ONS); and Network data: Capex Spend (Orbit).			
Calculation Steps	**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1 This step calculates the Historical Cost Accounting (HCA) Opening and Closing balances for Gross Book Value (GBV) and Accumulated Depreciation (AD). Current Year (CY) Depreciation is also calculated in this step. **GBV balances and asset registration dates are obtained from the "Capex Reports" from each BU and Useful Asset Lives are obtained from "Book Lives" input.** This step is done separately for Openreach (OR), Northern Ireland (NI) and Technology using the same logic/methodology.	HCA Opening Balances: GBV Opening = Amount per Source Data (This is set to nil if the Asset Service Date has not started at the Current Financial Year (FY) Start Date) Accumulated Depreciation (AD) Opening = Prior Year (PY) Closing Accumulated Depreciation HCA CY Depreciation: Monthly Depreciation = Gross Book Value (GBV) / Useful Asset Life (UAL) in months Current Year (CY) Depreciation = Monthly Depreciation * No. of months in use during CY HCA Closing Balances:	HCA Opening Balances: GBV Opening = £1,000 AD Opening = £200 HCA CY Depreciation: Monthly Depreciation = £1,000 / 100 months CY Depreciation = £10 * 12 months HCA Closing Balances:	HCA Opening Balances: GBV Opening = £1,000 AD Opening = £200 HCA CY Depreciation: Monthly Depreciation = £10 CY Depreciation = £120 HCA Closing Balances: GBV Closing = £1,000

		GBV Closing = Amount per Source Data (This is set to nil if the Asset Service Date has not started at the Current Financial Year (FY) End Date) Accumulated Depreciation (AD) Closing = PY Closing AD + CY Depreciation	GBV Closing = £1,000 AD Closing = £200 + £120	AD Closing = £320
2	This step calculates the allocated values for the Fibre to the Cabinet (FTTC) and the Fibre to the Premises (FTTP) based on Percentage Split. The FTTC & FTTP Split is obtained as below: • OR and Technology: Some records are identified as either FTTC or FTTP from the Openreach Source Data. These records are treated as either 100% FTTC or 100% FTTP. For unidentified records, the Total Homes Passed (THP) data is used to generate the FTTC & FTTP Split. This is applied to all unidentified records and is updated annually. • NI: The FTTC & FTTP Split is identified using the Northern Ireland Source Data.	For each FibreType (FTTC and FTTP): GBV FibreType$_{\chi}$ Opening = [FibreType$_{\chi}$ %] * [GBV Opening (Result from step 1)] AD FibreType$_{\chi}$ Opening = [FibreType$_{\chi}$ %] * [AD Opening (Result from step 1)] CY Depreciation FibreType$_{\chi}$ = [FibreType$_{\chi}$ %] * [CY Depreciation (Result from step 1)] GBV FibreType$_{\chi}$ Closing = [FibreType$_{\chi}$ %] * [GBV Closing (Result from step 1)] AD FibreType$_{\chi}$ Closing = [FibreType$_{\chi}$ %] * [AD Closing (Result from step 1)]	GBV FibreType (FTTC) Opening = 75% * £1000 AD FibreType (FTTC) Opening = 75% * £200 CY Depreciation FibreType (FTTC) = 75% * £120 GBV FibreType (FTTC) Closing = 75% * £1000 AD FibreType (FTTC) Closing = 75% * £320	GBV FibreType (FTTC) Opening = £750 AD FibreType (FTTC) Opening = £150 CY Depreciation FibreType (FTTC) = £90 GBV FibreType (FTTC) Closing = £750 AD FibreType (FTTC) Closing = £240
3	This step first maps the COWs to GL+ Profit Centre combinations (Journal entries require GL and Profit Centre information) and then calculates the elimination and FTTC/FTTP split journal entries. **Mapping is obtained from "Journal Mapping Tables" input.** *GL Codes Summary:* *FA GBV* *Accumulated depreciation* *CY depreciation*	**Opening Journal** Eliminations: **Credit:** GBV Opening (taken from prior period closing) **Debit:** AD Opening (taken from prior period closing) Posting of FTTC/FTTP split - for each FibreType (FTTC and FTTP): **Debit:** GBV FibreType$_{\chi}$ Opening (taken from prior period closing) **Credit:** AD FibreType$_{\chi}$ Opening (taken from prior period closing) **Closing Journal** Eliminations: **Credit:** GBV Closing (Result from step 1) **Debit:** AD Closing (Result from step 1) **Credit:** CY Depreciation (Result from step 1)	Numbers as calculated above	Numbers as calculated above

			Posting of FTTC/FTTP split - for each FibreType (FTTC and FTTP): **Debit:** GBV FibreType$_{\chi}$ Closing (Result from step 2) **Credit:** AD FibreType$_{\chi}$ Closing (Result from step 2) **Debit:** CY FibreType$_{\chi}$ Depreciation (Result from step 2)		

Dark fibre inter-exchange component allocation

Reference	DFX Cl				
Title	Dark fibre inter-exchange component allocation (CFJ08)				
Overview	This journal is an adjustment for reallocating cost and MCE and impacts the balance sheet only. It moves costs from Openreach miscellaneous and Testing related costs to Dark Fibre Specific Patch Panel and Initial Testing Components.				
Description	**1. Source Costs and MCE:** Moving costs from Openreach miscellaneous and Testing related costs to Dark Fibre Specific Patch Panel and Initial Testing Components. **2. Cost and MCE Categories:** Openreach Opex (Other) and Non-Current Assets (Other)				
	3. Summary Destination: PG451A and PG452A				
	4. Methodology Taxonomy: Allocation **5. Driver classification:** Ethernet Revenues & Volumes (including Price)				
	6. Data Source Summary: Volume, price and revenue data for Dark Fibre Services. Estimated costs of patch panel and initial testing labour hours per Ofcom modelling				
Data Source	Openreach revenue, volumes and prices: ARC Other: Ofcom DFX cost model				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the following: Factored DFX Fixed Cost per Volume. **DFX Fixed Cost per Volume is obtained from the "Dark Fibre fixed cost rates and Journal mapping" input. DFX usage factor is obtained from the "DFX Prices" input by dividing the dual fibre prices by the single fibre prices.** Total DFX Cost. **Dark fibre volumes are obtained from PVORREV and adjusted for the period.** Closing Journal as below: **Debit**: Stores Issues - Misc - DFX **Credit**: Stores Issues - Misc **Debit**: Other Payments - TM - DFX **Credit**: Other Payments - TM ***Note: Following services are used:*** *Markets - IEC - BT Only, IEC- BT+1 & LLA - Area 3*	For each relevant service: Factored DFX Fixed Cost per Volume = [DFX Usage Factor] * [DFX Fixed Cost per Volume] Total DFX Cost = [DFX Volume] * [Factored DFX Fixed Cost per Volume (Result from above)] * [Period] / 12 For each relevant GL account: **Debit**: Stores Issues - Misc – DFX = Sum of [Total DFX Cost] for services SS500 and SS501 **Credit**: Stores Issues – MISC = Sum of [Total DFX Cost] for services SS500 and SS501 **Debit**: Other Payments - TM – DFX = Sum of [Total DFX Cost] for services SS502 and SS503 **Credit**: Other Payments – TM = Sum of [Total DFX Cost] for services SS502 and SS503	Factored DFX Fixed Cost per Volume = 2 x £80 Total DFX Cost = 100 x £160 x 12 / 12	Factored DFX Fixed Cost per Volume = £160 Total DFX Cost = £16,000

	Dark Fibre Patch Panels single fibre *Dark Fibre Patch Panels dual fibre* *Dark Fibre Initial Testing single fibre* *Dark Fibre Initial Testing dual fibre* *Dark Fibre Cessation Charges - External* *Dark Fibre Right When Tested - External*			

Reallocation of Telereal liability carrying value for IFRS16 adjustment

Reference	IFRS16 Telereal Lease			
Title	Reallocation of Telereal lease liability carrying value, for IFRS16 adjustment. (CFJ09)			
Overview	This journal is for the accounting adjustment to reverse the recognition of certain leases as Right-of-Use assets under IFRS 16. This impacts only the balance sheet. Following the adoption of IFRS 16, BT has started recognising certain arrangements, that were previously disclosed as operating lease commitments, as 'right-of-use (RoU) assets' within MCE in the statutory accounts from the year ended 31 March 2020. To avoid a significant increase in asset base which would have reduced comparability between the ROCE reported in the RFS and Ofcom's approach to setting prices, the IFRS16 treatment of the lease will be reversed from assets, current liabilities and non-current liabilities			
Description	**1. Source Costs and MCE:** This journal reverses out the IFRS16 treatment of the Telereal lease accounting across the assets, current liabilities, and non-current liabilities. **2. Cost and MCE Categories:** Non-current assets (Land and Buildings) and current liabilities.			
	3. Summary Destination: ACCOMMBS and outside of the RFS.			
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Gross Book Value (GBV).			
	6. Data Source Summary: Details of the Right of Use assets that existed prior to IFRS16, and new lease assets subsequent to the implementation of IFRS16.			
Data Source	Asset metrics: NBV (Horizon).			
Calculation Steps	**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1 This step calculates the Right of Use assets balance that was recognised as asset following the adoption of IFRS 16. RoU assets split is used to identify the current and non-current liability balance in relation to assets that were in existence prior to the IFRS 16 adoption (these mainly relate to Telereal landlord). **Data is obtained from the Telereal Lease Liability CL NCL input.** Adjustments are made to take away rent smoothing and impairment for previous onerous lease provision per IAS17. **Data is obtained from the "ROU Adjustments - Inputting impairment figures" input, static as per the initial journal position.** Closing Journal is calculated as below: **Debit**: Non-current lease liability (due over 1 year) **Debit**: Current lease liability (due within 1 year)	Closing Journal: **Debit**: Non-current lease liability (due over 1 year) = [Total Non-Current Liability Carrying Value for Telereal] – [Rent Smoothing] – [Impairment for previous onerous lease provision] **Debit**: Current lease liability (due within 1 year) = Total Current Lease Liability **Credit**: ROU Negative Asset - Land & Bldg = SUM ([Total Non-Current Liability Carrying Value for Telereal], [Rent Smoothing], [Impairment for previous onerous lease provision], [Total Current Liability Carry Value for Telereal])*-1 Opening Journal: **Debit**: Non-current lease liability (due over 1 year) = [RoU assets reversal adjustment from last year]	Closing Journal **Debit:** Non-current lease liability (due over 1 year) = £3bn - £500m - £250m **Debit:** Current lease liability (due within1 year) = £20m **Credit:** ROU Negative Asset - Land & Bldg = (£3bn - £500m - £250m+£20m) * -1	Closing Journal **Debit:** 2.25bn **Debit:** 0.02bn **Credit:** -2.27bn

		Credit: ROU Asset - Land & Bldg Opening Journal is calculated. This is same as the Closing Journal. **Balances are obtained from the PY Closing Journal from last year**.	**Debit**: Current lease liability (due within 1 year) = Total Current Lease Liability [reversal adjustment from last year] **Credit**: ROU Negative Asset - Land & Bldg [RoU assets reversal adjustment from last year]		

Reallocation of five year median cash position

Reference	Liquid Funds
Title	Reallocation of five year median cash position (CFJ11)
Overview	This journal is an allocation adjustment for cash at bank and impacts the balance sheet. The median cash position over five years is recognised on AG113, with the offset in Rest of BT Residual.
Description	**1. Source Costs and MCE:** The median cash position for the last 5 years is calculated, using the year end cash position from the annual report and accounts (ARA), and a journal is posted into the RFS. **2. Cost and MCE Categories:** Current assets (Cash at bank).
	3. Summary Destination: AG113 - Liquid funds and interests.
	4. Methodology Taxonomy: Other. **5. Driver classification:** Cash.
	6. Data Source Summary: This journal is calculated using data on cash from the Annual Reports.
Data Source	Other Misc: Management Accounts (Annual Reports).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates "Cash at bank and in hand" using current year data from the Annual Report.	Cash at bank and in $hand_{CY}$ = Total held with Banks in Sterling + Total held with Banks in other currencies + Cash in Hand	Cash at bank and in $hand_{CY}$ = £100 + £200 + £300	Cash at bank and in $hand_{CY}$ = £600
2	This step calculates "Total Cash Equivalents" for current year by summing the values of UK, US, European and other deposits.	Total Cash $Equivalents_{CY}$ = UK Deposits + US Deposits + European Deposits + Other Deposits	Total Cash $Equivalents_{CY}$ = £100 + £200 + £150 + £25	Total Cash $Equivalents_{CY}$ = £475
3	This step calculates "Liquid funds" for current year, derived from total cash and cash equivalents plus assets and investments minus loans falling due within one year.	Liquid $Funds_{CY}$ = Cash at bank and in $hand_{CY(Result\ from\ Step\ 1)}$ + Total cash $equivalentsd_{CY(Result\ from\ Step\ 2)}$ + Current Asset Investments + Loans and other borrowing (due within 1 year)	Liquid $Funds_{CY}$ = £600 + £475 + £200 - £150	Liquid $Funds_{CY}$ = £1,050
4	This step calculates the debit side of the journal, which is the median of Liquid Funds over the last five financial years, and is recognised against AG113.	Debit = MEDIAN (Liquid $Funds_{CY}$, Liquid $Funds_{CY-1}$, Liquid $Funds_{CY-2}$, Liquid $Funds_{CY-3}$, Liquid $Funds_{CY-4}$)	Debit = MEDIAN (£1,050, -£80, £1,600, £3,000, £3,800)	Debit = £1,600
5	This step calculates the credit, which is the reverse of step four, and is recognised in rest of BT residual.	Credit = -1 * Debit $_{(Result\ from\ step\ 4)}$	Credit = -1 * £1,600	Credit = -£1,600

Repayment works journals

Capital transfer to non-regulated services

Reference	RW Capital
Title	Repayment works - transfer to non-regulated services (capital) (CFJ16)
Overview	This journal calculates and transfers the Repayment Works capitalised cost from the General Accounts (Fixed Asset and Accumulated Depreciation) in the General Ledger to the Repayment Works Accounts. It impacts the Balance Sheet. This impacts the Fixed Assets summary type, as well as sectors relating to cables, copper, and duct.
Description	**1. Source Costs and MCE:** This journal transfers the Openreach Repayment Works cost that have been capitalised. Ofcom's RFR statement (12 July 2019) directed BT to remove all costs that have been capitalised in relation to repayment alterations and repayment damages, since the creation of Openreach. These costs are no longer attributed to regulated services. The main role of the Repayment Works unit is to ensure the integrity and protection of BT's network, where the highway infrastructure is required to be altered due to promoting authority works under an act of parliament and protecting the network from damage as a result of third party works. The relevant classes of works (CoW) for repayment works capitalised costs are: LDC, LDD, CJC, CJF. **2. Cost and MCE Categories:** Non-current assets - other
	3. Summary Destination: PG980R, PDTCJF, PDTLDC, PDTDUCT
	4. Methodology Taxonomy: Asset Metrics **5. Driver classification:** Gross Book Value (GBV), Asset Useful Life, Depreciation
	6. Data Source Summary: Annual capitalised repayment works by CoW and GBV data from ORBIT
Data Source	Gross Book Value (Orbit)

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the estimated amount of capitalised cost for repayment works for the years 2006/07, 2007/08 and 2008/09. Estimates amounts are based on the average capitalised cost for all years since 2009/10 excluding current year. **Data is obtained from the "GBV additions" for following classes of work (CoW):** **LDD (Construction, Local Distribution Duct)** **LDC (Construction, Local Distribution Cable)** **CJC (Construction, Junction Metallic Pair Cable)** **CJF (Construction, Junction Cable – Optical Fibre)**	For each relevant CoW: Capex for years since 2009/10 to date = [GBV additions balances for Repayment Works] Capex (estimated) balances for missing years (2006/07, 2007/08 and 2008/09) = Average of [Capex in all years with records, excluding the current year]	CoW (LDD) Repayment Works Capex Year (2019/20) = £400k CoW (LDD) Repayment Works Capex Year (2006/07) = £3,300k / 11 years	CoW (LDD) Repayment Works Capex Year (2019/20) = £400k CoW (LDD) Repayment Works Capex Year (2006/07) = £300k
2	This step summarised the GBV balances CoW and maps them to the GL accounts. Opening balances (i.e. excluding current year) and closing balances (i.e. including current year) are calculated. **Mapping is obtained from the "GL Details" input**. Journal amounts are calculated as Capex Opening and Closing balances and posted as below (to transfer capitalised cost from General Fixed Asset Account to Repayment Works Capex Account): **Debit**: Repayment works Capex GL accounts [separate for each CoW] with Profit Centre 52111 Openreach Support Functions	For each relevant CoW: Capex Opening Balances = Sum of [Capex for all years since 2006/07 excluding current year (Result from step 1)] Capex Closing Balances = Sum of [Capex for all years since 2006/07 including current year (Result from step 1)]	CoW (LDD) Repayment Works Capex Opening = £300k + …… + £400k CoW (LDD) Repayment Works Capex Closing = £300k + …… + £400k + £450k	CoW (LDD) Repayment Works Capex Opening = £4,200k CoW (LDD) Repayment Works

	Credit: Fixed Asset GL accounts [separate for each CoW] with Profit Centre 52111 Openreach Support Functions *Repayment works GL for CJC, CJF, LDC, LDD* *Fixed Assets GL for CJC, CJF, LDC, LDD*			Capex Closing = £4,650k
3	This step calculates the accumulated depreciation by multiplying GBV values for each year with the depreciation rates and number of years in use. Opening balances (i.e. excluding current year) and closing balances (i.e. including current year) are calculated. **Asset lives for each CoW are obtained from "Estimated useful asset life" data input**.	For each relevant CoW: Depreciation rate = 1 / [Asset Lives per policy] Opening Accumulated Depreciation (AD) for each year = [Capex balance for each year (Result from step 1)] * [Depreciation rate] * [Number of years since capitalised excluding current year] Closing Accumulated Depreciation (AD) for each year = [Capex balance for each year (Result from step 1)] * [Depreciation rate] * [Number of years since capitalised including current year]	CoW (LDD) Depreciation rate = 1 / 40 years CoW (LDD) Opening AD Year (2019/20) = £400k * 0.025 * 1 CoW (LDD) Closing AD Year (2019/20) = £400k * 0.025 * 2	CoW (LDD) Depreciation rate = 0.025 CoW (LDD) Opening AD Year (2019/20) = £10k CoW (LDD) Closing AD Year (2019/20) = £20k
4	This step maps the Accumulated Depreciation (AD) for each CoW to the GL accounts. **Mapping is obtained from the "GL Details" input** Journal amounts are calculated as AD Opening and Closing balances and posted as below (to transfer AD from General AD Account to Repayment Works AD Account): **Debit**: Fixed Asset Acc Dep GL accounts [separate for each CoW] with Profit Centre 52111 Openreach Support Functions **Credit**: Repayment works Acc Dep GL accounts [separate for each CoW] with Profit Centre 52111 Openreach Support Functions *Fixed Assets AD GL for CJC, CJF, LDC, LDD* *Repayment works AD GL for CJC, CJF, LDC, LDD*	For each relevant CoW: AD Opening Balances = Sum of [Opening AD for all years excluding current year (Result from step 3)] AD Closing Balances = Sum of [Closing AD for all years including current year (Result from step 3)]	CoW (LDD) AD Opening = £105k + ... + £10k CoW (LDD) AD Closing = £112.5k + ... + £20k + £11.25k	CoW (LDD) AD Opening = £780k CoW (LDD) AD Closing = £896.25k

Transfer of depreciation to non-regulated services

Reference	Repayment works - in year depreciation
Title	Transfer of in year depreciation to non-regulated services (CFJ17)
Overview	This journal calculates and transfers the Repayment Works current year depreciation expense from the General Depreciation Accounts in the General Ledger to the Repayment Works Accounts. It impacts the Profit & Loss. This impacts the Current Other summary type, as well as sectors relating to cables, copper, and duct.
Description	**1. Source Costs and MCE:** This journal captures the current year depreciation expense related to the Openreach Repayment Works cost that have been capitalised. Ofcom's RFR statement (12 July 2019) directed BT to remove all costs that have been capitalised in relation to repayment alterations and repayment damages, since the

creation of Openreach. These costs are no longer attributed to regulated services. The main role of the Repayment Works unit is to ensure the integrity and protection of BT's network, where the highway infrastructure is required to be altered due to promoting authority works under an act of parliament and protecting the network from damage as a result of third party works.

2. Cost and MCE Categories: Depreciation - Other

3. Summary Destination: PG980R, PDTCJF, PDTLDC, PDTDUCT

4. Methodology Taxonomy: Asset Metrics

5. Driver classification: Gross Book Value (GBV), Asset Useful Life, Depreciation

6. Data Source Summary: Annual capitalised repayment works by Class of Work and Gross Book Value data

Data Source: Gross Book Value (ORBIT)

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the estimated amount of capitalised cost for repayment works for the years 2006/07, 2007/08 and 2008/09. Estimates amounts are based on the average capitalised cost for all years since 2009/10 excluding current year. **Data is obtained from the "GBV additions" for following classes of work (CoW):** **LDD (Construction, Local Distribution Duct)** **LDC (Construction, Local Distribution Cable)** **CJC (Construction, Junction Metallic Pair Cable)** **CJF (Construction, Junction Cable – Optical Fibre)**	For each relevant CoW: Capex for years since 2009/10 to date = [GBV additions balances for Repayment Works] Capex (estimated) balances for missing years (2006/07, 2007/08 and 2008/09) = Average of [Capex in all years with records, excluding the current year]	CoW (LDD) Repayment Works Capex Year (2019/20) = £400k CoW (LDD) Repayment Works Capex Year (2006/07) = £3,300k / 11 years	CoW (LDD) Repayment Works Capex Year (2019/20) = £400k CoW (LDD) Repayment Works Capex Year (2006/07) = £300k
2	This step calculates the Current Year (CY) Depreciation by multiplying GBV values for each year with the depreciation rates. **Asset lives for each CoW are obtained from "Estimated useful asset life" data input**. This step then maps the CY Depreciation for each CoW to the GL accounts. **Mapping is obtained from the "GL Details" input** Journal amounts are calculated as CY Depreciation and posted as below (to transfer depreciation expense from General Depreciation Account to Repayment Works Depreciation Account): **Debit**: Repayment Works Depreciation GL accounts [separate for each CoW] with Profit Centre 52111 Openreach Support Functions **Credit**: Depreciation P&L GL accounts [separate for each CoW] with Profit Centre 52111 Openreach Support Functions	For each relevant CoW: Depreciation rate = 1 / [Asset Lives per policy] Current Year (CY) Depreciation for each year= [Capex balance for each year (Result from step 1)] * [Depreciation rate] CoW total CY Depreciation = Sum of [CY Depreciation for all years (Result from above)]	CoW (LDD) Depreciation rate = 1 / 40 years CoW (LDD) CY Depreciation Year (2019/20) = £400k * 0.025 CoW (LDD) total CY Depreciation = £7.5k + …… + £10k + £11.25k	CoW (LDD) Depreciation rate = 0.025 CoW (LDD) CY Depreciation Year (2019/20) = £10k CoW (LDD) total CY Depreciation = £116.25k

Poles HCA Journal

The purpose of the journal is to move historical balances to POLES CoW, currently this journal is still using the historical organisational references (OUCs) which is expected to change in FY25.

Reference	Poles HCA Journal
Title	Poles HCA Journal
Overview	This journal eliminates the Poles Net Book Value and Depreciation values from Classes of work LDC, LFDC and NWR. It then reposts this to a Poles Class of Work.
Description	**1. Source Costs and MCE:** A reversal is made against general ledger codes covering Openreach Non-Current Assets (Fibre) and associated Depreciation costs, across Classes of Work LDC, LFDC and NWR. **2. Cost and MCE Categories:** Non-Current Assets (Poles); Depreciation (Poles).
	3. Summary Destination: This journal attributes to PG200P (Poles Capex).
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** Net Book Value (NBV), Depreciation
	6. Data Source Summary: Openreach provide data on poles NBV and Depreciation within Classes of Work LDC, LFDC and NWR from the fixed asset register.
Data Source	Other

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Calculate adjustments to LFDC depreciation a. remove BDUK values b. subtract network adjustments Non-BDUK proportion of LFDC is calculated based on values from an Openreach analysis produced for the WFTMR For the network adjustments calculation: see PDTDUCT-Q	1a) Non-BDUK Depreciation Total LFDC depreciation * non-BDUK LFDC depreciation share 1b) Adjusted LFDC Depreciation Non-BDUK depreciation (from step 1a) - network adjustments depreciation	1a) Non-BDUK Depreciation £1.6m * 50% 1b) Adjusted LFDC Depreciation £0.8m - £0.2m	1a) Non-BDUK Depreciation £0.8m 1b) Adjusted LFDC Depreciation £0.6m
2	Calculate poles depreciation amount a. sum poles values from LFDC, LDC & NWR and direct to POLES class of work b. reverse poles depreciation amounts from LFDC, LDC & NWR classes of work	2a) POLES depreciation to Journal Adjusted LFDC poles depreciation (from step 1) + LDC poles depreciation + NWR poles depreciation 2b) Reversal of Poles Depreciation in Cabling Classes of Work - LFDC poles depreciation - LDC poles depreciation - NWR poles depreciation	2a) POLES depreciation to Journal £0.6m + £4.3m +£0.1m 2b) Reversal of Poles Depreciation in Cabling Classes of Work -£0.6m -£4.3m -£0.1m	2a) POLES depreciation to Journal £5m 2b) Reversal of Poles Depreciation in Cabling Classes of Work (£0.6m) (£4.3m) (£0.1m)
3	Calculate adjustments to LFDC NBV a. remove BDUK values b. subtract network adjustments Non-BDUK proportion of LFDC is calculated based on values	3a) Non-BDUK NBV Total LFDC NBV * non-BDUK LFDC NBV share 3b) Adjusted LFDC NBV Non-BDUK NBV (from step 3a) - network adjustments NBV	3a) Non-BDUK NBV £60m * 55% 3b) Adjusted LFDC NBV £33m - £8m	3a) Non-BDUK NBV £33m 3b) Adjusted LFDC NBV

	from an Openreach analysis produced for the WFTMR For the network adjustments calculation: see PDTDUCT-Q			£25m
4	Calculate poles NBV amount a. sum poles values from LFDC, LDC & NWR and direct to POLES class of work b. reverse poles depreciation amounts from LFDC, LDC & NWR classes of work	4a) POLES NBV to Journal Adjusted LFDC poles NBV (from step 3) + LDC poles depreciation + NWR poles depreciation 4b) Reversal of Poles NBV in Cabling Classes of Work - LFDC poles depreciation - LDC poles depreciation - NWR poles depreciation	4a) POLES NBV to Journal £25m + £150m + £5m 4b) Reversal of Poles NBV in Cabling Classes of Work -£25m -£150m -£5m	4a) POLES NBV to Journal £180m 4b) Reversal of Poles NBV in Cabling Classes of Work (£25m) (£150m) (£5m)
5	Allocation of Poles NBV to Finance Type B (this is the "Pay" attribute). This attribute is a driver for pay related activity groups AG401 (OR Pay Driver). Given that the journal data does not give us a proportion of Pay and Non-Pay related Capex, we have leveraged the percentage allocation that went through the old bases for PG200P (Poles Capex). The Finance Type B amounts will go to profit centres *FND Other* and *Service Non-Geo* in equal amounts.	5a) Total Pay Allocation Sum of finance type B within poles capex / sum of all finance types within poles capex 5b) Profit Centre Pay Allocation Total pay allocation (from step 5a) / 2	5a) Calculation of Pay Allocation £6m / £150m 5b) Profit Centre Pay Allocation 4% / 2	5a) Calculation of Pay Allocation 4% 5b) Profit Centre Pay Allocation 2%
6	Allocation of Poles NBV to profit centres: Openreach Support Functions FND Other SID Other Service Non-Geo Openreach Centre These profit centres are drivers for AG407 (OR Ops Pay Driver). The journal data does not give us profit centre level detail. To overcome this we have leveraged the percentage allocation of OUCs to the old bases for PG200P (Poles Capex) and mapped this to profit centre.	6a) Non-pay NBV for Pay Related Profit Centres (OUC allocation - profit centre pay allocation (from step 5b)) * POLES NBV to Journal (from step 4a) 6b) Pay NBV for Pay Related Profit Centres profit centre pay allocation (from step 5b) * POLES NBV to Journal (from step 4a) 6c) NBV for Non-pay Related Profit Centres OUC allocation * POLES NBV to Journal (from step 4a)	6a) Non-pay NBV for Pay Related Profit Centres (32% - 2%) * £180m 6b) Pay NBV for Pay Related Profit Centres 2% * £180m 6c) NBV for Non-pay Related Profit Centres 50% * £180m	6a) Non-pay NBV for Pay Related Profit Centres £54m 6b) Pay NBV for Pay Related Profit Centres £3.6m 6c) NBV for Non-pay Related Profit Centres £90m
7	Remaining NBV Allocation The allocation of NBV to profit centres in step 6 does not total 100%. The remainder of the NBV is allocated to the CF Openreach profit centre.	7) NBV to CF Openreach POLES NBV to Journal (from step 4a) - Non-pay NBV for Pay Related Profit Centres (from step 6a) - Pay NBV for Pay Related Profit Centres (from step 6b) - NBV for Non-pay Related Profit Centres (from step 6c)	7) NBV to CF Openreach £180m - £54m - £3.6m - £90m	7) NBV to CF Openreach £32.4m
8	Opening and Closing Journals	**Closing** Eliminations - Reversal from CoWs LDC, LFDC and NWR. Profit Centre: CF Openreach	**Closing**	Numbers as calculated

	Closing values are combined from previous steps Opening values are taken from the prior year journal	Credit: Total NBV Closing (Step 4b) Credit: Total Depreciation Closing (Step 2b) Posting to Poles CoW. Various Profit Centres Debit: Closing NBV Profit Centreχ (Steps 6 & 7) Debit: Total Depreciation Closing (Step 2a) **Opening** Eliminations - Reversal from CoWs LDC, LFDC and NWR. Profit Centre: CF Openreach Credit: Total NBV Opening (prior year journal) Posting to Poles CoW. Various Profit Centres Debit: Opening NBV Profit Centreχ (prior year journal)	Eliminations - Reversal from CoWs LDC, LFDC and NWR. Profit Centre: CF Openreach Credit: LFDC £25m Credit: LDC £150m Credit: NWR £5m Credit: LFDC £0.6m Credit: LDC £4.3m Credit: NWR £0.1m Posting to Poles CoW. Various Profit Centres Debit: FND Other (non-pay) £27m Debit: Service Non-Geo (non-pay) £27m Debit: FND Other (pay) £1.8m Debit: Service Non-Geo (pay) £1.8m Debit: Openreach Support Functions £30m Debit: SID Other £30m Debit: Openreach Centre £30m Debit: CF Openreach £32.4m Debit: CF Openreach £5m **Opening** (as per prior year closing)	

Openreach overhead journal

Reference	Openreach overhead journal
Title	Openreach overhead journal
Overview	This journal moves specific Openreach Service Centre Pay costs from AG407 to relevant Overhead Bases (OV-OR and OV-PS).
Description	**1. Source Costs and MCE:** Service Centre pay costs **2. Cost and MCE Categories:** Openreach Pay Costs
	3. Summary Destination: Credit AG407; Debit OV-OR & OR-PS
	4. Methodology Taxonomy: Accounting Journal **5. Driver classification:** Other Misc
	6. Data Source Summary: General Ledger

Data Sources	Openreach TB with Source GL, GL Codes mapping and Cost centre hierarchies					
Calculation steps	Calculation step	Alteryx container reference	Summary	Calculation	Worked example	Example results
	1	234.3.2	Filter on the relevant profit centres and cost centres to obtain the journal values between the different Overhead Bases. Post the reversal value as the credit.	Debit OV-PS = summarise on group description Credit AG407 = OV-PS *-1	Debit OV-PS = £100 Credit AG407 = (£100) *-1	Debit OV-PS = £100 Credit AG407 = -£100

Openreach Revenue (Internal to External transfer)

Reference	Openreach Revenue
Title	Openreach Revenue (Internal to External Transfer)
Overview	This journal is to transfer GL revenue from an internal product (P008) to an external Openreach product (P470) to match the calculated revenue from the Revenue Methodologies within the RFS. It impacts Intra - External Income within Openreach. Total Openreach revenue is reconciled to the Annual Report, however RFS methodologies cause differences between the split of Internal/External Openreach revenue within the RFS which therefore require this journal.
Description	**1. Source Costs and MCE:** Openreach Revenue - the difference between the External Revenue per GLs and the External Revenue calculated within the RFS using the AMD Revenue Methodologies **2. Cost and MCE Categories:** n/a - Revenue journal
	3. Summary Destination: Openreach External Revenue; Openreach Internal Revenue
	4. Methodology Taxonomy: Revenue **5. Driver classification:** Revenue
	6. Data Source Summary: Openreach Revenue calculated via PVORREV and CostPerform Revenue reports.
Data Source	CostPerform, PreAllocation Report, RFS

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Calculate the journal value which accounts for the difference in revenue between Openreach PxV calculation and Openreach Revenue within CostPerform. If the PxV revenue is higher than CostPerform then revenue is moved from P008 to P470 and vice versa.	Total Openreach Revenue per CP - Revenue per calculated via PxV	5,000,000 - 4,750,000	250,000

5.2 Attribution bases

Bases using asset metrics methodologies
The following apportionment bases are categorised as Asset metrics methodologies. An explanation of asset metrics methodology drivers is set out within section 4.7 “Methodology categories” of Part one of this AMD.

CUMNORM-W

Reference	CUMNORM-W
Title	BT’s Cumulo Rates Costs
Overview	CUMNORM apportions BT's Cumulo rates liability to Openreach and non-Openreach PGs. Cumulo is apportioned between the Openreach and non-Openreach PGs based on the MCE of the relevant rateable assets.
Description	**1. Source Costs and MCE:** This base apportions the costs related to BT Cumulo rates. The Cumulo rates are non-domestic rates (e.g. property tax) BT pays on rateable network assets in the UK. These include exchange buildings, poles, duct, manholes, cabinets, payphones, copper and fibre. Under rating principles these are assessed together, hence the term “Cumulo”. Other parts of BT’s property estate - e.g. offices and workshops - are assessed separately and do not form part of BT’s Cumulo assessment. **2. Cost and MCE Categories:** Property Energy Costs (Cumulo).
	3. Summary Destination: This base apportions predominantly to PG943A (Cumulo OR), as well as to PG942A (Cumulo BTW).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Mean Capital Employed (MCE)
	6. Data Source Summary: The total cumulo charge apportionment is based on MCE from rateable CoWs.
Data Sources	Asset Metrics: Mean Capital Employed (CostPerform), WACC; Revenue and Volumes: Openreach revenue & volumes; and Other Miscellaneous: Cumulo service tagging (Cost Perform), Cumulo charged (CID).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the % split of cost of MCE for BTW and OR	BTW % split = BTW Weighted Return / Total MCE OR % split = OR Weighted Return / Total MCE	BTW % split = £100k / £1400k OR% split =£1300k / £1400k	Non NGA BTW % split = 7% Non NGA OR% split = 93%

PDTDUCT-Q

Reference	PDTDUCT-Q
Title	Duct
Overview	PDTDUCT-Q apportions all costs relating to the Duct asset. Those elements relating to network adjustments are separately identified, and the remainder is allocated to PG101D and PG102D.
Description	**1. Source Costs and MCE:** This base apportions costs relating to the duct asset. It covers all duct (core access and shared) within the BT network. **2. Cost and MCE Categories:** Non-Current Assets (Duct), Depreciation (Duct), Other Operating Costs, and Supplementary Depreciation.
	3. Summary Destination: This base apportions predominantly to PG101D (Duct Infrastructure (Pre March 2018)) and PG102D (Duct Infrastructure (Post March 2018)), as well as PG300N (Duct Network Adjustments Internal) and PG303N (Duct Network Adjustments External).

	4. Methodology Taxonomy: Asset Metrics **5. Driver classification:** Net Replacement Cost (NRC)				
	6. Data Source Summary: This base allocates Duct Asset costs using data from network adjustment costs, local distribution ducts and gross replacement costs				
Data Sources	Asset Metrics: Gross Replacement cost, Mean capital employed, Network adjustment costs and CCA indexation values.				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the internal and external duct network adjustments relating to all classes of work.	Part A: Internal Network Adj Cost GRC closing = Internal Network Adj Cost GBV opening * Indexation Part B: Internal Annual Depreciation Inc CCA = Internal Network Adj Cost GRC / Asset Life / 2 Part C: Int. NA NBV = Internal Network Adj Cost GRC - Internal Annual Depreciation exc CCA **Repeat for external**	Part A = £1.9m * 1.053 Part B = £4m / 40 Part C = £2m - £0.1m **Repeat for external** Part C (External) = £1m	Part A = £2m Part B = £0.1m Part C = £1.9m **Repeat for external** Part C (External) = £1m
	2	This step calculates the Net Replacement Cost (NRC) for duct network adjustments for each CoW both Internal and External.	For each relevant CoW (both Internal and External): NRCx = Network Adj Cost GRC (Result from step 1 part A) - Annual Depreciation Inc CCA (Result from step 1 part C)	NRC_1 = £1.60m - £0.094m NRC_2 = £0.24m - £0.01m	NRC_1 = £1.50m NRC_2 = £23m
	3	This step calculates the total NRC for the internal and external duct network adjustments by adding together NRC Below the financial limit for each CoW.	**Total NRC** = Total $NRC_{(Internal)}$ + Total $NRC_{(External)}$	**Total NRC** = £9m + £3m	**Total NRC** = £12m
	4	This step calculates the NRC % to be allocated To PDTDUCT (PG101D), by dividing the Total NRC of network adjustments by the total duct NRCs.	NRC % Allocation = **Total NRC** (Result from step 3) / Total NRCs allocated to PDTDUCT	NRC % Allocation = £12m / £250m	NRC % Allocation = 4.8%
	5	This step calculates the % allocation to PG300N, PG303N and joins total allocation to PG101D (from step 4). PG300N and PG303N are calculated by multiplying the NRC % split across Internal (PG300N) and External (PG303N) by the NRC % Allocation (from step 6).	$NRC_{(Internal)}$% = Total $NRC_{(Internal)}$ / Total $NRC_{(Result from step 3)}$ $NRC_{(External)}$% = Total $NRC_{(External)}$ / Total $NRC_{(Result from step 3)}$ PG300N = $NRC_{(Internal)}$% * NRC % Allocation (calculated from step 4). PG303N = $NRC_{(External)}$% * NRC % Allocation (calculated from step 4). PG101D = 100% - NRC % Allocation (calculated from step 4)	PG300N = 75% * 4.8% PG303N = 25% * 4.8% PG101D + PG102D = 100% - 4.8%	PG300N = 3.6% PG303N = 1.2% PG101D + PG102D = 95.2%
	6	This step calculates the % allocation to PG101D and PG102D. This is calculated as the total amount left unallocated after the allocations to PG300D and PG303D in step 5 multiplied by either the pre or post March 2018 duct split percentage.	PG101D = PG101D + PG102D)(Result from step 5) * Pre March 18 Duct split percentage PG102D = PG101D + PG102D)(Result from step 5) * Post March 18 Duct split percentage	PG101D = (100% - 3.6%) * 0.7 PG102D = (100% - 1.2%) *0.3	PG101D = 67.5% PG102D = 29.6%

PDTDUCT1-Q

Reference	PDTDUCT1-Q
Title	Duct BDUK Reversal
Overview	PDTDUCT1-Q apportions costs and MCE relating to the BDUK Duct asset.
Description	**1. Source Costs and MCE:** This base apportions costs and MCE relating to the BDUK duct asset. It covers all duct (core access and shared) within the BT network. **2. Cost and MCE Categories:** Depreciation (Duct); Holding Gains and Losses; Other CCA Adjustments, Supplementary depreciation; and Non-current assets (Duct).
	3. Summary Destination: This base apportions to PG101D (Duct Infrastructure (Pre March 2018)) and PG102D (Duct Infrastructure (Post March 2018)).
	4. Methodology Taxonomy: Asset Metrics **5. Driver classification:** Net Replacement Cost (NRC)
	6. Data Source Summary: This base allocates Duct Asset costs using data from the fixed asset register
Data Sources	Asset Metrics: Asset Metrics: Gross Replacement cost, Mean capital employed and CCA indexation values.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step allocates the % split between PG101D (pre March 2018 Duct) and PG102D (post March 2018 Duct).	PG101D = Pre March 2018 Duct split percentage PG102D = Post March 2018 Duct split percentage	PG101D = 0.7 PG102D = 0.3	PG101D = 70% PG102D = 30%

PDTEPD-B

Reference	PDTEPD-B
Title	Expedites
Overview	PDTEPD-B apportions the derived Expedite provision costs from NWB and NWR classes of work to PGs. The GRC value for each CoW is used to determine the percentage allocation.
Description	**1. Source Costs and MCE:** This base apportions the depreciation costs from the derived Expedite Provision Costs and assets from NWB (Provision & Installation, Exchange lines (Business)) and NWR (Provision & Installation, Exchange lines (Residential)) classes of work to PGs. **2. Cost and MCE Categories:** Depreciation (Copper); Holding Gain & Losses; Other CCA Adjustments; Supplementary Depreciation; and Non-current assets (Copper).
	3. Summary Destination: This base apportions to PG149A (Analogue Line Final Drop)
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Gross Replacement Cost (GRC).
	6. Data Source Summary: The base allocates based on proportion of Gross Replacement Costs (GRC) Asset values, engineer task time, AVC hours and expedite volumes.
Data Sources	Asset metrics: Gross replacement cost (ARC, Fixed Asset Register), CCA Indexation values; Labour: Labour costs: Man-hours & labour costs (Drag); Revenue & volumes: Openreach revenue & volumes; and Other miscellaneous: Wayleaves payment.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the total abortive visits (AV) repair costs. The AV labour cost per hour is calculated and used to	Part A: Labour Cost per hour = (Manhour Rate (Band B) * Proportion (Band B)) + (Manhour Rate (Band C) * Proportion (Band C)) Part B: Total AVC Minutes for AVC CoWs / 60	Part A: Labour cost per hour = (37.54 * 0.95) + (48.39 * 0.05) Part B: Total AVC hours: 9.4m / 60 = 156k hours	Part A: Labour cost per hour = £38.13 Part B: Total AVC hours = 156k hours

		determine the total cost of repairs.	Part C: Total cost of AV repairs = (Labour cost per hour (Result from Part A) * Hours (Result from Part B))	Part C: Total cost of AV repairs = (£35 * 156k)	Part C = Total cost of AV repairs = £5.95m
	2	This step calculates the total cost of abortive visits (AV) provision and repair for Expedites, taking into consideration the labour cost per hour and the total number of hours. Values for this calculation are obtained from Expedite raw volumes and task time hours	Part A: CY cost of Expedites = Expedite Hours * Labour cost per hour (Result from step 1, Part A) Part B: Identifies all Provision and Repair volumes and man hour rates from inputs	Part A: CY cost of Expedites = 19.7k * £38.13	Part A: CY cost of Expedites = £750k
	3	This step identifies total indexed costs for Repair and Provision, Poles and NWB/NWR. This step calculates for historic years only the following: Provision & Repair Indexed Costs Provision AVC Only Costs Repair AVC Indexed Costs Repair AVC Costs PY Provision & Repair Indexed Costs Provision AVC Only Costs Repair AVC Indexed Costs Repair AVC Costs ***Values are obtained from RPI Index on the Office of National Statistics***	Part A: Total AV Repair & Provision costs (from Step 2, Part B) Part B: Sum of Poles GRC (from Poles Investment Input) Part C: NWB and NWR GRC Additions (from GRC value input) Part D: CY Provision & Repair Indexed Costs (£k) = Provision & Repair Costs (calculation from step 2, Part B) * Indexation (from input) Part E: CY Provision AVC Only Costs (£k) = Provision & Repair Costs (calculation from step 2, Part B) * Indexation (from input) Part F: CY Repair AVC Indexed Costs (£k) = Provision & Repair Indexed Costs (result from Part D) - Provision AVC Only Costs (result from Part E) Part G: % of Provision AVC Only / provision plus Repair Part H: PY Provision & Repair Indexed Costs (£k) = Provision & Repair Costs (from input) * Indexation (from input) Part I: PY Provision AVC Only Costs (£k) = Provision & Repair Costs (calculation from step 2, Part B) *AVC % (Step G) Part J: PY Repair AVC Indexed Costs (£k) = Provision & Repair Indexed Costs (result from Part D) - Provision AVC Only Costs (result from Part E) Part K: % of Provision AVC Only / provision plus Repair	Part A: Total cost of AV = [volumes] x manhour £ (263k x £38.13) Part B: Total cost of Poles GRC Part C: Total cost of NWB / NWR Part D: CY Provision & Repair Indexed Costs = £10k * 1.06 Part E: CY Provision AVC Only Costs = £12k * 0.87 Part F: CY Repair AVC Indexed Costs = £10.6k - £10.4k Part G: Provision AVC Only / provision plus Repair = £10.4k / £10.6m Part H: PY Provision & Repair Indexed Costs = £10k * 1.06 Part I: PY Provision AVC Only Costs = £12k * 0.87 Part J: PY Repair AVC Indexed Costs = £10.6k - £10.4k Part K: Provision AVC Only /	Part A: Total cost of AV = £1m Part B: Total cost of Poles GRC = £0m Part C: Total cost of NWB / NWR = £1m / £1.3m Part D: CY Provision & Repair Indexed Costs = £10.6k Part E: CY Provision AVC Only Costs = £10.4k Part F: CY Repair AVC Indexed Costs = £2k Part G: % = 43% Part H: PY Provision & Repair Indexed Costs = £10.6k Part I: PY Provision AVC Only Costs = £10.4k Part J: PY Repair AVC Indexed Costs = £2k Part K: % = 43%

			Part L: Total Additions = NWB Additions In Yr. Total + NWR Additions In Yr. Total	provision plus Repair = £10.4k / £10.6m Part L: Total Additions = £2b + £0.9b	Part L: Total Additions = £2.93b
	4	This step calculates the total cost for Expedite before consolidating with previous calculations	Part A: Total CY Cost of Expedite (from Step 2, Part A) Part B: calculate total PY Expedite = hours (JV input) * Manhour Rate (AVC Input) Part C: Filter on CY only	Part A: Total CY cost of Expedites Part B: Total AVC Cost = sum of all PY (Labour * Manhour) Part C: CY	Part A: Total CY cost of Expedites = £750k Part B: Total AVC Cost (all PY) = £31.1m
	5	This step calculates AVC proportions from Total Additions	Calculate AVC proportions = Total Value / Total Additions (from Step 3, Part H) = AVC Proportions, where: Part A: Total CY and PY Value Expedite (from Step 2, Part A) Part B: Total Value Poles GRC (from Step 3, Part B) Part C: Total Value Provision AVC (from Step 3, Part E) Part D: Total Additions: (from Step 3, Part H) Part E: AVC Proportions calculated as value/total additions	Part A: Total CY and PY cost of Expedites (Step 2, Part A) Part B: Total cost of Poles GRC (Step 3, Part B) Part C: Provision AVC Only Costs Part D: Total Additions Part E: AVC Proportions (Step 5, Part C) / Total Additions (Step 5, Part D) *100 = £71.7m / £2.93bn * 100	Part A: Total PY cost of Expedites = £31.9m Part B: Total cost of Poles GRC = £0m Part C: AVC Proportion Provision = £71.7m Part D: Total Additions = £2.93b Part E: AVC Proportions (only) = 96.4%
	6	This step rounds the allocations and formally applies to Plant Groups	Part A: Exclude Expedite. AVC Proportion / Sum of AVC Proportions. Assigns rounding percentage to largest allocation. Part B: Assigns Plant Group to cost type: Total Additions = PG149A Poles_GRC = PG200P	Part A: AVC Proportion (Step 5, Part E) / Sum of all AVC Proportions Part B: Total Rounding = 100 - Sum Allocation (inc. Step 5, Part E) Total Additions = 98.8% + 1.2% Poles_GRC = 0%	Part A: 96.4% / 97.5% = 98.8% Part B: 100% - 98.8% = 1.2% PG149A = 100% PG200P = 0%

PDTGFA-Q

Reference	PDTGFA-Q
Title	Grant Funded Assets
Overview	PDTGFA-Q apportions MCE relating to grant funded assets based on the proportion of the MCE that relates to duct and pole assets.
Description	**1. Source Costs and MCE:** This base apportions funding MCE relating to the CoW Grant Funded Assets (GFA) for Openreach. **2. Cost and MCE Categories:** Non Current Funded Assets and Depreciation (Funded Assets).
	3. Summary Destination: This base apportions predominantly to PG998A (Fibre Rollout Funding), ~~and~~ PG101D (Duct Infrastructure (Pre March 2018)), PG102D (Duct Infrastructure (Post March 2018)), as well as to PG200P (Poles Capex).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Gross book value.

	6. Data Source Summary: Data relating to BDUK, network adjustments, COW and depreciation are used in the allocation of this base.				
Data Sources	Asset Metrics: Network Adjustment costs, Depreciation (Cost Perform), Gross book value (Network Instruction Management System (NIMS), ARTISAN (Pole volumes) and Analysis), Gross book cost (Network Instruction Management System (NIMS), ARTISAN (Pole volumes) and Analysis) and CCA indexation values.				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates Total BDUK Gross Book Value for CoW's CJD, LDD and LFD. Values are obtained from BDUK GBV Data. The only values required belong to Profit Centre 52130 Openreach Support Functions, which is FTTC, therefore it does not consider FTTP.	BDUK GBV FTTC for CJD/LDD/LFD (Including Planning Cost) = BDUK GBV for CJD/LDD/LFD * FTTC%	BDUK GBV for CJD = £300k * 50%	BDUK GBV for CJD = £150k
	2	This step sums the BDUK GBV (Results from Step 1) to calculate total GBV for PG101D (Duct Infrastructure). ***These values come from BDUK Funding GBV***	Closing duct GBV = sum of closing GBV for CJD, LDD and LFD (Results from Step 1) (Profit Centre=52130 Openreach Support Functions)	Closing duct GBV = £150k + £300k + £250k	GBV for PG101D = £700k
	3	This step calculates the total GBV for FTTC + total GBV for FTTP (we use the total BDUK Assets amount as a proxy for PG998A (BDUK Funding))	Total BDUK GBV for FTTC/FTTP assets	Closing GBV for PG998A= £1500k + £1000k	Closing GBV for BDUK Assets = £2.5m
	4	This step calculates the total LFDC/LFSC BDUK GRC (PG200P). ***Values are obtained from the Poles Investment data.***	Total GRC for LFDC BDUK = £10k Total GRC for LFSC BDUK = £5k	Total GRC for LFDC BDUK = £10k Total GRC for LFSC BDUK = £5k	Total GRC for LFDC/LFSC BDUK = £15k
	5	This step calculates GBV for PG998A	GBV for PG998A = Total closing BDUK GBV (Result from Step 3) - Sum of LFDC & LFSC Poles GRC (Result from Step 4) - Sum of Closing Duct GBV (Result from Step 2)	GBV for PG998A = £2.5m-£15k-£700k	GBV for PG998A = £1785k
	6	This step calculates the allocation percentage of this base using values from steps 2-5 above.	PG101 = GBV BDUK Duct Infrastructure(Result from step 2) / Total BDUK GBV (Result from step 3) * Pre March 18 Duct split percentage PG102 = GBV BDUK Duct Infrastructure(Result from step 2) / Total BDUK GBV (Result from step 3) * Post March 18 Duct split percentage PG200P = GBV BDUK Poles (Capex)(Result from step 4) / Total BDUK GBV (Result from step 3) PG998A = (GBV of Non-Duct/Poles - GBV Pole BDUK Assets)(Result from step 5) / Total BDUK GBV (Result from step 3)	PG101 = £700k/ £2.5m * 0.7 PG102 = £700k/ £2.5m * 0.3 PG200P =£15k/ £2.5m PG998A = £1785k / £2.5m	PG101 = 19.6% PG102 = 8.4% PG200P = 0.6% PG998A = 71.4%

PDTLDC-Q

Reference	PDTLDC-Q
Title	Local Distribution Cable (LDC) Construction
Overview	PDTLDC-Q apportions the costs associated with D-Side Copper Cable
Description	**1. Source Costs and MCE:** This base apportions the costs associated with D-Side Copper Cable including depreciation, stores and pay costs. The Access Network for Regulatory Accounting purposes is split between E side and D-Side copper cable. E-Side cable links the local exchange to the primary cross connection point. D-Side cable links the primary cross connection point to the distribution point. **2. Cost and MCE Categories:** Depreciation (Copper), Holding Gains and Losses, Other CCA Adjustments, Supplementary Depreciation and Non-current assets (Copper).
	3. Summary Destination: This base predominantly apportions to PG118C (D-side Copper Cable) and additionally PG300N (Duct Internal Network Adjustments) and PG303N (Duct External Network Adjustments)
	4. Methodology Taxonomy: Direct **5. Driver classification:** Net Replacement Cost
	6. Data Source Summary: Uses duct Network Adjustments attributed to LDC
Data Sources	Asset Metrics: Gross Replacement cost, Mean capital employed, Network adjustment costs and CCA indexation values. PDTLDC MCE amounts from latest calculation run.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the internal and external duct network adjustments relating to the LDC class of work.	Part A: Internal Network Adj Cost NRC closing = Internal Network Adj Cost NRC opening * Indexation Part B: Internal Annual Depreciation Inc CCA = Internal Network Adj Cost GRC / Asset Life Part C: Int. NA LDC NRC = Internal Network Adj Cost GRC - Internal Annual Depreciation Inc CCA **Repeat for external**	Part A = £1.9m * 1.053 Part B = £4m / 40 Part C = £2m - £0.1m **Repeat for external** Part C (External) = £1m	Part A = £2m Part B = £0.1m Part C = £1.9m **Repeat for external** Part C (External) = £1m
2	Duct Network Adjustments relating to the LDC class of work are expressed as a percentage of PDTLDC, which are then assigned to internal and external network adjustment plant groups for duct (PG300N and PG303N, respectively). The remaining balance is mapped to D-side Copper cable (PG118C)	Internal Network Adjustment % (PG300N) = (Int. NA LDC NRC (Result from step 1)) / PDTLDC MCE External Network Adjustment % (PG303N) = (Ext. NA LDC NRC (Result from step 1)) / PDTLDC MCE PG118C Allocation = 1 - Internal Network Adjustment % (PG300N) - External Network Adjustment % (PG303N)	Internal Network Adjustment (PG300N) % = £1.9m / £1bn External Network Adjustment (PG303N) % = £1m / £1bn PG118C Allocation =1 - (£2.9m / £1bn)	Internal Network Adjustment (PG300N) % = 0.0019 External Network Adjustment (PG303N) % = 0.001 PG118C Allocation =1 - 0.9971

PDTLFDCB1-B1

Reference	PDTLFDCB1-B1
Title	Local Line Optical Fibre Distribution Cable – FTTC
Overview	PDTLFDCB1-B1 apportions MCE (balance sheet) for grant funded FTTC distribution cables by identifying the amount relating to Poles, and allocating the remainder to the FTTC Funded Fibre Rollout Spend component.
Description	**1. Source Costs and MCE:** This base apportions MCE relating to the asset side of BDUK for Construction, Local Line Optical Fibre Distribution Cables (LFDC) that is FTTC. **2. Cost and MCE Categories:** Non-Current Assets (Fibre).
	3. Summary Destination: This base apportions to PG200P (Poles Capex) and PG999A (FTTC Funded Fibre Rollout Spend).

	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Gross Book Value.
	6. Data Source Summary: GBV for BDUK CoWs, Poles Investment based on Gross Book Value and GBV split for FTTP & FTTC.
Data Sources	Asset Metrics: Gross Book Values (Network Instruction Management System (NIMS), ARTISAN (Pole volumes) and Analysis), Gross Book costs (Network Instruction Management System (NIMS), ARTISAN (Pole volumes) and Analysis), Depreciation (CostPerform), CCA Indexation values and Network adjustment costs.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Calculate the FTTC% split ***Values are obtained from FTTX Split inputs (064_3D_003)*** This step calculates Poles Investment GBV by multiplying GRC by FTTC percentage split. ***Values for this calculation are obtained from Poles Investment and FTTX Split inputs***	FTTC% split = FTTC / Sum of FTTC & FTTP across all years (grand total) Poles Investment GBV = GRC * FTTC percentage split	FTTC% split = 7/100 Poles Investment GBV = £15m * 7%	FFTC% split =7% Poles Investment GBV = £1.05m
2	This step calculates Poles Allocation % by dividing Poles Investment GBV (Result from step 2) by Total Investment GBV. ***Values for Total Investment GBV are obtained from BDUK Assets GBV input***	Poles Allocation % = Poles Investment GBV (Result from step 1) / Total Investment GBV	Poles Allocation % = £1.05m / £300m	Poles Allocation % = 0.35%
3	The final step calculates Non-Poles Allocation %. To do so Poles Investment GBV (Result from step 2) is taken away from Total investment (GBV). This number is then divided by Total investment (GBV). ***Values for Total Investment GBV are obtained from BDUK Assets GBV input***	Non-Poles Allocation % = (Total investment (GBV) - Poles Investment GBV (Result from step 1)) / Total investment (GBV)	Non-Poles Allocation % = (£300m - £1.05m) / £300m	Non-Poles Allocation % = 99.65%

PDTLFDCB6-B6

Reference	PDTLFDCB6 - B6
Title	Local Line Optical Fibre Distribution Cable - FTTP
Overview	PDTLFDCB6-B6 apportions costs (profit & loss) and MCE (balance sheet) for grant funded FTTP distribution cables by identifying the amount relating to Poles, and allocating the remainder to the FTTP Funded Fibre Rollout Spend component.
Description	**1. Source Costs and MCE:** This base apportions the costs and MCE relating to the asset side of BDUK for Construction, Local Line Optical Fibre Distribution Cable (LFDC) that is FTTP. **2. Cost and MCE Categories:** Non-Current Assets (Fibre).
	3. Summary Destination: This base apportions predominantly to PG990A (FTTP Funded Fibre Rollout Spend), as well as to PG200P (Poles Capex).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Gross Book Value.
	6. Data Source Summary: GBV for BDUK CoWs, Poles Investment based on Gross Book Value and GBV split for FTTP & FTTC.
Data Sources	Asset Metrics: Gross Book Values (Network Instruction Management System (NIMS), ARTISAN (Pole volumes) and Analysis), Gross Book costs (Network Instruction Management System (NIMS), ARTISAN (Pole volumes) and Analysis), Depreciation (CostPerform), CCA Indexation values and Network adjustment costs.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the FTTP% split. ***Values are obtained from FTTX Split inputs***	FTTP% split = FTTP / Sum of FTTC & FTTP across all years (grand total)	FTTP% split = 7/100	FTTP% split = 7%

	2	The step calculates Poles Investment (GBV) by multiplying GRC by FTTP percentage split. ***Values for this calculation are obtained from Poles Investment and FTTX Split inputs***	Poles Investment GBV = GRC * FTTP percentage split	Poles Investment GBV = £15m * 7%	Poles Investment GBV = £1.05m
	3	This step calculates Poles Allocation % This is done by dividing Poles Investment GBV (Result from step 1) by Total Investment GBV ***Values for Total Investment GBV are obtained from BDUK Assets GBV inputs***	Poles Allocation % = Poles Investment GBV (Result from step 2) / Total Investment GBV	Poles Allocation % = £1.05m / £300m	Poles Allocation % = 0.35%
	4	The final step calculates Non-Poles Allocation %. To do so Poles Investment GBV (Result from step 2) is taken away from Total investment (GBV). This number is then divided by Total investment (GBV). ***Values for Total Investment GBV are obtained from BDUK Assets GBV input***	Non-Poles Allocation % = Total investment GBV - Poles Investment GBV (Result from step 2) / Total investment GBV	Non-Poles Allocation % = (£300m - £1.05m / £300m	Non-Poles Allocation % = 99.65%

PDTLFDCBS-Q

Reference	PDTLFDCBS-Q
Title	Local Fibre Distribution Cable - Balance Sheet
Overview	This base apportions the balance sheet items associated with local fibre distribution cable (into PGs for FTTC, FTTP, Ethernet, Ethernet Cablelink, Network Adjustments Poles and Network Adjustments Duct), based on their proportion of the Total NBV. All NBV balances in this apportionment are calculated after excluding the BDUK balances.
Description	**1. Source Costs and MCE:** This base apportions the balance sheet items associated with local fibre distribution cable. **2. Cost and MCE Categories:** Non-current assets (Fibre).
	3. Summary Destination: This base predominantly apportions costs to PG959C (Access Distribution Fibre), PG949C (GEA FTTP Distribution Fibre); and PG951C (GEA FTTC Distribution Fibre). It also allocates to PG300N (Duct Network Adjustments – Internal), PG302N (Poles Network Adjustments – Internal)
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Net Book Value.
	6. Data Source Summary: NBV (Fixed Asset Data for LFDC), Network Adjustment GBV (used to calculate Network Adjustments NBV) and Ethernet Cablelink NBV are used as drivers to allocate costs across the relevant Plant Groups for Distribution Fibre.
Data Sources	NBV (Fixed Asset Data for LFDC), Network Adjustment GBV (used to calculate Network Adjustments NBV), and Ethernet Cablelink NBV are used to as drivers to allocate costs across the relevant Plant Groups for Distribution Fibre.

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates Total BDUK GBV & AHD for LFDC (FTTC and FTTP). Values are obtained from BDUK GBV Data.	BDUK GBV FTTx for LFDC = BDUK GBV for LFDC * FTTx% BDUK AD FTTx for LFDC = BDUK AD for LFDC * FTTx%	BDUK GBV FTTC for LFDC = £100 * 60% BDUK GBV FTTP for LFDC = £100 * 40% BDUK AD FTTC for LFDC = £50 * 60% BDUK AD FTTP for LFDC = £50 * 40%	BDUK GBV FTTC for LFDC = £60 BDUK GBV FTTP for LFDC = £40 BDUK AD FTTC for LFDC = £30 BDUK AD FTTP for LFDC = £20

	2	This step calculates BDUK Planning Cost for LFDC (FTTC and FTTP).	[Calcs are the same as Step 1 but filtered for Policy Code FCDG] BDUK GBV (Planning Cost) FTTx for LFDC = BDUK GBV [Policy Code FCDG] * FTTx% BDUK AD (Planning Cost) FTTx for LFDC = BDUK AD [Policy Code FCDG] * FTTx%	BDUK GBV (Planning Cost) FTTC for LFDC = £10 * 60% BDUK GBV (Planning Cost) FTTP for LFDC = £10 * 40% BDUK AD (Planning Cost) FTTC for LFDC = £5 * 60% BDUK AD (Planning Cost) FTTP for LFDC = £5 * 40%	BDUK GBV (Planning Cost) FTTC for LFDC = £6 BDUK GBV (Planning Cost) FTTP for LFDC = £4 BDUK AHD (Planning Cost) FTTC for LFDC = £3 BDUK AHD (Planning Cost) FTTP for LFDC = £2
	3	This step strips out BDUK Planning Costs from Total BDUK GBV (FTTC and FTTP).	BDUK GBV FTTx Net of Planning Cost for LFDC = BDUK GBV FTTx for LFDC (Result from Step 1) - BDUK GBV (Planning Cost) FTTx for LFDC (Result from Step 2)	BDUK GBV FTTC Net of Planning Cost for LFDC = £60 - £6 BDUK GBV FTTP Net of Planning Cost for LFDC = £40 - £4 BDUK AHD FTTC Net of Planning Cost for LFDC = £30 - £3 BDUK AHD FTTP Net of Planning Cost for LFDC = £20 - £2	BDUK GBV FTTC Net of Planning Cost for LFDC = £54 BDUK GBV FTTP Net of Planning Cost for LFDC = £36 BDUK AHD FTTC Net of Planning Cost for LFDC = £27 BDUK AHD FTTP Net of Planning Cost for LFDC = £18
	4	This step sums together BDUK FTTC and FTTP GBV/AHD (net of Planning Costs) calculated in Step 3, to give us totals. Then calculates NBV by subtracting AHD from GBV.	Total GBV/AHD of BDUK element in LFDC = BDUK GBV/AHD FTTC Net of Planning Cost for LFDC (Result from Step 3) + BDUK GBV/AHD FTTP Net of Planning Cost for LFDC (Result from Step 3) Total NBV of BDUK element in LFDC = Total GBV of BDUK element in LFDC (Result from above) - Total AHD of BDUK element in LFDC (Result from above)	Total GBV of BDUK element in LFDC = £54 + £36 Total AHD of BDUK element in LFDC = £27 + £18 Total NBV of BDUK element in LFDC = £90 - £45	Total GBV of BDUK element in LFDC = £90 Total AHD of BDUK element in LFDC = £45 Total NBV of BDUK element in LFDC = £45
	5	This step adjusts NBV for FTTC and FTTP by removing the BDUK element. NBV in FTTC and FTTP is obtained from Ledger Data and NBV for the BDUK element is taken from step 4.	For both FTTP and FTTC: FTTx BDUK Adj NBV = FTTx LFDC NBV - BDUK NBV FTTx Net of Planning Cost for LFDC (Result from Step 3) Total BDUK Adj NBV in LFDC = Total LFDC NBV - Total NBV of BDUK element in LFDC (Result from Step 4)	FTTC BDUK Adj NBV = £217 - £27 FTTP BDUK Adj NBV = £108 - £18 Total BDUK Adj NBV in LFDC = £545 - £45	FTTC BDUK Adj NBV = £190 FTTP BDUK Adj NBV = £90 Total BDUK Adj NBV in LFDC = £500
	6	This step calculates the NBV for Internal Network Adjustments (NA), in relation to Poles & Duct. External Network Adjustments are not considered currently as they are not	Part a: Depreciation Calculation Depreciation of Poles Internal NA in LFDC = GBV of Poles Internal NA in LFDC / Asset Life / 2 Depreciation of Duct Internal NA in LFDC = GBV of Duct Internal NA in LFDC / Asset Life / 2	Part a: Depreciation Calculation Depreciation of Poles Internal NA in LFDC = £10 / 10 years / 2	Part a: Depreciation Calculation Depreciation of Poles Internal NA in LFDC = £0.5

	material. Note that other CoWs are subject to CCA, however LFDC is not adjusted for CCA so indexation is not applied here. It utilises GBV data for Network Adjustments from Openreach.	Part b: NBV Calculation NBV of Poles Internal NA in LFDC = GBV of Poles Internal NA in LFDC - Depreciation of Poles Internal NA in LFDC (Result from step 6a) NBV of Duct Internal NA in LFDC = GBV of Duct Internal NA in LFDC - Depreciation of Duct Internal NA in LFDC (Result from step 6a) Part c: Total NBV Calculation Total NBV of Internal NA in LFDC = NBV of Duct Internal NA in LFDC (Result from step 6b) + NBV of Poles Internal NA in LFDC (Result from step 6b)	Depreciation of Duct Internal NA in LFDC = £20 / 10 years / 2 Part b: NBV Calculation NBV of Poles Internal NA in LFDC = £10 - £0.5 NBV of Duct Internal NA in LFDC = £20 - £1 Part c: Total NBV Calculation Total NBV of Internal NA in LFDC = £9.5 + £19	Depreciation of Duct Internal NA in LFDC = £1 Part b: NBV Calculation NBV of Poles Internal NA in LFDC = £9.5 NBV of Duct Internal NA in LFDC = £19 Part c: Total NBV Calculation Total NBV of Internal NA in LFDC = £28.5
7	This step calculates the Network Adjustment (NA) NBV percentage, based on LFDC poles NBV as a proportion of total LFDC NBV.	Internal NA Percentage Poles = NBV of Poles Internal NA in LFDC (Result from Step 6b) / Total BDUK Adj NBV in LFDC (Result from Step 5) Internal NA Percentage Duct = NBV of Duct Internal NA in LFDC (Result from Step 6b) / Total BDUK Adj NBV in LFDC (Result from Step 5) Total Non NA Percentage = 100% - (Internal NA Percentage Poles + Internal NA Percentage Duct)	Internal NA Percentage Poles = £4.5 / £500 Internal NA Percentage Duct = £9 / £500 Non-NA Percentage = 100% - (1% + 2%)	Internal NA Percentage Poles = 1% Internal NA Percentage Duct = 2% Non-NA Percentage = 97%
8	This step calculates the Ethernet Cablelink adjustment.	NBV in Ethernet Excl. Cablelink = NBV in Ethernet for LFDC - NBV in Ethernet Cablelink for LFDC	NBV in Ethernet Excl. Cablelink = £220 - £10	NBV in Ethernet Excl. Cablelink = £210
9	This step calculates the percentage allocations to PGs, before Poles and Network Adjustments.	FTTx PGs = BDUK Adj NBV in FTTx (Result from Step 5) / Total BDUK Adjusted NBV in LFDC (Result from Step 5) Ethernet PG = NBV in Ethernet Excl Cablelink for LFDC (Result from Step 8) / Total BDUK Adjusted NBV in LFDC (Result from Step 5) Ethernet Cablelink PG = NBV in Ethernet Cablelink for LFDC (Result from Step 8) / Total BDUK Adjusted NBV in LFDC (Result from Step 5)	FTTC PG = £190 / £500 FTTP PG = £90 / £500 Ethernet PG = £210 / £500 Ethernet Cablelink PG = £10 / £500	FTTC PG = 38% FTTP PG = 18% Ethernet PG = 42% Ethernet Cablelink PG = 2%
10	Percentage Allocations after Poles and Network Adjustments	FTTC PG = FTTC PG Before NA (Result from Step 9) * Adjustment to Exclude NA (Result from Step 7) FTTP PG = FTTP PG Before NA (Result from Step 9) * Adjustment to Exclude NA (Result from Step 7) Ethernet PG= Ethernet PG Before NA (Result from Step 9) * Adjustment to Exclude Poles and NA (Result from Step 7) Ethernet Cablelink PG = Ethernet Cablelink PG Before NA (Result from Step 9) * Adjustment to Exclude (Result from Step 7) Internal NA Poles PG = Internal NA Percentage Poles (Result from Step 7) Internal NA Duct PG = Internal NA Percentage Duct (Result from Step 7)	FTTC PG = 38% * 87% FTTP PG = 18% * 87% Ethernet PG = 42% * 87% Ethernet Cablelink PG = 2% * 87% Internal NA Poles PG = 1% Internal NA Duct PG = 2%	FTTC PG = 33% FTTP PG = 16% Ethernet PG = 36% Ethernet Cablelink PG = 2% Internal NA Poles PG = 1% Internal NA Duct PG = 2%

PDTLFDC-Q

Reference	PDTLFDC-Q
Title	Local Fibre Distribution Cable - P&L
Overview	This base apportions the P&L items (depreciation) associated with local fibre distribution cable (into PGs for FTTC, FTTP, Ethernet, Ethernet Cablelink, Poles, Network Adjustments Poles and Network Adjustments Duct), based on their proportion of the Total Depreciation. All depreciation balances in this apportionment are calculated after excluding the BDUK balances.
Description	**1. Source Costs and MCE:** This base apportions the depreciation associated with local fibre distribution cable. **2. Cost and MCE Categories:** Depreciation (Fibre).
	3. Summary Destination: This base apportions costs predominantly to PG959C (Access Distribution Fibre), PG949C (GEA FTTP Distribution Fibre) and PG951C (GEA FTTC Distribution Fibre). It also apportions to PG300N (Duct Network Adjustments – Internal), PG302N (Poles Network Adjustments – Internal)
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Depreciation.
	6. Data Source Summary: Depreciation (Fixed Asset Data for LFDC), Network Adjustment GBV (used to calculate Network Adjustments Depreciation), Poles Costs and Ethernet Cablelink Costs are used to as drivers to allocate costs across the relevant Plant Groups for Distribution Fibre.
Data Sources	Depreciation (Loplist), Network adjustment GBV data; and Ethernet Cablelink costs.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates Total BDUK Depreciation for LFDC (FTTC and FTTP). Values are obtained from BDUK GBV Data.	BDUK Depreciation FTTx for LFDC (Including Planning Cost) = BDUK Depreciation for LFDC * FTTx%	FTTP BDUK Depreciation (Including Planning Cost) = £100 * 70% FTTC BDUK Depreciation (Including Planning Cost) = £100 * 30 %	FTTP BDUK Depreciation (Including Planning Cost) = £70 FTTC BDUK Depreciation (Including Planning Cost) = £30
2	This step calculates BDUK Planning Cost for LFDC (FTTC and FTTP).	[Calcs are same as Step 1 but filtered for Policy Code FCDG] BDUK Depreciation (Planning Cost) BDUK FTTx for LFDC = BDUK Depreciation FTTx for LFDC [Policy Code FCDG] * FTTx%	FTTP BDUK Planning Costs (Depreciation) = £14 * 70% FTTC BDUK Planning Costs (Depreciation) = £17 * 30%	FTTP BDUK Planning Costs (Depreciation) = £10 FTTC BDUK Planning Costs (Depreciation) = £5
3	This step strips out BDUK Planning Costs from Total BDUK Depreciation (FTTC and FTTP).	BDUK Depreciation FTTx Net of Planning Cost for LFDC = BDUK Depreciation FTTx for LFDC (Result from Step 1) - BDUK Depreciation (Planning Cost) FTTx for LFDC (Result from Step 2)	FTTP BDUK LFDC Depreciation = £70 - £10 FTTC BDUK LFDC Depreciation = £30 - £5	FTTP BDUK LFDC Depreciation = £60 FTTC BDUK LFDC Depreciation = £25
4	This step sums together BDUK FTTC and FTTP Depreciation (net of Planning Costs)	Total Depreciation of BDUK element in LFDC = BDUK Depreciation FTTC Net of Planning Cost for LFDC (Result from Step 3) + BDUK Depreciation FTTP Net of Planning Cost for LFDC (Result from Step 3)	Total BDUK Depreciation = £60 + £25	Total BDUK Depreciation = £85

	calculated in Step 3, to give us totals.			
5	This step adjusts depreciation for FTTC and FTTP by removing the BDUK element. Depreciation for FTTC and FTTP is obtained from ledger data and the depreciation for BDUK element is calculated in Step 1.	For both FTTP and FTTC: FTTx BDUK Adj Depreciation in LFDC = FTTx LFDC depreciation - BDUK FTTx LFDC depreciation (Result from Step 3) Total BDUK Adj LFDC Depreciation = Total LFDC Depreciation - Total BDUK depreciation (Result from Step 4)	FTTP BDUK Adj Depreciation in LFDC = £100 - £25 FTTC BDUK Adj Depreciation in LFDC = £200 - £60 Total BDUK Adj Depreciation in LFDC = £500 - £85	FTTP BDUK Adj Depreciation in LFDC = £75 FTTC BDUK Adj Depreciation in LFDC = £140 Total BDUK Adj Depreciation in LFDC = £415
6	This step calculates the Depreciation for Internal Network Adjustments (NA), in relation to Poles & Duct. External Network Adjustments are not considered currently as they are not material. Note that other CoWs are subject to CCA, however LFDC is not adjusted for CCA so indexation is not applied here. It utilises GBV data for Network Adjustments from Openreach.	Depreciation of Poles Internal NA in LFDC = GBV of LFDC Poles Internal NA / Asset Life / 2 Depreciation of Duct Internal NA in LFDC = GBV of LFDC Duct Internal NA / Asset Life / 2 Total Depreciation of Internal NA in LFDC = Depreciation of Duct Internal NA in LFDC + Depreciation of Poles Internal NA in LFDC	Depreciation of Poles Internal NA in LFDC = £300 / 10 years Depreciation of Duct Internal NA in LFDC = £115 / 10 years Total Depreciation of Internal NA in LFDC = £30 + £11.5	Depreciation of Poles Internal NA in LFDC = £30 Depreciation of Duct Internal NA in LFDC = £11.5 Total Depreciation of Internal NA in LFDC = £41.5
7	This step calculates the NA percentage, based on LFDC NA depreciation as a proportion of Total BDUK Adjusted LFDC depreciation.	Internal NA Percentage Poles = Depreciation of Poles Internal NA in LFDC (Result from Step 6) / Total BDUK Adj Depreciation in LFDC (Result from Step 5) Internal NA Percentage Duct = Depreciation of Duct Internal NA in LFDC (Result from Step 6) / Total BDUK Adj Depreciation in LFDC (Result from Step 5) Non-NA Percentage = 1 - (Internal NA Percentage Poles + Internal NA Percentage Duct)	Internal NA Percentage Poles = £30 / £415 Internal NA Percentage Duct = £11.5 / £415 Non-NA % = 100% - (7% + 3%)	Internal NA Percentage Poles = 7% Internal NA Percentage Duct = 3% Non-NA Percentage = 90%
8	This step calculates the Ethernet Cablelink adjustment.	Depreciation in Ethernet Excl. Cablelink = Depreciation in Ethernet for LFDC - Depreciation in Ethernet Cablelink for LFDC	Depreciation in Ethernet Excl. Cablelink = £200 - £10	Depreciation in Ethernet Excl. Cablelink = £190
9	This step calculates the percentage allocations to PGs, before Network Adjustments.	For FTTP and FTTC PGs: Depreciation before NA = BDUK Adjusted Depreciation in FTTx (Result from Step 5) / Total BDUK Adjusted Depreciation in LFDC (Result from Step 5) For Ethernet and Ethernet Cablelink PGs: Depreciation before NA = Depreciation in Ethernet for LFDC (Result from Step 8) / Total BDUK Adjusted Depreciation in LFDC (Result from Step 5)	FTTC PG = £140 / £415 FTTP PG = £75 / £415 Ethernet PG= £190 / £415 Ethernet Cablelink PG = £10 / £415	FTTC PG = 34% FTTP PG = 18% Ethernet PG = 46% Ethernet Cablelink PG = 2%
10	This step calculates the percentage allocations to PGs after Network Adjustments.	FTTC PG = FTTC PG Before NA (Result from Step 9) * Adjustment to Exclude NA (Result from Step 7)	FTTC PG = 34% * 70% FTTP PG = 18% * 70%	FTTC PG = 24% FTTP PG = 13% Ethernet PG =32%

			FTTP PG = FTTP PG Before NA (Result from Step 9) * Adjustment to Exclude NA (Result from Step 7) Ethernet PG= Ethernet PG Before NA (Result from Step 9) * Adjustment to Exclude NA (Result from Step 7) Ethernet Cablelink PG = Ethernet Cablelink PG Before NA (Result from Step 9) * Adjustment to Exclude NA (Result from Step 7) Internal NA (Poles) PG = Internal NA Percentage Poles (Result from Step 7) Internal NA (Duct) PG = Internal NA Percentage Duct (Result from Step 7)	Ethernet PG = 46% * 70% Ethernet Cablelink PG = 2% * 70% Internal NA (Poles) PG = 7% Internal NA (Duct) PG = 3%	Ethernet Cablelink PG = 1% Internal NA (Poles) PG = 7% Internal NA (Duct) PG = 3%

PDTLFSCB1-B1

Reference	PDTLFSCB1-B1			
Title	Local Line OF Spine Cable - FTTC			
Overview	PDTLFSCB1-B1 apportions costs (profit & loss) and MCE (balance sheet) for grant funded FTTC spine cables by identifying the amount relating to Poles, and allocating the remainder to the FTTC Funded Fibre Rollout Spend component.			
Description	**1. Source Costs and MCE:** This base apportions costs and MCE relating to the asset side of BDUK for Construction, Local Line of Spine Cable (LFSC) that is FTTC. **2. Cost and MCE Categories:** Non-Current Assets (Fibre).			
	3. Summary Destination: This base apportions to PG999A (FTTC Funded Fibre Rollout Spend).			
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Gross Book Value.			
	6. Data Source Summary: GBV for BDUK CoWs, Poles Investment based on GBV and GBV split for FTTP & FTTC.			
Data Sources	Asset Metrics: Network adjustment costs, CCA indexation values and Gross book values (Network Instruction Management System (NIMS), ARTISAN (Pole volumes) and Analysis).			
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the FTTC% split. ***Values are obtained from FTTX Split inputs***	FTTC% split = FTTP / Sum of FTTC & FTTP across all years (grand total)	FTTC% split = 7/100	FTTC% split = 7%
	2	This step calculates Poles Investment GBV by multiplying GRC by FTTC percentage split. ***Values for this calculation are obtained from Poles Investment and FTTX Split inputs***	Poles Investment GBV = GRC * FTTC percentage split (Result from step 1)	Poles Investment (GBV) = £15,000m * 7%	Poles Investment (GBV) = £1,050m
	3	This step calculates Poles Allocation % by dividing Poles Investment GBV (Result from step 2) by Total Investment GBV. ***Values for Total Investment GBV are obtained from BDUK Assets GBV input***	Poles Allocation % = Poles Investment GBV (Result from step 2) / Total Investment GBV	Poles Allocation % = (£1,050m / £300,000m)	Poles Allocation % = 0.35%
	4	The final step calculates Non-Poles Allocation %. To do so Poles Investment GBV (Result from step 2) is taken away from Total investment (GBV). This number is then divided by Total investment (GBV). ***Values for Total Investment GBV are obtained from BDUK Assets GBV input***	Non-Poles Allocation % = (Total investment (GBV) - Poles Investment GBV (Result from step 2)) / Total investment (GBV)	Non-Poles Allocation % = (£300,000m - £1,050m) / £300,000m	Non-Poles Allocation % = 99.65%

PDTLFSCB6-B6

Reference	PDTLFSCB6-B6
Title	Local Line OF Spine Cable - FTTP
Overview	PDTLFSCB6-B6 apportions MCE (balance sheet) for grant funded FTTP spine cables by identifying the amount relating to Poles, and allocating the remainder to the FTTP Funded Fibre Rollout Spend component.
Description	**1. Source Costs and MCE:** This base apportions MCE relating to the asset side of BDUK for Construction, Local Line of Spine Cable (LFSC) that is FTTP. **2. Cost and MCE Categories:** Non-current assets (Fibre).
	3. Summary Destination: This base apportions to PG990A (FTTP Funded Fibre Rollout Spend).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Gross Book Value.
	6. Data Source Summary: GBV for BDUK CoWs, Poles Investment based on GBV and GBV split for FTTP & FTTC.
Data Sources	Asset Metrics: Network adjustment costs, CCA indexation values and Gross book values (Network Instruction Management System (NIMS), ARTISAN (Pole volumes) and Analysis).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the FTTP% split. ***Values are obtained from FTTX Split inputs***	FTTP% split = FTTP / Sum of FTTC & FTTP across all years (grand total)	FTTP% split = 7/100	FTTP% split = 7%
2	The step calculates Poles Investment (GBV) by multiplying GRC by FTTP percentage split. ***Values for this calculation are obtained from Poles Investment and FTTX Split inputs***	Poles Investment GBV = GRC * FTTP percentage split (Result from Step 1)	Poles Investment GBV = £15,000m * 7%	Poles Investment GBV = £1,050m
3	This step calculates Poles Allocation % by dividing Poles Investment GBV (Result from step 2) by Total Investment GBV. ***Values for Total Investment GBV are obtained from BDUK Assets GBV input***	Poles Allocation % = Poles Investment GBV (Result from step 2) / Total Investment GBV	Poles Allocation % = £1,050m / £300,000m	Poles Allocation % = 0.35%
4	The final step calculates Non-Poles Allocation %. To do so Poles Investment GBV (Result from step 2) is taken away from Total investment (GBV). This number is then divided by Total investment (GBV). ***Values for Total Investment GBV are obtained from BDUK Assets GBV input***	Non-Poles Allocation % = Total investment GBV - Poles Investment GBV (Result from step 2) / Total investment GBV	Non-Poles Allocation % = (£300,000m - £1,050m / £300,000m	Non-Poles Allocation % = 99.65%

PDTLMC-Q

Reference	PDTLMC-Q
Title	Exchange Side Cables
Overview	PDTLMC-Q apportions the depreciation and asset values for our exchange side copper cable assets based on depreciation calculations.
Description	**1. Source Costs and MCE:** This base apportions the depreciation and asset values for our exchange side copper cable assets (CoW LMC). **2. Cost and MCE Categories:** Non-current assets (Copper), Depreciation (Copper), Holding Gains and Losses, Other CCA Adjustments, and Supplementary Depreciation.

	3. Summary Destination: This base apportions predominantly to PG117C (E-Side Copper Cable) and PG192A (FTTC Copper Tie Cables), as well as to PG130A (Intra-exchange Tie Cables) and PG151B (Broadband Line Testing Equipment Openreach).				
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Depreciation.				
	6. Data Source Summary: Depreciation and asset value data is used for the calculation of this base.				
Data Sources	Asset Metrics: Depreciation (Openreach LopList, Orbit), Mean Capital Employed, Gross Book value (FAR) and Capital spend (NIMS, CID).				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
		Depreciation values for TAMS, tie cables and e-side copper cable are calculated as part of the tie cable decapitalisation journal **Please see steps 1-10 of Decapitalisation of WLA Tie Cables journal page for a breakdown of the calculations.**			
	1	This step removes BDUK values from total LMC	LMC ex BDUK depreciation = LMC depreciation – LMC BDUK depreciation	LMC ex BDUK depreciation = £85m - £10m	LMC ex BDUK depreciation = £75m
	2	This step adjusts tie cables and total LMC values remove depreciation which relates to tie cables pay, and has therefore been decapitalised, from the allocation calculation. Part A: Subtract decapitalised tie cables depreciation from CLLU excluding BDUK Part B: Subtract decapitalised tie cables depreciation from total LMC	Part A: Tie cables depreciation = tie cables ex BDUK depreciation – tie cables decap depreciation Part B: Adjusted LMC depreciation = LMC ex BDUK depreciation$_{(\text{Result from step 1})}$ – tie cables decap depreciation	Part A: Tie cables depreciation = £13.2m - £10.6m Part B: Adjusted LMC depreciation = £75m - £10.6m	Tie cables depreciation = £2.6m Adjusted LMC depreciation = £64.4m
	3	This step calculates in-year depreciation for NGA Commercial using, Capex data, YTD depreciation values and Asset Life values. Capex data is obtained from Fixed Asset Register data for LMC CoW, Year to date depreciation values are obtained from Loplist and Asset Life values are based on general assumptions.	NGA Commercial depreciation = (Capex Life / Asset Life (in years)) * (Period / Number of months in a year)	NGA Commercial depreciation = (£280m / £42m) * (6 / 12)	NGA Commercial depreciation = £3m
	4	This step calculates the total LMC depreciation excluding BDUK	Total year to date LMC depreciation ex BDUK = Total year to date depreciation - BDUK LMC depreciation	Total year to date LMC depreciation ex BDUK = £42m - £5m	Total year to date LMC depreciation ex BDUK = £37m
	5	This step calculates the NGA commercial share of depreciation for PG192A allocation %	NGA share = NGA commercial depreciation $_{(\text{Result from step 3})}$ / Total year to date LMC depreciation ex BDUK$_{(\text{Result from step 4})}$	NGA share = £3m / £37m	NGA share = 8%
	6	This step recalculates NGA commercial share based on the reduced LMC depreciation after tie cables pay decap	PG192A = (NGA Share$_{(\text{Result from step 5})}$ x total LMC depreciation) / adjusted LMC depreciation$_{(\text{Result from step 2})}$	PG192A = (8% x £75m) / £64.4m	PG192A allocation = 9.3%

	7	This step calculates the PG151B allocation by calculating TAMS depreciation as a proportion of the adjusted LMC depreciation.	PG151B allocation = TAMS depreciation / adjusted LMC depreciation$_{(Result\ from\ step\ 2)}$	PG151B allocation = £2m / £64.4m	PG151B allocation = 3.1%
	8	This step calculates the PG130A allocation by calculating tie cables depreciation as a proportion of the adjusted LMC depreciation.	PG130A allocation = tie cables depreciation$_{(Result\ from\ step\ 2)}$ / adjusted LMC depreciation$_{(Result\ from\ step\ 2)}$	PG130A allocation = £2.6m / £64.4m	PG130A allocation = 4%
	9	This step calculates the PG117C allocation as the remainder from results calculated in steps 6, 7, and 8.	PG117C allocation = 1 -PG192A allocation$_{(Result\ from\ step\ 6)}$ - PG151B allocation$_{(Result\ from\ step\ 7)}$ - PG130A allocation$_{(Result\ from\ step\ 8)}$	PG117C allocation = 100% - 9.3% - 3.1% - 4%	PG117C allocation = 83.6%

PDTLMD-Q

Reference	PDTLMD-Q
Title	Local Main (Exchange Side) Duct
Overview	PDTLMD-Q apportions costs to PGs based on the depreciation estimate from detailed capital expenditure on NGA projects on the Internal Project Ledger, divided by the depreciation on Class of work LMD (Local exchange side Duct for Copper) as a whole. Certain costs of duct are attributed to the copper cabinets representing the cost of joint box underneath the cabinet, the concrete plinth that the cabinet sits upon and the erection of the cabinet shell.
Description	**1. Source Costs and MCE:** This base apportions costs and balance sheet items associated with Local exchange side Duct for Copper. **2. Cost and MCE Categories:** Depreciation (Duct); and Non-current assets (Duct).
	3. Summary Destination: This base apportions predominantly to PG101D (Duct Infrastructure (Pre March 2018)), PG102D (Duct Infrastructure (Post March 2018)) and PG192A (FTTC Copper Tie Cables), as well as to PG180A (Other WLA).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Depreciation.
	6. Data Source Summary: Various asset metrics and network data has been used for the calculation of costs associated with Local Exchange Side Duct for Copper.
Data Sources	Asset Metrics: Capex Spend and Depreciation (CID, OBOE, LOP List),

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates individual Transmission Fibre (Tr. Fibre) Component Bandwidth Usage Factor: This is the proportion of the total bandwidth of a bearer used by a circuit, as an individual bearer can support many circuits.	For each relevant component: Component$_{\chi}$ usage factor = Bandwidth Capacity $_{\chi}$ / '140/156 Mbps Capacity'	Component$_1$ usage factor = 21 / 63	Component$_1$ usage factor = 0.3333
2	This step calculates the Individual Component Factored Tr. Fibre Lengths and Total Factored Tr. Fibre Lengths by Network PG.	Total Network PG$_{\gamma}$ Factored Tr. Fibre Lengths = Sum of Individual Component$_{\chi}$ Factored Tr. Fibre Lengths: Individual Component$_{\chi}$ Factored Tr. Fibre Lengths = Component$_{\chi}$ Tr. Fibre Lengths * Component$_{\chi}$ Bandwidth Usage Factor $_{(Result\ from\ step\ 1]}$	Total Network PG$_1$ Factored Tr. Fibre Lengths = ∑ [100 Hits * 0.3333 BW Usage Factor] and [Factored Tr. Fibre Lengths for other components in PG$_1$] Individual Component$_1$ Factored Tr. Fibre Lengths = 100km * 0.3333 BW Usage Factor	Total Network PG$_1$ Factored Tr. Fibre Lengths = 100 km Individual Component$_1$ Factored Tr. Fibre Lengths = 33.33 km

	3	This step calculates individual transmission fibre components factored fibre lengths as a proportion of total Network PG transmission fibre lengths.	$Component_{\chi}$ proportion of Network PG_{γ} = Individual $Component_{\chi}$ Factored Tr. Fibre Lengths (Result from step 2) / Total Network PG_{γ} Factored Tr. Fibre Lengths (Result from step 2)	$Component_1$ proportion of Network PG_1= 33.333 / 100	$Component_1$ proportion of Network PG_1 = 33.33% $\sum$ $Component_{1-n}$ proportion of Network PG_1 = 100%
	4	This step calculates the Apportion of Total Tr. Fibre Lengths by Network PG to Individual Components by multiplying Total Tr. Fibre Lengths for each Network PG by the Result from Step 3.	For each relevant component in Network PG: Tr. $Component_{\chi}$ per Network PG_{γ} = Network PG_{γ} Total Transmission Fibre Lengths * $Component_{\chi}$ proportion (Result from step 3)	Tr. $Component_1$ per Network PG_1 = 50 * 33.33%	Tr. $Component_1$ per Network PG_1 = 16.67 km
	5	This step calculates the Total Component Tr. Fibre Lengths per Fibre PG.	For each relevant component in Fibre PG: Tr. $Component_{\chi}$ per Fibre PG = Sum of Tr. $Component_{\chi}$ per Network PG_{1-n} (Result from Step 4)	Tr. $Component_1$ per Fibre PG = 16.67 + 16.67 + 33.33	Tr. $Component_1$ per Fibre PG = 66.67 km
	6	This step calculates the volume ratio between SO460 Nominated Interconnect Connections and SO468 In Span Interconnect circuits transmission. It is an adjustment specifically for transmission fibre lengths for components CO460 and CO468.	CO460 Ratio = SO460 volumes / (SO460 volumes + SO468 volumes) CO468 Ratio = SO468 volumes / (SO460 volumes + SO468 volumes)	CO460 Ratio = 400 / (400 + 600) = 0.40 CO468 Ratio = 600 / (400 + 600) = 0.60	CO460 Ratio = 0.40 CO468 Ratio = 0.60
	7	This step calculates Adjust Transmission Fibre Lengths for CO460 External Nominated ISI from CO468 Wholesale ISI. It is an adjustment specifically for transmission fibre lengths for components CO460 and CO468.	CO460 Transmission Fibre Lengths = CO468 Fibre Lengths (Result from Step 5) * CO460 Ratio (Result from Step 6) CO468 Transmission Fibre Lengths = CO468 Fibre Lengths (Result from Step 5) * CO468 Ratio (Result from Step 6)	CO460 Transmission Fibre Lengths = 5000 * 0.40 CO468 Transmission Fibre Lengths = 5000 * 0.60	CO460 Fibre Lengths = 2,000 km CO468 Fibre Lengths = 3,000 km
	8	This step calculates the fibre length for each individual interexchange Ethernet fibre, which is the straight line distance between Parent and Child Exchange multiplied by an assumed factor of 1.2.	For each individual Ethernet fibre: Ethernet $Fibre_{\chi}$ length = $\sqrt{((Child\ Exchange_{\chi}\ x\text{-}coordinate - Parent\ Exchange_{\chi}\ x\text{-}coordinate)^2 + (Child\ Exchange_{\chi}\ y\text{-}coordinate - Parent\ Exchange_{\chi}\ y\text{-}coordinate)^2)} * 1.2$	Ethernet $Fibre_1$ length = $\sqrt{((4 - 1)^2 + (5 - 1)^2)} * 1.2 = \sqrt{((3)^2 + (4)^2)} * 1.2 = 5 * 1.2$	Ethernet $Fibre_1$ length = 6 km
	9	This step calculates total Ethernet fibre lengths for components CL948 (FTTP) and CL950 (FTTC).	For each Ethernet Component: Ethernet $Component_{\chi}$ Fibre Lengths = Sum of Individual Fibre $Lengths_{1-n}$ (Result from Step 8)	Ethernet $Component_1$ Fibre Lengths = $\sum$ [6 km] and [other individual fibre lengths relating to $Component_1$]	Ethernet $Component_1$ Fibre Lengths = 100 km
	10	This step calculates Component Cost for 21CN Allocation. First Component Cost is calculated using asset cost and asset life data.	For each Component within each PG: $Component_{\chi}$ Cost = ((CY Cost / Asset Life) + (PY Cost / Asset Life)) /2	For each component within each PG: $Component_{\chi}$ Cost = ((120 / 15) + (180 / 15)) /2 = 10	$Component_{\chi}$ Cost = 10
	11	This step calculates the Allocation of each component per plant group using component volume and cost data, using	For each Component within each Plant Group: $Component_{\chi}$ Allocation = ((Network Element to Service Flag * End User BW Volumes) /	For each component within each PG $Component_{\chi}$ Allocation = ((1 * 5600) / 1000) * 10 = 56	$Component_{\chi}$ Allocation = 56

	end user bandwidth volumes against network topology design assumptions.	Component$_{\chi}$ Volume) * Component$_{\chi}$ Cost$_{(\text{Result from Step 10})}$		
12	This step calculates final 21CN Allocation per PG.	For each PG: 21CN Component$_{\chi}$ Allocation = (Component$_{\chi}$ Allocation$_{(\text{Result from Step 11})}$ / Total Allocation for PG$_{\chi}$) * EBD Split Factor	For each PG: 21CN Component$_{\chi}$ Allocation = (56 / 100) * 0.5	21CN Component$_{\chi}$ Allocation = 28%
13	This step calculates the Apportion 21CN Fibre Lengths to Components using 21CN Network PG to Component allocations.	For each relevant component: 21CN Component$_{\chi}$ Fibre Lengths = 21CN PG$_{\gamma}$ Component$_{\chi}$ allocation$_{(\text{Result from step 12})}$ * 21CN PG$_{\gamma}$ Fibre Lengths	21CN Component$_{1}$ Fibre Lengths = 28% * 50	21CN Component$_{1}$ Fibre Lengths= 14 Km
14	This step calculates individual Component Fibre Lengths / Total Fibre Lengths (Transmission, Ethernet Main Links, WLA Main Links, 21CN) per Fibre PG.	Per Fibre PG: Total Fibre Lengths = Tr. Component$_{1...n}$ Fibre Lengths + 21CN Component 1 Fibre Lengths$_{1...n}$ + Ethernet Component$_{\chi}$ Adjusted Fibre Lengths + WLA Main Links Component$_{\chi}$ Adjusted Fibre Lengths Tr. Component$_{\chi}$ = Tr. Component$_{\chi}$ Fibre Lengths$_{(\text{Result from Step 5})}$ / Total Fibre Lengths 21CN Component$_{\chi}$= 21CN Component$_{\chi}$ Fibre Lengths$_{(\text{Result from Step 13})}$ / Total Fibre Lengths Ethernet Component$_{\chi}$ = Ethernet Component$_{\chi}$ Fibre Lengths$_{(\text{Result from Step 9})}$ / Total Fibre Lengths WLA Main Links Component$_{\chi}$ = WLA Main Links Component$_{\chi}$ Fibre Lengths / Total Fibre Lengths	Total fibre lengths = 1,000 Tr. Component$_{1}$ = 66.67 / 1,000 21CN Component$_{1}$ = 5 / 1,000 Ethernet Component$_{1}$ = 100 / 1,000 WLA Main Links Components = 300 / 1,000	Tr. Component$_{1}$ = 6.67% 21CN Component$_{1}$ = 0.5% Ethernet Component$_{1}$ = 10% WLA Main Links Components = 30% Per Fibre PG, Components$_{1...n}$ = 100%
15	This step calculates the allocation to PG170B and PG350N based on fibre lengths	PG170B allocation (Backhaul) = PG170B fibre lengths / (PG170B fibre lengths + PG350N fibre lengths) PG350N allocation (Inner core) = PG350N fibre lengths / (PG170B fibre lengths + PG350N fibre lengths)	PG170B (Backhaul) = 2.1m / (2.1m + 200k) PG350N (Inner core) = 200k / (2.1m + 200k)	PG170B (Backhaul) = 92% PG350N (Inner core) = 8%
16	This step calculates Total NGA Capex for Tie Cables and Cabinet	Total NGA Capex for Tie Cables and Cabinet = Total LMD-NGA Capex $_{\text{previous years}}$ + LMD-NGA Capex $_{\text{current year}}$	Total NGA Capex for Tie Cables and Cabinet = 250m + 50m	Total NGA Capex for Tie Cables and Cabinet = 300m
17	This step calculates Total Duct Gross Replacement Cost (GRC): Including BDUK	Total Duct Gross Replacement Cost (GRC): Including BDUK = Capital Employed - CCA Value $_{\text{from previous years}}$ + Capex CCA Value (including BDUK) $_{\text{current year}}$	Total Duct Gross Replacement Cost (GRC): Including BDUK = 2.5m + 150k	Total Duct Gross Replacement Cost (GRC): Including BDUK = 2.65m
18	This step calculates Total GRC for BDUK assets	Total GRC for BDUK = Gross Book Value (GBV) + CCA Allocation	Total GRC for BDUK = 400k + 200k	Total GRC for BDUK = 600k

19	This step calculates Total GRC: Exclusive BDUK This is done by subtracting Sum of total GRC for BDUK assets from Total GRC (including BDUK) (Results from step 9)	Total GRC: Exclusive BDUK = Total GRC (including BDUK) - Sum of total GRC for BDUK assets	Total GRC: Exclusive BDUK = 2.65m - 600k	Total GRC: Exclusive BDUK = 2.05m
20	This step calculates Access Cable and Duct Backhaul Percentage	Duct Percentage = Duct Backhaul (Result from Step 19) / (Total Network) Access Cable Percentage = Access Cable (Result from Step 19) / (Total Network)	Duct Percentage = 6m / (6m + 2.05m) * 100 Access Cable Percentage = 2.05m / (6m + 2.05m) * 100	Duct Percentage = 66.7% Access Cable Percentage = 33.3%
21	This step calculates PG192A Depreciation	PG192A Depreciation = ((NGA Capex for Tie Cables and Cabinets / Openreach LopList Period) * Period) / (Book life for LMD /Period)	PG192A Depreciation = ((260m/12)*12) / (480 /12)	PG192A Depreciation = 7.5m
22	This step calculates PG180A Depreciation	PG180A Depreciation = Sum of YTD Depreciation tagged as External Tie Duct for LLU (from Openreach LopList)	PG180A Depreciation = 1.5m	PG180A Depreciation = 1.5m
23	This step calculates the Remaining Depreciation split by Access Duct and Duct Backhaul	Part A: total LMD Depreciation - BDUK LMD depreciation Part B: remaining depreciation = Total from Step A - NGA Tie Cable - LLU element Part C: Access Duct = (Remaining Depreciation * Access Duct Percentage) /100 Duct Backhaul = (Remaining Depreciation * Duct Backhaul Percentage) /100	Part A: Part A: £21m-£6m Part B £15-£10-£3m Part C: Access Duct = (Remaining Depreciation * Access Duct Percentage) /100 Duct Backhaul = (Remaining Depreciation * Duct Backhaul Percentage) /100	Part A Total LMD depreciation = £15m Part B: remaining depreciation = £2m Part C: Access Duct = 1.334m Duct Backhaul = 666k
24	The final step calculates PDTLMD Base Percentage To do so the Remaining Access Duct is divided by Total Depreciation, the same is applied for Duct Backhaul. The two values are added together and multiplied by 100. (Results from step 16)	PG192A Base Percentage = ([PG192A Depreciation] / [Total Depreciation]) * 100 PG180A Base Percentage = ([PG180A Depreciation] / [Total Depreciation]) * 100 PG101D Base Percentage = ((([Remaining Access Duct] / [Total Depreciation]) * 100) + (([Remaining Duct Backhaul]/ [Total Depreciation]) * 100) * Pre March 2018 Duct split percentage PG102D Base Percentage = ((([Remaining Access Duct] / [Total Depreciation]) * 100) + (([Remaining Duct Backhaul]/ [Total Depreciation]) * 100) * Post March 18 Duct split percentage	PG192A Base Percentage = (7.5m / 11m) * 100 PG180A Base Percentage = (500k / 11m) * 100 PG101D Base Percentage = (1.334m / 11m) * 100 + (666k / 11m) * 100 * 0.7 PG102D Base Percentage = (1.334m / 11m) * 100 + (666k / 11m) * 100 * 0.3	PG192A Base Percentage = 68.18% PG180A Base Percentage = 13.63% PG101D Base Percentage = 12.73% PG102D Base Percentage = 5.45%

PDTLMDF-Q

Reference	PDTLMDF-Q
Title	Main Distribution Frames in Local Exchanges
Overview	PDTLMDF-Q apportions the costs and balance sheet associated with MDFs in local exchanges. The apportionment of these costs are based on depreciation of MDF assets for both E-side copper cable and local loop unbundling frame usage.
Description	**1. Source Costs and MCE:** This base apportions the costs and MCE associated with main distribution frames in local exchanges. **2. Cost and MCE Categories:** Depreciation (Other Assets); and Non-current assets (Other Assets).
	3. Summary Destination: This base apportions predominantly to PG217E (Main Distribution Frames Equipment), as well as to PG130A (Intra-exchange Tie Cables).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Depreciation.
	6. Data Source Summary: Data is sourced from the YTD Depreciation field from the Openreach LopList.
Data Sources	Asset Metrics: Depreciation (Openreach LopList)

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates PG217E Year-to-date (YTD) depreciation by adjusting it for PG130A.	PG217E YTD Depreciation: PG217E YTD Depreciation = YTD Depreciation - PG130A YTD Depreciation	PG_1 = 100 - 40	PG_1 = 60
2	This step calculates the base allocation to PG as percentage of total depreciation.	For all relevant PGs: PG217E = PG217E YTD Depreciation $_{(\text{from result 1})}$ / $\sum PG_{1...n}$ YTD Depreciation PG130A = PG130A Depreciation / $\sum PG_{1...n}$ YTD Depreciation	PG217E = 60 / 100 PG130A = 40 / 100	PG217E = 60% PG130A = 40%

PDTMXD-Q

Reference	PDTMXD-Q
Title	Main Exchange Capital
Overview	This methodology allocates the MDX and NGS classes of work based on depreciation costs split using information from the fixed asset register and a bottom-up built engineering model.
Description	**1. Source Costs and MCE:** This base apportions the depreciation and capital costs of Main/Trunk Switches. The costs are recorded in two CoWs: · MDX (Main network switching Digital) for System X switches · NGSC for Next Generation Switches (NGS) The base also apportions the maintenance costs for Main/Trunk switches. These costs are recorded in two CoWs: · DMS for System X Switches · NGSM for Next Generation Switches (NGS) **2. Cost and MCE Categories:** Depreciation (Electronic) and Non-Current Assets (Electronic).
	3. Summary Destination: Equipment PGs - Main Exchange Equipment PGs: PG254A (Intelligent Access & Messaging)
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Depreciation.

6. Data Source Summary: Depreciation data comes from the LoPlist and is grouped into 2 CoWs based on the 2 families of switches. The LoPlist is the only live data source.
The original contract prices data is provided by Ericsson and this data is static. Details of the numbers of switches and capacity per site, the Switch Deployment Plan, are also static and are received from Public Switched Telephone Network (PSTN) & Pathfinder Technical specialist.

Data Sources

Asset metrics - Depreciation (LoPlist)
Asset metrics - Capex spend (Original contract ME) - Static data
Asset metrics - PIA Component Volumes (Switch Deployment Plan)

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the raw cost per switch. The input is multiplied by the number of switches to give a Cost Value.	Cost (£) for each Asset = Raw Cost * No. of switches Cost (£) just for SWITCH BLOCK GSS 48k = Raw Cost * No. of switches / Switch Block GSS 48k factor	Cost (£) for each Asset = 100 * 45 Cost (£) just for SWITCH BLOCK GSS 48k = 100 * 90 / 4	Cost (£) for each Asset = 4,500 Cost (£) just for SWITCH BLOCK GSS 48k = 2,250
2	This step calculates the Next Generation Switches (NGS) costs for Switchblock, Digital Line Termination (DLT) and processor by multiplying raw costs by percentage allocated.	Call Setup Cost = Cost (£) * Call Setup % Call Duration Cost = Cost (£) * Call Duration %	Call Setup Cost = 50m * 0.2 Call Duration Cost = 50m * 0.8	Call Setup Cost = 10m Call Duration Cost = 40m
3	This step calculates the percentage for each asset which is Duration costs and which is Setup costs and called Percent of Asset Total.	Percent of Asset Total = Cost / Total Cost	Percent of Asset Total = 40,000 / 50,000	Percent of Asset Total = 0.8
4	This step calculates "Percent of Total" by dividing "Combined Costs" for each asset type by "Total"	Percent of Total for each Asset = Combined Costs for each Asset / Total Assets	Percent of Total for each Asset = 52m / 160m	Percent of Total for each Asset = 0.325
5	This step calculates the Weighting for each component by dividing the Total of Hybrid and Narrowband for each component by the Sum of the Totals.	Weighting = Part A: Hybrid for each Component + Narrowband for each Component Part B: Total for each Component (Result from Part A) / Sum of Total of Components (Total of Result from Part A)	Weighting = Part A: 12m + 16m Part B: 28m / 50m	Weighting = 0.56
6	This step calculates the weighted percentages for depreciation, which are later renamed as Adjust for Ride, for 2 streams for 2 different types of port data - SLS and DLT	SLS Weighted Percentage from the Depreciation = Part A: Depreciation * Sum Percentage for each depreciation Source Part B: Sum Weighted (Total Result from Step A) / Sum Depreciation Part C: Weightings for two different exchange (Result from Part B) * Signalling cost for interconnect DLT Weighted Percentage from the Depreciation = Part A: Depreciation * Sum Total % for each depreciation Source Part B: Sum_Weighted (Total Result from Step A) / Sum Depreciation	SLS Weighted Percentage from the Depreciation = Part A: $Source_1$ = 1m * 0.15, $Source_2$ 3m * 0.35 Part B: 1.2m / 4m Part C: 0.3 * 0.45 DLT Weighted Percentage from the Depreciation =	SLS Weighted Percentage from the Depreciation = 0.135

				Part A: $Source_1$ = 1m * 0.25, $Source_2$ 3m * 0.30 Part B: 1.15m / 4m	DLT Weighted Percentage from the Depreciation = 0.288
	7	This step calculates NGSC Ride% by dividing "NGSR" by "Total Registered Assets" (NGSR is an asset type for Next Generation Switch, NGSC is a class of work for the same.) *The inputs are the Sum of YTD Depreciation for "Total Registered Assets" and "NGSR"*	NGSC Ride % = NGSR / Total Registered Assets	NGSC Ride % = 2.1m / 4m	NGSC Ride % = 0.525
	8	This step calculates the percentage allocation for PG254A which is derived from NGSC %. NGSC % is adjusted based on depreciation percentage, which is the depreciation for the NGSC Class of Work as a percentage of the total depreciation for NGSC and MDX MDX is a Class of Work for construction, main network switching digital	PG254A = Part A: NGSC Depreciation / Total Depreciation Part B: NGSC Ride % (Result from Step 7) * Depreciation Percentage (Result from Part A)	PG254A = Part A: 3.6m / 4m Part B: 0.525 * 0.9	PG254A = 0.4725
	9	This step calculates the percentage allocation for Plant Groups PG246C, PG255B and PG257C by adjusting the value of "Percent of Total" for each of these Plant Groups and then multiplying it by 1 - the "NGSC Ride %" value	PG249C % = Percent of Total for PG249C * (1 - NGSC Ride % (Result from Step 8)) PG257C % = Percent of Total for PG257C * (1 - NGSC Ride % (Result from Step 8)) PG255B % = Percent of Total for PG255B * (1 - NGSC Ride % (Result from Step 8))	PG249C % = 0.32 * (1 - 0.5) PG257C % = 0.33 * (1 - 0.5) PG255B % = 0.35 * (1 - 0.5)	PG249C % = 0.160 PG257C % = 0.165 PG255B % = 0.175

PDTPOLES-Q

Reference	PDTPOLES-Q
Title	Poles Capex
Overview	This base apportions balances associated with poles capital expenditure between internal and external components based on infrastructure volumes.
Description	**1. Source Costs and MCE:** This base apportions the capital expenditure and associated depreciation charges relating to Poles, predominately received from the POLES CoW, via the Poles HCA journal. **2. Cost and MCE Categories:** Depreciation (Poles), Holding Gains and Losses, Supplementary Depreciation, Other CCA Adjustments, and Non Current Assets (Poles).
	3. Summary Destination: Predominantly to PG200P (Poles Capex), as well as to PG301N (Poles External Network Adjustments) and PG302N (Poles Internal Network Adjustments).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Net Replacement Cost
	6. Data Source Summary: Network adjustments and pole investments data is used to determine the apportionment of this base.
Data Sources	Asset metrics: Network adjustment costs, CCA Indexation values, Gross book value (NIMS, ARTISAN), Gross replacement cost (NIMS, ARTISAN), PIA component volumes and Depreciation. Openreach provide data on poles NBV and Depreciation within Classes of Work LDC, LFDC and NWR.

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates the internal and external poles network adjustments relating to the LDC CoW.	Part A: Internal Network Adj Cost GRC closing = Internal Network Adj Cost GBV opening * Indexation Part B: Internal Annual Depreciation Inc CCA = Internal Network Adj Cost GRC / Asset Life / 2 Part C: Int. NA LDC NBV = Internal Network Adj Cost GRC - Internal Annual Depreciation exc. CCA **Repeat for external**	Part A = £1.9m * 1.053 Part B = £4m / 40 Part C = £2m - £0.1m **Repeat for external** Part C (External) = £1m	Part A = £2m Part B = £0.1m Part C = £1.9m **Repeat for external** Part C (External) = £1m
	2	Calculates the average value of opening and closing balances of the Poles HCA Journal	Poles MCE = ((Poles HCA Journal - Opening Balance) + (Poles HCA Journal - Closing Balance))/2	Poles MCE = (£180m + £220m)/2	Poles MCE = £200m
	3	Duct Network Adjustments relating to the LDC class of work are expressed as a percentage of PDTLDC, which are then assigned to external and internal network adjustment plant groups for duct (PG301N and PG302N, respectively). The remaining balance is mapped to Poles Capex (PG200P)	External Network Adjustment % (PG301N) = (Int. NA LDC NRC $_{(Result\ from\ step\ 1)}$) / POLES MCE Internal Network Adjustment % (PG302N) = (Ext. NA LDC NRC $_{(Result\ from\ step\ 1)}$) / POLES MCE PG200P Allocation = 1 - External Network Adjustment % (PG301N) - Internal Network Adjustment % (PG302N)	External Network Adjustment (PG301N) % = £1.9m / £200m Internal Network Adjustment (PG302N) % = £1m / £200m PG200P Allocation =1 - (£2.9m / £200m)	External Network Adjustment (PG301N) % = 0.0095 Internal Network Adjustment (PG302N) % = 0.005 PG200P Allocation =1 - 0.9855

PDTWDM21-Q

Reference	PDTWDM21-Q
Title	Wavelength Division Multiplexor transmission equipment used in 21CN.
Overview	PDTWDM21-Q apportions costs and balance sheet for the transmission equipment of the WDMSAN chains, based on a detailed split of depreciation by network element.
Description	**1. Source Costs and MCE:** This base apportions cost and balance sheet for the transmission equipment of the WDMSAN chains, the METRO – CORE and CORE – CORE transmission electronic equipment. **2. Cost and MCE Categories:** Non-Current Assets (Electronic), and Depreciation (Electronic). **3. Summary Destination:** This base predominantly apportions to PG866A (Core-Core Link), PG899A (WDM-Metro Link and PG866A (Core-Core Link), as well as PG885A (Metro-Core Length), PG886A (Metro-Core Link). **4. Methodology Taxonomy:** Asset Metrics. **5. Driver classification:** Capex Spend. **6. Data Source Summary:** This base allocates the total deprecation cost to each PG using Capex from the 21CN associated CoWs which has been allocated out to Network Entities and network topology data.
Data Sources	Asset metrics: Capex spend (GVF); and Network data: Network Topology mapping (GVF).

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates percentage allocation based on Network Depreciation.	For all relevant PGs: PG_{χ} = PG_{χ} Network depreciation / Total Network depreciation	PG_1 = (£45m / £100m)	PG_1 = 45% $\sum PG_{1...n}$ = 100%

SOFTDEP-B

Reference	SOFTDEP-B
Title	Software Depreciation
Overview	SOFTDEP-B apportions software costs based on the Openreach software entries on the fixed asset register, with each line mapped to a relevant product range or plant group. Where an entry cannot be mapped, it is allocated to AG410.
Description	**1. Source Costs and MCE:** Software depreciation costs and Balance Sheet (Fixed Asset Accumulated Depreciation) relating to Openreach. **2. Cost and MCE Categories:** Depreciation (Software) and Non-Current assets (Software).
	3. Summary Destination: This base predominantly apportions to AG410 (Openreach PAC), as well as to PG773A (Ethernet Systems Development), PG198A (FTTP Development), PG101D (Duct Infrastructure (Pre March 2018)) and PG197A (FTTC Service Delivery & Development).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Depreciation.
	6. Data Source Summary: This base is allocated using the fixed asset register, PIA costs and headcount data.
Data Sources	Asset Metrics: Deprecation (Fixed asset register), PIA components; and Labour: FTE headcount.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the FTE % per PG within an organisational unit. ***Data is obtained from the FTE numbers input.***	For each relevant PG: FTE % per PG $_{\chi}$ = [PG FTE Value] / [Total Organisation unit FTE value] * 100	FTE % per PG $_{1}$ = 50 / 200 * 100	FTE % per PG $_{1}$ = 25%
2	This step calculates the Depreciation % Allocation for each product. ***Software depreciation is obtained from the FAR (Fixed Asset Register).***	For each relevant product: Depreciation % Allocation for Product $_{\chi}$ = [Depreciation for Product $_{\chi}$] / [Total Deprecation]	Depreciation % Allocation for Product $_{\chi}$ = 3,000,000 / 10,000,000	Depreciation % Allocation for Product $_{\chi}$ = 30%
3	This step filters the FTE % for Service Delivery Profit Centre's and distributes FTE % per PG within Service Delivery Profit Centre's only.	For each relevant PG within Service Delivery Profit Centre's: FTE % per PG $_{\chi}$ within Service Delivery Profit Centre = [$\sum$ FTE % for PG $_{1...n\ (Result\ from\ Step\ 1)}$] / [Number of Service Delivery Profit Centre's] * 100	FTE % per PG $_{1}$ within Service Delivery Profit Centre = 80% / 5 * 100	FTE % per PG $_{1}$ within Service Delivery Profit Centre = 16%
4	This step calculates the % split for Copper (LLU & Non-SMP Copper Services) Products and then calculates the weighted allocation % using the Depreciation % Allocation for each product.	For each Copper product: % split for Product $_{\chi}$ = Filter [FTE % for Product $_{\chi\ (Result\ from\ Step\ 3)}$] for Copper (LLU & Non-SMP Copper Services) Product $_{\chi}$ weighted allocation % = [% split for Product $_{\chi}$] * [Depreciation % Allocation for Product $_{\chi\ (Result\ from\ Step\ 2)}$]	% split for Product $_{1}$ = 25% Product $_{1}$ weighted allocation % = 25% * 30%	% split for Product $_{1}$ = 25% Product $_{1}$ weighted allocation % = 7.5%
5	This step calculates the % split for FTTP & FTTC products and then calculates the weighted allocation % using the Depreciation % Allocation for each product. ***Data is obtained from the FTTP & FTTC spend.***	For each FTTC/FTTP product: % split for Product $_{\chi}$ = [Product $_{\chi}$ Spend] / [Total Spend] Product $_{\chi}$ weighted allocation % = [% split for Product $_{\chi}$] * [Depreciation % Allocation for Product $_{\chi\ (Result\ from\ Step\ 2)}$]	% split for Product $_{1}$ = 75,000 / 150,000 Product $_{1}$ weighted allocation % = 50% * 30%	% split for Product $_{1}$ = 50% Product $_{1}$ weighted allocation % = 15%
6	This step calculates the % split for PIA products between duct & poles and then calculates the weighted allocation % using the Depreciation %	For each PIA product: % split for Product $_{\chi}$ = [Product $_{\chi}$ Volume] / [Total Volume] Product χ weighted allocation % = [% split for Product χ] * [Depreciation % Allocation for Product χ (Result from Step 2)]	% split for Product $_{1}$ = 400,000 / 1,000,000	% split for Product $_{1}$ = 40%

		Allocation for each product. ***Data is obtained from the PIA volumes***.		Product $_1$ weighted allocation % = 40% * 30%	Product $_1$ weighted allocation % = 12%
	7	This step calculates the Depreciation £ allocation for all products.	For each product (FTTP/FTTC $_{(Result\ from\ Step\ 6)}$, PIA $_{(Result\ from\ Step\ 5)}$, Copper $_{(Result\ from\ Step\ 4)}$ and others $_{(Remaining\ from\ Step\ 2)}$): Depreciation £ allocation for Product $_\chi$ = [Product $_\chi$ weighted allocation % $_{(Result\ from\ Steps\ 2, 4, 5\ and\ 6)}$] * [Total Deprecation $_{(From\ Step\ 2)}$]	Depreciation £ allocation for Product $_1$ = 15% * 10,000,000	Depreciation £ allocation for Product $_1$ =1,500,000
	8	This step calculates the final % allocation.	For each relevant product: Final % allocation for Product $_\chi$ = [Depreciation £ allocation for Product $_{\chi\ (Result\ from\ Step\ 7)}$] / [Total Deprecation $_{(From\ Step\ 2)}$] * 100	Final % allocation for Product $_1$ = 1,500,000 / 10,000,000 * 100	Final % allocation for Product $_1$ = 15%

TSOSOFTDEP-T

Reference	TSOSOFTDEP-T
Title	Software Depreciation
Overview	TSOSOFTDEP-T apportions Technology software costs and MCE based on detailed project information from the fixed asset register. Non-specific entries are allocated is to AG102 for core network infrastructure or AG119 for Technology support functions.
Description	**1. Source Costs and MCE:** The SOFTDEP base apportions software depreciation costs and MCE **2. Cost and MCE Categories:** Non Current Assets (Software), Depreciation (Software), Net indirect labour costs, and Wages and Salaries.
	3. Summary Destination: This base predominantly apportions to Rest of BT Residual, AG102 (Technology Operational Costs), PG901A (Ethernet Switches) and AG119 (Technology PAC).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Depreciation.
	6. Data Source Summary: Fixed asset register data mapped to Technology Programme Horizontals is used to allocate this base.
Data Sources	Asset Metrics: Depreciation (Fixed asset register).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates % Allocation (Base) using the Current Year (CY) Depreciation for OR Software. **Depreciation data is obtained from the Fixed Asset Register (FAR). Horizontal and Allocation mapping is used to categorize assets into product groups.** Note: This will be the final base for all product groups except for the Voice, which are only categorized as Hosted/Switch. Steps (2, 3a, 3b, 4, and 5) below calculates the allocation of Voice (Hosted/Switch) to relevant product groups.	For each relevant product group including total Voice (which is further allocated in below steps): % Allocation (Base) for Product Group $_\chi$ = [CY depreciation for Product Group $_\chi$] / [Total CY depreciation] * 100	% Allocation (Base) for Product Group$_1$ = £100k / £1000k * 100	% Allocation (Base) for Product Group$_1$ = 10%
2	This step calculates % Allocation for Voice between Hosted and Switch categories using the CY Depreciation for OR Software. **Depreciation data is obtained from the Fixed**	For each Voice category (Hosted and Switch): % Allocation (Base) for Category $_\chi$ = [CY depreciation for Category $_\chi$] / [Total CY depreciation for Voice] * 100	% Allocation (Base) for Category$_1$ = £90k / £100k * 100	% Allocation (Base) for Category$_1$ = 90%

[redacted]		**Asset Register (FAR). Product Voice Allocation table is used to categorize assets into product groups.**			
	3a	This step calculates Class of Work (CoW) Distribution % based on the Year to Date (YTD) Depreciation. **Data is obtained from the Loplist.** This is calculated for 4 CoWs: LDX, LYX, MDX, NGSC	For each relevant Voice CoW: CoW_{χ} Distribution % = [CoW_{χ} YTD Depreciation] / [YTD Depreciation for all relevant CoWs] * 100	CoW_1 Distribution % = £150k / £300k * 100	CoW_1 Distribution % = 50%
	3b	This step calculates the Weighting for the product groups with each CoW using product group allocation %. **Data is obtained from Switch to Product mapping tables (PDTSYSXD, PDTLYX, and PDTMXD).**	For each relevant Voice product group: $Product_{\chi}$ Weighting = [CoW_{χ} Distribution % (Result from Step 3a)] * [$Product\ Group_{\chi}$ allocation %] * 100	$Product_1$ Weighting = 50% * 40% * 100	$Product_1$ Weighting = 20%
	4	This step calculates Weighted % Allocation for Voice Product Groups.	For each relevant Voice product group: Weighted % Allocation (Base) for $Product\ Group_{\chi}$ = [Product weighting (Result from Step 3b)] * [% Allocation (Base) for $Product\ Group_{\chi}$ (Result from Step 2)] * 100	Weighted % Allocation (Base) for $Product\ Group_1$ = 20% * 90% * 100	Weighted % Allocation (Base) for $Product\ Group_1$ = 18%
	5	This step calculates Final % Allocation (Base) for Voice Product Groups.	For each relevant Voice product group: Final % Allocation (Base) for $Product\ Group_{\chi}$ = [Weighted % Allocation (Base) for $Product\ Group_{\chi}$ (Result from Step 4)] * [% Allocation (Base) for $Category_{\chi}$ (Result from Step 1)] * 100	Final % Allocation (Base) for $Product\ Group_1$ = 18% * 10%	Final % Allocation (Base) for $Product\ Group_1$ = 1.8%

Bases using direct methodologies

The following allocation bases are categorised as Direct methodologies. An explanation of direct methodology drivers is set out within section 4.7 "Methodology categories" of Part one of this AMD.

PDTEPD-Q

Reference	PDTEPD-Q
Title	Expedites
Overview	
Description	**1. Source Costs and MCE:** This base apportions the depreciation costs and accumulated depreciation MCE from the derived Expedite Provision Costs from NWB (Provision & Installation, Exchange lines (Business)) and NWR (Provision & Installation, Exchange lines (Residential)) classes of work to Plant Groups. **2. Cost and MCE Categories:** Depreciation - Copper, Holding Gains and Losses, Other CCA Adjustments, Supplementary Depreciation, Non-Current Assets - Copper.
	3. Summary Destination: PG149A - Analogue Line Final Drop
	4. Methodology Taxonomy: Direct **5. Driver classification:** Direct
	6. Data Source Summary: 100% allocation, no data source.

SOFTCAP-B

Reference	SOFTCAP-B
Title	Software Capitalisation for Openreach
Overview	
Description	**1. Source Costs and MCE:** This base allocates software capitalisation entries in the P&L and Balance Sheet relating to Openreach. **2. Cost and MCE Categories:** Network Operating IT Costs and Non-Current Assets (Software).
	3. Summary Destination: AG410 (Openreach Pay plus % Fixed Asset driver).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

SOFTCAP-C

Reference	SOFTCAP-C
Title	Software capitalisation Group Centre
Overview	
Description	**1. Source Costs and MCE:** This base allocates software capitalisation entries on the P&L and Balance Sheet relating to Group Centre. **2. Cost and MCE Categories:** Non Current Assets (Software), Network Operating It Costs, and Specific Items.
	3. Summary Destination: AG118 (BT Group PAC).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source

SOFTDEP-C

Reference	SOFTDEP-C
Title	Software depreciation for Group Centre profit centre.
Overview	
Description	**1. Source Costs and MCE:** This base allocates software depreciation on the Profit and Loss and Balance Sheet (Fixed Asset Accumulated Depreciation) for BT Group Organisational area for Classes of Work COMPG (Externally purchased software) and COMPS (Internally developed software). **2. Cost and MCE Categories:** Depreciation (Software) and Non-current assets (Software).
	3. Summary Destination: AG118 (BT Group PAC).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PDTMDF-Q

Reference	PDTMDF-Q
Title	Main Distribution Frames (Current)
Overview	PDTMDF-Q apportions current account costs for main distribution frames to a number of different PGs. Apportionments are based on the costs recorded for different activities, which has to be calculated using hours worked and labour rates for some activities.
Description	**1. Source Costs and MCE:** This base allocates current account costs for main distribution frames. The cost is mainly booked by the Technology CFU. **2. Cost and MCE Categories:** Net Labour Costs, Network Operating IT Costs, Other Operating Costs
	3. Summary Destination: This base apportions predominantly to PG217F (Main Distribution Frames Maintenance), as well as to PG989A (Special Fault Investigation), PG981R (Regulated Time Related Charges) and PG150B (Abortive Visits).
	1. Methodology Taxonomy: Labour. **2. Driver classification:** Man-hours & Labour Rates.
	6. Data Source Summary: This base is apportioned using man hours and labour costs data.
Data Sources	Labour: Man hours & labour rates (ORBIT, NJR, Python), Labour costs (CID); and Revenue & volumes: Openreach revenue & volumes.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Steps 1 to 6 are as per the PDTUDL-Q Page but is with regard CoW MDF.			
5	Ensure total cost allocation for CoW MDF (which is mapped to the Base PDTMDF-B) sum to 100%. If it does not equal 100%, the remaining % is allocated to PG217F - LE Frames OR Current .	PG217F Cost Allocation % = (100 - Result of Steps 1 to 6)	PG217F Cost Allocation % = (100 - 60)	PG217F Cost Allocation % = 40%

Bases using electricity methodologies

The following apportionment bases are categorised as Electricity methodologies. An explanation of Electricity methodology drivers is set out within section 4.7 "Methodology categories" of Part one of this AMD.

ELECT1-Q

Reference	ELECT1-Q			
Title	BT electricity costs			
Overview	ELECT1-Q apportions BT electricity costs to various PGs, AGs and residual markets based on BT technology network equipment volumes, their respective power consumption and the electricity unit rate.			
Description	**1. Source Costs and MCE:** This base apportions BT electricity costs. **2. Cost and MCE Categories:** Property Energy Costs			
	3. Summary Destination: This base predominantly apportions to PG192A (FTTC Copper tie cables), PG120B (LLU Electricity Usage - OR), PG952C (GEA Electronics), P008 (Rest of BT Residual); and PG127A (Analogue linecards). This base also apportions to a number of other PGs, AGs and Rest of BT Residual across the following categories: Office Buildings, Specialised Buildings, Data Centres, LLU, NGA/FTTC, BT Cables, BT Sports Production Hub, Third party, Motor Transport Workshops.			
	4. Methodology Taxonomy: Electricity **5. Driver classification:** Electricity Cost			
	6. Data Source Summary: Electricity costs (% splits for PGs/AGs/products across the network) are calculated using a combination of electricity prices & rates, office space and specialised space information and numerous source systems (see below).			
Data Sources	Electricity: Electricity Costs (ETD), Electricity usage (ETD); Labour: FTE headcount; and Property & Insurance; Property space (Horizon).			
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the estimated electricity cost for non-specialised spaces per building, represented by 'Horizon code'. Firstly, each horizon code is mapped to assign each building a non-specialised building type (i.e. office/non-office, data centre, motor transport workshop) and the total non-specialised area. Building type and other factors (e.g. occupancy), are used to create an average electricity cost per m^2 for non-specialised space. This average is then used to calculate an estimated electricity cost for non-specialised space per building.	Part A: Average cost = Estimated cost / Total space Part B: Estimated cost of non-specialised space = Average cost (Result from part A) * Total office space Part C: Estimated non-office cost = Estimated Cost - Estimated cost of non-specialised space (Result from Part B)	Part A: Average cost = £10m/1mm^2 Part B: Estimated cost of non-specialised space = £10 * 200k Part C: Estimated non-office cost = £10m - £2m	Part A: Average cost = £10 Part B: Estimated cost of non-specialised space = £2m Part C: Estimated non-office cost = £8m
	2	This step calculates total space (Non-specialised office/non-office space &	For each Horizon code: Part A: Total space Horizon$_1$ = CFU$_1$+CFU$_2$+CFU$_\chi$ Total space Horizon$_\chi$ = CFU$_1$+CFU$_2$+CFU$_\chi$	Part A: Total space Horizon$_1$ = 20+30+50+40+60	Part A: Total space Horizon$_1$ = 200

	specialised Openreach space) per building (horizon code) across different all CFUs.	Part B: Total area $^{(m2)}$ for Horizon$_1$ = Total space Horizon$_1$ (Result from Part A) + Specialised Area $^{(m2)}$ Horizon$_1$ Total area $^{(m2)}$ for Horizon$_\chi$ = Total space Horizon$_\chi$ (Result from Part A) + Specialised Area $^{(m2)}$ Horizon$_\chi$	Total space Horizon$_\chi$ = a +b +c +d +e Part B: Total area $^{(m2)}$ for Horizon$_1$ = 200 + 20 Total area $^{(m2)}$ for Horizon$_\chi$ = Total space Horizon$_\chi$ (Result from Part A) + Specialised Area $^{(m2)}$ Horizon$_\chi$ = 300 + 40	Total space Horizon$_\chi$ = d Total space Horizon$_{1...n}$ = e Part B: Total area $^{(m2)}$ for Horizon$_1$ = 340 Total area $^{(m2)}$ for Horizon$_\chi$ = f Total area $^{(m2)}$ for Horizon$_{1...n}$ = g
3	This step calculates the cost of non-specialised office and non-office space by Customer Facing Unit (CFU) Calculations are carried out to assign a % of this cost to each CFU. This is then weighted in relation to the total cost of non-specialised space to provide an overall electricity cost for non-specialised office/non-office space per CFU	Allocated costs per CFU = Part A: Total costs per CFU = Non-office costs + Office costs Part B: % Costs per CFU = Total costs per CFU (Result from Part A) / Total CFU costs (Total of results from Part A) Part C: Allocated costs per CFU = Total Electricity Costs x CFU % Costs (Result from Part B)	Allocated costs per CFU = Part A: £200k + £300k = £500k Part B: £500k / £5m= 0.1 Part C: £8m x 0.1	Allocated costs per CFU = CFU$_1$ = £800k CFU$_{1...n}$ = a
4	This step calculates the electricity costs to specialised Openreach space, which includes the removal of Local loop unbundling (LLU) costs % split for non-specialised Openreach products is brought in from feeder model. The average cost per m2 (calculated in steps above) is used to calculate cost of specialised Openreach space per product. This cost per product is updated after LLU costs after removed	% split of specialised Openreach electricity costs without LLU per product = Part A: Total Cost of specialised Openreach space = total specialised Openreach space (m2) * Average cost of space per m2 (Result from Step 1, Part A) Part B: Cost of specialised Openreach space per product = base % * Total Cost of specialised Openreach space (Result from Part A) Part C: Cost of specialised Openreach space per product (without LLU) = Cost of specialised Openreach space per product (Result from Part B) - LLU cost Part D: % split of specialised Openreach electricity costs without LLU per product = Cost of specialised Openreach space per product (without LLU) (Result from Part C) / Sum of all product costs without LLU ***Note Base % is calculated in PDTCJF, PDTLFSC, PDTSYSXD, LUX and PDTLYX**	% split of specialised Openreach electricity costs without LLU per product = Part A: Total Cost of specialised Openreach space = 1.1m * £10 Part B: Cost of specialised Openreach space per product = 5 % * £11m Part C: Cost of specialised Openreach space per product (without LLU) = £550k - £10k Part D: % split of specialised Openreach electricity costs without LLU per product = £540k / £6m	% split of specialised Openreach electricity costs without LLU per product = Part A: Total Cost of specialised Openreach space = £11m Part B: Cost of specialised Openreach space per product = £550k Part C: Cost of specialised Openreach space per product (without LLU) = £540k Part D: % split of specialised Openreach electricity costs without LLU per product = 9%
5	This step calculates Technology electricity costs per CFU and aggregates electricity costs	Part A: Specialised space total = All Specialised Space CFUs + All Specialised Space Horizons	Part A: Specialised space total = 1000 + 2000 + 500 + ... + 700	Part A: Specialised space total = 35k

	relating to data centres and allocating these costs to CFUs Summing together all space assigned as data centre. Splitting data centres into 2 categories: specialised and non-specialised. Calculating total cost of specialised and non-specialised data centre space separately using the average cost of electricity for non-specialised space (in steps above). Calculating electricity cost % splits for each CFU by dividing the data centre space for each CFU by the appropriate total (specialised/non-specialised) data centre space. Assigning an allocated (specialised and non-specialised together) data centre electricity cost per CFU through multiplying each split by a total electricity cost. Then the Technology CFU electricity costs are allocated across all CFUs using % split from the Data centre budget data input.	Part B: Non Specialised space total = All Non Specialised Space CFUs + All Non Specialised Space Horizons Part C: Estimated electricity costs for Non Specialised space = Total office space (Answer from Part B) * Average Cost (Answer from Step 1, Part A) Part D: Estimated electricity costs for Specialised space = Total BT data centre only costs - Estimated electricity costs for Non Specialised space (Answer from Part C) Part E: % Specialised Space allocation per CFU = CFU Specialised Space / Total Specialised Space (Result from Part A) Part F: % Non Specialised Space allocation per CFU = CFU Non Specialised Space / Total Non Specialised Space (Result from Part B) Part G: Non Specialised allocated electricity costs per CFU = Total estimated electricity costs for Non Specialised space (Result from Part C) * % Non Specialised Space allocation per CFU (Result from Part F) Part H: Specialised allocated electricity costs per CFU = Total estimated electricity costs for Specialised space (Result from Part D) * % Specialised Space allocation per CFU (Result from Part E) Part I: Technology electricity costs per CFU = (Technology CFU Specialised electricity costs (Result from Part H) + Technology CFU Non Specialised electricity costs (Result from Part G)) * % CFU split ***Note % Split used in Part I is from Power budget data centre**	Part B: Non Specialised space total = 1500 + 2500 + 800 ..... + 600 Part C: Estimated electricity costs for Non Specialised space = 14k * £10 Part D: Estimated electricity costs for Specialised space = Total BT data centre only costs - £7m - £140k Part E: % Specialised Space allocation per CFU = 10.5k / 35k Part F: % Non Specialised Space allocation per CFU = 2.8k / 14k Part G: Non Specialised allocated electricity costs per CFU = £140k * 0.20 Part H: Specialised allocated electricity costs per CFU = £6.86m * 0.30 Part H: Specialised allocated electricity costs per CFU = Total estimated electricity costs for Specialised space (Result from Part D) * % Non Specialised Space allocation per CFU (Result from Part E) Part I: Technology electricity costs per CFU = (£28k + £2.06m) * 0.25	Part B: Non Specialised space total = 14k Part C: Estimated electricity costs for Non Specialised space = £140k Part D: Estimated electricity costs for Specialised space = £6.86m Part E: % Specialised Space allocation per CFU = 0.30 Part F: % Non Specialised Space allocation per CFU = 0.20 Part G: Non Specialised allocated electricity costs per CFU = £28k Part H: Specialised allocated electricity costs per CFU = £2.06m Part I: Technology electricity costs per CFU = £522k
6	This step calculates total specialised technology (less LLU) costs in order to allocate these to specific categories across BT	Specialised Technology less LLU = Part A: 3rd party costs less LLU = Total 3rd Party costs - LLU Cost Part B: Specialised Technology less LLU = Total Electricity costs - total of below *Motor transport BT Costs *Third party electricity Less LLU (Result from Part A) *Office space costs *NGA costs (estimated using NGA Power Consumption forecast and Electricity Unit Costs) *LLU costs (estimated using Electricity Unit costs and LLU Metered, LLU Unmetered Power Consumption) *Data centre costs	Specialised Technology less LLU = Part A: 3rd party costs less LLU = £17m - £15m Part B: Specialised Technology less LLU = £100m - (£10m + £20m + £2m + £9m + £5m + £4m)	Specialised Technology less LLU = £50m
7	This step calculates power allocation and power revised through duplicates which then is	Part A: Power revised for duplicates = Power Allocation / Count	Part A: Power revised for duplicates = 500k / 1	Part A: Power revised for duplicates = 500k

		uses Technology specialised base (less LLU) cost base (Result from Step 6) to allocate electricity costs to each PG/Product	Part B: % Power revised for duplicates / Total power revised for duplicates = power revised for duplicates (Result from Part A) / Total power revised for duplicates (Total of Result of Part A) Part C: Electricity cost = % Power revised for duplicates * Specialised Technology less LLU (Result from Step 6) **Note: Power allocation is calculated in steps 1-4 in PANDAL/PDTPANDA pages**	Part B: % Power revised for duplicates / Total power revised for duplicates = 500k / 100m Part C: Electricity cost = £50m x 0.005	Part B: % Power revised for duplicates / Total power revised for duplicates = 0.005 Part C: Electricity cost = £250k
	8	This step calculates % allocation of the total electricity base cost for each PG/product/ activity group (Next generation access (NGA), BT sports hub, CFU % calculation based on total cost)	CFU_1 % allocation = CFU_1 electricity cost/ Total electricity cost CFU_2 % allocation = CFU_2 electricity cost/ Total electricity cost ... CFU_x % allocation = CFU_x electricity cost/ Total electricity cost Note: for CFU costs associated with Technology specialised values, see step 7	CFU_1 % allocation = £10m / £100m CFU_2 % allocation = £500k / £100m ... CFU_x % allocation = £2m / £100m	CFU_1 % allocation = 10% CFU_2 % allocation = 0.5% ... CFU_x % allocation = 2%

PANDAL-Q

Reference	PANDAL-Q				
Title	Power and Accommodation (Back-Up Power and Specialised Accommodation Equipment)				
Overview	PANDAL-Q apportions maintenance and non-maintenance costs relating to BT's Network Operation Buildings including power, heating, ventilation, air conditioning, general environmental control and associated depreciation and other balance sheet items, based on BT technology network equipment volumes, their respective power consumption and the electricity unit rate.				
Description	**1. Source Costs and MCE:** This base apportions the costs and balance sheet items associated with systems providing heating, ventilation, air conditioning and general environment control in BT's Network Operational Buildings (i.e. non-office buildings such as property occupied by local exchanges), including equipment and costs for maintenance. **2. Cost and MCE Categories:** Non-current assets (Other Assets), and Depreciation (Other Assets).				
	3. Summary Destination: This base predominantly apportions to P008 (Rest of BT Residual), PG952C (GEA Electronics), PG252B (Openreach Residual Elimination), PG136N (LLU Co-mingling Provision), as well as a number of other PGs, including unregulated areas.				
	4. Methodology Taxonomy: Electricity. **5. Driver classification:** Electricity Usage.				
	6. Data Source Summary: Power consumption across the network is calculated using equipment volumes and standard consumption rates from various sources, to apply to each different part of the BT Technology network.				
Data Sources	Electricity Usage (EXPRES, PACS/INS/ISIS Documents, Peacemaker, NISM, LLUMS, PIRM (CISL), MARVIN, UK Hosted ICM Platform), Electricity Cost (Energy Telemetry Database), Depreciation (LoPlist FAR Data) and Bearer volumes (CTCS).				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the Power Consumption. ***Volumes are obtained from OR RAW Volumes input, and***	For each relevant equipment type:	Equipment $_1$ Power Consumption = 100 * 50	Equipment $_1$ Power Consumption = 5,000

		Equipment Power Usage is obtained from the standard ratings for each equipment type.	Equipment $_{\chi}$ Power Consumption = [Equipment $_{\chi}$ Volume] * [Equipment $_{\chi}$ Power Usage or Rating) Total Power Consumption = Sum of all equipment power consumption	Total Power Consumption = 5,000 + Power consumption for all other relevant equipment (e.g. 15,000)	Total Power Consumption = 20,000
	2	This step calculates the Power Usage Allocation to Plant Groups. ***% Allocation is obtained from Average weighted base calculations for equipment costs.***	For each relevant PG: PG_{χ} Power Usage Allocation = Total Power Consumption $_{(Result\ from\ Step\ 1)}$ * % Allocation for PG_{χ}	PG_1 Power Usage Allocation = 20,000 * 10%	PG_1 Power Usage Allocation = 2,000
	3	This step calculates the Total Power Usage Allocation.	Total Power Usage Allocation = $\sum PG_{1...n}$ Power Allocation $_{(Result\ from\ Step\ 2)}$	Total Power Usage Allocation = 2,000 + Power consumption for all other relevant PGs (e.g. 10,000)	Total Power Usage Allocation = 12,000
	4	This step calculates the PG Power Usage Allocation %, adjusted for LLU costs. ***LLU proportion of total costs are obtained from LLU Power Consumption.*** Total LLU Costs are taken from looking at the Metered LLU Costs (£), and then making an adjustment for the percentage of unmetered LLU Costs. The LLU Proportion of Total Costs are then split by PG based on the ratio of CY Depreciation (% Allocation).	For each relevant PG: Adjusted PG_{χ} Power Usage Allocation % = [PG_{χ} Power Allocation $_{(Result\ from\ Step\ 2)}$ / Total Power Allocation $_{(Result\ from\ Step\ 3)}$] * [1 - LLU Proportion of total costs] For LLU: Total LLU Costs (£) = Metered LLU Costs (£) * (1 / % of Submetered LLUs) LLU Proportion of Total Costs = Total LLU Costs (£) / Total Electricity Cost per GL (£) % Allocation = [PG_{χ} YTD Depr (£k)] / [Sum_YTD Depr (£k)]	Adjusted PG_1 Power Usage Allocation % = [(2,000/12,000) x (1 – 12%)] * 100 Total LLU Costs (£) = 20,000,000 * (1 / 0.95) LLU Proportion of Total Costs = 100/10000 % Allocation = 30 / 100	Adjusted PG_1 Power Usage Allocation % = 14.67% Total LLU Costs (£) = 21,052,631 LLU Proportion of Total Costs = 0.01 % Allocation = 0.3

PDTPANDA-Q

Reference	PDTPANDA-Q
Title	Power and Accommodation (Back-Up Power and Specialised Accommodation Equipment)
Overview	PDTPANDA-Q apportions maintenance and non-maintenance costs relating to BT's Network Operation Buildings including power, heating, ventilation, air conditioning, general environmental control and associated depreciation and other balance sheet items, based on BT technology network equipment volumes, their respective power consumption and the electricity unit rate.
Description	**1. Source Costs and MCE:** This base apportions the costs and balance sheet items associated with systems providing heating, ventilation, air conditioning and general environment control in BT's Network Operational Buildings (i.e. non-office buildings such as property occupied by local exchanges), including equipment and costs for maintenance. **2. Cost and MCE Categories:** Depreciation (Other Assets), Holding Gains and Losses, Network Operating IT Costs, Other CCA Adjustments, Supplementary Depreciation and Non-Current Assets (Other Assets).
	3. Summary Destination: The base predominantly apportions to P008 (Rest of BT Residua), PG252B (Openreach Residual Elimination), PG952C (GEA Electronics), PG127A (Analogue Linecards) and PG132N (LLU co-mingling recurring costs (technology)), as well as to a number of other PGs including PG859A (Copper MSAN Control Access), PG857A (Copper MSAN Combi Cards Broadband element) and PG288A (Local exchange concentrator (Sys X) call set-up).
	4. Methodology Taxonomy: Electricity. **5. Driver classification:** Electricity Usage.

	6. Data Source Summary: Power consumption across the network is calculated using equipment volumes and standard consumption rates from various sources, to apply to each different part of the BT Technology network.
Data Sources	Electricity Usage (EXPRES, PACS/INS/ISIS Documents, Peacemaker, NISM, LLUMS, PIRM (CISL), MARVIN, UK Hosted ICM Platform), Electricity Cost (Energy Telemetry Database) and Depreciation (LoPlist FAR Data).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the Power Consumption. ***Volumes are obtained from OR RAW Volumes input, and Equipment Power Usage is obtained from the standard ratings for each equipment type.***	For each relevant equipment type: Equipment $_{\chi}$ Power Consumption = [Equipment $_{\chi}$ Volume] * [Equipment $_{\chi}$ Power Usage or Rating) Total Power Consumption = Sum of all equipment power consumption	Equipment $_{1}$ Power Consumption = 100 * 50 Total Power Consumption = 5,000 + Power consumption for all other relevant equipment (e.g. 15,000)	Equipment $_{1}$ Power Consumption = 5,000 Total Power Consumption = 20,000
2	This step calculates the Power Usage Allocation to Plant Groups. ***% Allocation is obtained from Average weighted base calculations for equipment costs.***	For each relevant PG: PG $_{\chi}$ Power Usage Allocation = Total Power Consumption $_{\text{(Result from Step 1)}}$ * % Allocation for PG $_{\chi}$	PG $_{1}$ Power Usage Allocation = 20,000 * 10%	PG $_{1}$ Power Usage Allocation = 2,000
3	This step calculates the Total Power Usage Allocation.	Total Power Usage Allocation = $\sum$ PG$_{1...n}$ Power Allocation $_{\text{(Result from Step 2)}}$	Total Power Usage Allocation = 2,000 + Power consumption for all other relevant PGs (e.g. 10,000)	Total Power Usage Allocation = 12,000
4	This step calculates the PG Power Usage Allocation %, adjusted for LLU costs. ***LLU proportion of total costs are obtained from LLU Power Consumption.***	For each relevant PG: Adjusted PG $_{\chi}$ Power Usage Allocation % = [PG $_{\chi}$ Power Allocation $_{\text{(Result from Step 2)}}$ / Total Power Allocation $_{\text{(Result from Step 3)]}}$ * [1 - LLU Proportion of total costs]	Adjusted PG $_{1}$ Power Usage Allocation % = [(2,000/12,000) x (1 – 12%)] * 100	Adjusted PG $_{1}$ Power Usage Allocation % = 14.67%

Bases using labour methodologies

The following apportionment bases are categorised as Labour methodologies. An explanation of labour methodology drivers is set out within section 4.7 “Methodology categories” of Part one of this AMD.

PDTFTTCR-Q

Reference	PDTFTTCR-Q
Title	FTTC Reactive Repair
Overview	PDTFTTCR-Q apportions repair costs for FTTC Reactive Repair to a number of different PGs. Apportionments are based on the costs recorded for different activities, which has to be calculated using hours worked and labour rates for some activities.
Description	**Source Costs and MCE:** This base apportions FTTC Reactive Repair costs. **Cost and MCE Categories:** Net Indirect Labour Costs, Network Operating IT Costs and Other Operating Costs.
	3. Summary Destination: This base apportions to PG955M (GEA FTTC Maintenance), PG150B (Abortive Visits) and PG981R (Regulated Time Related Charges).
	4. Methodology Taxonomy: Labour **5. Driver classification:** Man-hours & Labour Rates
	6. Data Source Summary: This base is apportioned using network data and man hours/labour costs.
Data Sources	Network data: bearer volumes (CTCS); and Labour: Man hours & labour rates (ORBIT, NJR, Python), labour costs (CID).

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	Steps 1 to 4 are as per the PDTUDL-Q Page but is with regard CoW FTTCR			
	5	Ensure total cost allocation for CoW FTTCR (which is mapped to the Base PDTFTTCR-Q) sums to 100%. If it does not equal 100%, the remaining % is allocated to PG955M (GEA FTTC Maintenance).	PDTFTTCR Total unmapped balances Step 1: Remaining % of base to allocate= 100%- % calculated in Steps 1-4 Step 2: Allocate remainder to PG955M.	Step 1: 100%-20%= 80% Step 2: 80% allocation to PG955M	PG955M Cost Allocation %= 80%

PDTFTTPR-Q

Reference	PDTFTTPR-Q
Title	FTTP Reactive Repair
Overview	PDTFTTPR-Q apportions repair costs for FTTP Reactive Repair to a number of different PGs. Apportionments are based on the costs recorded for different activities, which has to be calculated using hours worked and labour rates for some activities.
Description	**1. Source Costs and MCE:** This base apportions FTTP Reactive Repair costs. **2. Cost and MCE Categories:** Net Indirect Labour Costs, Network Operating IT Costs and Other Operating Costs.
	3. Summary Destination: This base apportions to PG956M (GEA FTTP Maintenance) and PG150B (Abortive visits).
	4. Methodology Taxonomy: Labour **5. Driver classification:** Man-hours & Labour Rates
	6. Data Source Summary: This base is apportioned using network data and man hours/labour costs.
Data Sources	Network data: bearer volumes (CTCS); and Labour: Man hours & labour rates (ORBIT, NJR, Python), labour costs (CID).

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1 to 4	Steps 1 to 6 are as per the PDTUDL-Q Page but is with regard CoW FTTPR			
	5	Ensure total cost allocation for CoW FTTPR (which is mapped to the Base PDTFTTPR-Q) sums to 100%. If it does not equal 100%, the remaining % is allocated to PG956M (GEA FTTP Maintenance).	PG956M Total unmapped balances Step 1: Remaining % of base to allocate= 100%- % calculated in Steps 1-4 Step 2: Allocate remainder to PG956M.	Step 1: 100%-20%= 80% Step 2: 80% allocation to PG956M	PG956M Cost Allocation % for PG956M = 80%

PDTMG-Q

Reference	PDTMG-Q
Title	General Customer Equipment & Line Faults
Overview	PDTMG-Q apportions staff costs of indirect apparatus and network faulting work to a number of different PGs. Apportionments are based on the costs recorded for different activities, which has to be calculated using hours worked and labour rates for some activities.
Description	**1. Source Costs and MCE:** This base apportions staff costs of indirect apparatus and network faulting work carried out by customer apparatus and line ETGs. **2. Cost and MCE Categories:** N/A
	3. Summary Destination: This base predominantly apportions to AG410 (Openreach PAC), PG154B (NGA Visit Assure) and PG989A (Special Fault Investigation).
	4. Methodology Taxonomy: Labour. **5. Driver classification:** Man-hours & Labour Rates.
	6. Data Source Summary: This base is apportioned using man hours and labour costs data.
Data Sources	Labour: Man hours & labour rates (ORBIT, NJR, Python), Labour costs (CID); and Revenue & volumes: Openreach revenue & volumes.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1 to 6	Steps 1 to 6 are as per the PDTUDL-Q Page but is with regard the CoW MG.			
5	Ensure total cost allocation for CoW MG (which is mapped to the Base PDTMG-Q) sum to 100%. If it does not equal 100%, the remaining % is allocated to AG410 - COMCOS	AG410 Cost Allocation % = (100 - Result of Steps 1 to 6)	AG410 Cost Allocation % = (100 - 60)	AG410 Cost Allocation % = 40%

PDTORSFI-Q

Reference	PDTORSFI-Q
Title	Dropwire repair Overhead Cable
Overview	PDTORSFI-Q apportions repair costs for Dropwire repair Overhead Cable to a number of different PGs. Apportionments are based on the costs recorded for different activities, which has to be calculated using hours worked and labour rates for some activities.
Description	**1. Source Costs and MCE:** This base apportions repair costs for drop wires **2. Cost and MCE Categories:** Non Current Assets (Other Assets), Depreciation (Other Assets), Network Operating It Costs, and Other Operating Costs.
	3. Summary Destination: This base apportions predominantly to PG122M (Dropwire Maintenance Residential), as well as to PG989A (Special Fault Investigation), PG981R (Regulated Time Related Charges), PG150B (Abortive Visits) and PG154B (NGA visit assure).
	4. Methodology Taxonomy: Labour **5. Driver classification:** Man-hours & Labour Rates
	6. Data Source Summary: This base is apportioned using man hours and labour costs data.
Data Sources	Labour: Man hours & labour rates (ORBIT, NJR, Python), Labour costs (CID); and Revenue & volumes: Openreach revenue & volumes.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1 to 6	Steps 1 to 6 are as per the PDTUDL-Q Page but is with regard CoW OR.			

	5	Ensure total cost allocation for CoW OR (which is mapped to the Base PDTORSFI-Q) sums to 100%. If it does not equal 100%, the remaining % is allocated to PG122M - Residential PSTN Maintenance	PG122M Cost Allocation % = (100 - Result of Steps 1 to 6)	PG122M Cost Allocation % = (100 - 60)	PG122M Cost Allocation % = 40%

PDTUDL-Q

Reference	PDTUDL-Q
Title	Distribution Side Copper Repair
Overview	PDTUDL-Q apportions repair costs for Distribution Side Copper drop wires to a number of different PGs. Apportionments are based on the costs recorded for different activities, which has to be calculated using hours worked and labour rates for some activities.
Description	**1. Source Costs and MCE:** This base apportions repair costs for drop wires. **2. Cost and MCE Categories:** Net Indirect Labour Costs, Network Operating IT Costs, Other Operating Costs.
	3. Summary Destination: This base predominantly apportions to PG118M (D-Side Copper Maintenance), as well as a number of other PGs including PG154B (NGA visit assure), PG981R (Regulated Time Related Charge) and PG989A (Special Fault Investigation).
	4. Methodology Taxonomy: Labour **5. Driver classification:** Man-hours & Labour Rates
	6. Data Source Summary: Apportionment is calculated using labour hours, pay rates and Openreach service volumes.
Data Sources	Labour: Labour cost (SAP) and Man-hours & labour rates (Orbit, NJR, Python); and Revenue & Volumes: Openreach revenue & volumes.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates how much direct labour cost should be recognised for TRC, AVC, SFI and SFVA on each of the relevant plant groups.	Step 1: Calculate number of labour hours= Revenue volume * Average Task Time Step 2: Calculate cost to be recognised on plant groups= Labour Hours (Step 1) * Labour rate per hour Step 3: Deduct AVC decapitalisation balances from AVC total (as that element of cost is already included), and remove pre captured TRC costs (to avoid duplication of final costs). AVC= AVC Cost (Step 2) - AVC Decap TRC= TRC Cost (Step 2) - Pre captured TRC costs	e.g. AVC. Step 1= 200k *1.5= 300 hours Step 2= 300k hours * £35= £10.5m Step 3: £10.5m- £4m= £6.5m.	Step 3: AVC Allocation = £6.5m
2	This step calculates how much of the UDL CoW needs to be allocated to PG989A (Special Fault Investigations), PG981R (Time Related Charges), PG150B (Abortive Visits) and PG154B (NGA Visit Assure)	Step 1: Calculate UDL COW Hours as % of total hours for SFISame steps completed for SFVA, TRC and AVC. Step 2: Calculate relative amount of cost attributable from PDTUDL to SFI= % of total hours for SFI (Step 1) * Cost for all SFI (Part 1) Same steps completed for SFVA, TRC and AVC. Step 3: % to be allocated from PDTUDL to SFI= Relative amount of cost attributable from base (Step 2) / Total cost on base Same steps completed for SFVA, TRC and AVC. Step 4: Remaining allocations required to SFI = Total amount to be allocated to SFI (From Part 1) - Sum of all relevant COW bases allocations to SFI	Step 1: 1,000 hours/ 10,000 hours = 10% Step 2: 10% * £10.5m= £1,050kStep 3= £1,050 / £5m= 21% Step 4= £10.5m - £1,050= £9.45m Step 5= £9.45m * 10%= £945k Step 6= £1,050+ £945k = £1,995k	Step 7: PDTUDL allocation to SFI= 39.9%

		Same steps completed for SFVA, TRC and AVC. Step 5: PDTUDL additional allocation to SFI= Remaining allocation to SFI required (Step 4) * UDL % of SFI hours (Step 1) Same steps completed for SFVA, TRC and AVC. Step 6: Total allocation from PDTUDL to SFI= Additional allocation (Step 5) + Original Allocation (Step 2) Same steps completed for SFVA, TRC and AVC. Step 7: Total SFI % allocation from PDTUDL= Total allocation from PDTUDL (Step 6)/ Total cost on base Same steps completed for SFVA, TRC and AVC.	Step 7= £1,995/ £5m=	
3	This step calculates how much of the CoW UDL needs to be allocated to PG252B and MPF Enhanced Care Level 3/4 (PG167A).	PG252B / PG167A Cost Allocation %: Part A: Unit cost for level 2 lines = Total SML2 Cost (£) / Total lines with SML2 Part B: MPF/WLR Cost (£) = MPF/WLR Total Enhanced care volumes * Unit cost for level 2 lines (Result from Part A) Part C: Cost Pertaining to Enhanced Care (£) = (Total Pay cost for UDL CoW (£) / Total Pay Costs for 3 biggest maintenance CoW (£)) * MPF/WLR Cost (£)(Result from Part B) Part D: Proportion of CoW UDL to be allocated to **PG167A** (MPF) and **PG252B** = Cost Pertaining to Enhanced Care MPF/WLF (£)(Result from Part C) / Total Pay cost for UDL CoW (£)	Worked example for PG167A Cost Allocation % only: Part A: £15m / £10m = 1.5 Part B: £4m * 1.5 = £6m Part C: £100m / 250m * £6m = £1.5m Part D: £1.5m / £100m	Part D: PG167A = 1.5%
4	This step calculates how much of the CoW UDL needs to be allocated to PG252B and MPF Enhanced Care Level 2 (PG169A).	PG252B / PG169A Cost Allocation %: Part A: Total SML2 Costs (£) = Labour Rate Per Hour * SML2 Kilo Man Hours (KMH) Engineering Time Part B: MPF/WLF% = MPF/WLF lines with SML2 / Total lines with SML2 Part C: MPF/WLF Cost (£) = MPF/WLF %(Result from Part B) * Total SML2 Cost (£)(Result from Part A) Part D: Cost Pertaining to Enhanced Care (£) = (Total Pay cost for UDL CoW (£) / Total Pay Costs for 3 biggest maintenance CoW (£)) * MPF/WLF SML2 Cost (£) (Result from Part C) Part E: Proportion of CoW UDL to be allocated to **PG169A** (MPF) and **PG252N** (WLF) = Cost Pertaining to Enhanced Care MPF/WLF (£)(Result from Part D) / Total Pay cost for UDL CoW (£)	Worked example for PG169A only: Part A: £30 * £500k = £15m Part B: £3m / £10m = 30% Part C: 30% * £15m = £4.5m (MPF) Part D: £100m / £250m * £4.5m = £1.8m Part E: £1.8m / £100m	Part E: PG169A = 1.8%
5	This step ensures the total cost allocation for CoW UDL (which is mapped to the Base PDTUDL-Q) sums to 100%. If it does not equal 100%, the remaining % is allocated to PG118M - D-Side Copper Mtce	PG118M Cost Allocation % = (100 – Step 2 – Step 3 – Step 4)	PG118M Cost Allocation % = (100% – 39.9% - 1.8% - 5% - 1.5% - 2%)	PG118M Cost Allocation % = 7549.8%

PDTUEL-Q

Reference	PDTUEL-Q
Title	Exchange Side Copper Repair
Overview	PDTUEL-Q apportions repair costs for Exchange Side Copper drop wires to a number of different PGs. Apportionments are based on the costs recorded for different activities, which has to be calculated using hours worked and labour rates for some activities.
Description	**1. Source Costs and MCE:** This base apportions repair costs for drop wires. **2. Cost and MCE Categories:** Net Indirect Labour Costs, Network Operating IT Costs and Other Operating Costs.
	3. Summary Destination: This base predominantly apportions to PG117M (E-Side Copper Cable Maintenance), as well as a number of other PGs including PG154B (NGA visit assure); and PG989A (Special Fault Investigation).
	4. Methodology Taxonomy: Labour **5. Driver classification:** Man-hours & Labour Rates
	6. Data Source Summary: This base is apportioned using network data and man hours/labour costs.
Data Sources	Network data: bearer volumes (CTCS); and Labour: Man hours & labour rates (ORBIT, NJR, Python), labour costs (CID).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1 to 4	Steps 1 to 6 are as per the PDTUDL-Q Page but is with regard CoW UEL			
5	Ensure total cost allocation for CoW UEL (which is mapped to the Base PDTUEL-Q) sums to 100%. If it does not equal 100%, the remaining % is allocated to PG117M - E Side Copper Current	PG117M Cost Allocation % = (100 - Result of Steps 1 to 6)	PG117M Cost Allocation % = (100 - 60)	PG117M Cost Allocation % = 40%

PDTMISC-Q

Reference	PDTMISC-Q
Title	Miscellaneous Work
Overview	PDTMISC-Q apportions miscellaneous work which has been carried out but cannot be allocated to another specific Class of Work to a number of different PGs. Apportionments are based on the costs recorded for different activities, which has to be calculated using hours worked and labour rates for some activities.
Description	**1. Source Costs and MCE:** This base apportions miscellaneous work which has been carried out but cannot be allocated to another specific Class of Work. **2. Cost and MCE Categories:** Net Indirect Labour Costs, Network Operating IT Costs and Other Operating Costs.
	3. Summary Destination: This base predominantly apportions to AG407 (OR Ops Pay Driver), PG981R (Regulated Time Related Charges), PG150B (Abortive visits) and labour related activity groups.
	4. Methodology Taxonomy: Labour **5. Driver classification:** Man-hours & Labour Rates
	6. Data Source Summary: This base is apportioned using network data and man hours/labour costs.
Data Sources	Network data: bearer volumes (CTCS); and Labour: Man hours & labour rates (ORBIT, NJR, Python), labour costs (CID).

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1 to 4	Steps 1 to 6 are as per the PDTUDL-Q Page but is with regard CoW FTTPR			
	5	Ensure total cost allocation for CoW MISC (which is mapped to the Base PDTMISC-Q) sums to 100%. If it does not equal 100%, the remaining % is allocated to AG407 (Openreach Operations Pay)	PDTMISC Total unmapped balances Step 1: Remaining % of base to allocate= 100%- % calculated in Steps 1-4 Step 2: Allocate remainder to AG407	Step 1: 100%-20%= 80% Step 2: 80% allocation to AG407	AG407 Cost Allocation %= 80%

Bases using network data methodologies

The following apportionment bases are categorised as Network data methodologies. An explanation of network data methodology drivers is set out within section 4.7 “Methodology categories” of Part one of this AMD.

PDTBDUKOH-Q

Reference	PDTBDUKOH-Q
Title	BDUK Overheads
Overview	Overheads and COMPE computer assets relating to BDUK
Description	**1. Source Costs and MCE:** These bases allocate overheads and COMPE computer assets relating to BDUK. **2. Cost and MCE Categories:** This mostly consists of Non-Current Assets (Other)
	3. Summary Destination: PG999A - FTTC Funded Fibre Rollout Spend, PG990A - FTTP Funded Fibre Rollout Spend
	4. Methodology Taxonomy: Network Data **5. Driver classification:** GBV.
	6. Data Source Summary: The BDUK development programme allocation for FTTC and FTTP equipment is used to determine the apportionment.
Data Sources	Asset Metrics: Gross book value, other; and Network data: capex spend (ORBIT), other.

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	The split of FTTP-FTTC BDUK assets is calculated. This is based on the Total Homes Passed for BDUK funded projects.	FTTx % = THP for FTTx / THP	FTTC THP = 7,843,006 FTTP THP = 518,810 THP = 8,361,816 = 7,843,006 + 518,810 FTTC THP % = 93.8% = (7,843,006 / 8,361,816) FTTP THP % = 6.2% = (518,810 / 8,361,816)	THP = 8,361,816 FTTC THP % = 93.8% FTTP THP % = 6.2%
	2	Base is allocated to PG999A and PG990A in proportion to FTTC and FTTP THP %, respectively	PG999A = FTTC % PG990A = FTTP %	As above	As above

PDTCJF-Q

Reference	PDTCJF-Q
Title	Backhaul and Core Fibre Cables
Overview	PDTCJF-Q allocates depreciation and asset values of core and backhaul fibre between core and backhaul PGs based on the length of core and backhaul fibre cables.
Description	**1. Source Costs and MCE:** This base attributes the depreciation and asset values of our core and backhaul fibre cables. **2. Cost and MCE Categories:** Non Current Assets (Fibre), Depreciation (Fibre), Net indirect labour costs, and Other Operating Costs.
	3. Summary Destination: This base predominantly apportions to PG170B (Backhaul Fibre), as well as PG350N (Core Fibre).
	4. Methodology Taxonomy: Network Data **5. Driver classification:** Fibre Lengths (CTCS/LLUMS)
	6. Data Source Summary: Network data for fibre lengths (km) for backhaul fibre and core fibre are used in the apportionment of this base.
Data Sources	Network data: Fibre lengths (CTCS); and Revenue & volumes: Ethernet revenue & volumes (ORBIT).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1 - 5	These steps calculate the core fibre lengths in km. Steps 1 - 5 are identical to PDTLMD-Q.	See PDTLMD-Q.	See PDTLMD-Q.	See PDTLMD-Q.
6 - 7	These steps calculate the backhaul fibre lengths in km. Steps 6 - 7 are identical to PDTLMD-Q steps 8 - 9.	See PDTLMD-Q.	See PDTLMD-Q.	See PDTLMD-Q.
8	Percentage allocation based on Fibre Lengths (%)	PG350N = [Core Fibre Length (km)$_{\text{(Result from Step 5)}}$ + 21CN Metro Core circuit length] / [Core Fibre Length (km)+ Backhaul Fibre Length (km)] PG170B = [Backhaul Fibre Length (km)$_{\text{(Result from Steps 5 and 7)}}$ +21CN DSLAM to Metro circuit length] / [Core Fibre Length (km)+ Backhaul Fibre Length (km)]	PG350N = (25km + 5km) / 100km PG170B = (60km + 10km) / 100km	PG350N = 30% PG170B = 70%

PDTLFSC-Q

Reference	PDTLFSC-Q
Title	Local Fibre Spine Cable
Overview	This base apportions the costs and balance sheet items associated with local fibre spine cable (into PGs for FTTC, FTTP, Ethernet and Network Adjustments), based on fibre volumes. Data showing fibre connection volumes within the UK from INS is mapped to different geographies by Openreach Specialists. These are then mapped into specific geographic markets as necessary. All fibre volumes in this apportionment are calculated after excluding BDUK.
Description	**1. Source Costs and MCE:** This base apportions the costs and balance sheet items associated with local fibre spine cable. **2. Cost and MCE Categories:** Depreciation (Fibre) and Non-Current Assets (Fibre).
	3. Summary Destination: This base predominantly apportions to PG111C (Access Fibre Spine) and PG948C (GEA FTTP Access Fibre Spine), as well as to PG950C (GEA FTTC Access Fibre Spine); and PG300N (Duct Network Adjustments Internal).
	4. Methodology Taxonomy: Network Data **5. Driver classification:** Cable Lengths (INS)
	6. Data Source Summary: Fibre Connections from INS and network adjustments are used as a driver to allocate costs across the relevant PGs for Spine Fibre.

Data Sources	Cable Lengths (INS), GBV (BDUK Ledger), Network Adjustments GBV			
Calculation Steps	**Summary**	**Calculation**	**Worked Example**	**Example Results**
1	This step calculates Total BDUK GBV for LFSC (FTTC and FTTP). Values are obtained from BDUK GBV Data.	BDUK GBV FTTx for LFDC = BDUK GBV for LFDC * FTTx%	BDUK GBV FTTC for LFDC = £100 * 25% BDUK GBV FTTP for LFDC = £100 * 15%	BDUK GBV FTTC for LFDC = £25 BDUK GBV FTTP for LFDC = £15
2	This step calculates BDUK Planning Cost for LFSC (FTTC and FTTP).	[Steps are same as Part a but filtered for Policy Code FSDG] BDUK GBV (Planning Cost) FTTx for LFDC = BDUK GBV Closing [Policy Code FSDG] * FTTx%	BDUK GBV (Planning Cost) FTTC for LFDC = £40 * 25% BDUK GBV (Planning Cost) FTTP for LFDC = £33 * 15%	BDUK GBV (Planning Cost) FTTC for LFDC = £10 BDUK GBV (Planning Cost) FTTP for LFDC = £5
3	This step strips out BDUK Planning Costs from Total BDUK Depreciation (FTTC and FTTP).	BDUK GBV FTTx Net of Planning Cost for LFDC = BDUK GBV FTTx for LFDC (Result from step 1a) - BDUK GBV (Planning Cost) FTTx for LFDC (Result from step 1b)	BDUK GBV FTTC Net of Planning Cost for LFDC = £25 - £10 BDUK GBV FTTP Net of Planning Cost for LFDC = £15 - £5	BDUK GBV FTTC Net of Planning Cost for LFDC = £15 BDUK GBV FTTP Net of Planning Cost for LFDC = £10
4	This step sums together BDUK FTTC and FTTP GBV (net of Planning Costs) calculated in Step 3, to give us totals.	Total GBV of BDUK element in LFDC = BDUK GBV FTTC Net of Planning Cost for LFDC (Result from part c) + BDUK GBV FTTP Net of Planning Cost for LFDC (Result from part c)	Total GBV of BDUK element in LFDC = £15 + £10	Total GBV of BDUK element in LFDC = £25
5	Part a: This step calculates the BDUK percentage reduction which is used to adjust the fibre connection volumes for FTTP and FTTC. GBV for FTTC and FTTP of LFSC CoW is obtained from Ledger Data Part b: This step calculates the BDUK adjustment to FTTC and FTTP connections. The same adjustment is applied to both FTTC and FTTP volumes.	Part a: BDUK % Reduction = 1 - (Total GBV of BDUK element in LFDC (Result from step 4) / Total GBV for LFSC) Part b: For FTTC and FTTP: BDUK Adj FTTx Connections = No. of FTTx Connections * BDUK % Reduction (Result from step a)	Part a: BDUK % reduction = 1 - (£25/£100) Part b: BDUK Adj FTTC Connections = 500 * 0.75 BDUK Adj FTTP Connections = 300 * 0.75	Part a: BDUK % reduction = 75% Part b: BDUK Adj FTTC Connections = 375 BDUK Adj FTTP Connections = 225
6	This step calculates the network adjustment (NA) percentage, and determines the resultant non-network adjustment percentage. Note that PDTLFSC only currently considers Internal Network Adjustments for Duct, as External Network adjustments (Duct and Poles) and Internal Network Adjustments (Poles) are immaterial.	Part a: NA % = GBV of Network Adjustments in LFSC / GBV of LFSC Part b: NA Adj % = 1 - Network Adjustments Percentage (Result from Part a)	Part a: NA % = £10 / £100 Part b: Non-NA % = 100% - 10%	Part a: NA % = 10% Part b: Non-NA % = 90%
7	This step calculates the percentage allocations before Network Adjustments.	Ethernet PG before NA = Ethernet connections / Total connections For FTTC and FTTP Before NA:	Ethernet PG = 200 / (375 + 225 + 200)	Ethernet PG = 25% FTTC PG = 47% FTTP PG = 28%

		It calculates the BDUK adjusted connections as a proportion of total connections (i.e. BDUK Adjusted FTTC Connections + BDUK FTTP Connections + Ethernet Connections).	FTTx PG before NA = BDUK adj FTTx connections (Result from step 5b) / Total connections	FTTC PG = 375 / (375 + 225 + 200) FTTP PG = 225 / (375 + 225 + 200)	
	8	This step calculates the percentage allocations to PGs after Network Adjustments.	FTTx PG = FTTx PG before NA (Result from step 7) * Non-NA % (Result from step 6b) NA PG = NA % (Result from step 6a)	FTTC PG = 47% * 90% FTTP PG = 28% * 90% Ethernet PG = 25% * 90% NA PG = 10%	FTTC PG = 42% FTTP PG = 25% Ethernet PG = 23% NA PG = 10%

Bases using other miscellaneous methodologies

The following apportionment bases are categorised as Other miscellaneous methodologies. An explanation of other miscellaneous methodology drivers is set out within section 4.7 "Methodology categories" of Part one of this AMD.

COMPE-T

Reference	COMPE-T				
Title	BT's Own Use Personal Computers				
Overview	The methodology apportions costs of BT own use personal computers to CFUs/CUs based on the number of personal computers by CFU/CU.				
Description	**1. Source costs and MCE:** This base apportions costs and MCE of BT's own use personal computers to CFUs/CUs based on the number of personal computers by CFU/CU. **2. Cost and MCE categories:** Predominantly Depreciation (Other Assets) and Non-Current Assets (Other Assets).				
	3. Summary Destination: This base predominantly apportions to AG401 (Openreach Pay Driver) and P008 (Rest of BT Residual), as well as to AG118 (Corporate costs) and AG402 (Technology Pay Driver).				
	4. Methodology Taxonomy: Other Misc. **5. Driver Classification:** BT PC & Laptop Volumes.				
	6. Data Source Summary: Volumes of computers are aggregated within Ecensus/Bridge by CFU. This information is then used to produce percentage allocation for the bases to AGs/products.				
Data Sources	Other Misc: BT PC & Laptop volumes (Ecensus, Bridge).				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the proportion of computers for each CFU.	For each CFU: Proportion per CFU_x = CFU_x computer volume / Total volumes	Proportion per CFU_1 = £20k / £100k	Proportion per CFU_1 = 20% $CFU_{1...n}$ = 100%
	2	This step calculates the allocation % to AGs and Rest of BT Residual by summing the relevant CFU proportions calculated in step 1.	AG118 % = $AG118_{CFU1}$% + $AG118_{CFU2}$% +... AG401 % = $AG401_{CFU1}$% + $AG401_{CFU2}$% +... AG402 % = $AG402_{CFU1}$% + $AG402_{CFU2}$% +... P008 % = $P008_{CFU1}$% + $P008_{CFU2}$% +...	AG118 % =1% + 2% + 2%. AG401 % = 3% + 5 % + 10% AG402 % = 10% + 22% + 8% P008 % = 20% + 10% + 5% + 3%	AG118 % = 4% AG401 % = 18% AG402 % = 40% P008 % = 38%

PDTCPDSL-B

Reference	PDTCPDSL-B
Title	Circuit Provision - Asymmetric Digital Subscriber line
Overview	PDTCPDSL-B apportions GEA (Generic Ethernet Access) customer site provisioning costs recorded within the CPDSL CoW to GEA provisioning PGs based on an annual study of in-year store costs.
Description	**1. Source Costs and MCE:** This base apportions GEA customer site provisioning costs recorded within the CPDSL CoW to GEA provisioning plant groups. **2. Cost and MCE Categories:** Net indirect labour costs, Payments to Telecommunications Operators, and Provisioning Installation
	3. Summary Destination: This base apportions to PG957P (GEA FTTP Provision); and PG958P (GEA FTTC Provision).
	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** CPDSL CoW costs.
	6. Data Source Summary: Other miscellaneous CPDSL CoW Costs are used to calculate the GEA Electronics base.
Data Sources	Other Miscellaneous: CPDSL CoW costs.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the sum of the line values for each period and product from the CPDSL data ***Values for this calculation are obtained from CPDSL input***	$\text{Line Value}_{\chi} = \text{Product}_1 \text{ Service}_{\chi} + \ldots \text{Product}_n \text{ Service}_{\chi}$	$\text{Line Value}_{FTTC} = 50 + 80 + 20$ $\text{Line Value}_{FTTP} = 100 + 90 + 80$ $\text{Line Value}_{ADSL} = 200 + 130 + 120$	$\text{Line Value}_{FTTC} = 150$ $\text{Line Value}_{FTTP} = 270$ $\text{Line Value}_{ADSL} = 450$
2	The step calulates the base allocation to PGs by dividing the line value for each service by the total line value of all services. ASDL products are grouped with FTTC products, values from step 1.	FTTC Allocation = $\text{Line value}_{FTTC(\text{Result from step 1})} + \text{Line value}_{ADSL(\text{Result from step 1})}$ / $\text{Total line value}_{(\text{Sum results from step 1})}$ FTTP Allocation = $\text{Line value}_{FTTP(\text{Result from step 1})}$ / $\text{Total line value}_{(\text{Sum results from step 1})}$	FTTC Allocation = 150 + 450 / (870) FTTP Allocation = 270 / (870)	FTTC Allocation = 69% FTTP Allocation = 31%

PDTEMP-Q

Reference	PDTEMP-Q
Title	Ethernet Monitoring Platform
Overview	PDTEMP-Q apportions an internal trade between Ethernet Monitoring Platform and the Rest of BT Residual, using the split of the internal trade between costs and margin, based upon a management assessment from the Global Services team.
Description	**1. Source Costs and MCE:** This base apportions underlying non pay - general management costs of an internal trade between PG449A (Ethernet Monitoring Platform) and Rest of BT Residual. **2. Cost and MCE Categories:** Other Operating Costs
	3. Summary Destination: This base apportions costs to PG449A (Ethernet Monitoring Platform).
	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** Internal Profit Margin.
	6. Data Source Summary: The Xian recharge to Openreach and the total costs booked to Global Services in the Pre-Allocation Report are used to apportion this base.
Data Sources	Other Miscellaneous: General ledger and Pre-allocation report.

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This base is calculated based on the Xian Costs charged to Openreach proportioned to total costs in Global services.	PG449A = Total Xian Costs for OR / Total costs booked to Global P008 = 1 - PG449A	PG449A = 60/ 100 P008 = 100- 60	PG449A = 60% P008 = 40%

PDTSYSXD-Q

Reference	PDTSYSXD-Q
Title	System X
Overview	PDTSYSXD-Q apportions the costs and balance sheet charges for System X local exchange equipment, based on the split of depreciation for concentrator and processor network elements.
Description	**1. Source Costs and MCE:** This base apportions cost and balance sheet for System X local exchange equipment. **2. Cost and MCE Categories:** Depreciation (Electronic), Holding Gains and Losses, Network Operating IT Costs, Other Operating Costs, Other CCA Adjustments, Supplementary Depreciation and Non Current Assets (Electronic). .
	3. Summary Destination: This base predominantly apportions to PG288A (Local Exchange Concentrator (Sys X) Call Set-up) and PG285C (System X Processor); PG252B (Openreach Residual Elimination); PG286C (System X LE DLT); PG287A (Local Exchange Switch Block (AXE10)); and PG289A (Local Exchange Concentrator (Sys X) Call Duration).
	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** Equipment Costs.
	6. Data Source Summary: This base is calculated using local Exchange Equip. costs and assets. The data sources for this base are all frozen, these switches are legacy items which are no longer manufactured, not even spare parts are available, as a result this data is all static.
Data Sources	Other Miscellaneous: other.

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates the asset value based on 2 different methods. This is calculated for each type of component where each component will use one of the calculation methods.	$\text{Asset Value}_{\text{Per component method 1}} = \text{GRC}_{\text{Per component}}$ * Already written out $\text{Asset Value}_{\text{Per component method 2}} = \text{GRC}_{\text{Per component}}$ * Sum written down	$\text{Asset Value}_{\text{Component 1}}$ = £2.5m * 2% $\text{Asset Value}_{\text{Component 2}}$ = £550m * 1	$\text{Asset Value}_{\text{Component 1}}$ = £50k $\text{Asset Value}_{\text{Component 2}}$ = £550m
	2	This step calculates depn to be allocated by dividing the asset value by the expected asset service life. This is calculated for each type of component.	$\text{Depn to be allocated}_{\text{Per component}} = \text{Asset Value}_{\text{(Result from step 1)}}$ / Asset Life	$\text{Depn to be allocated}_{\text{Component 2}}$ = £550m / 15	$\text{Depn to be allocated}_{\text{Component 2}}$ = £37m
	3	This step calculates common cost per component using depn to be allocated per component from results above and a common cost percentage split.	$\text{Common cost depreciation}_{\text{Per component}} = \text{Depn to be allocated}_{\text{per component (Result from step 2)}}$ * $\text{common cost split}_{\text{Per component}}$	$\text{Common cost depreciation}_{\text{Component 2}}$ = £37m * 40%	$\text{Common cost depreciation}_{\text{Component 2}}$ = £15m $\text{Common cost depreciation}_{\text{All components}}$ = £40m

[redacted]	4	This step calculates the cost depreciation for each PG based on component calculations above and a cost split related to each PG. The calculation is performed for each component. Then all components are summed together to obtain 5 unique results corresponding to each PG.	$Cost_{1,2,3,4,5\ per\ component}$ depreciation = Depn to be $allocated_{Per\ component\ (Result\ from\ step\ 2)}$ * $cost\ split_{1,2,3,4,5\ per\ component}$	$Cost_{1\ Component\ 2}$ depreciation = £37m * 10%	$Cost_{1\ Component\ 2}$ depreciation = £3.7m $Cost_{1\ All\ components}$ depreciation = £36m $Cost_{1-5}$ depreciation = £120m
	5	This step calculates common costs allocated by volumes for $PG_{1,2}$ based on calculation results above.	$PG_{1,2}$ Common costs allocated by volumes = $Cost_{1,2}$ $depreciation_{(Result\ from\ step\ 4)}$ / $Cost_{1-5}$ $depreciation_{(Result\ from\ step\ 4)}$	PG_1 Common costs allocated by volumes = £36m / £120m	PG_1 Common costs allocated by volumes = 30% PG_{1-2} Common costs allocated by volumes = 38%
	6	This step calculates percentage total based on depreciation relating to Analogue and non-SMP services.	Percentage $total_{3,4,5}$ = $Depreciation_{Analogue\ \&\ Non-SMP\ Services}$ / $Depreciation_{Analogue\ \&\ Non-SMP\ Services}$	Percentage $total_3$ = £24m / (£24m + £2m + £5m)	Percentage $total_3$ = 78%
	7	This step calculates common costs allocated by volumes for $PG_{3,4,5}$ based on calculation results above and a static sum written down value of 1.	$PG_{3,4,5}$ Common costs allocated by volumes = Percentage of $total_{3,4,5\ (Result\ from\ step\ 6)}$ * (Sum Written Down - PG_{1-2} Common costs allocated by volumes $_{(Result\ from\ step\ 5)}$)	PG_3 Common costs allocated by volumes = 78% * (1 - 38%)	PG_3 Common costs allocated by volumes = 48%
	8	This step calculates the total depreciation for each $PG_{1,2,3,4,5}$ based on the depreciation cost for each PG previously calculated and its share of common costs.	$PG_{1,2,3,4,5}$ Depreciation = (Common cost $depreciation_{(Result\ from\ step\ 3)}$ * $PG_{1,2,3,4,5}$ Common costs allocated by $volumes_{(Result\ from\ step\ 5\&7)}$) + $Cost_{1,2,3,4,5\ (Result\ from\ step\ 4)}$ depreciation	PG_1 Depreciation = (£40m * 30%) + £36m	PG_1 Depreciation = £48m
	9	This step calculates depreciation relating to common costs per processor type.	Depn $Common\ costs_{Per\ processor}$ = $GRC_{Per\ processor}$ / Asset $Lives_{Per\ processor}$	Depn $Common\ costs_{Processor\ 1}$ = £800k / 10	Depn $Common\ costs_{Processor\ 1}$ = £80k Depn $Common\ costs_{All\ processors}$ = £6m
	10	This step calculates depreciation for each PG per processor type.	Depn $costs_{6,7,8\ Per\ processor}$ = $GRC_{6,7,8\ Per\ processor}$ / Asset $Lives_{6,7,8\ Per\ processor}$	Depn $costs_{6\ Processor\ 1}$ = £40m / 8	Depn $costs_{6\ Processor\ 1}$ = £5m Depn $costs_{6\ All\ processors}$ = £35m
	11	This step calculates a split percentage for each PG based on GRC values for each PG.	$Split_{6,7,8}$ = $GRC_{6,7,8}$ / GRC_{6-8}	$Split_6$ = £300m / £400m	$Split_6$ = 75%
	12	This step calculates the total depreciation for each $PG_{6,7,8}$ based on the depreciation cost for each PG previously calculated and its share of common costs.	$PG_{6,7,8}$ Depreciation = Depn $costs_{6,7,8\ (Result\ from\ step\ 10)}$ + (Depn $Common\ costs_{(Result\ from\ step\ 9)}$ * $Split_{6,7,8\ (Result\ from\ step\ 11)}$)	PG_6 Depreciation = £35m + (£6m * 75%)	PG_6 Depreciation = £40m PG_{1-8} Depreciation = £200m
	13	This step calculates the final PG allocation by dividing the depreciation for each PG by the total depreciation across all PGs.	$PG_{1,2,3,4,5,6,7,8}$ = $PG_{1,2,3,4,5,6,7,8}$ $depreciation_{(Result\ from\ step\ 8\&12)}$ / PG_{1-8} $depreciation_{(Result\ from\ step\ 12)}$	PG_1 = £48m / £200m	PG_1 = 24% $\sum PG_{1-8}$ = 100%

PDTWYL-B

Reference	PDTWYL-B
Title	Wayleaves
Overview	PDTWYL-B apportions costs associated with Wayleaves based upon the proportional split between duct and poles of a random selection of sample Wayleave invoices within the year.
Description	**1. Source Costs and MCE:** This base contains costs associated with wayleaves and apportions it between two plant groups, PG101D (duct infrastructure) and PG200P (poles capital expenditure). **2. Cost and MCE Categories:** Other Operating Costs, Other Operating Income and Current Assets.
	3. Summary Destination: This base predominantly apportions to PG101D (Duct Infrastructure (Pre March 2018)) and PG102D (Duct Infrastructure (Post March 2018)), as well as to PG200P (Poles Capex)
	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** Wayleaves Payments
	6. Data Source Summary: This base is allocated using the split of Poles & Duct Wayleaves payments made to grantors.
Data Sources	Other Miscellaneous: Wayleaves payments: Revenue & volumes: Openreach revenue & volumes; and Labour: Man hours & labour rates, Labour costs.

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	The wayleaves split is based on a sample of invoices evaluated by Openreach. It is a fixed period of the year but extrapolated so the % provided covers the year. Wayleaves duct is then split between pre and post March 2018. ***Values for this calculation are obtained from Wayleaves Split input***	$Wayleaves_{(poles)}$ % = 30%$_{(fixed\ for\ the\ year)}$ $Wayleaves_{(duct\ pre\ March\ 18)}$ % = 70%$_{(fixed\ for\ the\ year)}$ * pre March 18 duct split percentage $Wayleaves_{(duct\ post\ March\ 18)}$% = 70%$_{(fixed\ for\ the\ year)}$* post March 18 duct split percentage	$Wayleaves_{(poles)}$ % = 30% $Wayleaves_{(duct\ pre\ March\ 18)}$ % = 70% * 0.7 $Wayleaves_{(duct\ post\ March\ 18)}$ % = 70% * 0.3	$Wayleaves_{(poles)}$ % = 30% $Wayleaves_{(duct\ pre\ March\ 18)}$ % = 49% $Wayleaves_{(duct\ post\ March\ 18)}$ % = 21%

Bases using property and insurance methodologies

The following apportionment bases are categorised as property and insurance methodologies. An explanation of property and insurance methodology drivers is set out within section 4.7 “Methodology categories” of Part one of this AMD.

ACCOMM1-Q

Reference	ACCOMM1-Q
Title	Accommodation
Overview	ACCOMM1-Q apportions P&L accommodation costs for both BT owned and non-BT owned buildings between the four Group Property Activity Groups - BT owned, Specialised Buildings; Non-BT owned, Specialised Buildings; BT owned, Office Buildings and Non-BT owned, Office Buildings. The allocation is based on detailed building reports.
Description	**1. Source Costs and MCE:** This base apportions the costs of BT owned and non-BT owned office and specialised buildings. **2. Cost and MCE Categories:** Predominantly Depreciation (Right of use) and Property Energy Costs
	3. Summary Destination: This base apportions accommodation costs to the 4 property related AGs: AG170-173.
	4. Methodology Taxonomy: Property & Insurance. **5. Driver classification:** Property Costs (ex. Electricity).

	6. Data Source Summary: Building space report for all UK buildings is used to allocate this base.				
Data Sources	Property & Insurance: Property Costs (HORIZON) and Property space (HORIZON, Cost Perform).				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	For both Telereal and BT-owned office buildings, this step allocates the accommodation recharges for vacant space within office buildings to all other CFUs in that building. NB: "Buildings" in this context refer to floor space; a building may have both office and specialised floor space.	<u>For each CFU within each Telereal or BT-owned office building:</u> CFU_{γ} Office $Building_{\chi}$ Additional Recharge = ([CFU_{γ} Office $Building_{\chi}$ Recharges] / [Σ $CFU_{1...n}$ Office $Building_{\chi}$ Recharges]) * [Office $Building_{\chi}$ Vacant Space Recharges] <u>For each of Telereal or BT-owned:</u> Total $Owner_{BT/TR}$ CFU_{γ} Office Additional Recharge = [Σ CFU_{γ} Office $Building_{1...n}$ Additional Recharge]	Technology Office $Building_1$ Additional Recharge = (1,000 / 10,000) * 500 Total Telereal Technology Office Additional Recharge = 50 + additional recharges from other buildings i.e. 150	Total Telereal Technology Office Additional Recharge = 200
	2	For both Telereal and BT-owned specialised buildings, this step allocates the accommodation recharges for vacant space within specialised buildings to all other CFUs in that building. NB: "Buildings" in this context refer to floor space; a building may have both office and specialised floor space.	<u>For each CFU within each Telereal or BT-owned specialised building:</u> CFU_{γ} Specialised $Building_{\chi}$ Additional Recharge = ([CFU_{γ} Specialised $Building_{\chi}$ Recharges] / [Σ $CFU_{1...n}$ Specialised $Building_{\chi}$ Recharges]) * [Specialised $Building_{\chi}$ Vacant Space Recharges] <u>For each of Telereal or BT-owned:</u> Total $Owner_{BT/TR}$ CFU_{γ} Specialised Additional Recharge = [Σ CFU_{γ} Specialised $Building_{1...n}$ Additional Recharge]	Technology Specialised $Building_1$ Additional Recharge = (2,000 / 20,000) * 1,000 Total BT-owned Technology Specialised Additional Recharge = 100 + additional recharges from other buildings i.e. 300	Total BT-owned Technology Specialised Additional Recharge = 400
	3	This step reallocates the recharges of vacant space in specialized buildings with an MDF (Main Distribution Frame) from Openreach to other CFUs using Horizon Code and Owner categories. NB: "Buildings" in this context refer to floor space; a building may have both office and specialised floor space.	<u>For Openreach within each Telereal or BT-owned specialised building:</u> OR MDF $Building_{\chi}$ Vacant Space Recharge Adjustment = ([OR MDF $Building_{\chi}$ Recharges] / [Σ Total OR MDF Recharges]) * [Overall MDF Site Vacant Space Recharge] OR MDF $Building_{\chi}$ Vacant Space Recharge = OR MDF $Building_{\chi}$ Vacant Space Recharge Adjustment - OR MDF $Building_{\chi}$ Recharge <u>For each non-OR CFU within each Telereal or BT-owned specialised building:</u> CFU_{γ} MDF $Building_{\chi}$ Vacant Space Recharge = ([CFU_{γ} MDF $Building_{\chi}$ Recharge] / [Total MDF Recharges excl. Vacant Space]) * [Overall MDF Site Vacant Space Recharge] <u>For each of Telereal or BT-owned:</u> Total $Owner_{BT/TR}$ CFU_{γ} MDF Vacant Space Recharge = [Σ CFU_{γ} MDF $Building_{1...n}$ Vacant Space Recharge]	OR MDF $Building_1$ Vacant Space Recharge Adjustment = (500 / 5,000) * 250 OR MDF $Building_1$ Vacant Space Recharge = 25 - 100 Technology MDF $Building_1$ Vacant Space Recharge = (250 / 2,500) * 250 Total Telereal Technology MDF Vacant Space Recharge = 25 + additional recharges from other buildings i.e. 75 Total BT-owned OR MDF Vacant Space Recharge = -75 + additional recharges from other buildings i.e. -125	Total Telereal Technology MDF Vacant Space Recharge = 100 Total BT-owned OR MDF Vacant Space Recharge = -200
	4	This step calculates total recharges to the following categories and associated AGs (NB: MDF counting as specialised):	<u>For each owner:</u> $Owner_{BT/TR}$ Office Total Recharge = [Σ $Owner_{BT/TR}$ $CFU_{1...n}$ Office $Building_{1...n}$ Recharges] + [Σ	BT-owned Specialised Total Recharge = 60,000 + [400 + additional recharges from other buildings i.e. 2,600] + [100 -	AG170 Allocation = 32% AG173 Allocation = 21% ∑$AG_{1...n}$ Allocation = 100%

	AG170 – Specialized building, BT-owned AG171 – Specialized building, Telereal AG172 – Office building, BT-owned AG173 – Office building, Telereal The apportionment of costs to the AGs above are done in proportion of the recharges in each category to total recharges.	$Owner_{BT/TR}$ $CFU_{1...n}$ Office Additional Recharge](Result from step 1) $Owner_{BT/TR}$ Specialised Total Recharge = [Σ $Owner_{BT/TR}$ $CFU_{1...n}$ Specialised $Building_{1...n}$ Recharges] + [Σ $Owner_{BT/TR}$ $CFU_{1...n}$ Specialised Additional Recharge](Result from step 2) + [Σ $Owner_{BT/TR}$ $CFU_{1...n}$ MDF Vacant Space Recharge](Result from step 3) For each AG: AG_x Allocation = $Owner_{BT/TR}$ $Type_{Office/Specialised}$ Total Recharge / [Σ $Owner_{BT \& TR}$ $Type_{Office \& Specialised}$ Total Recharge]	200 + additional recharges from other buildings i.e. 900] AG170 Allocation = 64,000 / 200,000 Telereal Office Total Recharge = 50,000 + [200 + additional recharges from other buildings i.e. 1,800] AG173 Allocation = 52,000 / 200,000	

ACCOMMBS-Q

Reference	ACCOMMBS-Q			
Title	Accommodation			
Overview				
Description	**1. Source Costs and MCE:** This base allocates the MCE of BT and non-BT owned office and specialised buildings. Fixed asset NBV is used to apportion the MCE. **2. Cost and MCE Categories:** Predominantly Non-current assets (Right of Use, Land and Buildings and Other Assets)			
	3. Summary Destination: The base apportions costs of accommodation to the 4 property AGs: AG170-173.			
	4. Methodology Taxonomy: Property & Insurance **5. Driver classification:** Property Space			
	6. Data Source Summary: Property Space, Fixed Assets Register			
Data Sources	Property Costs (HORIZON and Group Property finance data), Property Space (Fixed Asset Register)			
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	Fixed Asset weightings created by taking the cost split between the 4 Property AGs and weighting it by net book value.	Example of calculation for one building and Customer Facing Unit (CFU) but each will be repeated for all buildings and CFUs Allocation % to AG = (CFU property charge for Building 1/ Total property charge for Building 1) x (Fixed assets NBV of Building 1/ Total Fixed Assets NBV)	(CFU 1 office charge for Building 1 / Total office charge for Building 1) = £300/£1000 = 0.3 Fixed assets NBV for Building 1/Total fixed assets NBV = £5000/£50000 = 0.1 Proportion of AG charged to CFU 1 for building 1 = 0.3 x 0.1 = 0.03	AG1 allocated to CFU 1 for Building 1 = 3% (0.3x100) All other allocations sum to 97%

INSURE-Q

Reference	INSURE-Q
Title	Insurance Premiums
Overview	This base apportions insurance premium costs to various AGs depending on the nature of each insurance premium.
Description	**1. Source costs and MCE:** This base apportions insurance premium costs that are associated to specific insurance types, for example, general liability and health insurance. **2. Cost and MCE categories:** Other Operating Costs.

	3. Summary Destination: This base predominantly apportions to AG401 (OR pay driver) and P008 (Rest of BT Residual), as well as to a number of other AGs including AG406 (WS Pay driver), AG402 (Technology Pay driver) and AG118 (BT Group PAC).
	4. Methodology Taxonomy: Property & Insurance. **5. Driver classification:** Insurance Premium Costs.
	6. Data Source Summary: Insurance premium costs by type and CFU.
Data Sources	Property & Insurance: Insurance premium costs.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step pulls through the Insurance Premium Charges by CFU and splits out Openreach and BT Technology CFU's charges into Fixed Asset and Other categories. **Insurance Premium Charges are obtained from the Group Risk Financing and Premium Allocation input. Category split is obtained from Insurance Premium Types and Categories input.**	For each CFU: CFU_{χ} Total Premiums = ∑ [Insurance Premiums by CFU] For Openreach and Technology CFU's: CFU_{χ} Category $_{(other)}$ Premiums = [CFU_{χ} Total Premiums] – [CFU_{χ} Category $_{(Fixed\ Assets)}$ Premiums]	CFU_1 Total Premiums = £10m CFU_2 Category $_{(other)}$ Premiums = £55m - £5m Total Premium = ∑ $CFU_{1...n}$ Premiums	CFU_1 Total Premiums = £10m CFU_2 Category $_{(other)}$ Premiums = £50m Total Premium = £120m
2	This step maps the CFU's Insurance Premium Charges to AG/Product codes and then calculates the bases (% Allocation). **AG/Product code mapping is obtained from the CFU Product Allocations input**.	For each AG/Product (mapped from CFU's $_{(Result\ from\ step\ 1)}$): $AG/Product_{\chi}$ Base (% Allocation) = [$AG/Product_{\chi}$ Premium] / [Total Premium] * 100	$AG/Product_1$ Base (% Allocation) = £10m / £120m * 100	$AG/Product_1$ Base (% Allocation) = 8.33% ∑ $AG/Product_{1...n}$ Base (% Allocation) = 100%

Bases using service level guarantee methodologies

The following apportionment bases are categorised as service level guarantees methodologies. An explanation of service level guarantees methodology drivers is set out within section 4.7 "Methodology categories" of Part one of this AMD.

SLGALL-Q

Reference	SLGALL-Q
Title	Service Level Guarantees
Overview	SLGALL-Q apportions revenue and costs associated with Service Level Guarantee compensation payments based on Openreach operational SLG data and revenue data.
Description	**Source Costs and MCE:** This base apportions revenue and costs associated with Service Level Guarantee compensation payments for provision and repair failures associated Openreach Services. The Service Level Guarantee scheme (SLG) pays compensation to customers if Openreach fails to meet agreed timescales for Provision or Repair activities. **Cost and MCE Categories:** Other Operating Costs
	3. Summary Destination: This base predominantly apportions to PG591B (SLG WLA Int) and PG590B (SLG WLA Ext), as well as a number of other SLG PGs.
	4. Methodology Taxonomy: SLGs **5. Driver classification:** SLG Payments
	6. Data Source Summary: This base is calculated using SLG related revenues and costs.
Data Sources	SLGs: SLG Payments (SLAM, DLOA, AM Report); and Revenue & volumes: Openreach revenue & volumes.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step summarizes SLG Revenue by Market split by Internal and External. ***SLG Revenue data is obtained from the SLG Revenues feeder input***.	For each relevant market: Market $_{\chi}$ SLG Revenue = Summarize SLG Revenue by Market split by Internal and External	See example results	SLG Revenue for: Ethernet $_{(External)}$ = 170 Ethernet $_{(Internal)}$ = 130 WLA $_{(External)}$ = 290 WLA $_{(Internal)}$ = 210 WLR $_{(External)}$ = 105 WLR $_{(Internal)}$ = 95 Total SLG Revenue = 1,000
2	This step calculates WLA PG Allocation Amount split by Internal and External.	For both WLA market splits (Internal and External): WLA $_{\chi}$ PG Allocation = Filter SLG Revenue for WLA split by Internal and External from step 1 results	WLA $_{(External)}$ PG Allocation = Filter WLA market from step 1 results	WLA $_{(External)}$ PG Allocation = 290
3	This step calculates the Compensation Payments % for Ethernet and WLR markets split by Repair and Provision. ***Data is obtained from the SLG Compensation Payments data.***	For each relevant market split: Market $_{\chi}$ Compensation Payments % = Market $_{\chi}$ SLG Compensation Payments split by Repair and Provision / Total Market $_{\chi}$ SLG Compensation Payments) * 100	Market $_{(WLR\text{-}Provision\text{-}External)}$ Compensation Payments % = 50 / 80 * 100	Market $_{(WLR\text{-}Provision\text{-}External)}$ Compensation Payments % = 62.5%
4	This step calculates the WLR Components Revenue % split by Internal and External. ***Data is obtained from the PxV output data.***	For both WLR market splits (Repair and Provision): WLR $_{\chi}$ Components Revenue % split = WLR $_{\chi}$ Components Revenue (volume * price) split by Internal and External / Total Components Revenue * 100	WLR $_{(Provision\text{-}External)}$ Components Revenue % = 4,000 / 20,000 * 100	WLR $_{(Provision\text{-}External)}$ Components Revenue % = 20%
5	This step calculates the Ethernet PG Allocation amount.	For each relevant market split: Ethernet $_{\chi}$ PG Allocation = Ethernet SLG Revenue split by Internal and External split $_{(result\ from\ step\ 1)}$ * Compensation Payment % split by Repair and Provision $_{(result\ from\ step\ 3)}$	Ethernet $_{(Provision\text{-}External)}$ PG Allocation = 170 * 62.5%	Ethernet $_{(Provision\text{-}External)}$ PG Allocation = 106.25
6	This step calculates the WLR PG Allocation amount.	For each relevant market split: WLR $_{\chi}$ PG Allocation = Total WLR SLG Revenue $_{(result\ from\ step\ 1)}$ * Compensation Payment % split by Repair and Provision $_{(result\ from\ step\ 3)}$ * WLR Component Revenue % split by Internal and External $_{(result\ from\ step\ 4)}$	WLR $_{(Provision\text{-}External)}$ PG Allocation = 200 * 62.5% * 20%	WLR $_{(Provision\text{-}External)}$ PG Allocation = 25
7	This step allocates the PIA PG amount $_{(result\ from\ step\ 1)}$	N/A	N/A	N/A
8	This step calculates the SLGALL Base Apportionment.	For each relevant market split: Base Apportionment for Market $_{\chi}$ = PG Allocation Amount for market split by Repair and Provision and by Internal and External $_{(result\ from\ step\ 2,\ 5\ and\ 6)}$ / Total SLG Revenue $_{(result\ from\ step\ 1)}$ * 100	Base Apportionment for Market $_{(WLR\text{-}Provision\text{-}External)}$ = 25 / 1,000 * 100	Base Apportionment for Market $_{(WLR\text{-}Provision\text{-}External)}$ = 2.5%

5.3 Organisational Driven Bases

Consumer
All Consumer costs, assets and liabilities allocating via an organisational driven base are attributed to P008: Rest of BT Residual via a RT1 allocation.

Openreach

Reference	OV-PS
Title	Customer and major programme
Overview	These bases apportion the costs and MCE related to client relationship management, Critical National Infrastructure and strategic key & emerging partners teams based on the FTE headcount numbers for each PG within the team.
Description	**1. Source Costs and MCE:** These bases mainly apportion general management pay costs and current liabilities related to client relationship management, strategic key and emerging partners. **2. Cost and MCE Categories:** This mainly consist of Wages and Salaries.
	3. Summary Destination: PG573B - OR Service Centre Provision Ethernet; and PG254B - OR Project Services.
	4. Methodology Taxonomy: Labour. **5. Driver classification:** FTE Headcount.
	6. Data Source Summary: FTE activity, surveyed across OR areas.
Data Source	Labour: FTE Headcounts (Orbit).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Calculates base percentage per PG and multiplies by prior year allocation weighting	=PG FTE Value / Total PS FTE value	(100/200) * 0.5	25%

Reference	OV-CE
Title	Openreach Chief Engineers
Overview	This base apportions the costs and MCE related to Openreach Chief Engineers Office team based on the FTE headcount numbers for each PG within the team.
Description	**1. Source Costs and MCE:** This base apportions costs, assets and current liabilities relating to the Openreach Chief Engineers. **2. Cost and MCE Categories:** This mainly consist of Openreach Opex (Central Functions); Non-Current Assets; and Current Liabilities.
	3. Summary Destination: OR Service Centre Provision PGs (PG570B; PG572B; PG573B; and PG574B).
	4. Methodology Taxonomy: Labour. **5. Driver classification:** FTE Headcount.
	6. Data Source Summary: FTE activity surveyed across OR areas
Data Source	Labour: FTE Headcounts (Orbit).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Calculates base percentage per PG	= PG FTE Value / Total CE value	150 / 200	75%

Reference	OV-OR
Title	Complex engineering
Overview	These bases apportion the costs and MCE related to Customer Service Management, Copper Capital Programme Delivery, Engineering Services and Operational Planning & Field Dynamics teams based on the FTE headcount numbers for each PG within the teams.
Description	**1. Source Costs and MCE:** These bases apportion pay costs related to network support and general management. **2. Cost and MCE Categories:** This mainly consists of Openreach Opex (Central Functions, Service and Network delivery).
	3. Summary Destination: OR Service Centre Provision PGs (PG570B; PG572B; PG574B; PG575B; PG577B and PG579B).
	4. Methodology Taxonomy: Labour. **5. Driver classification:** FTE Headcount.

	6. Data Source Summary: FTE activity surveyed across OR teams
Data Source	Labour: FTE Headcounts (Orbit).

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	Calculates base percentage per PG multiplied by prior year allocation weighting	(PG FTE Value / Total FTE value) * weighting	(100/200) *.5	25%

Technology units

Technology costs that are not attributed using direct (rule type 1) or modelled (rule type 3) apportionments are assigned using CFU-driven bases that either use:

- Fixed base (100% allocation to one Activity Group or Product)
- Apportioned by other CFU driven base entries, or by specific rule type 1 or 3 allocations

The following bases are categorised as 'Direct' methodologies and share the following common categories:

Methodology taxonomy:	Direct.
Driver classification:	Direct.
Data source summary:	100% allocation, no data source.

Reference	Service Platforms
Title	Technology Service Platforms
Description	**1. Source Costs and MCE:** This base mainly allocates general management costs including pay and indirect computing costs, as well as current liabilities related to miscellaneous creditors. **2. Cost and MCE Categories:** Rest of BT OPEX (Central Functions) (Other); and Current Liabilities.
	3. Summary Destination: P008 - Rest of BT Residual.

The following Network and Digital bases are driven by specific methodologies. The calculation step presented in Digital apply to all:

Reference	Digital Overheads			
Title	OV-DIG			
Overview	This base apportions technology IT Platforms costs based on the cost categories in the management accounts. Some cost categories, including Technology Media and Broadcast, are allocated directly to entities, while others are apportioned using specific methodologies.			
Description	**1. Source Costs and MCE:** This base primarily apportions general management, computing and consultancy costs, and current assets & liabilities related to IT Platforms. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Wages and Salaries, Own Work Capitalised and Net Operating IT Costs.			
	3. Summary Destination: Various Equipment PGs and Various AGs**,** including AG401 (OR PAC); AG119 (Technology PAC); AG410 (OR Pay plus % FA driver) and P008 (Rest of BT Residual).			
	4. Methodology Taxonomy: Other Misc. - Management Accounts (SAP). **5. Driver classification:** Management Accounts (SAP).			
	6. Data Source Summary: Technology costs, External Bases, Engineering and Infrastructure Build Plan (EIPB) report, FTE Report, Depreciation figures.			
Data Source	Asset Metrics: Depreciation (Loplist); and General ledger: Rest of BT Opex (Hyperion, IRS2 and PMMIS).			
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	Calculates a weighting for each cost category, in each area. This is the percentage of the total area cost that this cost category represents.	Cost in cost category for area / Total cost for area	= £8k / £80k	= 10% Total assigned to other areas = 90%
	2	Calculates the FTE for each CFU and allocates IT costs to entity codes according to this.	Apportionment of IT costs to entity code = Proportion of FTE in CFUs assigned to entity code /Total FTE across all CFUs Calculation repeated for all entity codes	Proportion of FTE aligned to CFU 1 assigned to AG code 1 = FTE assigned to LON1/ Total FTE = 30/150 = 0.2 Proportion of FTE aligned to CFU 2 assigned to AG code 1 = FTE assigned to CFU 1/ Total FTE = 7.5/150 = 0.05 Total apportionment of IT costs to AG Code 1 for CFU 1 =0.2 + 0.05 = 0.25 (or 25%)	Total apportionment of IT costs to AG Code 1 = 0.25 (or 25%) Total assigned to other AG codes = 75%
	3	Calculates the total development cost allocation percentages for each area and then allocates these to specific treatment and entities.	Apportionment of Development (Dev) costs to AG code = Proportion of Dev costs in areas assigned to entity code /Total Dev costs across all areas Calculation repeated for all entity codes	Proportion of Dev costs aligned to area 1 assigned to AG code 1 = Dev costs assigned to area 1/ Total Dev costs = 50/200 = 0.25 Proportion of Dev costs aligned to area 2 assigned to AG code 1 = Dev costs assigned to area 1/ Total Dev costs = 30/200 = 0.15	Total apportionment of Dev costs to AG Code 1 = 40% Total apportionment of dev costs assigned to other AG codes for area 1 = 60%

			Total apportionment of Dev costs to AG Code 1 = 0.25 + 0.15 = 0.40 (or 40%)	
4	Calculates the total Engineering Infrastructure Plan and Build (EIPB) costs. It uses other external model inputs to drive the allocations to specific treatments and entities.	Proportion of FTE allocated per treatment code = FTE allocated to treatment code/ Total FTE Apportionment of EIPB costs to AG code = Proportion of FTE allocated per treatment code x Pre-calculated Base percentage* Calculation repeated for all entity codes *Note 1: Pre-calculated Base Percentages are associated with the following Bases/Treatment: 21CN, AG102 (Static -100%), AG118 (Static -100%), P008 (Static -100%), PDTIPNCO, PDTMSAN, PDTPANDA, PDTTPWC, PG952C, SDH, System X/AXE 10** (PDTSYSXD, PDTLYX) **Note 2: Estimating the Base Percentage for System X/AXE 10 has the additional step of multiplying the pre-calculated base percentages for PDTSYSXD, PDTLYX with their proportion of total depreciation estimates retrieved from LoPList for LDX and LYX CoW as demonstrated in SOFTCAP-K4, SOFTCAP-N4	Proportion of allocated to Treatment code 1 = FTE allocated to AG1 / Total FTE = 200/1600 = 0.125 = 12.5% Pre-calculated Base percentage = 5% Apportionment of EIPB costs to AG code = 12.5% x 5% = 0.125 x 0.05 = 0.00625 = 0.625%	Apportionment of EIPB costs to AG code = 0.625% Apportionment percentages for other AG codes for EIPB costs add up to 99.375%
5	Calculates the total cost attributed to each cost category for each area to specific entities, according to the weighting given to the cost category.	Area Costs allocation percentages allocated to entity for cost category = Weighting of cost category to area [Calculated in Step 1] x Base apportionments of cost category to entity codes (see below) Process repeated for all of the cost categories, entities and areas. Base apportionments are for the following categories: • IT cost categories: calculated in Step 2 above • Network maintenance and management cost: calculated in PDTSCNM • Development cost categories: calculated in Step 3 above • Other cost categories: directly allocated to according to assumptions • Technology Media and Broadcast cost categories: directly allocated to according to assumptions • EIBP cost categories: calculated in Step 4 above	AG Code % allocations for area 1 Costs : IT cost allocation for AG 1 = IT Weighting for area 1 x IT cost apportionment to AG Code 1 = 0.2 x 0.25 = 0.05 = 5% Dev cost allocation for AG 1 = Dev cost Weighting for area 1 x Dev cost apportionment to AG Code 1 = 0.1 x 0.4 = 0.04 = 4% EIPB allocation for AG 1 = EIPB Weighting for area 1 x EIPB cost apportionment to AG Code 1 = 0.4 x 0.00625 = 0.0025 = 0.25%	AG Code % allocations for area 1 Costs IT cost allocation for AG 1 = 5% Dev cost allocation for AG 1 = 4% EIPB allocation for AG 1 = 0.25% Other cost categories directly allocated to AG code according to assumptions sum up to = 90.25%

Reference	Network Overheads
Title	OV-NET
Description	**1. Source Costs and MCE:** This base primarily apportions general management and support costs and current liabilities related to Dynamic Infrastructure. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Wages and Salaries and Net Operating IT Costs.
	3. Summary Destination: Predominantly attributed to AG102 - BT Technology Operational Costs; and P008 - Rest of BT Residual.
	4. Methodology Taxonomy: Other Misc. - Management Accounts (SAP). **5. Driver classification:** Management Accounts (SAP).
	6. Data Source Summary: Technology costs, External Bases, EIPB report, FTE Report, Depreciation figures.
Data Source	Asset Metrics: Depreciation (Loplist); and General ledger: Rest of BT Opex (Hyperion, IRS2 and PMMIS).
Calculation Steps	See calculation steps presented in OV-DIG

The internal trades used within the above are explained as follows:

Trade	**Description**
Development/ICT	These costs relate to software developers and the management of development projects, and include the costs for BT Technology developers and contracted developers, both UK and off-shore. These people book their time directly to projects and the BT Technology billing system includes details of all projects including “volume driven” projects where the CFU/CU orders a specific project and “non-volume” driven costs where BT Technology incur general costs in support system development for that CFU but are not specific to any one project. The apportionment rules for these trades are based on the detailed analysis of in the information recorded in the BT Technology billing data for each CFU: Openreach development now allocates 100% to AG410 (Openreach PAC). Business now allocates 100% to P008 (Rest of BT Residual). BT Business Services and BT Consumer costs are allocated to Rest of BT Residual. BT Group costs are allocated to AG118 (BT Group PAC).
Oracle Licence	Oracle software licences are considered to be corporate in nature, and are attributed to AG118 (BT Group PAC).
GSNO	These costs cover the desktop based Operations Centre managing network traffic. It also covers support costs for BT GS Business & UK networks, including architects who manage the network and costs for radio spectrum licences. These costs are attributed to Rest of BT Residual.
Media & Broadcast	These costs relate to the dedicated teams supporting the Media & Broadcast (including BT Sport), TV and Content portfolio. These costs are all attributed to Rest of BT Residual.

Group Functions

Group
BT Group costs are made up of a number of central functions that provide various services for BT as a whole.

Reference	OV-GBS
Title	Group Billing
Overview	These bases apportion the costs related to Group Billing & Revenue Assurance team to the service-specific PGs based on the revenue numbers weighted by the CFU/CU splits using the BT Billing internal trades (recharges).
Description	**1. Source Costs and MCE:** These bases apportion the costs associated to the Group Billing & Revenue Assurance team. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Wages and Salaries and Net Indirect Labour Costs.
	3. Summary Destination: P008 - Rest of BT Residual; and OR Service Centre Provision PGs (PG570B , PG571B, PG572B, PG573B)
	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** Other
	6. Data Source Summary: Group Billing and Revenue Assurance CFU recharge data, Openreach and Wholesale external revenue split across markets, and several generic assumptions.

Data Source	Other Misc: (Cost Perform, Arc).				
Calculation Steps		Calculation	Worked Example	Worked Example	Example Results
	1	Calculates % of Revenue allocated to Openreach products.	= Openreach Revenue for the product / Total Openreach Revenue Base	=£100/ £500	= 20%
	2	Calculates % of Revenue allocated to Wholesale products. The total wholesale external revenue base is calculated excluding interconnect and multiplied by % Full Time Equivalent that sit in wholesale non-interconnect.	= Wholesale Revenue for the product /Total Wholesale revenue base (excluding Interconnect) * % Full Time Equivalent that sit in wholesale non-interconnect	= £20/£200*80%	= 8%
	3	Calculates % of Recharge allocated to each CFU.	= Total Recharge for the product / Total Recharge for all products	= 30 / 100	= 30%
	4	Calculates weighed % to allocate to each product within a CFU. This has been weighed considering revenue %, recharge % and general assumptions.	= % of Openreach/Wholesale Allocated for the product * Recharge Base % Allocation for the CFU	= 20% * 30%	= 6%
	5	Consolidates apportioned value for each product.	= sum of all weighed % allocations for each product across all CFUs	= 5% + 10% +8% + ... +10%	= 70%
	6	Consolidates apportioned value adjusted to accommodate rounding errors.	Rounding %= 100% - Total consolidated base % Adjusted apportioned value = Consolidated Base % + Rounding %	= 100% - 90% = 70% + 10%	= 10% = 80%
	7	Adjusts apportioned value for P008. In order to close some Selling, General and Administrative Expenses PGs, the apportioned % of Group Billing & Revenue Assurance costs for PG506N, PG512A, PG609N and PG586N are attributed to P008 (Rest of BT).	PG506N Apportioned Value + PG512A Apportioned Value + PG609N Apportioned Value + PG586N Apportioned Value	= 25% + 20% + 30% + 5%	= 80%

The following CFU driven bases are categorised as 'Direct' methodologies and share the following common categories:

Methodology Taxonomy	Direct.
Driver classification	Direct.
Data source summary	100% allocation - no data source.

Reference	OV-GHQ
Title	Business HR
Description	**1. Source Costs and MCE:** This base apportions HR related costs. **2. Cost and MCE Categories:** Predominantly Specific Items, Wages and Salaries and Other Pension Costs.
	3. Summary Destination: AG116 - BT Group Factorised pay; and P646 - Rest of BT Residual.

Supply chain

Reference	OV-SPLY
Title	Supplies Management
Overview	This base apportions the costs and MCE related to BT supplies management team, based on the proportion of supply chain recharges (i.e. work completed) for each CFU/CU.
Description	**1. Source Costs and MCE:** This base apportions out costs and MCE related to BTs supplies management, based on the proportion of work completed for each CFU and CU. **2. Cost and MCE Categories:** Predominantly Current Assets, Current Liabilities, Other Operating Income and Other Operating Costs.
	3. Summary Destination: AG118 - BT Group PAC; AG410 - Openreach PAC; and P008 - Retail Residual.
	4. Methodology Taxonomy: Other Misc.

	5. Driver classification: Supply chain recharges.
	6. Data Source Summary: Supply chain recharge data by CFU is used to allocate charges to products and AGs.
Data Source	Other Misc: Supply Chain Recharges.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Calculates % supply chain recharge per CFU.	CFU 1 %= [Supply chain cost CFU 1]/ [Total supply chain recharge] x 100 CFU 2 %= [Supply chain cost CFU 2]/ [Total supply chain recharge] x 100 ... CFU X %= [Supply chain cost CFU X]/ [Total supply chain recharge] x 100	CFU 1 = 40/100 x 100 CFU 2 = 60/100 x 100	CFU 1 = 40% CFU 2 = 60%

BT Facilities Management

Reference	OV-PROP
Title	Property Overhead
Description	**1. Source Costs and MCE:** This base allocates the costs of BT and non-BT owned office and specialised buildings. The building space report is used to apportion of the cost. **2. Cost and MCE Categories:** Rest of BT Opex - property; and Current Liabilities.
	3. Summary Destination: The base apportions costs of accommodation to the four property AGs: AG170-173.
	4. Methodology Taxonomy: Property & Insurance. **5. Driver classification:** Property Costs (ex. Electricity).
	6. Data Source Summary: Property Costs (ex. Electricity), Chargeable Main Distribution Frame (MDF) space.
Data Source	Property Costs (HORIZON and Group Property finance data).
Calculation Steps	See calculation steps set out in Section 5.4 “Activity Groups” under 'Activity Groups using property and insurance methodologies'.

Business

All Business Services costs, assets and liabilities are allocated to Rest of BT Residual by RT1.

5.4 Activity Groups

An explanation of the Activity Group (AG) methodology drivers is set out within section 4.7 of Part one of this AMD, and are summarised in section 4.4.

Activity Groups using property and insurance methodologies
An explanation of the Activity Group (AG) using property and insurance methodology drivers is set out within section 4.7 of Part one of this AMD, and Activity Groups are summarised in section 4.4.

AG170

Reference	AG170
Title	Specialised Accommodation BT Owned
Overview	AG170 calculates BT-owned specialised accommodation costs and MCE per CFU based on accommodation transfer charges and the fixed assets report. These costs and MCE are then apportioned to other AGs and PGs following specific treatments for each CFU, predominantly based on building space information.
Description	**1. Source Costs and MCE:** This AG apportions BT Group Property depreciation, other operating costs and asset values for the Specialised estate which is BT owned. It is a base produced from an apportionment model. **2. Cost and MCE Categories:** Predominantly Depreciation (Right of use); Property Energy Costs; Current Liabilities and Non-current assets (Right of use and Land and Buildings)
	3. Summary Destination: This AG apportions to a large number of PGs and AGs, based on CFU. The most significant apportionments are to P008 (Rest of BT Residual), AG406 (Wholesale pay driver), PG399T (PDH Traffic Grooming), PG952C (GEA Electronics), AG118 (BT PAC), and PG217E (Main Distribution Frames Equipment).
	4. Methodology Taxonomy: Property & Insurance. **5. Driver classification:** Property Costs (exc. Electricity).
	6. Data Source Summary: A Building List report, which shows the accommodation transfer charges by building, the building type, CFU and whether BT owned or Telereal. The depreciation and MCE are from a Building Fixed Assets Report which shows the fixed asset data by building.
Data Sources	Asset metrics: Depreciation (Loplist); and Property & Insurance: Property Space (HORIZON).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1 - 4	Steps 1 - 4 calculate the total adjusted recharges per CFU, Owner and Office/Specialised accommodation combination. Steps 1 - 4 are identical to that of ACCOMM1-Q.	See ACCOMM1-Q.	See ACCOMM1-Q.	Total BT-owned Specialised Technology Recharge = 10,000 BT-owned Specialised Total Recharge = 64,000 AG170 Allocation = 32%
5	Steps 5 - 17 calculates allocation for Openreach Specialised Accommodation. This step calculates the proportion of Openreach accommodation recharges from Group Property, split by equipment and area. Equipment/Area types: MDF, CC, LLU and Other	For each equipment type: $Equipment_{\chi}$ Total Recharge = $Equipment_{\chi}$ Recharge + Vacant Space Recharge * $Equipment_{\chi}$ Vacant Space % $Equipment_{\chi}$ % = $Equipment_{\chi}$ Total Recharge / Σ $Equipment_{1...n}$ Total Recharge	MDF Total Recharge = 1,000 + 500 * 50% MDF % = 1,250 / 2,500	MDF % = 50% Σ $Equipment_{1...n}$ % = 100%

	6 - 10	Steps 5 - 17 calculates allocation for Openreach Specialised Accommodation. This step calculates the fibre length ratio between core and backhaul fibre. This is identical to steps 1 - 6 of PDTCJF-Q. Note: Associated PGs are PG350N (Core) and PG170 (Backhaul).	See PDTCJF-Q.	See PDTCJF-Q.	Core fibre allocation (PG350N) = 30% Backhaul fibre allocation (PG170B) = 70%
	11 - 15	Steps 5 - 17 calculates allocation for Openreach Specialised Accommodation. This step calculates the allocation ratio for local fibre spine cable. This is identical to steps 1 - 5 of PDTLFSC-Q. Note: Associated PGs are PG111C (Access Fibre Spine), PG950C (GEA Access Fibre Spine), PG948C (Access Fibre Spine NGA - FTTP)	See PDTLFSC-Q.	See PDTLFSC-Q.	Access Fibre Spine allocation (PG111C) = 50% GEA Access Fibre Spine allocation (PG950C) = 10% Access Fibre Spine NGA - FTTP allocation (PG948C) = 40%
	16	Steps 5 - 17 calculates allocation for Openreach Specialised Accommodation. For Cable Chambers (CC) only, this step calculates an apportionment percentage across Network types Copper, Backhaul Fibre and Access Fibre weighted by Mean Gross Replacement Cost (GRC). Note: The Copper PG is PG117C.	$Allocation_{\gamma}$ Mean GRC = $Network_{\chi}$ Mean GRC * $Allocation_{\gamma}$ %(result from step 10, step 15 or other) Note: Allocation % for Copper is 100%. $Allocation_{\gamma}$ Apportionment Percentage = $Allocation_{\gamma}$ Mean GRC / Σ $Network_{1...n}$ Mean GRC	Core Fibre Mean GRC = 20,000 * 30% Core Fibre Apportionment Percentage = 6,000 / 100,000 Access Fibre Spine Mean GRC = 10,000 * 50% Access Fibre Spine Apportionment Percentage = 5,000 / 100,000	Core Fibre Apportionment Percentage (PG350N) = 6% Access Fibre Spine Apportionment Percentage (PG111C) = 5% Σ $Allocation_{1...n}$ %= 100%
	17	Steps 5 - 17 calculates allocation for Openreach Specialised Accommodation. This step takes the Openreach accommodation recharges proportion by equipment from step 2 and assigns them to PGs, and for Cable Chambers only apportions this proportion by the apportionment percentage. Note: Non-CC equipment PGs are PG217E (MDF), PG132B (LLU) and AG407 (Other).	For each non-CC equipment type: OR PG_{χ} % = $Equipment_{\chi}$ %(Result from Step 5) For the Cable Chambers equipment type: OR PG_{γ} % = Cable Chambers %(Result from Step 5) * $Allocation_{\gamma}$ Apportionment Percentage(result from step 16)	OR PG217E = 50% OR PG111C = 30% * 5%	OR PG217E = 50% OR PG111C = 1.5%
	18 - 28	Steps 18 - 62 calculates allocation for Technology Specialised Accommodation. This step calculates the assumption factor applicable for specialised AXE10 equipment. This is identical to steps 1 - 10 for PDTLYX-Q.	See PDTLYX-Q.	See PDTLYX-Q.	AXE10 Assumption Factor = 15%

29 - 42	Steps 18 - 62 calculates allocation for Technology Specialised Accommodation. This step calculates the assumption factor for System X equipment. This is identical to steps 1-13 for PDTSYSXD-Q.	See PDTSYSXD-Q.	See PDTSYSXD-Q.	System X Assumption Factor = 10%
43 - 52	Steps 18 - 62 calculates allocation for Technology Specialised Accommodation. This step calculates the assumption factor for System X equipment. This is identical to steps 1-9 for PDTMXD-Q.	See PDTMXD-Q.	See PDTMXD-Q.	Main Exchange Assumption Factor = 20%
53	Steps 18 - 62 calculates allocation for Technology Specialised Accommodation. This step calculates the assumption factors for 21CN specialised equipment from CoWs MSAN, FMSAN, ETHER, METRO, WDM and INODE. This is weighted on area, depreciation and product type.	For each 21CN CoW: 21CN CoW_{χ} Area Weighting = 21CN CoW_{χ} Area / Σ 21CN $CoW_{1...n}$ Area For each Specialised Equipment: CoW_{χ} $Equipment_{\gamma}$ Type Weighting = $Equipment_{\gamma}$ Network Depn / Σ CoW_{χ} $Equipment_{1...n}$ Network Depn CoW_{χ} $Equipment_{\gamma}$ Area Weighting = CoW_{χ} $Equipment_{\gamma}$ Type Weighting * 21CN CoW_{χ} Area Weighting 21CN CoW_{χ} $Equipment_{\gamma}$ Assumption Factor = CoW_{χ} $Equipment_{\gamma}$ Area Weighting / Σ $CoW_{1...n}$ $Equipment_{1...n}$ Area Weighting	21CN METRO Area Weighting = 10,000 / 50,000 For each Specialised Equipment: METRO $Equipment_1$ Type Weighting = 1,000 / 5,000 METRO $Equipment_1$ Area Weighting = 20% * 20% 21CN METRO $Equipment_1$ Assumption Factor = 4% / 80%	21CN METRO $Equipment_1$ Assumption Factor = 5% Σ 21CN CoW_{χ} $Equipment_{1...n}$ Assumption Factor = 100%
54 - 58	Steps 18 - 62 calculates allocation for Technology Specialised Accommodation. This step calculates the assumption factors for Back-Up Power and Specialised Accommodation Equipment. This is identical to steps 1 - 4 for PDTPANDA-Q.	See PDTPANDA-Q.	See PDTPANDA-Q.	Back-Up Power and Specialised Accommodation $Equipment_1$ Assumption Factor = 10% Σ Back-Up Power and Specialised Accommodation $Equipment_{1...n}$ Assumption Factor = 100%
59	Steps 18 - 62 calculates allocation for Technology Specialised Accommodation. This step calculates the volume of specialised Technology equipment BES Circuits / EAD Boxes. This is identical to steps 1 - 3 of CW609 or CO447.	See CW609.	See CW609.	EAD Boxes Volumes = 10 boxes
60	Steps 18 - 62 calculates allocation for Technology Specialised Accommodation. This step calculates the initial Area Allocation by PG for Technology Specialised Accommodation.	For each type of specialised Technology equipment: PG_{χ} $Equipment_{\gamma}$ Area Allocation = $Equipment_{\gamma}$ $Volume_{(Result\ from\ Step\ 59\ or\ other)}$ * $Equipment_{\gamma}$ Area per Volume *	Technology PG127A $Equipment_1$ Area Allocation = 50 * 0.5m^2 * 0.8 Initial Technology PG127A Area Allocation = 20m^2 + other specialised equipment area allocations for Technology PG127A i.e. 80m^2	Initial Technology PG127A Area Allocation = 100m^2

	In general, inputs of volumes of specialised equipment and area per volume are multiplied by appropriate assumptions (e.g. a "walk around factor", or percentage split to specific PGs) to obtain a floor space allocation for each type of specialised equipment (and associated PG).	Assumption$_{\gamma}$ Factor$_{(\text{Result from Step 28, Step 42, Step 52, Step 53, Step 58 or other})}$ For each PG Initial PG$_{\chi}$ Area Allocation = Σ PG$_{\chi}$ Equipment$_{1...n}$ Area Allocation		
61	Steps 18 - 62 calculates allocation for Technology Specialised Accommodation. This step calculates the allocation for BT-owned Technology Specialised Accommodation.	For each specialised equipment PG in BT-owned Technology Specialised Accommodation: BT-owned Unallocated Ratio = (Total Specialised BT-owned area - Σ Initial PG$_{1...n}$ Area Allocation$_{(\text{Result from Step 60})}$) / Σ Initial PG$_{1...n}$ Area Allocation$_{(\text{Result from Step 60})}$ PG$_{\chi}$ BT-owned area = Initial PG$_{\chi}$ Area Allocation$_{(\text{Result from Step 60})}$ + Initial PG$_{\chi}$ Area Allocation$_{(\text{Result from Step 60})}$ * BT-owned Unallocated Ratio BT-owned Technology PG$_{\chi}$ % = PG$_{\chi}$ BT-owned area / Σ PG$_{1...n}$ BT-owned area	BT-owned Unallocated Ratio = (100,000m^2 - 10,000m^2) / 10,000m^2 Technology PG127A BT-owned area = 5m^2 + 5m^2 * 9 BT-owned Technology PG127A % = 50m^2 / 100,000m^2	Technology PG127A BT-owned area = 50m^2 BT-owned Technology PG127A = 0.05% Σ BT-owned Technology PG$_{1...n}$ % = 100%
62	Steps 18 - 62 calculates allocation for Technology Specialised Accommodation. This step calculated the allocation for Telereal Technology Specialised Accommodation.	For each specialised equipment PG: General Unallocated Ratio = (Total Specialised area - Σ Initial PG$_{1...n}$ Area Allocation$_{(\text{Result from Step 60})}$) / Σ Initial PG$_{1...n}$ Area Allocation$_{(\text{Result from Step 60})}$ PG$_{\chi}$ area = Initial PG$_{\chi}$ Area Allocation$_{(\text{Result from Step 60})}$ + Initial PG$_{\chi}$ Area Allocation$_{(\text{Result from Step 60})}$ * General Unallocated Ratio Telereal PG$_{\chi}$ area = PG$_{\chi}$ area - PG$_{\chi}$ BT-owned area$_{(\text{Result from Step 61})}$ Telereal Technology PG$_{\chi}$ % = Telereal PG$_{\chi}$ area / Σ Telereal PG$_{1...n}$ area	General Unallocated Ratio = (2,000,000m^2 - 800,000m^2) / 800,000m^2 Technology PG127A area = 100m^2 + 100m^2 * 1.5 Telereal Technology PG127A area = 250m^2 - 50m^2 Telereal Technology PG127A % = 200m^2 / 400,000m^2	Telereal Technology PG127A % = 0.5% Σ Telereal Technology PG$_{1...n}$ % = 100%
63	This step calculates the onward allocation of AG170 Specialised BT-owned accommodation based on CFU. The CFU allocation can be found in the table below. (i,e, Consumer recharges are 100% allocated to P008 Residual)	CFU$_{\chi}$ Destination$_{\gamma}$ Cost = CFU$_{\chi}$ BT-owned Specialised Recharge$_{(\text{result from step 4})}$ * CFU$_{\chi}$ Rule Allocation$_{(\text{result from Step 17, from step 62 or from table})}$ Destination$_{\gamma}$ Cost = Σ CFU$_{1...n}$ Destination$_{\gamma}$ Cost	Technology PG127A Cost = 10,000 * 0.5% OR PG217E Cost = 15,000 * 50% PG127A Cost = 50 + other CFU costs i.e. 150 PG217E Cost = 7.500 + other CFU costs i.e. 50	PG127A Allocation % = 0.4% PG217E Allocation % = 15.1% Σ Destination$_{1...n}$ Allocation % = 100%

	CFU	**Rule Allocation**	$Destination_{\gamma}$ Allocation % = $Destination_{\gamma}$ Cost / Σ $Destination_{1...n}$ Cost Allocation	Technology PG127A Allocation % = 200 / 50,000 OR PG217E Allocation % = 7,550 / 50,000
	B&PS	100% to P008		
	Consumer	100% to P008		
	Suppressed Other	100% to AG118		
	GS	100% to P008		
	Group Billing	100% to AG118		
	Openreach	Openreach Specialised Allocation		
	EE	100% to P008		
	Technology	Technology Specialised Allocation		
	W&V	100% to P008		

AG171

Reference	AG171				
Title	Specialised Accommodation Rented (Telereal)				
Overview	AG171 calculates Telereal specialised accommodation costs and MCE per CFU based on accommodation transfer charges and the fixed assets report. These costs and MCE are then apportioned to other AGs and PGs following specific treatments for each CFU, predominantly based on building space information.				
Description	**1. Source Costs and MCE:** This AG apportions BT Group Property depreciation, other operating costs and asset values for the Specialised estate which are rented from Telereal. It is a base produced from an apportionment model. **2. Cost and MCE Categories:** Predominantly Depreciation (Right of use); Property Energy Costs; Current Liabilities and Non-current assets (Right of use and Land and Buildings)				
	3. Summary Destination: This AG apportions to a large number of PGs and AGs, based on CFU. The most significant apportionments are to PG252B (Openreach Residual Elimination), P008 (Rest of BT Residual) and PG399T (PDH Traffic Grooming). Also includes, PG217E (Main distribution frames equipment), PG952C (GEA Electronics), PG288A (Local exchange concentrator (Sys X) call set-up), and AG406 (WS pay driver).				
	4. Methodology Taxonomy: Property & Insurance. **5. Driver classification:** Property Costs (ex. Electricity).				
	6. Data Source Summary: A Building List report, which shows the accommodation transfer charges by building, the building type, CFU and whether BT owned or Telereal. The depreciation and MCE are from a Building Fixed Assets Report which shows the fixed asset data by building.				
Data Sources	Asset metrics: Depreciation (Loplist); and Property & Insurance: Property Space (HORIZON).				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1 - 62	Steps 1 - 4 calculate the total adjusted recharges per CFU, Owner and Office/Specialised accommodation combination. Steps 5 - 17 calculates allocation for Openreach Specialised Accommodation.	See AG170.	See AG170.	Total Telereal Specialised OR Recharge = 50,000

		Steps 18 - 62 calculates allocation for Technology Specialised Accommodation. These are identical to that of AG170.			
	63	This step calculates the onward allocation of AG171 Specialised Telereal accommodation based on CFU. The CFU allocation can be found in the table below. (i,e, Consumer recharges are 100% allocated to P008 Residual). **CFU** / **Rule Allocation** B&PS: 100% to P008 Consumer: 100% to P008 Suppressed Other: 100% to AG118 GS: 100% to P008 Group Billing: 100% to AG118 Openreach: Openreach Specialised Allocation EE: 100% to P008 Technology: Technology Specialised Allocation W&V: 100% to AG406	CFU? Destination? Cost = CFU? Telereal Specialised Recharge(result from step 4) * CFU? Rule Allocation(result from Step 17, from step 62 or from table) Destination? Cost =? CFU1…n Destination? Cost Destination? Allocation % = Destination? Cost /? Destination1…n Cost Allocation	OR PG217E Cost = 50,000 * 10% PG217E Cost = 5,000 + other CFU costs i.e. 5,000 OR PG217E Allocation % = 10,000 / 100,000	PG217E Allocation % = 10% ? Destination1…n Allocation % = 100%

AG172

Reference	AG172
Title	Office Accommodation BT Owned
Overview	AG172 calculates BT-owned office accommodation costs and MCE per CFU based on accommodation transfer charges and the fixed assets report. These costs and MCE are then apportioned to other AGs and PGs following specific treatments for each CFU.
Description	**1. Source Costs and MCE:** This AG apportions BT Group Property depreciation, other operating costs and asset values for Office accommodation which is BT owned. It is a base produced from an apportionment model. **2. Cost and MCE Categories:** Predominantly Depreciation (Right of use); Property Energy Costs; Current Liabilities and Non-current assets (Right of use and Land and Buildings).
	3. Summary Destination: The AG predominantly apportions to P008 (Rest of BT Residual) and a number of AGs, including AG402 (Technology Pay Driver), AG118 (BT Group PAC), and AG406 (WS pay driver).
	4. Methodology Taxonomy: Property & Insurance. **5. Driver classification:** Property Costs (ex. Electricity).
	6. Data Source Summary: A Building List report, which shows the accommodation transfer charges by building, the building type, CFU and whether BT owned or Telereal. The depreciation and MCE are from a Building Fixed Assets Report which shows the fixed asset data by building.
Data Sources	Asset metrics: Depreciation (Loplist); and Property & Insurance: Property Space (HORIZON).

<table>
<tr><td rowspan="3">Calculation Steps</td><td></td><td>Summary</td><td>Calculation</td><td>Worked Example</td><td>Example Results</td></tr>
<tr><td>1 - 4</td><td>Steps 1 - 4 calculate the total adjusted recharges per CFU, Owner and Office/Specialised accommodation combination.
Steps 1 - 4 are identical to that of ACCOMM1-Q.</td><td>See ACCOMM1-Q.</td><td>See ACCOMM1-Q.</td><td>Total BT-owned Office Group Recharge = 5,000
BT-owned Office Total Recharge = 25,000
AG172 Allocation = 20%</td></tr>
<tr><td>5</td><td>This step calculates the onward allocation of AG172 BT-owned office accommodation based on CFU.
The CFU allocation can be found in the table below. (i,e, Consumer recharges are 100% allocated to P008 Residual)
<table>
<tr><th>CFU</th><th>Rule Allocation</th></tr>
<tr><td>B&PS</td><td>100% to P008</td></tr>
<tr><td>Consumer</td><td>100% to P008</td></tr>
<tr><td>Suppressed Other</td><td>100% to AG118</td></tr>
<tr><td>GS</td><td>100% to P008</td></tr>
<tr><td>Group Billing</td><td>100% to AG118</td></tr>
<tr><td>Openreach</td><td>100% to AG401</td></tr>
<tr><td>EE</td><td>100% to P008</td></tr>
<tr><td>Technology</td><td>100% to AG402</td></tr>
<tr><td>W&V</td><td>100% to AG406</td></tr>
</table></td><td>CFU_{χ} $Destination_{\gamma}$ Cost = CFU_{χ} BT-owned Office $Recharge_{(result\ from\ step\ 4)}$ * CFU_{χ} $Rule\ Allocation_{(from\ table)}$
$Destination_{\gamma}$ Cost = Σ $CFU_{1...n}$ $Destination_{\gamma}$ Cost
$Destination_{\gamma}$ Allocation % = $Destination_{\gamma}$ Cost / Σ $Destination_{1...n}$ Cost Allocation</td><td>Group Cost = 5,000 * 100%
AG118 Cost = 5,000 + other CFU costs i.e. 1,000
AG118 Allocation % = 6,000 / 10,000</td><td>AG118 Allocation % = 60%
Σ $Destination_{1...n}$ Allocation % = 100%</td></tr>
</table>

AG173

Reference	AG173
Title	Office Accommodation Rented (Telereal)
Overview	AG173 calculates Telereal office accommodation costs and MCE per CFU based on accommodation transfer charges and the fixed assets report. These costs and MCE are then apportioned to other AGs and PGs following specific treatments for each CFU.
Description	**1. Source Costs and MCE:** This AG allocates BT Group Property costs, depreciation and asset values for the Office accommodation which is rented from Telereal. It is a base produced from an apportionment model. **2. Cost and MCE Categories:** Predominantly Depreciation (Right of use); Property Energy Costs; Current Liabilities and Non-current assets (Right of use, Other Assets and Land and Buildings).
	3. Summary Destination: The AG apportions to P008 (Rest of BT Residual), AG401 (OR pay driver), AG402 (Technology pay driver), AG118 (BT Group PAC) and AG406 (WS pay driver).
	4. Methodology Taxonomy: Property & Insurance. **5. Driver classification:** Property Costs (ex. Electricity).
	6. Data Source Summary: A Building List report, which shows the accommodation transfer charges by building, the building type, CFU and whether BT owned or Telereal. The depreciation and MCE are from a Building Fixed Assets Report which shows the fixed asset data by building.
Data Sources	Asset metrics: Depreciation (Loplist); and Property & Insurance: Property Space (HORIZON).

<table>
<tr><td rowspan="3">Calculation Steps</td><td></td><td>Summary</td><td>Calculation</td><td>Worked Example</td><td>Example Results</td></tr>
<tr><td>1 - 4</td><td>Steps 1 - 4 calculate the total adjusted recharges per CFU, Owner and Office/Specialised accommodation combination.
Steps 1 - 4 are identical to that of ACCOMM1-Q.</td><td>See ACCOMM1-Q.</td><td>See ACCOMM1-Q.</td><td>Total Telereal Office Openreach Recharge = 50,000
Telereal Office Total Recharge = 500,000
AG173 Allocation = 40%</td></tr>
<tr><td>5</td><td>This step calculates the onward allocation of AG173 Telereal office accommodation based on CFU.
The CFU allocation can be found in the table below. (i,e, Consumer recharges are 100% allocated to P008 Residual)
<table>
<tr><th>CFU</th><th>Rule Allocation</th></tr>
<tr><td>B&PS</td><td>100% to P008</td></tr>
<tr><td>Consumer</td><td>100% to P008</td></tr>
<tr><td>Suppressed Other</td><td>100% to AG118</td></tr>
<tr><td>GS</td><td>100% to P008</td></tr>
<tr><td>Group Billing</td><td>100% to AG118</td></tr>
<tr><td>Openreach</td><td>100% to AG401</td></tr>
<tr><td>EE</td><td>100% to P008</td></tr>
<tr><td>Technology</td><td>100% to AG402</td></tr>
<tr><td>W&V</td><td>100% to AG406</td></tr>
</table></td><td>CFU_{χ} $Destination_{\gamma}$ Cost = CFU_{χ} Telereal Office $Recharge_{(result\ from\ step\ 4)}$ * CFU_{χ} $Rule\ Allocation_{(from\ table)}$
$Destination_{\gamma}$ Cost = Σ $CFU_{1...n}$ $Destination_{\gamma}$ Cost
$Destination_{\gamma}$ Allocation % = $Destination_{\gamma}$ Cost / Σ $Destination_{1...n}$ Cost Allocation</td><td>OR Cost = 50,000 * 100%
AG401 Cost = 50,000 + other CFU costs i.e. 1,000
AG401 Allocation % = 51,000 / 52,000</td><td>AG401 Allocation % = 98.1%</td></tr>
</table>

Activity Groups using other methodologies

An explanation of the Activity Group (AG) using other methodologies drivers is set out within section 4.7 of Part one of this AMD, and Activity Groups are summarised in section 4.4.

AG101

Reference	AG101
Title	Motor Transport
Overview	This AG apportions the costs and MCE associated with motor transport (including accommodation, new leased vehicles and accessories) to other AGs and PGs, based on the proportion of the Group Fleet Services recharges to various CFUs.
Description	**1. Source Costs and MCE:** This AG apportions the costs and asset values associated with motor transport, including accommodation, new leased vehicles and accessories. **2. Cost and MCE Categories:** Predominantly Depreciation (Rou); Other operating costs; and Non-current assets (Rou).
	3. Summary Destination: This AG apportions cost and MCE over a large number of AGs and products, including D-side Copper and Distribution Fibre, predominantly to WLA Area 2 and WLA Area 3.

	4. Methodology Taxonomy: Activity Group. **5. Driver classification:** Other.
	6. Data Source Summary: This AG apportions data from the general ledger, where underlying financial transactions of the BT Group are recorded.
Data Sources	Other Misc: Other (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This base is calculated based on the proportion of costs allocated to each CFU.	For each CFU: Base Percentage = Total Costs $_{\text{per CFU}}$ / Total costs	For each CFU: $Base_1$ = 50/ 100 $Base_2$ = 40/ 100 $Base_3$ = 10/ 100	 $Base_1$ = 50% $Base_2$ = 40% $Base_3$ = 10%

AG102

Reference	AG102
Title	BT Technology Operational Costs
Overview	This AG apportions the costs and MCE associated with BT Technology's common network management (which cannot be allocated directly to individual CFUs and CUs and are predominately software related) to other Bases, AGs and PGs, based on the proportion of the Net Book Value (NBV) of Core Fixed Assets.
Description	**1. Source Costs and MCE:** This AG is used to apportion BT Technology's network management costs and MCE, predominately software related, which cannot be allocated directly to individual CFUs and CUs. **2. Cost and MCE Categories:** Predominantly Wages and Salaries; Network Operating IT costs; and Current liabilities.
	3. Summary Destination: This AG apportions Cost and MCE over a large number of AG's, PG's and products, predominantly within the Rest of BT Residual markets.
	4. Methodology Taxonomy: Activity Group. **5. Driver classification:** Other.
	6. Data Source Summary: This AG apportions data from the general ledger, where underlying financial transactions of the BT Group are recorded.
Data Sources	Other Misc: Other (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Driver logic: assets with the summary type 'Fixed Asset' excluding Investments in subsidiaries and for assets with a class of work (CoW) all other sectors, excluding the following: Cellular and other; Access Copper; Access Duct, Access Fibre, Core Transmission Duct; Core Cable; Land and Buildings; Motor Transport; Office Machines; and Accommodation Plant. Where the assets have no CoW they are included in the driver logic. Costs and MCE in this AG are apportioned in proportion to the allocation of costs and MCE that satisfy the driver logic criteria.	N/A	N/A	N/A

AG113

Reference	AG113
Title	Liquid Funds and Interest
Overview	This AG apportions all liquid fund balances to other Bases, AGs and PGs, based on the proportion of total cash expenditure (operating expenditure and capital expenditure).
Description	**1. Source Costs and MCE:** The AG apportions liquid funds, i.e. a five-year median of short-term borrowings and cash. **2. Cost and MCE Categories:** Other Operating Costs and Current assets.

	3. Summary Destination: This AG apportions Cost and MCE over a large number of AGs, PGs and products, predominantly within the Rest of BT and Wholesale Residual, WLA Area 2 and WLA Area 3 markets, relating to Analogue Line Final Drop and Access Distribution Fibre.
	4. Methodology Taxonomy: Activity Group. **5. Driver classification:** Other.
	6. Data Source Summary: This AG apportions data from the general ledger, where underlying financial transactions of the BT Group are recorded.
Data Sources	Other Misc: Other (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Driver logic: The apportionment is driven by costs, which for these purposes are defined as total operating expenditure and capital expenditure. Costs and MCE in this AG are apportioned in proportion to the allocation of costs and MCE that satisfy the driver logic criteria.	N/A	N/A	N/A

AG415

Reference	AG415
Title	Fleet fuel driver
Overview	This AG apportions the MT (Motor Transport) vehicle fuel costs to other Bases and PGs, based on the proportion of the external motor fuel transfer charges.
Description	**1. Source Costs and MCE:** This AG allocates vehicle fuel costs based on utilisation of services by each CFU, provided by the Fleet team. The external fuel costs are used to provide an analysis of the fuel usage in the different parts of BT. The analysis of the fuel costs amounts is used to calculate an overall base that is then applied to the underlying actual costs. **2. Cost and MCE Categories:** Other operating costs.
	3. Summary Destination: This AG allocates to several AGs and products, including D-side Copper Cable/Cable Maintenance, Access Distribution Fibre, Analogue Line Final Drop, GEA Customer Site Installations and GEA FTTP Distribution Fibre, predominantly within Rest of BT Residual markets.
	4. Methodology Taxonomy: Activity Group. **5. Driver classification:** Other.
	6. Data Source Summary: This AG apportions data from the general ledger, where underlying financial transactions of the BT Group are recorded.
Data Sources	Other Misc: Other (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This base is calculated based on the proportion of costs allocated to each CFU.	For each CFU: Base Percentage = Total Costs $_{\text{per CFU}}$ / Total costs	For each CFU: $Base_1$ = 50/ 100 $Base_2$ = 40/ 100 $Base_3$ = 10/ 100	 $Base_1$ = 50% $Base_2$ = 40% $Base_3$ = 10%

Activity Groups using pay methodologies

An explanation of the Activity Group (AG) using pay methodologies drivers is set out within section 4.7 of Part one of this AMD, and Activity Groups are summarised in section 4.4.

Factorised pay AG methodologies

The following data sources and calculation steps apply to AG115 and AG116.

Data Sources	General ledger	
Calculation Steps		**Summary**
		The apportionment is based on factorised current salary and capital salary costs, if the criteria in steps 1 or 2 below are met.
	1	Summary type is 'current pay' and the division is one of the following: Openreach, BT Global, Wholesale, BT Consumer, Technology or Business and public sector.
	2	Summary type is 'Fixed asset' and the Finance type is 'pay' and the division is one of the following: Openreach, BT Global, Wholesale, BT Consumer, Technology or Business and public sector.

AG116

Reference	AG116				
Title	BT Factorised Pay – Including Overseas				
Overview	This AG apportions BT Group pay costs where the specific Business Unit supports UK as well as Overseas operations, based on the factorised current and capital pay costs.				
Description	**1. Source Costs and MCE:** This AG apportions BT Group pay costs (including accrued expenses, pension provisions and share based payments), based on factorised current salary and capitalised salary costs, where the specific Business unit supports UK and Overseas operations. **2. Cost and MCE Categories:** Predominantly Wages and Salaries; Provisions; Current Liabilities; and Specific Items				
	3. Summary Destination: The AG apportions cost over a large number of AGs, PGs and products, predominantly within Rest of BT Residual markets.				
	4. Methodology Taxonomy: Activity Group. **5. Driver classification:** Pay.				
	6. Data Source Summary: This AG apportions data from the general ledger, where underlying financial transactions of the BT Group are recorded.				
Data Sources	Other Misc: Other (General ledger).				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	Costs in this AG are apportioned in proportion to the **factorised** allocation of pay costs that satisfy the driver logic criteria. The factor applied is the **CFU factor** which will differ between the Divisions {B, H, J, K, T, S, N} which correspond to Openreach, BT Global Services, BT Enterprise, BT Consumer and Technology (not in that order). All costs and MCE in the below calculations satisfy the following condition: Summary Type is Current Pay (all Finance Types) **OR** Summary Type is Fixed Assets with Finance Type Pay.	N/A	N/A	N/A
	2	**CFU Factor Calculation:** The CFU Factor calculation calculates the average cost and MCE per employee. For this purpose we use the FTE numbers for all relevant Divisions noted previously with the addition of BT Group HQ (Division C). Total relevant pay costs and MCE are calculated in CP, summed and then divided by the total FTE for an average cost per FTE. This is also calculated per Division (with Divisions not identified in the previous step aggregated as "Rest of BT"). The CFU Factor for each Division is the **average cost per FTE for the whole of BT** divided by the **average cost per FTE for that Division.** The CFU factor for "Rest of BT" is calculated similarly.	N/A	N/A	N/A

[redacted]	3	Pay costs and MCE satisfying the previous conditions are multiplied by the CFU factor for their Division or the Rest of BT CFU factor where relevant. Costs and MCE in this AG are then allocated in proportion to the existing allocation of the factorised costs and MCE.	N/A	N/A	N/A
	4	For OUC division: Summary type is 'FA' (Fixed Assets) excluding 'EP' Finance type is 'A' or 'B' CFU is 'Openreach', 'Global', 'Consumer', 'Enterprise' or 'Technology' For Rest of BT: Summary type is 'EP' CFU is not 'Openreach', 'Global', 'Consumer', 'Enterprise' or 'Technology'	N/A	N/A	N/A

Other pay methodologies

The following data source and calculation steps apply to AG401, AG402 and AG407:

Data Sources	General ledger			
Calculation Steps	**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1 Identifies and maps indirect costs to AG401 e.g. Maps Openreach support pay costs to AG401, to be attributed in the same way as the direct pay costs.	CostPerform identifies the destinations to which the direct costs have been apportioned and the relative percentages of apportionment to these destinations. CostPerform attributes the total cost held within AG401 to the same destinations and using the same percentage of apportionment that has been used for the directly attributed costs.	*Example: BT Openreach indirect costs* **PGs to which direct costs have already been attributed** / **Costs in each PG** / **Attribution % of Openreach support costs to PGs** PG: Technology / 100 / 100/800 = 12.5% PG: Enterprise / 200 / 200/800 = 25% PG: Other CFUs / 500 / 500/800 = 62.5% Total / 800 / 800/800 = 100%	12.5% of all Openreach pay support costs would be attributed to Technology PGs, 25% to Enterprise PGs and 62.5% to other CFU PGs.

AG401

Reference	AG401
Title	Openreach pay driver
Overview	This AG apportions costs and MCE associated with Openreach centralised functions based on the allocation of Openreach pay costs.
Description	**1. Source Costs and MCE:** This AG captures costs such as Openreach Human Resources, Openreach HQ costs and miscellaneous costs supporting Openreach CFU. **2. Cost and MCE Categories:** Predominantly Wages and Salaries; Depreciation (Right of use); Net indirect labour costs; Non-current assets (Right of use and Other Assets); and Current liabilities.
	3. Summary Destination: This AG apportions cost to a large number of AGs, PGs and products. This is predominantly over Access Distribution Fibre, D-Side Copper Cable/Cable Maintenance, Analogue Line Final Drop and GEA FTTP Distribution Fibre and is principally between WLA Area 2, WLA Area 3 and Openreach residual markets.

	4. Methodology Taxonomy: Activity Group. **5. Driver classification:** Pay.
	6. Data Source Summary: This AG apportions data from the general ledger, where underlying financial transactions of the BT Group are recorded.
Data Sources	Other Misc: Other (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Costs and MCE in this AG are apportioned in proportion to the allocation of costs and MCE that satisfy the driver logic criteria. Driver logic: Division is 'Openreach'; and Finance Type is 'Pay'; and Summary Type is 'Fixed Assets' or 'Current Pay'	N/A	N/A	N/A

AG402

Reference	AG402
Title	Technology pay driver
Overview	This AG apportions costs and MCE associated with BT Technology centralised functions based on the allocation of BT Technology pay costs.
Description	**1. Source Costs and MCE:** This AG captures costs such as Human Resources, HQ costs, support staff and miscellaneous costs supporting BT Technology CFU. **2. Cost and MCE Categories:** Predominantly Property Energy Costs; Specific Items; Network Operating Costs; Depreciation (Right of use); and Non-current assets (Right of use, Other Assets and Land and Buildings)
	3. Summary Destination: This AG apportions cost to a large number of AGs, PGs and products, predominantly within Rest of BT residual markets.
	4. Methodology Taxonomy: Activity Group **5. Driver classification:** Pay.
	6. Data Source Summary: This AG apportions data from the general ledger, where underlying financial transactions of the BT Group are recorded.
Data Sources	Other Misc: Other (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Costs and MCE in this AG are apportioned in proportion to the allocation of costs and MCE that satisfy the driver logic criteria. Driver logic: Division is 'Technology'; and Finance Type is 'Pay'; and Summary Type is 'Fixed Assets' or 'Current Pay'	N/A	N/A	N/A

AG407

Reference	AG407
Title	Openreach operations pay driver
Overview	This AG apportions costs and MCE associated with Openreach Operations Units, based on the allocation of Openreach Operations pay costs.
	1. Source Costs and MCE: This AG captures pay costs and associated liabilities in supporting Openreach Operations Units.

Description	**2. Cost and MCE Categories:** Predominantly Wages and Salaries; Other operating costs; Net-indirect labour costs; Other pension costs; Social security costs and Current Liabilities.
	3. Summary Destination: This AG apportions cost to a large number of AGs, PGs and products, predominantly over Access Distribution Fibre, D-side Copper Cable/Cable Maintenance, Analogue Line Final Drop, GEA Customer Site Installations and GEA FTTP Distribution Fibre.
	4. Methodology Taxonomy: Activity Group. **5. Driver classification:** Pay.
	6. Data Source Summary: This AG apportions data from the general ledger, where underlying financial transactions of the BT Group are recorded.
Data Sources	Other Misc: Other (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Costs and MCE in this AG are apportioned in proportion to the allocation of costs and MCE that satisfy the driver logic criteria. Driver logic: Finance Type is 'Pay'; and Summary Type is 'Current Pay'; and Profit centre indicates a CFU/CU within CIO or Fibre and Network Delivery.	N/A	N/A	N/A

Activity Groups using PAC methodologies

An explanation of the Activity Group (AG) using PAC (Previously Allocated Costs) methodologies drivers is set out within section 4.7 of Part one of this AMD, and Activity Groups are summarised in section 4.4.

AG118

Reference	AG118
Title	BT Group PAC – Including Overseas
Overview	This AG apportions the costs and MCE associated with the BT Group based on the BT Group Previously Allocated Costs (PAC) relating to specific CFUs, including overseas subsidiaries.
Description	**1. Source Costs and MCE:** This AG is used to apportion BT Group costs, predominately pay and general management costs, where specific Business units support UK and Overseas operations. Apportionment is based on PAC relating to specific CFUs. **2. Cost and MCE Categories:** Predominantly Wages and Salaries; Non-current assets (Right of use and Software); Property Energy Costs; Other Pension Costs; Other Operating Costs; and Network Operating IT Costs.
	3. Summary Destination: The AG apportions Cost and MCE over a large number of AGs, PGs and products, predominantly within the Rest of BT Residual markets.
	4. Methodology Taxonomy: Activity Group. **5. Driver classification:** PAC.
	6. Data Source Summary: This AG uses data from the general ledger, where underlying financial transactions of the BT Group are recorded, and apportions the data using previous applied allocation methodologies.
Data Sources	Other Misc: Other (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	**Driver Logic:** Cost drivers are:	N/A	N/A	N/A

		GL Codes, except for 'Software P&L credit adjustment'; and Transaction type of 'Revenue costs in Operating Profit' or 'Other AS revenue costs'; and Summary type of 'Current Pay', 'I/G Pay', or 'Current other'; and Sectors, except for 'Other Operating Inc', 'Payments to OLO' or 'Payments to OA'.			
	2	MCE drivers are: MCE GL codes multiplied by AG WACC Summary type of 'fixed asset', 'current asset' or 'current liability'; and Sectors, except for 'Intra Group debtors', 'Intra Group creditors', 'Intangible Fixed Asset: Goodwill', 'Other Intangible Asset', 'IFA from Acquisition', 'Derivative Financial Instruments (non-current)', or 'Derivative Financial Instruments'. Costs and MCE in this AG are apportioned in proportion to the allocation of the driver logic.	N/A	N/A	N/A

AG119

Reference	AG119				
Title	Technology PAC				
Overview	This AG apportions the costs and MCE associated with BT Technology's overall support functions based on the BT Technology Previously Allocated Costs (PAC) relating to specific CFUs.				
Description	**1. Source Costs and MCE:** This AG is used to apportion BT Technology's overall support functions costs and balance sheets values, including the finance function and strategy team. Apportionment is based on PAC relating to specific CFUs. **2. Cost and MCE Categories:** Predominantly Wages and Salaries; Network Operating IT costs; Non-current asset (Software and Other Assets); and Current liabilities.				
	3. Summary Destination: This AG apportions Cost and MCE over a large number of AGs, PGs and products, predominantly within the Rest of BT markets.				
	4. Methodology Taxonomy: Activity Group. **5. Driver classification:** PAC.				
	6. Data Source Summary: This AG uses data from the general ledger, where underlying financial transactions of the BT Group are recorded, and apportions the data using previous applied allocation methodologies.				
Data Sources	Other Misc: Other (General ledger).				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	**Driver logic:** Cost drivers are: Division is 'Technology'; and Transaction type is either 'Revenue cost in Operating profit' or 'Other AS revenue costs'; and Summary type is either 'Current pay', 'I/G Pay' or 'Current other'; and Sectors, except for 'Other operating income', 'payments to OLO' or 'Payments to OA'.	N/A	N/A	N/A
	2	MCE drivers are: MCE GL codes multiplied by AG WACC Division is 'Technology'; and Summary Type is 'Fixed asset', 'Current Asset' or 'Current liability'; and Sector is NOT 'Intra group debtors', 'Intra group creditor', 'Intangible Fixed Asset: Goodwill', 'Other Intangible Asset', 'IFA from Acquisition', 'Derivative Financial Instruments - Non Current', or 'Derivative Financial Instruments'.	N/A	N/A	N/A

		Costs and MCE in this AG are apportioned in proportion to the allocation of the driver logic.			

AG410

Reference	AG410
Title	Openreach PAC
Overview	This AG apportions those costs and MCE associated with Openreach that are not product–specific, based on the Openreach Previously Allocated Costs (PAC).
Description	**1. Source Costs and MCE:** This AG captures indirect costs and MCE that are not product–specific. **2. Cost and MCE Categories:** Predominantly Wages and Salaries; Other operating costs; Non-current assets (Software and Other Assets); and Current Liabilities.
	3. Summary Destination: This AG apportions cost to a large number of AGs, PGs and products, based on the underlying attribution of the driver costs so predominantly over Duct Infrastructure, D-side Copper Cable, Analogue Line Final Drop and Access Distribution Fibre.
	4. Methodology Taxonomy: Activity Group. **5. Driver classification:** PAC.
	6. Data Source Summary: This AG uses data from the general ledger, where underlying financial transactions of the BT Group are recorded, and apportions the data using previous applied allocation methodologies.
Data Sources	Other Misc: Other (General ledger).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Driver logic: <u>Cost drivers are:</u> Division is 'Openreach'; and Transaction Type is 'Costs in Operating Profit' or 'Other AS Costs'; and Summary Type is 'Current Pay', 'Intragroup Pay' or ' Current Other'; and Sector is not 'Other Operating Income' or 'Payments to OCP'; and GL Codes, except for 'Software P&L credit adjustment'.	N/A	N/A	N/A
2	<u>MCE drivers are:</u> MCE GL Codes are multiplied by AG WACC Division is 'Openreach'; and Summary Type is 'Fixed Assets', 'Current Assets' or 'Current Liabilities and Provisions'; and Sector is not 'Intra-group Receivables', 'Intra-group Payable', 'Goodwill', 'Other Intangible Asset' or 'Assets from Acquisition Costs and MCE in this AG are apportioned in proportion to the allocation of the driver logic.	N/A	N/A	N/A

5.5 Plant Groups

Plant groups using asset metrics methodologies
The following apportionment bases are categorised as Asset metrics methodologies. An explanation of asset metrics methodology drivers is set out within section 4.7 of Part one of this AMD.

PG100D

Reference	PG100D
Title	Duct Regulatory Asset Value (RAV)
Overview	PG100D allocates the RAV adjustment for Duct assets to PIA components based on the percentages set out by Ofcom in the 2021 WFTMR.
Description	**1. Source Costs and MCE:** This PG apportions the costs relating to the duct asset RAV only. It covers the RAV of all duct (core access and shared) within the BT network. **2. Cost and MCE Categories:** Predominantly Supplementary Depreciation, Holding Gains and Losses, Other CCA Adjustments, and Non-Current Assets (Duct and Other Assets).
	3. Summary Destination: Duct & Poles (PIA) components, including CZ301-3 - Spine Duct Internal RAV; CZ305 - Joint boxes internal RAV; CZ304 - Manholes Internal RAV; and CZ306 - Lead ins Internal RAV.
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** PIA Component Costs.
	6. Data Source Summary: PIA volumes and PIA components unit cost are used to determine the apportionment.
Data Sources	Asset Metrics: PIA Component Costs and PIA Component Volumes (PIPER, Artisan and Revenues and Analysis).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step allocates the percentage per component based on the percentages set out by Ofcom in the 2021 WFTMR.	For each relevant component: Allocation percentage = Lead-in duct percentage set by Ofcom	$Component_1$ = 9.35%	$Component_1$ = 9.35% $\sum Component_{1...n}$ = 100%

PG101D

Reference	PG101D
Title	Duct Infrastructure (Pre March 2018)
Overview	PG101D allocates the depreciation costs and MCE of Duct assets to PIA components based on the percentages set out by Ofcom in the 2021 WFTMR.
Description	**1. Source Costs and MCE:** This PG apportions the depreciation and asset values of our duct infrastructure, which carries access copper and fibre cables. **2. Cost and MCE Categories:** Predominantly Holding Gains and Losses, Supplementary Depreciation, Wages and Salaries, Depreciation (Duct), and Non-Current Assets (Duct).
	3. Summary Destination: This PG predominantly apportions to CZ313 (Spine duct 1 internal), as well as a number of other Duct (PIA) components, including CZ317 (Joint boxes internal), CZ316 (Manhole internal), CZ315 (Spine duct 3+ internal), CZ318 (Lead ins internal) and CZ314 (spine duct 2 internal).
	4. Methodology Taxonomy: Volumes. **5. Driver classification:** PIA Volumes.
	6. Data Source Summary: PIA volumes and assumptions provided by Ofcom are used to determine the apportionment.
Data Sources	Volume Metrics: PIA Component Volumes (Revenues and Analysis).

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step allocates the percentage per component (internal + external) based on the percentages set out by Ofcom in the 2021 WFTMR.	For each relevant component (internal + external): Allocation percentage = Lead-in duct percentage set by Ofcom	Component (internal + external)$_1$= 9.35%	Component (internal + external)$_1$ = 9.35% $\sum$Component$_{1...n}$ = 100%
		This step calculates the split between internal and external components for each service type based on PIA volumes. This is then applied to the percentages provided by Ofcom to allocate to internal and external services.	For each service: Internal component allocation % = Component allocation %$_{(result\ from\ step\ 1)}$ * Internal service volume / (Internal + External service volume) External component allocation % = Component allocation %$_{(result\ from\ step\ 1)}$ * External service volume / (Internal + External service volume)	Internal component allocation %$_1$= 9.35% * (60,000/(60,000+300)) External component allocation %$_1$= 9.35% * (300/ (60,000+300))	Internal component allocation %$_1$= 9.3% External component allocation %$_1$= 0.05% $\sum$Component$_{1...n}$ = 100%

PG102D

Reference	PG102D
Title	Duct Infrastructure (Post March 2018)
Overview	PG102D allocates the depreciation costs and MCE of Duct assets installed after March 2018 to PIA components based on unit costs and volumes.
Description	**1. Source Costs and MCE:** This PG apportions the depreciation and asset values of our duct infrastructure, which carries access copper and fibre cables. **2. Cost and MCE Categories:** Predominantly Holding Gains and Losses, Supplementary Depreciation, Wages and Salaries, Current Assets, Depreciation (Duct), and Non-Current Assets (Duct).
	3. Summary Destination: This PG predominantly apportions to CZ313 (Spine duct 1 internal), as well as a number of other Duct & Pole (PIA) components, including CZ317 (Joint boxes internal), CZ316 (Manhole internal), CZ315 (Spine duct 3+ internal), CZ318 (Lead ins internal) and CZ314 (spine duct 2 internal).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** PIA Component Costs and Volumes.
	6. Data Source Summary: PIA volumes and PIA components unit cost are used to determine the apportionment.
Data Sources	Asset Metrics: PIA Component Costs and PIA Component Volumes (PIPER, Artisan and Revenues and Analysis).

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates the allocation percentage per component based on unit cost per component as a proportion of total cost, weighted by volume.	For each relevant component: Allocation percentage = (Volume of Component$_x$* Unit Cost ofComponent$_x$) / Total cost of PG102D	Component$_1$= (50k * 3k) / 350m	Component$_1$= 42.85% $\sum$Component$_{1...n}$ = 100%

PG151B

Reference	PG151B
Title	Broadband Line Testing Equipment (Openreach)
Overview	PG151B apportions Test Access Management Systems (TAMS) and EvoTAMs costs using the latest LOP list depreciation figures for CoWs LXTM and LMC. Asset Policy Codes are used to determine the depreciation to apportion to each component.
Description	**1. Source costs and MCE:** This PG apportions depreciation and overhead costs, as well as asset values associated with TAMS and EvoTAMs. **2. Cost and MCE categories:** Predominantly Property Energy Costs, Wages and Salaries, Current Liabilities and Non-Current Assets (Copper and Other Assets).

	3. Summary Destination: CF187 (MPF Line Testing Systems); and CZ600 (BTW Residual).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver Classification:** Depreciation.
	6. Data Source Summary: The depreciation charges from the LoP List for the CoWs are analysed by asset policy code, and are used to determine the apportionment.
Data Sources	Asset Metrics: Property space, Depreciation (LoP List), Capex Spend (NIMS, CID).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the proportion of the Synthetic Categories 'Survey and Installations' cost as a % of total cost of synthetic categories in each year. The cost data is obtained from surveys.	For each Syn. category in each year: Survey and Installations % = Cost / Grand Total	For Installation Syn. category in 2014/15: Survey and Installations % = £780k / £1,500k	Survey and Installations % = 52%
2	This step calculates total capex for sub-programmes affected by mis-booked asset depreciation in each year.	For each year: Affected Capex excl Stores = Total evoTAM Capex for affected sub-programme – Stores Capex (Tie Cables)	Affected Capex excl Stores = £5m - £3.5m	Affected Capex excl Stores = £1.5m
3	This step estimates depreciation of capex cost incorrectly booked to CoW LMC and APC CLLU: Part A: Estimates total incorrectly attributed capex for each Syn category in each year Part B: Estimates Depreciation value for each year Part C: Total Estimated depreciation for EvoTAMS in CLLU	Part A: Total incorrectly attributed capex for each Syn Category = Affected capex excl. stores(Results from Step 2) * Cost Percentage(Result from Step 1) Part B: Estimated depreciation = Total incorrectly attributed capex(Result from Step 2, Part A) / Asset Life Part C: Estimated depreciation for EvoTAMS in CLLU = Sum of Estimated depreciation across all year (Result from Step 2, Part B)	Part A: Total incorrectly attributed capex For Installation in 2014/15 = £1.5m * 52% = £0.8m For Survey in 2014/15 = £1.5m * 2% = £0.03m Part B: Estimated depreciation in 2014/15 = £0.8m / 18 = £0.04m Part C: Total Estimated depreciation for EvoTAMS in CLLU = £0.08m (in 08/09) + £0.27m (in 09/10) +.....+ £0.04m (in 14/15) + ... + £0m (in 19/20)	Part C: Total Estimated depreciation for EvoTAMS in CLLU = £2.3m
4	This step adjusts the mis-posting of depreciation calculated in Step 3 to update TAMS (CF189).	Adj depreciation for TAMS = Total Estimated depreciation for EvoTAMS in CLLU(Result from Step 3c) * Run Period / Total Period in Year	Adj Depreciation for TAMS = £2.33m * 6 / 12	Adj Depreciation for TAMS = £1.16m
5	This step sums the YTD depreciation values from LoP list to create Adjusted Base values by Component. *Note: CF189 includes the mis-posting of adjusted depreciation to update TAMS as calculated in Step 4	CF187 Adj base = Sum of YTD depn CF189 Adj base = Sum of YTD depn	CF187 adj base= £2.586m CF189 adj base = £1.086m + £1.165m	CF187 adj base = £2.586m CF189 adj base =£2.251m
6	This step calculates the adjusted base allocation % for each component.	For each component: Component allocation = Adj base(Result from step 5) / Total adj base *100	CF187 = £2.568m / £4.838m * 100 CF189 = £2.251m / £4.838m * 100	CF187 = 53.4% CF189 = 46.5%

PG200P

Reference	PG200P
Title	Poles - MCE
Overview	This PG apportions MCE associated with poles between internal and external components based on infrastructure volumes.
Description	**1. Source Costs and MCE:** This PG apportions the MCE and associated depreciation charges relating to Poles, predominately received from the PDTLDC apportionment base. **2. Cost and MCE Categories:** Predominantly Wages and Salaries; Current Assets; and Non-Current Assets (Fibre). **3. Summary Destination:** Predominantly to CZ325 (Poles Internal), as well as to CZ326 (Poles External). **4. Methodology Taxonomy:** Asset Metrics. **5. Driver classification:** PIA Components Volumes. **6. Data Source Summary:** Network adjustments and pole investments data is used to determine the apportionment of this base.
Data Sources	Asset metrics: Network adjustment costs, CCA Indexation values, Gross book value (NIMS, ARTISAN), Gross replacement cost (NIMS, ARTISAN), PIA component volumes and Depreciation.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates apportionment to CZ325 and CZ326 components. ***Values for this calculation are obtained from Internal & External Volumes input***	CZ325 = Poles Internal Volume / Poles Total Infrastructure Volumes CZ326 = 100% - PG200P Base for CZ325 Component	CZ325=100 / 150 CZ326 =100% - 67%	CZ325 = 67% CZ326 = 33%

PG201P

Reference	PG201P
Title	Poles Repair
Overview	This plant group apportions the costs associated with poles repair and maintenance between internal and external components based on infrastructure volumes.
Description	**1. Source Costs and MCE:** This PG apportions the costs associated with poles repair and maintenance, recorded on the Poles Testing CoW. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Other Operating Costs, Net-Indirect Labour Costs, Non-Current Assets (Right of Use),Current Assets, and Current Liabilities. **3. Summary Destination:** Predominantly to CZ325 (Poles Internal), as well as to CZ326 (Poles External). **4. Methodology Taxonomy:** Asset Metrics. **5. Driver classification:** PIA Components Volumes. **6. Data Source Summary:** Network adjustments and poles data is used to determine the apportionment of this base.
Data Sources	Asset metrics: Network adjustment costs, PIA Component Volumes and CCA indexation values.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates apportionment to CZ325 and CZ326 components. ***Values for this calculation are obtained from Internal & External Volumes input***	CZ325 = Poles Internal Volume / Poles Total Infrastructure Volumes CZ326 = 100 - PG200P Base for CZ325 Component	CZ325=100 / 150 CZ326 =100 - 66.7	CZ325 = 66.7% CZ326 = 33.3%

PG300N

Reference	PG300N
Title	Duct Network Adjustments Internal
Overview	This PG predominantly apportions to CZ313 (Spine duct 1 internal), as well as a number of other Duct & Pole (PIA) components, including CZ317 (Joint boxes internal), CZ316 (Manhole internal), CZ315 (Spine duct 3+ internal), CZ318 (Lead ins internal) and CZ314 (spine duct 2 internal).
Description	**1. Source Costs and MCE:** This PG apportions the cost of internal network adjustments (work we conduct for when building our own network) for duct, below the financial limit of £4,750 per km. **2. Cost and MCE Categories:** Predominantly Holding Gains and Losses, Supplementary Depreciation, Depreciation (Duct), Wages and Salaries, Current Assets and Non-Current Assets (Duct, Copper and Fibre).
	3. Summary Destination: This PG predominantly apportions to CZ313 (Spine duct 1 internal), as well as a number of other Duct & Pole (PIA) components, including CZ317 (Joint boxes internal), CZ316 (Manhole internal), CZ315 (Spine duct 3+ internal), CZ318 (Lead ins internal) and CZ314 (spine duct 2 internal).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Network Adjustment Costs.
	6. Data Source Summary: Openreach provide data on network adjustments carried out on poles and ducts, the data is split into costs above and below the threshold and apportionment is based on these proportions. PIA volumes and PIA components unit cost are used to determine the apportionment.
Data Sources	Asset Metrics: Network adjustment costs, CCA indexation values, PIA Component Costs and PIA Component Volumes (PIPER, Artisan and Revenues and Analysis).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the allocation percentage per component based on unit cost per component as a proportion of total cost.	For each relevant component: Allocation percentage = (Volume of Component$_{\chi}$* Unit Cost of Component$_{\chi}$) / Total cost of selected components.	Component$_1$= (50k * 3k) / 350m	Component$_1$= 42.85% $\sum$Component$_{1...n}$ = 100%

PG303N

Reference	PG303N
Title	Duct Network Adjustments External
Overview	This PG apportions the cost of internal network adjustments using detailed Openreach KPI reporting which identifies network adjustments within LFDC, LDD, LFSC and LDC CoWs.
Description	1. **Source Costs and MCE:** This PG apportions the cost of external network adjustments (work we conduct for when building our own network) for duct below the financial limit of £4,750 per km. **2. Cost and MCE Categories:** Predominantly Depreciation (Copper and Duct), Holding Gains and Losses, Supplementary Depreciation, and Non-Current Assets (Copper and Duct).
	3. Summary Destination: This PG predominantly apportions to CZ313 (Spine duct 1 internal), as well as a number of other Duct & Pole (PIA) components, including CZ317 (Joint boxes internal), CZ316 (Manhole internal), CZ315 (Spine duct 3+ internal), CZ318 (Lead ins internal) and CZ314 (spine duct 2 internal).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Network Adjustment Costs.
	6. Data Source Summary: Openreach provide data on network adjustments carried out on poles and ducts, the data is split into costs above and below the threshold and apportionment is based on these proportions. PIA volumes and PIA components unit cost are used to determine the apportionment.
Data Sources	Asset Metrics: Network adjustment costs, CCA indexation values, PIA Component Costs and PIA Component Volumes (PIPER, Artisan and Revenues and Analysis).

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates the allocation percentage per component based on unit cost per component as a proportion of total cost.	For each relevant component: Allocation percentage = (Volume of Component$_{\chi}$* Unit Cost of Component$_{\chi}$) / Total cost of PG102D	Component$_1$= (50k * 3k) / 350m	Component$_1$= 42.85% $\sum$Component$_{1...n}$ = 100%

PG954C

Reference	PG954C
Title	GEA (Generic Ethernet Access) Customer Site Installations
Overview	PG954C apportions GEA Customer Site Installation costs between FTTC and FTTP components, based on in year capex.
Description	**1. Source Costs and MCE:** This PG apportions the costs and MCE associated with the provision and recovery of NGA customer site equipment, including contract, planning, pay and depreciation costs. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Other Operating Costs, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: Predominantly to CL963 (One Fibre Network – Final drop), as well as to CL954 (Legacy FTTC – Final Drop).
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Capex Spend.
	6. Data Source Summary: Openreach Capex report for CoW FTTX is used to determine the apportionment.
Data Sources	Asset Metrics: Capex Spend

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates the in year capex of FTTC and FTTP products.	FTTC service capex= [Capex FTTC Product$_1$] + [Capex FTTC Product$_{\chi}$] FTTP service capex= [Capex FTTP Product$_1$] + [Capex FTTP Product$_{\chi}$]	FTTC capex= 50 + 50 FTTP capex= 100 + 100	FTTC Capex= 100 FTTP Capex= 200
	2	This step calculates the allocation by dividing the total capex for each service by the total capex of all services.	CL954 (GEA Customer Site Installation FTTC) Allocation = [FTTC service capex$_{(\text{Result from step 1})}$] / [Total capex]] CL963 (GEA Customer Site Installation FTTP) Allocation = [FTTP service capex$_{(\text{Result from step 1})}$] / [Total capex]	CL954 (GEA Customer Site Installation FTTC) Allocation = 100 / 300 CL963 (GEA Customer Site Installation FTTP) Allocation = 200 / 300	CL954 (GEA Customer Site Installation FTTC) Allocation = 33% CL963 (GEA Customer Site Installation FTTP) Allocation = 67%

PG998A

Reference	PG998A
Title	Fibre Rollout Funding
Overview	PG998A apportions grant funding balance sheet values between FTTP and FTTC based on the GBV split of the assets funded by these grants.
Description	**1. Source Costs and MCE:** This PG apportions the funding of the BDUK Development Programme recorded on the GFA CoW. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Non Current Assets (Funded Assets), Non Current Assets Other Assets), Non Current Assets (Software), and Depreciation (Funded Assets)
	3. Summary Destination: Predominantly CL998 (Fibre Rollout Funding: FTTC), as well as to CL997 (Fibre Rollout Funding: FTTP).
	4. Methodology Taxonomy: Asset Metrics.

	5. Driver classification: GBV.				
	6. Data Source Summary: The BDUK development programme allocation for FTTC and FTTP equipment is used to determine the apportionment.				
Data Sources	Asset Metrics: Gross book value, other; and Network data: capex spend (ORBIT), other.				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	***Values for this calculation are obtained from BDUK Split and Base Inputs. See 'BDUK HCA adjustment with FTTC and FTTP split' steps 1 and 2.***			
	2	Sums the total BDUK GBV data for FTTC and FTTP for all CoWs. ***See steps above.***	Total GBV for FTTC = FTTC GBV for COW LFDC + FTTC GBV for COW LFSC +.... Total GBV for FTTP = FTTP GBV for COW LFDC + FTTP GBV for COW LFSC +....	Total GBV for FTTC = £100k + £200k + £400k = £750k Total GBV for FTTC = £75k + £125k+ £50k = £250k	Total GBV for FTTC = £750k Total GBV for FTTC = £250k
	3	This step calculates the percentage allocation for FTTC and FTTP based on the total GBV values calculated in step 1. The FTTC percentage is attributed to CL998 (FTTC Fibre Rollout Funding) and FTTP to CL997 (FTTP Fibre Rollout Funding).	For each component: Allocation = Total GBV for FTTx (Result from step 1) / (Total GBV for FTTC + Total GBV for FTTP) (Sum of Result from step 2)	CL998 allocation = £750k / (£750k + £250k) CL997 allocation = £250k / (£750k + £250k)	CL998 allocation = 75% CL997 allocation = 25%

Plant groups using direct methodologies
The following apportionment bases are categorised as Direct methodologies. An explanation of Direct methodology drivers is set out within section 4.7 of Part one of this AMD.

PG005Y

Reference	PG005Y
Title	Residual Excess Construction Adjust Credit Duct
Overview	
Description	**1. Source Costs and MCE:** This PG removes depreciation and non-current assets relating to copper and duct from a number of WLA services where ECC depreciation has been incurred. **2. Cost and MCE Categories:** Predominantly Depreciation (Copper) and Non Current Assets (Copper).
	3. Summary Destination: CL173 (D-Side Copper Capital).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG006X

Reference	PG006X
Title	CISBO ECC (Excess Construction Charge) Capex Debit
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the in-year costs and the consequential indirect costs relating to Excess Construction Charges (ECCs) incurred on Ethernet services within the year. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Product Costs, Non-Current Assets (Right of use, Software), Current Assets, Current Liabilities.
	3. Summary Destination: CE106 (Ethernet Excess Construction Capex).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data source: 100% allocation, no data source.

PG117C

Reference	PG117C
Title	E-Side Copper Cable
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the costs and MCE associated with E-Side Copper. **2. Cost and MCE Categories:** Predominantly Depreciation (Copper), Supplementary Depreciation, Holding Gains and Losses, and Non-current assets (Copper and Other assets).
	3. Summary Destination: CL171 (E-Side Copper Capital).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG117M

Reference	PG117M
Title	E-Side Copper Cable Maintenance
Overview	
Description	**1. Source Costs and MCE:** This PG predominately allocates pay and maintenance costs associated with E-Side Copper. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Other Operating Costs, Non-Current Assets (Right of Use), Current Assets, and Current Liabilities.
	3. Summary Destination: CL172 (E-Side Copper Current).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG118C

Reference	PG118C
Title	D-Side Copper Cable
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the costs associated with D-Side Copper. **2. Cost and MCE Categories:** Predominantly Non-Current Assets (Copper), Wages and Salaries, Current Liabilities and Current Assets.
	3. Summary Destination: CL173 (D-Side Copper Capital).
	4. Methodology Taxonomy: Direct **5. Driver classification:** Direct
	6. Data Source Summary: 100% allocation, no data source.

PG118M

Reference	PG118M
Title	D-Side Copper Cable Maintenance
Overview	
Description	**1. Source Costs and MCE:** This PG allocates costs associated with D-Side Copper, including non-ETG pay and stores. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Other Operating Costs, Non-Current Assets (Right of use), Current Assets, and Current Liabilities.
	3. Summary Destination: CL174 (D-Side Copper Current).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG120B

Reference	PG120B
Title	LLU Electricity Usage - OR
Overview	
Description	**1. Source Costs and MCE:** This PG allocates Openreach electricity costs related to LLU. **2. Cost and MCE Categories:** Predominantly Property Energy Costs, Non-current assets (Software and Right of use) and Current Assets.
	3. Summary Destination: CL120 (LLU Electricity Usage - OR).
	4. Methodology Taxonomy: Direct **5. Driver classification:** Direct
	6. Data Source Summary: 100% allocation, no data source.

PG122M

Reference	PG122M
Title	Dropwire Maintenance Residential
Overview	
Description	**1. Source Costs and MCE:** This PG allocates costs associated with the maintenance of Residential PSTN, from the distribution point to the customer's premises. Types of cost include stores and pay costs. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Other Operating Costs, Non-Current Assets (Right of use), Current Assets, and Current Liabilities.
	3. Summary Destination: CL180 (Analogue line drop maintenance).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG130A

Reference	PG130A
Title	Intra-exchange Tie Cables
Overview	
Description	**1. Source Costs and MCE:** This PG captures costs of tie cables for LLU. LLU enables other communication providers (OCP) to use BT's local loop to provide services to customers. This is delivered by co-mingling, in which

	BT provides a room in an exchange for an OCP and their equipment, and arranges for connection of the room to the BT Main Distribution Frame (MDF) via a tie cable. The OCP has to order 'ties' in items of 100 pair cables. **2. Cost and MCE Categories:** Predominantly Other Non-Current Assets (Copper and Other Assets) and Current Assets.
	3. Summary Destination: CL133 (Legacy FTTC – Tie Cable).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG132B

Reference	PG132B
Title	LLU Co-mingling Recurring Costs (OR)
Overview	
Description	**1. Source Costs and MCE**: This PG allocates the cost of LLU Hosting Rental, which is the rental of a site for hosting LLU equipment. **2. Cost and MCE Categories:** Predominantly Depreciation (Other Assets), Current Assets and Non-Current Assets (Right of use and Other Assets).
	3. Summary Destination: CL132 (Co-mingling rentals).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG132N

Reference	PG132N
Title	LLU (Local Loop Unbundling) Co-mingling Recurring costs (BT Technology)
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the cost of LLU Hosting Rental. Hosting Rental is the rental of a site for hosting LLU equipment. **2. Cost and MCE Categories:** Predominantly Depreciation (Other Assets and Right of Use), Network Operating IT Costs, Wages and Salaries, Current Assets and Non-Current Assets (Right of use and Other Assets).
	3. Summary Destination: CT134 (Co-mingling power & vent).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG136N

Reference	PG136N
Title	LLU Co-mingling Provision
Overview	
Description	**1. Source Costs and MCE:** This PG allocates MCE and costs of building the LLU Hostels within BT Exchanges. **2. Cost and MCE Categories:** Predominantly Depreciation (Other Assets), Wages and Salaries, Network Operating IT Costs, Current Assets and Non-Current Assets (Other Assets and Software).
	3. Summary Destination: CL131 (Co-mingling set up).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG142A

Reference	PG142A
Title	MDF (Main Distribution Frame) Hardware Jumpering
Overview	
Description	**1. Source Costs and MCE:** This PG allocates pay costs, associated with jumpering activities on the MDF connecting the Exchange switch equipment to the E-Side cable. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Other Operating Costs, Non-Current Assets (Right of Use), Current Assets, and Current Liabilities.
	3. Summary Destination: CL161 (MDF Hardware Jumpering).
	4. Methodology Taxonomy: Direct.

	5. Driver classification: Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG149A

Reference	PG149A
Title	Analogue Line Final Drop
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the Drop wire costs and assets associated with specific analogue line based products, mainly copper depreciation and non-current assets. Drop wires are wires connecting the Distribution Point to the customer's premises. **2. Cost and MCE Categories:** Predominantly Current Assets, Wages and Salaries, Current Liabilities and Non-Current Assets (Copper).
	3. Summary Destination: CL178 (Dropwire capital & analogue NTE).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG150B

Reference	PG150B
Title	Abortive Visits
Overview	
Description	**1. Source Costs and MCE:** This PG allocates Abortive Visit Charge (AVC), which are mostly pay costs. An AVC is applied where an appointment is agreed for work at an End User's Site and the engineer arrives within the appointment slot but is unable to carry out the work at, or gain access to, the End User Site. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Non-Current Assets (Right of Use), Current Assets, and Current Liabilities.
	3. Summary Destination: CL182 (Abortive Visits).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG154B

Reference	PG154B
Title	NGA Visit Assure
Overview	
Description	**1. Source Costs and MCE:** This PG allocates costs, including pay and maintenance, associated with NGA Visit Assure jobs. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Net-indirect Labour Costs, Network Operating IT Costs, Non-Current Assets (Right of use), Current Assets and Current Liabilities.
	3. Summary Destination: CL195 (NGA Visit Assure).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG171A

Reference	PG171A
Title	Ethernet Cablelink
Overview	
Description	**1. Source Costs and MCE:** This PG captures the depreciation costs and asset values of ethernet Cablelink. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Depreciation (Fibre), Current Assets and Non-Current Assets (Right of use and Fibre).
	3. Summary Destination: This is fully allocated to CL165 Ethernet Cablelink.
	4. Methodology Taxonomy: Direct **5. Driver classification:** Direct
	6. Data Source Summary: This is a direct allocation.

PG192A

Reference	PG192A
Title	FTTC Copper Tie Cables
Overview	
Description	**1. Source Costs and MCE:** This PG allocates MCE and costs associated with NGA E-Side cables. **2. Cost and MCE Categories:** Predominantly Property Energy Costs, Current Assets and Non-Current Assets (Copper and Duct).
	3. Summary Destination: CL192 (NGA E-Side Copper Capital).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG197A

Reference	PG197A
Title	FTTC Service Delivery & Development
Overview	
Description	**1. Source Costs and MCE:** This PG allocates costs and MCE associated with the Openreach NGA FTTC product. **2. Cost and MCE Categories:** Predominantly Depreciation (Software), Non-Current Assets (Software), and Current Assets.
	3. Summary Destination: CL197 (FTTC development).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG198A

Reference	PG198A
Title	FTTP Development
Overview	
Description	**1. Source Costs and MCE:** This PG allocates costs and MCE associated with the Openreach NGA FTTP product currently under development. **2. Cost and MCE Categories:** Depreciation (Software); Current Assets; and Non-Current Assets (Software).
	3. Summary Destination: CL198 (FTTP development).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG217E

Reference	PG217E
Title	Main Distribution Frames Equipment
Overview	
Description	**1. Source Costs and MCE:** This PG captures the cost of provisions, extension, upgrade, replacement, re-arrangement and recovery of Main Distribution Frames (MDFs). **2. Cost and MCE Categories:** Predominantly Property Energy Costs, Current Assets and Non-Current Assets (Right of use and Other Assets).
	3. Summary Destination: CL175 (Local exchanges general frames equipment).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation - no data source.

PG240A

Reference	PG240A
Title	Analogue Line Testing Equipment
Overview	
Description	**1. Source costs and MCE:** This PG captures the costs associated with the equipment that supports line testing of Public Switched Telephone Network (PSTN) and ISDN circuits. **2. Cost and MCE categories:** Predominantly Depreciation (Electronic), Wages and Salaries, and Non-Current Assets (Electronic).

	3. Summary Destination: Analogue Line Testing Equipment (CL177)
	4. Methodology Taxonomy: Direct **5. Driver Classification:** Direct
	6. Data Source Summary: 100% allocation, no data source

PG301N

Reference	PG301N
Title	Poles Network Adjustments External
Overview	
Description	**1. Source Costs and MCE:** Cost Analysis Spreadsheet shows no source costs or MCE. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Supplementary Depreciation, Other CCA Adjustments, Depreciation Poles, Current Assets and Non-Current Assets (Poles).
	3. Summary Destination: PIA - Poles Network Adjustments below External (CZ332)
	4. Methodology Taxonomy: Direct **5. Driver classification:** Direct
	6. Data Source Summary: 100% allocation, no data source

PG302N

Reference	PG302N
Title	Poles Network Adjustments Internal
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the cost of internal network adjustments (work we conduct for when building our own network) for poles. We use the detailed breakdown of our KPI reporting shared with Ofcom to identify those network adjustments that are duct related within class of work LDC and LFDC for Openreach. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Depreciation Fibre, Current Assets and Non-current assets (Poles and Fibre).
	3. Summary Destination: CZ331 (Network Adjustments - Poles Network Adjustments below Internal).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG304N

Reference	PG304N
Title	Network Adj Above The Line
Overview	
Description	**1. Source Costs and MCE:** Depreciation and Access Fibre **2. Cost and MCE Categories:** Predominantly Depreciation (Fibre), Non-Current Assets (Fibre), Current Assets and Current Liabilities
	3. Summary Destination: Network Adjustments - Duct Network Adjustments above Internal (CZ327)
	4. Methodology Taxonomy: Direct **5. Driver classification:** Direct
	6. Data Source Summary: 100% allocation, no data source

PG447A

Reference	PG447A
Title	Ethernet access equipment
Overview	
Description	**1. Source Costs and MCE:** This PG allocates overhead costs, including pay, electricity and general management costs, and MCE relating to electronics, land and buildings, associated with the rental electronics used to provide EAD services, Wholesale Extension Services (WES), LAN Extension Services (LES), Ethernet services, Backhaul Extension Services (BES), Wholesale and LAN extension services and Optical Ethernet Services. **2. Cost and MCE Categories:** Predominantly Property Energy Costs, Wages and Salaries, Non-Current Assets (Other Assets), Current Assets and Current Liabilities.
	3. Summary Destination: CO485 (Ethernet electronics).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG449A

Reference	PG449A
Title	Ethernet Monitoring Platform
Overview	
Description	**1. Source Costs and MCE:** This PG allocates general management costs associated with an Internal Transfer Charge between Openreach and Global Services for an Ethernet Monitoring Platform. **2. Cost and MCE Categories:** Other Operating Costs and Current Assets.
	3. Summary Destination: CO445 (Ethernet Monitoring Platform).
	4. Methodology Taxonomy: Direct **5. Driver classification:** Direct
	6. Data Source Summary: 100% allocation, no data source.

PG457A

Reference	PG457A
Title	Optical Ethernet Electronics Capital
Overview	
Description	**1. Source Costs and MCE:** This PG allocates depreciation associated with the dedicated equipment for Optical Ethernet electronics rentals and non-current assets relating to private circuits & SMDS. **2. Cost and MCE Categories:** Depreciation (Electronic), Wages and Salaries, Current Assets and Non Current Assets (Electronic).
	3. Summary Destination: CO457 (Optical Ethernet Electronics Capital).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source

PG467A

Reference	PG467A
Title	EAD Electronics Capital
Overview	
Description	**1. Source Costs and MCE:** This PG allocates private circuits depreciation associated with the dedicated equipment for EAD electronics rentals and non-current assets relating to EAD rental services. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Electronic), Depreciation (Electronic), and Wages and Salaries.
	3. Summary Destination: CO487 (EAD Electronics Capital).
	4. Methodology Taxonomy: Direct **5. Driver classification:** Direct
	6. Data Source Summary: 100% allocation, no data source.

PG502B

Reference	PG502B
Title	SG&A Openreach Sales Product Management
Overview	
Description	**1. Source Costs and MCE:** This PG allocates general management, deferred income and current liabilities related to Sales and Product Management. **2. Cost and MCE Categories:** Predominantly Current Assets, Current Liabilities, Non Current Assets (Right Of Use Assets), Net impairment losses on trade receivables and contract assets, Other Pension Costs, Specific Items, and Wages and Salaries.
	3. Summary Destination: CP502 (Openreach Sales Product Management).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation - no data source.

PG572B

Reference	PG572B
Title	OR Service Centre Provision LLU
Overview	
Description	**1. Source Costs and MCE:** This PG allocates pay costs related to network support and assets related to Service Centres. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Network Operating It Costs, Other Operating Costs, Other Pension Costs, Own work capitalised, Social Security Costs, and Wages and Salaries.
	3. Summary Destination: CL572 (OR Service Centre - Provision WLA).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG574B

Reference	PG574B
Title	OR Service Centre Provision NGA
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the pay and general management costs, as well as current liabilities associated with Service Centres for the Provision of NGA. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Depreciation (Rou), Other Pension Costs, and Wages and Salaries.
	3. Summary Destination: CL574 (OR Service Centre - Provision GEA).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG579B

Reference	PG579B
Title	OR Service Centre Assurance NGA
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the pay and general management cost, and trade creditors and accruals relating to service centres for Assurance NGA. **2. Cost and MCE Categories:** Predominantly Current Assets, Current Liabilities, Net indirect labour costs, Other Operating Costs, Own work capitalised, Social Security Costs, and Wages and Salaries.
	3. Summary Destination: CL579 (OR Service Centre - Assurance GEA).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG590B

Reference	PG590B
Title	Service Level Guarantees WLA External
Overview	
Description	**1. Source Costs and MCE:** This PG allocates external general management and support costs associated with WLA SLGs. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: CL590 (SLG WLA External).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG591B

Reference	PG591B
Title	Service Level Guarantees WLA Internal
Overview	

Description	**1. Source Costs and MCE:** This PG allocates internal general management and support costs associated with WLA SLGs. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: CL591 (SLG WLA Internal).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG601B

Reference	PG601B
Title	SLG Ethernet Provision External
Overview	
Description	**1. Source Costs and MCE:** This PG allocates general support and management costs associated with SLG Payments to CPs for Ethernet provision. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: CL601 (SLG Ethernet Provision External).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG605B

Reference	PG605B
Title	SLG Ethernet Provision Internal
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the general support and management costs associated with SLG payments to CPs for Ethernet provision. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: CL605 (SLG Ethernet Provision Internal).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG612B

Reference	PG612B
Title	IFRS 15 Deferred Revenue Internal
Overview	
Description	**1. Source Costs and MCE:** This PG allocates deferred revenue related to IFRS 15. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Non Current Assets (Other Assets), Non Current Assets (Software), Depreciation (Software), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: CL612 (IFRS 15 Deferred Revenue Internal).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation - no data source.

PG613B

Reference	PG613B
Title	IFRS 15 SLG Internal
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the IFRS15 costs associated with SLG payments, which are primarily general support costs. **2. Cost and MCE Categories:** Predominantly Non Current Assets (Other Assets), Non Current Assets (Sofware), Depreciation (Software), Net indirect labour costs, Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: CL613 (IFRS 15 SLGs Internal).
	4. Methodology Taxonomy: Direct.

	5. Driver classification: Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG614B

Reference	PG614B
Title	IFRS 15 Deferred Revenue External
Overview	
Description	**1. Source Costs and MCE:** This PG allocates deferred revenue related to IFRS 15. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Non Current Assets (Other Assets), Non Current Assets (Software), Depreciation (Software), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: CL614 (IFRS 15 Deferred Revenue External).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation - no data source.

PG615B

Reference	PG615B
Title	IFRS 15 SLG External
Overview	
Description	**1. Source Costs and MCE:** This PG allocates costs, primarily general support, associated with SLG payments relating to IFRS 15. **2. Cost and MCE Categories:** Predominantly Non Current Assets (Other Assets), Non Current Assets (Software), Depreciation (Software), Net indirect labour costs, Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: CL613 (IFRS 15 SLGs Int).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG899A

Reference	PG899A
Title	WDM-Metro Link
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the GBV of assets, depreciation and general management costs associated with transmission electronics between WDM MSAN and a Metro Node. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Electronic), Non Current Assets (Other Assets), Depreciation (Electronic), and Property Energy Costs.
	3. Summary Destination: CN619 (Ethernet EBD - Ethernet Backhaul Direct - Active).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation - no data source.

PG900A

Reference	PG900A
Title	WDM-Metro Length
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the GBV of assets, depreciation and general management costs, associated with transmission length related elements (Duct and Fibre) between WDM MSAN and a Metro Node. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Electronic), Non Current Assets (Other Assets), Depreciation (Electronic), and Property Energy Costs.
	3. Summary Destination: CN620 (Ethernet EBD - Ethernet Backhaul Direct - Passive).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation - no data source.

PG942A

Reference	PG942A
Title	Cumulo - BTW
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the cumulo charge payable for BT Wholesale assets. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Software), Other Operating Costs, Property Energy Costs and Wages and Salaries.
	3. Summary Destination: CL942 (Cumulo - BTW).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation - no data source.

PG943A

Reference	PG943A
Title	Cumulo - OR
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the cumulo charge payable for Openreach assets. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Software), Other Operating Costs, Property Energy Costs and Wages and Salaries.
	3. Summary Destination: CL943 (Cumulo - OR).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation - no data source.

PG948C

Reference	PG948C
Title	GEA FTTP Access Fibre Spine
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the general management and pay costs, and MCE associated with the provision, installation and recovery of NGA FTTP fibre cable in the spine access network. This includes costs associated with clearing existing duct, to allow cable to be installed, jointing and spine cable (splicing). **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), Property Energy Costs and Wages and Salaries.
	3. Summary Destination: CL948 (One Fibre Network – Spine fibre).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG949C

Reference	PG949C
Title	GEA (Generic Ethernet Access) FTTP Distribution Fibre
Overview	
Description	**1. Source Costs and MCE:** This PG allocates LFDC depreciation costs associated with the provision, installation and recovery of NGA fibre cable in the FTTC distribution access network. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), Other Pension Costs, and Wages and Salaries.
	3. Summary Destination: CL949 (One Fibre Network – Distribution fibre).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG950C

Reference	PG950C
Title	GEA FTTC Access Fibre Spine
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the depreciation and general management costs and GBV of LFSC assets, associated with the provision, installation and recovery of NGA FTTC fibre cable in the spine access network. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), Property Energy Costs, and Wages and Salaries.
	3. Summary Destination: CL950 (Legacy FTTC – Spine fibre).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG951C

Reference	PG951C
Title	GEA FTTC Distribution Fibre
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the depreciation and general management costs and GBV of LFDC assets associated with the provision, installation and recovery of NGA fibre cable in the FTTC distribution access network. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), Other Pension Costs, and Wages and Salaries.
	3. Summary Destination: CL951 (Legacy FTTC – Distribution fibre).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation - no data source.

PG953C

Reference	PG953C
Title	GEA DSLAM and Cabinets
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the depreciation costs and GBV of LFME assets, associated with the DSLAM cabinets, cabinet shells, and cabinet tie cables. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Other Assets), and Depreciation (Fibre).
	3. Summary Destination: CL953 (Legacy FTTC – DSLAM).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation - no data source.

PG955M

Reference	PG955M
Title	GEA FTTC Maintenance
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the NGA FTTC costs, including pay and general management costs, associated with the repair and maintenance of head end electronics, DSLAM cabinets and specific NGA customer equipment. **2. Cost and MCE Categories:** Predominantly Current Assets, Current Liabilities, Non Current Assets (Other Assets), Provisions, Other Operating Costs, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: CL955 (GEA FTTC Repairs).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG956M

Reference	PG956M
Title	GEA FTTP Maintenance
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the NGA FTTP costs associated with the repair / maintenance of the head end electronics and specific NGA customer equipment. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Non Current Assets (Other Assets), Provisions, Other Operating Costs, Other Operating Income, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: CL956 (GEA FTTP Repairs).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: Direct allocation. No data.

PG957P

Reference	PG957P
Title	GEA (Generic Ethernet Access) FTTP Provision
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the NGA FTTP costs associated with the provision of specific NGA customer equipment. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Other Operating Costs, Other Pension Costs, Provisioning Installation, Social Security Costs, and Wages and Salaries.
	3. Summary Destination: CL957 (GEA FTTP provision).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source

PG958P

Reference	PG958P
Title	GEA (Generic Ethernet Access) FTTC Provision
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the NGA FTTC costs, including general management and provision and installation pay costs, associated with the provision of DSLAM cabinets and specific NGA customer equipment. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Other Operating Costs, Other Pension Costs, Provisioning Installation, Social Security Costs, and Wages and Salaries.
	3. Summary Destination: CL958 (GEA FTTC provision).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source

PG981R

Reference	PG981R
Title	Regulated Time Related Charges
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the costs and balance sheet of time scale charges. Time scale charges refer to time spent on planned / unplanned jobs when a timescale charge is appropriate. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Right Of Use Assets), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: CK981 (Openreach time related charges).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG982R

Reference	PG982R
Title	Openreach managed services for BT Business
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the costs of work carried out by Openreach that specifically supports BT Business Products and services or activities. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Network Operating It Costs, Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: CK982 (Openreach managed services for business).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG989A

Reference	PG989A
Title	Special Fault Investigation
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the costs, predominately pay costs relating to customer support and maintenance, and MCE relating to Special Fault Investigations. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Net indirect labour costs, Network Operating It Costs, Other Operating Costs, Other Pension Costs, and Wages and Salaries.
	3. Summary Destination: CO989 (Special Fault Investigation).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data.

PG990A

Reference	PG990A
Title	FTTP Funded Fibre Rollout Spend
Overview	
Description	**1. Source Costs and MCE:** This PG allocates costs and asset values associated with fibre rollout across BDUK areas for FTTP services. **2. Cost and MCE Categories:** Predominantly Non-Current Assets (Copper), Non-Current Assets (Duct), Non-Current Assets (Fibre), Non-Current Assets (Other Assets), Non-Current Assets (Software), and Depreciation (Fibre).
	3. Summary Destination: CL990 (FTTP Funded Fibre Rollout Spend).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

PG999A

Reference	PG999A
Title	FTTC Funded Fibre Rollout Spend
Overview	
Description	**1. Source Costs and MCE:** This PG allocates the expenditure on fibre rollout across BDUK areas for FTTC services **2. Cost and MCE Categories:** Predominantly Non Current Assets (Copper), Non Current Assets (Duct), Non Current Assets (Fibre), Non Current Assets (Other Assets), and Depreciation (Fibre).
	3. Summary Destination: CL999 (FTTC Funded Fibre Rollout Spend).
	4. Methodology Taxonomy: Direct. **5. Driver classification:** Direct.
	6. Data Source Summary: 100% allocation, no data source.

Plant groups using network data methodologies
The following apportionment bases are categorised as Network data methodologies. An explanation of Network data methodology drivers is set out within section 4.7 of Part one of this AMD.

PG111C

Reference	PG111C
Title	Access Fibre Spine
Overview	PG111C apportions costs and MCE relating to fibre spine cables based on the number of fibres used by each component. Ethernet spine fibre volumes used in the attribution calculation are taken as equal to the number of active Ethernet circuits.
Description	**1. Source Costs and MCE:** This PG apportions the depreciation costs and the asset values relating to fibre spine cables; duct used by these cables; and indirect costs related to the capital expenditure e.g. the van costs incurred by the engineers installing the fibre. **2. Cost and MCE Categories:** Predominantly Current Assets, Wages and Salaries, and Non-current asset (Fibre and Right of use).
	3. Summary Destination: This PG predominantly apportions to CW609 (Legacy Ethernet – Spine fibre), as well as a number of other components, including CZ252B (OR Residual elimination), CZ600 (BTW Residual), CO451 (Wholesale Extension Services - Spine Fibre); and CO448 (Backhaul Extension Services - Spine Fibre).
	4. Methodology Taxonomy: Network Data. **5. Driver classification:** Fibre Count by Product (CTCS).
	6. Data Source Summary: This PG uses Equipment Count Data from CTCS (Core Transmission Circuit costing System)
Data Sources	Network Data: Circuit count (CTCS), Bearer volumes (CTCS); Revenue & Volumes: Fibre Count by Product (CTCS); and Asset Metrics: Gross replacement value.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the total bearer volumes by summing the number of single and double fibre per PG.	For each relevant PG: PG_χ total bearer volumes = PG_χ single fibre bearers + PG_χ double fibre bearers	PG_1 total bearer volumes = 3,000 + 4,000	PG_1 total bearer volumes = 7,000
2	This step calculates the total fibre volumes per PG by summing the number of single fibre bearers and two times the double fibre bearers.	For each relevant PG: PG_χ total fibre volumes = PG_χ single fibre bearers + (2 * PG_χ double fibre bearers)	PG_1 total fibre volumes = 3,000 + (2 * 4,000)	PG_1 total fibre volumes = 11,000
3	This step calculates the usage factor of Fibres as a proportion of Bearers.	For each relevant PG: PG_χ fibre usage factor = PG_χ total fibre volumes$_{(\text{Result from step 2})}$ / PG_χ total bearer volumes$_{(\text{Result from step 1})}$	PG_1 fibre usage factor = 11,000 / 7,000	PG_1 fibre usage factor = 1.6
4	This step calculates the adjusted bearer count using the number of bearers from CTCS and multiplying by the fibre usage proportion calculated in step 3.	For each relevant PG: PG_χ adjusted bearer volumes = PG_χ CTCS bearer volumes * PG_χ fibre usage factor$_{(\text{Result from step 3})}$	PG_1 adjusted bearer volumes = 5,000 * 1.6	PG_1 adjusted bearer volumes = 8,000
5	This step replaces the factor for Fibres over bearers value with Static values for "2Mbit LE Fib", "34Mbit LE", "140Mbit LE" and "565Mbit LE" PGs	For each relevant PG: New usage factor = Static value	New usage factor = 2	New usage factor = 2

	6	This step calculates the distribution allocation of fibre count. It takes the Number of Bearers from CTCS and multiplies by the new usage factor from step 5.	For each relevant PG: PG_χ distribution allocation = PG_χ CTCS bearer volumes * New factor$_{(Result\ from\ step\ 5)}$	PG_1 distribution allocation = 5,000 * 2	PG_1 distribution allocation = 10,000
	7	This step converts CTCS circuit volumes to bearer equivalents.	For each relevant PG: PG_χ CTCS circuits bearer equiv = (PG_χ CTCS circuit volumes / PG_χ circuits per bearer) - $PG\chi$ full capacity bearers	PG_1 CTCS Circuits Bearer Equiv = (9,000 / 8) -1125	PG_1 CTCS Circuits Bearer Equiv =1,000
	8	This step calculates the bearers with spare capacity by subtracting utilised bearers (Bearer Equivalent CTCS Circuits) from CTCS Bearers.	For each relevant PG: PG_χ bearers with spare capacity = PG_χ CTCS bearer volumes - PG_χ CTCS circuits bearer equiv $_{(Result\ from\ Step\ 7)}$	PG_1 bearers with spare capacity = 5,000 - 1,000	PG_1 bearers with spare capacity = 4,000
	9	This step calculates the spare capacity factor for PGs by dividing Bearers with Spare Capacity by the number of utilised bearers.	For each relevant PG: PG_χ Spare Capacity Factor = PG_χ bearers with spare capacity$_{(Result\ from\ step\ 8)}$ / PG_χ CTCS circuits bearer equiv$_{(Result\ from\ step\ 7)}$	PG_1 spare capacity factor = 4,000 / 1,000	PG_1 spare capacity factor = 4
	10	This step calculates the circuit volume (bearer equiv) scaled capacity by multiply bearer equivalent circuit volumes by spare capacity factor.	For each relevant PG: PG_χ circuit scaled capacity = PG_χCTCS circuits bearer equiv$_{(Result\ from\ Step\ 7)}$ * PG_χ spare capacity factor$_{(Result\ from\ Step\ 9)}$	PG_1 circuit scaled capacity = 1,000 * 4	PG_1 circuit scaled capacity = 4,000
	11	This step calculates the consumption of bearers. It calculates the circuit volumes for a PG as a proportion of total consumption of bearers.	For each relevant PG: PG_χ total consumption of bearers = PG_χ circuit scaled capacity $_{(Result\ from\ step\ 10)}$ / Total circuit scaled capacity PGs are then mapped to components.	PG_1 total consumption of bearers = 4,000 / 20,000	PG_1 total consumption of bearers = 0.2
	12	This step calculates the number of fibres per component. It multiplies the number of fibres for spine and distribution allocation by the consumption of bearers factor.	For each relevant component: $Component_\chi$ no. fibres = $Component_\chi$ total consumption of bearers$_{(Result\ from\ step\ 11)}$ * $Component_\chi$ total number of fibres	$Component_1$ no. fibres = 0.2 * 5,000	$Component_1$ no. fibres = 1,000
	12b	This step calculates the total number of fibres per component for EAD and BT Redcare Alarm Signalling	For each relevant component: $Component_\chi$ no. fibres = $Component_\chi$ no. local ends * fibres per end	$Component_1$ no. fibres = 500 * 2	$Component_1$ no. fibres = 1,000
	13	This step calculates the allocation percentage for each component.	For each relevant component: $Component_\chi$ allocation = $Component_\chi$ no. fibres$_{(Result\ from\ step\ 12)}$ / Total number of fibres	$Component_1$ = 1,000 / 2,000	$Component_1$ = 50% $\sum Component_{1...n}$ = 100%

PG170B

Reference	PG170B
Title	Backhaul Fibre
Overview	
Description	**1. Source costs and MCE:** This PG apportions the depreciation costs and asset values of the backhaul length elements of the bearers in BT's Core Transmission network. **2. Cost and MCE categories:** Predominantly Wages and Salaries, Other Operating Costs, Current Assets and Non-Current Assets (Fibre).
	3. Summary Destination: This PG apportions to CO484 (Interexchange Fibre), CZ600 (BTW Residual) and CZ252B (OR Residual elimination).
	4. Methodology Taxonomy: Direct **5. Driver classification:** Direct
	6. Data Source Summary: 100% allocation, no data source.

PG959C

Reference	PG959C
Title	Access Distribution Fibre
Overview	PG959C apportions costs associated with the provision, installation and recovery of fibre cables in the access network, based on the number of fibres used by each component. Ethernet distribution fibre volumes used in the attribution calculation are calculated by multiplying the number of active Ethernet circuits by 2.
Description	**1. Source Costs and MCE:** This PG predominantly apportions the depreciation costs and the GBV for Distribution Fibre. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Other Operating Costs, Other Pension Costs, Provisioning Installation, Social Security Costs, and Wages and Salaries.
	3. Summary Destination: This PG predominantly apportions to CW610 (Legacy Ethernet – Distribution fibre), as well as to a number of other Access Fibre and Local End components, including CZ252B (OR Residual elimination), CZ600 (BTW Residual), CO450 (Wholesale extension services - Distribution fibre) and CO447 (Backhaul Extension Services - Distribution Fibre).
	4. Methodology Taxonomy: Network Data. **5. Driver classification:** Fibre Count by Product (CTCS).
	6. Data Source Summary: This PG uses Equipment Count Data from CTCS (Core Transmission Circuit costing System).
Data Sources	Network Data - Fibre & Equipment Count by Product (CTCS).

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the total bearer volumes by summing the number of single and double fibre per PG.	For each relevant PG: PG_χ total bearer volumes = PG_χ single fibre bearers + PG_χ double fibre bearers	PG_1 total bearer volumes = 3,000 + 4,000	PG_1 total bearer volumes = 7,000
2	This step calculates the total fibre volumes per PG by summing the number of single fibre bearers and two times the double fibre bearers.	For each relevant PG: PG_χ total fibre volumes = PG_χ single fibre bearers + (2 * PG_χ double fibre bearers)	PG_1 total fibre volumes = 3,000 + (2 * 4,000)	PG_1 total fibre volumes = 11,000
3	This step calculates the usage factor of Fibres as a proportion of Bearers.	For each relevant PG: PG_χ fibre usage factor = PG_χ total fibre volumes$_{(\text{Result from step 2})}$ / PG_χ total bearer volumes$_{(\text{Result from step 1})}$	PG_1 fibre usage factor = 11,000 / 7,000	PG_1 fibre usage factor = 1.6

[redacted]	4	This step calculates the adjusted bearer count using the number of bearers from CTCS and multiplying by the fibre proportion calculated in step 3.	For each relevant PG: PG_{χ} adjusted bearer volumes = PG_{χ} CTCS bearer volumes * PG_{χ} Fibre proportion$_{(Result\ from\ step\ 3)}$	PG_1 adjusted bearer volumes = 5,000 * 1.6	PG_1 adjusted bearer volumes = 8,000
	5	This step replaces the factor for Fibres over bearers value with Static values for "2Mbit LE Fib", "34Mbit LE", "140Mbit LE" and "565Mbit LE" PGs	For each relevant PG: New usage factor = Static value	New usage factor = 2	New usage factor = 2
	6	This step calculates the distribution allocation of fibre count. It takes the Number of Bearers from CTCS and multiplies by the new usage factor from step 5.	For each relevant PG: PG_{χ} distribution allocation = PG_{χ} CTCS bearer volumes * New factor$_{(Result\ from\ step\ 5)}$	PG_1 distribution allocation = 5,000 * 2	PG_1 distribution allocation = 10,000
	7	This step converts CTCS circuit volumes to bearer equivalents.	For each relevant PG: PG_{χ} CTCS circuits bearer equiv = (PG_{χ} CTCS circuit volumes / PG_{χ} circuits per bearer) - PG_{χ} full capacity bearers	PG_1 CTCS Circuits Bearer Equiv = (9,000 / 8) - 1125	PG_1 CTCS Circuits Bearer Equiv =1,000
	8	This step calculates the bearers with spare capacity by subtracting utilised bearers (Bearer Equivalent CTCS Circuits) from CTCS Bearers.	For each relevant PG: PG_{χ} bearers with spare capacity = PG_{χ} CTCS bearer volumes - PG_{χ} CTCS circuits bearer equiv (Result from Step 7)	PG_1 bearers with spare capacity = 5,000 - 1,000	PG_1 bearers with spare capacity = 4,000
	9	This step calculates the spare capacity factor for PGs by dividing Bearers with Spare Capacity by the number of utilised bearers.	For each relevant PG: PG_{χ} Spare Capacity Factor = PG_{χ} bearers with spare capacity$_{(Result\ from\ step\ 8)}$ / PG_{χ} CTCS circuits bearer equiv$_{(Result\ from\ step\ 7)}$	PG_1 spare capacity factor = 4,000 / 1,000	PG_1 spare capacity factor = 4
	10	This step calculates the circuit volume (bearer equiv) scaled capacity by multiply bearer equivalent circuit volumes by spare capacity factor.	For each relevant PG: PG_{χ} circuit scaled capacity = PG_{χ}CTCS circuits bearer equiv$_{(Result\ from\ Step\ 7)}$ * PG_{χ} spare capacity factor$_{(Result\ from\ Step\ 9)}$	PG_1 circuit scaled capacity = 1,000 * 4	PG_1 circuit scaled capacity = 4,000
	11	This step calculates the consumption of bearers. It calculates the circuit volumes for a PG as a proportion of total consumption of bearers.	For each relevant PG: PG_{χ} total consumption of bearers = PG_{χ} circuit scaled capacity $_{(Result\ from\ step\ 10)}$ / Total circuit scaled capacity PGs are then mapped to components.	PG_1 total consumption of bearers = 4,000 / 20,000	PG_1 total consumption of bearers = 0.2
	12	This step calculates the number of fibres per component. It multiplies the number of Fibres for Spine and Distribution Allocation by the Consumption of Bearers factor.	For each relevant component: $Component_{\chi}$ no. fibres = $Component_{\chi}$ total consumption of bearers$_{(Result\ from\ step\ 11)}$ * $Component_{\chi}$ total number of fibres$_{(result\ from\ steps\ 4\ \&\ 6)}$	$Component_1$ no. fibres = 0.2 * 5,000	$Component_1$ no. fibres = 1,000
	12b	This step calculates the total number of fibres per component for EAD and BT Redcare Alarm Signalling	For each relevant component: $Component_{\chi}$ no. fibres = $Component_{\chi}$ no. local ends * fibres per end	$Component_1$ no. fibres = 500 * 2	$Component_1$ no. fibres = 1,000

	13	This step calculates the allocation percentage for each component.	For each relevant component: Component$_{\chi}$ allocation = Component$_{\chi}$ no. fibres$_{(\text{Result from step 12})}$ / Total number of fibres	Component$_1$ = 1,000 / 2,000	Component$_1$ = 50% ∑Component$_{1...n}$ = 100%

Plant groups using other miscellaneous methodologies
The following apportionment bases are categorised as Other miscellaneous methodologies. An explanation of Other miscellaneous methodology drivers is set out within section 4.7 of Part one of this AMD.

PG140A

Reference	PG140A				
Title	Routing and Records				
Overview	This plant groups apportions cost and MCE relating to routing and records activities				
Description	**1. Source Costs and MCE:** This PG allocates the costs and balance sheet (provision and installation pay) relating to Routing and Records work for provision of analogue/ISDN lines, LLU and Fibre based circuits. **2. Cost and MCE Categories:** Predominantly Other Operating Costs, Wages and Salaries, Non Current Assets (Right of Use), Current Assets and Current Liabilities.				
	3. Summary Destination: Predominantly CL160 (Routing and Records), also to CZ333 (Routing and Records Ancillaries).				
	4. Methodology Taxonomy: Cost Metrics **5. Driver classification:** Cost				
	6. Data Source Summary: Openreach provide PIA ancillaries costs relating to routing and records activity for Network Adjustments.				
Data Sources	Cost metrics: Network Adjustments costs				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	Routing and records costs relating to Network Adjustments are provided by Openreach. We express these as a percentage of the total routing and records costs, which gives our allocation to Routing and Records Ancillaries (CZ333). The remaining allocation proportion is allocated to CL160.	Routing and Records PI Ancillaries (CZ333) % = Routing and Records PI NA Costs / Total Routing and Records Costs * 100 Routing and Records (CL160) % = 100% - Routing and Records PI Ancillaries (CZ333) %	Routing and Records PI Ancillaries (CZ333) % = £1m / £100m * 100 Routing and Records (CL160) % = 100 - £1m/£100m * 100	Routing and Records PI Ancillaries (CZ333) % = 1% Routing and Records (CL160) % = 99%

PG952C

Reference	PG952C
Title	GEA Electronics
Overview	PG952C apportions the NGA costs associated with the installation, rearrangement, recovery, replacement and renewal of NGA Local Access Network equipment between FTTC and FTTP based on equipment counts for the different technologies.
Description	**1. Source Costs and MCE:** This PG apportions the NGA costs associated with the installation, rearrangement, recovery, replacement and renewal of NGA Local Access Network equipment at the exchange end of Local Access Optical Fibre Cables. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Electronic), Non Current Assets (Other Assets), Depreciation (Electronic), and Property Energy Costs.
	3. Summary Destination: CL961 (One Fibre Network – Headend electronics FTTP); and CL952 (Legacy FTTC – OLT).

	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** Head-end Equipment volumes.
	6. Data Source Summary: Head end data for GEA Electronics
Data Sources	Equipment Volumes - LLUMS (Local Loop Unbundling Management System)

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the total volume for each head end card type. *Note this includes historic volumes.* **Values for this calculation are obtained from Headend data**	Card A volume = [Card A – current year additions] + [Card A – prior years additions] Card B volume = [Card B – current year additions] + [Card B – prior years additions] Card C volume = [Card C – current year additions] + [Card C – prior years additions] Card D volume = [Card D – current year additions] + [Card D – prior years additions]	Card A volume = 8k+ 9k +3k Card B volume = 2k+ 2k +6k Card C volume = 2k+ 2k +2k Card D volume = 1k+ 1k +2k	Card A volume = 20k Card B volume = 10k Card C volume = 6k Card D volume = 4k
2	This step maps card types to the FTTP/FTTC and calculates the total number of FTTP/FTTC cards.	FTTP card volumes = [Card A volume] (Result from step 1) + [Card B volume] (Result from step 1) FTTC card volumes = [Card C volume] (Result from step 1) + [Card D volume] (Result from step 1)	FTTP card volumes = 20k + 10k FTTC card volumes = 6k + 4k	FTTP card volumes = 30k FTTC card volumes = 10k
3	This step calculates the base allocation by dividing the card volume of each service type by the total card volume. The FTTP Cost is allocated to CL961 and the FTTC costs are allocated to CL952.	FTTP allocation = [FTTP total card volume (result from Step 2)] / [Total card volume (Sum of Step 2)] FTTC allocation = [FTTC total card volume (result from Step 2)] / [Total card volume (Sum of Step 2)]	FTTP allocation = 30k / 40k FTTC allocation = 10k / 40k	FTTC allocation= 75% FTTP allocation = 25%

Plant groups using revenue & volumes methodologies

The following apportionment bases are categorised as Revenue and volumes methodologies. An explanation of Revenue and volumes methodology drivers is set out within section 4.7 of Part one of this AMD.

PG003Y

Reference	PG003Y
Title	Access Excess Construction Adjustment Credit
Overview	PG003Y is apportioned to components based on the volume of reported services used by each component.
Description	**1. Source Costs and MCE:** The purpose of this PG is to reduce the amount of duct and fibre assets that are attributed to fibre components in order to avoid the double-recovery of assets that were funded by ECC revenues. This PG represents the reverse side of the journal referred to in PG003X. PG003X contains the capital employed and related depreciation charges arising from the cumulative ECC funded investment for Ethernet services and for time related charges. However, it does not include the in year capital expenditure on these investments which are included in the PG006X. **2. Cost and MCE Categories:** Predominantly Depreciation (Fibre) and Non-Current Assets (Fibre).
	3. Summary Destination: This PG predominantly apportions to CW610 (Legacy Ethernet – Distribution fibre), as well as to CO450 (Wholesale Extension Services - Distribution Fibre); and CO447 (Backhaul Extension Services - Distribution Fibre).
	4. Methodology Taxonomy: Revenue & Volumes **5. Driver classification:** Ethernet Service Circuit Volumes
	6. Data Source Summary: The primary data source used in the allocation of the base is volumes for circuits of reported services.

Data Sources	Revenue & volumes: Ethernet service circuit volumes (ORBIT); Other miscellaneous: Equipment costs, equipment usage; and Asset metrics: Net replacement costs.				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step aggregates Ethernet Rental Volumes per service & product and then calculates Average Yearly Volumes. **Volumes are obtained from Rental Volumes input**.	For each relevant service & product: $Service_{\chi}$ Average Yearly Volumes = [Aggregate Month Volumes (YTD) for $Service_{\chi}$] / [Current Period]	$Service_1$ Average Yearly Volumes = 3,600 / 12	$Service_1$ Average Yearly Volumes = 300
	2	This step calculates the Volumes in Circuits for each service & product and then maps these values to components. **Conversion of Local Ends to Circuits is obtained from Ends Per Circuit input. Service to Component mapping is obtained from Rental Services - Codes, Names, Markets and Component mappings input.** Note: Only Services related to Access Fibre are mapped to Components for PG003Y and PG006Y. These components are Wholesale Extension Services (WES) (CO450), Backhaul Extension Services (BES) (CO447) and Ethernet Access Direct (EAD) (CW609).	For each relevant service & product: $Service_{\chi}$ Volumes in Circuits = [$Service_{\chi}$ Average Yearly Volumes $_{(Result\ from\ step\ 1)}$] / [Conversion of Local Ends to Circuits] For each access fibre component: $Component_{\chi}$ Volumes in Circuits = Mapped from [$Service_{\chi}$ Volumes in Circuits]	$Service_1$ Volumes in Circuits = 300 / 2 $Component_1$ Volumes in Circuits = mapped from 150	$Service_1$ Volumes in Circuits = 150 $Component_1$ Volumes in Circuits = 80 Total Components Volumes in Circuits = 400
	3	This step calculates the proportional allocation to Access Fibre Components' Volumes in Circuit, and then maps to PGs (PG003Y and PG006Y). **Mapping is obtained from PG to Comp Mapping for Base Output.**	For each access fibre component: $Component_{\chi}$ allocation % = [$Component_{\chi}$ Volumes in Circuit$_{(Result\ from\ step\ 2)}$] / [Total of all Components Volume in Circuit$_{(Result\ from\ step\ 2)}$] * 100 For each relevant PG (PG003Y and PG006Y): PG_{χ} & $Component_{\chi}$ allocation % = Mapped from [$Component_{\chi}$ allocation %]	PG_1 & $Component_1$ allocation % = 80 / 400 * 100	PG_1 & $Component_1$ allocation % = 20% $\sum PG_1$ & $Component_{1...n}$ allocation % = 100%

PG006Y

Reference	PG006Y
Title	Access Excess Construction Capex Credit
Overview	PG006Y is apportioned to components based on the volume of reported services used by each component.
Description	**1. Source Costs and MCE:** The purpose of this PG is to reduce the amount of duct and fibre assets that are attributed to fibre components in order to avoid the double-recovery of assets that were funded by ECC revenues. This PG represents the reverse side of the journal referred to in PG006X. PG006X contains only the in year capital expenditure and related depreciation charges on ECC funded investment for Ethernet services and for time related charges. It does not include the cumulative ECC capital expenditure on these investments which are included in PG003X. **2. Cost and MCE Categories:** Predominantly Wages and Salaries, Non-Current Assets (Fibre) and Current Assets.
	3. Summary Destination: This PG predominantly apportions to CW610 (Legacy Ethernet – Distribution fibre), as well as to CO450 (Wholesale Extension Services - Distribution Fibre); and CO447 (Backhaul Extension Services - Distribution Fibre).
	4. Methodology Taxonomy: Revenue & Volumes

	5. Driver classification: Ethernet Service Circuit Volumes				
	6. Data Source Summary: The primary data source used in the allocation of the base is volumes for circuits of reported services.				
Data Sources	Revenue & volumes: Ethernet service circuit volumes (ORBIT); Other miscellaneous: Equipment costs, equipment usage; and Asset metrics: Net replacement costs.				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step aggregates Ethernet Rental Volumes per service & product and then calculates Average Yearly Volumes. **Volumes are obtained from Rental Volumes input**.	For each relevant service & product: $Service_{\chi}$ Average Yearly Volumes = [Aggregate Month Volumes (YTD) for $Service_{\chi}$] / [Current Period]	$Service_1$ Average Yearly Volumes = 3,600 / 12	$Service_1$ Average Yearly Volumes = 300
	2	This step calculates the Volumes in Circuits for each service & product and then maps these values to components. **Conversion of Local Ends to Circuits is obtained from Ends Per Circuit input. Service to Component mapping is obtained from Rental Services - Codes, Names, Markets and Component mappings input.** Note: Only Services related to Access Fibre are mapped to Components for PG003Y and PG006Y. These components are Wholesale Extension Services (WES) (CO450), Backhaul Extension Services (BES) (CO447) and Ethernet Access Direct (EAD) (CW609).	For each relevant service & product: $Service_{\chi}$ Volumes in Circuits = [$Service_{\chi}$ Average Yearly $Volumes_{(Result\ from\ step\ 1)}$] / [Conversion of Local Ends to Circuits] For each access fibre component: $Component_{\chi}$ Volumes in Circuits = Mapped from [$Service_{\chi}$ Volumes in Circuits]	$Service_1$ Volumes in Circuits = 300 / 2 $Component_1$ Volumes in Circuits = mapped from 150	$Service_1$ Volumes in Circuits = 150 $Component_1$ Volumes in Circuits = 80 Total Components Volumes in Circuits = 400
	3	This step calculates the proportional allocation to Access Fibre Components' Volumes in Circuit, and then maps to PGs (PG003Y and PG006Y). **Mapping is obtained from PG to Comp Mapping for Base Output.**	For each access fibre component: $Component_{\chi}$ allocation % = [$Component_{\chi}$ Volumes in Circuit $_{(Result\ from\ step\ 2)}$] / [Total of all Components Volume in $Circuit_{(Result\ from\ step\ 2)}$] * 100 For each relevant PG (PG003Y and PG006Y): PG_{χ} & $Component_{\chi}$ allocation % = Mapped from [$Component_{\chi}$ allocation %]	PG_1 & $Component_1$ allocation % = 80 / 400 * 100	PG_1 & $Component_1$ allocation % = 20% $\sum PG_1$ & $Component_{1...n}$ allocation % = 100%

5.6 Components

Methodology Driven Components

CE106

Published component	SC_CE106 - Ethernet Excess Construction Capex
Sub-component	CE106 - Ethernet Excess Construction Capex
Overview	CE106 usage factors are calculated based on the relative revenues of the services to which the component costs and MCE are allocated.
Description	**1. Source Costs and MCE:** This component apportions costs for provision and installation relating to pay and non-pay costs, as well as general management costs. This component also captures balances sheet receivables and software non-current assets. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Own work capitalised, Product Costs, Specific Items, and Wages and Salaries
	3. Summary Destination: Predominantly services within the Leased lines access markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Ethernet Revenue and Volumes.
WACC rate	7.8%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the average ECC Fee for the year. ***The ECC fixed fee is obtained from a Pricelist.***	ECC Fee = ECC fixed fee (£) * Number of Months at Price within FY	ECC Fee = £10 * 3	ECC Fee = £30
2	This step calculates adjusted revenue. First it calculates ECC Fixed Fee Weight Price, using the ECC fee and period. This is then used to calculate the adjusted revenue, which represents the ECC connection cost per service.	For each relevant service: Adjusted revenue = (ECC Fee $_{\text{(Result from Step 1)}}$ / Period) * Service$_{\chi}$ Volume	Service$_1$ = (£30 / 12) * 100	Service$_1$ = £250
3	This step calculates the factor allocation for each service, by dividing the adjusted revenue by volume. ***Values are obtained from PVORREV.***	For each relevant service: Factor allocation = Service$_{\chi}$ Adjusted revenue $_{\text{(Result step 2)}}$ / Service$_{\chi}$ Volume	Service$_1$ = £250 / 100	Service$_1$ = 2.5
4	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Service$_{\chi}$ percentage allocation = Service$_{\chi}$ Usage Factor $_{\text{(Result from step 3)}}$ * (Service$_{\chi}$ Volume / Total Service Factored Volume)	Service$_1$ = 2.5 * (100 / 800)	Service$_1$ = 31% $\sum$Service$_{1...n}$ = 100%

CK981

Published component	SC_CK981 - Regulated Time Related Charges
Sub-component	CK981 - Openreach time related charges
Overview	CK981 usage factors are calculated based on the relative SML2 revenue of the services to which the component costs and MCE are allocated.
Description	**1. Source Costs and MCE:** TRCs refer to repair and provisioning jobs carried out by Openreach engineers. The activity could be on Openreach's network or outside of this network, e.g. wiring in the customer's home. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Right Of Use Assets), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: Predominantly apportions to time related charges (SK992 and SK993) and WLA services (WE991, WX991 and WI990) within the Openreach residual and WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Openreach & Wholesale Service Revenue.
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates usage factor for each service, static factors are used and set as 1.	For each relevant service: $Service_{\chi}$ static factor = 1	$Service_1 = 1$	$Service_1 = 1$
2	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ usage factor = ($Service_{\chi}$ Volume * $Service_{\chi}$ static Factor $_{(Result\ from\ step\ 1)}$) / Total Service Volumes	$Service_1 = (100 * 1)/500$	$Service_1 = 20\%$ $\sum Service_{1...n} = 100\%$

CL160

Published component	SC_CL160 - Routing & Records
Sub-component	CL160 - Routing and Records
Overview	CL160 usage factors are calculated based on channels/circuit and relative times for the services to which the component costs and MCE are allocated.
Description	**1. Source Costs and MCE:** This component apportions the provision and installation pay costs and balance sheet of Routing and Records work for provision of analogue / ISDN lines, Local Loop Unbundling and Fibre based circuits. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Depreciation (Rou), Network Operating It Costs, Other Operating Costs, Specific Items, and Wages and Salaries.
	3. Summary Destination: This component apportions to multiple services within the WLA markets, including WI354 and WE355 (SOGEA connections), W1306 and WE316 (GEA FTTP Connections), and WE129 (MPF new provides).
	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** Equipment Costs
WACC rate	7.0%

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates the usage factor using channels/circuit and relative times. In this instance, the usage factor is a static input.	Usage factor = 1	= 1	= 1
	2	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ percentage allocation = $Service_{\chi}$ Usage Factor $_{(Result\ from\ step\ 1)}$ * $Service_{\chi}$ Volume / Total Service Volume	$Service_1$ = 1 * (2m / 5m)	$Service_1$ = 40% $\sum Service_{1...n}$ = 100%

CL161

Published component	SC_CL161 - MDF Hardware jumpering
Sub-component	CL161 - MDF Hardware Jumpering
Overview	CL161 attributes the cost of exchange jumpering activities based on the amount of time required to provide services for each activity.
Description	**1. Source Costs and MCE:** This component apportions the cost of exchange jumpering activities on the Main Distribution Frame (MDF) connecting the exchange switch equipment to the exchange side (E-Side) cable. Costs are 100% allocated from PG142A MDF Hardware Jumpering. **2. Cost and MCE Categories:** Predominantly Current Assets, Current Liabilities, Non Current Assets (Other Assets), Provisions, Other Operating Costs, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to MPF and SMPF New Provides, MPF Single Migrations, SOGEA Connections and Hard Ceases services within the WLA, Openreach residual markets.
	4. Methodology Taxonomy: Labour. **5. Driver classification:** Man-hours & Labour Rates.
WACC rate	7.0%

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates the Service Usage Factor based on the time taken (travel + onsite) to connect the associated jumpering product. **Estimated time & travel figures are obtained from the "Time and Motion Study" input (baselined on the time taken for SL111 Wholesale PSTN premium connections). Mapping is obtained from the "Component to Service List 1" input.** Note: For most services (i.e. except for the ones in steps 2, 3 and 4), the Service Usage Factors calculated in this step are the final Factors.	For each relevant service: $Service_{\chi}$ Usage Factor = [$Service_{\chi}$ connection time] / [Base $Service_{(SL111)}$ connection time]	$Service_1$ Usage Factor = 30 minutes / 20 minutes	$Service_1$ Usage Factor = 1.5
	2	This step calculates the MPF/SMPF Tie Pair Modification Proportional Split Percentage (based on SL179 External LLU Ancillaries). **MPF/SMPF volumes are obtained from the "Mapped ARC" data and the total service volumes are obtained from the "PVORREV" report.**	Tie Pair modifications Proportional Split = [$Service_{(SL179)}$ Tie Pair Modification volumes] / [$Service_{(SL179)}$ total volumes] * 100	Tie Pair modifications Proportional Split = 90 / 150 * 100	Tie Pair modifications Proportional Split = 60%

	3	For LLU Ancillaries services (SL178 and SL179) only, this step calculates the Service Usage Factor by applying the Tie Pair modifications Proportion Split (from step 2) to the corresponding $Service_{(SL202)}$ Usage Factor (from step 1). Note: $Service_{(SL202)}$: SMPF Hard Ceases (Internal)	For each LLU Ancillaries service (SL178 and SL179): $Service_{\chi}$ Usage Factor = [$Service_{(SL202)}$ Usage Factor $_{(Result\ from\ step\ 1)}$] * [Tie Pair modifications Proportional Split $_{(Result\ from\ step\ 2)}$]	$Service_{SL179}$ Usage Factor = 2 * 60%	$Service_{SL179}$ Usage Factor = 1.2
	4	For Simultaneous Migrations (SL183, SL184) and Connections (SL188, SL189) only, this step calculates the Service Usage Factor by adjusting the Service Usage Factor for corresponding single migrations/connections with the "Jumpering Movements Rebase Factor". **Mapping is obtained from the "Component to Service List 3" input. Rebase Factor is obtained from the "Jumper Movement Rebase" input.** <u>Rebase Factor is used because:</u> a simultaneous migration results in 4 jumper movements compared to 3.5 jumper movements for single migration – i.e. the Rebase Factor would be 4 / 3.5 = 1.14 a simultaneous connection results in copper connection between two terminal ends across 2 copper service pairs, one providing voice and one providing broadband – i.e. 2 / 4 = 0.5 Notes: $Service_{(SL180)}$: MPF Single Migrations (External) $Service_{(SL111)}$: Wholesale PSTN premium connections (internal) $Service_{(SL134)}$: SMPF New Provides (External)	For each Simultaneous Migrations (SL183, SL184) and Connections (SL188, SL189) service: Simultaneous Migrations: $Service_{\chi}$ Usage Factor = [$Service_{(SL180)}$ Usage Factor $_{(Result\ from\ step\ 1)}$] * [Simultaneous Migrations Rebase Factor] Simultaneous Connections: $Service_{\chi}$ Usage Factor = ([$Service_{(SL111)}$ Usage Factor $_{(Result\ from\ step\ 1)}$] + [$Service_{(SL134)}$ Usage Factor $_{(Result\ from\ step\ 1)}$]) * [Simultaneous Connections Rebase Factor]	$Service_{SL183}$ Usage Factor = 1.3 x 1.14 $Service_{SL188}$ Usage Factor = (1.1 + 1.4) x 0.5	$Service_{SL183}$ Usage Factor = 1.48 $Service_{SL188}$ Usage Factor = 1.25
	5	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ percentage allocation = [$Service_{\chi}$ Usage Factor] * [$Service_{\chi}$ Factored Volume] / [Total Factored Volume for all services] * 100	$Service_1$ percentage allocation = 1.2 * 90m / 800m * 100	$Service_1$ percentage allocation = 13.5% $\sum Service_{1...n}$ percentage allocation = 100%

CL171

Published component	SC_CL171 - E side copper capital
Sub-component	CL171 - E side copper capital
Overview	CL171 apportions E side copper capital to services that use copper lines based on volumes weighted by the number of channels used per copper line.
Description	**1. Source Costs and MCE:** This component apportions the capital costs associated with the provision and use of E-side (Exchange) copper cables, which connect an exchange to street cabinets from PG117C (E-side Copper Cable). **2. Cost and MCE Categories:** Predominantly Non Current Assets (Copper), Non Current Assets (Duct), Non Current Assets (Other Assets), and Property Energy Costs.
	3. Summary Destination: Predominantly apportions to PSTN and MPF services, predominately SL122 (PSTN Basic Rentals Internal) and WE347 (MPF Rental with SL1 External - A2), within the Openreach residual and WLA markets respectively.
	4. Methodology Taxonomy: Network Data. **5. Driver classification:** Bearer Volumes (CTCS).
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the ISDN30 fill factor	ISDN30 Fill factor = Number of Channels / No. of Circuits from CTCS	ISDN30 Fill factor = 800k / 60k	ISDN30 Fill factor = 13.35
2	This step calculates the ISDN Proportion over copper	Proportion over Fibre = Fibre ISDN30 Circuits / No. of Circuits from CTCS Proportion over copper = 1 - Proportion over Fibre	Proportion over Fibre = 30k/60k Proportion over copper = 1 - (30k/60k)	Proportion over Fibre = 0.53 Proportion over copper = 0.47
3	This step calculates the average pair usage per ISDN30 circuits using bearer volumes	Line testing total$_x$ = Number of lines$_x$ * Total bearer volumes$_x$ Average pair usage = Line testing total$_{1...n}$ / Total bearer volumes$_{1...n}$	Line testing total$_1$ = 1 * 1000 Average pair usage = ((1*1000) + (a*b)) / (1000 + b)	Average pair usage = 1.6
4	This step determines the channel to line factor for each service. This is based on a factual input and no specific calculation is performed.	Channel to line factor service$_x$ = Channel to line factor based on factual input	Channel to line factor service$_{ISDN30}$ = 1 Channel to line factor service$_{ISDN2}$ = 1 Channel to line factor service$_x$ = 1	Channel to line factor service$_{ISDN30}$ = 1 Channel to line factor service$_{ISDN2}$ = 1 Channel to line factor service$_x$ = 1
5	This step calculates an updated channel to line factor for ISDN30 and ISDN2 services using the results from steps 1&2. Channel to line factors for all other services remain the same as step 4.	Updated channel to line factor service$_{ISDN30}$ = Channel to line factor service$_{ISDN30\ (result\ from\ step\ 4)}$ / ISDN30 Fill factor$_{(Result\ from\ step\ 1)}$ * Proportion over copper$_{(Result\ from\ step\ 2)}$ Updated channel to line factor service$_{ISDN2}$ = Channel to line factor service$_{ISDN2\ (result\ from\ step\ 4)}$ * 0.5	Updated channel to line factor service$_{ISDN30}$ = 1 / 13.35 * 0.47	Updated channel to line factor service$_{ISDN30}$ = 0.035 Updated channel to line factor service$_{ISDN2}$ = 0.5

			Updated channel to line factor service$_x$ = Channel to line factor$_{(result\ from\ step\ 4)}$	Updated channel to line factor service$_{ISDN2}$ = 1 * 0.5 Updated channel to line factor service$_x$ = 1	Updated channel to line factor service$_x$ = 1
	6	This step calculates the D&E usage factor for ISDN30 and PPC services using the result from step 3. All other services have a D&E usage factor based on a factual input.	D&E usage factor service$_{ISDN30,\ PPC}$ = Average pair usage$_{(Result\ from\ step\ 3)}$ D&E usage factor service$_x$ = D&E usage factor based on factual input	D&E usage factor service$_{ISDN30,\ PPC}$ = 1.6 D&E usage factor service$_x$ = 1	D&E usage factor service$_{ISDN30,\ PPC}$ = 1.6 D&E usage factor service$_x$ = 1
	7	This step calculates the factor output for each service using the results from step 5&6. Note: if the service is a ISDN30, ISDN 2 or PPC service then the specific results from steps 5&6 will be used. For any other services the generic results from steps 5&6 will be used.	Service$_x$ usage factor = Updated Channel to Line Factor$_{(Result\ from\ step\ 5)}$ * D&E usage factor$_{(Result\ from\ step\ 6)}$	Service$_1$ usage factor$_{(ISDN30)}$ = 0.035 * 1.6 Service$_x$ usage factor = 1 * 1	Service$_1$ usage factor$_{(ISDN30)}$ = 0.056 Service$_x$ usage factor = 1
	8	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Weighted Usage Factor = Service$_x$ Usage Factor$_{(Result\ from\ step\ 7)}$ * (Service$_x$ Volume / Total Service Factored Volume)	Service$_1$ = 0.056 * (100 / 800)	Service$_1$ = 1% ∑Service$_{1...n}$ = 100%

CL172

Published component	SC_CL172 - E side copper current				
Sub-component	CL172 - E side copper current				
Overview	CL172 usage factors are calculated based on the number of channels per line, relative fault rates and service levels of the services to which the component costs and MCE are allocated.				
Description	**1. Source Costs and MCE:** This component apportions the operational and maintenance costs associated with the provision and use of E-side (Exchange) copper cables, which connect an exchange to street cabinets, predominately from PG117M (E-side Copper Cable Maintenance) **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Net indirect labour costs, Network Operating It Costs, Other Operating Costs, Specific Items, and Wages and Salaries.				
	3. Summary Destination: Predominantly apportions to MPF and PSTN services, including WE347 (MPF Rental with SL1 External) and SL122 (PTSN Basic Rentals Internal) within the WLA and Openreach residual markets respectively.				
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Network Feature Service Volumes.				
WACC rate	7.0%				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates total sum volumes for NGA and MPF services	Service$_{x\ NGA,MPF}$ Volume = Service$_x$ Volume * (Period/12)	Service$_{1\ NGA}$ Volume = 200k * (12/12)	Service$_{1\ NGA}$ Volume = 200k

				Sum of volumes Service$_{1-n}$ $_{NGA}$ Volume = 13m Sum of volumes Service$_{1-n}$ $_{MPF}$ Volume = 10m
2	This step calculates the total sum of faults for MPF and NGA service groups	Sum of faults$_{NGA, MPF}$ = Total sum of faults across NGA or MPF service group	Sum of faults$_{NGA}$ = 1.7m Sum of faults$_{MPF}$ = 900k	Sum of faults$_{NGA}$ = 1.7m Sum of faults$_{MPF}$ = 900k
3	This step calculates the fault rate for NGA service group	Faults to volume ratio$_{NGA}$ = Sum of Faults$_{NGA\ (Result\ from\ step\ 1)}$ / Sum of volumes Service$_{NGA\ (Result\ from\ step\ 2)}$ Faults to volumes ratio$_{MPF}$ = Sum of Faults$_{MPF\ (Result\ from\ step\ 1)}$ / Sum of volumes Service$_{MPF\ (Result\ from\ step\ 2)}$ Fault rate for NGA service group = Faults to volume ratio$_{NGA}$ / Faults to volumes ratio$_{MPF}$	Faults to volume ratio$_{NGA}$ = 1.7m / 13m Faults to volumes ratio$_{MPF}$ = 900k / 10m Fault rate for NGA service group = (1.7m / 13m) / (900k / 10m)	Faults to volume ratio$_{NGA}$ = 0.13m Faults to volumes ratio$_{MPF}$ = 0.09m Fault rate service$_{NGA}$ = 1.4m
4	This step calculates the fault rates factor for different service groups. ISDN30, ISDN2 and PPC services require a specific calculation using factual inputs. All other services use frozen factual inputs. This step calculates the usage factor for each service using channel line to factor and service level weighting factual inputs. Fault rates are a result of steps 3 dependent on the service.	Fault rates service$_{ISDN30, ISDN2, PPC}$ = Usage factor per general assumptions service$_{ISDN30, ISDN2, PPC}$ * WLR usage factor per general assumptions service$_{ISDN30, ISDN2, PPC}$ Fault rates service$_x$ = Usage factor per general assumptions service$_x$ Service$_x$ usage factor = Channel to line factor * Service level weighting * Fault rates$_{(Result\ from\ step\ 3\&\ above)}$	Fault rates service$_{ISDN30}$ = 0.05 * 0.83 Service$_1$ usage factor $_{(ISDN30)}$ = 1 * 1.2 * 0.0415	Fault rates service$_{ISDN30}$ = 0.0415 Service$_1$ usage factor $_{(ISDN30)}$ = 0.0498
5	This step calculates the altered service level for each service. If this calculation cannot be performed for a service because information is not available a factual input of 1.21 is used which is the Care Level 2 uplift factor based on analysis carried out in 2012/13.	Total Fault Time service$_x$ = Faults service$_x$ * Task Time service$_x$ Time per Fault Ratio service$_x$ = Total Fault Time service$_x$ / Faults service$_x$ Uplift % (Task Time) service$_x$ = Task Time service$_x$ / Time per Fault Ratio service$_x$-1 Uplift % (weeks) service$_x$ = Openreach uplift % Pay Uplift % service$_x$ = Uplift % (Task Time) service$_x$ * (1 + Uplift % (Weeks) service$_x$) Pay full rate uplift service$_x$ = Factual input Altered Service Level service$_x$ = Pay Full Rate Uplift service$_x$ * (Pay Uplift % service$_x$ + 1)	Total Fault Time service$_2$ = 500k * 300 = 95m Time per Fault Ratio service$_2$ = 95m / 500k = 190 Uplift % (Task Time) service$_2$ = 250 / 190-1 = 30% Uplift % (weeks) service$_2$ = 1% or 2% Pay Uplift % service$_2$ = 30% * (1+1%) = 30% Pay full rate uplift service$_2$ = 1.21 Altered Service Level service$_2$ = 1.21 * (30% + 1)	Altered Service Level service$_2$ = 1.5
6	This step calculates the unadjusted and adjusted factor for each service using channel line to factor and service level weighting general assumptions. Fault rates are a result of	Unadjusted Factor service$_x$ = Channel to Line Factor service$_x$ * Service level weighting service$_x$ * Fault Rates$_{(Result\ from\ step\ 3\&4)}$	Unadjusted Factor service$_2$ = 1 * 1.21 * 0.0415 = 0.0498 Adjusted Factor service$_2$ = 1 * 1.5 * 0.0415 = 0.0622	Unadjusted Factored Volume service$_2$ = 9.4

		steps 3&4 dependent on the service. Altered Service Levels are a result of step 5.	Adjusted Factor service$_x$ = Channel to Line Factor service$_x$ * Altered Service Level service$_{(Result\ from\ step\ 5)}$ * Fault Rates$_{(Result\ from\ step\ 3\&4)}$ Unadjusted Factored Volume = Unadjusted Factor service$_x$ * volume service$_x$ Adjusted Factored Volume service$_x$ = Adjusted Factor service$_x$ * volume service$_x$	Unadjusted Factored Volume service$_2$ = 0.0498 * 190 Adjusted Factored Volume service$_2$ = 0.0622 * 190	Adjusted Factored Volume service$_2$ = 11.8
	7	This step calculates the adjusted volume factor for each service	Delta in Factored Volumes service$_x$ = Adjusted Factored Volume service$_{(Result\ form\ step6)}$ - unadjusted Factored Volume service$_{(Result\ from\ step\ 6)}$ Adjusted Volume Factor service$_x$ = Delta in Factored Volumes service$_x$ / Volume service$_x$	Delta in Factored Volumes service$_2$ = 11.8 - 9.4 = 2.4 Adjusted Volume Factor service$_2$ = 2.4 / 190	Adjusted Volume Factor service$_2$ = 1.24%
	8	This step calculates the expedite factor adjustment using ARC volume information for each service. For services with no volume information a expediate factor adjustment of 1 is assumed.	Expediate factor adjustment service$_x$ = Repair volumes service$_x$ / ((Repair volumes service$_x$ + Provision volumes service$_x$)*Area Factor$_x$)	Expediate factor adjustment service$_2$ = 8,000 / ((8,000 + 6,000) * 0.65)	Expediate factor adjustment service$_2$ = 88%
	9	This step calculates the usage factor for each enhanced care and expedite services	Service$_x$ usage factor = Adjusted Volume Factor service$_{(Result\ from\ step\ 7)}$ * Expedite Factor Adjustment service$_{(Result\ from\ step\ 8)}$	Service$_2$ usage factor = 1.2% * 57%	Service$_2$ usage factor = 0.684
	10	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Service$_x$ percentage allocation = Service$_x$ Usage Factor $_{(Result\ from\ step\ 4\ or\ 9)}$ * (Service$_x$ Volume / Total Service Factored Volume)	Service$_1$ = 0.0498 * (100 / 800) Service$_2$ = 0.684 * (180 / 800)	Service$_1$ = 0.6% Service$_2$ = 15.4% ∑Service$_{1...n}$ = 100%

CL173

Published component	SC_CL173 - D side copper capital
Sub-component	CL173 - D side copper capital
Overview	CL173 apportions D side copper capital to services that use copper lines based on volumes weighted by the number of channels used per copper line.
Description	**1. Source Costs and MCE:** This component apportions the capital costs related to the provision and use of D-side (Distribution) copper cables, which connect street cabinets to distribution points; from PG118C (D-side Copper Cable). **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Copper), and Wages and Salaries.
	3. Summary Destination: Predominantly apportions to PSTN and MPF services, including SL122 (PSTN basic rentals internal), SL151 (PTSN basic rentals external) and WE347 (MPF Rentals with SL1 external), within the Openreach residual and WLA markets respectively.
	4. Methodology Taxonomy: Network Data. **5. Driver classification:** Bearer Volumes (CTCS).
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the ISDN30 fill factor	ISDN30 Fill factor = Number of Channels / No. of Circuits from CTCS	ISDN30 Fill factor = 800k / 60k	ISDN30 Fill factor = 13.35
2	This step calculates the ISDN proportion over copper	Proportion over Fibre = Fibre ISDN30 Circuits / No. of Circuits from CTCS Proportion over copper = 1 - Proportion over Fibre	Proportion over Fibre = 30k/60k Proportion over copper = 1 - (30k/60k)	Proportion over Fibre = 0.53 Proportion over copper = 0.47
3	This step calculates the average pair usage per ISDN30 circuits using bearer volumes	Line testing total$_x$ = Number of lines$_x$ * Total bearer volumes$_x$ Average pair usage = Line testing total$_{1...n}$ / Total bearer volumes$_{1...n}$	Line testing total$_1$ = 1 * 1000 Average pair usage = ((1*1000) + (a*b)) / (1000 + b)	Average pair usage = 1.6
4	This step determines the channel to line factor for each service. This is based on a factual input which lists out the Channel to Line Factor for each Service.	Channel to line factor service$_x$ = Channel to line factor	Channel to line factor service$_{ISDN30}$ = 1 Channel to line factor service$_{ISDN2}$ = 1 Channel to line factor service$_x$ = 1	Channel to line factor service$_{ISDN30}$ = 1 Channel to line factor service$_{ISDN2}$ = 1 Channel to line factor service$_x$ = 1
5	This step calculates an updated channel to line factor for ISDN30 and ISDN2 services using the results from steps 1&2. Channel to line factors for all other services remain the same as step 4.	Updated channel to line factor service$_{ISDN30}$ = Channel to line factor service$_{ISDN30\ (result\ from\ step\ 4)}$ / ISDN30 Fill factor$_{(Result\ from\ step\ 1)}$ * Proportion over copper$_{(Result\ from\ step\ 2)}$ Updated channel to line factor service$_{ISDN2}$ = Channel to line factor service$_{ISDN2\ (result\ from\ step\ 4)}$ * 0.5 Updated channel to line factor service$_x$ = Channel to line factor$_{(result\ from\ step\ 4)}$	Updated channel to line factor service$_{ISDN30}$ = 1 / 13.35 * 0.47 Updated channel to line factor service$_{ISDN2}$ = 1 * 0.5 Updated channel to line factor service$_x$ = 1	Updated channel to line factor service$_{ISDN30}$ = 0.035 Updated channel to line factor service$_{ISDN2}$ = 0.5 Updated channel to line factor service$_x$ = 1
6	This step calculates the D&E usage factor for ISDN30 and PPC services using the result from step 3. All other services have a D&E usage factor based on a factual input which lists out the usage factor for each service.	D&E usage factor service$_{ISDN30,\ PPC}$ = Average pair usage$_{(Result\ from\ step\ 3)}$ D&E usage factor service$_x$ = D&E usage factor factual input	D&E usage factor service$_{ISDN30,\ PPC}$ = 1.6 D&E usage factor service$_x$ = 1	D&E usage factor service$_{ISDN30,\ PPC}$ = 1.6 D&E usage factor service$_x$ = 1
7	This step calculates the factor output for each service using the results from step 5&6. Note: if the service is a ISDN30, ISDN 2 or PPC service then the specific results from steps 5&6 will be used. For any other services the generic results from steps 5&6 will be used.	Service$_x$ usage factor = Updated Channel to Line Factor$_{(Result\ from\ step\ 5)}$ * D&E usage factor$_{(Result\ from\ step\ 6)}$	Service$_1$ usage factor $_{(ISDN30)}$ = 0.035 * 1.6 Service$_x$ usage factor = 1 * 1	Service$_1$ usage factor $_{(ISDN30)}$ = 0.056 Service$_x$ usage factor = 1
8	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Weighted Usage Factor = Service$_x$ Usage Factor $_{(Result\ from\ step\ 7)}$ * (Service$_x$ Volume / Total Service Factored Volume)	Service$_{1\ (ISDN30)}$ = 0.056 * (100 / 800)	Service$_{1\ (ISDN30)}$ = 1% ∑Service$_{1...n}$ = 100%

CL174

Published component	SC_CL174 - D side copper current
Sub-component	CL174 - D side copper current
Overview	CL174 usage factors are calculated based on the number of channels per line, relative fault rates and service levels of the services to which the component costs and MCE are allocated.
Description	**1. Source Costs and MCE:** This component apportions the operational and maintenance costs associated with the provision and use of D-side (Distribution) copper cables, which connect street cabinets to distribution points, from PG118M (D-side Copper Cable Maintenance) **2. Cost and MCE Categories:** Predominantly Current Liabilities, Non Current Assets (Other Assets), Provisions, Other Operating Costs, Other Operating Income, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: Predominantly apportions to PSTN and MPF services, including SL122 (PSTN basic rentals internal) and WE347 (MPF Rental with SL1 external) within the Openreach residual and WLA markets respectively.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Network Feature Service Volumes.
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
	Please see CL172 - Competition finance - Confluence (valiantys.net) for calculation steps			

CL175

Published component	SC_CL175 - Local exchanges general frames equipment
Sub-component	CL175 - Local exchanges general frames equipment
Overview	CL175 usage factors are calculated based on the number of jumpers used by each of the services to which the component costs and MCE are allocated.
Description	**1. Source Costs and MCE:** This component apportions the costs of equipment of frames at Local Exchanges from PG217E (Main Distribution Frames Equipment) **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Right Of Use Assets), and Property Energy Costs
	3. Summary Destination: Predominantly apportions to MPF and PSTN services, including WE347 (MPF Rental with SL1 external) and SL122 (PSTN Basic Rentals internal), within the WLA and Openreach residual markets respectively.
	4. Methodology Taxonomy: Network Data. **5. Driver classification:** Bearer Volumes (CTCS).
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the ISDN30 fill factor	ISDN30 Fill factor = Number of Channels / No. of Circuits from CTCS	ISDN30 Fill factor = 800k / 60k	ISDN30 Fill factor = 13.35
2	This step calculates the ISDN proportion over copper	Proportion over Fibre = Fibre ISDN30 Circuits / No. of Circuits from CTCS Proportion over copper = 1 - Proportion over Fibre	Proportion over Fibre = 30k/60k Proportion over copper = 1 - (30k/60k)	Proportion over Fibre = 0.53 Proportion over copper = 0.47

[redacted]	3	This step calculates the average pair usage per ISDN30 circuits using bearer volumes	Line testing total$_x$ = Number of lines$_x$ * Total bearer volumes$_x$ Average pair usage = Line testing total$_{1...n}$ / Total bearer volumes$_{1...n}$	Line testing total$_1$ = 1 * 1000 Average pair usage = ((1*1000) + (a*b)) / (1000 + b)	Average pair usage = 1.6
	4	This step determines the channel to line factor for each service. This is based on an assumption and no specific calculation is performed.	Channel to line factor service$_x$ = Channel to line factor	Channel to line factor service$_{ISDN30}$ = 1 Channel to line factor service$_{ISDN2}$ = 1 Channel to line factor service$_x$ = 1	Channel to line factor service$_{ISDN30}$ = 1 Channel to line factor service$_{ISDN2}$ = 1 Channel to line factor service$_x$ = 1
	5	This step calculates an updated channel to line factor for ISDN30 and ISDN2 services using the results from steps 1&2. Channel to line factors for all other services remain the same as step 4.	Updated channel to line factor service$_{ISDN30}$ = Channel to line factor service$_{ISDN30\ (result\ from\ step\ 4)}$ / ISDN30 Fill factor$_{(Result\ from\ step\ 1)}$ * Proportion over copper$_{(Result\ from\ step\ 2)}$ Updated channel to line factor service$_{ISDN2}$ = Channel to line factor service$_{ISDN2\ (result\ from\ step\ 4)}$ * 0.5 Updated channel to line factor service$_x$ = Channel to line factor$_{(result\ from\ step\ 4)}$	Updated channel to line factor service$_{ISDN30}$ = 1 / 13.35 * 0.47 Updated channel to line factor service$_{ISDN2}$ = 1 * 0.5 Updated channel to line factor service$_x$ = 1	Updated channel to line factor service$_{ISDN30}$ = 0.035 Updated channel to line factor service$_{ISDN2}$ = 0.5 Updated channel to line factor service$_x$ = 1
	6	This step calculates the MDF usage factor for ISDN30 and PPC services using the result from step 3. All other services have a MDF usage factor based on a static assumption.	MDF usage factor service$_{ISDN30,\ PPC}$ = Average pair usage$_{(Result\ from\ step\ 3)}$ MDF usage factor service$_x$ = MDF usage factor static assumption	MDF usage factor service$_{ISDN30,\ PPC}$ = 1.6 MDF usage factor service$_x$ = 1	MDF usage factor service$_{ISDN30,\ PPC}$ = 1.6 MDF usage factor service$_x$ = 1
	7	This step calculates the factor output for each service using the results from step 5&6. Note: if the service is a ISDN30, ISDN 2 or PPC service then the specific results from steps 5&6 will be used. For any other services the generic results from steps 5&6 will be used.	Service$_x$ usage factor = Updated Channel to Line Factor$_{(Result\ from\ step\ 5)}$ * MDF Usage factor$_{(Result\ from\ step\ 6)}$	Service$_1$ usage factor $_{(ISDN30)}$ = 0.035 * 1.6 Service$_x$ usage factor = 1 * 1	Service$_1$ usage factor $_{(ISDN30)}$ = 0.056 Service$_x$ usage factor = 1
	8	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Service$_x$ percentage allocation = Service$_x$ Usage Factor $_{(Result\ from\ step\ 7)}$ * (Service$_x$ Volume / Total Service Factored Volume)	Service$_1$ = 0.056 * (100 / 800)	Service$_1$ = 1% ∑Service$_{1...n}$ = 100%

CL176

Published component	SC_CL176 - Local exchanges general frames maintenance
Sub-component	CL176 - Local exchanges general frames maintenance
Overview	CL176 usage factors are calculated based on the number of copper lines used, number of jumpers used per line, service level and relative fault rates for each of the services to which the component costs and MCE are allocated.
Description	**1. Source Costs and MCE:** This component apportions the costs of maintenance of frames at Local Exchanges from PG217F (Main Distribution Frames Maintenance) and PG217R ((Main Distribution Frames Maintenance Technology) **2. Cost and MCE Categories:** Predominantly Current Assets, Current Liabilities, Non Current Assets (Other Assets), Provisions, Other Operating Costs, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: Predominantly apportions to MPF and PSTN services, including SL122 (PSTN Basic rentals internal) and WE347 (MPF rental with SL1 external), within the Openreach residual and WLA markets respectively.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Network Feature Service Volumes.
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	Note: Steps 1-7 calculate usage factors for "other variable services". Steps 8-12 calculate usage factors for "Enhanced care and expedite service". This step calculates the total sum of faults for MPF and NGA service groups	Sum of $faults_{NGA, MPF}$ = Total sum of faults across NGA or MPF service group	Sum of $faults_{NGA}$ = 1.7m Sum of $faults_{MPF}$ = 900k	Sum of $faults_{NGA}$ = 1.7m Sum of $faults_{MPF}$ = 900k
2	This step calculates total sum volumes for NGA and MPF services	$Service_{x\ NGA, MPF}$ Volume = $Service_{x}$ Volume * (Period/12)	$Service_{1\ NGA}$ Volume = 200k * (12/12)	$Service_{1\ NGA}$ Volume = 200k Sum of volumes $Service_{1\text{-}n\ NGA}$ Volume = 13m Sum of volumes $Service_{1\text{-}n\ MPF}$ Volume = 10m
3	This step calculates the fault rate for NGA service group	Faults to volume $ratio_{NGA}$ = Sum of $Faults_{NGA\ (Result\ from\ step\ 1)}$ / Sum of volumes $Service_{NGA\ (Result\ from\ step\ 2)}$ Faults to volumes $ratio_{MPF}$ = Sum of $Faults_{MPF\ (Result\ from\ step\ 1)}$ / Sum of volumes $Service_{MPF\ (Result\ from\ step\ 2)}$ Fault rate for NGA service group = Faults to volume $ratio_{NGA}$ / Faults to volumes $ratio_{MPF}$	Faults to volume $ratio_{NGA}$ = 1.7m / 13m Faults to volumes $ratio_{MPF}$ = 900k / 10m Fault rate for NGA service group = (1.7m / 13m) / (900k / 10m)	Faults to volume $ratio_{NGA}$ = 0.13m Faults to volumes $ratio_{MPF}$ = 0.09m Fault rate $service_{NGA}$ = 1.4m
4	This step calculates the fault rates factor for different service groups. ISDN30, ISDN2 and PPC services require a specific calculation using general assumptions. All other services use a static general assumption.	Fault rates $service_{ISDN30, ISDN2, PPC}$ = Usage factor per general assumptions $service_{ISDN30, ISDN2, PPC}$ * WLA usage factor per general assumptions $service_{ISDN30, ISDN2, PPC}$ * Fault rates $service_{x}$ = Usage factor per general assumptions $service_{x}$	Fault rates $service_{ISDN30}$ = 0.05 * 0.83	Fault rates $service_{ISDN30}$ = 0.0415

[redacted]	5	This step calculates the average pair usage per ISDN30 circuits using bearer volumes	Line testing total$_x$ = Number of lines$_x$ * Total bearer volumes$_x$ Average pair usage = Line testing total$_{1...n}$ / Total bearer volumes$_{1...n}$	Line testing total$_1$ = 1 * 1000 Average pair usage = ((1*1000) + (a*b)) / (1000 + b)	Average pair usage = 1.6
	6	This step calculates the MDF usage factor for ISDN30 and PPC services using the result from step 3. All other services have a MDF usage factor based on a static assumption.	MDF usage factor service$_{ISDN30, PPC}$ = Average pair usage$_{(Result from step 3)}$ MDF usage factor service$_x$ = MDF usage factor static assumption	MDF usage factor service$_{ISDN30, PPC}$ = 1.6 MDF usage factor service$_x$ = 1	MDF usage factor service$_{ISDN30, PPC}$ = 1.6 MDF usage factor service$_x$ = 1
	7	This step calculates the usage factor for each service using channel line to factor and service level weighting general assumptions. Fault rates are a result of steps 3&4 dependent on the service. Note: Any fault rates that relate to MPF services are multiplied by 0.5 and then used in this calculation.	Service$_x$ usage factor = Channel to line factor* Service level weighting * Fault rates$_{(Result from step 3&4)}$ * MDF usage factor service$_{x\ (Result from step 6)}$	Service$_1$ usage factor $_{(ISDN30)}$ = 1 * 1.2 * 0.0415 * 1.6	Service$_1$ usage factor $_{(ISDN30)}$ = 0.07
	8	This step calculates the altered service level for each service. If this calculation cannot be performed for a service because information is not available a static assumption of 1.21 is assumed.	Total Fault Time service$_x$ = Faults service$_x$ * Task Time service$_x$ Time per Fault Ratio service$_x$ = Total Fault Time service$_x$ / Faults service$_x$ Uplift % (Task Time) service$_x$ = Task Time service$_x$ / Time per Fault Ratio service$_x$-1 Uplift % (weeks) service$_x$ = Openreach uplift % Pay Uplift % service$_x$ = Uplift % (Task Time) service$_x$ * (1 + Uplift % (Weeks) service$_x$) Pay full rate uplift service$_x$ = Static assumption Altered Service Level service$_x$ = Pay Full Rate Uplift service$_x$ * (Pay Uplift % service$_x$ + 1)	Total Fault Time service$_2$ = 500k * 300 = 95m Time per Fault Ratio service$_2$ = 95m / 500k = 190 Uplift % (Task Time) service$_2$ = 250 / 190-1 = 30% Uplift % (weeks) service$_2$ = 1% or 2% Pay Uplift % service$_2$ = 30% * (1+1%) = 30% Pay full rate uplift service$_2$ = 1.2 Altered Service Level service$_2$ = 1.21 * (30% + 1)	Altered Service Level service$_2$ = 1.5
	9	This step calculates the unadjusted and adjusted factor for each service using channel line to factor and service level weighting general assumptions. Fault rates are a result of steps 3&4 dependent on the service. Altered Service Levels are a result of step 8	Unadjusted Factor service$_x$ = Channel to Line Factor service$_x$ * Service level weighting service$_x$ * Fault Rates$_{(Result from step 3&4)}$ Adjusted Factor service$_x$ = Channel to Line Factor service$_x$ * Altered Service Level service$_{(Result from step 8)}$ * Fault Rates$_{(Result from step 3&4)}$ Unadjusted Factored Volume = Unadjusted Factor service$_x$ * volume service Adjusted Factored Volume service$_x$ = Adjusted Factor service$_x$ * volume service	Unadjusted Factor service$_2$ = 1 * 1.2 * 0.0415 = 0.0498 Adjusted Factor service$_2$ = 1 * 1.5 * 0.0415 = 0.0622 Unadjusted Factored Volume service$_2$ = 0.0498 * 190 Adjusted Factored Volume service$_2$ = 0.0622 * 190	Unadjusted Factored Volume service$_2$ = 9.4 Adjusted Factored Volume service$_2$ = 11.8
	10	This step calculates the adjusted volume factor for each service	Delta in Factored Volumes service$_x$ = Adjusted Factored Volume service$_{(Result from step}$	Delta in Factored Volumes service$_2$ = 11.8 - 9.4 = 2.4	Adjusted Volume Factor service$_2$ = 1.24%

			9) - unadjusted Factored Volume service(Result from step 9) Adjusted Volume Factor service$_x$ = Delta in Factored Volumes service$_x$ / Volume service	Adjusted Volume Factor service$_2$ = 2.4 / 190	
	11	This step calculates the expedite factor adjustment using ARC volume information for each service. For services with no volume information a expediate factor adjustment of 1 is assumed.	Expedite factor adjustment service$_x$ = Repair volumes service$_x$ / (Repair volumes service + Provision volumes service)	Expedite factor adjustment service$_2$ = 8000 / (8000 + 6000)	Expedite factor adjustment service$_2$ = 57%
	12	This step calculates the usage factor for each enhanced care and expedite services	Service$_x$ usage factor = Adjusted Volume Factor service(Result from step 10) * Expedite Factor Adjustment service(Result from step 11)	Service$_2$ usage factor = 1.2% * 57%	Service$_2$ usage factor = 0.684
	13	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Weighted Usage Factor = Service$_x$ Usage Factor (Result from step 7 or 12) * (Service$_x$ Volume / Total Service Factored Volume)	Service$_1$ = 0.07 * (100 / 800)	Service$_1$ = 0.875% ∑Service$_{1...n}$ = 100%

CL178

Published component	SC_CL178 - Dropwire capital & analogue NTE
Sub-component	CL178 - Dropwire capital & analogue NTE
Overview	CL178 usage factors are calculated based on the usage of dropwire by the services to which the component costs and MCE are allocated.
Description	**1. Source Costs and MCE:** This component apportions the depreciation and capital costs of dropwire from the Distribution Point up to and including the customer Network Terminating Equipment (NTE). **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Copper), Depreciation (Copper), Other CCA Adjustments, and Wages and Salaries.
	3. Summary Destination: Predominantly apportions to rental services SL122 (PSTN basic rentals internal) and SL151 (PSTN basic rentals external) within the Openreach residual market and WE347 and WX347 (MPF rental with SL1 external) within the WLA markets.
	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** Equipment Costs
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step details the usage factor, which is a static input of 1 or 0.5. The factors are based on the usage of drop wire by the services taking into account the volume measure of the service.	For each relevant service: Service$_\chi$ usage factor = 0.5 or 1	Service$_1$ usage factor = 1 Service$_2$ usage factor = 0.5	Service$_1$ usage factor = 1 Service$_2$ usage factor = 0.5

CL180

Published component	SC_CL180 - Analogue line drop maintenance
Sub-component	CL180 - Analogue line drop maintenance
Overview	CL180 usage factors are calculated based on the number of channels per line, relative fault rates and service levels of the services to which the component costs and MCE are allocated.
Description	**1. Source Costs and MCE:** This component apportions the maintenance costs of residential Dropwire from the Distribution Point up to and including the customer Network Terminating Equipment; from PG122M (Dropwire Maintenance Residential) and PG121M (Dropwire Maintenance Business). **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Net indirect labour costs, Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: Predominantly apportions to PSTN and MPF services, including WE347 (MPF rental with SL1 external) and SL122 (PSTN basic rentals internal) and, within the WLA and Openreach residual markets respectively.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Network Feature Service Volumes.
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
	Please see CL172 for calculation steps			

CL182

Published component	SC_CL182 - Abortive Visits
Sub-component	CL182 - Abortive Visits
Overview	CL182 usage factors are calculated based on task times for services in the WLA market, and relative volumes of provisions for services in other markets.
Description	**1. Source Costs and MCE:** This component apportions Abortive Visit Charges (AVC) from PG150B. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Network Operating It Costs, Other Operating Costs, Own work capitalised, Specific Items, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to Abortive visit services (WX223, WN222, WI222, WE223) within the WLA & Openreach residual markets.
	4. Methodology Taxonomy: Labour. **5. Driver classification:** Man-hours & Labour Rates.
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the usage factor for the WLA and WLR markets, using the total task time for each market as a proportion of total task time across all markets. ***Values for this are obtained from Task Time input***	For each relevant market: $Market_{\chi}$ task time per job = (Travel Time + Onsite Time + Stores Time) / No. Jobs $Market_{\chi}$ = $Market_{\chi}$ task time per job (Result from above) / Total Task Time	$Market_{(WLA)}$ task time = (250k + 450k + 0) / 10k = 70 $Market_{(WLA)}$ usage factor = 70 /40	$Market_{(WLA)}$ usage factor = 1.75

	2	This step calculates the usage factor for 'other' markets, a factor is calculated as the % provision of the total provision and repair. ***Data for this calculation is obtained from Expedites input***	$Market_{(Other)}$ usage factor = Provision / (Provision + Repair)	$Market_{(Other)}$ usage factor = 1,500 / (1,500 + 3,000)	$Market_{(Other)}$ usage factor = 0.33

CL193

Published component	SC_CL193 - Expedite Provision Costs				
Sub-component	CL193 - Expedite Provision costs				
Overview	CL193 usage factors are calculated based on task times for services in the WLA and WLR markets, and relative volumes of provisions for services in other markets.				
Description	**1. Source Costs and MCE:** This component apportions the costs and MCE relating to Expedite Provision jobs from PG155B (Expedite Provision costs). **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Depreciation (Rou), Own work capitalised, Specific Items, and Wages and Salaries.				
	3. Summary Destination: This component predominantly apportions to Expedite services, including WI230 (NGA expedites internal) and WE231 (NGA expedites external), within the WLA and Openreach residual markets.				
	4. Methodology Taxonomy: Revenue and Volumes. **5. Driver classification:** Openreach Revenue and Volumes.				
WACC rate	7.0%				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the usage factor for the WLA and WLR markets, using the total task time for each market as a proportion of total task time across all markets. ***Values for this are obtained from Task Time input***	For each relevant market: $Market_x$ task time per job = (Travel Time + Onsite Time + Stores Time) / No. Jobs $Market_x$ = $Market_x$ task time per job (Result from above) / Total Task Time	$Market_{(WLA)}$ task time = (250k + 450k + 0) / 10k = 70 $Market_{(WLA)}$ usage factor = 70 /40	$Market_{(WLA)}$ usage factor = 1.75
	2	This step calculates the usage factor for 'other' markets, a factor is calculated as the % provision of the total provision and repair. ***Data for this calculation is obtained from Expedites input***	$Market_{(Other)}$ usage factor = Provision / (Provision + Repair)	$Market_{(Other)}$ usage factor = 1,500 / (1,500 + 3,000)	$Market_{(Other)}$ usage factor = 0.33

CL577

Published component	SC_CL577 - OR Service Centre - Assurance WLA
Sub-component	CL577 - Assurance WLA
Overview	CL174 usage factors are all equal to 1 except in the case of MPF services, where they are calculated based on the ratio of the fault rate for MPF to SMPF.
Description	**1. Source Costs and MCE:** This component apportions the costs of Openreach service management centres that deal with the repair of WLA services e.g. LLU. This component is 100% allocated from PG577B (OR Service Centre Assurance LLU). **2. Cost and MCE Categories:** Predominantly Current Liabilities, Provisions, Network Operating It Costs, Other Operating Costs, Other Operating Income, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: This component apportions to multiple services, predominantly MPF Rental and Accommodation Charges, including WE347 (MPF rental with SL1 external - A2), within the WLA and Shared Ancillaries markets.

	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** Equipment Costs
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step details the usage factor. The usage factor apportions cost equally by volume i.e. all factors are 1 except in the case of MPF services where the ratio of the fault rate for MPF to SMPF is used.	For each relevant service: $Service_x$ usage factor = 1 or 0.17	$Service_1$ usage factor = 1	$Service_1$ usage factor = 1
2	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_x$ percentage allocation = $Service_x$ Usage Factor $_{(Result\ from\ step\ 1)}$ * ($Service_x$ Volume / Total Service Factored Volume)	$Service_1$ = 1 * (2m / 5m)	$Service_1$ = 40% $\sum Service_{1...n}$ = 100%

CL590

Published component	SC_CL590 - SLG WLA Ext
Sub-component	CL590 - SLG WLA External
Overview	CL590 captures the costs of Openreach Service Level Agreements for WLA External. Usage factors are calculated using the relative total amounts paid in compensation for repairs, relative price of the individual services and the relative fault rate between SMPF, MPF and NGA services.
Description	**1. Source Costs and MCE:** This component apportions the costs of Openreach Service Level Agreements for Wholesale Local Access (WLA) External, within other non-pay costs such as general support and general management and MCE containing software. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: This component apportions predominantly to GEA services (WE316 and WE355) within the WLA market.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** OR Service Revenue.
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates Service Revenue using price and volume (PxV) data.	For all relevant services: $Service_\chi$ Revenue = Price * Volume	$Service_1$ Revenue = £10 * 2,500 units	$Service_1$ Revenue = £25,000
2	This step calculates the weighted volume (i.e. adjusted for relative fault rates) using service revenue from step 1.	For all relevant services: $Service_\chi$ weighted volume = $Service_\chi$ Revenue $_{(Results\ from\ step\ 1)}$ * MPF fault rates	$Service_1$ weighted volume = £25,000 * 20%	$Service_1$ weighted volume = 5,000
3	This step calculates the percentage split between repairs and provision, using SLG compensation payments data.	Repairs = SLG Payments $_{Repair}$ / Total SLG payments Provisions = SLG Payments $_{Provision}$ / Total SLG payments	Repair = £300k / £1,000k Provision = £700k / £1,000k	Repair = 30% Provision = 70%

	4	This step calculates the WLA usage factor output, using weighted volumes and the provision and repair split calculated in steps 2 and 3.	For all relevant services: $Service_{\chi}$ usage factor = ($Service_{\chi}$ weighted volume$_{(Result\ from\ step\ 2)}$ /Total weighted volume (Connections/Rentals) * Repair or Provision split %$_{(Result\ from\ step\ 3)}$ * Total weighted volume (all services) / $Service_{\chi}$ volume) / 1,000	$Service_1$ = (5k / 45k * 30% * 250,000k / 2.5k) / 1k	$Service_1$= 3.667
	5	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ percentage allocation = $Service_{\chi}$ Usage Factor $_{(Result\ from\ step\ 4)}$ * ($Service_{\chi}$ Volume / Total $Service_{\chi}$ Factored Volume)	$Service_1$ = 3.667 * (2.5k / 1m)	$Service_1$ = 0.25% $\sum Service_{1...n}$ = 100%

CL591

Published component	SC_CL591 - SLG WLA Int				
Sub-component	CL591 - SLG WLA Internal				
Overview	CL591 captures the costs of Openreach Service Level Agreements for WLA Internal. Usage factors are calculated using the relative total amounts paid in compensation for repairs, relative price of the individual services and the relative fault rate between SMPF, MPF and NGA services.				
Description	**1. Source Costs and MCE:** This component apportions the costs of Openreach Service Level Agreements for Wholesale Local Access (WLA) Internal, within other non-pay costs such as general support and general management and MCE containing software. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Other Operating Costs, and Wages and Salaries.				
	3. Summary Destination: This component predominantly apportions GEA services (WI306, W1354 and WN306) within the WLA markets.				
	4. Methodology Taxonomy: Revenue & Volumes **5. Driver classification:** OR Service Revenue				
WACC rate	7.0%				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates Service Revenue using price and volume (PxV) data.	For all relevant services: $Service_{\chi}$ Revenue = Price * Volume	$Service_1$ Revenue = £10 * 2,500 units	$Service_1$ Revenue = £25,000
	2	This step calculates the weighted volume (i.e. adjusted for relative fault rates) using service revenue from step 1.	For all relevant services: $Service_{\chi}$ weighted volume = $Service_{\chi}$ Revenue $_{(Results\ from\ step\ 1)}$ * MPF fault rates	$Service_1$ weighted volume = £25,000 * 20%	$Service_1$ weighted volume = 5,000
	3	This step calculates the percentage split between repairs and provision, using SLG compensation payments data.	Repairs = SLG Payments $_{Repair}$ / Total SLG payments Provisions = SLG Payments $_{Provision}$ / Total SLG payments	Repair = £300k / £1,000k Provision = £700k / £1,000k	Repair = 30% Provision = 70%
	4	This step calculates the WLA usage factor output, using weighted volumes and the provision and repair split calculated in steps 2 and 3.	For all relevant services: $Service_{\chi}$ usage factor = ($Service_{\chi}$ weighted volume$_{(Result\ from\ step\ 2)}$ /Total weighted volume (Connections/Rentals) * Repair or Provision split %$_{(Result\ from\ step\ 3)}$ * Total weighted volume (all services) / $Service_{\chi}$ volume) / 1,000	$Service_1$ = (5k / 45k * 30% * 250,000k / 2.5k) / 1k	$Service_1$= 3.667

	5	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ percentage allocation = $Service_{\chi}$ Usage Factor (Result from step 4) * ($Service_{\chi}$ Volume / Total $Service_{\chi}$ Factored Volume)	$Service_1$ = 3.667 * (2.5k / 1m)	$Service_1$ = 0.25% $\sum Service_{1...n}$ = 100%

CL601

Published component	SC_CL601 - SLG Ethernet Provision Ext				
Sub-component	CL601 - SLG Ethernet Provision External				
Overview	CL601 contains service level guarantee costs associated with ethernet provision - external. The usage factors are based on the service average prices.				
Description	**1. Source Costs and MCE:** This component apportions 'Service Level Guarantee' costs associated with Ethernet provision, within other non-pay costs such as general support and general management and MCE containing software. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Other Operating Costs, and Wages and Salaries.				
	3. Summary Destination: This component apportions to multiple Connection services, including SS159, SS161 and SS259, within the the Ethernet markets, predominantly apportions to LLA Area 3, LLA Area 2, LLA HNR, Access CLA, IEC BT Only, IEC BT+1. Also apportions to dark fibre services.				
	4. Methodology Taxonomy: Revenue & Volumes **5. Driver classification:** OR & BTW Service Revenue				
WACC rate	7.8%				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the usage factor per service, with usage factor equal to price per service.	$Service_{\chi}$ price = £12 $Service_{\chi}$ usage factor = $Service_{\chi}$ price	$Service_1$ usage factor = 12	$Service_1$ usage factor = 12
	2	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ percentage allocation = $Service_{\chi}$ Usage Factor (Result from step 1) * ($Service_{\chi}$ Volume / Total Service Factored Volume)	$Service_1$ = 12 * (100 / 8,000)	$Service_1$ = 15% $\sum Service_{1...n}$ = 100%

CL605

Published component	SC_CL605 - SLG Ethernet Provision Int
Sub-component	CL605 - SLG Ethernet Provision Internal
Overview	CL605 contains service level guarantee costs associated with ethernet provision - internal. The usage factors are based on the service average prices.
Description	**1. Source Costs and MCE:** This component apportions 'Service Level Guarantee' costs associated with Ethernet provision, within other non-pay costs such as general support and general management and MCE containing software. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Software), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: This component apportions to multiple Connection services, including SS160, SS172, SS162, SS262 and SS260, predominately within the Leased lines access and Inter-exchange connectivity markets
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** OR & BTW Service Revenue.
WACC rate	7.8%

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step calculates the usage factor per service, with usage factor equal to price per service.	$Service_{\chi}$ price = £12 $Service_{\chi}$ usage factor = $Service_{\chi}$ price	$Service_1$ usage factor = 12	$Service_1$ usage factor = 12
	2	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Weighted Usage Factor = $Service_{\chi}$ Usage Factor (Result from step 1) * ($Service_{\chi}$ Volume / Total Service Factored Volume)	$Service_1$ = 12 * (100 / 8,000)	$Service_1$ = 15% $\sum Service_{1...n}$ = 100%

CL612

Published component	SC_CL612 - IFRS 15 Deferred Revenue Int
Sub-component	CL612 -IFRS15 Deferred Revenue Internal
Overview	CL612 usage factors are calculated based on the average prices of the services to which the component costs and MCE are allocated.
Description	**1. Source Costs and MCE:** This component apportions other non-pay costs, including general management and deferred revenue associated with IFRS 15. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Non Current Assets (Other Assets), Non Current Assets (Software), Depreciation (Software), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: This component apportions to multiple IFRS 15 deferred revenue internal services, including SL980, SS190 and SS290, predominantly within the Leased Lines Access and WLA markets.
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** MCE.
WACC rate	7.8%

Calculation Steps		Summary	Calculation	Worked Example	Example Results
	1	This step maps the current and prior year ARC balance sheet data to services and then to corresponding IFRS15 service. Results are then grouped by IFRS15 service as Opening balances (OB) and Closing balances (CB).	$Service_{\chi}$ ARC OB = $Product_{X1}$ ARC PY Balance + $Product_{X2}$ ARC PY Balance + ... IFRS15 $Service_X$ OB = $Service_{X1}$ ARC OB + $Service_{X2}$ ARC OB + ... $Service_X$ ARC CB= $Product_{X1}$ ARC CY Balance + $Product_{X2}$ ARC CY Balance + ... IFRS15 $Service_X$ CB = $Service_{X1}$ ARC CB + $Service_{X2}$ ARC CB + ...	$Service_1$ ARC OB = 10 + 10 +... IFRS15 $Service_1$ OB = 100 + 100 +... $Service_1$ ARC CB = 20 + 20 + ... IFRS15 $Service_1$ CB = 200 + 200 +...	$Service_1$ ARC OB = £100 IFRS15 $Service_1$ OB = £1,000 $Service_1$ ARC CB = £200 IFRS15 $Service_1$ CB = £2,000
	2	This step redistributes balances geographically across the Ethernet markets in proportion to the Revenue distribution by calculating an appropriate adjustment, for Ethernet services only.	Total $Ethernet_{\chi}$ Revenue = $Service_{\chi1}$ Revenue + ... + $Service_{\chi n}$ Revenue $Service_{X1}$ Allocation % = $Service_{\chi1}$ Revenue / Total $Ethernet_{\chi}$ Revenue Total $Ethernet_{\chi}$ OB= $Service_{\chi1}$ OB + ... + $Service_{\chi n}$ OB $Service_{\chi1}$ OB Adj = Total $Ethernet_{\chi}$ OB * $Service_{\chi1}$ Allocation % - $Service_{\chi1}$ OB Total $Ethernet_{\chi}$ CB = $Service_{\chi1}$ CB + ... + $Service_{\chi n}$ CB $Service_{\chi1}$ CB Adj = Total $Ethernet_{\chi}$ CB * $Service_{\chi1}$ Allocation % - $Service_{\chi1}$ CB	Total $Ethernet_1$ Revenue = 25 + ... + 25 = £100 $Service_{X1}$ Allocation % = 25 / 100 = 25% Total $Ethernet_1$ OB = 100 + ... + 100 = £500 $Service_{\chi1}$ OB Adj = 500 x 25% - 100 = £25 Total $Ethernet_1$ CB = 200 + ... + 200 = £1,000	IFRS15 $Service_1$ OB Adj = £150 IFRS15 $Service_1$ CB Adj = £300

			IFRS15 $Service_{\chi}$ OB Adj = $Service_{\chi 1}$ OB Adj + $Service_{\chi 1}$ OB Adj + ... IFRS15 $Service_{\chi}$ CB Adj = $Service_{\chi 1}$ CB Adj + $Service_{\chi 1}$ CB Adj + ...	$Service_{\chi 1}$ CB Adj = 1,000 x 25% - 200 = £50 IFRS15 $Service_1$ OB Adj = 25 + 26 + ... IFRS15 $Service_1$ CB Adj = 50 + 51 + ...	
	3	This step sums the IFRS15 service balances and adjustments to calculate MCE, which is the Usage Factor.	IFRS15 $Service_X$ Deferred Revenue Opening = IFRS15 $Service_X$ $OB_{(Result\ from\ Step\ 1)}$ + IFRS15 $Service_X$ OB $Adj_{(Result\ from\ Step\ 2)}$ IFRS15 $Service_X$ Deferred Revenue Closing = IFRS15 $Service_X$ $CB_{(Result\ from\ Step\ 1)}$ + IFRS15 $Service_X$ CB $Adj_{(Result\ from\ Step\ 2)}$ IFRS15 $Service_X$ Usage Factor/MCE = (IFRS15 $Service_X$ Deferred Revenue $Opening_{(Result\ from\ above)}$ + IFRS15 $Service_X$ Deferred Revenue $Closing_{(Result\ from\ above)}$) / 2	IFRS15 $Service_1$ Deferred Revenue Opening = £1,000 + £150 = £1,150 IFRS15 $Service_1$ Deferred Revenue Closing = £2,000 + £300 = £2,300 IFRS15 $Service_1$ Usage Factor/MCE = (£1,150 + £2,300) / 2	IFRS15 $Service_1$ Usage Factor/MCE = £1,725
	4	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ percentage allocation = $Service_{\chi}$ Usage Factor $_{(Result\ from\ step\ 3)}$ * ($Service_{\chi}$ Volume / Total Service Factored Volume)	$Service_1$ = 1,725 * (500 / 5m)	$Service_1$ = 17% $\sum Service_{1...n}$ = 100%

CL613

Published component	SC_CL612 - IFRS 15 Adjustments				
Sub-component	CL613 - IFRS 15 SLGs Int				
Overview	CL613 contains service level guarantee costs associated with IRFS 15. The usage factors are based on the service average prices.				
Description	**1. Source Costs and MCE:** This component apportions 'Service Level Guarantee' costs associated with IRFS 15, within other non pay costs such as general support and general management and MCE containing software. **2. Cost and MCE Categories:** Predominantly Non Current Assets (Other Assets), Non Current Assets (Software), Depreciation (Software), Other Operating Costs, and Wages and Salaries.				
	3. Summary Destination: This component apportions to multiple IFRS 15 and SLG services, predominantly WI982, SO906, WN982 and WE983 within the WLA, Leased lines access and Openreach residual markets.				
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** OR & BTW Service Revenue.				
WACC rate	7.0%				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the service usage factor based on SLG revenues.	$Service_{\chi}$ usage factor = SLG Revenue / 1,000,000	$Service_1$ usage factor = £2,500,000 / 1,000,000	$Service_1$ usage factor = 2.5

	2	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ percentage allocation = $Service_{\chi}$ Usage Factor (Result from step 1) * ($Service_{\chi}$ Volume / Total Service Factored Volume)	$Service_1$ = 2.5 * (200 / 5,000)	$Service_1$ = 10% $\sum Service_{1...n}$ = 100%

CL614

Published component	SC_CL612 - IFRS 15 Adjustments				
Sub-component	CL614 - IFRS 15 Deferred Revenue External				
Overview	CL614 usage factors are calculated based on the average prices of the services to which the component costs and MCE are allocated.				
Description	**1. Source Costs and MCE:** This component apportions other non-pay costs, including general management and deferred revenue associated with IFRS 15. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Non Current Assets (Other Assets), Non Current Assets (Software), Depreciation (Software), Other Operating Costs, and Wages and Salaries.				
	3. Summary Destination: This component apportions to multiple IFRS 15 Revenue services, predominantly WE981, SS191 and WX981 within the WLA and Leased lines access markets.				
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** MCE.				
WACC rate	7.8%				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step maps the current and prior year ARC balance sheet data to services and then to corresponding IFRS15 service. Results are then grouped by IFRS15 service as Opening balances (OB) and Closing balances (CB).	$Service_{\chi}$ ARC OB = $Product_{X1}$ ARC PY Balance + $Product_{X2}$ ARC PY Balance + ... IFRS15 $Service_X$ OB = $Service_{X1}$ ARC OB + $Service_{X2}$ ARC OB + ... $Service_X$ ARC CB= $Product_{X1}$ ARC CY Balance + $Product_{X2}$ ARC CY Balance + ... IFRS15 $Service_X$ CB = $Service_{X1}$ ARC CB + $Service_{X2}$ ARC CB + ...	$Service_1$ ARC OB = 10 + 10 +... IFRS15 $Service_1$ OB = 100 + 100 +... $Service_1$ ARC CB = 20 + 20 + ... IFRS15 $Service_1$ CB = 200 + 200 +...	$Service_1$ ARC OB = £100 IFRS15 $Service_1$ OB = £1,000 $Service_1$ ARC CB = £200 IFRS15 $Service_1$ CB = £2,000
	2	This step redistributes balances geographically across the Ethernet markets in proportion to the Revenue distribution by calculating an appropriate adjustment, for Ethernet services only.	Total $Ethernet_{\chi}$ Revenue = $Service_{\chi 1}$ Revenue + ... + $Service_{\chi n}$ Revenue $Service_{X1}$ Allocation % = $Service_{\chi 1}$ Revenue / Total $Ethernet_{\chi}$ Revenue Total $Ethernet_{\chi}$ OB= $Service_{\chi 1}$ OB + ... + $Service_{\chi n}$ OB $Service_{\chi 1}$ OB Adj = Total $Ethernet_{\chi}$ OB * $Service_{\chi 1}$ Allocation % - $Service_{\chi 1}$ OB Total $Ethernet_{\chi}$ CB = $Service_{\chi 1}$ CB + ... + $Service_{\chi n}$ CB $Service_{\chi 1}$ CB Adj = Total $Ethernet_{\chi}$ CB * $Service_{\chi 1}$ Allocation % - $Service_{\chi 1}$ CB IFRS15 $Service_{\chi}$ OB Adj = $Service_{\chi 1}$ OB Adj + $Service_{\chi 1}$ OB Adj + ... IFRS15 $Service_{\chi}$ CB Adj = $Service_{\chi 1}$ CB Adj + $Service_{\chi 1}$ CB Adj + ...	Total $Ethernet_1$ Revenue = 25 + ... + 25 = £100 $Service_{X1}$ Allocation % = 25 / 100 = 25% Total $Ethernet_1$ OB = 100 + ... + 100 = £500 $Service_{\chi 1}$ OB Adj = 500 x 25% - 100 = £25 Total $Ethernet_1$ CB = 200 + ... + 200 = £1,000 $Service_{\chi 1}$ CB Adj = 1,000 x 25% - 200 = £50 IFRS15 $Service_1$ OB Adj = 25 + 26 + ...	IFRS15 $Service_1$ OB Adj = £150 IFRS15 $Service_1$ CB Adj = £300

				IFRS15 Service$_1$ CB Adj = 50 + 51 + …	
	3	This step sums the IFRS15 service balances and adjustments to calculate MCE, which is the Usage Factor.	IFRS15 Service$_X$ Deferred Revenue Opening = IFRS15 Service$_X$ OB$_{(Result from Step 1)}$ + IFRS15 Service$_X$ OB Adj$_{(Result from Step 2)}$ IFRS15 Service$_X$ Deferred Revenue Closing = IFRS15 Service$_X$ CB$_{(Result from Step 1)}$ + IFRS15 Service$_X$ CB Adj$_{(Result from Step 2)}$ IFRS15 Service$_X$ Usage Factor/MCE = (IFRS15 Service$_X$ Deferred Revenue Opening$_{(Result from above)}$ + IFRS15 Service$_X$ Deferred Revenue Closing$_{(Result from above)}$) / 2	IFRS15 Service$_1$ Deferred Revenue Opening = £1,000 + £150 = £1,150 IFRS15 Service$_1$ Deferred Revenue Closing = £2,000 + £300 = £2,300 IFRS15 Service$_1$ Usage Factor/MCE = (£1,150 + £2,300) / 2	IFRS15 Service$_1$ Usage Factor/MCE = £1,725
	4	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Service$_x$ percentage allocation = Service$_x$ Usage Factor $_{(Result from step 3)}$ * (Service$_x$ Volume / Total Service Factored Volume)	Service$_1$ = 1,725 * (500 / 5m)	Service$_1$ = 17% ∑Service$_{1…n}$ = 100%

CL943

Published component	SC_CL943 - Cumulo OR			
Sub-component	CL943 - Cumulo - Openreach			
Overview	CL943 usage factors are calculated based on the Profit Weighted Net Replacement Costs (PWNRC) for the services to which the component costs and MCE are allocated.			
Description	**1. Source Costs and MCE:** This component apportions the costs and MCE relating to Openreach markets from PG943A (Cumulo OR). **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Software), Other Operating Costs, Property Energy Costs, and Wages and Salaries.			
	3. Summary Destination: This component apportions to all OR markets, via multiple services including SL122 (PSTN basic rentals), WE347 (MPF rental with SL1), WI305 and WN305 (FTTP non-40/10 rentals – Internal – A2&3).			
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** Net replacement cost.			
WACC rate	7.8%			
Calculation Steps	**Summary**	**Calculation**	**Worked Example**	**Example Results**
	Please see CL942 for calculation steps			

CL954

Published component	SC_CL954 - Legacy FTTC – Final Drop
Sub-component	CL954 - Legacy FTTC (Fibre to the Cabinet) – Final Drop
Overview	CL954 usage factors are calculated based on engineering time data.
Description	**1. Source Cost and MCE:** This component apportions the costs for customer site super-fast fibre broadband provision activity. It covers costs for customer site activity to the customer NTE. This includes jumpering activity at the PCP. The usage factors for this component are based on engineering time data. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Other Operating Costs, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: This component apportions to GEA FTTC services (predominately WE339, WE313, WI337 and WX339), SOGEA services (including WE355) and G Fast services within the WLA markets.

	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the usage factor using channels/circuit and relative times. In this instance, the usage factor is a static input.	This step calculates the usage factor using channels/circuit and relative times. In this instance, the usage factor is a static input	Usage factor = 1	Usage factor = 1
2	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ percentage allocation = $Service_{\chi}$ Usage Factor $_{(Result\ from\ step\ 1)}$ * ($Service_{\chi}$ Volume / Total Service Factored Volume)	$Service_1$ = 1 * (100 / 800)	$Service_1$ = 12.5% $\sum Service_{1...n}$ = 100%

CL958

Published component	SC_CL958 - GEA FTTC Provisions
Sub-component	CL958 - GEA (Generic Ethernet Access) FTTC (Fibre to the Cabinet) Provisions
Overview	CL958 usage factors are calculated based on engineering time data.
Description	**1. Source Costs and MCE:** This component apportions provision costs for the FTTC services. The usage factors for this component are based on engineer time data. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Other Operating Costs, Other Pension Costs, Provisioning Installation, Social Security Costs, and Wages and Salaries.
	3. Summary Destination: This component predominately apportions to GEA services (including WE339, WE313, WI337 and WX339), as well as SOGEA services (including WE355) within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the usage factor using channels/circuit and relative times. In this instance, the usage factor is a static input.	Usage factor = 1.5	Usage factor = 1.5	Usage factor = 1.5
2	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ percentage allocation = $Service_{\chi}$ Usage Factor $_{(Result\ from\ step\ 1)}$ * ($Service_{\chi}$ Volume / Total Service Factored Volume)	$Service_1$ = 1.5 * (100 / 800)	$Service_1$ = 18.75% $\sum Service_{1...n}$ = 100%

CO445

Published component	SC_CO445 - Ethernet Monitoring Platform
Sub-component	CO445 - Ethernet Monitoring Platform

Overview	CO445 usage factors are based on an analysis of the number of management link ports utilised. Service circuits per service volume are multiplied by the number of service ports per circuit.
Description	**1. Source Costs and MCE:** This component apportions non pay - general management costs associated with an Internal Transfer Charge between Openreach and Global Services for an Ethernet Monitoring Platform PG449A and balance sheet receivables. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Non Current Assets (Software), Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to EAD Rental services, including SS228, SS240, SS227, SS237 and SS230, within the Leased lines access markets and Openreach residual markets.
	4. Methodology Taxonomy: Network Data **5. Driver classification:** Fibre Count by Product (Core Transmission Circuit costing System - CTCS/Oth.)
WACC rate	7.8%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates Usage Factor (UF): Ports / Circuit by dividing the number of Ports / by EAD (Ethernet Access Direct) Circuits or OSA (Open Systems Architecture). ***EAD Circuits or OSA is obtained from Ethernet Monthly Volume Data. Ports is obtained from XIAN Platform Volumes.***	For each relevant service: $Service_x$ port/service UF = $Service_x$ Ports / $Service_x$ EAD Circuits or OSA	$Service_1$ UF = 120 / 60	$Service_1$ UF = 2.0
2	This step determines the Factor Allocation for each service. First this step calculates UF: volume conversion This is done by dividing EAD Circuits or OSA by RFS Volumes (This is EAD Circuits or OSA plus OSA Volume) Then this number is multiplied by UF: Ports / Circuit (Result from step 1) ***EAD Circuits or OSA and OSA Volumes is obtained from Ethernet Monthly Volume Data***	For all relevant services: $Service_x$ factor = ($Service_x$ EAD Circuits for OSA / $Service_x$ RFS Volumes) * $Service_x$ UF: Ports / Circuit (Result from step 1)	$Service_1$ factor = (50 / 75) * 2.0	$Service_1$ factor = 1.34
3	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Weighted Usage Factor = $Service_x$ Factor (Result from step 2) * ($Service_x$ Volume / Total Service Factored Volume)	$Service_1$ = 1.34 * (10 / 1,000)	$Service_1$ = 1.3% $\sum Service_{1...n}$ = 100%

CO450

Published component	SC_CO450 - Wholesale Extension Services Distribution Fibre
Sub-component	CO450 - Wholesale Extension Services Distribution Fibre
Overview	CO450 usage factors are calculated based on a combination of the usage of fibre for each service that uses this component and the relative cost of providing fibre by customer end in the different Access market areas. The usage factor also takes into account the take-up of resilience options - higher bandwidth options have increased resilience requiring additional fibres. Data showing fibre connection volumes within the UK from INS is mapped to different geographies by Openreach Specialists. These are then mapped into specific geographic markets as necessary.

	A cost is applied to each connection, which is then summed by geographic market to create a geographic cost gradient. The cost which is applied is calculated via a bottom up build, and consists of fixed and variable costs for different types and sizes of cable. There are two cost categories used in the bottom up build for both fixed and variable costs. The first is a labour cost. This consists of a labour cost per cable type and size, and is a function of labour hours for various cable types, cost, and a labour efficiency rate. The second cost category is the stores cost. This is based on the cost for various stores, ranging in size and type. The fixed and variable costs are combined and tagged against individual connection volumes. Connections are tagged based on size. Once each connection is costed, the data is summarised, generating a cost for the different LLA markets. This is then converted into a ratio.
Description	**1. Source Costs and MCE:** This component apportions the depreciation and overheads associated with the fibre providing access from the BT Exchange to the Customer premises for Wholesale Extensions Services (WES) and access fibre related to non-current assets. This component also includes the cost of duct where the fibre resides. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to WES Rental services, including SS202, SS203, SS100 and SS200, within the Leased lines access markets.
	4. Methodology Taxonomy: Network Data. **5. Driver classification:** Fibre Count by Product.
WACC rate	7.8%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculated Volumes in Circuits by dividing OR Raw volumes by Conversion of Local Ends to Cct, for each service. ***OR Raw Volumes is obtained from Rental Volumes input Conversion of Local Ends to Cct obtained from Ends per circuit.***	For each relevant service: $Service_{\chi}$ volumes (ccts) = $Service_{\chi}$ OR Raw volumes / $Service_{\chi}$ Conversion of Local Ends to Cct	$Service_1$ volumes = 150 / 500	$Service_1$ volumes = 0.30
2	This step calculated Total Fibres by multiplying Non-OSA Fibres per circuit by Volumes in Circuits, for each service. ***Values for Non-OSA Fibres per circuit are obtained from Fibre and Electronics Count per Circuit Input***	For each relevant service: $Service_{\chi}$ total fibres = $Service_{\chi}$ Non-OSA Fibres * $Service_{\chi}$ Volumes in Circuits$_{(Result\ from\ step\ 1)}$	$Service_1$ total fibres = 100 * 0.30	$Service_1$ total fibres = 33
3	This step calculates Total Fibres by multiplying Fibres x WECLA	For each relevant service: $Service_{\chi}$ fibres x WECLA = $Service_{\chi}$ total fibres	$Service_1$ fibres x WECLA = 33.0 * 0.2	$Service_1$ fibres x WECLA = 6.6
4	This step calculates Factor to do so it divides Fibres x WECLA (Result from Step 3) by OR Raw volumes ***OR Raw Volumes is obtained from Rental Volumes input***	For each relevant service: $Service_{\chi}$ usage factor = $Service_{\chi}$ fibres x WECLA$_{(Result\ from\ Step\ 3)}$ / $Service_{\chi}$ OR Raw volumes	$Service_1$ usage factor = 6.6 / 150	$Service_1$ usage factor = 0.04
5	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Weighted Usage Factor = $Service_x$ usage factor $_{(Result\ from\ step\ 4)}$ * ($Service_x$ Volume / Total Service Factored Volume)	$Service_1$ = 0.04 * (100 / 800)	$Service_1$ = 0.5% $\sum Service_{1...n}$ = 100%

CO451

Published component	SC_CO451 - Wholesale Extension Services Spine Fibre
Sub-component	CO451 - Wholesale Extension Services Spine Fibre
Overview	CO451 usage factors are calculated based on a combination of the usage of fibre for each service that uses this component and the relative cost of providing fibre by customer end in the different Access market areas. The usage factor also takes into account the take-up of resilience options - higher bandwidth options have increased resilience requiring additional fibres. Data showing fibre connection volumes within the UK from INS is mapped to different geographies by Openreach Specialists. These are then mapped into specific geographic markets as necessary. A cost is applied to each connection, which is then summed by geographic market to create a geographic cost gradient. The cost which is applied is calculated via a bottom up build, and consists of fixed and variable costs for different types and sizes of cable. There are two cost categories used in the bottom up build for both fixed and variable costs. The first is a labour cost. This consists of a labour cost per cable type and size, and is a function of labour hours for various cable types, cost, and a labour efficiency rate. The second cost category is the stores cost. This is based on the cost for various stores, ranging in size and type. The fixed and variable costs are combined and tagged against individual connection volumes. Connections are tagged based on size. Once each connection is costed, the data is summarised, generating a cost for the different LLA markets. This is then converted into a ratio.
Description	**1. Source Costs and MCE:** This component apportions the depreciation and overheads associated with the fibre providing access from the BT Exchange to the Customer premises for Wholesale Extensions Services (WES) and access fibre related to non-current assets. This component also includes the cost of duct where the fibre resides. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), Property Energy Costs, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to WES Rental services, including SS100, SS102, SS103 and SS101, within the Leased lines access markets.
	4. Methodology Taxonomy: Network Data. **5. Driver classification:** Fibre Count by Product.
WACC rate	7.8%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	See CO450 for Calculations Steps			

CO485

Published component	SC_CO485 - Ethernet Electronics Current
Sub-component	CO485 - Ethernet Electronics Current
Overview	CO485 usage factors are calculated based on the unit of measure of the different services to which the component is allocated.
Description	**1. Source Costs and MCE:** This component apportions the Maintenance and Accommodation overheads associated with the rental costs of electronics used to provide Ethernet Access Direct (EAD) services, Wholesale Extension Services (WES), LAN Extension Services (LES), Ethernet services, Backhaul Extension Services (BES), Wholesale and LAN extension services and Optical Ethernet services. This also captures accommodation and network power non-current assets. Allocation is directly from Ethernet Access Equipment PG447A **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Property Energy Costs, and Wages and Salaries.

	3. Summary Destination: This component predominantly apportions to Rental services, including SS228, SS227, SS230, SS127 and SS128, within the Leased lines access markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Ethernet Service Circuit Volumes.
WACC rate	7.8%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates a 2 month average for rental volumes and the total less market split.	2 month average volumes = (Current month volumes + Prior month volumes) / 2 Total Less Market Split = (UK + Extl NI Rentals) - 2 Month Average volumes	2 month average volumes = (4 + 6) / 2 Total less market split = (22 + 8) - 5	2 month average volumes = 5 Total less market split = 25
2	This step calculates the adjusted volumes for products with rental data.	Proportion Factor = Total Rental volumes for product per Market / Total Rental volumes for product across all markets Total Rental Volumes Adjusted = 2 month average volumes$_{(Result\ from\ Step\ 1)}$ + Total Less Market Split$_{(Result\ from\ Step\ 1)}$ * Proportion Factor$_{(Result\ from\ above)}$	Proportion Factor = 12/36 Total Rental Volumes Adjusted = (5 + 25) * 0.33	Proportion Factor = 0.33 Total Rental Volumes Adjusted = 10
3	Adjust the Rental Volumes by the rental factor	Service$_\chi$ rental revenue = Total Rental Volumes Adjusted$_{(Result\ from\ Step\ 2)}$ * Rental Factor	Service$_1$ = 0 * 1 Service$_2$ = 10 * 2	NI Internal Rental Revenue Service$_1$= 0 NI Internal Rental Revenue Service$_2$ = 20
4	This step calculates Bearer Volumes. Divides Aggregate Month Volumes by the current reporting Period ***Both values are obtained from Rental Volumes input***	For each relevant service: Service$_\chi$ adj rental volumes = Service$_\chi$ Aggregate Month Volumes / Period	Service$_1$ adj rental volumes = 60 / 12	Service$_\chi$ adj rental volumes = 5.0
5	This step calculates Bearer Fraction to do so Bearer Volumes (Result from Step 4) is divided by Total Service Volumes ***Service Volumes are obtained from Rental Volumes input***	For each relevant service: Service$_\chi$ bearer fraction = Service$_\chi$ Bearer Volumes$_{(Result\ from\ Step\ 4)}$ / Total Service Volumes	Service$_1$ bearer fraction = 5.0 / 200	Service$_1$ bearer fraction = 0.025
6	This step calculated Volumes in Circuits by dividing OR Raw volumes by Conversion of Local Ends to Cct ***OR Raw Volumes is obtained from Rental Volumes input*** ***Conversion of Local Ends to Cct obtained from Ends per circuit***	For each relevant service: Service$_\chi$ volumes = Service$_\chi$OR Raw volumes / Service$_\chi$ Conversion of Local Ends to Cct	Service$_1$ volumes = 50/10	Service$_1$ volumes = 5.0
7	This step calculates Factor to do so it divides Volumes in Circuits by OR Raw Volumes. This number is then multiplied by the bearer fraction	For each relevant service: Service$_\chi$ factor = (Service$_\chi$ Volumes in Circuits$_{(Result\ from\ Step\ 6)}$ / Service$_\chi$ OR Raw volumes) * Service$_\chi$ bearer fraction$_{(Result\ from\ Step\ 5)}$	Service$_1$ factor = (5.0 / 50) * 0.025	Service$_1$ factor = 0.0025

		OR Raw Volumes is obtained from Rental Volumes input			
	8	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Weighted Usage Factor = $Service_x$ usage factor $_{(Result\ from\ step\ 7)}$ * ($Service_x$ Volume / Total Service Factored Volume)	$Service_1$ = 0.0025 * (100 / 800)	$Service_1$ = 0.31% $\sum Service_{1...n}$ = 100%

CO487

Published component	SC_CO457 Legacy Ethernet – Ethernet electronics				
Sub-component	CO487 - Ethernet Access Direct (EAD) Electronics Capital				
Overview	CO487 usage factors are calculated based on the relative price of the electronics used to provide the service.				
Description	**1. Source Costs and MCE:** This component apportions private circuits associated with the dedicated equipment for EAD (Ethernet Access Direct) electronics rentals and private circuits related to non-current assets. Allocation is directly from EAD Electronics Capital PG467A **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Electronic), Depreciation (Electronic), and Wages and Salaries.				
	3. Summary Destination: This component predominantly apportions to Rental services, including SS228, SS227, SS230, SS127 and SS128, within the Leased lines access and Inter-exchange business connectivity markets.				
	4. Methodology Taxonomy: Asset Metrics. **5. Driver classification:** Gross Replacement Cost (GRC).				
WACC rate	7.8%				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This section calculates volumes in Circuits To do so OR Raw volumes is divided by the Conversion of Local Ends to Cct ***OR Raw Volumes is obtained from Rental Volumes input*** ***Conversion of Local Ends to Cct obtained from Ends per circuit***	For each relevant service: $Service_x$ volumes in circuit = $Service_x$ OR Raw volumes / $Service_x$ conversion of local ends to cct	$Service_1$ = 10 / 10	$Service_1$ = 1.0
	2	This step calculates Electronics GRC This is done by multiplying Volumes in Circuits (Result from step 1) by Electronics Unit Cost (per cct) ***Electronics Unit Cost (per cct) is obtained from* EAD Ethernet Prices**	For each relevant service: $Service_x$ electronics GRC = $Service_x$ Volumes in Circuits$_{(Result\ from\ step\ 1)}$ * $Service_x$ electronics unit cost (per cct)	$Service_1$ = 1.0 * 20	$Service_1$ = 20.0
	3	This section calculates Pay install per cct First C1 Connection Volumes Excluded EBD and OSA is added to NI Connection Volumes excluding EBD and OSA Then Pay Booked to DTTSW is divided by this value	For each relevant service: $Service_x$ pay install per cct = Pay Booked to DTTSW / (C1 Connection Volumes excl. EBD and OSA + NI Connection Volumes excl. EBD and OSA)	$Service_1$ = 4 / (1 + 3)	$Service_1$ = 1.0

		Values are obtained from Connection Volumes input			
	4	This section calculates Cost per unit To obtain this value Electronics GRC (Result from step 2) is divided by OR Raw volumes ***OR Raw Volumes is obtained from Rental Volumes input***	For each relevant service: $Service_{\chi}$ cost per unit = $Service_{\chi}$ electronics $GRC_{(Result\ from\ step\ 2)}$ / $Service_{\chi}$ OR Raw volumes	$Service_1$ = 1.0 / 10	$Service_1$ = 0.10
	5	This step calculates the usage factor. To do so Cost per unit (Result from step 4) is added to the value for Pay install per cct (Result from step 3).	For each relevant service: Base $Service_{\chi}$ factor = ($Service_{\chi}$ cost per $unit_{(Result\ from\ step\ 4)}$ +$Service_{\chi}$ pay install per $cct_{(Result\ from\ step\ 3)}$ $Service_x$ usage factor = Base $Service_{\chi}$ factor / Base $Service_{ss132}$ factor	$Service_1$ = (0.10 + 1.0) / 2	$Service_1$ = 0.6
	6	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Weighted Usage Factor = $Service_x$ usage factor $_{(Result\ from\ step\ 5)}$ * ($Service_x$ Volume / Total Service Factored Volume)	$Service_1$ = 0.6 * (100 / 800)	$Service_1$ Allocation % = 7.5% $\sum Service_{1...n}$ Allocation % = 100%

CN619

Published component	SC_CN619 - Ethernet Backhaul Direct - Active				
Sub-component	CN619 - Ethernet Backhaul Direct - Active				
Overview	CN619 usage factors are calculated based on the relative costs of providing transponders for 10Gbit/s services compared to 1Gbit/s services.				
Description	**1. Source Costs and MCE:** This component apportions the capital costs associated with transmission electronics between Wavelength Division Multiplexing (WDM) Multi Service Access Node (MSAN) and a Metro Node. (WDM-Metro Link PG899A) In particular this component attributes depreciation associated with switch and transmission and non pay costs as well as non-current assets relating to switch and transmission and land and buildings. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Electronic), Non Current Assets (Other Assets), Deprecitation (Electronic), and Property Energy Costs.				
	3. Summary Destination: This component predominantly apportions to EBD Rental services, including SS721, SS821, SS621 and SS620, within the Inter-exchange Business Connectivity markets.				
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Connection Service Volumes.				
WACC rate	7.8%				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the Component Cost based on the current and prior year asset cost as a proportion of asset life. ***Values obtained from CAM Costs Input***	For each relevant 10G and 1G component: $Component_{\chi}$ Cost = Average [(CY Cost / Asset Life), (PY Cost / Asset Life)]	$Component_{10G}$ Cost = Average [(£1,250 / 6), (£13 / 6)] $Component_{1G}$ Cost = Average [(£1,000 / 6), (£11 / 6)]	$Component_{1 - 10G}$ Cost = £105.25 $Component_{2 - 1G}$ Cost = £84.25

	2	This step calculates Unit Cost based on the component cost (sum of result from step 1) divided by Total Volumes. ***Values obtained from 21C and Service Volumes Input***	For 10G and 1G total component $Component_{10G/1G}$ Unit Cost = Total $Component_{10G/1G}$ Cost / Total Volumes	$Component_{10G}$ Unit Cost = £1,500 / 25 $Component_{1G}$ Unit Cost = £1,200 / 25	$Component_{10G}$ Unit Cost = £60 $Component_{1G}$ Unit Cost = £48
	3	This step calculates service Usage Factor (Ratio 10G / 1G cost). Each Service is either 10G or 1G. If 10G then this step calculates the usage factor by dividing 10G cost by 1G cost from step 1 otherwise it is allocated a value of 1	$Service_{\chi(10G)}$ = $Component_{10G}$ Unit $Cost_{(Result\ from\ step\ 2)}$ / $Component_{1G}$ Unit $Cost_{(Result\ from\ step\ 2)}$ $Service_{\chi(1G)}$ = Static Allocation	$Service_{1\ (10G)}$ = £60 / £48 $Service_{2\ (10G)}$ = 1	$Service_{1\ (10G)}$ = 1.25 $Service_{2\ (10G)}$ = 1
	4	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_{\chi}$ percentage allocation = $Service_{\chi}$ Usage $Factor_{(Result\ from\ step\ 3)}$ * ($Service_{\chi}$ Volume / Total Service Factored Volume)	$Service_1$ = 1.25 * (200 / 500k) $Service_2$ = 1 * (100 / 500k)	$Service_1$ = 0.05% $Service_2$ = 0.075% $\sum Service_{1...n}$ = 100%

CP502

Published component	SC_CP502 - Openreach sales product management				
Sub-component	CP502 - Openreach Sales Product Management				
Overview	CP502 usage factors are calculated using revenue data for sales and marketing costs, and using a survey of staff which relates people to activities for non-sales and market costs (such as product management).				
Description	**1. Source Costs and MCE:** This component apportions costs for Openreach Sales Product Management. **2. Cost and MCE Categories:** Predominantly Current Assets, Current Liabilities, Non Current Assets (Right Of Use Assets), Net impairment losses on trade receivables and contract assets, Other Pension Costs, Specific Items, and Wages and Salaries.				
	3. Summary Destination: This component apportions to multiple services, including SL122, WE351, WI224, WE347, across the Residual, WLA and Openreach PIA markets.				
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** OR & BTW Service Revenue.				
WACC rate	7.0%				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the service revenue for all services, using the PVORREV report and multiplying Volumes by Prices. This step also includes the calculation for adjustment DFX volumes (using price ratio (i.e. DFX usage factor) from DFX prices data input) between single fibre and dual fibre prices. It calculates the DFX Adjusted Volumes using the Price Ratio (i.e. DFX Usage Factor) between Single Fibre and	For each relevant service: **Service Revenue = Volume * Price** **DFX Service - Volumes Adjustment (Does not adjust the revenues)** **DFX Usage Factor = DFX service dual fibre price / DFX service single fibre price** **DFX Adjusted Service Volume = Service Volume * DFX Usage Factor**	$Service_1$ = 200 * £200 $Service_{DFX}$ - 25 * £200 = £5,000 (Revenue unchanged, however, for calculation purposes the volume used will be (£200/£100) (i.e. dual fibre price / single fibre price) * 25 = **50** = DFX Adjusted Volume)	$Service_1$ = £40,000

		Dual Fibre. This accounts for that fact that dual fibres should have increased usage factors applied, and without this adjustment a dual fibre volume and single fibre volume would both be the same.			
	2	This step calculates the percentage allocation that each of the product groups should receive based on their proportion of FTE time. Where time is not assigned to a particular category, it is shared among existing categories proportionately.	For each category: Specific Category (e.g. NGA) % = (Category FTE / Total FTE) Category (e.g. NGA) % = Specific Category % + Non-specific category % * (Specific Category % / Total of Specific Category %s)	Specific Category (NGA) % = 51 / 215 Category (NGA) % = 24% + 20%*(24%/80%)	Speicific Category (NGA) % = 24% Category (NGA) % = 30%
	3	This step further separates % split of FTE time using connection revenues for product sub-categories (e.g. NGA into FTTP, FTTC, SoGEA and Other) from the PVORREV report. Product sub-categories are not always used where this level of detail is not required or connections are not made (e.g. PIA)	For each relevant service: Sub-category FTE % = ((Sum of connection revenues within a product sub-category (e.g. FTTP) / Total connection revneues for product category (e.g. NGA)) * product category cost allocation %	Sub-category$Service_1$ = (£100m / £200m) * 30)	$Service_1$ = 15%
	4	This step calculates the usage factor for all services, using revenue to allocate within product sub-categories. The expression is divided by the relevant service volume to ensure the % allocation is preserved in the next step	For each relevant service: $Service_\chi$ usage factor = ($Service_\chi$ Revenue * Sub-category % FTE allocation$_{(Results\ from\ step\ 3)}$) / Total Revenue for all services within sub-category) / $Service_x$ Volume	$Service_1$ = (200 * 5.1%) / 25,000 $Service_{PIA}$ = (500 * 6.2%) / 25,000	$Service_1$ = 0.04% $Service_{PIA}$ = 0.12%
	5	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Weighted Usage Factor = $Service_\chi$ Usage Factor $_{(Result\ from\ step\ 5)}$ * ($Service_\chi$ Volume / Total Service Factored Volume	$Service_1$ = 0.04% * (2m / 5m) $Service_{PIA}$ = 0.12% * (1m / 5m)	$Service_1$ = 0.016% $Service_{PIA}$ = 0.024% $\sum Service_{1...n}$ = 100%

CT134

Published component	SC_CT134 - Co-mingling power & vent
Sub-component	CT134 - Co-mingling power & vent
Overview	CT134 usage factors are calculated based on the proportional rental volumes of the chargeable items within the services to which the component costs and MCE are allocated.
Description	**1. Source Costs and MCE:** This component apportions the costs (mostly depreciation and pay) and MCE for local loop unbundling power and ventilation. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Right Of Use Assets), Depreciation (Other Assets), Network Operating It Costs, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to Co-mingling and Accommodation charge services, including WE207 and WE132, within the WLA and Shared Ancillaries markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Openreach revenue & volumes.

WACC rate	7.0%			
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step calculates the adjusted Co-mingling volumes and Access Locate volumes, for LLU Power Rentals only.	Ethernet Access Locate %= Access Locate % * Ethernet % For all relevant services: Part A: $Service_X$ Co-mingling Access Locate volumes = Ethernet Access Locate % * $Service_\chi$ Co-mingling Arc volumes Part B: $Service_X$ Adjusted Co-mingling volumes = $Service_X$ Co-mingling Arc volumes - $Service_X$ Co-mingling Access Locate volumes$_{(Results\ from\ part\ A)}$	Ethernet Access Locate % = 40% * 50% Part A: $Service_1$ Co-mingling Access Locate volumes = 20% * 100 Part B: $Service_1$ Adjusted Co-mingling volumes = 100 - 30	Ethernet Access Locate % = 20% Part A: $Service_1$ Co-mingling Access Locate volumes = 20 Part B: $Service_1$ Adjusted Co-mingling volumes = 70
	2	This step calculates the apportionment of co-mingling Access Locate volumes across the Access Locate markets.	*For all relevant services:* *$Service_\chi$ Access Locate $Market_\chi$ volumes = Access Locate $Market_\chi$ % x $Service_\chi$ Co-mingling Access Locate volumes*	$Service_1$ volumes = 50% x 20	$Service_1$ volumes = 10
	3	This step calculates usage factors by adjusted Co-mingling and Access Locate volumes as a proportion of total volumes by that service. Note: Total volumes include other non LLU Power Rentals subcategories.	For each relevant service: $Service_\chi$ usage factor = ($Service_\chi$ Other Access Locate $Market_\chi$ volumes $_{(Result\ from\ step\ 1)}$ / $Service_\chi$ volumes) / 100	$Service_1$ usage factor = (70 / 10) / 100	$Service_1$ usage factor = 0.07
	4	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Weighted Usage Factor = $Service_\chi$ Usage Factor $_{(Result\ from\ step\ 2)}$ * ($Service_\chi$ Volume / Total Service Factored Volume)	$Service_1$ = 0.07 * (100 / 500)	$Service_1$ = 1.4% $\sum Service_{1...n}$ = 100%

CW609

Published component	SC_CW609 - Legacy Ethernet – Spine fibre
Sub-component	CW609 - Legacy Ethernet – Spine fibre
Overview	CW609 usage factors are calculated based on the usage of fibre for each service that uses this component and the relative cost of providing fibre by customer end in the different Access markets. Data showing fibre connection volumes within the UK from INS is mapped to different geographies by Openreach Specialists. These are then mapped into specific geographic markets as necessary. A cost is applied to each connection, which is then summed by geographic market to create a geographic cost gradient. The cost which is applied is calculated via a bottom up build, and consists of fixed and variable costs for different types and sizes of cable. There are two cost categories used in the bottom up build for both fixed and variable costs. The first is a labour cost. This consists of a labour cost per cable type and size, and is a function of labour hours for various cable types, cost, and a labour efficiency rate. The second cost category is the stores cost. This is based on the cost for various stores, ranging in size and type. The fixed and variable costs are combined and tagged against individual connection volumes. Connections are tagged based on size. Once each connection is costed, the data is summarised, generating a cost for the different LLA markets. This is then converted into a ratio.

Description	**1. Source Costs and MCE:** This component apportions the depreciation and access fibre overheads and MCE for fibre providing access from BT Exchange to Customer premises for Ethernet Access Direct (EAD) and Optical Ethernet services. This component also captures access fibre related to non-current assets. This component also includes the cost of duct that the fibre resides in. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), Property Energy Costs, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to Rental services, including SS228, SS227, SS230, SS127, SS128 and SS229, within the Leased lines access and Openreach residual markets.
	4. Methodology Taxonomy: Network Data. **5. Driver classification:** Fibre Count by Product.
WACC rate	7.8%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates volumes in circuits by dividing OR Raw volumes by Conversion of Local Ends to Cct, for each Service. OR Raw Volumes is obtained from Rental Volumes input. Conversion of Local Ends to Cct obtained from Ends per circuit".	For each relevant service: Volumes = $Service_{\chi}$ OR Raw volumes / $Service_{\chi}$ Conversion of Local Ends to Cct	$Service_1$ = 150 / 500	$Service_1$ = 0.30
2	This step calculates total fibres by multiplying Non-OSA (Open Systems Architecture) Fibres per circuit by Volumes in Circuits, for each relevant service. Values for Non-OSA Fibres per circuit are obtained from Fibre and Electronics Count per Circuit Input.	For each relevant service: Total Fibres = $Service_{\chi}$ Non-OSA Fibres per circuit * $Service_{\chi}$ Volumes in Circuits (Result from step 1)	$Service_1$ = 100 * 0.30	$Service_1$ = 33
3	This step calculates total Fibres by multiplying Fibres x WECLA	For each relevant service: Fibres x WECLA = Total Fibres	$Service_1$ = 33.0 *1	$Service_1$ = 33.0
4	This step calculates the usage factor of services by dividing Fibres x WECLA by OR Raw volumes, which are obtained from Rental Volumes input.	For each relevant service: Usage factor = $Service_{\chi}$ Fibres x WECLA (Result from Step 3) / $Service_{\chi}$ OR Raw volumes	$Service_1$ = 6.6 / 150	$Service_1$ = 0.04
5	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Percentage allocation = $Service_{\chi}$ Usage Factor (Result from step 4) * $Service_{\chi}$ Volume (Result from step 1) / Total Service Factored Volume	$Service_1$ = 0.04 * (150 / 800)	$Service_1$ = 0.75% $\sum Service_{1...n}$ = 100%

CW610

Published component	SC_CW610 - Legacy Ethernet – Distribution fibre
Sub-component	CW610 - Legacy Ethernet – Distribution fibre
Overview	CW610 usage factors are calculated based on the usage of fibre for each service that uses this component and the relative cost of providing fibre by customer end in the different CISBO markets. Data showing fibre connection volumes within the UK from INS is mapped to different geographies by Openreach Specialists. These are then mapped into specific geographic markets as necessary.

	A cost is applied to each connection, which is then summed by geographic market to create a geographic cost gradient. The cost which is applied is calculated via a bottom up build, and consists of fixed and variable costs for different types and sizes of cable. There are two cost categories used in the bottom up build for both fixed and variable costs. The first is a labour cost. This consists of a labour cost per cable type and size, and is a function of labour hours for various cable types, cost, and a labour efficiency rate. The second cost category is the stores cost. This is based on the cost for various stores, ranging in size and type. The fixed and variable costs are combined and tagged against individual connection volumes. Connections are tagged based on size. Once each connection is costed, the data is summarised, generating a cost for the different LLA markets. This is then converted into a ratio.
Description	**1. Source Costs and MCE:** This component apportions the depreciation and access fibre overheads and MCE for fibre providing access from BT Exchange to Customer premises for Ethernet Access Direct (EAD) and Optical Ethernet services. This component also captures access fibre related to non-current assets. This component also includes the cost of duct that the fibre resides in. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to Rental services, including SS228, SS227, SS230, SS127, SS128 and SS229, within the Leased lines access and Openreach residual markets.
	4. Methodology Taxonomy: Network Data. **5. Driver classification:** Fibre Count by Product.
WACC rate	7.8%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates volumes in circuits by dividing OR Raw volumes by Conversion of Local Ends to Cct, for each Service. OR Raw Volumes is obtained from Rental Volumes input. Conversion of Local Ends to Cct obtained from Ends per circuit".	For each relevant service: Volumes = $Service_{\chi}$ OR Raw volumes / $Service_{\chi}$ Conversion of Local Ends to Cct	$Service_1$ = 150 / 500	$Service_1$ = 0.30
2	This step calculates total fibres by multiplying Non-OSA (Open Systems Architecture) Fibres per circuit by Volumes in Circuits, for each relevant service. Values for Non-OSA Fibres per circuit are obtained from Fibre and Electronics Count per Circuit Input.	For each relevant service: Total Fibres = $Service_{\chi}$ Non-OSA Fibres per circuit * $Service_{\chi}$ Volumes in Circuits (Result from step 1)	$Service_1$ = 100 * 0.30	$Service_1$ = 33
3	This step calculates total Fibres by multiplying Fibres x WECLA	For each relevant service: Fibres x WECLA = Total Fibres	$Service_1$ = 33.0 *1	$Service_1$ = 33.0
4	This step calculates the usage factor of services by dividing Fibres x WECLA by OR Raw volumes, which are obtained from Rental Volumes input.	For each relevant service: Usage factor = $Service_{\chi}$ Fibres x WECLA (Result from Step 3) / $Service_{\chi}$ OR Raw volumes	$Service_1$ = 6.6 / 150	$Service_1$ = 0.04
5	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: Percentage allocation = $Service_{\chi}$ Usage Factor (Result from step 4) * $Service_{\chi}$ Volume (Result from step 1) / Total Service Factored Volume	$Service_1$ = 0.04 * (150 / 800)	$Service_1$ = 0.75% $\sum Service_{1...n}$ = 100%

System driven components

Notional Debtors

Published Component	SC_CD900 - Revenue Receivables
Reference	CW900, CW901, CX902
Title	Notional Debtors - Revenue Receivables
Description	**1. Source Costs and MCE:** These components capture system generated figures for receivables for the RFS. These receivables are an approximation of the amounts owed to BT, both internal (i.e. for Openreach representing receivables that would be generated if trades between BT's Customer-Facing Units (CFUs) were undertaken to a third party and at arm's length) and external. They are based upon a five year moving median of Openreach's debtor days. **2. Cost and MCE Categories:** Current Assets.
	3. Summary Destination: These components allocate to multiple services within the Openreach and Rest of BT Wholesale markets.
	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** Notional Debtors.
WACC rate	7.0% (CW900, CW901, CX902)

Notional Creditors

Published Component	SC_CD900 - Revenue Receivables
Reference	CX997, CX998
Title	Notional Creditors (EOI Cost & EOI Creditor)
Description	**1. Source Costs and MCE:** This component captures system generated figures for notional creditors for WBA Market A in the RFS. These creditors are an approximation of the amounts owed to Openreach by BT Business for Equivalence of Input (EOI) charges. They represent an approximation of the creditor balances which would exist if trades between BT's Customer-Facing Units (CFUs) were undertaken to a third party and at arm's length. They are based a five year moving average of Openreach's debtor days. Note that there is no component code as CostPerform automatically overlays the calculated figure to the services as required in the WBA market. Note that any anomalous debtor days excluded from the Revenue Receivables methodology are also excluded from this Notional Creditors calculation. CX997 is related to EoI charge and CX998 is balance sheet related component. **2. Cost and MCE Categories:** Rest of BT Opex (excl. depreciation) - Other (EOI), Current Liabilities.
	3. Summary Destination: These components allocate to multiple services across the WBA (market A) and Wholesale residual markets.
	4. Methodology Taxonomy: Other Misc. **5. Driver classification:** Notional Creditors.
WACC rate	7.0% (CX997), 9.3% (CX998)

Volume Driven Components

Volume driven components have a usage factor of 1, and CP uses this to calculate the apportionment:

Calculation	Worked Example	Example Results
For each relevant service: $Service_{\chi}$ percentage allocation = Usage Factor * ($Service_{\chi}$ Volume / Total Service Factored Volume)	$Service_1$ = 1 * (100 / 800)	$Service_1$ = 12.5% $\sum Service_{1...n}$ = 100%

The methodology taxonomy and driver classifications are direct.

CF187

Published component	SC_CF187 - MPF Line Testing Systems
Sub-component	CF187 - MPF Line Testing Systems
Description	**1. Source Costs and MCE:** This component apportions TAMS costs, mainly relating to local exchange testing and measuring equipment. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Right Of Use Assets), Other Operating Costs, and Wages and Salaries.

	3. Summary Destination: This component apportions to MPF rental services, predominantly WE347 (MPF Rentals with SL1 Ext - A2) and WX347 (MPF Rental with SL1 - A3), within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CK982

Published component	SC_CL600 - Other WLA
Sub-component	CK982 - Openreach Managed Services for Wholesale
Description	**1. Source Costs and MCE:** This component apportions the costs of work completed by Openreach which supports BT Wholesale products, services or activities, mainly relating to the construction of telecoms power plant. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Network Operating It Costs, Other Operating Costs, and Wages and Salaries.
	3. Summary Destination: Predominantly WE327 (Other Ancillaries - CPI-0% external), as well as WE600 (Other WLA external) within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Openreach revenue & volumes.
WACC rate	7.0%

CL120

Published component	SC_CT134 - Co-mingling power & vent
Sub-component	CL120 - LLU Electricity Usage - OR
Description	**1. Source Costs and MCE:** This component apportions the costs of all LLU related electricity charges. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Property Energy Costs, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to WE120 and WX120 (LLU Electricity Usage Revenue services), as well as other Accommodation Charge services within the Shared Ancillaries market.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL131

Published component	SC_CL131 - Co-mingling set up
Sub-component	CL131 - Co-mingling set up
Description	**1. Source Costs and MCE:** This component apportions the cost of building LLU Hostels within BT Exchanges and costs of carrying out surveys on the buildings. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), Depreciation (Other Assets), Net indirect labour costs, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to WE131 (Co-mingling new provides), as well as accommodation charge services within the Shared Ancillaries market and WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL132

Published component	SC_CL132 - Co-mingling rentals
Sub-component	CL132 - Co-mingling rentals
Description	**1. Source Costs and MCE:** This component apportions the direct costs and associated overheads relating to the accommodation of Communication Providers' LLU equipment. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Right Of Use Assets), and Depreciation (Other Assets).
	3. Summary Destination: This component predominantly apportions to WE132 (Co-mingling rentals), as well as accommodation charge services within the Shared Ancillaries market and WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes.

	5. Driver classification: Volumes (floorspace - square metres).
WACC rate	7.0%

CL133

Published component	SC_CL133 - WLA tie cables
Sub-component	CL133 - WLA tie cables
Description	**1. Source Costs and MCE:** This component apportions planning and installation costs, depreciation and overheads associated with external and Internal LLU Tie Cables that provide access to BT Exchange and access copper network to enable operators, other than BT, to use the BT's local loop to provide services to customers. It facilitates the opening up of BT's copper network to other communication providers (OCP). **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Copper), and Non Current Assets (Other Assets).
	3. Summary Destination: This component apportions to Tie Cable services, predominantly WI206, WI128 and WN128, as well as WE133, within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL165

Published component	SC_CW609 - Ethernet Access Direct Fibre
Sub-component	CL165 – Ethernet cable link
Description	**1. Source Costs and MCE:** This component comprises costs associated with depreciation relating to access fibre and non pay general management costs. This component also comprises of access fibre relating to non current assets. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Right Of Use Assets), and Wages and Salaries.
	3. Summary Destination: Cable link and Bulk Transport Link (BTL) Rental services within the Business Connectivity markets.
WACC rate	7.0%

CL192

Published component	SC_CL192 - Legacy FTTC – Tie Cables
Sub-component	CL192 - Legacy FTTC – Tie Cables
Description	**1. Source Costs and MCE:** This component apportions the capital costs related to the provision and use of NGA E-side Copper cable. Access copper cables connect BT's exchanges to distribution points in the access network and are used to provide voice and broadband services to customers. These cables are categorised as Exchange side (E-side) and Distribution side (D-side) copper. E-side cables connect an exchange to street cabinets and D-side cables connect street cabinets to distribution points. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Copper), Non Current Assets (Duct), Depreciation (Copper), and Property Energy Costs.
	3. Summary Destination: This component apportions to GEA services, predominantly WE310, WI300, WN300 and WE311, as well as SOGEA and G Fast services within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL195

Published component	SC_CL195 - NGA Visit Assure
Sub-component	CL195 - NGA Visit Assure
Description	**1. Source Costs and MCE:** This component apportions the costs and MCE relating to NGA Visit Assure jobs. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Net indirect labour costs, Network Operating It Costs, Other Operating Costs, Other Pension Costs, and Wages and Salaries.
	3. Summary Destination: This component apportions to NGA visit assure services WI224, WE245, WN244 and WX245, within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.

WACC rate	7.0%

CL197

Published component	SC_CL197 - FTTC Development
Sub-component	CL197 - FTTC Development
Description	**1. Source Costs and MCE:** This component apportions the development costs for FTTC. This digital subscriber line access multiplexer (DSLAM) technology is used in delivering the rollout of the NGA network, which is used to supply super-fast broadband products. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), and Depreciation (Software).
	3. Summary Destination: This component apportions to GEA services, as well as SOGEA and G Fast services within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL198

Published component	SC_CL198 - FTTP Development
Sub-component	CL198 - FTTP Development
Description	**1. Source Costs and MCE:** This component apportions the development costs for FTTP. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Other Assets), Non Current Assets (Software), and Depreciation (Software).
	3. Summary Destination: This component apportions to GEA services, predominantly WI305, WN305, WI306 and WN306, within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CL572

Published component	SC_CL572 - OR Service Centre - Provision WLA
Sub-component	CL572 - OR Service Centre - Provision WLA
Description	**1. Source Costs and MCE:** This component apportions the costs of Openreach service management centres that deal with the provision of LLU. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Network Operating It Costs, Other Operating Costs, Other Pension Costs, Own work capitalised, Social Security Costs, and Wages and Salaries.
	3. Summary Destination: Predominantly MPF new provides (WE129), other tie cables (WI206), Hard ceases (WE171), and co-mingling services, within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL574

Published component	SC_CL574 - OR Service Centre Provision GEA
Sub-component	CL574 - OR Service Centre - Provision GEA
Description	**1. Source Costs and MCE:** This component apportions the costs of Openreach service management centres that deal with the provision of NGA. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Depreciation (Rou), Other Pension Costs, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to GEA services (WE318, WI354, WE355, WI306, WE316 and WX318) within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL579

Published component	SC_CL579 - Service Centre - Assurance NGA
Sub-component	CL579 - OR Service Centre - Assurance NGA
Description	**1. Source Costs and MCE:** This component apportions the costs of Openreach service management centres that deal with the repair of NGA services. **2. Cost and MCE Categories:** Predominantly Current Assets, Current Liabilities, Net indirect labour costs, Other Operating Costs, Own work capitalised, Social Security Costs, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to GEA rental services (WI300, WI320, WE310, WE311 and WN300) in the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL600

Published component	SC_CL600 - Other WLA
Sub-component	CL600 Other WLA
Description	**1. Source Costs and MCE:** This component captures other costs and MCE associated with WLA. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Duct), Non Current Assets (Other Assets), Non Current Assets (Software), Depreciation (Duct), and Wages and Salaries.
	3. Summary Destination: Other WLA service within WLA Market.
WACC rate	7.0%

CL948

Published component	SC_CL948 - One Fibre Network – Spine fibre
Sub-component	CL948 - One Fibre Network – Spine fibre
Description	**1. Source Costs and MCE:** This component apportions costs for the provision; installation; recovery; and depreciation of NGA FTTP Access Spine fibre cable i.e. the fibre cables between the Exchange and the aggregation node in the fibre network, as well as the relative costs in providing fibres between BT Exchanges (i.e. WLA Main Link costs), which are derived from a study of the fibre infrastructure network. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), Property Energy Costs, and Wages and Salaries.
	3. Summary Destination: This component apportions to GEA services, predominantly WI305, as well as WN305, WE315 and WX315 within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CL949

Published component	SC_CL949 - One Fibre Network – Distribution fibre
Sub-component	CL949 - One Fibre Network – Distribution fibre
Description	**1. Source Costs and MCE:** This component apportions costs for the provision; installation; recovery; and depreciation of NGA FTTP distribution fibre cable i.e. the fibre cables between the Cabinet and the customer premises. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), Other Pension Costs, and Wages and Salaries.
	3. Summary Destination: This component apportions to GEA services predominantly WI305, as well as to WN305, WE315 and WX315 within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CL950

Published component	SC_CL950 - Legacy FTTC – Spine Fibre
Sub-component	CL950 - Legacy FTTC – Spine Fibre
Description	**1. Source Costs and MCE:** This component apportions costs for the provision; installation; recovery; and depreciation of NGA FTTC Access fibre spine cable i.e. the fibre cables between the Exchange and the

	aggregation node in the fibre network, as well as the relative costs in providing fibres between BT Exchanges (i.e. WLA Main Link costs), which are derived from a study of the fibre infrastructure network. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), Property Energy Costs, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to to GEA services, including WI300, WE310, WE311 and WN301, as well as to SOGEA and G Fast services within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL951

Published component	SC_CL951 - Legacy FTTC – Distribution fibre
Sub-component	CL951 - Legacy FTTC – Distribution fibre
Description	**1. Source Costs and MCE:** This component apportions costs for the provision; installation; recovery; and depreciation of NGA FTTC distribution fibre cable i.e. the fibre cables between the Cabinet and the aggregation node in the fibre network. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Right Of Use Assets), Depreciation (Fibre), Other Pension Costs, and Wages and Salaries.
	3. Summary Destination: This component predominantly apportions to GEA services including WI300, WE310, WE311 and WN300, as well as to SOGEA and G Fast services within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL952

Published component	SC_CL952 - Legacy FTTC – OLT
Sub-component	CL952 - Legacy FTTC – OLT
Description	**1. Source Costs and MCE: T**his component apportions the costs of the exchange based electronics required for the delivery of FTTC services. It connects the high-speed digital communications channels from the customer to the backhaul network. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Electronic), Non Current Assets (Other Assets), Depreciation (Electronic), and Property Energy Costs.
	3. Summary Destination: This component predominately apportions to GEA services (WI300, WE310, WE311 and WN300), as well as to SOGEA and G Fast services within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL953

Published component	SC_CL953 - Legacy FTTC – DSLAM
Sub-component	CL953 - Legacy FTTC – DSLAM
Description	**1. Source Costs and MCE:** This component apportions the costs of the DSLAM network device required for the delivery of GEA. It connects multiple customer DSL interfaces to a high-speed digital communications channel using multiplexing techniques. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Non Current Assets (Other Assets), and Depreciation (Fibre).
	3. Summary Destination: This component predominately apportions to GEA services (WI300, WE310, WE311 and WN300), as well as to SOGEA and G Fast services within the WLA market.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL955

Published component	SC_CL955 - GEA FTTC Repairs
Sub-component	CL955 - GEA FTTC Repairs
Description	**1. Source Costs and MCE:** This component apportions the reactive repair to the FTTC Networks.

	2. Cost and MCE Categories: Predominantly Current Assets, Current Liabilities, Non Current Assets (Other Assets), Provisions, Other Operating Costs, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: This component predominately apportions to GEA services (WI300, WE310, WE311 and WN300), as well as to SOGEA and G Fast services within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL956

Published component	SC_CL956 - GEA FTTP Repairs
Sub-component	CL956 - GEA (Generic Ethernet Access) FTTP (Fibre To The Premises) Repairs
Description	**1. Source Costs and MCE:** This component apportions the reactive repair to the FTTP Networks. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Non Current Assets (Other Assets), Provisions, Other Operating Costs, Other Operating Income, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: This component predominately apportions to GEA services (WI305, WN305, WI304 and WN304) within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CL957

Published component	SC_CL957 - GEA FTTP Provisions
Sub-component	CL957 - GEA (Generic Ethernet Access) FTTP (Fibre To The Premises) Provisions
Description	**1. Source Costs and MCE:** This component apportions provision costs for the Fibre to the Premises connection services. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Other Operating Costs, Other Pension Costs, Provisioning Installation, Social Security Costs, and Wages and Salaries.
	3. Summary Destination: This component predominately apportions to GEA services (WI306, WN306, WE316 and WX316), within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CL961

Published component	SC_CL961 - One Fibre Network – Headend electronics FTTP
Sub-component	CL961 - One Fibre Network – Headend electronics FTTP
Description	**1. Source Costs and MCE:** This component apportions the costs of the exchange-based electronics required for the delivery of FTTP services. It connects the high-speed digital communications channels from the customer to the backhaul network. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Electronic), Non Current Assets (Other Assets), Depreciation (Electronic), and Property Energy Costs.
	3. Summary Destination: This component apportions to GEA services (predominately WI305 and WN305, as well as WE315, WX315 and WI326) within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CL963

Published component	SC_CL963 - One Fibre Network – Final drop
Sub-component	CL963 - One Fibre Network – Final drop
Description	**1. Source Costs and MCE:** This component apportions the costs for customer site Ultra-Fast Fibre Broadband provision activity. It covers costs for customer site activity up to the customer NTE. **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Fibre), Other Operating Costs, Own work capitalised, and Wages and Salaries.

	3. Summary Destination: This component apportions to GEA services (predominately WI306 and WE316, as well WX316 and WN306) within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CL990

Published component	SC_CL990 - FTTP Funded Fibre Rollout Spend
Sub-component	CL990 - FTTP Funded Fibre Rollout Spend
Description	**1. Source Costs and MCE:** This component apportions the funded region fibre rollout spend for FTTP services. **2. Cost and MCE Categories:** Predominantly Non Current Assets (Copper), Non Current Assets (Duct), Non Current Assets (Fibre), Non Current Assets (Other Assets), Non Current Assets (Software), and Depreciation (Fibre).
	3. Summary Destination: This component apportions to GEA services (predominately WI305 and WN305, as well as WI304 and WN304) within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CL997

Published component	SC_CL997 - FTTP Fibre Rollout Funding
Sub-component	CL997 - FTTP Fibre Rollout Funding
Description	**1. Source Costs and MCE:** This component apportions the funding received in relation to BT's fibre rollout for FTTP services. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Non Current Assets (Funded Assets), Non Current Assets (Other Assets), Non Current Assets (Software), and Depreciation (Funded Assets).
	3. Summary Destination: This component apportions to GEA services (predominately WI305 and WN305, as well as WI304 and WN304) within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CL998

Published component	SC_CL998 - FTTC Fibre Rollout Funding
Sub-component	CL998 - TTC Fibre Rollout Funding
Description	**1. Source Costs and MCE:** This component apportions the funding received in relation to BT's fibre rollout for FTTC services. **2. Cost and MCE Categories:** Predominantly Current Liabilities, Non Current Assets (Funded Assets), Non Current Assets (Other Assets), Non Current Assets (Software), and Depreciation (Funded Assets).
	3. Summary Destination: This component predominately apportions to GEA services (WI300, WE310, WE311 and WN300) as well as to SOGEA and G Fast services within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CL999

Published component	SC_CL999 - FTTC Funded Fibre Rollout Spend
Sub-component	CL999 - FTTC Funded Fibre Rollout Spend
Description	**1. Source Costs and MCE:** This component apportions the funded region fibre rollout spend for FTTC services. **2. Cost and MCE Categories:** Predominantly Non-current Assets (Copper), Non Current Assets (Duct), Non Current Assets (Fibre), Non Current Assets (Other Assets), and Depreciation (Fibre).
	3. Summary Destination: This component predominately apportions to GEA services (WI300, WE310, WE311 and WN300), as well as to SOGEA and G Fast services within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.

WACC rate	7.0%

CN620

Published component	SC_CN620 - Ethernet Backhaul Direct Passive
Sub-component	CN620 - Ethernet Backhaul Direct - Passive
Description	**1. Source Costs and MCE:** This component apportions the backhaul fibre (PG170B) and duct between WDM (Wavelength Division Multiplexing) Multi Service Access Node (MSAN) and a Metro Node (PG900A). In particular this component attributes depreciation associated with switch and transmission and non-pay costs as well as non-current assets relating to switch and transmission and land and buildings. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Electronic), Non Current Assets (Other Assets), Depreciation (Electronic), and Property Energy Costs.
	3. Summary Destination: This component predominantly apportions to EBD Rental services, including SS721 and SS821, within the Inter-exchange Business Connectivity markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Connection Service Volumes.
WACC rate	7.8%

CO254

Published component	SC_CO254 - Openreach Project Services
Sub-component	CO254 - Openreach Project Services
Description	**1. Source Costs and MCE:** This component apportions costs related to project management services provided by Openreach to CPs who seek coordination of a programme of orders, such as Ethernet provision, that typically include an engineer visit. **2. Cost and MCE Categories:** Predominantly Current Assets, Current Liabilities, Non Current Assets (Other Assets), Provisions, Other Operating Costs, Own work capitalised, and Wages and Salaries.
	3. Summary Destination: Project services (predominantly SS287, SK970, SS687, SS187, SK971 and SS787) within the Leased lines access, Inter-Exchange Connectivity and Openreach Residual Markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CO457

Published component	SC_CO457 - Legacy Ethernet – Ethernet electronics
Sub-component	CO457 - Optical Ethernet Electronics Capital
Description	**1. Source Costs and MCE:** This component apportions depreciation and non-current assets associated with dedicated equipment used for Optical Ethernet electronics rentals. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Electronic), Depreciation (Electronic), and Wages and Salaries.
	3. Summary Destination: This component apportions to Optical Rental services (predominantly SS240, SS639, SS239, SS140 and SS139) within the Leased lines access and Inter-exchange connectivity markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.8%

CO484

Published component	SC_CO484 - Interexchange fibre
Sub-component	CO484 - Interexchange fibre
Overview	CO484 usage factors are calculated for each Inter-exchange market and the market factors are then applied to all relevant services within that market. Market factors are calculated based on the relative costs of providing fibre links between BT exchanges in the different markets, which is derived from a study of the fibre infrastructure in different parts of the network. Access markets are given the same factors as Inter markets.
Description	**1. Source costs and MCE:** This component apportions all costs associated with Ethernet main links, mainly depreciation and core transmission non-current assets. Source from Backhaul Fibre PG170B. **2. Cost and MCE categories:** Predominantly Current Assets, Non-current Assets (Fibre), Other Operating Costs, and Wages and Salaries.

	3. Summary Destination: This component predominantly apportions to EAD main link services, including WI305, WN305, SS015, SS016, and SS017, within the WLA and Leased lines access markets.
	4. Methodology Taxonomy: Network Data. **5. Driver classification:** Fibre Lengths (CTCS/LLUMS/Oth.).
WACC rate	7.8%

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates the allocation for this component to all the relevant services.	[Service 1 Allocation] = [Static factor allocations based on historic fibre length data] * [Factored Volume for Service 1] / ([Factored Volume for Service 1] + [Factored Volume for Service 2] + ...) ... Repeat for all services N.B. The static factor allocations above do not apply to Ethernet Main Link services. These are not based on previous fibre length data, and have been fixed to 1.	[Service 1 Allocation] = 25% * 100 / (100 + 200 + ...)	2.5%

CO989

Published component	SC_CO989 - Special Fault Investigation
Sub-component	CO989 - Special Fault Investigation
Description	**1. Source Costs and MCE:** This component apportions the costs of Special Fault Investigations (SFI). **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Right Of Use Assets), Net indirect labour costs, Network Operating It Costs, Other Operating Costs, Other Pension Costs, and Wages and Salaries.
	3. Summary Destination: This component allocates to SFI services (WI481, WE989, WN481 and WX989) within the WLA markets.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ301

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ301 - Spine Duct 1 Internal RAV
Description	**1. Source Costs and MCE:** This component allocates the RAV downstream cost of single bore duct. **2. Cost and MCE Categories:** Predominantly Non-current Assets (Duct), Non-current Other Assets, Non-current Assets (Software), Other CCA Adjustments, and Supplementary Depreciation.
	3. Summary Destination: SJ006 (Spine Duct Internal RAV service)
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ302

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ302 - Spine Duct 2 Internal RAV
Description	**1. Source Costs and MCE:** This component allocates the RAV downstream cost of two bore duct. **2. Cost and MCE Categories:** Predominantly Non-current Assets (Duct), Non-current Other Assets, Non-current Assets (Software), Other CCA Adjustments, and Supplementary Depreciation.
	3. Summary Destination: SJ020 (Spine Duct - 2 Bore Internal RAV).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ303

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ303 - Spine Duct 3+ Internal RAV

Description	**1. Source Costs and MCE:** This component allocates the RAV downstream cost of duct bore of more than 2. **2. Cost and MCE Categories:** Predominantly Non-current Assets (Duct), Non-current Other Assets, Non-current Assets (Software), Other CCA Adjustments, and Supplementary Depreciation.
	3. Summary Destination: SJ021 (Spine Duct - 3+ Bore Internal RAV)
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ304

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ304 - Manholes Internal RAV
Description	**1. Source Costs and MCE:** This component allocates the RAV downstream cost of manholes. **2. Cost and MCE Categories:** Predominantly Non-current Assets (Duct), Non-current Other Assets, Non-current Assets (Software), Other CCA Adjustments, and Supplementary Depreciation.
	3. Summary Destination: SJ008 (Manholes Internal RAV service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ305

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ305 - Joint Boxes Internal RAV
Description	**1. Source Costs and MCE:** This component allocates the RAV downstream cost of joint boxes. **2. Cost and MCE Categories:** Predominantly Non-current Assets (Duct), Non-current Other Assets, Non-current Assets (Software), Other CCA Adjustments, and Supplementary Depreciation.
	3. Summary Destination: SJ009 (Joint Boxes Internal RAV service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ306

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ306 - Lead ins Internal RAV
Description	**1. Source Costs and MCE:** **2. Cost and MCE Categories:** Predominantly Non-current Assets (Duct), Non-current Other Assets, Non-current Assets (Software), Other CCA Adjustments, and Supplementary Depreciation.
	3. Summary Destination: SJ007 (Lead in Duct Internal RAV service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ313

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ313 - Spine Duct 1 Internal
Description	**1. Source Costs and MCE:** This component allocates the cost of single bore duct. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ001 (Spine Duct Internal service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ314

Published component	SC_CZ300Y - PIA Costs

Sub-component	CZ314 - Spine Duct 2 Internal
Description	**1. Source Costs and MCE:** This component allocates the downstream cost of two bore duct. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ018 (Spine Duct - 2 Bore Internal service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ315

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ315 - Spine Duct 3+ Internal
Description	**1. Source Costs and MCE:** This component allocates the cost of duct with more than 2 bore. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ019 (Spine Duct - 3+ Bore Internal service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes**.**
WACC rate	7.0%

CZ316

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ316 - Manholes Internal
Description	**1. Source Costs and MCE:** This component allocates the cost of manholes. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ003 (Manholes Internal service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ317

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ317 - Joint Boxes Internal
Description	**1. Source Costs and MCE:** This component allocates the cost of joint boxes. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ004 (Joint Boxes Internal service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ318

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ318 - Lead ins Internal
Description	**1. Source Costs and MCE:** This component allocates the cost of lead in duct. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ002 (Lead in Duct Internal service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ319

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ319 - Spine Duct 1 External
Description	**1. Source Costs and MCE:** This component allocates the external cost of single bore duct. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ010 (Spine Duct Rental External service)
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ322

Published component	SC_CZ300Y - PIMR Costs
Title	Manholes External
Description	**1. Source Costs and MCE:** This component allocates the external cost of manholes. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ012 (Manholes Rental External service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.1%

CZ325

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ325 - Poles Internal
Description	**1. Source Costs and MCE:** This component allocates the cost of telegraph poles which are used as distribution points to end users. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-Current Assets (Poles), Non-Current Assets (Fibre), Depreciation (Poles), Other CCA Adjustments, and Wages and Salaries.
	3. Summary Destination: SJ025 (Poles - single-end-user attachment Internal), SJ005 (Poles Internal), SJ026 (Pole top equipment Internal) and SJ027 (Cable up a pole Internal) within the PIA market.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ327

Published component	CZ327
Sub-component	SC_CZ300X - PIA Downstream Assets
Description	**1. Source Costs and MCE:** Depreciation and non-current assets. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Other Assets, Non-current Assets (Software), Depreciation (Duct), and Wages and Salaries.
	3. Summary Destination: SJ016 (Duct Network Adjustments above financial limit Internal), within the PIA market.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ331

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ331 - Poles Network Adjustments Internal
Description	**1. Source Costs and MCE:** This component allocates the costs of internal (work we conduct for when building our own network) poles network adjustments. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current assets (Poles), Non-current assets (Fibre), Depreciation (Fibre), and Wages and Salaries.

	3. Summary Destination: SJ005 (Poles - multi-end user attachment Internal), SJ025 (Poles - single-end-user attachment Internal), SJ026 (Pole top equipment Internal) and SJ027 (Cable up a pole Internal) SJ014 (Poles - multi-end user attachment External), SJ028 (Poles - single-end-user attachment External), SJ029 (Pole top equipment External) and SJ030 (Cable up a pole External) within the PIA market.
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.0%

CZ332

Published component	SC_CZ300Y - PIA Costs
Sub-component	CZ332 - Poles Network Adjustments External
Description	**1. Source Costs and MCE:** This component allocates the costs of external (work we conduct on behalf of our communication providers) poles network adjustments. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ005 (Poles - multi-end user attachment Internal), SJ025 (Poles - single-end-user attachment Internal), SJ026 (Pole top equipment Internal) and SJ027 (Cable up a pole Internal), SJ014 (Poles - multi-end user attachment External), SJ028 (Poles - single-end-user attachment External), SJ029 (Pole top equipment External) and SJ030 (Cable up a pole External) within the PIA market.
	4. **Methodology Taxonomy:** Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.1%

CZ320

Published component	SC_CZ300Y - PIMR Costs
Sub-component	**CZ320** Spine Duct 2 External
Description	**1. Source Costs and MCE:** This component allocates the external cost of two bore duct. **2. Cost and MCE Categories:** Predominately Holding Gains/Loss, Other CCA Adjustments, Supplementary depreciation; and Non-current assets (PIA; and Software).
	3. Summary Destination: SJ010 (Spine Duct Rental External service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.1%

CZ321

Published component	SC_CZ300Y - PIMR Costs
Sub-component	**CZ321** Spine Duct 3+ External
Description	**1. Source Costs and MCE:** This component allocates the downstream cost of duct with more than 2 bore. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ024 (Spine Duct - 3+ Bore External).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.1%

CZ323

Published component	SC_CZ300Y - PIMR Costs
Sub-component	**CZ323** Joint Boxes External
Description	**1. Source Costs and MCE:** This component allocates the external cost of joint boxes. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ013 (Joint Boxes Rental External service).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.1%

CZ324

Published component	SC_CZ300Y - PIMR Costs
Sub-component	**CZ324 -** Lead ins External
Description	**1. Source Costs and MCE:** This component allocates the external cost of lead ins. **2. Cost and MCE Categories:** Predominantly Current Assets, Non-current Assets (Duct), Non-current Other Assets, Depreciation (Duct), Supplementary Depreciation, and Wages and Salaries.
	3. Summary Destination: SJ011 (Lead in Duct Rental External).
	4. Methodology Taxonomy: Revenue & Volumes. **5. Driver classification:** Volumes.
WACC rate	7.1%

Residual Components
All Sub-Components which allocate to residual markets only are mapped to Published Component SC_CX999 (Non-SMP)

CL942

Published component	SC_CL942 - Cumulo BTW				
Sub-component	CL942 - Cumulo BTW				
Overview	CL942 usage factors are calculated based on the Profit Weighted Net Replacement Costs (PWNRC) for the services to which the component costs and MCE are allocated.				
Description	**1. Source Costs and MCE:** This component apportions the costs and MCE relating to BTW markets from PG942A (Cumulo BTW). **2. Cost and MCE Categories:** Predominantly Current Assets, Non Current Assets (Software), Other Operating Costs, Property Energy Costs, and Wages and Salaries.				
	3. Summary Destination: This component apportions to multiple services, including SO371 and SG208, within the Fixed call origination, Technical Areas (DLE Interconnect Circuits), Fixed geographic call termination, WBA (Market A) and Rest of BT residual markets.				
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** Net replacement cost.				
WACC rate	8.9%				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	**Non-BT Assets** This step calculates the Conversion Ratio of Specialised Estate NRC to the Group Property trade for specialised buildings. Used to apportion the specialised NRC value across components	Conversion Ratio = Total Non BT Operational Building Assets / Total Group Property Trades for Operational Buildings	Conversion Ratio = 800 / 10	Conversion Ratio = 80
	2	**Non-BT Assets** This step uses the Conversion Ratio from Step 1 to calculate the CCA MCE cost for each service	CCA MCE (£) = (Total Cost for Service/1000) * Conversion Ratio (result from Step 1)	CCA MCE (£) = 100,000/1,000 * 80	CCA MCE (£) = £8k
	3	This step calculates the WACC rates for each component. Each published service is mapped to the most appropriate WACC rate from Ofcom's three categories as set out in the WFTMR. These WACC rates are then pushed down to individual components, based on the WACC category that the majority of that component's cost is allocated to at the service level.	WACC % = component opex allocated to used WACC category > component opex allocated to unused categories	WACC % = £1.0m opex to 9% category > £0.5m opex to 8% category > £0.0m opex to 10% category	WACC % = 9%
	4	**Non-BT Assets** This step calculates the Weighted MCE value for Openreach and BTW by multiplying the Landlord MCE cost (£) by the WACC Rate %	Weighted Return (£) = Landlord MCE (£) (result from Step 3) * WACC Rate (%)	Weighted Return (£) = £8k * 9%	Weighted Return (£) = £720
	5	**BT Assets** This step calculates the PIA cost of each service as a % of the total component	% of service as total of component = Total Cost for Service (£) / Total Cost for Component which Service resides in (£)	% of service as total of component = £5m / £50m	% of service as total of component = 10%

[redacted]	6	**BT Assets** The component % allocation of the total components is multiplied by the % of service as total of component. This is the % to be added to each service	Total percentage to be added to service = % of service as total of component (result from Step 5) * % of component of the total components	Total percentage to be added to service = 0.1 * 0.15	Total percentage to be added to service = 1.5%
	7	**BT Assets** This step takes the sum MCE of all PIA services and multiplies it by the % calculated in the previous step. The PIA MCE is then summed on a Service level	Total PIA MCE (£) = Total percentage to be added to service (result from Step 6) * Total Sum of MCE for PIA Services (£)	Total PIA MCE (£) = 1.5% * £5,000m	Total PIA MCE (£) = £75m
	8	**BT Assets** This step calculates the new PIA MCE using the MCE cost proportion for each service and the Total PIA MCE Cost calculated in the previous step	PIA MCE for each Service and COW = (MCE for each Service and COW (£) / Total Service MCE (£)) * Value of PIA MCE (£) (result from Step 7 which has been summed up on a Service Level)	PIA MCE for each Service and COW = (5m / 100m) * 75m	PIA MCE for each Service and COW = £3.75m
	9	**BT Assets** This step calculates the CCA MCE cost using the original MCE and new PIA MCE costs	CCA MCE (£) = (MCE + PIA MCE (result from Step 8)) / 1000	CCA MCE (£) = (5m+ 3.75m) / 1000	CCA MCE (£) = £875k
	10	**BT Assets** This step calculates the Landlord MCE cost by multiplying the CCA cost by the Landlord %	Landlord MCE (£) = CCA MCE (£) (result from Step 9) * Landlord %	Landlord MCE (£) = £875k * 100%	Landlord MCE (£) = £875k
	11	**BT Assets** This step calculates the Weighted MCE value for Openreach and BTW Assets by multiplying the Landlord MCE cost by the WACC Rate %	Weighted Return (£) =Landlord MCE (£) (result from Step 10) * WACC Rate %	Weighted Return (£) = £875k * 8%	Weighted Return (£) = £70k
	12	Calculate the percentage allocation of each service based on the weighted return for the service divided by the total weighted return for all services this component allocates cost to.	$Service_x$ % Allocation = Weighted Return for $Service_x$ (£) (result from Step 4 and 10) / Total Weighted returns for all services (£) (result from Step 5 and 11 which have been summed up)	$Service_1$ % Allocation = 40k / 320k	$Service_1$ % Allocation = 20% $\sum Service_{1...n}$ % Allocation= 100%
	13	A volume based weighting is applied to arrive at the final factor allocation	$Service_x$ Factor = $Service_x$ % Allocation (result from Step 12) / Volume	$Service_1$ Factor = 0.20 / 20 * 100%	$Service_1$ Factor = 0.01
	14	This step calculates the percentage allocation based on service factored volumes.	For each relevant service: $Service_x$ percentage allocation = $Service_x$ Usage Factor (result from Step 13) * ($Service_x$ Volume / Total Service Factored Volume)	$Service_1$ = 1 * (200 / 1000)	$Service_1$ = 20% $\sum Service_{1...n}$ = 100%

5.7 Revenue

Overview

This section sets out the methodology for calculating the revenue, volume and prices for services.

The following sections relate to Openreach services in each of the markets listed below:

- **5.7.1 Physical Infrastructure market**
- **5.7.2 Wholesale local access markets:**
    - WLA area 2
    - WLA area 3
- **5.7.3 Access and interexchange markets**
    - LLA area 2
    - LLA area 3
    - LLA high network reach
    - IEC BT only
    - IEC BT +1 exchanges

The following sections relate to services in each of the Rest of BT markets listed below:

- **5.7.4 WCT**
- **5.7.5 TDM Interconnection**
- **5.7.6 IP Interconnection**

5.7.1 Physical Infrastructure Access (PIA) Market - External Revenue Only

Reference	PIA - External Revenue
Title	Physical Infrastructure Access - External Revenue
Overview	This entry details the methodology for attributing revenue for physical infrastructure available to Communication providers (CPs), which facilitates the provision of network access and services to be provided to the end customer. The infrastructure is comprised of two main areas, underground duct and telegraph poles, which are used to carry cables used by a variety of different services within different downstream markets, such as WLA.
Description	**1. Summary Calculation:** Revenues and volumes by product are obtained from PIA billing data and mapped to PIA services.
	2. Summary Destination: All PIA related external services
	3. Methodology Taxonomy: N/A **4. Driver classification:** N/A
	5. Data Source Summary: The PIA Revenue Submission is provided by Openreach and records the revenues and volumes for PIA products.
Data Sources	PIA Revenue Submission: Revenue & Volumes - PIA revenue and volumes

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates group revenues and volumes for services, using products data obtained from ARC.	= [Product 1 ARC Revenue] + [Product 2 ARC Revenue] + ... = [Service 1 ARC Revenue] = [Product 1 ARC Volume] + [Product 2 ARC Volume] + ... = [Service 1 ARC Volume] ***= [Product X_1 ARC Revenue] + [Product X_2 ARC Revenue] + ...*** ***= [Service X ARC Revenue]*** ***= [Product X_1 ARC Volume] + [Product X_2 ARC Volume] + ...*** ***= [Service X ARC Volume]***	=100 + 100 + ... = 1,000 = 25 +25 + ... = 75 ***= $X_{1\ ARC\ Revenue} + X_{2\ ARC\ Revenue} + ... = X_{ARC\ Revenue}$*** ***= $X_{1\ ARC\ Volume} + X_{2\ ARC\ Volume} + ... = X_{ARC\ Volume}$***	= 1,000 [Service 1 ARC Revenue] = 75 [Service 1 ARC Volume] ***= $X_{ARC\ Revenue}$ [Service X ARC Revenue]*** ***= $X_{ARC\ Volume}$ [Service X ARC Volume]***
2	This step calculates the adjustment for revenue and volumes for all the PIA external services as the ARC data does not have sufficient granularity for PIA so we use billing data instead. Step A: Calculates the volumes for each product using the revenue from the billing data and the price from the Openreach Pricelist as the billing data does not provide volumes, adjusting for period. Step B: Allocates any products with revenue that do not have an official price a nominal volume of 1. For example, the product 'PIA Ancillary Charges' is made up of many different sub-products and prices and therefore there is no price reported in the billing data and hence we need to allocate a nominal volume of 1 to ensure the revenue for this product is captured in the RFS. Step C: Maps each product in the PIA billing data to their appropriate service and calculates the revenue and volume for each service by summing the revenue and volume for relevant products.	Step A: [Product 1 Volume] = ([Product 1 Revenue] / [Price from OR Pricelist for Product 1]) * Period ... Repeat for all products Step B: [Product 'PIA Ancillary Charges' Volume] = 1 Step C: [Service 1 Revenue] = [Product 1 Revenue] + [Product 2 Revenue] + ...	Step A: [Product 1 Volume] = (£30k / £30) * 12 = 12,000 Step B: [Product 2 Volume] = 1 Step C: [Service 1 Revenue] = £30k + £5k + ... = £50k Step D:	[Service 1 Revenue Adjustment] = £25k

	Step D: Posts the difference between the revenue and volume in ARC and what is calculated in step D for all external PIA services.	... Repeat for volumes and for all other external PIA services Step D: [Service 1 Revenue Adjustment] = [Service 1 Revenue]$_{\text{calculated in step C}}$ - [Service 1 ARC Revenue] ... Repeat for volumes and for all external PIA services	[Service 1 Revenue Adjustment] = £50k - £25k = £25k	
3	For all remaining calculation steps please see calculation steps 26-39 on the WLA Revenue AMD page.			

5.7.2 Wholesale Local Access (WLA) Market

Reference	WLA Revenue
Title	Wholesale Local Access Revenue
Overview	This entry details the methodology for attributing revenue for copper and fibre fixed lines connecting end-users to access nodes in BT exchanges. These lines are used by CPs to provide telephone and broadband (BB) internet services (including superfast broadband) to residential and business consumers.
Description	**1. Summary Calculation:** Revenues and volumes by product are obtained from monthly ARC data and mapped to WLA services. In some cases, additional adjustments are made to the ARC data, which are detailed in the below calculation steps.
	2. Summary Destination: All WLA related services
	3. Methodology Taxonomy: N/A **4. Driver classification:** N/A
	5. Data Source Summary: ARC data is downloaded from the Hyperion OBI system and records the monthly revenues and volumes for Openreach products.
Data Sources	ARC Data : Revenue & Volumes - WLA revenue and volumes Volume Data Cube: Revenue & Volumes - WLA revenue and volumes Openreach Price List: Revenue & Volumes - WLA revenue and volumes iCAT Billing Data: Revenue & Volumes - WLA revenue and volumes Various other billing data provided by Openreach: Revenue & Volumes - WLA revenue and volumes

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step calculates group revenues and volumes for services, using products data obtained from ARC. A number of services have adjustments posted against them where granularity of ARC data is insufficient. These service codes are listed below, please refer to annex one of this AMD for service names associated with the codes presented.	= [Product 1 ARC Revenue] + [Product 2 ARC Revenue] + ... = [Service 1 ARC Revenue] = [Product 1 ARC Volume] + [Product 2 ARC Volume] + ... = [Service 1 ARC Volume] ***= [Product X_1 ARC Revenue] + [Product X_2 ARC Revenue] + ... = [Service X ARC Revenue]*** ***= [Product X_1 ARC Volume] + [Product X_2 ARC Volume] + ... = [Service X ARC Volume]***	=100 + 100 + ... = 1,000 = 25 +25 + ... = 75 ***= $X_{1\ ARC\ Revenue} + X_{2\ ARC\ Revenue} + ... = X_{ARC\ Revenue}$*** ***= $X_{1\ ARC\ Volume} + X_{2\ ARC\ Volume} + ... = X_{ARC\ Volume}$***	= 1,000 [Service 1 ARC Revenue] = 75 [Service 1 ARC Volume] ***= $X_{ARC\ Revenue}$ [Service X ARC Revenue]*** ***= $X_{ARC\ Volume}$ [Service X ARC Volume]***

[redacted]	2	This step calculates the adjustment for revenue and volumes for the two tie cables services (SL128 and SL206) as the ARC data does not have granularity for Tie Cables so we use iCAT billing data instead. Step A: Filters iCAT data for relevant tie cable related products for both services and sums the revenue and volumes. Step B: Posts the difference between the revenue and volume in ARC and the iCAT data for both the services.	Step A: [SL128 Revenue] = [Product 1 iCAT Revenue] + [Product 2 iCAT Revenue] + ... [SL128 Volume] = [Product 1 iCAT Volume] + [Product 2 iCAT Volume] + ... [SL206 Revenue] = [Product 3 iCAT Revenue] + [Product 4 iCAT Revenue] + ... [SL206 Volume] = [Product 3 iCAT Volume] + [Product 4 iCAT Volume] + ... Step B: [SL128 Revenue Adjustment] = [SL128 iCAT Revenue] - [SL128 ARC Revenue] [SL128 Volume Adjustment] = [SL128 iCAT Volume] - [SL128 ARC Volume] [SL206 Revenue Adjustment] = [SL206 iCAT Revenue] - [SL206 ARC Revenue] [SL206 Volume Adjustment] = [SL206 iCAT Volume] - [SL206 ARC Volume]	Step A: [SL128 iCAT Revenue] = £1m + £3m + ... = £12m [SL128 iCAT Volume] = 300k + 750k + ... = 5m [SL206 iCAT Revenue] = £2m + £4m + ... = £14m [SL206 iCAT Volume] = 1m+ 1.5m + ... = 7m Step B: [SL128 Revenue Adjustment] = £12m - £2m = £10m SL128 Volume Adjustment = 5m – 1m = 4m [SL206 Revenue Adjustment] = £14m - £33m = -£19m [SL206 Volume Adjustment] = 7m - 28m = -21m	[SL128 Revenue Adjustment] = £10m [SL128 Volume Adjustment] = 4m [SL206 Revenue Adjustment] = -£19m [SL206 Volume Adjustment] = -£21m
	3	This step calculates revenues associated with external tie cable services. In ARC some co-mingling services (including services sold to Vodaphone) are pointed to internal tie cable services. For regulatory purposes these revenues need to be repointed to external co-mingling services SL131, SL132 and SL207 as these are external revenues managed by BT Wholesale. Step A: Identifies revenues for services SL120, SL132, SL207 using iCAT billing data. Step B: Splits co-mingling connection revenues (SL131) proportionally from rentals (SL132) using ARC data. Step C: Derives volumes from iCAT revenues using ARC prices. Step D: Calculates the adjustment relating to the tie cables revenues in ARC - any remaining variance from the tie cables adjustment to the iCAT billing data is posted to SL207.	Step A: [SL120 Revenue Adjustment] = [Product 1 iCAT Revenue] + [Product 2 iCAT Revenue] + ... [SL132 iCAT Revenue] = [Product 3 iCAT Revenue] + [Product 4 iCAT Revenue] + ... [SL207 iCAT Revenue] = [Product 3 iCAT Revenue] + [Product 4 iCAT Revenue] + ... Step B: [SL131 % Weighting] = [SL131 ARC Revenue] / ([SL131 ARC Revenue] + [SL132 ARC Revenue]) [SL132 % Weighting] = [SL132 ARC Revenue] / ([SL131 ARC Revenue] + [SL132 ARC Revenue]) [SL131 Revenue Adjustment] = [SL131 % Weighting] * $[SL132\ iCAT\ Revenue]_{calculated\ in\ step\ A}$ [SL132 Revenue Adjustment] = [SL132 % Weighting] * $[SL132\ iCAT\ Revenue]_{calculated\ in\ step\ A}$ Step C:	Step A: [SL120 Revenue Adjustment] = £0.5m + £0.3m + ... = £4m [SL132 iCAT Revenue] = £0.2m + £0.4m + ... = £10m [SL207 iCAT Revenue] = £0.1m + £0.2m + ... = £1m Step B: [SL131 % Weighting] = £10m / (£10m + £40m) = 20% [SL132 % Weighting] = £40m / (£10m + £40m) = 80%	[SL120 Revenue Adjustment] = 4m [SL120 Volume Adjustment] = 27m [SL131 Revenue Adjustment] = £2m [SL131 Volume Adjustment] = 2,000 [SL132 Revenue Adjustment] = £8m [SL132 Volume Adjustment] = 4m [SL207 Revenue Adjustment] = -£7m [SL207 Volume Adjustment] = 30,303

			[SL120 Volume Adjustment] = [SL120 iCAT Revenue] / ([SL120 ARC Revenue] / [SL120 ARC Volume]) [SL131 Volume Adjustment] = [SL131 Revenue Adjustment] / ([SL131 ARC Revenue] / [SL131 ARC Volume]) [SL132 Volume Adjustment] = [SL132 Revenue Adjustment] / ([SL132 ARC Revenue] / [SL132 ARC Volume]) [SL207 Volume Adjustment] = [SL207 iCAT Revenue] / ([SL207 ARC Revenue] / [SL207 ARC Volume]) Step D: [SL207 Revenue Adjustment] = [SL207 iCAT Revenue]-[SL128 Revenue Adjustment]$_{\text{calculated in step B}}$ - [SL206 Revenue Adjustment]$_{\text{calculated in step B}}$ - [SL120 Revenue Adjustment] - [SL207 Revenue Adjustment] - [SL131 Revenue Adjustment] - [SL132 Revenue Adjustment]	[SL131 Revenue Adjustment] = 20% * £10m = £2m [SL132 Revenue Adjustment] = 80% * £10m = £8m Step C: [SL120 Volume Adjustment] = £4m / (£30m / 200m) = 27m [SL131 Volume Adjustment] = £2m / (£10m / 10k) = 2000 [SL132 Volume Adjustment] = £8m / (£40m / 20m) = 4m [SL207 Volume Adjustment] = £1m / (£33m / 1m) = 30,303 Step D: [SL207 Revenue Adjustment] = £1m - £12m - -£19m - £4m - £1m - £2m - £8m = -£7m	
4	This step calculates the split of enhanced care revenue/volume between MPF and SMPF, using the iCAT data. The ARC data is initially mapped to SL234, a proportion of this revenue and volume is repointed from SL234 to SL236 based on the iCAT data. The difference between ARC and iCAT is posted to SK986. Step A: Identifies revenue and volume for services SL234 and SL236 iCAT billing data. Step B: Calculates total ARC revenue and volumes for Enhanced care. Step C: Calculates adjustment to SL234 and SL236 and remaining difference between ARC and iCAT is allocated to SK986.	Step A: [SL234 iCAT Revenue] = [MPF Product 1 iCAT Revenue] + [MPF Product 2 iCAT Revenue] + ... [SL234 iCAT Volume] = [MPF Product 1 iCAT Volume] + [MPF Product 2 iCAT Volume] + ... [SL236 iCAT Revenue] = [SMPF Product 1 iCAT Revenue] + [SMPF Product 2 iCAT Revenue] + ... [SL236 iCAT Volume] = [SMPF Product 1 iCAT Volume] + [SMPF Product 2 iCAT Volume] + ... Step B: [Enhanced Care ARC Revenue] = [Enhanced Care Product 1 ARC Revenue] + [Enhanced Care Product 2 ARC Revenue] + ...	Step A: [SL234 iCAT Revenue] = £3m + £1m + ... = £5m [SL234 iCAT Volume] = 0.2m + 0.3m + ... = 1m [SL236 iCAT Revenue] = £2m + £1.5m + ... = £5m [SL236 iCAT Volume] = 0.5m + 0.4m + ... = 2m Step B: [Enhanced Care ARC Revenue] = £4m + £2m + ... = £8m	[SL236 Revenue Adjustment] = £5m [SL236 Volume Adjustment] = 1m [SL234 Revenue Adjustment] = -£3m [SL234 Volume Adjustment] = -0.5m [SK986 Revenue Adjustment] = -£2m [SK986 Volume Adjustment] = -0.5m

		[Enhanced Care ARC Volume] = [Enhanced Care Product 1 ARC Volume] + [Enhanced Care Product 2 ARC Volume] + ... Step C: [SL236 Revenue Adjustment] = [SL236 iCAT Revenue]$_{\text{calculated in step A}}$ [SL236 Volume Adjustment] = [SL236 iCAT Volume]$_{\text{calculated in step A}}$ [SL234 Revenue Adjustment] = [SL234 iCAT Revenue]$_{\text{calculated in step A}}$ - [Enhanced Care ARC Revenue]$_{\text{calculated in step B}}$ [SL234 Volume Adjustment] = [SL234 iCAT Volume]$_{\text{calculated in step A}}$ - [Enhanced Care ARC Volume]$_{\text{calculated in step B}}$ [SK986 Revenue Adjustment] = [Enhanced Care ARC Revenue]$_{\text{calculated in step B}}$ - [SL234 iCAT Revenue]$_{\text{calculated in step A}}$ - [SL236 iCAT Revenue]$_{\text{calculated in step A}}$ [SK986 Volume Adjustment] = [Enhanced Care ARC Volume]$_{\text{calculated in step B}}$ - [SL234 iCAT Volume]$_{\text{calculated in step A}}$ - [SL236 iCAT Volume]$_{\text{calculated in step A}}$	[Enhanced Care ARC Volume] = 1.5m + 0.4m + ... = 2.5m Step C: [SL236 Revenue Adjustment] = £5m [SL236 Volume Adjustment] = 1m [SL234 Revenue Adjustment] = £5m - £8m = -£3m [SL234 Volume Adjustment] = 2m - 2.5m = -0.5m [SK986 Revenue Adjustment] = £8m - £5m - £5m = -£2m [SK986 Volume Adjustment] = 2.5m - 1m - 2m = -0.5m	
5	This step calculates volumes for internal SMPF expedites using iCAT data as ARC does not include this. Step A: Identifies volume for service SL228 using iCAT billing data. Step B: Calculates difference between iCAT and ARC volume for SL228 and posts as an adjustment.	Step A: [SL228 iCAT Volume] = [Product 1 iCAT Volume] + [Product 2 iCAT Volume] + ... Step B: [SL228 Volume Adjustment] = [SL228 iCAT Volume]$_{\text{calculated in step A}}$ - [SL228 ARC Volume]	Step A: [SL228 iCAT Volume] = 400 + 1,000 + ... = 6,000 Step B: [SL228 Volume Adjustment] = 6,000 – 1,000 = 5,000	[SL228 Volume Adjustment] = 5000
6	This step calculates the split of the product 'LLU P&B New PoP Bespoke Charges' as it contains basket and non-basket co-mingling services. Therefore we split the volume and revenue based on billing back-up data for ARC product 'LLU P&B New PoP Bespoke Charge' between SL131 and SL207 (i.e. basket and non-basket co-mingling services). Step A: Identifies revenue and volume for basket services related to the ARC product 'LLU P&B New PoP Bespoke Charge' using billing data. Step B: Posts the difference between billing data and ARC as an adjustment to SL131 and SL207.	Step A: [Basket Revenue] = [Basket Product 1 Billing Revenue] + [Basket Product 2 Billing Revenue] + ... [Basket Volume] = [Basket Product 1 Billing Volume] + [Basket Product 2 Billing Volume] + ... [Non-Basket Revenue] = [Non-Basket Product 1 Billing Revenue] + [Non-Basket Product 2 Billing Revenue] + ... [Non-Basket Volume] = [Non-Basket Product 1 Billing Volume] + [Non-Basket Product 2 Billing Volume] + ... Step B: [SL131 Revenue Adjustment] = [Basket Revenue]$_{\text{calculated in step A}}$ - [ARC Revenue for product 'LLU P&B New PoP Bespoke Charges']	Step A: [Basket Revenue] = £0.5m + £0.2m + ... = £1m [Basket Volume] = 100 + 75 + ... = 500 [Non-Basket Revenue] = £0.1m + £0.3m + ... = £0.7m [Non-Basket Volume] = 50 + 25 + ... = 500 Step B:	[SL131 Revenue Adjustment] = -£3m [SL131 Volume Adjustment] = 500 [SL207 Revenue Adjustment] = £3m [SL207 Volume Adjustment] = 500

		[SL131 Volume Adjustment] = [Basket Volume]$_{\text{calculated in step A}}$ [SL207 Revenue Adjustment] = -[SL131 Revenue Adjustment] [SL207 Volume Adjustment] = [Non-Basket Volume]$_{\text{calculated in step A}}$	[SL131 Revenue Adjustment] = £1m - £4m = -£3m [SL131 Volume Adjustment] = 500 [SL207 Revenue Adjustment] = - -£3m = £3m [SL207 Volume Adjustment] = 500	
7	This step calculates the volumes for the product 'MPF Mass Migration Change' and 'SMPF Flexi Cease Fault Investigation' as ARC does not have volumes for these products and therefore we use the average price from the Openreach (OR) Pricelist to calculate the volumes. Step A: Calculates the correct volume using revenue from ARC and the price from the OR Pricelist. Step B: Posts the difference between volume calculated in step A and ARC as an adjustment to SL181 and SL179. This step calculates the volumes for the product 'SMPF Flexi Cease Fault Investigation' as ARC does not have volumes for this product and therefore we use the average price from the Openreach (OR) Pricelist to calculate the volumes. Step A: Calculates the correct volume using revenue from ARC and price from OR Pricelist. Step B: Posts the difference between volume calculated in step 1 and ARC as an adjustment to SL179.	Step A: [Correct Volume] = [ARC Revenue for product 'LLU Bulk Migration Misc'] / [Price from OR Pricelist for product 'LLU Bulk Migration Misc'] Step B: [SL181 Volume Adjustment] = [Correct Volume]$_{\text{calculated in step A}}$ - [ARC Volume for product 'LLU Bulk Migration Misc'] Repeat for other product and service combination.	Step A: [Correct Volume] = £100k / £20 = 5,000 Step B: [SL181 Volume Adjustment] = 5,000 – 4,000 = 1,000 Repeat for other product and service combination.	[SL181 Volume Adjustment] = 1000 Repeat for other product and service combination.
8	This step calculates the split of the revenues between MPF Rentals and Service Maintenance as some of the FeatureNet revenue relates to Service Maintenance and should go to SL234 (internal Enhanced Care). Step A: Calculates the ARC price for FeatureNet and MPF Rentals and the difference between the two. Step B: Calculates the revenue and volume adjustment for SL234 and SL127.	Step A: [FeatureNet ARC Price] = [FeatureNet ARC Revenue] / [FeatureNet ARC Volume] [MPF Rentals ARC Price] = [MPF Rentals ARC Revenue] / [MPF Rentals ARC Volume] [Price Difference] = [MPF Rentals ARC Price] - [FeatureNet ARC Price] Step B: [SL234 Revenue Adjustment] = [Price Difference]$_{\text{calculated in step A}}$ * [FeatureNet ARC Volume]	Step A: [FeatureNet ARC Price] = £4m / 0.5m = £8 [MPF Rentals ARC Price] = £40m / 10m = £4 [Price Difference] = £8 - £4 = £4 Step B:	[SL234 Revenue Adjustment] = £2m [SL234 Volume Adjustment] = 0.5m [SL127 Revenue Adjustment] = -£2m

			[SL234 Volume Adjustment] = [FeatureNet ARC Volume] [SL127 Revenue Adjustment] = -[SL234 Revenue Adjustment]	[SL234 Revenue Adjustment] = £4 * 0.5m = £2m [SL234 Volume Adjustment] = 0.5m [SL127 Revenue Adjustment] = -£2m	
9	This step calculates the internal volumes for 'MPF Connections" as ARC does not have volumes for this product and therefore we use the average price from the Openreach (OR) Pricelist to calculate the volumes. Step A: Calculates the correct volume using the revenue from ARC and the price from the OR Pricelist. Step B: Posts the difference between volume calculated in step A and ARC as an adjustment to SL123.	Step A: [Correct Volume] = [ARC Revenue for SL123] / [Price from OR Pricelist for product 'MPF Connection Charge'] Step B: [SL123 Volume Adjustment] = [Correct Volume]$_{\text{calculated in step A}}$ - [ARC Volume for SL123] - [Sum_EFM]	Step A: [Correct Volume] = £200k / £40 = 5,000 Step B: [SL123 Volume Adjustment] = 5,000 - 20,000 - 5,000 = -20,000	[SL123 Volume Adjustment] = -20,000
10	This step calculates the internal volumes for 'MPF Rentals' as ARC does not have volumes for this product and therefore we use the average price from the Openreach (OR) Pricelist to calculate the volumes. Step A: Calculates the correct volume using the revenue from ARC, including any other adjustments impacting this same service and the price from the OR Pricelist. Step B: Posts the difference between the volume calculated in step A and ARC, including any other adjustments impacting this same service, as an adjustment to SL127.	Step A: [Correct Volume] = [ARC Revenue for SL127] + [Adjustment X impacting SL127 Revenue] + [Adjustment Y impacting SL127 Revenue] +...) / [Price from OR Pricelist for 'MPF Rentals'] Step B: [SL127 Volume Adjustment] = [Correct Volume]$_{\text{calculated in step A}}$ - [ARC Volume for SL127] - [Adjustment X impacting SL127 Volume] - [Adjustment Y impacting SL127 Volume] -...	Step A: [Correct Volume] = (£10m + £2m + £1m + ...) / £10 = £15m / £10 = £1.5m Step B: [SL127 Volume Adjustment] = £1.5m - £0.1m - £0.1m - £0.2m - ... = -£0.5m	[SL127 Volume Adjustment] = -£0.5m
11	This step calculates the EFM adjustment that is made to the two internal MPF services (SL123 and SL127). Step A: Multiplies the EFM by the ARC volume for each relevant product. Step B: Calculates the volume adjustment required for each service by adding the EFM totals for the relevant products.	Step A: [EFM Total 1] = [EFM] * [ARC Volume for Product 1] .... Repeat for all relevant products Step B: [SL123 Volume Adjustment] = [EFM Total 1] + [EFM Total 2] + ... [SL127 Volume Adjustment] = [EFM Total 3] + [EFM Total 4] + ...	Step A: [EFM Total 1] = 2 * 100 = 200 Step B: [SL123 Volume Adjustment] = 200 + 100 + ... = 300k [SL127 Volume Adjustment] = 500 + 150 + ... = 100k	[SL123 Volume Adjustment] = 300k [SL127 Volume Adjustment] = 100k

[redacted]	12	This step calculates the 'FTTC Rental Provision' and 'FTTC Connections Provision' split for each of the FTTC services. There is a provision made for FTTC rentals and connections relating to the rebate for Fibre volume offer that are booked on only one line in ARC but needs to be split between the FTTC services for our RFS purposes. Step A: Splits the FTTC Rental and Connection Provisions between the relevant FTTC services by calculating their individual proportion based on their revenue.	Step A: FTTC Rental Provision [SL310 Revenue Adjustment] = [FTTC Rental Provision Volumes] * [Total rental revenue adjustment] / [Sum of all FTTC Rental Service Volumes] .... Repeat for all FTTC Rental Services FTTC Connection Provision [SL338 Revenue Adjustment] = [FTTC Connection Provision Volumes] * [Total connection revenue adjustment] / [Sum of all FTTC Connection Service Volumes] .... Repeat for all FTTC Connection Services	Step A: FTTC Rental Provision [SL310 Revenue Adjustment] = 15m * £10m / 50m = £3m FTTC Connection Provision [SL338 Revenue Adjustment] = 10m * £5m/100m = £0.5m	FTTC Rental Provision [SL310 Revenue Adjustment] = £3m FTTC Connection Provision [SL338 Revenue Adjustment] = £0.5m
	13	This step calculates the 'Bandwidth Modification' split between the different services as the ARC data does not split this product between the different speeds and all is allocated to SL309 and SL329. This amount is split between 40/10M and other speeds and this proportion is calculated using the revenue for the relevant services. Step A: Calculates the internal and external 40/10M speed connection revenue proportion over total connections revenue. Step B: Splits the FTTC/FTTP internal and external 'Bandwidth Modification' revenue and volume between the relevant services using the split percentages calculated in step A.	Step A: [Internal % Split] = [Sum of revenue for all Internal 40/10 Connection Services] / ([Sum of revenue for all Internal 40/10 Connection Services] + [Sum of revenue for all Internal Non-40/10 Connection Services]) [External % Split] = [Sum of revenue for all External 40/10 Connection Services] / ([Sum of revenue for all Internal 40/10 Connection Services] + [Sum of revenue for all External Non-40/10 Connection Services]) Step B: FTTC/FTTP Internal Bandwidth Modification [SL309 Revenue Adjustment] = -[FTTC/FTTP Internal Bandwidth Modification ARC Revenue] * [Internal % Split]$_{\text{calculated in step A}}$ [SL309 Volume Adjustment] = -[FTTC/FTTP Internal Bandwidth Modification ARC Volume] * [Internal % Split]$_{\text{calculated in step A}}$ [SL323 Revenue Adjustment] = -[SL309 Revenue Adjustment] [SL323 Volume Adjustment] = -[SL309 Volume Adjustment] FTTC/FTTP External Bandwidth Modification [SL319 Revenue Adjustment] = -[FTTC/FTTP External Bandwidth Modification ARC Revenue] * [External % Split]$_{\text{calculated in step A}}$	Step A: [Internal % Split] = (£3m + £25m + ...) / ((£3m + £25m + ...) + (£6m + £30m + ...)) = 40% [External % Split] = (£2m + £20m + ...) / ((£2m + £20m + ...) + (£1m + £15m + ...)) = 50% Step B: FTTC/FTTP Internal Bandwidth Modification [SL309 Revenue Adjustment] = -£3m * 40% = -£1.2m [SL309 Volume Adjustment] = -500k * 40% = -200k [SL323 Revenue Adjustment] = -(-£1.2m) = £1.2m [SL323 Volume Adjustment] = -(-200k) = 200k	FTTC/FTTP Internal Bandwidth Modification [SL309 Revenue Adjustment] = -£1.2m [SL309 Volume Adjustment] = -200k [SL323 Revenue Adjustment] = £1.2m [SL323 Volume Adjustment] = 200k FTTC/FTTP External Bandwidth Modification [SL319 Revenue Adjustment] = -£1m [SL319 Volume Adjustment] = -150k [SL330 Revenue Adjustment] = £1m [SL330 Volume Adjustment] = 150k

		[SL319 Volume Adjustment] = -[FTTC/FTTP External Bandwidth Modification ARC Volume] * [External % Split]$_{\text{calculated in step A}}$ [SL330 Revenue Adjustment] = -[SL319 Revenue Adjustment] [SL330 Volume Adjustment] = -[SL319 Volume Adjustment]	FTTC/FTTP External Bandwidth Modification [SL319 Revenue Adjustment] = -£2m * 50% = -£1m [SL319 Volume Adjustment] = -300k * 50% = -150k [SL330 Revenue Adjustment] = -(-£1m) = £1m [SL330 Volume Adjustment] = -(-150k) = 150k	
14	This step calculates the adjustment required to amend any services with rebates and reallocates the revenue and volume related to rebates to residual. Step A: Identifies the revenue and volume for any rebates related to SL172 and SL201. Step B: Reallocates the revenue and volume identified in step A to SK986.	Step A: [SL172 Revenue adjustment] = -[Sum of all ARC revenue for rebates related to SL172] [SL172 Volume adjustment] = -[Sum of all ARC volume for rebates related to SL172] [SL201 Revenue adjustment] = -[Sum of all ARC revenue for rebates related to SL201] [SL201 Volume adjustment] = -[Sum of all ARC volume for rebates related to SL201] Step B: [SK986 Revenue adjustment] = -([SL172 Revenue adjustment] + [SL201 Revenue adjustment]) [SK986 Volume adjustment] = -([SL172 Volume adjustment] + [SL201 Volume adjustment])	Step A: [SL172 Revenue adjustment] = -[£100k + £150k + ...] = -£500k [SL172 Volume adjustment] = -[100 + 250 + ...] = -1k [SL201 Revenue adjustment] = -[£200k + £50 + ...-] = -£700k [SL201 Volume adjustment] = -[£1k + £500 + ...] = -3k Step B: [SK986 Revenue adjustment] = -(-£500k + -£700k) = £1.2m [SK986 Volume adjustment] = -(-1k + -3k) = 4k	[SL172 Revenue adjustment] = -£500k [SL172 Volume adjustment] = -1k [SL201 Revenue adjustment] = -£700k [SL201 Volume adjustment] = -3k [SK986 Revenue adjustment] = £1.2m [SK986 Volume adjustment] = 4k
15	This step calculates the volume for the products 'MPF Rental with SL1' and 'MPF Amends and Cancellations' as ARC does not have volumes for these products and therefore we use the average price from the Openreach (OR) Pricelist to calculate the volumes. Step A: Calculates the correct volume for SL346 ('MPF Rental with SL1'), SL175 and SL176 ('MPF	Step A: [Service1 Correct Volume] = [ARC Revenue for Service1] / [Price from OR Pricelist for Product1] Step B: [Service1 Volume Adjustment] = [Service1 Correct Volume]$_{\text{calculated in step A}}$ - [ARC Volume for Service 1] Repeat steps for all services and products.	Step A: [Service1 Correct Volume] = £1.5m / £5 = 300k Step B: [Service1 Volume Adjustment] = 300k - 250k = 50k	[Service1 Volume Adjustment] = 50k

	Amends and Cancellations') using revenue from ARC and the price from the OR Pricelist. Step B: Posts the difference between the volume calculated in step A and ARC as an adjustment to services.			
16	This step calculates the split for GEA 40/10M FTTP between transition and non-transition as the ARC data does not have this level of detail. The billing data is used to differentiate between transition and non-transition which is done by identifying the different rental charges attached to the service. Step A: Calculates the FTTP Transitions Product Connections for each month of the year. Step B: Calculates the FTTP Transitions Product Connections % for each month of the year. Step C: Calculates the FTTP 40/10M TP Connections for each month of the year. Step D: Calculates the Transition percentage. Step E: Calculates the revenue adjustment. Step F: Calculates the volume adjustment.	Step A: [FTTP Transitions Product Connections for Jan] = [FTTP Connections for Jan] - [FVA Connections for Jan] ... Calculate FTTP Transitions Product Connections for each month of the year Step B: [FTTP Transitions Product Connection % for Jan] = [FTTP Transitions Product Connections for Jan]$_{\text{calculated in step A}}$ / [FTTP Connections for Jan] ... Calculate FTTP Transitions Product Connections % for each month of the year Step C: [FTTP 40/10 TP Connections for Jan] = [FTTP Transitions Product Connection % for Jan]$_{\text{calculated in step B}}$ * [FTTP 40/10 Connections for Jan] ... Calculate FTTP 40/10 TP Connections for each month of the year Step D: [Transition %] = ([FTTP 40/10 TP Connections for Jan] + [FTTP 40/10 TP Connections for Feb] + ...) / ([FTTP 40/10 Connections for Jan] + [FTTP 40/10 Connections for Feb] + ...) Step E: [SL307 Revenue Adjustment] = ([SL307 ARC Revenue] * [Transition %]) - [SL307 ARC Revenue] [SL317 Revenue Adjustment] = ([SL317 ARC Revenue] * [Transition %]) - [SL317 ARC Revenue] [SL344 Revenue Adjustment] = -[SL307 Revenue Adjustment] [SL345 Revenue Adjustment] = -[SL317 Revenue Adjustment]	Step A: [FTTP Transitions Product Connections for Jan] = 50k - 10k = 40k Step B: [FTTP Transitions Product Connection % for Jan] = 40k / 50k = 80% Step C: [FTTP 40/10 TP Connections for Jan] = 80% * 100 = 80 Step D: [Transition %] = (80 + 60 + ...) / (100 + 90 + ...) = 90% Step E: [SL307 Revenue Adjustment] = (£2m * 90%) - £2m = -£0.2m [SL317 Revenue Adjustment] = (£20k * 90%) - £20k = -£2k [SL344 Revenue Adjustment] = -(-£0.2m) [SL345 Revenue Adjustment] = -(-£2k) Step F: [SL307 Volume Adjustment] = ((£2m * 90%) / 100) - 20k = -2k	[SL307 Revenue Adjustment] = -£0.2m [SL317 Revenue Adjustment] = -£2k [SL344 Revenue Adjustment] = £0.2m [SL345 Revenue Adjustment] = £2k [SL307 Volume Adjustment] = -2k

		Step F: [SL307 Volume Adjustment] = (([SL307 ARC Revenue] * [Transition %]) / [Average Price]) - [SL307 ARC Volume] ... Repeat for all 4 services		
17	The step calculates the volume for a number of products as ARC does not have volumes for them and therefore we use the average price from the Openreach (OR) Pricelist to calculate the volumes. Step A: Calculates the correct volume for each service using revenue from ARC and the price from the OR Pricelist. Step B: Posts the difference between volume calculated in step A and ARC as an adjustment to each service.	Step A: [SL177 Correct Volume] = [ARC Revenue for SL177] / [Price from OR Pricelist for product 'MPF Amend/Cancellations'] .... Repeat for all other services Step B: [SL177 Volume Adjustment] = [SL177 Correct Volume]$_{\text{calculated in step A}}$ - [ARC Volume for SL177] .... Repeat for all other services	Step A: [SL177 Correct Volume] = £10k / £5 = 2k Step B: [SL177 Volume Adjustment] = 2k - 1k = 1k	[SL177 Volume Adjustment] = 1k
18	This step calculates the split for the product "FTTP Connections Discount" using the billing data as it contains both 40/10M and other speeds in the ARC data, which needs to be separated for RFS purposes. All the revenue for this product is mapped to SL306 so we need to identify how much is related to 40/10M bandwidth speed and move that revenue to SL307. Step A: Identifies FTTP 40/10M discount amount from the billing data and remove this revenue from SL306 and put into SL307.	Step A: [SL306 Revenue Adjustment] = [FTTP 40/10M Discount] [SL307 Revenue Adjustment] = -[FTTP 40/10M Discount]	Step A: [SL306 Revenue Adjustment] = £700k [SL307 Revenue Adjustment] = -£700k	[SL306 Revenue Adjustment] = £700k [SL307 Revenue Adjustment] = -£700k
19	This step allocates a nominal volume of 1 for the service SL198 as ARC does not have any volume for this service. Step A: Assigns a volume of 1 to SL198.	Step A: [SL198 Volume Adjustment] = 1	Step A: [SL198 Volume Adjustment] = 1	[SL198 Volume Adjustment] = 1
20	This step removes any cancellation volumes for LLU and WLR as it is deemed to attract no cost. Step A: Calculates the total cancellation volumes for each relevant service per ARC. Step B: Posts the the volume for each service calculated above as a negative adjustment.	Step A: [Service 1 Total Cancellation Volume] = [Product 1 ARC Cancellation Volume] + [Product 2 ARC Cancellation Volume] + ... Repeat for all relevant services Step B:	Step A: [Service 1 Total Cancellation Volume] = 100k + 20k + ... = 300k Step B: [Service 1 Volume Adjustment] = -300k	[Service 1 Volume Adjustment] = -300k

		[Service 1 Volume Adjustment] = -[Service 1 Total Cancellation Volume]$_{\text{calculated in Step A}}$ ... Repeat for all relevant services		
21	The step calculates the internal Northern Ireland (NI) volumes and revenues as ARC does not have the level of granularity required for the RFS. Step A: Calculates the revenue for each relevant product using the NI volume reports from Openreach and prices from Openreach Pricelist. Step B: Maps each of these products to services using similar logic as calculation step 1. Step C: Posts the revenue and volume adjustment for each service using results from step B above. Step D: Exceptions made for SO481 and SL147, where the revenue adjustment is instead calculated using the volume from step C and average ARC price for these services.	Step A: [Product 1 Revenue] = [Product 1 Volume] * [Product 1 Price] .... Repeat for all products Step B: [Service 1 Revenue] = [Product 1 Revenue]$_{\text{calculated in step A}}$ + [Product 2 Revenue] + ... Repeat for volumes and all other services Step C: [Service 1 Revenue adjustment] = [Service 1 Revenue]$_{\text{calculated in step B}}$ ... Repeat for volumes and all other services Step D: [SO481 Revenue Adjustment] = [SO481 Volume Adjustment] * ([ARC Revenue for SO481] / [ARC Volume for SO481])	Step A: [Product 1 Revenue] = 100 * £100 = £10k Step B: [Service 1 Revenue] = £10k + £6k+ ... = £25k Step C: [Service 1 Revenue adjustment] = £25k Step D: [SO481 Revenue Adjustment] = 4k * (£10m / 0.1m) = £400k	[Service 1 Revenue adjustment] = £25k [SO481 Revenue Adjustment] = £400k
22	This step reverses any internal NI revenue or volume booked on ARC. (Ethernet NI services are dealt with separately). Step A: Posts the revenue adjustment for each service that is equal to the internal NI ARC revenue for that service. This is then repeated for volume and all other services.	Step A: [Service 1 Revenue adjustment] = -[Service 1 Internal NI ARC Revenue] ... Repeat for volumes and all other services	Step A: [Service 1 Revenue adjustment] = -£50k	[Service 1 Revenue adjustment] = -£50k
23	This step reallocates the NI volume and revenue for SL115 to SL251 so that there is no volume/revenue for ISDN 2 connections for pre December 2018. Step A: Transfers any internal NI revenue or volume from SL115 to SL251.	Step A: [SL115 Revenue Adjustment] = -[SL115 Internal NI Revenue]$_{\text{calculated in calculation step 24}}$ [SL115 Volume Adjustment] = -[SL115 Internal NI Volume]$_{\text{calculated in calculation step 24}}$ [SL251 Revenue Adjustment] = -[SL115 Revenue Adjustment] [SL251 Volume Adjustment] = -[SL115 Volume Adjustment]	Step A: [SL115 Revenue Adjustment] = -£2k [SL115 Volume Adjustment] = -100 [SL251 Revenue Adjustment] = -(-£2k) [SL251 Volume Adjustment] = -(-100)	[SL115 Revenue Adjustment] = -£2k [SL115 Volume Adjustment] = -100 [SL251 Revenue Adjustment] = £2k [SL251 Volume Adjustment] = 100

[redacted]	24	This step calculates the IFRS15 deferred revenue adjustment. Step A: Calculates the IFRS 15 revenue adjustment for each service as the difference between the ARC revenue and the IFRS15 Revenue for that service.	Step A: [Service 1 Revenue Adjustment] = [Service 1 IFRS Revenue] - [Service 1 ARC Revenue] ... Repeat for all services	Step A: [Service 1 Revenue Adjustment] = £30m - £10m = £20m	[Service 1 Revenue Adjustment] = £20m
	25	This step allocates a nominal volume of 1 for IFRS15 services which have no ARC volume. Step A: Assigns a volume of 1 to a number of services that have IFRS 15 revenue and no ARC volume.	Step A: [Service 1 Volume Adjustment] = [Service 1 IFRS 15 Volume] - [Service 1 ARC Volume] ... Repeat for all relevant services	Step A: [Service 1 Volume Adjustment] = 1 - 0 = 1	[Service 1 Volume Adjustment] = 1
	26	The step splits the Ethernet IFRS 15 adjustment to all the different geographical locations. This is required because the entire Ethernet IFRS 15 adjustment calculated in step 24 is allocated to only the 'BT-Only' Market, which needs to be split between the different geographical locations within the Ethernet Market. Step A: Calculates the allocation percentage for each market based on their revenue for each relevant adjustment. Step B: Splits the IFRS 15 adjustment between the different markets using the allocation percentage calculated in step A above.	Step A: [Allocation % for Service 1] = [Revenue for Service 1] / ([Revenue for Service 1] + [Revenue for Service 2] + ...) ... Repeat for all relevant ethernet market services Step B: [Service 1 Revenue Adjustment] = [Allocation % for Service 1] * [Revenue Adjustment from Step 24] ... Repeat for all relevant Ethernet IFRS 15 adjustments calculated in calculation step 24.	Step A: [Allocation % for Service 1] = £100k / (£100k + £300k + ...) = £100k / £1m = 10% Step B: [Service 1 Revenue Adjustment] = 10% * 500k = £50k	[Service 1 Revenue Adjustment] = £50k
	27	This step calculates the Access Locate volume and revenue for BCMR services - Accommodation Charges by splitting out the volume/revenue from the connection service (SL131), rental service (SL132), power service (SL120) and the other service (SL207). Step A: Calculates the percentage split between WLA and Ethernet revenue. Step B: Calculates the percentage split between the different geographical locations within the Ethernet Market using total volumes. Step C: Calculates the revenue and volume allocation to each of the BCMR Accommodation services.	Step A: [Ethernet Market % Split] = [Total Ethernet Revenue] / ([Total Ethernet Revenue] + [Total WLA Revenue]) Step B: [Access - BT Only % Split] = [Total volume for Access - BT Only] / [Total Ethernet Volume] .... Repeat for all other Ethernet geographical locations Step C: [Service 1 Revenue adjustment] = [SL131 Revenue] * [Access Locate %] * [Ethernet Market % Split] * [Access - BT Only % Split] [SL131 Revenue adjustment] = -[Service 1 Revenue adjustment] - [Service 2 Revenue adjustment] - ... ... Repeat for all other Ethernet geographical locations for each service.	Step A: [Ethernet Market % Split] = £25m / (£25m + £75m) = 25% Step B: [Access - BT Only % Split] = 5m / 10m = 50% Step C: [Service 1 Revenue adjustment] = £10m * 30% * 25% * 50% = £0.4m [SL131 Revenue adjustment] = -£0.4m - £0.2m - ... = -£1m	[Service 1 Revenue adjustment] = £0.4m [SL131 Revenue adjustment] = -£1m

28	Calculation steps 31-36 calculates the Service Level Guarantees (SLGs) for each market as ARC does not allocate these to all the markets correctly. Therefore the below steps are required to calculate and allocate the total SLGs correctly to each market. This step calculates the internal and external proportions per market by taking the post-adjustment ARC revenue.	Step A: [Market 1 Internal %] = [Market 1 Internal Revenue] / ([Market 1 Internal Revenue] + [Market 1 External Revenue]) [Market 1 External %] = [Market 1 External Revenue] / ([Market 1 Internal Revenue] + [Market 1 External Revenue]) ... Repeat for all Markets	Step A: [Market 1 Internal %] = £20m / (£20m + £80m) = 20% [Market 1 External %] = £80m / (£20m + £80m) = 80%	[Market 1 Internal %] = 20% [Market 1 External %] = 80%
29	This step calculates the total revised SLG balance using the results from calculation step 28.	Step A: [Total Revised SLG] = [Market 1 Internal/External %]$_{\text{calculated in calculation step 28}}$ * [Market %] * ([SLG for GL1] + [SLG for GL2] + ...) ... Repeat for all SLG GL lines	Step A: [Total Revised SLG] = 20% * 25% * (£15m + £10m + ...) = 20% * 25% * £100m = £5m	[Total Revised SLG] = £5m
30	This step calculates the Dark Fibre SLGs revenue. Step A: Calculates the percentage of total SLG revenue over the total Ethernet revenue. Step B: Calculates the Dark Fibre SLG amount by multiplying the percentage calculated above with the total Dark Fibre revenue.	Step A: [SLG over Ethernet %] = ([SLG for GL1] + [SLG for GL2] + ...) / ([Total ARC Revenue]+[Ethernet revenue adjustment]) Step B: [Dark Fibre SLG] = [SLG over Ethernet %] * [Total Dark Fibre Revenue]	Step A: [SLG over Ethernet %] = (£15m + £10m + ...) / £10,000m = £100m / £10,000m = 1% Step B: [Dark Fibre SLG] = 1% * £100k = £1k	[Dark Fibre SLG] = £1k
31	This step maps SLG compensation data with revised GL SLGs and applies the market split. WLA Market Only: SLG Revenue for Components in WLA Market equal the total revised SLG revenue for the corresponding plant group. CL607 Only: SLG Revenue for CL607 equals the total revised SLG revenue for PG607B (which is the corresponding plant group for this component) multiplied by the SLG compensation for PG607B divided by the total SLG compensation for all SLG plant groups in the WLR market. Then you minus the dark fibre SLG amount calculated in calculation step 30 above to give you the SLG revenue for CL607B All other Components: SLG Revenue for all other components equals the total revised SLG revenue for the corresponding plant group for each component multiplied by the SLG compensation for this plant	<u>WLA Market Only:</u> [SLG Revenue for Component 1] = [Total Revised SLG for Plant Group 1] <u>CL607 Only:</u> [SLG Revenue for CL607] = [Total Revised SLG for PG607B] * ([SLG Compensation for PG607B] / ([SLG Compensation for PG607B] + [SLG Compensation for PG 1 in WLR Market] + ...)) - [Dark Fibre SLG]$_{\text{calculated in calculation step 30}}$ <u>All other Components:</u> [SLG Revenue for Component 2] = [Total Revised SLG for PG 2] * ([SLG Compensation for PG2] / ([SLG Compensation for PG2] + [SLG Compensation for PG 3 in Market] + ...))	<u>WLA Market Only:</u> [SLG Revenue for Component 1] = £30m <u>CL607 Only:</u> [SLG Revenue for CL607] = £20m * (£15m / (£15m + £10m + ...)) - £1k = £20m * (£15m / £30m) - £1k = £10m <u>All other Components:</u> [SLG Revenue for Component 2] = £5m * (£1m / (£1m + £4m + ...)) = £5m * (£1m / £10m) = £0.5m	<u>WLA Market Only:</u> [SLG Revenue for Component 1] = £30m <u>CL607 Only:</u> [SLG Revenue for CL607] = £10m <u>All other Components:</u> [SLG Revenue for Component 2] = £0.5m

	group divided by the total SLG compensation for all SLG plant groups in the same market.			
32	This step calculates the final revised SLG balance for each market split by internal and external revenue. Step A: Calculates revised/adjusted volumes by service from ARC, with component/service mapping for SLGs. Step B: Calculates the SLG apportionment to the relevant services for each component using the adjusted ARC volumes. Step C: Sums the results for each market, split by internal and external, from step B above.	Step A: <u>For Mainlink Rentals Services:</u> [Adjusted volume for Service 1] = [ARC Volume for Service 1] + [Total of all Volume adjustments to Service 1 from above calculation steps] / [ML Rentals Adjustment] * [Period] / 12 <u>For all other Rentals Services:</u> [Adjusted volume for Service 2] = [ARC Volume for Service 2] + [Total of all Volume adjustments to Service 2 from above calculation steps] / [Period] <u>For all Connection Services:</u> [Adjusted volume for Service 3] = [ARC Volume for Service 3] + [Total of all Volume adjustments to Service 3 from above calculation steps] Step B: [SLG Allocation for Service 1] = -[Adjusted volume for Service 1] / [Total Volume for Component 1] * [SLG Revenue for Component 1]$_{\text{calculated in calculation step 31}}$ Step C: [Internal SLG Revenue for Market 1] = [SLG Allocation for Service 1] + [SLG Allocation for Service 2] + ...	Step A: <u>For Mainlink Rentals Services:</u> [Adjusted volume for Service 1] = (9m + 1m) / 10k * 12 / 12 = 10m / 10k * 1 = 1k <u>For all other rentals Services:</u> [Adjusted volume for Service 2] = 15m + 9m / 12 = 24m / 12 = 2m <u>For all connection Services:</u> [Adjusted volume for Service 3] = 10m + 5m = 15m Step B: [SLG Allocation for Service 1] = -1k / 100k * £30m = -£300k Step C: [Internal SLG Revenue for Market 1] = -£300k + -£500k + ... = -£2m	[Internal SLG Revenue for Market 1] = -£2m
33	This step calculates the SLG adjustment required. Step A: Calculates the SLG revenue adjustment for each service as the difference between the ARC revenue and the final revised SLG balance calculated in step 35.	Step A: [Service 1 Revenue Adjustment] = [Internal SLG Revenue for Market 1] - [Service 1 ARC Revenue] ... Repeat for all relevant services	Step A: [Service 1 Revenue Adjustment] = -£2m - -£5m = £3m	[Service 1 Revenue Adjustment] = £3m
34	This step consolidates all adjustments and adds it to the ARC data for each service calculated in step 1. Step A: Adds the revenue and volume adjustments for each relevant service.	Step A: [Service 1 Revenue] = [Service 1 ARC Revenue] + [Service 1 Revenue Adjustment] + ... Repeat for volumes and for all other services.	Step A: [Service 1 Revenue] = £1000 + £500 + ... = £4k	[Service 1 Revenue] = £4k
35	Adjust volumes for the period and, for ML Rentals only, the Rental Charge. Period assumed to be 9 for this example.	= [Connection Service 1 Volume] x 12 / [Period] = [Adjusted Service 1 Volume]	= 75 x 12 / 9 = 100 = 900 / 9 = 100	= 100 [Adjusted Service 1 Volume]

		= [Rentals Service 2 Volume] / [Period] = [Adjusted Service 2 Volume] = [ML Rentals Service 3 Volume] / [Rental Charge] x [Period] / 12 = [Adjusted Service 3 Volume] ***= [Connection Service X Volume] = [Adjusted Service X Volume]*** ***= [Rentals Service Y Volume] / [Period] = [Adjusted Service Y Volume]*** ***= [ML Rentals Service Z Volume] / [Rental Charge] x [Period] / 12 = [Adjusted Service Z Volume]***	= 1,600,000 / 12,000 x 9 / 12 = 100 ***= $X_{Connection}$ = $X_{Adj\ Volume}$*** ***= $Y_{Rentals}$ / 9 = $Y_{Adj\ Volume}$*** ***= $Z_{ML\ Rentals}$ / 12,000 x 9 / 12 = $Z_{Adj\ Volume}$***	= 100 [Adjusted Service 2 Volume] = 100 [Adjusted Service 3 Volume] ***= $X_{Adj\ Volume}$ [Adjusted Service X Volume]*** ***= $Y_{Adj\ Volume}$ [Adjusted Service Y Volume]*** ***= $Z_{Adj\ Volume}$ [Adjusted Service Z Volume]***
36	Derive prices from Revenue and Adjusted Volumes.	= [Service 1 Revenue] / [Adjusted Service 1 Volume] = [Service 1 Price] ***= [Service X Revenue] / [Adjusted Service X Volume] = [Service X Price]***	= 1,000 / 100 = 10 ***= $X_{Revenue}$ / $X_{Adj\ Volume}$ = X_{Price}***	= 10 [Service 1 Price] ***= X_{Price} [Service X Price]***
37	Calculate WLA area 2 and area 3 proportions from data inputs from business, mapping proportions to appropriate services and filtering of WLA only services. Business data splits Area 2 and 3 volumes by internal/external and published product.	Step A: [Total volume product 1] = [Product 1 area 2] + [Product 1 area 3] Step B: [Area 2 proportions product 1] = [Product 1 area 2] / [Total volume product 1] [Area 3 proportions product 1] = [Product 1 area 3] / [Total volume product 1]	Step A: [Total volume product 1] = 10 + 20 Step B: [Area 2 proportions product 1] = 10 / 30 [Area 3 proportions product 1] = 20 / 30	Step A: [Total volume product 1] = 30 Step B: [Area 2 proportions product 1] = 33% [Area 3 proportions product 1] = 67%
38	Calculating revised volumes through multiplying area 2 and area 3 proportions with existing volumes.	[Product 1 area 2 revised volumes] = [product 1 volumes] * [proportion product 1 area 2] [Product 1 area 3 revised volumes] = [product 1 volumes] * [proportion product 1 area 3]	[Product 1 area 2 revised volumes] =100 * 33% [Product 1 area 3 revised volumes] = 100 * 67%	[Product 1 area 2 revised volumes] = 33 [Product 1 area 3 revised volumes] = 67
39	Calculating revised volumes and revenue for FTTP 40/10 Rentals, charge control vs non charge control	Charge controlled service volumes = non charge controlled service volumes * % of volumes with No FTTC Available flag	Charge controlled service volumes = 100 * 25%	Charge controlled service volumes = 25 Non charge controlled service volumes = 75

5.7.3 Access and inter exchange markets

The Access and Inter-Exchange markets cover the provision of dedicated connections, known as leased lines, which provide transmission capacity between end-user business sites, or other operators' networks, and BT exchanges. There are two separate product markets; (1) Leased Line Access (LLA) which provides a dedicated single link service from an end-user business site to a point of aggregation at a BT exchange and (2) Inter-Exchange Connectivity (IEC) which represents trunk segments carrying aggregated capacity between BT exchanges.

Leased line access - Area 2: covers postcode sectors in which there is, or is likely to be, competition to BT in the deployment of competing networks.

Leased line access - Area 3: covers postcode sectors in which there is not, or is unlikely to be, competition to BT in the deployment of competing networks.

Leased line access - High Network Reach (HNR): covers postcode sectors where there are two or more rival networks to BT in the provision of leased lines (excluding the Central London Area (CLA) where BT are not determined to have SMP).

IEC - BT only: relates to BT exchanges where only BT operate.

IEC - BT +1: relates to BT exchanges where BT + one other CP currently operate.

Reference	LLA and IEC Revenue
Title	Leased Line Access and Inter-Exchange Connectivity Revenue
Overview	This entry details the methodology for attributing revenue relating to the provision of dedicated connections (Leased Lines) between end-user business sites, or other operators' networks, and BT exchanges.
Description	**1. Summary Calculation:** Volumes for connections and rentals are adjusted based on a variance between monthly volumes data and monthly volumes data with geographical splits. The difference is apportioned between markets based on the percentage of total volumes in a given market for each product. Revenue for connections and rentals is then calculated by multiplying volume by price for each product. Main link volumes are calculated by multiplying rental volumes by average main link lengths in metres. Revenue for rentals is then calculated by multiplying total main link lengths by the price per metre.
	2. **Summary Destination**: All Ethernet related services
	3. Methodology Taxonomy: N/A **4. Driver classification:** N/A
	5. Data Source Summary: Connection volumes and average Main Link lengths are obtained from COSMOSS/EMP. Rental volumes and prices are obtained from ORBIT. Additional Ethernet volumes from ARC.
Data Sources	COSMOSS (Customer Oriented System for the Management Of Special Services): Ethernet Revenue & Volumes EMP (Equivalence Management Platform): Ethernet Revenue & Volumes ORBIT (Openreach Business Information Toolset): Ethernet Revenue & Volumes ARC Data (Hyperion): Ethernet Revenue & Volumes DataLabs: OSA Discounts

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	*Calculation steps 1-6 calculate the revenue and volume for connections data.* *Calculation step 1-3 only apply to Supply order type products, where the monthly connections volume data has a corresponding entry in the connections volume data with market split and excluding any internal Northern Ireland volumes.*	Step A: [Total Product 1 Volume in Market 1] = [Product 1 Month 1 Volume in Market 1] + [Product 1 Month 2Volume in Market 1] + ... Repeat for all markets and products	Step A: [Total Product 1 Volume in Market 1] = 10 + 30 + ... = 100 Step B:	[Proportion Factor for Product 1 in Market 1] = 0.1

	This step groups the connections volume data by both Product and Market separately and then calculates the proportion factor for each product in each market. Step A: Calculates the total volume for Product 1 in Market 1 by summing all the volume for each month of the year for product 1 in market 1. Step B: Calculates the total volume for Product 1 by summing all the volume for product 1 in each of the markets calculated in step A above. Step C: Calculates the proportion factor for each product in each market by dividing the results from step A by the results from step B.	Step B: [Total Product 1 Volume] = [Total Product 1 Volume in Market 1]$_{\text{calculated in step A}}$ + [Total Product 1 Volume in Market 2]$_{\text{calculated in step A}}$ + ... Repeat for all products Step C: [Proportion Factor for Product 1 in Market 1] = [Total Product 1 Volume in Market 1] $_{\text{calculated in step A}}$ / [Total Product 1 Volume] $_{\text{calculated in step B}}$ ... Repeat for all markets and products	[Total Product 1 Volume] = 100 + 300 + ... = 1,000 Step C: [Proportion Factor for Product 1 in Market 1] = 100 / 1,000 = 0.1	
2	This step calculates the volume difference for each product between the monthly connections volume data and the connections volume data with market split. Step A: Calculates the total volume for each product across all the markets from the connections volume data with market split. Step B: Calculates the volume difference for each product between the monthly connections volume data and the results from Step A.	Step A: [Total Product 1 Month 1 Volume] = [Product 1 Month 1 Volume in Market 1] + [Product 1 Month 1 Volume in Market 2] + ... Repeat for all months and products Step B: [Product 1 Month 1 Total Less Market Split] = [Product 1 Month 1 Volume] - [Total Product 1 Month 1 Volume]$_{\text{calculated in step A}}$ ... Repeat for all months and products	Step A: [Product 1 All Markets Connection Volumes For Month 1] = 10 + 20 + ... = 100 Step B: [Product 1 Month 1 Total Less Market Split] = 200 -100 = 100	[Product 1 Month 1 Total Less Market Split] = 100
3	This step calculates the monthly adjusted connection volumes using the results from calculation steps 1 and 2. Step A: Calculates the monthly adjusted connection volume for each product for all the different markets.	Step A: [Product 1 Month 1 Adjusted Connection Volume for Market 1] = [Product 1 Month 1 Volume in Market 1] + ([Product 1 Month 1 Total Less Market Split]$_{\text{calculated in calculation step 2}}$ * [Proportion Factor for Product 1 in Market 1]$_{\text{calculated in calculation step 1}}$) ... Repeat for all months, markets and products	Step A: [Product 1 Month 1 Adjusted Connection Volume for Market 1] = 20 + (100 * 0.1) = 30	[Product 1 Month 1 Adjusted Connection Volume for Market 1] = 30
4	*Calculation step 4 only applies to Supply order type products, where the monthly connections volume data does not have a corresponding entry in the connections volume data with market split and excluding any internal Northern Ireland volumes.* This step groups the connections volume data by both product subgroup and market separately and calculates the proportion	Step B: [Product 1 Month 1 Adjusted Connection Volume for Market 1] = [Product 1 Month 1 Volume for Market 1] + ([Product 1 Month 1 Total Less Market Split]$_{\text{calculated in calculation step 2}}$ * [Proportion Factor for Product Subgroup 1 in Market 1]$_{\text{calculated in step 5}}$)	Step B: [Product 1 Month 1 Adjusted Connection Volume for Market 1] = 20 + (100 * 0.1) = 30	[Product 1 Month 1 Adjusted Connection Volume for Market 1] = 30

		factor for each product subgroup in each market. Then calculates the monthly adjusted connection volumes using the results and the total less market split (calculated in calculation step 2). Step A: Maps products in the connections volume data with market split into two subgroups; 'EAD,' 'EBD' and 'OS.' Any product that does not fit into any of these subgroups is ignored. Step B: Maps products in the monthly connections volume data into two subgroups; 'EAD' and 'EBD'. Any product that does not fit into any of these subgroups is mapped to 'OS'. Then calculates the monthly adjusted connection volume for each product for all the different markets using the result from step 5B and the total less market split amount calculated in calculation step 2.	... Repeat for all months, markets and products		
	5	*Calculation step 5 only applies to non-Supply order type products, where the monthly connections volume data does not have a corresponding entry in the connections volume data with market split and excluding any internal Northern Ireland volumes.* This step calculates the monthly adjusted connection volumes using the results from the above calculations steps. Step A: Calculates the monthly adjusted connection volume for each product for all the different markets using the proportion factor by market.	Step A: [Product 1 Month 1 Adjusted Connection Volume for Market 1] = [Product 1 Month 1 Connection Volume for Market 1] * [Proportion Factor for Product Subgroup 1 in Market 1]) ... Repeat for all months, markets and products	Step A: [Product 1 Month 1 Adjusted Connection Volume for Market 1] = 20 * 0.1 = 2	[Product 1 Month 1 Adjusted Connection Volume for Market 1] = 2
	6	This step calculates the revenue for all connection volumes. Step A: Groups the results from calculation steps 3-5 and then calculates the revenue for each product in each market using these adjusted connection volumes and the relevant price for each product. Step B: Adjusts the internal Northern Ireland (NI) volumes by using the proportion factors calculated in calculation step 1. Step C: Calculates the internal NI revenue using the result from step B and the relevant price for each product.	Step A: [Product 1 Market 1 Revenue] = ([Product 1 Month 1 Adjusted Connection Volume for Market 1] + [Product 1 Month 2 Adjusted Connection Volume for Market 1] + ...) * [Product 1 Connection Prices] ... Repeat for all markets and products Step B: [Adjusted internal NI Volumes for Product 1 Month 1 in Market 1] = [Internal NI Volumes for Product 1 Month 1 in Market 1] * [Proportion Factor for Product 1 in Market 1]$_{\text{calculated in calculation step 1}}$ ... Repeat for all months, markets and products Step C: [Product 1 Market 1 internal NI Revenue] = ([Adjusted internal NI Volumes for Product 1	Step A: [Product 1 Market 1 Revenue] = (30 + 20 + ..) * £1,000 = 100 * £1,000 = £100k Step B: [Adjusted internal NI Volumes for Product 1 Month 1 in Market 1] = 50 * 0.1 = 5 Step C: [Product 1 Market 1 internal NI Revenue] = (5 + 10] + ...) * £1,000 = 20 * £1,000 = £20k	[Product 1 Market 1 Revenue] = £100k [Product 1 Market 1 internal NI Revenue] = £20k

		Month 1 in Market 1]$_{\text{calculated in step B}}$ + [Adjusted internal NI Volumes for Product 1 Month 2 in Market 1]$_{\text{calculated in step B}}$ + ...) * [Product 1 Connection Prices] ... Repeat for all markets and products		
7	*Calculation step 7-11 calculate the revenue and volume for rentals.* This step removes the internal Northern Ireland (NI) volumes from the monthly rentals volume data and calculates 2-month averages for non-internal NI volumes.	[UK + EXT NI Volumes for Product 1 Month 1] = ([Non-Internal NI Volume for Product 1 for Month 1] + [Non-Internal NI Volume for Product 1 for Month 2]) / 2 ... Repeat for all months and for all products	[UK + EXT NI Volumes for Product 1 Month 1] = (7 + 3) / 2 = 5	[UK + EXT NI Volumes for Product 1 Month 1] = 5
8	This step calculates the two months averages for the rental volume data with market split at an overall product level and at a market level for each product and calculates the total less market split using the results from calculation step 7. Step A: Calculate the 2-month averages at a product level using the rental volume data with market split. Step B: Calculates the 2-month averages a product level but broken down between each of the markets. Step C: Calculates the difference between the 2-month averages calculated in calculation step 7 and the results from step A. The 2-month averages use the current and previous month.	Step A: [2 Month Average Total for Product 1 Month 1] = ([Volume for Product 1 for Month 1] + [Volume for Product 1 for Month 2]) / 2 ... Repeat for all months and for all products Step B: [2 Month Average Total for Product 1 Month 1 in Market 1] = ([Volume for Product 1 for Month 1 in Market 1] + [Volume for Product 1 for Month 2 in Market 1]) / 2 ... Repeat for all months, markets and for all products Step C: [Product 1 Month 1 Total Less Market Split] = [UK + EXT NI Volumes for Product 1 Month 1]$_{\text{calculated in calculation step 7}}$ - [2 Month Average Total for Product 1 Month 1]$_{\text{calculated in step A}}$ ... Repeat for all months and products	Step A: [2 Month Average Total for Product 1 Month 1] = (50 + 30) / 2 = 40 Step B: [2 Month Average Total for Product 1 Month 1 in Market 1] = (10 + 30) / 2 = 20 Step C: [Product 1 Month 1 Total Less Market Split] = 40 - 5 = 35	[Product 1 Month 1 Total Less Market Split] = 35
9	*Calculation step 9 only applies to products where the monthly rental volume data does have a corresponding entry in the rental data with market split and excluding any internal Northern Ireland volumes.* This step groups the rental volume data with market split by both product and market separately and then calculates the proportion factor for each product in each market. Then calculates the	Step A: [Total Product 1 Volume in Market 1] = [Product 1 Month 1 Volume in Market 1] + [Product 1 Month 2 Volume in Market 1] + ... Repeat for all markets and products Step B:	Step A: [Total Product 1 Volume in Market 1] = 20 + 15 + ... = 200 Step B: [Total Product 1 Volume] = 200 + 400 + ... = 2000	[Product 1 Month 1 Adjusted Rental Volume for Market 1] = 23.5

	monthly adjusted rental volumes using the results and the total less market split (calculated in calculation step 8). Step A: Calculates the total volume for Product 1 in Market 1 by summing the volume for each month of the year for Product 1 in Market 1. Step B: Calculates the total volume for Product 1 by summing all the volume for Product 1 Subgroup 1 in each of the markets calculated in step A. Step C: Calculates the proportion factor for each product in each market by dividing the results from step A by the results from step B. Step D: Calculate the monthly adjusted rental volume for each product for all the different markets using the result from step C and the results calculated in calculation step 8B and 8C.	[Total Product 1 Volume] = [Total Product 1 Volume in Market 1]$_{\text{calculated in step A}}$ + [Total Product 1 Volume in Market 2]$_{\text{calculated in step A}}$ + ... Repeat for all products Step C: [Proportion Factor for Product 1 in Market 1] = [Total Product 1 Volume in Market 1]$_{\text{calculated in step A}}$ / [Total Product 1 Volume]$_{\text{calculated in step B}}$ ... Repeat for all markets and products Step D: [Product 1 Month 1 Adjusted Rental Volume for Market 1] = [2 Month Average Total for Product 1 Month 1 in Market 1]$_{\text{calculated in calculation step 8B}}$ + ([Product 1 Month 1 Total Less Market Split]$_{\text{calculated in calculation step 8C}}$ * [Proportion Factor for Product 1 in Market 1]$_{\text{calculated in step C}}$) ... Repeat for all months, markets and products	Step C: [Proportion Factor for Product 1 in Market 1] = 200 / 2000 = 0.1 Step D: [Product 1 Month 1 Adjusted Rental Volume for Market 1] = 20 + (35 * 0.1) = 23.5	
10	*Calculation step 10 only applies to products where the monthly rental volume data does not have a corresponding entry in the rental data with market split and excluding any internal Northern Ireland volumes.* This step groups the rental volume data by both product subgroup and market separately and calculates the proportion factor for each product subgroup in each market. Then calculates the monthly adjusted rental volumes using these results. Step A: Maps products from the rental volumes data with market split into the four subgroups. Any product that does not fit these 4 categories is ignored. Step B: Calculates the total volume for Product Subgroup 1 in Market 1 by summing all the volume for each month of the year for Product Subgroup 1 in market 1. Step C: Calculates the total volume for Product 1 Subgroup 1 by summing all the volume for Product 1 Subgroup 1 in each of the markets calculated in step B above. Step D: Calculates the proportion factor for each product in each market by dividing the results from step B by the results from step C.	Step B: [Total Product Subgroup 1 Volume in Market 1] = [Product Subgroup 1 Month 1 Volume in Market 1] + [Product Subgroup 1 Month 2 Volume in Market 1] + ... Repeat for all markets and product subgroups Step C: [Total Product Subgroup 1 Volume] = [Total Product Subgroup 1 Volume in Market 1]$_{\text{calculated in step B}}$ + [Total Product Subgroup 1 Volume in Market 2]$_{\text{calculated in step B}}$ + ... Repeat for all product subgroups Step D: [Proportion Factor for Product Subgroup 1 in Market 1] = [Total Product Subgroup 1 Volume in Market 1]$_{\text{calculated in step B}}$ / [Total Product Subgroup 1 Volume]$_{\text{calculated in step C}}$	Step B: [Total Product Subgroup 1 Volume in Market 1] = 20 + 15 + ... = 200 Step C: [Total Product Subgroup 1 Volume] = 200 + 400 + ... = 2000 Step D: [Proportion Factor for Product Subgroup 1 in Market 1] = 200 / 2000 = 0.1 Step E: [Product 1 Month 1 Adjusted Rental Volume for Market 1] = 5 * 0.1 = 0.5	[Product 1 Month 1 Adjusted Rental Volume for Market 1] = 0.5

	Step E: Maps products from the monthly rental volume data into four subgroups, 'ONBS', 'BNS', 'WEES' and 'OS'. Any product that does not fit into any of these subgroups is also mapped to 'OS'. Then calculates the monthly adjusted rental volume for each product for all the different markets using the results above and calculation step 7.	... Repeat for all markets and product subgroups Step E: [Product 1 Month 1 Adjusted Rental Volume for Market 1] = [UK + EXT NI Volumes for Product 1 Month 1]$_{\text{calculated in calculation step 7}}$ * [Proportion Factor for Product Subgroup 1 in Market 1]$_{\text{calculated in step D above}}$ ... Repeat for all months, markets and products		
11	This step calculates the revenue for all rental volumes. Step A: Groups the results from calculation steps 8 and 9 and then calculates the revenue using these adjusted rental volumes and the relevant price for each product. Step B: Adjusts the internal Northern Ireland (NI) rental volumes by using the proportion factors calculated in calculation step 9. Step C: Calculates the internal NI revenue using the result from step 2 and the relevant price for each product.	Step A: [Product 1 Market 1 Month 1 Rental Revenue] = [Product 1 Month 1 Adjusted Rental Volume for Market 1] * [Product 1 Rental Prices] ... Repeat for all months, markets and products Step B: [Adjusted internal NI Volumes for Product 1 Month 1 in Market 1] = [Internal NI Volumes for Product 1 Month 1 in Market 1] * [Proportion Factor for Product 1 in Market 1]$_{\text{calculated in calculation step 9}}$ ... Repeat for all months, markets and products Step C: [Product 1 Month 1 Market 1 internal NI Rental Revenue] = [Adjusted internal NI Volumes for Product 1 Month 1 in Market 1] $_{\text{calculated in step B}}$ * [Product 1 Rental Prices] ... Repeat for all months, markets and products	Step A: [Product 1 Market 1 Month 1 Rental Revenue] = 30 * £1000 = £30k Step B: [Adjusted internal NI Volumes for Product 1 Month 1 in Market 1] = 50 * 0.1 = 5 Step C: [Product 1 Month 1 Market 1 internal NI Rental Revenue] = 5 * £1000 = £5k	[Product 1 Market 1 Month 1 Rental Revenue] = £30k [Product 1 Month 1 Market 1 internal NI Rental Revenue] = £5k
12	The step calculates the total Main Link length for each product for each month in each market. This is done for non-NI volumes. NI volumes are done by month and product, the market split is calculated for NI in part K of the next step. Step A: Calculates the total non-NI Main Link length for each product by multiplying Product 1 Month 1 Adjusted Rental Volume for Market 1 (calculated in calculation steps 9 and 10) by the average length.	Step A: [Product 1 Month 1 Market 1 Total Length] = [Product 1 Month 1 Adjusted Rental Volume for Market 1]$_{\text{calculated in calculation steps 9 and 10}}$ * [Product 1 Market 1 Average Length] Step B: [Product 1 Month 1 Total Internal NI Length] = [Internal NI Volumes for Product 1 Month 1] * [Product 1 Market 1 Average Length]	Step A: [Product 1 Month 1 Market 1 Total Length] = 23.5 * 1000 = 23.5k Step B: [Product 1 Month 1 Market 1 Total Internal NI Length] = 5 * 1000 = 5k	[Product 1 Month 1 Market 1 Total Length] = 23.5k [Product 1 Month 1 Market 1 Total Internal NI Length] = 5k

	Step B: Calculates the total NI Main Link length for each product by multiplying internal NI Volumes for Product 1 Month 1 by the average length.			
13	This step calculates the adjustment to the Main Link (ML) lengths and calculates the Main Link revenue. Step A: Calculates the total average lengths for each market. Step B: Calculates the total rental volumes for each product in each market using the rental data. Step C: Calculates the total lengths for each product in each market using the results from step A and B. Step D: Calculates the total lengths for each product using the results from step C. Step E: Calculates the ML proportion factor for each product in each market using the results from step C and D. Step F: Calculates the total adjusted rental volume for each product by using the results for calculation step 9 and 10. Step G: Calculates the total national lengths for each product by multiplying the results from step F by the main link length for each product. Step H: Calculates the total Non-NI Main Link length for each product by using the results from calculation step 12. Step I: Calculates the difference between the total national lengths and the total Non-NI Main Link lengths for each product using the results from step G and H above. Step J: Calculates the total length adjusted for each product in each market using the results from calculation step 12 and steps E and I. Step K: Calculates the adjusted total internal NI lengths by multiplying it by the ML proportion factor calculated in calculation step 12 and step E. Step L: Calculates the ML revenue by multiplying the results from step J by the main link prices per metre. Step M: Calculates the NI internal ML revenue by multiplying the results from step K by the main link prices per metre.	Step A: [Total Average Length for Market 1] = [Product 1 Market 1 Average Length] + [Product 2 Market 1 Average Length] + ... Repeat for all markets Step B: [Total Rental Volume for Product 1 in Market 1] = [Rental Volume for Product 1 Month 1 in Market 1] + [Rental Volume for Product 1 Month 2 in Market 1] + ... Repeat for all markets and products Step C: [Total Length for Product 1 in Market 1] = [Total Average Length for Market 1]$_{\text{calculated in step A}}$ * [Total Rental Volume for Product 1 in Market 1]$_{\text{calculated in step B}}$ ... Repeat for all markets and products Step D: [Total Length for Product 1] = [Total Length for Product 1 in Market 1]$_{\text{calculated in step C}}$ + [Total Length for Product 1 in Market 2]$_{\text{calculated in step C}}$ + ... Repeat for all products Step E: [ML Proportion Factor for Product 1 in Market 1] = [Total Length for Product 1 in Market 1]$_{\text{calculated in step C}}$ / [Total Length for Product 1]$_{\text{calculated in step D}}$ ... Repeat for all markets and products Step F: [Total Adjusted Rental Volume for Product 1 Month 1] = [Product 1 Month 1 Adjusted Rental	Step A: [Total Average Length for Market 1] = 1000 + 2000 + ... = 10k Step B: [Total Rental Volume for Product 1 in Market 1] = 1 + 2 + ... = 10 Step C: [Total Length for Product 1 in Market 1] = 10k * 10 = 100k Step D: [Total Length for Product 1] = 100k + 200k + ... = 1m Step E: [ML Proportion Factor for Product 1 in Market 1] = 100k / 1m = 0.1 Step F: [Total Adjusted Rental Volume for Product 1 Month 1] = 23.5 + 20 + ... = 100 Step G: [Total National Length for Product 1 Month 1] = 100 * 5000 = 500k Step H: [Total Non-NI Main Link Length for Product 1	[Product 1 Market 1 Month 1 Main Link Revenue] = £635 [Product 1 Market 1 Month 1 Internal NI Main Link Revenue] = £5

			Volume for Market 1] + [Product 1 Month 1 Adjusted Rental Volume for Market 2] + ... Repeat for all months and products Step G: [Total National Length for Product 1 Month 1] = [Total Adjusted Rental Volume for Product 1 Month 1]$_{\text{calculated in step F}}$ * [Main Link Length for Product 1] ... Repeat for all months and products Step H: [Total Non-NI Main Link Length for Product 1 Month 1] = [Product 1 Month 1 Market 1 Total Length] + [Product 1 Month 1 Market 2 Total Length] + ... Repeat for all months and products Step I: [Total Less Market Split for Product 1 Month 1] = [Total National Length for Product 1 Month 1]$_{\text{calculated in step G}}$ - [Total Non-NI Main Link Length for Product 1 Month 1]$_{\text{calculated in step H}}$ ... Repeat for all months and products Step J: [Total Length Adjusted for Product 1 Month 1 Market 1] = [Product 1 Month 1 Market 1 Total Length] + ([Total Less Market Split for Product 1 Month 1]$_{\text{calculated in step I}}$ * [ML Proportion Factor for Product 1 in Market 1]$_{\text{calculated in step E}}$) ... Repeat for all months, markets and products Step K: [Total Internal NI Length Adjusted for Product 1 Month 1 Market 1] = [Product 1 Month 1 Market 1 Total Internal NI Length] * [ML Proportion Factor for Product 1 in Market 1]$_{\text{calculated in step E}}$ ...	Month 1] = 23.5k + 20k + ... = 100k Step I: [Total Less Market Split for Product 1 Month 1] = 500k - 100k = 400k Step J: [Total Length Adjusted for Product 1 Month 1 Market 1] = 23.5k + (400k * 0.1) = 23.5k + 40k = 63.5k Step K: [Total Internal NI Length Adjusted for Product 1 Month 1 Market 1] = 5k * 0.1 = 0.5k Step L: [Product 1 Market 1 Month 1 Main Link Revenue] = 63.5k * £0.01 = £635 Step M: [Product 1 Market 1 Month 1 Internal NI Main Link Revenue] = 0.5k * £0.01 = £5	

		Repeat for all months, markets and products Step L: [Product 1 Market 1 Month 1 Main Link Revenue] = [Total Length Adjusted for Product 1 Month 1 Market 1]$_{\text{calculated in step J}}$ * [Main Link Prices per metre for Product 1] ... Repeat for all months, markets and products Step M: [Product 1 Market 1 Month 1 Internal NI Main Link Revenue] = [Total Internal NI Length Adjusted for Product 1 Month 1 Market 1]$_{\text{calculated in step K}}$ * [Main Link Prices per metre for Product 1] ... Repeat for all months, markets and products		
14	This step maps the revenue and volume for each of the products which are calculated in the above calculation steps to a service code. Additionally, it calculates an additional change to the final Connection and Rental volume values based on input factors. Step A: Maps each of the connection, rental and ML rental products to their appropriate service code. Step B: Multiplies the total connection adjusted volumes by the connection factor to get the final connection volume for each product. Step C: Multiplies the total rental adjusted volumes by the rental factor to get the final rental volume for each product.	Step B: [Product 1 Final Connection Volume for Market 1] = [Product 1 Adjusted Connection Volume for Market 1] * [Connection Factor for Product 1] ... Repeat for all markets and products Step C: [Product 1 Final Rental Volume for Market 1] = [Product 1 Adjusted Rental Volume for Market 1] * [Rental Factor for Product 1] ... Repeat for all markets and products	Step B: [Product 1 Final Connection Volume for Market 1] = 30 * 2 = 60 Step C: [Product 1 Final Rental Volume for Market 1] = 23.5 *2 = 47	[Product 1 Final Connection Volume for Market 1] = 60 [Product 1 Final Rental Volume for Market 1] = 47
15	This step calculates the total connection, rental and ML rental revenue and volume for both non-NI internal and NI internal for each service by grouping all the relevant products that are mapped to the service. Also, calculates the sum of NI Connection, NI rental and ML rental revenues. Step A: Calculates the total connection, rental, ML rental revenue and volume for both non-NI internal and NI internal for each service. Step B: Calculates all NI internal revenue by summing the NI internal connection revenue, NI internal rental revenue and NI internal ML revenue. This is also done for NI internal volumes.	Step A: [Service 1 Connection revenue] = [Product 1 Month 1 Final Connection Volume for Market 1] + [Product 1 Month 2 Final Connection Volume for Market 1] + ... Repeat for all services, types of revenue and volumes. Step B: [Service 1 All NI Internal Revenue] = [Service 1 Connection Internal NI Revenue] + [Service 1	Step A: [Service 1 Connection revenue] = £60 + £50 + ... = £500k Step B: [Service 1 All NI Internal Revenue] = £2k + £3k + £5k = £10k	[Service 1 Connection revenue] = £500k [Service 1 All NI Internal Revenue] = £10k

		Rental Internal NI Revenue] + [Service 1 Main Link Internal NI Revenue] ... Repeat for all services and volumes		
16	This step allocates the discounts to the relevant services by proportioning the discount by the relative size of each market in each set of services. Step A: Calculates the total revenue for all the services that are impacted by Flexzone discounts and redistributed price offers. Step B: Calculates the allocation of the discount to each of the services using the results from step B.	Step A: [Total Revenue for services impacted by Flexzone Discount 1] = [Service 1] +[Service 2] + ... Repeat for all discount types Step B: [Service 1 Discount allocation] = [Flexzone Discount 1] * ([Service 1 Revenue] / [Total Revenue for services impacted by Flexzone Discount 1]$_{\text{calculated in step A}}$) ... Repeat for all services	Step A: [Total Revenue for services impacted by Flexzone Discount 1] = £100k +£200k + ... = £1m Step B: [Service 1 Discount allocation] = £250k * (£100k / £1m) = £250k * £0.1 = £25k	[Flexzone Discount allocation] = £1m [Service 1 Discount allocation] = £25k
17	This step identifies Cancelations, Early Terminations and Resites from ARC, which does not split the data between the different markets. This step then splits these amounts and then allocates the revenue to the appropriate services. Step A: Sums the revenue for all products related to Cancelations, Early Terminations and Resites from the ARC data. Step B: Calculates the connections and rental revenue for each market using the results from the earlier calculation steps. Step C: Calculates the total connections and rental revenue, using the results from step B. Step D: Calculates the total connections and rental revenue minus the revenue for the market, using the results from step B and C. Step E: Allocates the revenue for Cancelations, Early Terminations and Resites from step A to all the different markets using the results from step B and D. Step F: Sums the results for Cancelations, Early Terminations and Resites from step E for each market. Step G: Allocates the totals from step F to each of the relevant services.	Step A: [Total Cancelations ARC Revenue] = [Cancellation Product 1 Revenue] + [Cancellation Product 2 Revenue] + ... Repeat for Early Terminations and Resites Step B: [Total Connections Revenue for Market 1] = [Product 1 Market 1 Connections Revenue] + [Product 2 Market 1 Connections Revenue] + ... Repeat for all markets and for rental revenues Step C: [Total Connections Revenue] = [Total Connections Revenue for Market 1] + [Total Connections Revenue for Market 2] + ... Repeat for total rental revenue Step D: [Total Connections Revenue Less "Inter - BT Only DF"] = [Total Connections Revenue]$_{\text{calculated in step C}}$ - [Total Connections Revenue for "Inter - BT Only DF"]$_{\text{calculated in step B}}$	Step A: [Total Cancelations ARC Revenue] = £100 + £200 + ... = £5m Step B: [Total Connections Revenue for Market 1] = £1k + £2k + ... = £35m Step C: [Total Connections Revenue] = £35m + £30m + ... = £75m Step D: [Total Connections Revenue Less "Inter - BT Only DF"] = £75m - £5m = £70m Step E: [Cancellation Revenue for Market 1] = £5m * (£35m / £70m) = £2.5m	[SS180 Revenue] = £8.5m

			... Repeat for rental revenue Step E: [Cancellation Revenue for Market 1] = [Total Cancelations ARC Revenue]$_{\text{calculated in step A}}$ * ([Total Connections Revenue for Market 1]$_{\text{calculated in step B}}$ / [Total Connections Revenue Less "Inter - BT Only DF"]$_{\text{calculated in step D}}$ ... Repeat for all markets and Resites [Early Termination Revenue for Market 1] = [Total Early Terminations ARC Revenue]$_{\text{calculated in step A}}$ * ([Total Rental Revenue for Market 1]$_{\text{calculated in step B}}$ / [Total Rental Revenue Less "Inter - BT Only DF"]$_{\text{calculated in step D}}$ ... Repeat for all markets Step F: [Total Exempt Ancillary Services Revenue for Market 1] = [Cancellation Revenue for Market 1] + [Resites Revenue for Market 1] + [Early Termination Revenue for Market 1] ... Repeat for all markets. Step G: [SS180 Revenue] = [Total Exempt Ancillary Services Revenue for Market 1] ... Repeat for all services	[Early Termination Revenue for Market 1] = £10m * (£20m / £40m) = £5m Step F: [Total Exempt Ancillary Services Revenue for Market 1] = £2.5m + £1m + £5m = £8.5m Step G: [SS180 Revenue] = £8.5m	
18	This step identifies Excess Construction Charges (ECCs) and Time Related Charges (TRCs) from ARC, which does not split the data between markets. These values are therefore split using the calculations below: Step A: Calculates the rental revenue for each "Access" market, using the data from step 11. Step B: Calculates the total rental revenue for all "Access" markets, using the results from step A.	Step A: [Total Rental Revenue for Market 1] = [Product 1 Market 1 Rental Revenue] + [Product 2 Market 1 Rental Revenue] + ... Repeat for all markets Step B:	Step A: [Total Rental Revenue for Market 1] = £10m + £5m + ... = £100m Step B: [Total "Access" Rental Revenue] = £100m + £50m + ... = £400m	[Service 1Revenue] = £2.5m

		Step C: Calculates the % ratio for the rental revenue for each "Access" market over the total rental revenue for all "Access" markets, using the results from step A and B. Step D: Allocate the total revenue for ECCS and TRCs calculated in step A to each of the relevant services, using the ratios calculated in step C.	[Total "Access" Rental Revenue] = [Total Rental Revenue for Market 1] + [Total Rental Revenue for Market 2] + ... Step C: [Market 1 % Ratio] = [Total Rental Revenue for Market 1]$_{\text{calculated in step A}}$ / [Total "Access" Rental Revenue]$_{\text{calculated in step B}}$ ... Repeat for all "Access" markets Step D: [Service 1 Revenue] = [Total Rental Revenue for Market 1]$_{\text{calculated in step A}}$ * [Market 1 % Ratio]$_{\text{calculated in step C}}$ ... Repeat for all relevant services	Step C: [Market 1 % Ratio] = £100m / £400m = 25% Step D: [Service 1 Revenue] = £10m * 25% = £2.5m	
	19	This step calculates the project services allocation to all the different markets. The ARC data does not split the project services revenue between any markets so billing data from Openreach is used to calculate the proportion to be split to each market. Step A: Sums the rental revenue for each market, using the results from the earlier calculations step. Step B: Sums the total revenue for all markets, using the results from step A. Step C: Calculates the Ethernet split %, using the results from step A and B. Step D: Calculates the total project services revenue using the billing data. Step E: Calculates the total project services revenue using the ARC data. Step F: Calculates revised revenue for all the relevant services (including Ethernet markets as well as other markets) using the results from the earlier steps. Step G: Calculates the total revised revenue by summing up all the results from step F. Step H: Calculates the correct volume allocation for each service using the results from step F and G. Step I: Posts the difference between the revenue and volume in ARC and what is calculated in steps above for each service.	Step A: [Total Rental Revenue for Market 1] = [Product 1 Market 1 Rental Revenue] + [Product 2 Market 1 Rental Revenue] + ... Repeat for all markets Step B: [Total Rental Revenue] = [Total Rental Revenue for Market 1] + [Total Rental Revenue for Market 2] + ... Step C: [Ethernet Split % for Market 1] = [Total Rental Revenue for Market 1]$_{\text{calculated in step A}}$ / [Total Rental Revenue]$_{\text{calculated in step B}}$ ... Repeat for all markets Step D: [Total Project Services Revenue per Billing Data] = [Project Services Revenue for Market 1 per Billing Data] + [Project Services Revenue for Market 2 per Billing Data] + ... Step E:	Step A: [Total Rental Revenue for Market 1] = £10m + £5m + ... = £150m Step B: [Total Rental Revenue] = £150m + £50m + ... = £300m Step C: [Ethernet Split % for Market 1] = £150m / £300m = 50% Step D: [Total Project Services Revenue per Billing Data] = £1m + £2m = £10m Step E: [Total Project Services Revenue per ARC Data] = £5m + £15m = £20m	[SS187 Revenue Adjustment] = £4m

[redacted]			[Total Project Services Revenue per ARC Data] = [Project Services Revenue for SK970 per ARC Data] + [Project Services Revenue for SK971 per ARC Data] Step F: <u>Ethernet Services</u> [SS187 Revised Revenue] = [Project Services Revenue for Ethernet market per Billing Data] / [Total Project Services Revenue per Billing Data]$_{\text{calculated in step D}}$ * [Ethernet Split % for Market 1]$_{\text{calculated in step C}}$ * [Total Project Services Revenue per ARC Data]$_{\text{calculated in step E}}$ ... Repeat for all Ethernet Project Services related services <u>Other Project Services services</u> [SL970 Revised Revenue] = [Project Services Revenue for WLR market per Billing Data] / [Total Project Services Revenue per Billing Data]$_{\text{calculated in step D}}$ * [Total Project Services Revenue per ARC Data]$_{\text{calculated in step E}}$ ... Repeat for all non-Ethernet Project Services services Step G: [Total Revised Revenue] = [Service 1 Revised Revenue]$_{\text{calculated in step F}}$ + [Service 2 Revised Revenue]$_{\text{calculated in step F}}$ + ... Step H: [SS187 Revised Volume] = [SS187 Revised Revenue]$_{\text{calculated in step F}}$ / [Total Revised Revenue]$_{\text{calculated in step G}}$ ... Repeat for all Project Services services Step I: [SS187 Revenue Adjustment] = [SS187 Revised Revenue]$_{\text{calculated in step F}}$ - [SS187 ARC Revenue] ... Repeat for volume and for all Project Services services	Step F: <u>Ethernet Services</u> [SS187 Revised Revenue] = £5m / £10m * 50% * £20m = £5m <u>Other Project Services services</u> [SL970 Revised Revenue] = £1m / £10m * £20m = £2m Step G: [Total Revised Revenue] = £6m + £2m + ... = £20m Step H: [SS187 Revised Volume] = £5m / £20m = 0.25 Step I: [SS187 Revenue Adjustment] = £5m - £1m = £4m	

	20	This step adjusts the revenue for all Ethernet services in ARC with what has been calculated as the final revenue and volume in the calculation steps above. In addition, it ensures that that volume for ECCs and TRCs is 1. Step 1: Posts the difference between the revenue and volume in ARC and what is calculated in the calculation steps above for each Ethernet service, except for the volumes for ECC and TRC services as this is calculated separately in step B below. Northern Ireland revenues and volumes are excluded from the total balances. A balancing revenue adjustment is also posted to SK986. Step B: Ensures that the volume for all ECCs and TRCs is 1.	Step A: [SS100 Revenue Adjustment] = [SS100 Final Revenue] - [SS100 ARC Revenue] ... Repeat for volume and for all Ethernet services (except for the volumes for ECC and TRC services as this is calculated separately in step B below) Step B: [SS183 Volume Adjustment] = 1 - [SS183 ARC Volume]	Step A: [SS100 Revenue Adjustment] = £2m - £1.5m = £0.5m Step B: [SS183 Volume Adjustment] = 1 - 500 = -499	[SS100 Revenue Adjustment] = £0.5m [SS183 Volume Adjustment] = -499
	21	For all remaining calculation steps please see calculation steps 26-39 on the WLA Revenue AMD page.			

5.7.4 WCT

This section sets out the methodology for allocating volumes to Wholesale Call Termination.

Volume information is obtained via calls and minutes information through multiple platforms

Reference	Wholesale Call Termination Volumes
Title	Wholesale Call Termination Volumes
Overview	This relates to all the services within Wholesale Call Termination
Description	**1. Source Costs and MCE:** This uses wholesale direct calls and minutes to provide us with volumes **2. Cost and MCE Categories:** Rest of BT OPEX
	3. Summary Destination: This data is used for wholesale call termination services
	4. Methodology Taxonomy: Volumes **5. Driver classification:** Wholesale Call Termination Volumes
	6. Data Source Summary: Enterprise volumes
Data Sources	Asset metrics: Wholesale call termination volumes obtained from INCA (Inter-network Call Accounting System), CSS (Customer Service System), calls billing systems Avalon & Antillia and Geneva & AZTEC.

5.7.5 TDM Interconnection

This section sets out the methodology for allocating volumes to TDM Interconnection.

Volume information is obtained via circuit information from business systems.

Reference	TDM Interconnection Volumes
Title	TDM Interconnection Volumes
Overview	This relates to all the services within TDM interconnection
Description	**1. Source Costs and MCE:** This uses billing data to calculate the volumes **2. Cost and MCE Categories:** Rest of BT OPEX

	3. Summary Destination: This data is used for DLE services
	4. Methodology Taxonomy: Volumes **5. Driver classification:** TDM Interconnection Volumes
	6. Data Source Summary: Business volumes
Data Sources	Asset metrics: Circuit information obtained from GENIUS & COSMOSS and circuit mapping for Non-DLE and DLE is provided by Business

5.7.6 IP Interconnection

As part of the WVMR for call services from April 2021 to March 2026, Ofcom have decided to move the focus of regulation from traditional to more modern interconnection and therefore, regulate IP Interconnection. This section sets out the methodology for allocating cost and revenue for IP Interconnection.

Revenue and volumes are obtained from billing data for set up and interoperability charges.

There is no charge for regulated ports and no costs for regulated ports therefore, no revenue or total costs to report. The volumes are based on contract billing information which is an average number of ports used per annum.

Costs for set up and interoperability charges are based off an estimate of the labour time required multiplied by the labour rate provided by business and technology. The overhead costs are calculated by taking all plant groups related to IP interconnect and calculating non-pay costs over their pay costs. This percentage is then multiplied to calculate the total overhead costs. The overhead and labour rate added together provides the total cost.

Reference	IP interconnection revenue				
Title	IP interconnection services				
Overview	This relates to three published services; set up, interoperability testing and port charges revenue and volumes				
Description	**1. Source Costs and MCE:** This uses billing data to calculate the revenue and volumes **2. Cost and MCE Categories:** Rest of BT OPEX				
	3. Summary Destination: This data is used for set up, interoperability testing and port charges revenue and volumes				
	4. Methodology Taxonomy: Revenue and Volumes **5. Driver classification:** IP Interconnection Revenue and Volumes				
	6. Data Source Summary: Business volumes and charges				
Data Sources	Asset metrics: Set up, Interoperability Testing and Port volumes and charges data from GENIUS. AZTEC used to calculate the WCT traffic for ports.				
Calculation Steps		**Summary**	**Calculation**	**Worked Example**	**Example Results**
	1	This step joins all the charges together from the billing system. There is no charge for regulated port volumes so only the volumes are taken into account.	Price = Revenue/Volume	Price =10000/20	Price = 500

Reference	IP interconnection costs
Title	IP interconnection services
Overview	This relates to three published services; set up, interoperability testing and port charges costs
Description	**1. Source Costs and MCE:** This uses billing data to calculate the volumes, costs are calculated from labour and overheads. **2. Cost and MCE Categories:** Rest of BT OPEX
	3. Summary Destination: This data is used for set up, interoperability testing and port costs

	4. Methodology Taxonomy: Costs **5. Driver classification:** IP Interconnection Costs
	6. Data Source Summary: Business and technology volumes and charges
Data Sources	Asset metrics: Set up, Interoperability Testing and Port volumes data from GENIUS. AZTEC used to calculate the WCT traffic for ports.

Calculation Steps

	Summary	Calculation	Worked Example	Example Results
1	This step multiplies the average costs with the volumes from the billing system	Total Cost = Average Cost x Volumes	Total Cost = 100 x 20	Total Costs = 2,000

6. Physical Infrastructure Access Recharge

6.1 Overview

As part of the July RFR 2019, Ofcom directed the costs and MCE of Duct and Pole assets to be included within a separate PIA market. This section sets out the methodology for allocating cost and MCE of the internal PIA services.

A charge to the rest of BT from Openreach is made for the use of duct and poles by cable in the core network. FAC is recharged from the PIA market to services which utilise duct and pole assets, via specific PIA components. Internal revenue equal to this recharge is recognised within the PIA market. The charge is only made for the purposes of the RFS and is included in 'other trading differences' within the RFS.

PIA duct recharges to legacy PGs are split between Access, Backhaul and Core duct.

Access Duct recharges are apportioned to specific plant groups set-up for the different types of access cables:

1. First, Access Duct recharges are split between copper cables, fibre cables and inter-exchange (fibre) cables, based on the 1997 Absolute Duct Study. We update these GRCs on an annual basis by adding the annual spend on duct built for access copper cables and duct built for access fibre cables, and applying an RPI index.
2. The RAV adjustment element of the recharge is attributed on a separate basis to the main recharge and is not attributed to BDUK funded access cable or to inter-exchange cable.
3. Access Fibre Duct recharges are then split between Spine and Distribution fibre, in proportion to relative depreciation for the relevant access fibre classes of work.
4. Access Fibre Duct recharges are also split between GEA and non-GEA, based on the GRC valuation for access fibre.
5. Access Copper Duct recharges are split between E-Side, D-Side and LLU copper plant groups in proportion to the depreciation arising from capital spend for duct built for E-side (CoW LMD) and D-Side (CoW LDD).
6. No duct recharge is attributed to copper drop wire.
7. No poles recharge is attributed to E-side copper cable.

Backhaul duct recharges are allocated directly to PG170B (Openreach Backhaul Fibre).

Core duct recharges are allocated directly to PG350N (Wholesale Inner Core Fibre).

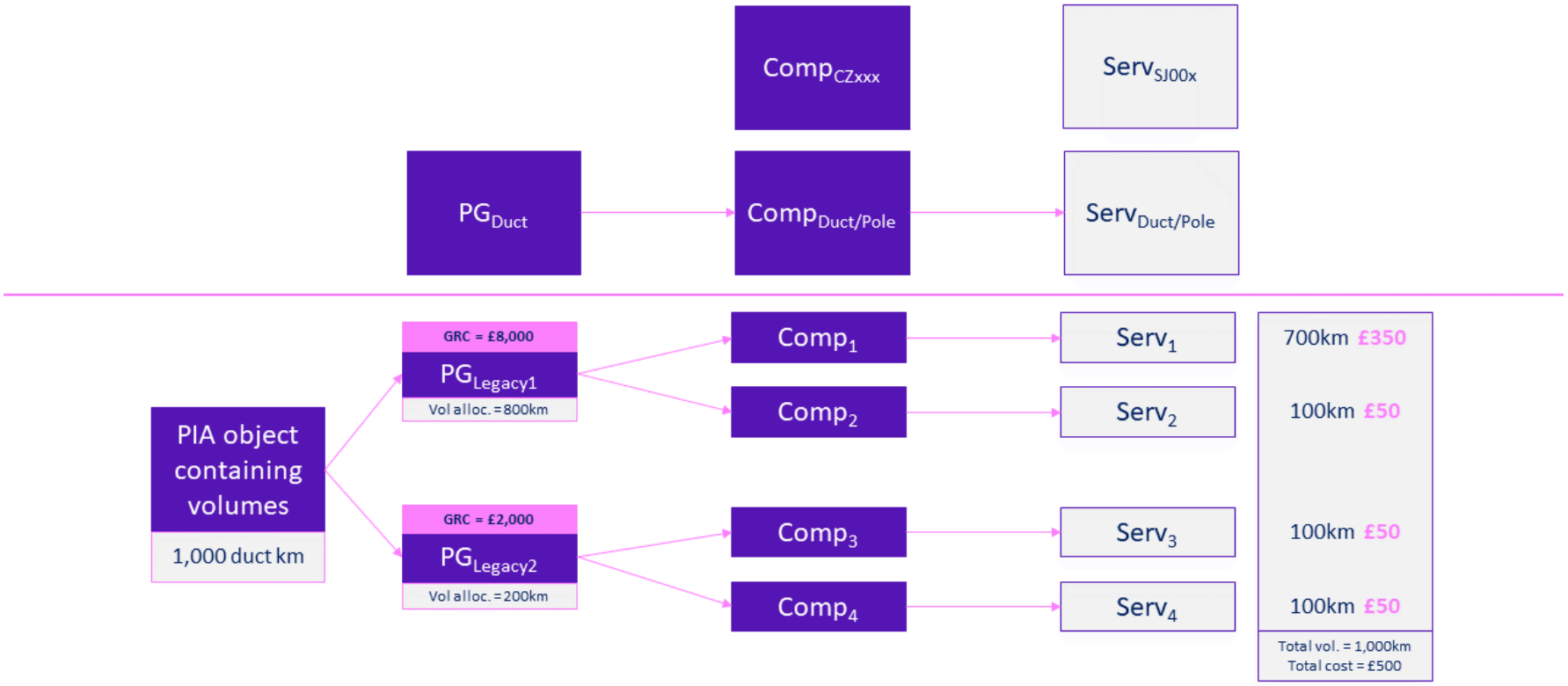
Access Poles recharge apportionment:

1. Poles GRC% driven from Poles Investment data
2. Access Fibre Spine NGA is initially split proportionally to GRC of Poles Investment. This is then proportionally split in relation to FTTC / FTTP in relation to existing PG allocation (model 7).
3. Distribution NGA is initially split proportionally to GRC of Poles Investment. This is then proportionally split in relation to FTTC / FTTP in relation to existing PG allocation (model 7).
4. Access Fibre non-NGA, Distribution Non-NGA, Copper Cable, Copper and Analogue drop is split in proportion to GRC of Poles Investment
5. BDUK FTTC is initially split proportionally to GRC of Poles Investment. This is then proportionally split in relation to FTTC / FTTP.
6. BDUK FTTP is initially split proportionally to GRC of Poles Investment. This is then proportionally split in relation to FTTC / FTTP.

Reference	PIA recharge components and services - see Annex nine: Components for Physical Infrastructure Access recharge			
Title	PIA recharge			
Overview	The PIA recharge first apportions costs between the legacy duct PGs, in line with the GRC of each PG. These costs are then allocated to downstream services in line with the allocation of legacy PGs and components, the methodologies for which are detailed on their own AMD pages.			
Description	**1. Source Costs and MCE:** Depreciation and asset values associated with PIA assets, including duct and poles. **2. Cost and MCE Categories:** Depreciation (PIA), Non-current assets (PIA).			
	3. Summary Destination: Services within downstream markets, including WLA, Business Connectivity and Narrowband Markets.			
	4. Methodology Taxonomy: Asset metrics. **5. Driver classification:** PIA component volumes.			
	6. Data Source Summary: Openreach duct and pole volumes, recorded in km or units.			
Data Sources	Asset metrics: PIA component volumes (PIPeR; and Artisan).			
Calculation Steps				
	Summary	**Calculation**	**Worked Example**	**Example Results**
1a	This step apportions costs between the legacy duct PGs, in line with the GRC of each PG, and the methodology detailed in the Overview above.	PG_x % GRC = PG_x GRC / Total Duct GRC	PG_1 % GRC = £200k / £1,000k	PG_1 % GRC = 20%
1b	This step calculates the Revised PG % GRC for PGs with factors (E Side Copper Cable, FTTC/FTTP Fibre Rollout Spend). The PG % GRC is multiplied by the PG BDUK Factor to determine the Revised PG % GRC.	Revised PG_x % GRC = PG_x % GRC * PG_x BDUK Factor	Revised PG_1 % GRC = 20% * 0.95	Revised PG_1 % GRC = 19%
1c	The step calculates the adjustment required to the remaining PGs (those without factors) % GRC in order for the allocation percentages to sum to 100%.	Allocation Total = GRC % / Allocation Section A * Total % Change	Adjustment Required = 100% - 98%	Adjustment Required = 2%
1d	This step calculates the Revised PG_x % GRC for the remaining PGs without factors. The total adjustment required is allocated across the remaining PGs using their relative PG % GRC.	Revised PGx % GRC = PGx % GRC + ((PGx % GRC / Total non-factored PG % GRC) * Adjustment Required) - (PGx % GRC - Change of Revised PGx % GRC)	Revised PG_2 % GRC = 16% + ((16% / 80%) * 2%)	Revised PG_2 % GRC = 16.4%
2a	This step calculates the apportionment of costs between the legacy duct PGs, excluding Backhaul and Inner Core. The GRC of each PG is calculated as a proportion of total GRC.	PG_x % GRC = PG_x GRC / Total Duct GRC (excl Backhaul and Inner Core)	PG_3 % GRC = £200k / £1,000k	PG_3 % GRC = 20%
2b	This step calculates the Revised PG % RAV GRC for the E Side Copper Cable PG. The PG % GRC is multiplied by the PG BDUK Factor to determine the Revised PG % RAV GRC.	Revised PG_x % RAV GRC = PG_x % GRC * PG_x BDUK Factor	Revised PG_3 % RAV GRC = 20% * 0.95	Revised PG_3 % RAV GRC = 19%
2c	The step calculates the adjustment required to the remaining PGs (those without factors) % GRC in order for the allocation percentages to sum to 100%.	Total Adjustment Required = 100 - Total Adjusted % GRC	Adjustment Required = 100% - 86.5%	Adjustment Required = 13.5%
2d	This step calculates the Revised PG_x % RAV GRC for the remaining PGs without factors. The total adjustment required is allocated across the remaining PGs using their relative PG % GRC.	Revised PGx % RAV GRC = PGx % GRC + ((PGx % GRC / Total non-factored PG % GRC) * Adjustment Required) - (PGx % GRC - Change of Revised PGx % RAV GRC)	Revised PG_4 % RAV GRC = 19% + (1% - 0.5%)	Revised PG_4 % RAV GRC = 19.5%

[redacted]	3a	This step calculates the apportionment of costs between the legacy poles Fibre Allocations. The GRC of each Fibre Allocation is calculated as a proportion of total GRC.	Fibre Allocation$_x$ % Poles GRC = Fibre Allocation$_x$ Poles GRC / Total Poles GRC	Fibre Allocation$_1$ % Poles GRC = £20k / £500k	Fibre Allocation$_1$ % Poles GRC = 4%
	3b	This step calculates Revised PG % Poles GRC for LFDC/LFSC Non-BDUK Fibre Allocations. The Fibre Allocation % Poles GRC is allocated to PGs based on relative Access Fibre base %s.	PG$_x$ % Poles GRC = Fibre Allocation$_x$ % Poles GRC * (PG$_x$ Base / Total Fibre Allocation$_x$ Base)	PG$_5$ % Poles GRC = 4% * (5 / 20)	PG$_5$ % Poles GRC = 1%
	3c	This step calculates Revised PG % Poles GRC for LDC, LFDC/LFSC - BCMR, and NWR & NWB Fibre Allocations. The Fibre Allocation % Poles GRC is allocated directly to the relevant PGs.	PG$_x$ % Poles GRC = Fibre Allocation$_x$ % Poles GRC	PG$_6$ % Poles GRC = 10%	PG$_6$ % Poles GRC = 10%
	3d	This step calculates Revised PG % Poles GRC for LFDC/LFSC BDUK Fibre Allocations. The Fibre Allocation % Poles GRC is allocated to PGs based on the FTTP (PG990A) / FTTC (PG999A) split.	PG$_x$ % Poles GRC = Fibre Allocation$_x$ % Poles GRC * FTTC Split	PG$_7$ % Poles GRC = 5% * 0.95	PG$_7$ % Poles GRC = 4.75%
	4	This step apportions the volume of duct or poles, in line with the GRC proportion of the PG.	Volume per legacy PG$_x$ = duct/pole volume * PG$_x$ % of GRC (Result from step 1a-3d)	Volume per legacy PG$_1$ = 2,000 * 19%	Volume per legacy PG$_1$ = 380
	5	This step allocates the volumes from legacy PGs to components.	Component volumes = Volume per legacy PG (Result from step 4) * Component proportion from PG$_x$	Component volumes = 380 * 50%	Component volumes = 190
	6	This step allocates volumes from components to services using factored volumes. For guidance on factored volumes please see 5.5 Component layer overview - L801	Service volumes = Component volumes(Result from step 5) * Service$_x$ factored volume %	Service volumes = 190 * 50%	Service volumes = 95
	7	This step provides total volume for all services	Total service volumes = sum of all service volumes (Result from step 6) Service volume proportion= Service$_x$ / total service volumes (Result from above)	Total service volumes = 10 + 20 + 30 + 40 Service volume proportion = 20 / 100	Total service volumes = 100 Service volume proportion = 20%
	8	This step allocates FAC.	FAC per service = Service volume proportion (Result from step 7) * FAC for PIA Service$_x$	FAC per service = 20% * £100m	FAC per service = £20m

The diagram below illustrates the allocation process:



6.2 Excessive Construction Charges (ECCs) related to PIA Duct

Some ECCs fund the construction of duct. The impact of ECC Duct decapitalisation is therefore accounted for within the PIA market. See PG002Y, PG005Y and PG006X for details on the PGs.

7. CCA valuation methodologies

7.1 Overview

This section describes the specific CCA methodologies applied to non-current assets within the RFS (see 3 "Accounting Policies" - section 3.2.1 for further details on CCA Policies).

An annual review of assets is carried out to ensure the correct valuation methodology is applied. We apply CCA to asset groups that generally have a high NBV, long asset life and where attributions to regulated markets are material, or where Ofcom has directed us to do so.

The table below describes the assets that we apply CCA to and explains what indices we apply to each asset:

Asset Description	Lead CoW	CCA Method Applied	Indices Used	Sources
Copper Dropwires	NWB & NWR	Indexed Historic	RPI	Physical assets & capitalised planning costs
Backhaul, Core and Access Duct	LDD	Indexed Historic & RAV	RPI	Physical assets & capitalised planning costs
Access Copper Cable	LDC	Indexed Historic	RPI	Physical assets & capitalised planning costs
Construction, Local/Main Exchange-side Cable	LMC	Indexed Historic	RPI	Physical assets & capitalised planning costs
Provision of Poles	POLES	Indexed Historic	RPI	Physical assets & capitalised planning costs

Other remaining non-current assets are valued at historical cost and do not have CCA applied, for the following reasons:

- that have a low NBV;
- that have short asset lives;
- that are virtually fully depreciated;
- that are newly acquired;
- where attributions to Regulated markets is immaterial; or
- that Ofcom have directed us to treat as Historic Cost.

There will be little impact on the regulatory financial statements as a result of the difference between their historical and current replacement costs.

7.2 Indexed Historic

This method applies RPI sourced from the Office for National Statistics website to Fixed Asset Register Gross Book Values and Accumulated Depreciation Values. By doing this, the assets can be valued at their current replacement costs. By applying the indices, the Gross Replacement Cost and Current Cost Accumulated Depreciation can be derived.

This is an appropriate method when there has been little technological change in the asset category and all the direct costs associated with bringing the asset into service would be incurred if it were to be replaced today. It also requires the production of an appropriate index. Net replacement cost is derived using indexation of the historical net book values.

Holding Gain/Loss GRC

Calculation steps	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Identify GRC Opening Balance and apply Index	Closing Prior Year (PY) Gross Replacement Cost (GRC) * INDEX	1000 * 5%	50
2	Identify CY HCA GBV movements and apply half-year Index	((HCA Gross Book Value Movements) * Half Year (HY) INDEX	40 * 2.5%	1
		Total Holding Gain/Loss GRC = 1+2		**51**

Holding Gain/Loss CCAD

Calculation steps	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Identify CCAD Opening Balance and apply Index	Closing Prior Year (PY) CCAD * INDEX	-800 * 5%	-40
2	Identify CY HCA AHD movements plus Supplementary Depreciation * Half Year (HY) INDEX	(HCA AHD Movements + Supplementary Depreciation) * Half Year (HY) INDEX	(-10 + -39) * 2.5%	-1
		Total Holding Gain/Loss CCAD = 1+2		**-41**

Supplementary Depreciation

Calculation steps	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Calculate yearly depreciation	If asset not FDA or asset registered in CY then: (GBV/Asset Life in Months/12)	115,200 /48/12	200
2	Calculate FAR CCA Depreciation	Index calculated FAR Depreciation: (FAR Depn) * (Current Index/Index as Asset Start))	200*(5221.82/3539.38)	295
3	Calculate the Supplementary Depreciation in year	FAR CCA Depreciation – FAR Depreciation	295-200	95
		Total Supplementary Depreciation		**95**

Balance Sheet Opening GRC

Calculation steps	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Calculate the difference between Opening GRC and GBV	Opening GRC-HCA GBV Opening Balance	1000-190	810
		Total Balance Sheet Opening GRC		**810**

Balance Sheet Opening CCAD

Calculation steps	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Calculate the difference between the CCAD and HCA AD	Opening CCAD-HCA AHD Opening Balance	-800 - (-60)	-740
		Total Balance Sheet Opening CCAD		**-740**

Other CCA - GRC

Calculation steps	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Calculate the Other GRC Balance	CCA Uplift GRC – Balance Sheet GRC Opening – Holding Gain/Loss GRC	820 – 810 – 10	0
		Total Other CCA - GRC		**0**

Other CCA - CCAD

Calculation steps	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Calculate the Other CCAD Balance	Adjusted NRC Movement – Supplementary Depreciation – Holding Gain/Loss CCAD – Other CCA GRC	-20 - -39 – 10 - 0	9
		Total Other CCA - CCAD		**9**

CCA Uplift - GRC

Calculation steps	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Calculate the CY movement in GRC	Closing GRC-HCA GBV Closing Balance	1050 - 230	820
		Total GRC Uplift		**820**

CCA Uplift - CCAD

Calculation steps	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Calculate the CY movement in CCAD	Closing CCAD-HCA AHD Closing Balance	-840 - -70	-770
		Total CCA Direct Closing - CCAD		**-770**

P&L Postings

Calculation steps	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Holding Gain GRC - P&L	-(Holding Gain GRC)	-(51)	51
2	Holding Gain CCAD - P&L	-(Holding Gain CCAD)	-(41)	41
3	SuppD - P&L	-(Supplementary Depreciation)	-(95)	95
4	Other CCA - GRC - P&L	-(Other CCA GRC)	-(0)	0
5	Other CCA - CCAD - P&L	-(Other CCA CCAD)	(9)	-9

7.3 Regulatory asset value (RAV)

Ofcom have directed us to value duct used by access cables using a prescribed RAV methodology. Duct built up to 31 Jul 1997 (pre-97) is at HCA but indexed using RPI from 1 Apr 2005. Duct built after 31 Jul 1997 (post 97) is at 'CCA' meaning that RPI is applied from the date of purchase/installation/go live/registration. The valuation of duct built after Mar 31 2001 is calculated by applying the index each year from the date the asset was registered, as per the standard duct valuation.

The valuation of duct is calculated using an indexed historic method. To calculate an absolute valuation for an asset of the size and complexity of the duct network would require a number of significant assumptions and estimates leading to volatility in the RFS. RPI has been agreed with Ofcom as the most the appropriate index for this asset (including Capitalised Planning costs).

The RAV adjustment (step 5) is allocated to PG100D (Duct RAV) used by Access Cables so that cost pool contains that original CCA valuation and the RAV adjustment to be equivalent to the RAV valuation for duct used by access cables. The access percentage used in the RAV adjustment is the same as that used to attribute the recharge for duct to access markets.

The Supplementary Depreciation, GRC Price Holding Gain/Loss, CCAD Price Holding Gain/Loss, CCA GRC Direct Closing and CCAD Direct Closing calculations vary to the indexed historic method. All other calculations remain the same.

Below is a high level example of how the RAV methodology is applied to the GRC Price Holding Gain/Loss. This has been simplified to describe the approach taken and does not encompass the complete workings.

Calculation step	Summary	Calculation	Worked Example (£m)	Example Results (£m)
1	Calculate the percentage of duct used by access cables	YTD Depreciation for Access Cable Duct / YTD Depreciation for Total Duct	165 / 210	79%
2	Calculate GRC Price Holding Gain/Loss using the Indexed Historic Method	Same calculations followed as Indexed Historic method.	400	400
3	Calculate Regulatory Asset Valuation for duct for GRC Price Holding Gain/Loss	Access duct capitalised prior to 1 August 1997 is valued based on the closing historical cost at the	300	300

Calculation step	Summary	Calculation	Worked Example (£m)	Example Results (£m)
		2004/2005 financial year-end (i.e. 31 March 2005) and indexed by RPI from that date.		
4	Calculate the difference between the Indexed Historic method and the RAV method.	RAV GRC Price Holding Gain/Loss - Indexed Historic GRC Price Holding Gain/Loss	300 - 400	-100
5	We are only required to apply the RAV methodology to duct used by access cables. Calculate RAV adjustment by applying the percentage of duct used by access cables, taken from Step 1.	Output from Step 4 * Output from Step 1	-100 * 79%	-79

8. Transfer charges

Transfer charges are the mechanism by which we ensure the profitability of each CFU/CU is correctly reported.

Transfer charges may arise where a CFU/CU trades with another CFU/CU. For example, where Business purchases services from Openreach, and sells onward to an external customer, to ensure sales and costs are recognised in the correct CFU a transfer charge will be recognised in Openreach and Business's books. Transfer charges may also occur where Group purchases are made centrally and then billed to CFU/CUs for example for insurance costs.

8.1 Transfer charges which impact regulated markets

For the cost attribution process, the transfer charge (out) amounts are recognised in Rest of BT Residual and the underlying cost the transfer charge (transfer in) is attributed on a cost-causal basis, for example:

- Employee broadband - the underlying costs are attributed using EMPLOYEEBB-Q base.
- Xian: Managed services - the underlying costs are attributed using PDTEMP-Q base.
- Fleet rental charges - the underlying costs are attributed using AG101 and AG415.

The Annexes

Annex one: Detailed attribution tables

Detailed attribution tables are published separately on our website, showing:

- All material direct allocations;
- The linkages of all detailed valuation methodology asset categories to their associated AGs and PGs, and the sectors into which they have been categorised; and
- The key destination of each of the system generated other apportionment bases, AGs and PGs.

Annex two: Network Lists and Component Diagrams

Introduction:

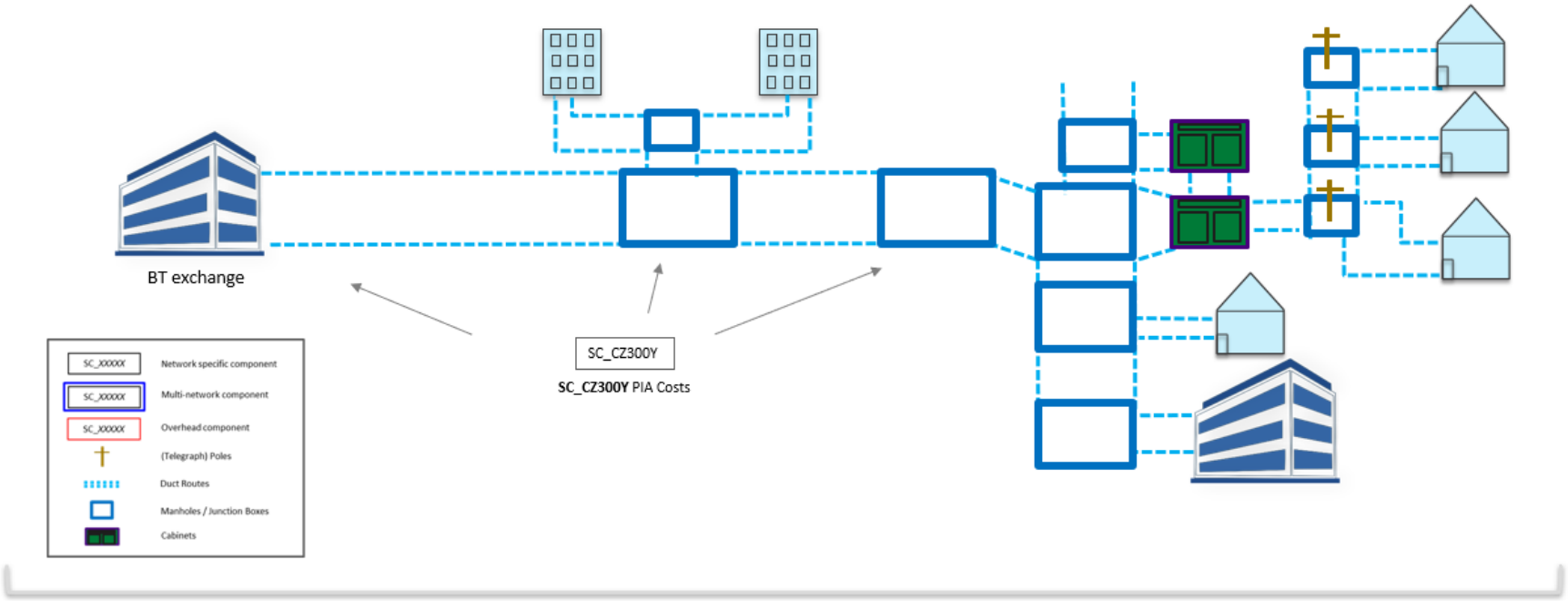
In accordance with Volume 7 of the WFTMR 2021-26 we have produced a list of Network Components used within the Regulatory Accounting System and a description of each Network Component. Network Diagrams have also been produced to show to which part of the network each Component relates.

Network Component List:

Component Code	Component Description	AMD Reference
SC_CD900	Revenue Receivables	6.6 Components - System Driven
SC_CE106	Ethernet Excess Construction Capex	6.6 Components - Methodology Driven
SC_CF187	MPF line testing systems	6.6 Components - Volume Driven
SC_CJ001	PIA Transfer charge	6.6 Components - PIA Transfer Charge
SC_CK981	Regulated Time Related Charges	6.6 Components - Methodology Driven
SC_CL131	Co-mingling set up	6.6 Components - Volume Driven
SC_CL132	Co-mingling rentals	6.6 Components - Volume Driven
SC_CL133	WLA tie cables	6.6 Components - Volume Driven
SC_CL160	Routeing & Records	6.6 Components - Methodology Driven
SC_CL161	MDF Hardware jumpering	6.6 Components - Methodology Driven
SC_CL171	E side copper capital	6.6 Components - Methodology Driven
SC_CL172	E side copper current	6.6 Components - Methodology Driven
SC_CL173	D side copper capital	6.6 Components - Methodology Driven
SC_CL174	D side copper current	6.6 Components - Methodology Driven
SC_CL175	Local exchanges general frames equipment	6.6 Components - Methodology Driven
SC_CL176	Local exchanges general frames maintenance	6.6 Components - Methodology Driven
SC_CL178	Dropwire capital & analogue NTE	6.6 Components - Methodology Driven
SC_CL180	Analogue line drop maintenance	6.6 Components - Methodology Driven
SC_CL182	Abortive Visits	6.6 Components - Methodology Driven
SC_CL192	Legacy FTTC – Tie Cable	6.6 Components - Volume Driven
SC_CL193	Expedite Provision Costs	6.6 Components - Methodology Driven
SC_CL195	NGA Visit Assure	6.6 Components - Volume Driven
SC_CL197	FTTC Development	6.6 Components - Volume Driven
SC_CL198	FTTP Development	6.6 Components - Volume Driven
SC_CL572	OR Service Centre - Provision WLA	6.6 Components - Volume Driven
SC_CL573	OR Service Centre Provision Ethernet	6.6 Components - Volume Driven
SC_CL574	OR Service Centre - Provision GEA	6.6 Components - Volume Driven
SC_CL577	OR Service Centre - Assurance WLA	6.6 Components - Methodology Driven
SC_CL579	Service Centre - Assurance NGA	6.6 Components - Volume Driven
SC_CL590	SLG WLA Ext	6.6 Components - Methodology Driven
SC_CL591	SLG WLA Int	6.6 Components - Methodology Driven
SC_CL600	Other WLA	6.6 Components - Methodology & Volume Driven
SC_CL601	SLG Ethernet Provision Ext	6.6 Components - Methodology Driven
SC_CL602	SLG Ethernet Assurance Ext	6.6 Components - Methodology Driven
SC_CL605	SLG Ethernet Provision Int	6.6 Components - Methodology Driven
SC_CL606	SLG Ethernet Assurance Int	6.6 Components - Methodology Driven
SC_CL612	IFRS 15 Adjustments	6.6 Components - Methodology & Volume Driven
SC_CL943	Cumulo OR	6.6 Components - Methodology Driven
SC_CL948	One Fibre Network - Spine fibre	6.6 Components - Volume Driven
SC_CL949	One Fibre Network - Distribution fibre	6.6 Components - Volume Driven
SC_CL950	Legacy FTTC - Spine fibre	6.6 Components - Volume Driven
SC_CL951	Legacy FTTC - Distribution fibre	6.6 Components - Volume Driven

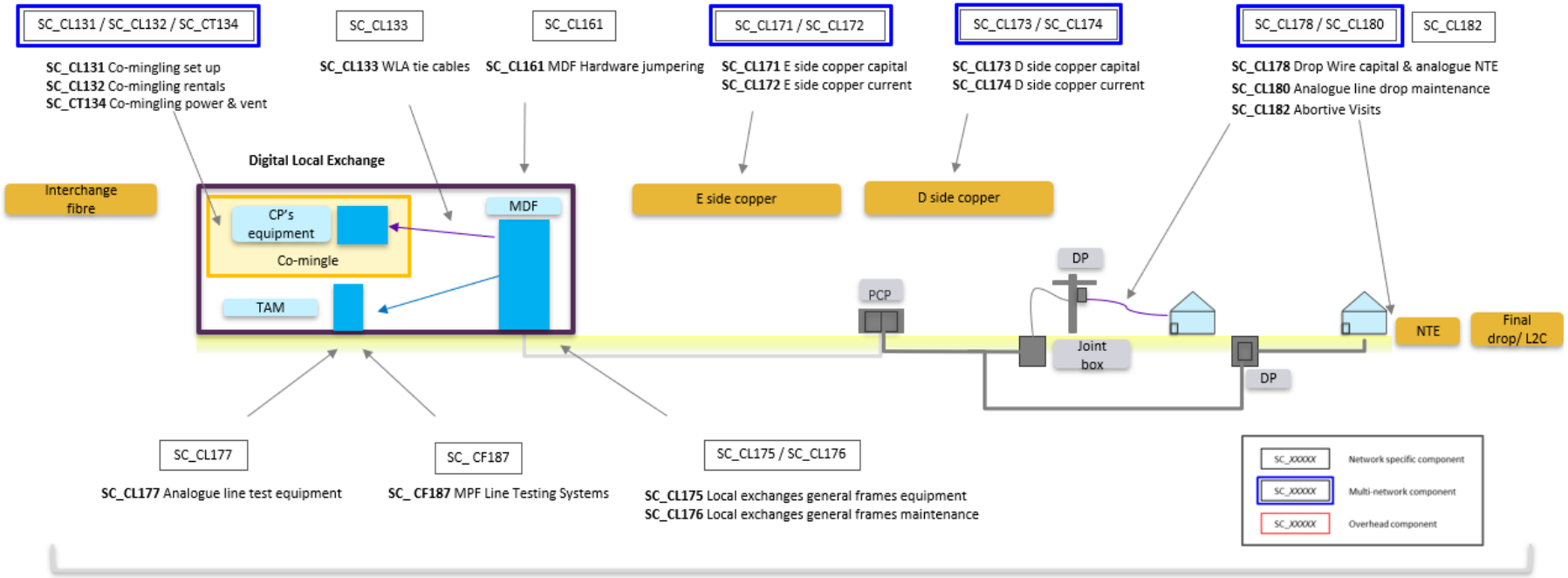
Component Code	Component Description	AMD Reference
SC_CL952	Legacy FTTC - OLT	6.6 Components - Volume Driven
SC_CL953	Legacy FTTC - DSLAM	6.6 Components - Volume Driven
SC_CL954	Legacy FTTC - Final Drop	6.6 Components - Methodology Driven
SC_CL955	GEA FTTC Repairs	6.6 Components - Volume Driven
SC_CL956	GEA FTTP Repairs	6.6 Components - Volume Driven
SC_CL957	GEA FTTP Provisions	6.6 Components - Volume Driven
SC_CL958	GEA FTTC Provisions	6.6 Components - Methodology Driven
SC_CL961	One Fibre Network - Headend electronics FTTP	6.6 Components - Volume Driven
SC_CL963	One Fibre Network - Final drop	6.6 Components - Volume Driven
SC_CL990	FTTP Funded Fibre Rollout Spend	6.6 Components - Volume Driven
SC_CL997	FTTP Fibre Rollout Funding	6.6 Components - Volume Driven
SC_CL998	FTTC Fibre Rollout Funding	6.6 Components - Volume Driven
SC_CL999	FTTC Funded Fibre Rollout Spend	6.6 Components - Volume Driven
SC_CN617	Ethernet Backhaul Direct extended reach	6.6 Components - Methodology Driven
SC_CN619	ETHERNET BACKHAUL DIRECT ACTIVE	6.6 Components - Methodology Driven
SC_CN620	Ethernet Backhaul Direct Passive	6.6 Components - Volume Driven
SC_CN623	Ethernet Backhaul Direct Resilience Active	6.6 Components - Methodology Driven
SC_CN624	Ethernet Backhaul Direct Resilience Passive	6.6 Components - Volume Driven
SC_CO254	OR Project Services	6.6 Components - Volume Driven
SC_CO445	Ethernet Monitoring Platform	6.6 Components - Methodology Driven
SC_CO457	Legacy Ethernet - Ethernet electronics	6.6 Components - Methodology & Volume Driven
SC_CO484	Interexchange Fibre	6.6 Components - Volume Driven
SC_CO485	Ethernet Electronics Current	6.6 Components - Methodology Driven
SC_CO772	OR Systems & Development - Ethernet	6.6 Components - Methodology Driven
SC_CO801	Ofcom Administration Fee - Openreach	6.6 Components - System Driven
SC_CO989	Special Fault Investigation	6.6 Components - Volume Driven
SC_CP502	Openreach sales product management	6.6 Components - Methodology Driven
SC_CT134	Co-mingling power & vent	6.6 Components - Methodology & Volume Driven
SC_CW609	Legacy Ethernet - Spine fibre	6.6 Components - Methodology Driven
SC_CW610	Legacy Ethernet - Distribution fibre	6.6 Components - Methodology Driven
SC_CX999	Non-SMP	6.6 Components - Residual Component
SC_CZ300X	PIA Downstream Asset	6.6 Components - System Driven
SC_CZ300Y	PIA Costs	6.6 Components - Methodology & Volume Driven

PIA Network Diagram



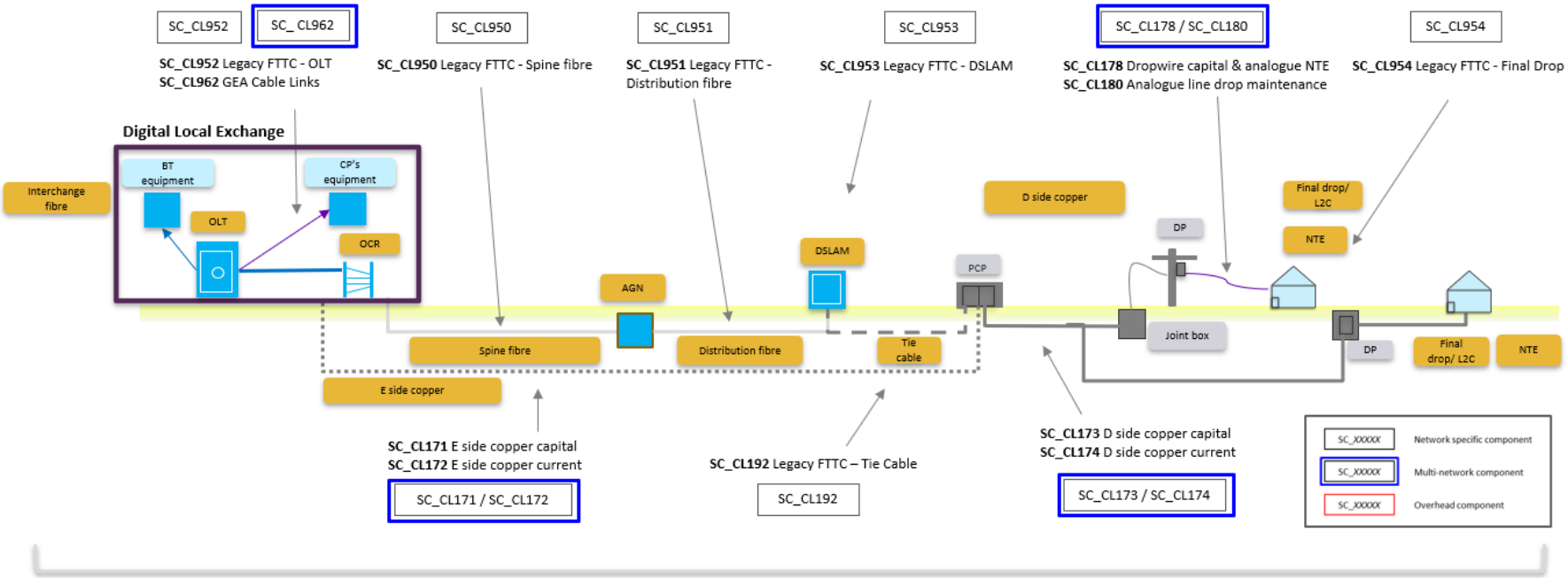
Market Specific Overhead:	**SC_CZ300X** PIA Downstream Asset
Cross Market Overhead:	**SC_CD900** Revenue Receivables / **SC_CO801** Ofcom Administration Fee – Openreach / **SC_CP502** Openreach sales product management

WLA - Copper (SMPF & MPF) Network Diagram



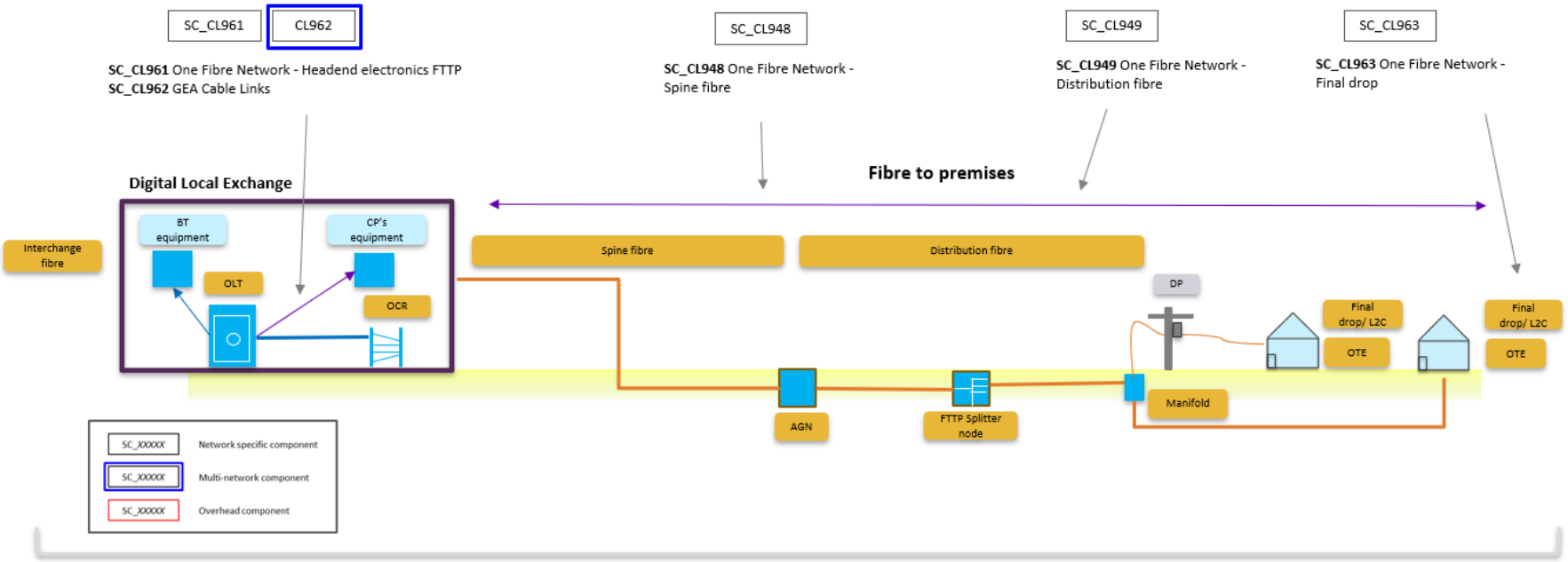
Cross Market Overhead:	**SC_CD900** Revenue Receivables / **SC_CJ001** PIA Transfer Charge / **SC_CK981** Regulated Time Related Charges / **SC_CL160** Routing & Records / **SC_CL193** Expedite Provision Costs / **SC_CL572** Service Centre – Provision WLA / **SC_CL577** OR Service Centre - Assurance WLA / **SC_CL590** SLG WLA External / **SC_CL591** SLG WLA Internal / **SC_CL600** Other WLA / **SC_CL612** IFRS 15 Adjustments / **SC_CL943** Cumulo Non NGA OR / **SC_CO484** Interexchange Fibre / **SC_CO801** Ofcom Administration Fee – Openreach / **SC_CO989** Special Fault Investigation / **SC_CP502** Openreach sales product management

WLA - Fibre (FTTC) Network Diagram



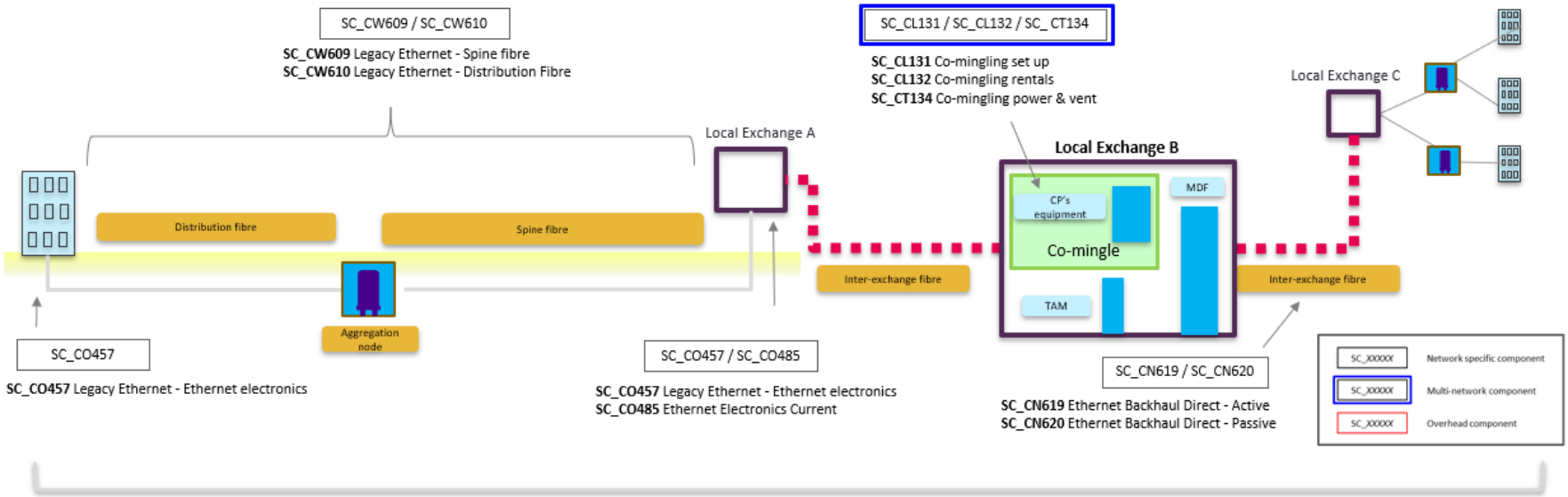
Market Specific Overhead:	**SC_CL197** FTTC Development / **SC_CL955** GEA FTTC Repairs / **SC_CL958** GEA FTTC Provisions / **SC_CL998** FTTC Fibre Rollout Funding / **SC_CL999** FTTC Funded Fibre Rollout Spend
Cross Market Overhead:	**SC_CD900** Revenue Receivables / **SC_CJ001** PIA Transfer Charge / **SC_CK981** Regulated Time Related Charges / **SC_CL160** Routing & Records / **SC_CL193** Expedite Provision Costs / **SC_CL195** NGA Visit Assure / **SC_CL572** OR Service Centre – Provision WLA / **SC_CL574** OR Service Centre – Provision GEA / **SC_CL577** OR Service Centre - Assurance WLA / **SC_CL579** Service Centre – Assurance NGA / **SC_CL590** SLG WLA External / **SC_CL591** SLG WLA Internal / **SC_CL600** Other WLA / **SC_CL612** IFRS 15 Adjustments / **SC_CL943** Cumulo OR / **SC_CO484** Interexchange Fibre / **SC_CO801** Ofcom Administration Fee – Openreach / **SC_CO989** Special Fault Investigation / **SC_CP502** Openreach sales product management

WLA - Fibre (FTTP) Network Diagram



Market Specific Overhead:	**SC_CL198** FTTP Development / **SC_CL956** GEA FTTP Repairs / **SC_CL957** GEA FTTP Provisions / **SC_CL990** FTTP Funded Fibre Rollout Spend / **SC_CL997** FTTP Fibre Rollout Funding
Cross Market Overhead:	**SC_ CD900** Revenue Receivables / **SC_CJ001** PIA Transfer Charge / **SC_CK981** Regulated Time Related Charges / **SC_CL160** Routing & Records / **SC_CL193** Expedite Provision Costs / **SC_CL195** NGA Visit Assure / **SC_CL572** OR Service Centre – Provision WLA / **SC_CL574** OR Service Centre – Provision GEA / **SC_CL577** OR Service Centre - Assurance WLA / **SC_CL579** Service Centre - Assurance NGA / **SC_CL590** SLG WLA External / **SC_CL591** SLG WLA Internal / **SC_CL600** Other WLA / **SC_CL612** IFRS 15 Adjustments / **SC_CO484** Interexchange Fibre / **SC_CO801** Ofcom Administration Fee – Openreach / **SC_CO989** Special Fault Investigation / **SC_CP502** Openreach sales product management

LLA & IEC Network Diagram



Market Specific Overhead:	**SC_CE106** Ethernet Excess Construction Capex / **SC_CL573** OR Service Centre Provision Ethernet / **SC_CL601** SLG Ethernet Provision Ext / **SC_CL602** SLG Ethernet Assurance Ext / **SC_CL605** SLG Ethernet Provision Int / **SC_CL606** SLG Ethernet Assurance Int / **SC_CN617** Ethernet Backhaul Direct extended reach / **SC_CN623** Ethernet Backhaul Direct Resilience - Active / **SC_CN624** Ethernet Backhaul Direct Resilience – Passive / **SC_CO254** Openreach Project Services / **SC_CO445** Ethernet Monitoring Platform / **SC_CO488** Dark Fibre Specific Rental Costs / **SC_CO499** Dark Fibre Specific Connection Costs / **SC_CO772** Openreach Systems & Development – Ethernet
Cross Market Overhead:	**SC_CD900** Revenue Receivables / **SC_CL160** Routing & Records / **SC_CJ001** PIA Transfer Charge / **SC_CL612** IFRS 15 Adjustments / **SC_CL943** Cumulo Non NGA / **SC_CO484** Interexchange Fibre / SC_CO801 Ofcom Administration Fee – Openreach / **SC_CP502** Openreach sales product management

Annex three: Weighted average cost of capital

Introduction

Ofcom's WFTMR statement sets their decision on BT's pre-tax nominal WACC for BT Group and disaggregated lines of business as follows:

	Openreach	Other UK Telecoms	Rest of BT
Pre-tax nominal WACC	7.0%	7.8%	10.2%

The WACC rates for AGs and PGs are set out below, and component WACC rates are in Section 5.6 "Components". The WACC rates assigned to these allocating objects are aligned to the rate of the market and product receiving the largest portion of cost and MCE.

Activity Groups

Reference	WACC RATE
AG101	7.0%
AG102	7.0%
AG113	7.0%
AG116	7.0%
AG118	7.0%
AG119	7.0%
AG170	7.0%
AG171	7.0%
AG172	7.0%
AG173	7.0%
AG401	7.0%
AG402	7.0%
AG407	7.0%
AG410	7.0%
AG415	7.0%

Plant Groups

Reference	WACC RATE
PG003Y	7.8%
PG005Y	7.0%
PG006X	7.8%
PG006Y	7.8%
PG100D	7.0%
PG101D	7.0%
PG102D	7.0%
PG111C	7.8%
PG117C	7.0%
PG117M	7.0%
PG118C	7.0%
PG118M	7.0%
PG120B	7.0%
PG122M	7.0%
PG130A	7.0%
PG132B	7.0%
PG132N	7.0%
PG136N	7.0%
PG140A	7.0%
PG142A	7.0%
PG149A	7.0%
PG150B	7.0%
PG151B	7.8%
PG154B	7.0%
PG170B	7.8%
PG171A	7.0%
PG192A	7.0%
PG197A	7.0%
PG198A	7.8%
PG200P	7.0%
PG201P	7.0%
PG217E	7.0%
PG217F	7.0%
PG240A	7.0%
PG254B	7.8%
PG300N	7.0%
PG302N	7.0%
PG350N	7.8%
PG447A	7.8%
PG449A	7.8%
PG457A	7.8%
PG467A	7.8%
PG502B	7.0%
PG572B	7.0%
PG573B	7.8%
PG574B	7.0%
PG577B	7.0%
PG579B	7.0%
PG590B	7.0%
PG591B	7.0%
PG601B	7.8%
PG605B	7.8%
PG612B	7.8%
PG613B	7.0%
PG614B	7.8%
PG615B	7.0%
PG773A	7.8%
PG866A	7.8%
PG885A	7.8%
PG886A	7.8%
PG899A	7.8%
PG900A	7.8%
PG941A	7.8%
PG943A	7.8%
PG948C	7.8%
PG949C	7.8%

PG950C	7.0%
PG951C	7.0%
PG952C	7.8%
PG953C	7.0%
PG954C	7.8%
PG955M	7.0%
PG956M	7.8%
PG957P	7.8%
PG958P	7.0%
PG959C	7.8%
PG960A	7.0%
PG981R	7.0%
PG982R	7.0%
PG989A	7.0%
PG990A	7.8%
PG998A	7.0%
PG999A	7.0%

Annex four: Openreach reporting

Introduction

On 10 March 2017, we notified Ofcom under section 89C of the Communications Act 2003 of changes to the structure and governance arrangements relating to the Openreach Division described in the Commitments. In 2018, we fulfilled the Commitments we gave to Ofcom following its Digital Communications Review. In accordance with sections 20.3 to 20.6 of the Commitments, most recently issued on 15 September 2023, the RFS separately present the financial results of Openreach Division and include a reconciliation of Openreach Division's revenue, operating cost and return or profit before tax (and other items agreed between us and Ofcom) with the financial information about Openreach Division as shown in BT Group plc's Annual Report and Accounts. This financial information is subject to an independent audit.

This section outlines the methodologies used to present the financial results of Openreach Division ('Openreach Information') within the RFS and the reconciliation of that statement to the Openreach Division segmental financial information as shown in BT's Annual Report.

As specified in the Commitments, the form, content and basis of preparation of the Openreach Division Information follows that used in the preparation of the RFS.

Openreach Division Financial Reporting

Financial results of Openreach Division

In accordance with the Commitments, the financial results of Openreach Division are presented in the RFS within the Market Summaries for each of the regulated markets. The mapping of services into these markets can be found in the Wholesale Catalogue.

Currently regulated markets summaries presented in the RFS include:

- Physical infrastructure access
- Wholesale local access - Area 2
- Wholesale local access - Area 3
- Leased lines access - Area 2
- Leased lines access- Area 3
- Leased lines access - High network reach
- Inter-exchange connectivity - BT only exchanges
- Inter-exchange connectivity BT +1 exchanges
- Shared Ancillaries

All of the services in the above markets are described on Openreach's website: www.openreach.co.uk.

Openreach revenue

Revenue is based upon published prices multiplied by Openreach volumes, consistent with our RFS. We have used volumes associated with Openreach products. Against the identified volumes we apply the published price, where products are sold externally or internally, to arrive at the reported revenue for Openreach.

For services which are only sold internally and where there is no applicable published price, revenue is calculated on the prices that have been agreed internally between Openreach and the other BT divisions.

Reconciliation Statements - Income Statement

The reconciliation of Openreach Division's revenue, operating cost and return or operating profit is presented in the RFS comparing the information from the market summaries with the information about Openreach Division shown in BT Group plc's Annual Report.

The reconciling differences between the Openreach Information and the Openreach segmental financial information reported in BT's Annual Report fall into the following main categories:

1. Basis of preparation under Current Cost Accounting (CCA): *BT's Annual Report has been prepared under the historical cost accounting (HCA) basis, modified for the revaluation of certain financial assets and liabilities at fair value. BT's RFS have been prepared on a CCA basis.*
2. Cost of capital adjustment for internal trading (Use of technology assets): *Within the Openreach segmental financial information reported in BT's Annual Report, there is a charge for an appropriate return on capital where assets are owned by the BT Technology division (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 allocation of costs and assets to products in the regulatory accounts is actual costs and assets.

3. Other reconciling items and trading differences: *This adjustment relates to other trading differences that may occur from period to period in attributing costs for the RFS. Internal transfers raised between businesses are ignored within the RFS for both the CFU raising the charge and the CFU receiving the charge so as to reflect the true regulatory end-to-end costs of each unit. The total regulatory cost of each category is compared to the equivalent traded costs within the management accounts to calculate individual reconciliation differences and the sum of the differences incorporated as the total reconciliation difference for trading differences.*
4. Non-traded costs: *Costs shown separately from the Openreach segmented results in BT's Annual Report are included as a separate line to enable reconciliation between the accounts.*

Reconciliation Statements - Mean Capital Employed (MCE)

We do not publish Openreach segmental balance sheet information in our Annual Report and consequently are unable to publish a separate reconciliation of Openreach MCE Statement in the RFS. Instead, a reconciliation of BT Group plc's MCE in included in the RFS which reconciles to the CCA MCE balances presented for all Openreach markets and Rest of BT.

Annex five: CCA valuation

Studies and data sources

The following studies and data sources are utilised in the preparation of the CCA Valuations as described in Section 7 “CCA valuation methodologies”. We use the following Office for National Statistics (ONS) indices in our Indexation Methodologies:

- RPI https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/doge/mm23

Annex six: Data sources

1 Introduction

A variety of data sources from across BT are used as part of our attribution methodologies to produce the RFS. These data inputs are classified in line with the methodology taxonomy as outlined in Part 1, Section 5. This Annex details the attributes of data used and defines key systems used. Changes to an input or one of its attributes, where it impacts on a methodology, is reported in the Change Control Notification as directed by Ofcom.

2 Characteristics of systems

Frozen Inputs

Where we are unable to locate better data, or where regularly refreshing an input would not result in significant changes to the results, we may choose to freeze an input. Commonly this happens when a system has been decommissioned. Such inputs are noted below. Frozen inputs are subject to a periodic review to check that either freezing the source is immaterial to the results; or that there is no better source of data than the frozen data set.

Period Refreshed

Data is typically collected for the full year, at the end of the financial year on 31 March. However, there may be instances where it is more appropriate to collect data at the mid-point of the year (typically where the mid-point roughly equates to a yearly average).

A single system may produce multiple inputs to our process, and therefore may appear at different points in the taxonomy. For this reason, some systems are queried more than once in the year.

Below is a summary list of key data sources used within the RFS by category. This list is not complete, but includes all inputs which are material to the results.

3 Summary of systems by Category

Asset metrics

Source System	Full system name and description	Period refreshed	Notes
CID	**Central Information Database –** This system is both a comprehensive data warehouse of financial and non-financial data at General Ledger (GL) level, volumes and a suite of application software, which enables management information to be extracted. The applications run on the system and service the needs of Group and Divisional financial analysts, field operational managers and business planners. There are many interfaces where CID Receives data, and reporting is done via the eReports application. One of these is IPL (Internal Projects Ledger).	Mid-Point and Full year	
CostPerform	CostPerform supports the regulatory reporting requirements of the business, providing Accounting Separation (AS) results and analysis that form the basis of the RFS.	Full year	
FAR	**Fixed Asset Register –** detailed list of fixed assets owned by BT.	Mid-Point and Full year	
NISM NT	**Network Inventory And Spares Management System - New Technologies -** NISM NT is used to plan Broadband Equipment. It is used to manage Core Network Spares & Repair activities for specified technologies. Designed to track Network Equipment, for example slide in units, at 6,300 sites.	Mid-Point and Full year	
OBOE	**One BT Oracle Enterprise -** OBOE is used by all BT UK employees as well as all UK people procuring and selected international units. It is also used by the Shared Service Centre staff to enter invoice information and support the system on behalf of BT. OBOE consists of the following business functions: · Fixed Assets - List of items owned by BT that are seen as being of value to the business or that need to be tracked for future reporting requirements. · General Ledger - Collating of financial reporting information into one consolidated view for BT UK. · iBuy - The online procurement entry and approval process that provides BT UK users with their core procurement tool for purchasing items and services external to BT. · iExpenses - The online expenses entry and approval system for UK employees.	Mid-Point and Full year	

	Project Accounting - Providing the ability to the business to analyse revenue and costs for a defined piece of work or activity.		
ORBIT	**Openreach Business Information Toolset -** To comply with the Telecoms Strategic Review (TSR), Openreach has developed a data warehouse to capture and store management information and this warehouse is called ORBIT. The ORBIT data warehouse is the Key stone in the Openreach Management Information System (MIS) strategy. It performs the task of the central data store and information repository, holding both granular and aggregated data together with measures and business metrics.	Mid- Point	
PIPeR	**Physical Inventory Planning E-Records -** PIPeR supports the Planning & Recording communities within the Openreach organisation. It holds all Openreach external inventories, and supports planning of all new fibre and copper plant items. It enables the Planning teams to plan and issue the work out to the build agents and enables the Recording teams to accurately and efficiently record changes to the network electronically.	Full year	
BT Group Strategic ERP (SAP S4 HANA)	Application to develop a standardised set of financial and KPI data to meet the needs of finance teams, as well as the commercial functions they support, by giving a real time organization-wide financial view	Full year	
BT Group Business Warehouse (SAP BW)	A data-warehousing environment to collect, transform and store data generated in SAP and non-SAP applications and make it accessible through built-in reporting, business intelligence and analytics tools.	Full year	

Electricity

Source System	Full system name and description	Period refreshed	Notes
ETD	**Energy Telemetry Database** – Reporting data warehouse to facilitate analytics of BT's energy consumption.	Mid- Point	
EXPRES	**Exchange Planning and Review System** - EXPRES is a system used for capacity planning in BT's Local Exchange Network. It provides an inventory of 'capacity in service' available in the Voice Network also known as the Public Switched Telephone Network (PSTN). The system uses this information to forecast future capacity requirements. EXPRES is extensively used to provide regular switch network data for reports and briefings together with data for key reports to Ofcom and other CPs. Additionally it is used throughout the business, particularly within planning offices, to provide management statistics and data on the works programme and asset utilisation. It is the definitive source for Network Nodal Identifier (NNI) codes. EXPRES contains details of the hierarchy of the Voice Network e.g. which local exchanges are linked to which tandem exchanges. System X and AXE10 volumes in the network are sourced from the EXPRES system.	Mid- Point	
INS	**Integrated Network Systems** - INS is the family name for the architecture encompassing a group of mainframe subsystems supporting PDH core network planning and utilisation processes. These processes manage the assignment of BT's core and wideband network and transmission equipment areas. It is one of the major Operation Support Systems (OSS) within BT for PDH plus the analogue network and holds all data for Cables (Fibre and Copper - non Customer Service System (CSS)), Radio, Bearers, Switch, Equipment and Private Services and is one of the largest online data systems in Europe. It underpins network technologies and topologies such as Ultra Broadband (UBB), Wavelength Division Multiplexing (WDM), Synchronous Digital Hierarchy (SDH), Internet Protocol (IP), PDH, Kilostream and high bit rate services. It also records the inter exchange network for Public Switched Telephone Network (PSTN) and Featurenet. It fully supports the three main business processes of Provision, Build and Repair. INS is essentially a data warehouse and is a representation of physical bearers and equipment for logical solutions. It provides end to end routing design and solutions across network platforms for public, private and network services, 20CN and 21CN. It also provides a level of resilience checking.	Mid- Point	
LLUMS	**Local Loop Unbundling Management System** - The Local Loop Unbundling Management system provides delivery and in-life management of LLU Points of Presence, MDF Connections and TAM. It also includes customised reporting functionality and disaster management information.	Mid-Point and Full year	

MARVIN	ANP001BRP – Hourly EE RAN traffic stats	Mid- Point	
NISM NT	**Network Inventory And Spares Management System – New Technologies -** NISM NT is used to plan Broadband Equipment. It is used to manage Core Network Spares & Repair activities for specified technologies. Designed to track Network Equipment, for example slide in units, at 6,300 sites.	Mid- Point	
Peacemaker	This Suite of programmes giving radio planners sophisticated tools to aid the design of radio links. Can produce terrain maps & radio path profiles. It will also identify if a path is workable & free from frequency interference.	Mid- Point	
PIRM	**Power Inventory And Routines Manager** - The Power Inventory and Routines Manager (PIRM) system is a web-based system developed by MBT to give a high level of control in the management of power equipment within the BT core network. Authorized users can input the details of different types of power equipment to be installed into PIRM. Using this information the installer installs the equipment and notifies the Local PIRM Officer (LPO) to activate the routines for the equipment once it has been commissioned. PIRM will then support the maintenance activity within the core network. Each type of equipment will have routines defined for it, which PIRM will automatically schedule, based on its routine periodicity. Once activated, the scheduled tasks are then automatically created using the interface between PiRM and Virtual Work Manager for allocation of the appropriate time to the assigned maintenance technician and when status of the job is updated by the technicians, same status gets reflected in the PIRM. PIRM functions are used in tracking items of equipment throughout their life cycle, e.g. when a rectifier 160 is removed for repair and replaced in a different location, it is shown at its new location in PIRM.	Mid- Point	

Labour

Source System	Full system name and description	Period refreshed	Notes
BT People System	Th BT people system is a HR system that holds information about BT employees.	Mid- Point	
CID IPL	**CID – Internal Projects Ledger** - This system is both a comprehensive data warehouse of financial and non-financial data at General Ledger (GL) level, volumes and a suite of application software, which enables management information to be extracted. The applications run on the system and service the needs of Group and Divisional financial analysts, field operational managers and business planners. There are many interfaces from where CID Receives data and the reporting is done via eReports application, one of these is IPL (Internal Projects Ledger).	Full year	
CID	**Central Information Database –** This system is both a comprehensive data warehouse of financial and non-financial data at General Ledger (GL) level, volumes and a suite of application software, which enables management information to be extracted. The applications run on the system and service the needs of Group and Divisional financial analysts, field operational managers and business planners. There are many interfaces from where CID Receives data and the reporting is done via eReports application, one of these is IPL (Internal Projects Ledger).	Full year	
CostPerform	CostPerform supports the regulatory reporting requirements of the business, providing Accounting Separation (AS) results and analysis that form the basis of the RFS.	Full year	
ORBIT	**Openreach Business Information Toolset -** To comply with the Telecoms Strategic Review (TSR), Openreach has developed a data warehouse to capture and store management information and this warehouse is called ORBIT. The ORBIT data warehouse is the Key stone in the Openreach Management Information System (MIS) strategy. It performs the task of the central data store and information repository, holding both granular and aggregated data together with measures and business metrics.	Mid-Point and Full year	
Anaplan	Anaplan provides a cloud based medium to long term forecast and Planning solution. It works by BT Planners accessing Anaplan, setting up environment to accommodate work functions. Data fed from BT into system which provides an output of data that can be put into our Work Force management system to schedule workforce up to five weeks out. In addition Anaplan also runs the financial analysis of customer bids	Mid-Point	

Network data

Source System	Full system name and description	Period refreshed	Notes
ASC	**Automated Supply Chain** - ASC is the name given by BT to the AmSOFT system and its interfaces. The ASC primary functions include: stores purchasing; order management; stock control; accounting systems; and foreign currency invoices. The ASC procurement matching module is used to authorise invoices.	Mid- Point	
CCMIS	**Complementary Channel Marketing Management Information System** - The CCMIS system consists of an Operational Database Server and two eCloud Servers are currently being configured for service. CCMIS provides an Agile reporting and BI platform to meet the needs of both the Consumer and Business Operation. Strategic solutions are often initially developed here, prior to being formally requested of Technology. CCMIS also provides metrics on the VAS call queues, time to answer etc.	Mid-Point and Full year	
IN CMIS	**Intelligent Network Capacity Management Information System** - Collects non real time capacity management stats from the CISL platform for analysis via CMIS Excel based reporting system	Mid-Point	
CTCS	**Core Transmission Circuit costing System** - CTCS is financial tool which calculates the cost of product for regulatory accounts. It holds volume data which is used to provide allocations to CostPerform, and takes data from INS/PACS network management systems to provide volumes for AS and Esprit. Although it has a very small user base, CTCS continues to provide key data used by the network cost analysts.	Mid- Point	
EXPRES	**Exchange Planning and Review System** - EXPRES is a system used for capacity planning in BT's Local Exchange Network. It provides an inventory of 'capacity in service' available in the Voice Network also known as the Public Switched Telephone Network (PSTN). The system uses this information to forecast future capacity requirements. EXPRES is extensively used to provide regular switch network data for reports and briefings together with data for key reports to Ofcom and other CPs. Additionally it is used throughout the business, particularly within planning offices, to provide management statistics and data on the works programme and asset utilisation. It is the definitive source for Network Nodal Identifier (NNI) codes. EXPRES contains details of the hierarchy of the Voice Network e.g. which local exchanges are linked to which tandem exchanges. System X and AXE10 volumes in the network are sourced from the EXPRES system.	Mid- Point	
Genius	**GENEVA -Local Loop Unbundling** - The GenIUS (Geneva Integrated Universal Solution) Programme has a number of applications that delivers a streamlined wholesale billing capability through a single, integrated billing platform. This enables BT Enterprise to reduce the time between provision of service and the issue of a bill, realising cost benefits and supporting the expansion of our product, solution and service portfolio.	Mid-Point and Full year	
GVF	**Global Volumes Forecast** – BT group wide forecast of product volumes, holding current financial year plus 1 year forecast by month.		Frozen
Hyperion	Hyperion is a consolidation & Variance Reporting / Financial Analysis application which can be thought of as four separate services: • An outbound E115 service to allow international DQ operators to access foreign databases directly via the Volt Delta proprietary workstation product (IDW) which is embedded in the • An inbound E115 service to allow foreign DQ service providers direct access to BT A – Z directory data for search purposes. • An inbound web service to allow internet service providers direct access to BT A – Z directory data for search purposes. • A hub solution (known as Columbus) for LSSi to provide access to foreign databases (via our outbound E115 service) to their DQ operators in the USA.	Full year	
INS	**Integrated Network Systems** - INS is the family name for the architecture encompassing a group of mainframe subsystems supporting PDH core network planning and utilisation processes. These processes manage the assignment of BT's core and wideband network and transmission equipment areas. It is one of the major Operation Support Systems (OSS) within BT for PDH plus the analogue network and holds all data for Cables (Fibre and Copper - non Customer Service System (CSS)), Radio, Bearers, Switch, Equipment and Private Services and is one of the largest online data systems in Europe.	Mid- Point	

	It underpins network technologies and topologies such as Ultra Broadband (UBB), Wavelength Division Multiplexing (WDM), Synchronous Digital Hierarchy (SDH), Internet Protocol (IP), PDH, Kilostream and high bit rate services. It also records the inter exchange network for Public Switched Telephone Network (PSTN) and Featurenet. It fully supports the three main business processes of Provision, Build and Repair. INS is essentially a data warehouse and is a representation of physical bearers and equipment for logical solutions. It provides end to end routing design and solutions across network platforms for public, private and network services, 20CN and 21CN. It also provides a level of resilience checking.		
LLUMS	**Local Loop Unbundling Management System -** The Local Loop Unbundling Management system provides delivery and in-life management of LLU Points of Presence, MDF Connections and TAM. It also includes customised reporting functionality and disaster management information.	Full year	
NuNCAS	**Network Capacity Assignment System** - NuNCAS provides the capacity calculations to determine if access capacity exists in the network to support Asymmetric Digital Subscriber Line (ADSL) Broadband connectivity. NUNCAS supports the following functions: · Service Profile Definition - including connections within the ADSL network, connections within the core network, association of core connection groupings with the relevant Multiplexer (MUX). · View ADSL model - using object attributes. · Audit ADSL Network. · Capacity Thresholding. · List incomplete Service Provisions. · Report Planning Failure Exceptions. · Support for automated core VP build. Configure Service on request from SSD.		Frozen
ORBIT	**Openreach Business Information Toolset -** To comply with the Telecoms Strategic Review (TSR), Openreach has developed a data warehouse to capture and store management information and this warehouse is called ORBIT. The ORBIT data warehouse is the Key stone in the Openreach Management Information System (MIS) strategy. It performs the task of the central data store and information repository, holding both granular and aggregated data together with measures and business metrics.	Full year	
POWERHOUSE	Powerhouse is BT's product volumes Data Warehouse. It has been designed as a solution for provision, from a single source, of timely and accurate information regarding the installed base of BT products – primarily for BT Retail. It is a front-end query tool that interrogates raw data from other systems such as Call Statistics Centralisation System (CSCS), Private Circuits New Billing System (PCNBS) and Central Database System (CDS). Data stored in the warehouse enables web based reporting & analysis on Income, revenue and related product volumes (e.g. calls, lines, inbound services, data network services).	Full year	
RIDE2	**Recorded Information Distribution Equipment** - RIDE2 is a mass call termination platform playing pre-recorded announcements and capturing voice messages and data. The platform provides a wide range of services largely focused on the calls market and is a key component of BT's mass calling (televote) solution. Crucially it takes the call termination load off the voice network (PSTN and SDIN).	Mid- Point	
DRM	Only "DRM" applications on EDR are all retired.	Mid-Point and Full year	
CPL	CP Leaf - This is the FTTP network element called CP leaf as a part of dis-aggregated architecture network delivered over Adtran equipment utlising PON technologies to deliver up to 1Gbps Broadband.	Mid-Point	
CSCS	Call Statistics Centralisation System provides summarised information for all successful dialled PSTN and OAFC calls made in the UK and Northern Ireland. CSCS also provides daily and monthly data feeds to BT's marketing call data warehouses (Powerhouse, ICIP/CCBA). The key function of CSCS is to provide the business with statistical information which can be used to protect and increase the marketshare. CSCS processes around 130 million calls per day. It provides analysis of each call record in terms of volume, duration and revenue.	Full Year	

DPCN	Digital Private Circuit Network - Contains all details of the DPCN (Digital Private Circuit Network) necessary to provide routings for Digital Circuits over 2Mbit/31(64kbits) channels / tributaries automatically.	Mid-Point	
ODC	ORACLE DATA CENTER - ODC is a custom finance data warehouse. This requires separate identification on Systems Estate Techmaps & separate SALSA Registration. For Bridge Scripts / RAISE / Paging lists refer to EQUINOX (APP00408)	Full year	
Energy Telemetry Database	Provide a reporting data warehouse to facilitate detailed analytics of BT's energy consumption and to assist with historic reporting of assoicated Energy Systems data.	Mid-Point	
SDIN	This is BT's strategic IP Voice Core Network. It provides Session Border Controllers (SBC's) for interconnect to CP and end customers, Media Gateways for interconnect into PSTN, Media Interworking and Mobile Networks, Media Gateway Controllers (MGC's) to control signalling interworking. The network provides the underlying core for IP Exchange, SIP Trunking, HCS, IP Comms, EE Integration, Digital Voice and all new IP voice platforms in BT. It will also ultimately replace the PSTN trunk network.	Full Year	
NCL PACS	NCL PACS (Network Control Layer Planning Assignment Configuration System) is BT 20C, 21C infrastructure planning, configuration & service routing, provisioning, activation system used for various BTW & OR products from Plan & Build, L2C & T2R perspective especially into UK region.	Mid-Point	
Ghost	Ghost is Symantec livestate recovery (used to be Norton Ghost) which is used to backup the Windows servers used on the BT account. These servers all live in computer room in Midland ATE.	Mid-Point	
Generic Network Implemention & Control	Contains all details of the DPCN (Digital Private Circuit Network) necessary to provide routings for Digital Circuits over 2Mbit/31(64kbits) channels / tributaries automatically. Please enter Business Impact as Loss of Critical Infrastructure for an Organisation.	Mid-Point	
NRS	NRS (Network Record System) is the national system for the allocation/de-allocation and display of PSTN 2Mb Switch Ports and related switch data. The information held by NRS is derived from PSTN switch data, which is refreshed regularly from System X, AXE10, NGS and CAll Server switches.	Full Year	

Other miscellaneous

Source System	Full system name and description	Period refreshed	Notes
ASC	**Automated Supply Chain** - ASC is the name given by BT to the AmSOFT system and its interfaces. The ASC primary functions include: stores purchasing; order management; stock control; accounting systems; and foreign currency invoices. The ASC procurement matching module is used to authorise invoices.		Frozen
CID IPL	**CID – Internal Projects Ledger** - This system is both a comprehensive data warehouse of financial and non-financial data at General Ledger (GL) level, volumes and a suite of application software, which enables management information to be extracted. The applications run on the system and service the needs of Group and Divisional financial analysts, field operational managers and business planners. There are many interfaces from where CID Receives data and the reporting is done via eReports application, one of these is IPL (Internal Projects Ledger).	Full year	
CISL	**Common Intelligent Service Layer –** Intelligent Network platform providing call routing for a number of BT's inbound services products.		Frozen
CostPerform	CostPerform supports the regulatory reporting requirements of the business, providing Accounting Separation (AS) results and analysis that form the basis of the RFS.	Mid- Point	
Hyperion	Hyperion is a consolidation & Variance Reporting / Financial Analysis application which can be thought of as four separate services: • An outbound E115 service to allow international DQ operators to access foreign databases directly via the Volt Delta proprietary workstation product (IDW) which is embedded in the • An inbound E115 service to allow foreign DQ service providers direct access to BT A – Z directory data for search purposes. • An inbound web service to allow internet service providers direct access to BT A – Z directory data for search purposes.	Full year	

	• A hub solution (known as Columbus) for LSSi to provide access to foreign databases (via our outbound E115 service) to their DQ operators in the USA.		
LLUMS	**Local Loop Unbundling Management System** - The Local Loop Unbundling Management system provides delivery and in-life management of LLU Points of Presence, MDF Connections and TAM. It also includes customised reporting functionality and disaster management information.	Full year	
NRMS	**Network Routing Management System –** Single PSTN network model of exchanges & routes. Inbound data is processed and audited then sorted in an Orical database and presented to the TrafficHawk system as a single network model reference.		Frozen
NIMBUS	NIMBUS is the cloud instance of Openreach, as a part of Aspertias program which will provide the production level security guardrails with restricted access to developers and CTIO users in cloud. Asperitas is a data driven pan Openreach project that aims to democratize data across Openreach, creating a single source of truth, providing faster insights to business outcomes, enabling data driven & automated decision making & reducing manual work.	Full year	
Kite	Kite is a Procurement and Supply Chain application that scans and records vital information such as MAC ADDRESS, SERIAL NUMBER, ORDER NUMBER of all items coming off the conveyor belt from the Northallerton Warehouse to be shipped to BT customers. The data captured by Kite is then forwarded to the WMS system and to ASC for onward transmission to order source systems.	Full year	
VSE	Unisys platform, used to support Call Minder & BT Answer 1571 products.12 platforms & 1 test plant, installed at 5 locations. Replaces earlier ISAP platforms.AKA VSS Callminder. Also so supports SMS Gateway functions.		

Property and insurance

Source System	Full system name and description	Period refreshed	Notes
CISL	**Common Intelligent Service Layer –** Intelligent Network platform providing call routing for a number of BT's inbound services products.	Full year	
CostPerform	CostPerform supports the regulatory reporting requirements of the business, providing Accounting Separation (AS) results and analysis that form the basis of the RFS.	Full year	
EXPRES	**Exchange Planning and Review System** - EXPRES is a system used for capacity planning in BT's Local Exchange Network. It provides an inventory of 'capacity in service' available in the Voice Network also known as the Public Switched Telephone Network (PSTN). The system uses this information to forecast future capacity requirements. EXPRES is extensively used to provide regular switch network data for reports and briefings together with data for key reports to Ofcom and other CPs. Additionally it is used throughout the business, particularly within planning offices, to provide management statistics and data on the works programme and asset utilisation. It is the definitive source for Network Nodal Identifier (NNI) codes. EXPRES contains details of the hierarchy of the Voice Network e.g. which local exchanges are linked to which tandem exchanges. System X and AXE10 volumes in the network are sourced from the EXPRES system.	Full year	
HORIZON	**BT Property HORIZON (Telereal)** - This database holds detailed records for BT's properties (e.g. tenure, ownership and floor areas). This system contains data on the BT Estate (both office and operational). It holds data such as the Net Internal Area (this is the floor space that is billable) and Gross Internal Area (floor space that isn't billable). It records, at Customer Facing Unit (CFU) level, who actually occupies the floor space so that a particular CFU can be billed for usage. The occupancy details on the database contain the footprints of the equipment. This helps to establish the occupancy split between the specialised, the general purpose or both for each property on the system.	Mid- Point	
INS	**Integrated Network Systems** - INS is the family name for the architecture encompassing a group of mainframe subsystems supporting PDH core network planning and utilisation processes. These processes manage the assignment of BT's core and wideband network and transmission equipment areas. It is one of the major Operation Support Systems (OSS) within BT for PDH plus the analogue network and holds all data for Cables (Fibre and Copper -	Full year	

	non Customer Service System (CSS)), Radio, Bearers, Switch, Equipment and Private Services and is one of the largest online data systems in Europe. It underpins network technologies and topologies such as Ultra Broadband (UBB), Wavelength Division Multiplexing (WDM), Synchronous Digital Hierarchy (SDH), Internet Protocol (IP), PDH, Kilostream and high bit rate services. It also records the inter exchange network for Public Switched Telephone Network (PSTN) and Featurenet. It fully supports the three main business processes of Provision, Build and Repair. INS is essentially a data warehouse and is a representation of physical bearers and equipment for logical solutions. It provides end to end routing design and solutions across network platforms for public, private and network services, 20CN and 21CN. It also provides a level of resilience checking.		
NISM NT	**Network Inventory And Spares Management System – New Technologies -** NISM NT is used to plan Broadband Equipment. It is used to manage Core Network Spares & Repair activities for specified technologies. Designed to track Network Equipment, for example slide in units, at 6,300 sites.	Full year	
Peacemaker	This Suite of programmes giving radio planners sophisticated tools to aid the design of radio links. Can produce terrain maps & radio path profiles. It will also identify if a path is workable & free from frequency interference.	Full year	
Rivus Fleet Cloud	As a part of Fleet separation, Fleet IT system is being migrated to Azure tenant owned by Rivus Fleet Solutions.Fleet estate in BT EC will be migrated to this cloud in phases. Post sucessful separation, few strategic interfaces will still remain with Pan BT systems as BT will be customer of Rivus Fleet Solution to provide facilities like SMR of BT vehicles and Company Car. As a part of finance system migration Fleet's finance data will be migrated from OBOE,Glossi to Sage application which will be hosted within the same Rivus Azure tenant.	Full year	Decomissioned
ADVITIUM	Content Management System used to hold all building related CAD records for the Operational Estate in a central repository. 2 Dimensional footprint of equipment placed onto the CAD diagrams is then synchronised with an oracle database allowing queries on equipment and space utilisation to be run. AutoCAD software is used at the client end integrated with a custom AutoRACK menu for 90 32bit client	Mid-Point	Decomissioned

Revenue and volumes

Source System	Full system name and description	Period refreshed	Notes
Aztec	AZTEC is a multi purpose platform which supports a number of Wholesale Billing functions including Interconnect rating, Bill Formatting, Billing reporting and is also the central store for Routing & charging details	Full year	
COSMOSS	**Customer Oriented System for the Management Of Special Services -** COSMOSS is a database used for the provision of Private Services. This includes the provision of Partial Private Circuits sold to other CPs. It is used for new orders, re-arrangements and ceases. It acts as a 'Front End' and generates activities for the various groups involved in providing a Private Circuit. It includes Working System Size (WSS) and equipment volumes for and Revenue System Size (RSS) for revenue purposes. COSMOSS is a key input into the Core Transmission Circuit costing System (CTCS) system as explained below. The LLFN (London Local Fibre Network) platform via COSMOSS provides the revenue data for the products routed over LLFN and other BT equipment. The LLFN is an analogue private circuit overlay platform providing services to major customers, with an enhanced service wrap within the 0207 and 0208 areas of London only. The platform is now over 20 years old and primarily is based on PDH technology but is now making more use of SDH. There are various bespoke	Full year	

	systems that support the platform along with a raft of BAU systems for order/faults management.		
CostPerform	CostPerform supports the regulatory reporting requirements of the business, providing Accounting Separation (AS) results and analysis that form the basis of the RFS.	Full year	
Genius	**GENEVA -Local Loop Unbundling** - The GenIUS (Geneva Integrated Universal Solution) Programme has a number of applications that delivers a streamlined wholesale billing capability through a single, integrated billing platform. This enables BT Enterprise to reduce the time between provision of service and the issue of a bill, realising cost benefits and supporting the expansion of our product, solution and service portfolio.	Mid- Point	
Hyperion	Hyperion is a consolidation & Variance Reporting / Financial Analysis application which can be thought of as four separate services: • An outbound E115 service to allow international DQ operators to access foreign databases directly via the Volt Delta proprietary workstation product (IDW) which is embedded in the • An inbound E115 service to allow foreign DQ service providers direct access to BT A – Z directory data for search purposes. • An inbound web service to allow internet service providers direct access to BT A – Z directory data for search purposes. • A hub solution (known as Columbus) for LSSi to provide access to foreign databases (via our outbound E115 service) to their DQ operators in the USA.	Full year	
NuNCAS	**Network Capacity Assignment System** - NuNCAS provides the capacity calculations to determine if access capacity exists in the network to support Asymmetric Digital Subscriber Line (ADSL) Broadband connectivity. NUNCAS supports the following functions: · Service Profile Definition - including connections within the ADSL network, connections within the core network, association of core connection groupings with the relevant Multiplexer (MUX). · View ADSL model - using object attributes. · Audit ADSL Network. · Capacity Thresholding. · List incomplete Service Provisions. · Report Planning Failure Exceptions. · Support for automated core VP build. Configure Service on request from SSD.	Full year	
NIMS OR	**Network Instruction Management System Openreach -** NIMS application has been developed to serve the Core and Access Planning communities of network BT. NIMS is used to Plan, schedule, execute, control and monitor the work related to network Infrastructure enhancement and installation. It enables aspects of works planning, logistics control and overall project management to co-ordinate and prioritizes at national and task level. It assists in optimizing capital resources, available time and work to meet business requirements. Inputs from this data source are frozen.	Full year	
ORBIT	**Openreach Business Information Toolset -** To comply with the Telecoms Strategic Review (TSR), Openreach has developed a data warehouse to capture and store management information and this warehouse is called ORBIT. The ORBIT data warehouse is the Key stone in the Openreach Management Information System (MIS) strategy. It performs the task of	Full year	

	the central data store and information repository, holding both granular and aggregated data together with measures and business metrics.		
POWERHOUSE	Powerhouse is BT's product volumes Data Warehouse. It has been designed as a solution for provision, from a single source, of timely and accurate information regarding the installed base of BT products – primarily for BT Retail. It is a front-end query tool that interrogates raw data from other systems such as Call Statistics Centralisation System (CSCS), Private Circuits New Billing System (PCNBS) and Central Database System (CDS). Data stored in the warehouse enables web based reporting & analysis on Income, revenue and related product volumes (e.g. calls, lines, inbound services, data network services).		Frozen
PMMIS	Production Management - Management Information System - Central data repository for TPOW (total pool of work) system. Contains field notes, including for tasks completed by RoBT and EE field engineers.	Full Year	
CFB	Customer Focused Billing - Used to provide a customer selected view of bills in any format required.	Full Year	
Golden-I	Order entry and job progression tool for International Bandwidth	Mid-Point	
Avalon	The Avalon Res application is a BT Consumer strategic residential billing platform which runs on the Net Cracker RBM product and provides core billing functionality. Also, supporting L2C order journeys, Billing and Payment processing and the management of bills and payments for both online and via IVR (Interactive Voice Response). It also performs real-time credit validation of both new and ongoing requests being made by Consumer Mobile customers. It therefore manages an important revenue stream.	Full-Year	
OR Siebel	Openreach Siebel forms part of the EMP platform. It provides order creation, order tracking, fault raising and fault tracking functionalities for CPs via Openreach B2B gateway and Portal channels. It works as a repository for circuit orders and faults. All CPs need to register on Openreach Gateway in order to gain access to Openreach Siebel. Openreach Siebel application receives orders for LLU, ISDN, FTTP, FTTC, FVA, SOGEA, Ethernet and SBS products.	Full year	
CFB	Customer Focussed Billing-Consists of the CBP (Customer Billing Process) ans RADAR. Includes CICS partitions on SBLL, batch cycle on SBLL and interfaces to UNIX boxes.Used to provide a customer selected view of bills in any format required.	Full year	
WCR	Wholesale Customer Reporting - BIP hosts multiple applications across many servers, primarily for key BT Wholesale programmes involving different products from Broadband, Data & Voice domains. BIP collects data from various system including CRM, provisioning, faults, orchestration, network etc, integrate it and stores it in different normalisation forms. It provides analytical reporting capability via WCR to give high level management figures and detailed reporting.	Full year	
GENEVA	Work and billing system for the new Facility Management (FM) contract. Also includes the Cognos reporting system	Full year	Decommissioned
Atlantis	Atlantis produces invoices for most of Openreachâ€™s services and supplier charges. Charging is mainly asset based with usage based charging in place for WLR. Invoicing is either monthly or quarterly with capability available to also produce ad-hoc invoices and credit notes. It is based around a COTS package, RBM/NRM, provided by the vendor Netcracker.	Full Year	
TITAN	TITAN replaced IBCS and Avalon systems. It provides inter-business charging functionality for all BT accounting units across the world as well as nationally. It operates on ORACLE financials software and is accessed via Gatekeeper.	Full Year	

Service level guarantees

Source System	Full system name and description	Period refreshed	Notes
CostPerform	CostPerform supports the regulatory reporting requirements of the business, providing Accounting Separation (AS) results and analysis that form the basis of the RFS.	Full year	
SIMPLE	Single Interface Making People's Life Easier - SIMPLE application is used by Operational users for testing, getting inventory details and perform routing of circuits for BT Wholesale L2C journey.	Mid-Point	
REFINE	REFINE supports the regulatory reporting requirements of the business, providing Accounting Separation (AS) results and analysis that form the basis of the financial statements formally submitted to OFCOM. Background Information Competition Finance (CF)[Users of Refine] is responsible for the production and publication of the Regulatory Financial Statements (RFS), which are reconciled to BT's statutory financial statements	Full Year	
OR SLAM	The purpose of this project is to implement a SLA Management (SLAM) solution for the BT Openreach Service Level Guarantee (SLG) process. The key objectives of the project are to: • Ensure compliance with Ofcom requirements for SLG credit payments for service repair, service provision, Missed Appointments (MA) and Dead-On-Arrival (DOA) SLAs • Significantly reduce the amount of manual processing involved in SLG calculations and payments, in particular the use of spreadsheets and manual file transfers •	Full year	

Annex seven: Reporting Sectors

1.1 Sectors introduction

This section provides a description of key sectors involved in the cost allocation process.

A sector can be defined as the:

- Types of service provided by BT (revenues);
- Main functional activities performed by BT (Operating Costs);
- Main fixed assets underpinning BT activities; or
- Other assets, liabilities and provisions incurred by BT in support of its services and activities.

Sectors are used as a way of grouping one or many codes into similar functional categories to make regulatory reporting more manageable. A list of all sectors identified in the RFS is included below.

1.2 Operating cost sectors

This section describes the operating cost sectors relating to activities that we provide to our customers.

EOI Input Prices

Services provided under an EOI obligation by Openreach are provided on an equivalent basis to all customers.

We have chosen not to present an attribution diagram as the costs attributed to SMP markets is less than five percent of the total costs.

Attribution of PI costs

This represents the use of physical infrastructure assets by other markets e.g. WLA and LLA.

Wages and salaries

Remuneration of all employees, including bonuses, sick pay, holiday, ex gratia payments and employee profit sharing; but excluding redundancy costs that are part of a leaver programme.

Social Security Costs

Contributions to state pension schemes and other social security costs, e.g. the company's contributions to local or national government schemes.

Other Pension Costs

Cost of the company's pension schemes or any non-state pension scheme to provide pensions to employees (excluding employees' contributions and the administration costs of pension schemes).

Share-based payment expense

The amount BT set aside during the year for allocation of ordinary BT Group shares to eligible employees.

Own work capitalised

Own work capitalised represents the direct labour costs of a unit capitalised, relating to the internal development activities and construction of property, plant and equipment.

Net indirect labour costs

Labour costs provided by third parties.

Product costs

Product costs are relating to the purchase of devices and customer premises equipment.

Sales commissions

Sales commissions paid to employees and third parties.

Payments to telecommunications operators

Payments to telecommunication operators includes all charges associated with using other telecommunications networks, including payments less receipts from international satellite consortia for circuit rentals and payments to overseas telecommunications operators. Costs relating to rental of circuits should also be included.

Property and energy costs

Property & energy costs includes all costs associated with the occupancy of the property and engineering all utility related costs, including electricity, gas, oil and water.

Network operating and IT costs

Costs associated with the operation and maintenance of the group's network infrastructure and IT estate including hardware and software licences.

TV programme rights charges

Charges relating to programme rights assets

Provision and installation

Provision and installation includes costs of providing products and network services to customers. The largest of these costs relates to distribution side copper maintenance which is apportioned to services based on the number of lines, relative fault rates and service levels.

Marketing and sales

Marketing and sales costs should include all costs for publicising and presenting the products and services of BT Group to customers. It should also include costs incurred to secure potential orders for BT's products and services

Net impairment losses on trade receivables and other contract assets

Impairment costs where the carrying amount of trade receivables or contract assets may no longer be fully recoverable.

Other operating costs

This includes other costs including:

- Financing costs
- Labour recoveries
- Professional fees
- General admin
- Insurance costs
- Logistics and distribution costs

Other operating income

Income that BT receives from activities outside the provision of communication sales and services should be recognised as Other Operating Income. This includes:

- repayment works;
- proceeds from scrap and cable recovery;
- profits and losses on the disposals of business; and
- profits and losses on property, plant and equipment.

Specific items

Specific items are costs identified by virtue of their size, nature or incidence. For example, these may include significant business restructuring programmes, acquisitions and disposals of businesses and investments, or property rationalisation programmes.

Depreciation

Depreciation is analysed between copper, duct, electronic, fibre, poles, land & buildings, funded assets, other assets, right of use asset (Rou) and software. The key drivers are engineering models and direct mapping of BT classes of work to network components and then onto the appropriate service based on usage factors and service volumes.

1.3 Balance Sheet sectors

The sectors reported in the RFS 'Attribution of Wholesale Current Cost Mean Capital Employed' Statement, along with the key drivers of these sectors, are outlined below. The MCE within these categories follow methodologies set out within Part two, 5. Attribution methodologies dictionary of the AMD.

Duct

This sector contains the MCE values for duct, which is a pipe, tube or conduit through which underground cables are passed. The key driver is a duct occupancy model that allocates CoW to PIA components and then onto the appropriate service based on usage factors and actual service volumes.

- CJD - Construction, Core Network. This asset class covers the provision and recovery/renewal of Core network duct.
- LDD - Construction - Local Distribution Duct for Copper Cable.
- LMD - Construction, Local Main (Exchange-side) Duct for Copper.
- LFD - Construction, Local Duct for Optical Fibre Cable.

- MUD - Construction, Main Underground Duct. This asset class covers the provision and recovery/renewal of Backhaul/Inner Core Duct. Construction covers all Core Network duct work.
- TVD - Cable TV Duct.

Poles

This sector contains the MCE values for poles, including multi and single user attachments, pole top equipment. The key driver mapping the POLES CoW to PIA components and then onto the appropriate service based on usage factors and PIA volumes.

Copper

This sector contains the MCE values for copper, which includes copper cables in the access network, as well as all other necessary equipment required to carry signals between the user and the exchange. The key driver is direct mapping of CoW to network components and then onto the appropriate service based on usage factors and actual service volumes. The following CoWs are included in this reporting sector:

- LDC - Construction, Local Distribution Cable for the provision or recovery of Access Copper Distribution and Branch Cables applicable to the copper build programme. This covers all work to increase the capacity of the network. Excludes duct.
- LMC - Construction, Local/Main Exchange-side Cable relating to the provision or recovery of Access Copper main cables to increase the capacity of the network.
- NWB - Provision & Installation, Exchange lines (Business).
- NWR - Provision & Installation, Exchange lines (Residential).
- TCN - Criminal Damage, Networks. Renewal of any Network asset as a result of criminal damage (Duct and Cable).

Fibre

This sector contains the MCE values for fibre, which includes the spine and distribution cables, as well as all other necessary equipment required to connect the end-user and the exchange. The key driver is the mapping of CoW to network components and then onto the appropriate service based on usage factors and actual service volumes. The following COW's are included in this reporting sector:

- BHQ - Construction, Submarine Cable Inland.
- CJC - Construction, Junction Metallic Pair Cable.
- CJF - Construction, Junction Cable Optical Fibre.
- FTTX - FTTX Customer Premises Provision.
- LFDC and LFSC - Construction of Local Line Optical Fibre Spine and Distribution Cable such as the provision, re-arrangement and recovery of optical fibre cable, blown fibre tubing, blown fibre bundle, and sub duct in the access fibre network.
- LFME - Construction, Local Network Service Module Equipment.
- MUC - Construction, Main Underground Cable.

Electronics

This sector contains the MCE values for electronics. The key driver is the mapping of CoW to network components and then onto the appropriate service based on usage factors and actual service volumes. The following CoWs are included in this reporting sector:

- ASU - Construction, Advance Service Units Switching.
- COR21 - 21CN Metro Node Equipment.
- CRD - Construction, Junction Repeaters, Digital non-op.
- CRF - Construction, Junction Repeaters, OF.
- CRHQ - Construction Repeaters (by contractors) (FAR).
- DTTM - Narrowband and Wideband 20C Private Circuit Products.
- DTTS - Construction, Short-Haul Multimode of Private Ccts.
- DTTSW - Construction of SHDs links for BT Wholesale Products.
- DTTW - Provision and upgrades for GS Wavestream, Openreach OSA & OSEA.
- ETHER - NETWORK TRANSFORMATION- 21CN ETHERNET.
- IPNC - IP Network Capital.
- LDX - Construction, Local System X Exchange.
- LFXE - Local Fibre Transmission.
- LXTM - Construction, Local Exch. Test & Measure Equip.
- LYX - Construction, Local System Y Exchange.
- MDX - Construction, Main Network Switching Digital.
- MSAN - 21CN MSAN Equipment.
- SDH - Construction, Synchronous Digital Hierarchy.
- TPWA - Construction, Access Radio Systems.
- TPWC - Construction, Trunk & Junction Radio Systems.
- WDM21 - 21CN WDM Equipment.

Software

Software licences purchased from third parties and the capitalised cost of internally developed software, including the direct and indirect labour costs of development.

The following COWs are included in this reporting sector:

- COMPS - Internally Developed Software.
- COMPG - Computer (BT own use) Externally Purchased Software (FAR).
- IDCMP - Ignite Application Service Capital.
- LIC - Licences for Intangible assets.
- NPDGX - NPDGX BTexaCT (Dummy COW).

Land and buildings

This sector contains the MCE values that are booked to BT Classes of Work (CoW) for land and buildings, including freehold, long leases and short leases. It includes corporate offices and network buildings owned or leased by BT.

Buildings held under leases are recognised as RoU assets under IFRS16. To maintain comparability between the ROCE reported in the RFS and Ofcom's approach to setting prices, we have included the RoU liability due after more than one year for the Telereal property lease in our asset base, as it forms the majority of the IFRS 16 balance. Asset values are mainly apportioned based on the use of floor space.

The following COWs are included in this reporting sector:

- BCB - Buildings construction, New (FAR).
- BCI - Building Construction Integral Features - BCI.
- BCR - Buildings construction, Refurbishment (FAR). Refurbishment costs: building costs which, excluding work as defined as extensions, results in a genuine improvement and will lead to an enhancement in the letting value of the property.
- BFH - Building Freehold-BLDFH.
- BLL - Buildings Long Lease - BLDLL.
- BSL - Buildings Shortlease - BLDSL.

Right of use assets

Assets recognised in respect of the group's right to use the underlying assets in lease arrangements. These predominantly our leased property portfolio (office, retail and exchange estate), network infrastructure (mainly mobile and switch sites) and motor vehicles.

Other assets

This sector contains the MCE values for a range of assets used by BT businesses including categories such as Motor Transport and 21st Century Network (21CN). The key drivers are surveys, engineering models and direct mapping of CoW to network components and then onto the appropriate service based on usage factors and actual service volumes.

Less funded assets (BDUK, etc)

Government grant funding is received in relation to eligible capex spend that has been incurred and relates to grant funded assets received from a local or regional authority, or from a devolved government body (e.g. Broadband Delivery UK (BDUK) grant funding received from the Department of Culture Media and Sport; and European Regional Development Fund (ERDF) grants).

Annex eight: GL code markers

Finance Types

GL codes can be categorised by their characteristics into groupings referred to as Finance Types. One Finance Type marking is applied to all GL codes. The Finance Types used are as follows:

Finance Type Code	Finance Type Description
B	Pay
C	Creditors
D	Stores
E	CCA Depreciation Other ADJs P&L
F	Depreciation Charge P&L
G	T & S
H	Other
I	Amortisation charge (intangible assets)
K	Debtors
N	CCA Gross Other ADJs P&L
O	Registered GBV BS
P	Accumulated Depreciation BS
Q	AICC Opening Balance BS
R	AICC Registrations
T	CCA Uplift HCAD to CCAD BS
U	Unclassified
W	CCA Uplift GBV to GRC BS
Y	CCA Gross Price Var P&L

Transaction Types

GL codes can be categorised by their characteristics into groupings referred to as Transaction Types. One Transaction Type marking is applied to all GL codes. The Transaction Types used are as follows:

Transaction Type Code	Transaction Type Description
A	Income
C	Revenue Costs in Operating Profit
F	Revenue Costs Excluded
G	Capital Spend
J	Balance Sheet Included
K	Balance Sheet Excluded

Summary Types

GL codes can be categorised by their characteristics into groupings referred to as Summary Types. One Summary Type marking is applied to all GL codes. The Summary Types used are as follows:

Summary Type Code	Summary Type Description
CA	Current Assets
CL	Current Liabilities & Provisions
EO	Current Other
EP	Current Pay
FA	Fixed Assets
FU	Funding
IN	Income
TO	Intragroup Expenditure In/Out
UU	Unclassified

Annex nine: Components for Physical Infrastructure Access recharge

This annex provides the list of PGs, components and services that relate to the PIA recharge, which is explained in Part Two, Section 6 "Physical Infrastructure Access Recharge".

List of PGs, Components and services

The tables below set out the relationship between PIA components and services which solely facilitate the recharge of PIA costs to services in other markets:

Component	Service	Description
CJ001	SJ001	Spine Duct - 1 Bore Internal
CJ002	SJ002	Lead in Duct Internal
CJ003	SJ003	Footway Box - Manholes Internal
CJ004	SJ004	Joint Boxes Internal
CJ005	SJ005	Poles Internal
CJ006	SJ006	Spine Duct Internal RAV
CJ007	SJ007	Lead in Duct Internal RAV
CJ008	SJ008	Manholes Internal RAV
CJ009	SJ009	Joint Boxes Internal RAV
CJ016	SJ016	Duct Network Adjustments above financial limit Internal
CJ010	SJ018	Spine Duct - 2 Bore Internal
CJ012	SJ020	Spine Duct - 2 Bore Internal RAV
CJ011	SJ019	Spine Duct - 3+ Bore Internal
CJ013	SJ021	Spine Duct - 3+ Bore Internal RAV
CJ014	SJ025	Poles - single-end-user attachment Internal
CJ015	SJ026	Pole top equipment Internal
CJ017	SJ027	Cable up a pole Internal

Service	Description
SJ010	Spine Duct - 1 Bore External
SJ011	Lead in Duct Rental External
SJ012	Footway Box - Manholes Rental External
SJ013	Footway Box - Joint Boxes Rental External
SJ014	Poles - multi-end-user attachment External
SJ015	Ancillary Charges External
SJ017	Duct Network Adjustments above financial limit External
SJ022	Spine Duct - 2 Bore External
SJ024	Spine Duct - 3+ Bore External
SJ028	Poles - single-end-user attachment External
SJ029	Pole top equipment External
SJ030	Cable up a pole External

The following PGs are used in allocation of costs and MCE associated with duct and poles:

PG	Name	PG Type
PG101D	Duct Infrastructure	Implemented FY22
PG100D	Duct RAV	Implemented FY22
PG200P	Poles Capex	Implemented FY22
PG201P	Poles Repair	Implemented FY22
PG950C	GEA FTTC Access Fibre Spine	Legacy
PG948C	GEA FTTP Access Fibre Spine	Legacy

PG111C	Access Fibre Spine	Legacy
PG951C	GEA FTTC Distribution Fibre	Legacy
PG949C	GEA FTTP Distribution Fibre	Legacy
PG959C	Access Distribution Fibre	Legacy
PG999A	FTTC Funded Fibre Rollout Spend	Legacy
PG990A	FTTP Funded Fibre Rollout Spend	Legacy
PG117C	E-side Copper Cable	Legacy
PG118C	D-side Copper Cable	Legacy
PG170B	Backhaul Fibre	Legacy
PG350N	Core Fibre	Legacy
PG149A	Analogue Line Final Drop	Legacy

Glossary

Term	Definition / Description
ABC	Activity Based Costing - a costing method that recognises the relationship between costs, activities and products/services, and through this relationship, assigns overhead and indirect costs to related products and services in a less arbitrary manner than traditional methods.
Access copper	The copper cables in the access network, as well as all other necessary equipment required to carry signals between the user and the exchange.
Access fibre	The spine and distribution cables, as well as all other necessary equipment required to connect the end-user and the exchange.
Access Network	Split between exchange (E-side) and distribution side (DSide) copper cable, for Regulatory Accounting purposes.
Accounting adjustment journal	Required where the RFS demands an asset is either recognised or derecognised. Typically these are recognised against funds or the P&L and will create profit.
Allocation adjustment journal	Required where the data held in the underlying ledger does not have the granularity to allocate to apply a rule or base. Typically, these journals will not alter overall profit for BT Group.
ARA	Annual Report & Accounts.
ARC	Actual Reporting Cube.
ASU	Advance Service Units.
AG	Activity Group.
Allocation	Costs which can be directly associated with activities or type of equipment and do not require apportionment.
Apportionment	Costs which cannot be directly associated with specific activities and plant groups, and require apportionment. Example: for network costs, this process makes extensive use of engineering data reflecting not only each plant group type (e.g. local lines, transmission equipment) but also the type of technology (e.g. metal and fibre local lines, PDH and SDH transmission equipment).
Apportionment workflows	Models that include various data inputs and calculations, to determine the apportionment outputs.
ATM	Asynchronous Transfer Mode.
AS	Accounting Separation.
Attribution	A general term encompassing both allocation and apportionment.
AVC	Abortive Visit Charge - charge applied where an appointment is agreed for work at an End User's Site and the engineer arrives within the appointment slot but is unable to carry out the work at, or gain access to, the End User Site.
BCMR	Business Connectivity Market Review.
BDUK	Broadband delivery UK - grant funding is received from the Department of Culture Media and Sport in relation to BDUK.
Bearers	End to end circuits, usually ending at a customer's premise.
BES	Backhaul Extension Service.
BRAS	Broadband Remote Access Server & MSE - routes traffic to and from the DSLAM on an ISP network. The BRAS sits at the core of an ISP's network, and aggregates user sessions from the access network.
BTL	Bulk Transport Link.
CCA	Current Cost Accounting.
Capital employed	Mean total assets less current liabilities, excluding corporate taxes, dividends payable, and provisions other than those for deferred taxation.
Capital expenditure	The value of capital employed during the year, presented per class of asset and often further split by Class of Work (CoW).
CFU	Customer Facing Unit.
CID	Central Information Database.
CLA	Copper Line Access.
CNS	Customer Network Services.
Core nodes	Core Nodes are a special type of Metro Node where there is a mesh or net of transmission between them. Most Core nodes are connected to all other Core Nodes.
Core transmission	The core transmission is used to link exchanges and includes SDH, PDH, cables and repeaters.
CP	CostPerform - Cost allocation system.

Term	Definition / Description
CPs	Communication providers.
CPDSL	Circuit Provision - Asymmetric Digital Subscriber line CoW.
Combi cards	Combi cards are situated in the MSAN and used to provide Voice services or Broadband.
CoW	Class of work.
CISBO	Contemporary Interface Symmetric Broadband Origination.
CISL	Common Intelligence Service Layer.
CSI	Customer Sited Interconnect.
CTCS	Core Transmission Circuit costing System.
Cumulo	Cumulo is a Business Rate (i.e. non domestic) paid by BT on its rateable network assets. These relate to the use of public land for assets such as duct, poles, fibre & copper lines and also specialised equipment in exchange buildings. All assets are assessed together, hence the term Cumulo.
CY	Current year.
D - Side	Distribution side cable - the cable linking the primary cross connection point to the distribution point.
DDI	Direct Dial In.
Dev	Development.
Depn	Depreciation.
DFX	Dark fibre inter-exchange.
Division	The top level 'operational unit codes' for each CFU / CU are referred to as Divisions.
DLT	Digital Line Termination - part of the Main Exchange System X Processor unit and Next Generation Switch (NGS) that also comprises a switch block and processor and signalling functional groups, and is used for call setup and call duration.
DMS	Digital Multiplexer System.
DSL	Digital Subscriber Line.
DSLAM	Digital subscriber line access multiplexer.
DSS	Digital Subscriber Signalling System.
Duct	Duct is a pipe, tube or conduit through which underground cables are passed.
E - Side	Exchange side cable - the cable linking the local exchange to the primary cross connection point.
EAD	Ethernet Access Direct - provides point-to-point data connectivity between sites. It can be used to build and extend customer networks, develop new infrastructure, and meet low-capacity backhaul requirements (i.e. up to 1Gb, which is the starting bandwidth for Ethernet Backhaul Direct) and supports a range of requirements including cloud computing, simultaneous online pupil access in classrooms and storage area network connectivity.
ECC	Excess construction charges.
EBC	Element Based Conveyance.
EBD	Ethernet Backhaul Direct.
EFM	Ethernet over the First Mile.
EIPB	Engineering and Infrastructure Build Plan.
EPPC	Element Partial Private Circuit.
ETG	Engineering & Technical Grade.
FER	Front End Router.
FTE	Full time equivalent - a unit measure for employees based on standard contract hours of one full work day.
FTTC	Fibre to the Cabinet - a type of Super-Fast broadband using a full fibre optic connection from exchange to the cabinet.
FTTP	Fibre to the Premises - a type of Super-Fast broadband using a full fibre optic connection from exchange to the premises.
GBV	Gross book value - Total capital employed to date, presented per class of asset and further split by CoW and Policy Code.
GCS	Group Consolidation System.
GEA	Generic Ethernet Access - a business broadband connection which uses Ethernet Fibre.
GFA	Grant Funded Assets.
GFR	Group Financial Reporting.
GL	General ledger.
GP	Group Property.

Term	Definition / Description
GRC	Gross replacement cost - Current purchase price of an identical new asset, primarily used to expediting provisioning for new assets.
HCA	Historical Cost Accounting.
HFM	Hyperion Financial Management.
HQI	Head Quarter Insurance.
HR	Human Resources.
IBC	Intra Building Circuit.
IEC	Interconnect Extension Circuits.
IFRS	International Financial Reporting Standards.
IN	Intelligent Network.
iNode	i-Node is where the service execution functionality is located – in essence the intelligence that controls services. In the 21CN context, this includes soft switches, network intelligence and bandwidth management capabilities.
INS	Inertial Navigation System.
IP	Intelligent Peripherals.
ISDN	Integrated Services Digital Network.
ISI	In span Interconnect - the joint provision of an Interconnect Link, with the provision of an ISI Interconnect Link and 2Mbit/s ISI Interconnect Links.
ISP	Internet Service Provider.
IPNC	Internet Protocol Network Capital.
IPNCW	Internet Protocol Network Capital Wholesale.
LDC	Construction, Local Distribution Cable.
LDD	Construction, Local Distribution Duct for Copper Cable.
LE	Local Exchanges.
LFSC	Class of Work for Construction, Local Line OF Spine Cable.
LFCM	Local Fibre Maintenance.
LFME	Construction, Local Network Service Module Equipment CoW.
LFDC	Class of Work for Construction, Local Line OF Distribution.
LLU	Local Loop Unbundling - this enables other communication providers (OCP) to use BT's local loop to provide services to customers.
LLUMS	Local Loop Unbundling Management System.
LNS	L2TP Network Server.
LOB	Line of business.
LopList	Life of Plant List.
LRIC	Long Run Incremental Cost.
LRIC Model R&P	Long Run Incremental Cost Model Relationships and Parameters.
MAP	Maximum Allowable Power
MCE	Manage Contact Event
MCE	Mean Capital Employed
MDF	Main Distribution Frame - interface between the exchange side cables and the exchange switching equipment.
MDX	Main Network Switching Digital - digital exchanges providing certain functions to digital traffic e.g. setting up and clearing down calls, switching traffic and signalling to other exchanges and subscribers.
Mean	Arithmetic average of the start and end values for the period.
Metro Nodes	Metro Nodes switch traffic and contain the intelligence to direct its path. All traffic will traverse the Metro Node to some degree whether it falls into the category of Voice, Broadband or Connectivity.
MPF	Metallic Path Facility - A copper line connecting the end-user premises to a CPs) handover distribution frame within BT's exchange.
MSH	Marconi Synchronous Hierarchy
MSAN	Multi service access nodes - provide customer access into the network for Voice, Broadband and some Connectivity via line-cards and the traffic generated is sent to Metro Nodes for switching. This can be via other MSANs.
MSIP	Multi Services Intranet Platform.

Term	Definition / Description
NBV	Net book value - Primarily used for the apportionment of bases and PGs which contain assets and are not impacted by CCA.
Network adjustment costs	Allocations are based on costs relating to changes to existing physical infrastructure for network accessibility, referred to as ' Network Adjustments'.
NGA	Next Generation Access, an umbrella name for Fibre Optical technologies FTTC and FTTP.
NGS	Next Generation Switch - a newer form of switch. There are two types: one using traditional circuit switching technology; the other a hybrid using ATM packet switching technology.
NGSR	Asset type for Next Generation Switch.
NGSC	Class of Work for Next Generation Switch.
NRC	Net Replacement Cost - Apportioned based on the NRC of different assets impacted by CCA adjustments.
NRMS	Network Routing Management System.
NTE	Network Terminal Equipment.
NTSR	Non-Template Service Routing.
OA	Operator Assistance.
OC	Operational Centre.
OCPs	Other Communication Providers.
OR	Openreach.
ORBIT	Operational Range Build Information Tool.
OSA	Open Systems Architecture.
OSS	Operational Support Systems.
OUC	Organisational Unit Codes.
PAC	Previously Allocated Costs - defined as follows: Current pay, Non-Pay Costs, Current Depreciation on BT Group Fixed Assets and Return on Capital Employed associated with total BT Group Assets and BT Group Net Current Assets.
PC	Private Circuits - provide a dedicated point-to-point connection for exclusive voice and data communications between two sites. They utilise bearers and line systems which consist of electronics and interconnecting cable.
PCP	Primary Collect Processor.
PDH	Plesiochronous Digital Hierarchy.
PG	Plant Group.
PIA	Physical Infrastructure Access
PIA component costs	Apportioned based on the average unit costs of PIA (e.g. ducts, poles, manholes) in the network.
PIA component volumes	Apportioned based on volumes of PIA components, such as ducts and poles, in units (e.g. manholes) and distance (e.g. duct).
PIMR	Physical Infrastructure Access Market Review.
POH	Point Of Handover.
PoPs	Point of Presences.
PPC	Partial Private Circuit
PPIA	Properly prepared in accordance with audit opinions.
Pre-allocation reports	Layer 101 reconciliation files for revenue, cost and MCE.
PSTN	Public Switched Telephone Network
PU	Processor Unit.
PY	Prior Year.
RAV	Regulatory asset value.
RAV[1]	Rateable asset value - Apportionment is based on rateable network assets within BT's network, for the purpose of allocating Cumulo property tax charges and liabilities.
RBS	Radio base station.
Relevant costs	Include all costs, revenues, assets and liabilities recorded in the general ledger.
RFS	Regulatory Financial Statements.
RIDE	Recorded Information Distribution Equipment
ROCE	Return on Capital Employed.

Term	Definition / Description
RoU	Right of use - term relating to assets and subsequent liabilities associated with lease reporting under IFRS16.
SBP	Share Based Payment.
SCP	Service Control Point.
SDH	Synchronous Digital Hierarchy.
SFBB	Super-fast broadband.
SFI	Special Fault Investigations.
SGA	Selling, general and administrative.
Sig	Signalling.
SLA	Service Level Agreements - part of commercial contracts outlining supplier's commitment to provide services to an agreed quality.
SLG	Service Level Guarantees - set out compensation the customer would be entitled to if the quality of service set out in the SLA is not met.
SLS	Signalling Link Selection
SMC	Service Management Centre
SMDS	Switched Multimegabit Data Services
SMP	Significant Market Power.
SMPF	Shared Metallic Path Facility - line sharing, allowing broadband services to be offered over copper cables if another provider is handling that customer's phone calls.
Spine Access Network	The network between the local exchange and a BT Aggregation node.
SPR	Signalling Point Relay.
TAMS	Test Access Matrices - installed between MDFs and DSLAMs and used to provide remote access facilities on broadband circuits for testing local exchanges.
TPON	Telecommunications over Passive Optical Network.
TOP	Time Of Day.
TRC	Time Related Charges.
TSO	Technology Service and Operations.
TVC	TV Connect - provides headend capabilities for receiving, and optionally encoding, TV channels provided by an ISP.
UF	Usage Factor.
UPC	Universal Card Platform.
VIP	Voice Intelligent Peripheral.
VPNS	Virtual Private Network Services.
VPS	Virtual Private Services.
WACC	Weighted Average Cost of Capital. The WACC of the relevant market is applied to the MCE of a given service to represent an acceptable rate of return generated on providing that service.
WAF	Walk around factor.
WBMC	Wholesale Broadband Managed Connect.
WCR	Wholesale Customer Reports.
WECLA	West, East and Central London Area.
WES	Wholesale Extension Services.
WDM	Wavelength Division Multiplexing.
WLA	Wholesale Local Access.
WLR	Wholesale Line Rental.
WFAEL	Wholesale Fixed Analogue Exchange Lines.
YTD	Year to date.