

Pro forma 1F: Financial Flows metrics

Rows

1F.1	Base Equity Return	Columns A and C, the allowed equity return as set in the Final Determination. Column B, allowed equity return on the actual regulatory equity base (average RCV less Net Debt), expressed as a percentage of the notional regulatory equity base.
1F.2	Base Equity Base	Calculated as the average of the opening and closing values for regulatory capital value (RCV) for the period, (as reported in Ofwat's publication ' Regulatory capital values) less: <ul style="list-style-type: none"> • notional gearing (62.5%) – Column A • actual gearing as reported in reported in table 1E (Net Debt) – Columns B and C
1F.3	Gearing	The impact of having a different gearing structure to that assumed in the notional company. Calculated by: <ol style="list-style-type: none"> a) the difference in the notional gearing ratio (62.5%) and the actual unadjusted gearing ratio reported in table 1E (Net Debt) b) the difference between the allowed base equity return and the allowed cost of debt as set in the Final Determination c) multiplying a) x b) d) multiplying c) by the average RCV
1F.4	Variance in Corporation Tax	The difference between the amount allowed for corporation tax in the Final Determination less: <ul style="list-style-type: none"> • the tax payable at the standard rate of corporation tax on the profit /(loss) on appointed activities • plus or minus any adjustment for accelerated or deferred capital allowances • plus or minus any amounts for prior year adjustments
1F.5	Group Relief	The amount of group relief utilised in assessing the amount of corporation payable minus and amounts paid by way of compensation for the transfer from the parent or affiliated undertaking.
1F.6	Cost of Debt (adjusted for Hedging Instruments)	The sum of line 1F.6a minus line1F.7
1F.6a	Cost of Debt (unadjusted for Hedging Instruments)	Impact of the actual cost of debt compared to the allowed cost of debt in the Final Determination. Calculated by: <ol style="list-style-type: none"> a) the weighted average nominal interest rate (as reported in net debt table 3A), minus; <ul style="list-style-type: none"> ○ movement in RPI for the period, and ○ allowed cost of debt in the final determination b) multiplying a) by the average RCV for the period c) multiplying b) by the notional gearing ratio (62.5%)
1F.7	Hedging Instruments	The impact of hedging instruments on the actual cost of debt. This figure is calculated by the company.

1F.8	Sub Total	The sum of line 1F.3 to line1F.7
1F.9	Totex out / (under) performance	The difference between the actual totex performance versus the amount allowed in the Final Determinations, for the reporting period, adjusted for the following: <ul style="list-style-type: none"> • Timing differences • Company sharing ratio with customers • Corporation Tax (at standard rate)
1F.10	ODI out / (under) performance	The ODI out / under performance as reported in table 3A, for the in-period and notional rewards and penalties relating to the reporting period only.
1F.11	Retail out (under) performance	The difference between the allowed retail operating costs, excluding margin, for Household and Non-Household in the Final Determination compared to the actual costs as reported in table 2C – Operating cost analysis – retail.
1F.12	Sub Total	The sum of lines 1F.9 to line 1F.11
1F.13	Total Earnings	The sum of line 1F.8 plus line 1F.12
1F.14	RCV Growth	The movement in the average RPI for the period. i.e. for 2016-17 it's the movement in the average RPI as reported in the Regulatory capital values spreadsheet.
1F.15	Total Shareholder Return	The sum of line 1F.13 plus line 1F.13
1F.16	Net Dividend	The sum of line 1F. 20.
1F.17	Retained Value	The sum of line 1F.15 minus line 1F.16
1F.18	Gross Dividend	The total amount of dividends paid during the period for the appointee business only.
1F.19	Interest received on intercompany loans	The total amount of interest income received on inter-company loans.
1F.20	Net Dividend	The sum of line 1F.18 minus 1F.19

Columns

IF.A	Notional returns and notional regulatory equity	The notional returns and assumed distributions associated with the notional company structure that was used in determining the Final Determination.
IF.B	Actual returns and notional regulatory equity	The actual returns compared to that allowed in the final determinations, expressed as a percentage of the notional regulatory equity
IF.C	Actual returns and actual regulatory equity	The actual returns compared to that allowed in the final determinations, expressed as a percentage of the actual regulatory equity