

# RAG 3.08 – Guideline for the format and disclosures for the annual performance report

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## 1. Explanatory note

### 1.1 Introduction

1.1.1 This regulatory accounting guideline (RAG) relates to the Condition F requirements for accounting information. This regulatory accounting guideline contains guidance on various issues relating to paragraphs four, six and nine of Condition F, where it has been considered helpful to clarify the provisions of the Licence.

### 1.2 Role of regulatory accounting guidelines

1.2.1 The accounting statements are the primary source of regular audited financial information about the business regulated by the Water Services Regulation Authority (Ofwat). It is intended that the RAGs should take precedence over UK accounting standards. Where the RAGs do not specifically address an accounting issue, then UK Generally Accepted Accounting Practice (UK GAAP) should be followed.

1.2.2 There are 2 areas where we will require companies to deviate from these accounting standards;

- revenue recognition

Companies should not de-recognise turnover for amounts billed which they deem to be uncollectable. This means that IAS18.9 or FRS102 (23.3) should be disapplied in this respect.

- borrowing costs

IAS23.8 requires borrowing costs to be capitalised where they directly relate to the construction of an asset. We require this rule to be disapplied. Similarly the option to capitalise under FRS102 (25.2) should not be taken.

### 1.3 Annual information notice on the annual performance report

1.3.1 Ofwat will publish an information notice annually, between January and March. This will include any required amendments to RAG3. If any new accounting standards mean that a departure from UK GAAP is necessary it will be covered in this notice.

## **2. Accounting statements**

### **2.1 Accounting statements**

#### **Condition F requirements**

2.1.1 Paragraph 4 of Condition F states that all appointees shall prepare a profit and loss account, a statement of assets and liabilities and a statement of source and application of funds in respect of each of:

- the appointed business;
- the non-appointed business; and
- the total business of the appointee.

#### **Statutory statement of cashflows**

2.1.2 A company may choose to take advantage of the exemptions available and not prepare a cashflow statement in their statutory accounts. In this situation, companies are not required to produce a statutory cashflow simply to satisfy pro forma 1D. A regulatory appointed business cashflow statement will satisfy Ofwat's requirements.

#### **Pro forma tables**

2.1.3 The licence requires that regulatory accounting statements should be prepared in accordance with the formats, accounting policies and principles which apply to the statutory annual accounts of the appointee.

The information in the regulatory accounting statements must be provided in a common format for all companies and with a 31 March year end. The pro forma tables for the submission of data are included in appendix 1.

## **2.2 Publication of accounting statements**

#### **Reports to be delivered**

2.2.1 Appointees with a UK holding company (whether this is an ultimate holding company or an intermediate holding company as part of an overseas group of companies) should submit the following documents to Ofwat:

- ultimate UK holding company accounts;
- annual performance report including the regulatory accounting statements; and

- statutory accounts (if not bound with the annual performance report).

2.2.2 Paragraph 9.3 of Condition F requires that the appointee shall deliver to the Ofwat a copy of the accounting statements and auditors reports prepared under Condition F as soon as reasonably practicable and in any event not later than 15 July following the end of the financial year to which they relate. Appointees can submit electronic copies by email to Ofwat.

2.2.3 Companies may refer in the annual performance report to any relevant commentary provided as part of the latest available statutory accounts. A clear cross-reference and link needs to be provided.

### **Reports to be published on websites**

2.2.4 Companies should publish their annual performance report on their websites at the same time as they are submitted to Ofwat.

## **2.3 Audit**

### **Auditors' reports**

2.3.1 Paragraph 9 of Condition F requires auditors to address reports to Ofwat concerning:

- accounting records; and
- accounting statements.

As a minimum the audit opinion should cover the pro forma tables in section one and section two of the annual performance report.

2.3.2 The required wording of the audit opinion will be set out in our annual information notice on the annual performance report.

### **Further information required from auditors**

2.3.3 The licence requires that the contract of appointment with the auditors contains a term “that the auditors will provide such further explanation or clarification of their reports, and such further information in respect of the matters which are the subject of their reports, as the Water Services Regulation Authority (Ofwat) may reasonably require.”

## 2.4 Appointed business

### Definitions

- 2.4.1 The licence separates the activities of an appointee into appointed and non-appointed activities.
- 2.4.2 Appointed activities are consequently those activities that are **necessary** in order for an appointee to fulfil the functions and duties of a water and sewerage undertaker. Please see Appendix 1 in RAG4.05 for more information on appointed and non-appointed activities. Companies should discuss areas of difficulty, in advance of preparing the accounts, with Ofwat.

## 3. Accounting disclosures

### 3.1 Disclosures required in the annual performance report

#### 3.1.1 Companies should include:

- a note which describes the link between directors' pay and standards of performance (as required by section 35A of the Water Industry Act 1991 (inserted into that Act by section 50 of the Water Act 2003));
- a statement as to disclosure of information to auditors;
- a statement on dividend policy for the appointed business;
- an accounting policy note for price control segments;
- a note on revenue recognition;
- a note on capitalisation policy;
- a note on bad debt policy;
- a statement on Condition K compliance;
- a statement on diversification and protection of the core business; and
- a statement on risk and compliance;
- a statement on differences between statutory and RAG definitions.

### 3.2 Statement of directors' remuneration and standards of performance

- 3.2.1 In January 2014 we published 'Board leadership, transparency and governance – principles' ([link](#)) which set out the principles we expect appointees to apply. A key theme that overarches the principles is transparency. We consider that the Disclosure and Transparency Rules set out the standard of disclosure that regulated companies should operate – wherever applicable. For example, we expect companies' Boards to make sure that the form and contents of the corporate governance statement meets

the requirements of the Disclosure and Transparency Rules for listed companies. We also expect reporting to reflect material issues. Typically, this would involve discussing areas such as:

- group structure;
- company performance; and
- the key risks to the business.

We expect companies to ensure that the information is accessible to the intended audiences. It will be for companies to determine the best means of making this information transparent, which could be through the use of the annual performance report.

3.2.2 In relation to transparency around the remuneration of directors, we expect companies to consider whether and how to take account of the requirements (since 1 October 2013) that apply to the Directors' Remuneration Report for a quoted company.

3.2.3 The Water Act 2003 introduced a requirement for companies to make a statement to Ofwat at the end of each financial year, regarding links between directors' pay and standards of performance. The annual performance report should contain this statement.

3.2.4 The statement should detail any arrangements linking the remuneration of the directors of the company to standards of performance in connection with the carrying out of functions of a relevant undertaker. It should comprehensively explain the arrangements, including all information relevant to the users of the annual performance report.

3.2.5 Any person who has been a director of the company at any time and received remuneration during the financial year should be covered in this statement. Where the directors are also directors of another group or holding company they still need to be covered by this statement.

3.2.6 Remuneration means any form of payment, consideration or other benefit (including pension benefit). Standards of performance include any standards, which are set by condition of the company's appointment, any applicable regulations or any that are set or agreed to by the company.

3.2.7 The statement must include in particular:

- the date the arrangements were made;
- a description of all the standards of performance in question;

- an explanation of the purpose of linking each particular standard of performance to remuneration;
- a description of the targets set for each standard;
- an explanation of how all the standards of performance are assessed and the source of the data;
- an explanation of:
  - whether targets were achieved or not;
  - how the remuneration was calculated for each standard; and
  - details of the amounts paid to all individual directors.

3.2.8 Even if no remuneration has been paid under any arrangements in the financial year, the annual performance report must still disclose the details of any arrangements in force or any arrangements intended to be in force during the financial year. Commentary on future targets should also be provided as well as detail on any changes to previous arrangements such as targets, source of data and calculation method.

3.2.9 If no such arrangements are in place an explanatory paragraph should be provided detailing the reasons why no such arrangements are in place.

### 3.3 Statement as to disclosure of information to auditors

3.3.1 The Companies (Audit, Investigations and Community Enterprise) Act 2004 includes sections dealing with the auditor's rights to information. Relevant audit information is defined in s234ZA of the Companies Act 1985.

3.3.2 Previous legislation in this area (s389A of the Companies Act 1985) meant that auditors were entitled to require information and explanations for their duties from 'officers' of the company. Whilst it was a criminal offence to provide misleading, false or deceptive information it was not an offence if officers **failed to provide** any such required information. The revised legislation means it is now a criminal offence to fail to provide this information.

3.3.3 The new legislation requires each director to make a statement in the accounts that:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of the information.



3.3.4 Typically this is included in the directors' report for statutory purposes. Ofwat requires this statement to be made in companies' annual performance reports.

### **3.4 Dividend policy**

3.4.1 Paragraph 6 and line 1A of the Appendix to Condition F requires companies to report on the value of any dividend paid and provide a comprehensive explanation of the basis of the dividend.

3.4.2 Some companies pay dividends to parent companies which offset amounts of interest receivable under inter-company loan arrangements. Where such an arrangement exists, companies' dividend policy note should describe both a description of the arrangement and the amounts paid and received in the year.

### **3.5 Accounting policy note for price control segments**

3.5.1 Companies must include an accounting policy note for price control segments which are disclosed in section 2. This should summarise the basis of the allocation of operating costs and assets and any major changes in the year. Companies should state that the accounts have been drawn up in accordance with RAG2 - [Guideline for classification of costs across the price controls](#).

### **3.6 Revenue recognition note**

3.6.1 The revenue recognition note should cover the following.

- A description of any adjustments between amounts recorded as turnover in the statutory accounts and amounts recorded as turnover in the regulatory accounting statements. This should be split between adjustments relating to IAS18 deviation and any other adjustments.
- Whether or not the company bill void properties speculatively, that is to 'the occupier'. If so, it should confirm that this bill is then recorded in turnover.
- If the company does not speculatively bill, how it checks that the property is indeed unoccupied. It should also describe how it ascertains the identity of any occupier.
- A description of steps that the company takes to establish whether properties with no occupier information are void or occupied, e.g. visits to properties or searches using third party electronic data such as council tax/electoral role records.
- Any changes in methodology in calculating the measured income accrual.

- Any significant differences between a retrospective review of the previous years measured income accrual and the amounts actually billed in the year.

### **3.7 Capitalisation policy note**

3.7.1 Companies should explain the basis for capitalising costs. Companies should also clearly state any general rules which have been used (e.g., a rule requiring the capitalisation of any expenditure on a physical asset greater than £100). Companies should also detail any changes in judgements, apportionments or adjustments since the prior year, including changes to their capitalisation policies.

### **3.8 Bad debt note**

3.8.1 Companies should set out details of their write-off policy and explain any changes from the prior year in their policies, procedures or practices in relation to write-offs along with the reasons for any changes.

3.8.2 Where a change in write-off policy (including 'house-keeping' exercises) results in a material change in the level of reported write-off, companies should explain whether this level is likely to continue in future years or is being reported as an atypical cost in this report year only.

3.8.3 Where a change in the bad debt provisioning policy results in a material change in the bad debt charge, companies should explain the reasons for the movement. The effect of any changes should be quantified.

3.8.4 Where there has been significant movement in the trade debtor balance companies should comment on the reasons for the movement. This should refer to outstanding customer debt and the bad debt provision.

### **3.9 Condition K requirements**

3.9.1 The annual performance report should also contain a statement as to whether the appointee was in compliance with paragraph 3.1 of Condition K at the end of the financial year.

### **3.10 Diversification and protection of core business**

3.10.1 The ring fencing provisions in the licence require companies to submit at the same time as the regulatory accounting information, a certificate from the directors stating that the company will have available to it sufficient financial

resources and facilities to enable it to carry out, for at least twelve months, its regulated activities and sufficient management resources to enable it to carry out its functions.

3.10.2 For most companies, the provisions in the licence have been extended. In addition to the requirements outlined above, these companies are required to:

- Confirm that in the opinion of the directors all contracts entered into with any associated company include all necessary provisions and requirements concerning the standard of service to the company, to ensure that it is able to meet all its obligations as a water and sewerage undertaker;
- submit with each certificate a statement of the main factors which the directors have taken into account in giving that certificate; and
- provide a report prepared by the companies' auditors and addressed to Ofwat, stating whether they are aware of any inconsistencies between the certificate and the financial statements or any information obtained in the course of their work.

### **3.11 Statement on risk & compliance**

3.11.1 The statement should confirm that the company;

- considers it has a full understanding of, and is meeting, its obligations and has taken steps to understand and meet customer expectations;
- has satisfied itself that it has sufficient processes and internal systems of control to fully meet its obligations. Where the company considers it is unable to provide such a statement, it should state that this is the case and explain why it is unable to do so;
- has appropriate systems and processes in place to allow it to identify, manage and review its risks. Where any material or potential material risk is identified, the statement should set out the steps the company is taking or will take to manage and/or mitigate those risks. The company is responsible for defining materiality for the purposes of this statement.

### **3.12 Differences between statutory and RAG definitions**

3.12.1 Proformas 1A, 1B, 1C and 1D all have a column to report any resulting differences between statutory and regulatory definitions of a line by line basis. Where any individual values recorded in these lines are considered material then a narrative explanation should be provided on what these differences relate to.

3.12.2 Companies should provide a reconciliation between the total borrowings figures included in the statutory accounts and the borrowings shown in the regulatory accounts with a brief explanation the reasons for the differences.

## 4. Narrative disclosures on performance

### 4.1 Outcomes

4.1.1 Companies should provide narrative commentary explaining how the information reported in pro forma 3A relates to the information on outcome performance it has published and reported to its customer challenge group or similar body and customers more generally.

4.1.2. Companies should provide narrative commentary where it thinks forecasting a reward or penalty in column 3A.6 would be inappropriate for a particular performance commitment. The commentary should explain why a forecast would be inappropriate.

### 4.2 Totex

4.2.1 Narrative commentary should be provided on any difference between the values reported in lines 4B.6 and 4B.7 (actual and allowed totex) of pro forma 4B. Separate commentary should be provided for both water and wastewater.

Commentaries should make reference to the following areas (this is not an exhaustive list):

- efficiency savings;
- changes resulting from expenditure being delayed or brought forward;
- expenditure on outputs which are not included in the PR14 baseline; and
- other changes.

Where actual totex includes costs which the company believes to be exceptional or atypical, these should be disclosed separately in the commentary. The commentary should highlight clearly relevant links between the narrative on outcome performance and delivery and the totex costs reported in the year.

### 4.3 Retail

4.3.1 Narrative commentary should be provided on any material difference between the values reported in lines 2C.11 (total operating costs) of pro forma 2C and

the retail revenues allowed in price limits for 2015-20. Separate commentary should be provided for household and non-household retail.

Commentaries should make reference to the following areas (this is not an exhaustive list):

- efficiency savings;
- changes in customer numbers;
- changes in metering levels;
- material one-off / atypical items of expenditure; and
- other changes.

#### **4.4 Wholesale revenue control reconciliation**

4.4.1 Narrative commentary should be provided on the difference reported in line 2I.22 (difference between allowed and actual revenue under the wholesale control) of pro forma 2I. Companies should explain any subsequent consequences of any variations in revenue for future periods.

Commentaries should make reference to the following areas (this is not an exhaustive list):

- Changes in customer demand;
- Numbers of customers;
- Number of new connections; and
- Number of void properties.

4.4.2 Following the commencement of the competitive retail market (expected to be 1 April 2017), companies should disclose both the income and the payments relating to 'performance charges'. It is not sufficient for companies to disclose the net set-off position.

#### **4.5 Current tax reconciliation**

4.5.1 A reconciliation is required of the appointed current tax charge or credit reported in line 1A.12 to that resulting from applying the standard tax rate to the profit or loss on ordinary activities before tax as shown in table 1A. There should be no netting off of material positive or negative amounts.

4.5.2 A reconciliation is also required to explain any significant variations between the appointed current tax charge or credit reported in line 1A.12 to the total current tax charge allowed in price limits.

4.5.3 Details of factors affecting future tax charges should be given.

## 5. Small company accounting information requirements

### 5.1 Small company requirements

5.1.1 For new and existing small companies it may not be appropriate to request the full regulatory accounting information that we receive from larger companies, but we still require some regulatory accounting information to a 31 March year end.

5.1.2 The information requirements should be proportionate to the size of the company, but sufficient to enable us to effectively regulate these companies. A company with an annual turnover of less than £6.5m is defined as small in terms of regulatory accounting information requirements. This threshold only applies to regulatory accounting information required under Condition F and no other types of information.

5.1.3 In some circumstances, we may ask some small companies for more information than is set out below, to address certain company specific issues. If required, we will discuss this with the company to explain what information we require and when it should be submitted.

5.1.4 Table 2 below sets out the requirements for companies that fall within the 'small' threshold (turnover less than £6.5 million).

**Table 2 Small company requirements**

	When	Where
Accounts prepared to a 31 March year end. These should also be available on your website at the same time they are submitted to us	15 July	Condition F paragraph 4
Group company annual report and accounts, if appropriate	When available	
UK holding company accounts (where ultimate owner is an overseas company), if appropriate	When available	
Certificate of adequacy of financial resources	15 July	Licence condition F6A
Two pro forma tables 1. Split of turnover, operating costs and depreciation 2. Volumes and connections	15 July	Appendix 2 See RAG4 for line definitions

Statement on links between Directors' pay and standards of performance published in the accounts	15 July	paragraph 3.2
Statement of dividend policy published in the accounts	15 July	paragraph 3.4
Statement on risk & compliance	15 July	paragraph 3.11

## 6. Cost allocation and transfer pricing

### 6.1 RAG5 Principles

6.1.1 Appointees are under a duty to trade at arm's length and to ensure that there is no cross-subsidy with respect to transactions between the appointed business and both associated companies and the non-appointed business.

In addition following the introduction of separate binding price controls at the 2014 price review, companies need to attribute or allocate costs between the controls. The revenue allowance for each price control is determined by the estimated costs specific to that particular price control and comparable information on actual costs will be needed for future price reviews. Therefore companies should also ensure that there is no cross subsidy between price control units.

Appointees are required to demonstrate, through the application of the principles set out in RAG5, the basis of arm's length trading and that cross-subsidy does not exist.

#### Transactions to be disclosed

6.1.2 The licence requires that all transactions between the appointee and its associated companies must be disclosed and if any single transaction exceeds 0.5% of the turnover of the appointed business (or £100,000 if greater) it should not be aggregated. In particular, the following transactions, with related data, must be disclosed if over the materiality limit:

- loans by or to the appointee;
- dividends paid to any associated company;
- guarantees or other forms of security by the appointee;
- transfer of any asset or liability by or to the appointee;
- supply of any service by or to the appointee;

- omission by the appointee or any associated company to exercise a right as a result of which the value of the net assets of the appointee is decreased; and
- waiver of any consideration, remuneration or other payment by the appointee.

6.1.3 The licence also specifies the information to be disclosed for each of these categories of transactions. Where appropriate, formulae may be disclosed in place of figures, for example for interest rates.

6.1.4 Transactions in the last four categories may be aggregated with any other similar transaction in the same category with the same associated company. This aggregation does not include netting off transactions to the appointee against transactions by the appointee or vice versa.

6.1.5 If a company is an associated company of an appointee for only part of a financial year then transactions with that associated company will only need to be disclosed whilst they were an associated company.

### Transfer prices

6.1.6 The following details should be included in the published annual performance report:

Service	Company	Turnover of associate	Terms of supply	Value
Service received by regulated business or service provided by regulated business.	Associate providing the service or associate to whom the service is provided.		A statement of the means by which the price to associates has been established, e.g., competitive tendering.	Of service received by regulated business or service supplied by regulated business.



## Appendix 1: Pro forma tables

<b>Section 1 Regulatory financial reporting</b>	
Pro forma 1A	Income statement
Pro forma 1B	Statement of comprehensive income
Pro forma 1C	Statement of financial position
Pro forma 1D	Statement of cash flows
Pro forma 1E	Net debt analysis at 31 March 20xx
<b>Section 2 Price review and other segmental reporting</b>	
Pro forma 2A	Segmental income statement for the 12 months ended 31 March 20xx
Pro forma 2B	Totex analysis for the 12 months ended 31 March 20xx - wholesale water & wastewater
Pro forma 2C	Operating cost analysis for the 12 months ended 31 March 20xx - retail
Pro forma 2D	Historic cost analysis of fixed assets (wholesale water, wholesale wastewater & retail business)
Pro forma 2E	Analysis of capital contributions and land sales for the 12 months ended 31 March 20xx - wholesale
Pro forma 2F	Household - revenue by customer type
Pro forma 2G	Non-household water - revenues by customer type
Pro forma 2H	Non-household wastewater - revenues by customer type
Pro forma 2I	Revenue analysis & wholesale control reconciliation for the 12 months ended 31 March 20xx
<b>Section 3 Performance summary</b>	
Pro forma 3A	Outcome performance table
<b>Section 4 Additional regulatory information</b>	
Pro forma 4A	Non-financial information for the 12 months ended 31 March 20xx Number of properties and volumes
Pro forma 4B	Wholesale totex analysis

<b>Pro forma 4C</b>	<b>Forecast impact of performance on RCV</b>
<b>Pro forma 4D</b>	<b>Totex analysis for the 12 months ended 31 March 20xx - wholesale water</b>
<b>Pro forma 4E</b>	<b>Totex analysis for the 12 months ended 31 March 20xx - wholesale wastewater</b>
<b>Pro forma 4F</b>	<b>Operating cost analysis for the 12 months ended 31 March 20xx – household retail</b>
<b>Pro forma 4G</b>	<b>Wholesale current cost financial performance for the 12 months ended 31 March 20xx</b>

## Section 1 Regulatory financial reporting

### Pro forma 1A

Financial performance for the 12 months ended 31 March 20xx						RAG 4.05 reference
Income statement	Current year				Total appointed activities	
	Statutory	Adjustments				
		Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
<b>Revenue</b>	I	I	I	C	C	<b>1A.1</b>
Operating costs	I	I	I	C	C	<b>1A.2</b>
Other operating income	I	I	I	C	C	<b>1A.3</b>
<b>Operating profit</b>	C	C	C	C	C	<b>1A.4</b>
Other income	I	I	I	C	C	<b>1A.5</b>
Interest income	I	I	I	C	C	<b>1A.6</b>
Interest expense	I	I	I	C	C	<b>1A.7</b>
Other interest expense	I	I	I	C	C	<b>1A.8</b>
<b>Profit before tax and fair value movements</b>	C	C	C	C	C	<b>1A.9</b>
Fair value gains/(losses) on financial instruments	I	I	I	C	C	<b>1A.10</b>
<b>Profit before tax</b>	C	C	C	C	C	<b>1A.11</b>
UK Corporation tax	I	I	I	C	C	<b>1A.12</b>
Deferred tax	I	I	I	C	C	<b>1A.13</b>
<b>Profit for the year</b>	C	C	C	C	C	<b>1A.14</b>

## Pro forma 1B

<b>Financial performance for the 12 months ended 31 March 20xx</b>						<b>RAG 4.05 reference</b>
<b>Statement of comprehensive income</b>	<b>Current year</b>					<b>Total appointed activities</b>
	Statutory	Adjustments			Total appointed activities	
		Differences between statutory and RAG definiitons	Non-appointed	Total adjustments		
<b>Profit for the year</b>	I	I	I	C	C	<b>1B.1</b>
Actuarial gains/(losses) on post employment plans	I	I	I	C	C	<b>1B.2</b>
Other comprehensive income	I	I	I	C	C	<b>1B.3</b>
<b>Total Comprehensive income for the year</b>	C	C	C	C	C	<b>1B.4</b>

## Pro forma 1C

Financial performance for the 12 months ended 31 March 20xx						RAG 4.05 reference
Statement of Financial Position	Current year					
	Statutory	Adjustments			Total appointed activities	
		Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
<b>Non-current assets</b>						
Fixed assets	I	I	I	C	C	1C.1
Intangible assets	I	I	I	C	C	1C.2
Investments - loans to group companies	I	I	I	C	C	1C.3
Investments - other	I	I	I	C	C	1C.4
Financial instruments	I	I	I	C	C	1C.5
Retirement benefit assets	I	I	I	C	C	1C.6
Total	C	C	C	C	C	1C.7
<b>Current assets</b>						
Inventories	I	I	I	C	C	1C.8
Trade & other receivables	I	I	I	C	C	1C.9
Financial instruments	I	I	I	C	C	1C.10
Cash & cash equivalents	I	I	I	C	C	1C.11
Total	C	C	C	C	C	1C.12
<b>Current liabilities</b>						
Trade & other payables	I	I	I	C	C	1C.13
Capex creditor	I	I	I	C	C	1C.14
Borrowings	I	I	I	C	C	1C.15
Financial instruments	I	I	I	C	C	1C.16
Current tax liabilities	I	I	I	C	C	1C.17
Provisions	I	I	I	C	C	1C.18
Total	C	C	C	C	C	1C.19
<b>Net Current assets/(liabilities)</b>	C	C	C	C	C	1C.20
<b>Non-current liabilities</b>						
Trade & other payables	I	I	I	C	C	1C.21
Borrowings	I	I	I	C	C	1C.22
Financial instruments	I	I	I	C	C	1C.23
Retirement benefit obligations	I	I	I	C	C	1C.24
Provisions	I	I	I	C	C	1C.25
Deferred income - G&C's	I	I	I	C	C	1C.26
Preference share capital	I	I	I	C	C	1C.27
Deferred tax	I	I	I	C	C	1C.28
Total	C	C	C	C	C	1C.29
<b>Net assets</b>	C	C	C	C	C	1C.30
<b>Equity</b>						
Called up share capital	I	I	I	C	C	1C.31
Retained earnings & other reserves	I	I	I	C	C	1C.32
<b>Total Equity</b>	C	C	C	C	C	1C.33

## Pro forma 1D

Financial performance for the 12 months ended 31 March 20xx						RAG 4.05 reference
Statement of cashflows	Current year					Total appointed activities
	Statutory	Adjustments			Total appointed activities	
		Differences between statutory and RAG definiitions	Non-appointed	Total adjustments		
<b>Operating profit</b>	I	I	I	C	C	<b>1D.1</b>
Other income	I	I	I	C	C	<b>1D.2</b>
Depreciation	I	I	I	C	C	<b>1D.3</b>
Amortisation - G&C's	I	I	I	C	C	<b>1D.4</b>
Changes in working capital	I	I	I	C	C	<b>1D.5</b>
Pension contributions	I	I	I	C	C	<b>1D.6</b>
Movement in provisions	I	I	I	C	C	<b>1D.7</b>
Profit on sale of fixed assets	I	I	I	C	C	<b>1D.8</b>
<b>Cash generated from operations</b>	C	C	C	C	C	<b>1D.9</b>
Net interest paid	I	I	I	C	C	<b>1D.10</b>
Tax paid	I	I	I	C	C	<b>1D.11</b>
<b>Net cash generated from operating activities</b>	C	C	C	C	C	<b>1D.12</b>
<b>Investing activities</b>						
Capital expenditure	I	I	I	C	C	<b>1D.13</b>
Grants & Contributions	I	I	I	C	C	<b>1D.14</b>
Disposal of fixed assets	I	I	I	C	C	<b>1D.15</b>
Other	I	I	I	C	C	<b>1D.16</b>
<b>Net cash used in investing activities</b>	C	C	C	C	C	<b>1D.17</b>
<b>Net cash generated before financing activities</b>	C	C	C	C	C	<b>1D.18</b>
<b>Cashflows from financing activities</b>						
Equity dividends paid	I	I	I	C	C	<b>1D.19</b>
Net loans received	I	I	I	C	C	<b>1D.20</b>
Cash inflow from equity financing	I	I	I	C	C	<b>1D.21</b>
<b>Net cash generated from financing activities</b>	C	C	C	C	C	<b>1D.22</b>
<b>Increase (decrease) in net cash</b>	C	C	C	C	C	<b>1D.23</b>

**Pro forma 1E**

<b>Net debt analysis at 31 March 20xx</b>					<b>RAG 4.05 reference</b>
	<b>Interest rate risk profile</b>				
	Fixed rate	Floating rate	Index linked	Total	
Borrowings (excluding preference shares)	I	I	I	C	<b>1E.1</b>
Preference share capital				I	<b>1E.2</b>
Total borrowings				C	<b>1E.3</b>
Cash				I	<b>1E.4</b>
Short term deposits				I	<b>1E.5</b>
Net Debt				C	<b>1E.6</b>
Gearing				C	<b>1E.7</b>
Adjusted Gearing				I	<b>1E.8</b>
Full year equivalent nominal interest cost	I	I	I	C	<b>1E.9</b>
Full year equivalent cash interest payment	I	I	I	C	<b>1E.10</b>
<b>Indicative interest rates</b>					
Indicative weighted average nominal interest rate	I	I	I	C	<b>1E.11</b>
Indicative weighted average cash interest rate	I	I	I	C	<b>1E.12</b>

## Section 2 Price review and other segmental reporting

### Pro forma 2A

<b>Segmental income statement for the 12 months ended 31 March 20xx</b>						<b>RAG 4.05 reference</b>
<b>Current year</b>						
	<b>Retail</b>		<b>Wholesale</b>		<b>Total</b>	
	<b>Household</b>	<b>Non-household</b>	<b>Water</b>	<b>Waste water</b>		
Revenue - price control	I	I	I	I	C	<b>2A.1</b>
Revenue - non price control	I	I	I	I	C	<b>2A.2</b>
Operating costs	I	I	I	I	C	<b>2A.3</b>
Other operating income	I	I	I	I	C	<b>2A.4</b>
<b>Operating profit before recharges</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>2A.5</b>
Recharges from other segments	I	I	I	I	C	<b>2A.6</b>
Recharges to other segments	I	I	I	I	C	<b>2A.7</b>
<b>Operating profit</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>2A.8</b>
Surface water drainage rebates					I	<b>2A.9</b>



## Pro forma 2B

<b>Totex analysis for the 12 months ended 31 March 20xx - wholesale water &amp; wastewater</b>				<b>RAG 4.05 reference</b>
	Water	Wastewater	Total	
<b>Operating expenditure</b>				
Power	I	I	C	<b>2B.1</b>
Income treated as negative expenditure	I	I	C	<b>2B.2</b>
Service charges/ discharge consents	I	I	C	<b>2B.3</b>
Bulk supply/ Bulk discharge	I	I	C	<b>2B.4</b>
Other operating expenditure	I	I	C	<b>2B.5</b>
Local authority rates	I	I	C	<b>2B.6</b>
Total operating expenditure excluding third party services	C	C	C	<b>2B.7</b>
Third party services	I	I	C	<b>2B.8</b>
Total operating expenditure	C	C	C	<b>2B.9</b>
<b>Capital expenditure</b>				
Maintaining the long term capability of the assets - infra	I	I	C	<b>2B.10</b>
Maintaining the long term capability of the assets - non-infra	I	I	C	<b>2B.11</b>
Other capital expenditure - infra	I	I	C	<b>2B.12</b>
Other capital expenditure - non-infra	I	I	C	<b>2B.13</b>
Total gross capital expenditure (excluding third party)	C	C	C	<b>2B.14</b>
Third party services	I	I	C	<b>2B.15</b>
Total gross capital expenditure	C	C	C	<b>2B.16</b>
Grants and contributions (price control)	I	I	C	<b>2B.17</b>
<b>Totex</b>	C	C	C	<b>2B.18</b>
<b>Cash expenditure</b>				
Pension deficit recovery payments	I	I	C	<b>2B.19</b>
Other cash items	I	I	C	<b>2B.20</b>
Totex including cash items	C	C	C	<b>2B.21</b>

**Pro forma 2C**

<b>Operating cost analysis for the 12 months ended 31 March 20xx - retail</b>				<b>RAG 4.05 reference</b>
	Household	Non-household	Total	
<b>Operating expenditure</b>				
Customer services	I	I	C	<b>2C.1</b>
Debt management	I	I	C	<b>2C.2</b>
Doubtful debts	I	I	C	<b>2C.3</b>
Meter reading	I	I	C	<b>2C.4</b>
Services to developers		I	C	<b>2C.5</b>
Other operating expenditure	I	I	C	<b>2C.6</b>
Total operating expenditure excluding third party services	C	C	C	<b>2C.7</b>
Third party services operating expenditure	I	I	C	<b>2C.8</b>
Total operating expenditure	C	C	C	<b>2C.9</b>
Depreciation	I	I	C	<b>2C.10</b>
Total operating costs	C	C	C	<b>2C.11</b>
Debt written off	I	I	C	<b>2C.12</b>

## Pro forma 2D

**Historic cost analysis of fixed assets - wholesale & retail**RAG 4.05  
reference

	Wholesale		Retail		Total	
	Water	Wastewater	Household	Non-household		
<b>Cost</b>						
At 1 April 20xx	I	I	I	I	C	<b>2D.1</b>
Disposals	I	I	I	I	C	<b>2D.2</b>
Additions	I	I	I	I	C	<b>2D.3</b>
At 31 March 20xx	C	C	C	C	C	<b>2D.4</b>
<b>Depreciation</b>						
At 1 April 20xx	I	I	I	I	C	<b>2D.5</b>
Disposals	I	I	I	I	C	<b>2D.6</b>
Charge for year	I	I	I	I	C	<b>2D.7</b>
At 31 March 20xx	C	C	C	C	C	<b>2D.8</b>
Net book amount at 31 March 20xx	C	C	C	C	C	<b>2D.9</b>
Net book amount at 1 April 20xx	C	C	C	C	C	<b>2D.10</b>

The net book value includes £Xm in respect of assets in the course of construction.

Pro forma 2E

Analysis of capital contributions and land sales for the 12 months ended 31 March 20xx - wholesale									RAG 4.05 reference
	Current year				Prior year				
	Fully recognised in income statement	Capitalised and amortised against depreciation	Fully netted off capex	Total	Fully recognised in income statement	Capitalised and amortised against depreciation	Fully netted off capex	Total	
<b>Grants and contributions - water</b>									
Connection charges (s45)	I	I	I	C	I	I	I	C	2E.1
Infrastructure charge receipts (s146)	I	I	I	C	I	I	I	C	2E.2
Requisitioned mains (s43, s55 & s56)	I	I	I	C	I	I	I	C	2E.3
Diversions (s185)	I	I	I	C	I	I	I	C	2E.4
Other Contributions	I	I	I	C	I	I	I	C	2E.5
Total	C	C	C	C	C	C	C	C	2E.6
<b>Grants and contributions - wastewater</b>									
Infrastructure charge receipts (s146)	I	I	I	C	I	I	I	C	2E.7
Requisitioned sewers (s100)	I	I	I	C	I	I	I	C	2E.8
Diversions (s185)	I	I	I	C	I	I	I	C	2E.9
Other Contributions	I	I	I	C	I	I	I	C	2E.10
Total	C	C	C	C	C	C	C	C	2E.11
	Current year			Prior year					
	Water	Waste water	Total	Water	Waste water	Total			
<b>Balance sheet</b>									
b/f	C	C	C	C	C	C			2E.12
Capitalised in year	C	C	C	C	C	C			2E.13
Amortisation (in income statement)	I	I	C	I	I	C			2E.14
c/f	C	C	C	C	C	C			2E.15
	Current year			Prior year					
	Water	Waste water	Total	Water	Waste water	Total			
<b>Land sales</b>									
Proceeds from disposals of protected land	I	I	C	I	I	C			2E.16

**Pro forma 2F**

<b>Household - revenues by customer type</b>						<b>RAG 4.05 reference</b>
	Wholesale charges revenue	Retail revenue	Total revenue	Number of customers	Average household retail revenue per customer	
	£m	£m	£m	000s	£	
Unmeasured water only customer	I	I	C	I	C	<b>2F.1</b>
Unmeasured wastewater customer only	I	I	C	I	C	<b>2F.2</b>
Unmeasured water & wastewater customer	I	I	C	I	C	<b>2F.3</b>
Measured water only customer	I	I	C	I	C	<b>2F.4</b>
Measured wastewater only customer	I	I	C	I	C	<b>2F.5</b>
Measured water & wastewater customer	I	I	C	I	C	<b>2F.6</b>
<b>Total</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>2F.7</b>

**Pro forma 2G**

<b>Non-household water - revenues by customer type</b>						<b>RAG 4.05 reference</b>
<b>£</b>	<b>Wholesale charges revenue</b>	<b>Retail revenue</b>	<b>Total revenue</b>	<b>Number of customers</b>	<b>Average non- household retail revenue per customer</b>	
<b>Default tariffs</b>						
Customer type 1	I	I	C	I	C	<b>2G.1</b>
Customer type 2	I	I	C	I	C	<b>2G.2</b>
.....	I	I	C	I	C	<b>2G.X</b>
.....	I	I	C	I	C	<b>2G.X</b>
Customer type x	I	I	C	I	C	<b>2G.X</b>
<b>Total default tariffs</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>2G.X</b>
<b>Non-Default tariffs</b>						
<b>Total non-default tariffs</b>	<b>I</b>	<b>I</b>	<b>C</b>	<b>I</b>	<b>C</b>	<b>2G.X</b>
<b>Total</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>2G.X</b>

## Pro forma 2H

<b>Non-household wastewater - revenues by customer type</b>						<b>RAG 4.05 reference</b>
£	Wholesale charges revenue	Retail revenue	Total revenue	Number of customers	Average non- household retail revenue per customer	
<b>Default tariffs</b>						
Customer type 1	I	I	C	I	C	<b>2H.1</b>
Customer type 2	I	I	C	I	C	<b>2H.2</b>
.....	I	I	C	I	C	<b>2H.X</b>
.....	I	I	C	I	C	<b>2H.X</b>
Customer type x	I	I	C	I	C	<b>2H.X</b>
<b>Total default tariffs</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>2H.X</b>
<b>Non-Default tariffs</b>						
<b>Total non-default tariffs</b>	<b>I</b>	<b>I</b>	<b>C</b>	<b>I</b>	<b>C</b>	<b>2H.X</b>
<b>Total</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>2H.X</b>

## Pro forma 2I

Revenue analysis for the 12 months ended 31 March 20xx				RAG 4.05 reference
	Current year			
	Household	Non-household	Total	
<b>Wholesale charge - water</b>				
Unmeasured	I	I	C	2I.1
Measured	I	I	C	2I.2
Third party revenue	I	I	C	2I.3
	C	C	C	2I.4
<b>Wholesale charge - wastewater</b>				
Unmeasured	I	I	C	2I.5
Measured	I	I	C	2I.6
Third party revenue	I	I	C	2I.7
	C	C	C	2I.8
<b>Wholesale Total</b>				
	C	C	C	2I.9
<b>Retail revenue</b>				
Unmeasured	I	I	C	2I.10
Measured	I	I	C	2I.11
Other third party revenue	I	I	C	2I.12
<b>Retail Total</b>				
	C	C	C	2I.13
<b>Third party revenue - non-price control</b>				
Bulk supplies			I	2I.14
Other third party revenue			I	2I.15
Other appointed revenue			I	2I.16
Total appointee revenue			C	2I.17
	Current year			
	Water	Waste water	Total	
Wholesale revenue governed by price control	C	C	C	2I.18
Grants & contributions <sup>1</sup>	I	I	C	2I.19
Total revenue governed by wholesale price control	C	C	C	2I.20
Amount assumed in wholesale determination	I	I	C	2I.21
Difference <sup>2</sup>	C	C	C	2I.22

<sup>1</sup>Relevant capital contributions as defined in FD<sup>2</sup>Cross reference to a narrative explanation



## Section 3 Performance summary

### Pro forma 3A

Outcome performance table

RAG 4.05  
reference

	Unique ID	Performance commitment	2014-15 performance level - actual	2015-16 performance level - actual	2015-16 CPL met?	2015-16 reward or penalty (in-period ODs)	2015-16 reward or penalty (in-period ODs) £m absolute value	Notional reward or penalty accrued at 31 March 2016	Notional reward or penalty accrued at 31 March 2016 (£m absolute value)	Total AMP6 reward or penalty 31 March 2020 forecast	Total AMP6 reward or penalty 31 March 2020 forecast (£m absolute value)
Line per performance commitment											

3A.1 to 3A.6

## Section 4 Additional regulatory information

### Pro forma 4A

<b>Non-financial information for the 12 months ended 31 March 20xx</b>					<b>RAG 4.05 reference</b>
<b>Retail - household</b>	Current year		Prior year		
	Unmeasured	Measured	Unmeasured	Measured	
<b>Number of households billed ('000s)</b>					
Water only connections					<b>4A.1</b>
Wastewater only connections					<b>4A.2</b>
Water and wastewater connections					<b>4A.3</b>
Total	C	C	C	C	<b>4A.4</b>
Number of void households ('000s)					<b>4A.5</b>
Per capita consumption (excluding supply pipe leakage) l/h/d					<b>4A.6</b>
<b>Wholesale</b>	Current year		Prior year		
	Water	Wastewater	Water	Wastewater	
<b>Volume (MI/d)</b>					
Bulk supply export					<b>4A.7</b>
Bulk supply import					<b>4A.8</b>
Distribution input					<b>4A.9</b>

## Pro forma 4B

<b>Totex analysis</b>					<b>RAG 4.05 reference</b>
	Current year		Cumulative		
	Water	Wastewater	Water	Wastewater	
<b>Actual totex</b>					
Menu totex	I	I	I	I	<b>4B.1</b>
<b>Items excluded from the menu</b>					
Pension deficit recovery payments	I	I	I	I	<b>4B.2</b>
Third party costs	I	I	I	I	<b>4B.3</b>
Other adjustments	I	I	I	I	<b>4B.4</b>
<b>Total costs excluded from the menu</b>	C	C	C	C	<b>4B.5</b>
<b>Actual totex</b>	C	C	C	C	<b>4B.6</b>
<b>Actual totex - base year prices</b>	I	I	I	I	<b>4B.7</b>
<b>Allowed totex - base year prices</b>	I	I	I	I	<b>4B.8</b>

**Pro forma 4C**

<b>Forecast impact of performance on RCV</b>		<b>RAG 4.05 reference</b>
	Current Year	
RCV determined at FD	I	<b>4C.1</b>
RCV element of Totex over/underspend	I	<b>4C.2</b>
Allowance (Rewards/penalties - ODI)	I	<b>4C.3</b>
<b>Projected 'shadow' RCV</b>	C	<b>4C.4</b>

## Pro forma 4D

Totex analysis for the 12 months ended 31 March 20xx - wholesale water								RAG 4.05 reference
	Water resources		Raw water distribution		Water treatment	Treated water distribution	Total	
	Abstraction licences	Raw water abstraction	Raw water transport	Raw water storage				
<b>Operating expenditure</b>								
Power	I	I	I	I	I	I	C	4D.1
Income treated as negative expenditure	I	I	I	I	I	I	C	4D.2
Abstraction charges/ discharge consents	I	I	I	I	I	I	C	4D.3
Bulk supply/ Bulk discharge	I	I	I	I	I	I	C	4D.4
Other operating expenditure	I	I	I	I	I	I	C	4D.5
Local authority rates	I	I	I	I	I	I	C	4D.6
<b>Total operating expenditure excluding third party services</b>	C	C	C	C	C	C	C	4D.7
Third party services	I	I	I	I	I	I	C	4D.8
<b>Total operating expenditure</b>	C	C	C	C	C	C	C	4D.9
<b>Capital expenditure</b>								
Maintaining the long term capability of the assets - infra	I	I	I	I	I	I	C	4D.10
Maintaining the long term capability of the assets - non-infra	I	I	I	I	I	I	C	4D.11
Other capital expenditure - infra	I	I	I	I	I	I	C	4D.12
Other capital expenditure - non-infra	I	I	I	I	I	I	C	4D.13
<b>Total gross capital expenditure (excluding third party)</b>	C	C	C	C	C	C	C	4D.14
Third party services	I	I	I	I	I	I	C	4D.15
<b>Total gross capital expenditure</b>	C	C	C	C	C	C	C	4D.16
Grants and contributions	I	I	I	I	I	I	C	4D.17
<b>Totex</b>	C	C	C	C	C	C	C	4D.18
<b>Cash expenditure</b>								
Pension deficit recovery payments	I	I	I	I	I	I	C	4D.19
Other cash items	I	I	I	I	I	I	C	4D.20
<b>Totex including cash items</b>	C	C	C	C	C	C	C	4D.21
<b>Unit cost information (operating expenditure)</b>								
	Licensed volume available	Volume abstracted	Volume transported	Average volume stored	Distribution input volume	Distribution input volume		
Volume (Ml)	I	I	I	I	I	I		4D.22
Unit cost (£/M)	C	C	C	C	C	C		4D.23

## Pro forma 4E

Totex analysis for the 12 months ended 31 March 20xx - wholesale wastewater										RAG 4.05 reference
	Sewage collection			Sewage treatment		Sludge			Total	
	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Imported sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal		
<b>Operating expenditure</b>										
Power	I	I	I	I	I	I	I	I	C	4E.1
Income treated as negative expenditure	I	I	I	I	I	I	I	I	C	4E.2
Abstraction charges/ discharge consents	I	I	I	I	I	I	I	I	C	4E.3
Bulk supply/ Bulk discharge	I	I	I	I	I	I	I	I	C	4E.4
Other operating expenditure	I	I	I	I	I	I	I	I	C	4E.5
Local authority rates	I	I	I	I	I	I	I	I	C	4E.6
Total operating expenditure excluding third party services	C	C	C	C	C	C	C	C	C	4E.7
Third party services	I	I	I	I	I	I	I	I	C	4E.8
Total operating expenditure	C	C	C	C	C	C	C	C	C	4E.9
<b>Capital expenditure</b>										
Maintaining the long term capability of the assets - infra	I	I	I	I	I	I	I	I	C	4E.10
Maintaining the long term capability of the assets - non-infra	I	I	I	I	I	I	I	I	C	4E.11
Other capital expenditure - infra	I	I	I	I	I	I	I	I	C	4E.12
Other capital expenditure - non-infra	I	I	I	I	I	I	I	I	C	4E.13
Total gross capital expenditure (excluding third party)	C	C	C	C	C	C	C	C	C	4E.14
Third party services	I	I	I	I	I	I	I	I	C	4E.15
Total gross capital expenditure	C	C	C	C	C	C	C	C	C	4E.16
Grants and contributions	I	I	I	I	I	I	I	I	C	4E.17
<b>Totex</b>	C	C	C	C	C	C	C	C	C	4E.18
<b>Cash expenditure</b>										
Pension deficit recovery payments	I	I	I	I	I	I	I	I	C	4E.19
Other cash items	I	I	I	I	I	I	I	I	C	4E.20
Totex including cash items	C	C	C	C	C	C	C	C	C	4E.21

### Unit cost information (operating expenditure)

	Volume collected	Volume collected	Volume collected	Biochemical Oxygen Demand (BOD)	Biochemical Oxygen Demand (BOD)	Volume transported	Dried solid mass treated	Dried solid mass disposed	
	Ml	Ml	Ml	Tonnes	Tonnes	m <sup>3</sup>	ttds	ttds	
Units	I	I	I	I	I	I	I	I	4E.22
Unit cost	C	C	C	C	C	C	C	C	4E.23

## Pro forma 4F

<b>Operating cost analysis for the 12 months ended 31 March 20xx - household retail</b>										RAG 4.05 reference
	Household unmeasured				Household measured				Total	
	Water only	Wastewater only	Water and sewerage	Total	Water only	Wastewater only	Water and sewerage	Total		
<b>Operating expenditure</b>										
Customer services	I	I	I	C	I	I	I	C	C	<b>4F.1</b>
Debt management	I	I	I	C	I	I	I	C	C	<b>4F.2</b>
Doubtful debts	I	I	I	C	I	I	I	C	C	<b>4F.3</b>
Meter reading					I	I	I	C	C	<b>4F.4</b>
Other operating expenditure	I	I	I	C	I	I	I	C	C	<b>4F.5</b>
<b>Total operating expenditure excluding third party services</b>	C	C	C	C	C	C	C	C	C	<b>4F.6</b>
Depreciation	I	I	I	C	I	I	I	C	C	<b>4F.7</b>
<b>Total operating costs excluding third party services</b>	C	C	C	C	C	C	C	C	C	<b>4F.8</b>

**Other operating expenditure includes the net retail expenditure for the following retail activities which are part funded by wholesale**

**Household**

Demand-side water efficiency - gross expenditure	I	<b>4F.9</b>
Demand-side water efficiency - expenditure funded by wholesale	I	<b>4F.10</b>
Demand-side water efficiency - net retail expenditure	C	<b>4F.11</b>
Customer-side leak repairs - gross expenditure	I	<b>4F.12</b>
Customer-side leak repairs - expenditure funded by wholesale	I	<b>4F.13</b>
Customer-side leak repairs - net retail expenditure	C	<b>4F.14</b>

## Pro forma 4G

<b>Wholesale Current cost financial performance for the 12 months ended 31 March 20xx</b>				<b>RAG 4.05 reference</b>
<b>Income statement</b>	Water	Wastewater	Total	
<b>Revenue</b>	I	I	C	<b>4G.1</b>
Operating expenditure	I	I	C	<b>4G.2</b>
Capital maintenance charges	I	I	C	<b>4G.3</b>
Other operating income	I	I	C	<b>4G.4</b>
<b>Current cost operating profit</b>	C	C	C	<b>4G.5</b>
Other income	I	I	C	<b>4G.6</b>
Interest income	I	I	C	<b>4G.7</b>
Interest expense	I	I	C	<b>4G.8</b>
Interest expense related to the unwinding of discounted liabilities	I	I	C	<b>4G.9</b>
<b>Current Profit before tax and fair value movements</b>	C	C	C	<b>4G.10</b>
Fair value gains/(losses) on financial instruments	I	I	C	<b>4G.11</b>
<b>Current Profit before tax</b>	C	C	C	<b>4G.12</b>



## Appendix 2: Small company return

For companies who wish to submit an Excel file to us, please follow this link to the template in Excel: [Small Company Return](#)

### Pro forma S1

Small Company Return - Analysis of turnover and operating costs								RAG 4.05 reference
		Current year			Prior year			
		Water	Sewerage	Total	Water	Sewerage	Total	
<b>TURNOVER</b>								
Unmeasured	- household	I	I	C	I	I	C	S1.1
	- non-household	I	I	C	I	I	C	S1.2
Measured	- household	I	I	C	I	I	C	S1.3
	- non-household	I	I	C	I	I	C	S1.4
Other		I	I	C	I	I	C	S1.5
Total turnover		C	C	C	C	C	C	S1.6
<b>RETAIL OPERATING COSTS</b>								
Customer services		I	I	C	I	I	C	S1.7
Doubtful debts		I	I	C	I	I	C	S1.8
Other operating costs		I	I	C	I	I	C	S1.9
<b>WHOLESALE OPERATING COSTS</b>								
Power		I	I	C	I	I	C	S1.10
Service charges/ discharge consents		I	I	C	I	I	C	S1.11
Bulk Supply/Bulk discharge		I	I	C	I	I	C	S1.12
Other operating costs		I	I	C	I	I	C	S1.13
Local authority rates		I	I	C	I	I	C	S1.14
Total operating costs		C	C	C	C	C	C	S1.15
<b>DEPRECIATION</b>								
Depreciation - retail		I	I	C	I	I	C	S1.16
Depreciation - wholesale		I	I	C	I	I	C	S1.17
Total Depreciation		C	C	C	C	C	C	S1.18
Total operating profit		C	C	C	C	C	C	S1.19



Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales. Our vision is to be a leading economic regulator, trusted and respected, challenging ourselves and others to build trust and confidence in water.



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