



## **Description of Cost Accounting System (DOCAS):**

**Representing the Primary and Secondary Accounting Statements  
Together with Wholesale and Retail Catalogues**

**KCOM's REGULATORY COSTING MODEL  
25 May 2021**

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## 1. Glossary

### General

ABC	Activity-based Costing
Access Network	The part of the network extending from exchange building to customer premises
AM	Apportionment Methodology
APS	KCOM's billing system
CCA	Current Cost Accounting
Core Network	The part of the network connecting exchange buildings
DOCAS	Description of Cost Accounting System
EYE	East Yorkshire Expansion area – geographic areas of KCOMs network operated by the HEY Business Segment but which are not in the geographic area covered by the OLA
FAR	Fixed Asset Register
FTE	Full-time equivalent
FTTH	Fibre-to-the-Home
GL	General Ledger
HEY	Hull and East Yorkshire – a financial reporting segment used by KCOM
Hull Area	The geographic area in which Ofcom has found KCOM to have SMP and for which it is required to prepare RFS – also referred to as the OLA
IP	Internet Protocol - a general term for the technologies that use the Internet Protocol's standards for transmitting data
KCOM	KCOM Group PLC
New RFS Model	The ABC model used by KCOM to prepare the RFS from 2018 (including restated 2017 results) onwards
NGA	Next Generation Access
OLA	Original Licensed Area - the geographic area in which Ofcom has found KCOM to have SMP and for which it is required to prepare RFS – also referred to as the Hull Area
Old RFS Model	The ABC model used by KCOM to prepare the RFS prior to 2018
RFS	Regulatory Financial Statements
RFS Markets	Those markets which KCOM is required to report on in the RFS under its regulatory financial reporting obligations
RRG	Regulatory Reporting Group
SDH	Synchronous Digital Hierarchy - a standard technology for synchronous data transmission on optical media
SG&A	Sales, general and administrative expenses
SMB	Small, Medium Businesses
SMP	Significant Market Power
TDM	Time division multiplexing (TDM) – a technology for transmitting multiple digital signals over a common channel
TSO	KCOM's Technology, Service and Operations cost centres
WACC	Weighted average cost of capital

### Abbreviations used in KCOM's RFS Model

AM	Apportionment Methodology
GFS	Group Financial Services
OH	Overhead
NC	Network Component
NP	Network Product
NOC	Network Operating Cost
OOS BS	Out of Scope Balance Sheet
OOS IS	Out of Scope Income Statement
PA	Primary Assets
PG	Plant Group
SA	Support Assets
SC	Support Costs

## 2. Introduction

### Regulatory requirements

KCOM Group Limited (“KCOM”), has been classified by Ofcom as a communications provider with Significant Market Power (“SMP”) in certain communications markets in the Hull area. This is represented by the geographic area of KCOM’s original licensed area (the “OLA” or the “Hull Area”).

In accordance with Ofcom’s conditions and directions relating to its SMP findings, KCOM is required to prepare financial statements (the Regulatory Financial Statements or “RFS”) setting out, *inter alia*, its financial performance in certain of those markets in the Hull Area which KCOM has been found to have SMP (the “RFS Markets”) as shown in Table 1.

**Table 1 – RFS Markets for which KCOM financial reporting obligations**

Wholesale
Wholesale Local Access
Wholesale Broadband Access
Wholesale Low Bandwidth Traditional Interface Symmetric Broadband Origination (“TISBO”) <8Mbit/s
Wholesale Contemporary Interface Symmetric Broadband Origination (“CISBO”)
Wholesale Fixed Analogue Exchange Lines
Wholesale ISDN 30 Exchange Line Services
Wholesale ISDN 2 Exchange Line Services
Wholesale Call Origination on Fixed Narrowband network

This Description of Cost Accounting System (“DOCAS”) describes the basis on which the RFS have been prepared.

The remainder of the documents is set out as follows:

- **Section 3: KCOM’s Organisational Structure and Financial Accounting system** describes the organisational structure of KCOM and how that relates to the preparation of the RFS in relation to KCOM’s activities in the Hull Area.
- **Section 4: Accounting Separation Framework** describes the basis on which the RFS have been prepared.
- **Section 5: RFS Model Design** sets out the overall design principles of the RFS activity-based costing model used to prepare the RFS.
- **Section 6: Activity-Based Costing Model** describes KCOM’s activity-based costing model.
- **Section 7: Cost Apportionment Methodologies** provides details of how costs are apportioned in the RFS Model.
- **Section 8: CCA Valuation Methodology** explains the basis on which Current Cost Accounting (“CCA”) Asset values and associated costs are calculated.
- **Section 9: Management Accounting Recharges** explains how recharges in KCOM’s management accounts are used in the RFS model

- **Section 10: Revenues and Transfer Charges** provides details of how revenues and transfer charges reported in the RFS are calculated.
- **Section 11: Preparation of RFS** explains how network components are used in the ABC model in the RFS model and statements
- **Section 12: Return on Capital Employed** explains the basis of the calculation of the cost of capital used in the network activity statements.

The respective wholesale markets contain fully allocated costs, revenues, assets and liabilities relating to services provided to other licensed telecommunications operators or similar services provided to KCOM's retail business units. Network charges to other operators and KCOM's own retail business are based on their consumption of bundles of network elements (known as "components") in network services. The CCA cost of components is based on fully allocated costs of components including a cost of capital.

### **Ofcom Direction on KCOM's Regulatory Reporting requirements**

On 6 February 2019, Ofcom published a Statement on new regulatory financial reporting directions covering all regulated fixed telecoms markets setting out the format for Ofcom's RFS.

The new direction included (*inter alia*):

- Changes in the definitions of the individual markets for which separate financial statements are required; and
- A requirement for transfer charges for products consumed internally to be based on transfer prices.

### 3. KCOM's Organisational Structure and Financial Accounting System

In July 2019, following a competitive bid process, an offer from MEIF 6 Fibre Limited, a wholly-owned indirect subsidiary of Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited) was accepted by the Board of KCOM Group PLC and subsequently approved at the Court Meeting and General meeting on 26 July 2019. In early August 2019, KCOM Group PLC delisted from the London Stock Exchange and changed its name to KCOM Group Limited.

KCOM operates as a group of companies, and its annual report is based on the consolidated results of that group.

The RFS Model is based on the financial statements of KCOM Group Limited.

The remainder of this section describes the key organisational dimensions of KCOM Group Limited, and how they are reflected in its financial reporting system.

#### **Company Code**

The KCOM Group Limited accounts comprise the consolidated accounts of different subsidiaries which are included in the RFS model for completeness. The company codes are shown in Table 2 below.

**Table 2: KCOM Group Companies**

<b>Company GL Code</b>	<b>Legal Entity</b>
1001	KCOM Group Limited
1002	Affiniti Integrated Solutions Limited
1003	Eclipse (Dormant)
1004	Media (Dormant)
1005	KCOM Contact Centres
1006	Dormant
1007	Smart Tech Group
1008	Smart Integrator
1009	KCH (Holdings) Limited
1010	CAR
1011	KCOM CAR
1012	Dormants

The RFS are based on the consolidated accounts for KCOM Group Limited which includes all consolidated group companies.

#### **Segments**

KCOM business activities are organized into operating segments with costs and revenues recorded separately in the chart of accounts, as shown in Table 3 below. In 2019 the company undertook a restructuring exercise which resulted in the creation of new cost

centres and a change in classification of segments for the purpose of segmental reporting in KCOM's management and statutory accounts:

- FY 2019
  - Hull & East Yorkshire (“HEY”)
  - Enterprise
  - National Network Services (“NNS”)
  - Central
  
- FY 2020
  - Consumer & Regional Business (“C&RB”) (incorporating the previous HEY segment)
  - National Business (incorporating the previous Enterprise and NNS segments)
  - Support (incorporating the previous Central segment)

Changes in the structure of the company required various changes to the cost allocation calculations in the RFS model which are described further in this document

The restructuring took effect from 1 September 2019, part way through the FY20 financial year which meant that some allocation methodologies required costs in two group of cost centres to be aggregated. Cost allocation methodologies for the new and old cost centres did not change. Costs for the new cost centres were recorded in new general ledger codes and so it was not necessary to split any costs between new and old cost centres.

**Table 3: KCOM Operating Segments**

Segment	Description
S001	Enterprise - Private
S002	Enterprise - Public
S003	Enterprise - Shared
S009	Enterprise - Recharges
S011	Wholesale - Hull
S012	Wholesale - National
S021	Consumer
S029	HEY - Recharges
S031	SMB - Hull
S032	SMB - National
S033	SMB - Shared
S034	NNS
S039	NNS - Recharges
S041	Interconnect & Other
S098	Intercompany
S099	Shared

Services in the Hull Area for which the RFS are required are provided by the C&RB Operating Segment – Consumer, Wholesale-Hull, SMB - Hull and SMB – Shared. The



HEY – Recharges segment is used to provide the recharged costs from across the business support functions.

Services provided by these Segments cover both the Hull Area and adjoining areas which are outside of the licensed Hull Area and for which KCOM is not required to prepare RFS. These adjoining areas are referred to as the East Yorkshire expansion (“EYE”) area.

The C&RB segment receives support from other KCOM cost centres outside of that segment including:

- Technology, Service and Operations (“TSO”)
- Finance
- HR
- Legal & Risk
- Corporate
- IT
- Marketing & Communications

In addition, Sales, General & Administrative (“SG&A”) support for Wholesale-Hull services is provided by the Wholesale-National Segment.

Costs of these support activities are allocated to the C&RB Segment using either a recharge in the management accounts, or an allocation methodology as set out in this DOCAS.

### **Cost Centres**

Within each segment, SG&A costs are recorded based on the cost centres listed in Annex 6.

### **Product Codes**

Revenues and direct costs in the GL are recorded by Product Groups.

The product groups used by KCOM to report revenues and costs do not align with the product groups which need to be reported in the RFS and so revenues and volumes in the GL are mapped to those in the RFS using more detailed information contained in KCOM’s billing system, APS.

### **Volumes**

Volumes used for allocation methodologies are based on total volumes of products sold as recorded in the company’s billing system, ‘APS. Reported volumes in the Network Activity Statements are monthly average volumes.

#### **4. Accounting Separation Framework**

The following Regulatory Accounting Principles have been applied in:

- the production of the RFS;
- the application of the Attribution Methods;
- the application of the Transfer Charging System; and
- the application of the Accounting Policies.

##### **Principle 1 – Priority**

Within the Regulatory Accounting Principles, insofar as there is conflict between the requirements of any or all of these Principles, the Principles are to be applied in the same order of priority in which they appear in this document.

##### **Principle 2 – Cost Causality**

Revenue (including transfer charges), costs (including transfer charges), assets and liabilities shall be attributed to cost components, services and Markets in accordance with the activities which cause the revenues to be earned or costs to be incurred or the assets to be acquired or liabilities to be incurred.

Where it is not possible to attribute revenues, costs, assets and liabilities in accordance with the preceding paragraph, the attribution shall be such as to present fairly the revenues, costs, assets and liabilities accounted for in the Financial Statement for each Business as a whole.

##### **Principle 3 – Objectivity**

The attribution shall be objective and not intended to benefit either KCOM or any other operator, product, service, component, or market.

##### **Principle 4 – Consistency**

There shall be consistency of treatment from year to year. Where there are material changes to Regulatory Accounting Principles, the attribution methods, or the accounting policies that have a material effect on the information reported in the financial statements of the Businesses, the parts of the previous year's financial statements affected by the changes shall be restated with appropriate explanatory notes.

##### **Principle 5 – Use of UK GAAP**

Unless expressly provided for, generally accepted accounting principles and practices in the United Kingdom are to be followed. KCOM prepares its accounts in accordance with IFRS.

## **Principle 6 – Transparency**

The methodology should provide a transparent description of the accounting and other methods used in the preparation of the RFS such that a suitably informed reader can:

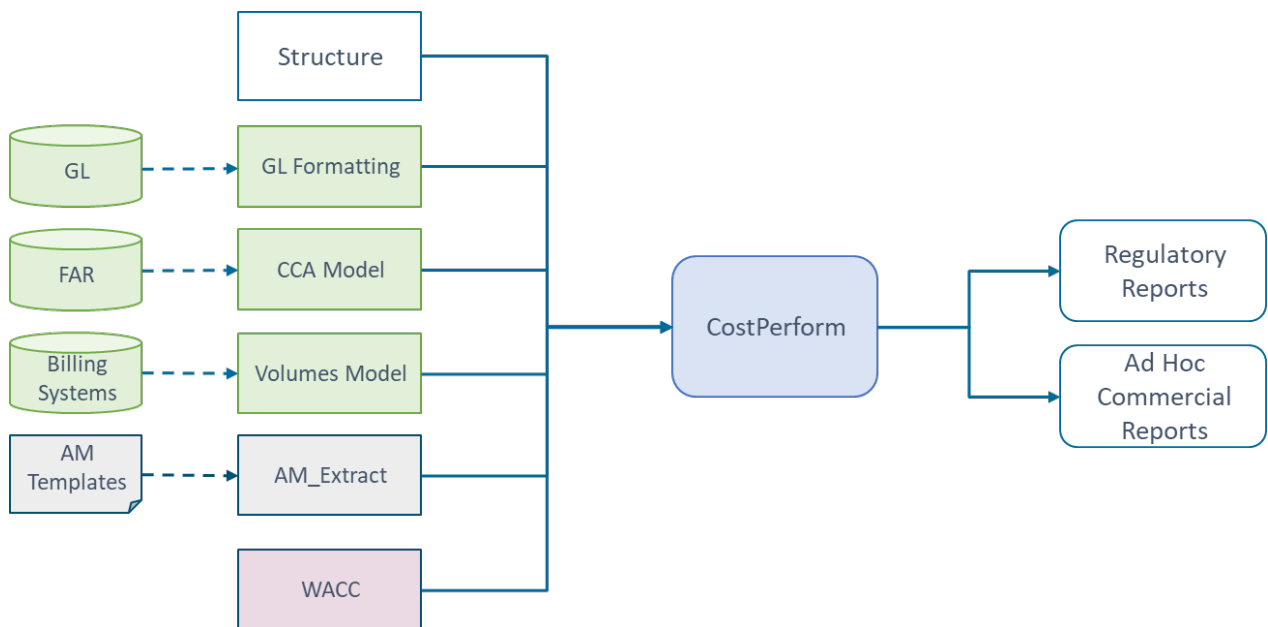
- gain an understanding of the overall structure of KCOM’s financial and information systems from which regulatory accounting data is derived and the sequence of the processing and ‘cascade’ effect of the intermediate cost centres;
- gain an understanding of all the material, methodologies and drivers (e.g. systems, processes and procedures) applied in the preparation of regulatory accounting data; and
- make their own judgement as to the reasonableness of these methodologies and driver data and any changes to them.

## 5. RFS Model Design

KCOM's RFS are prepared using an activity-based costing model (the RFS Model) which uses data from the company's financial and operational systems to generate revenues and costs for the specified markets.

KCOM's RFS model uses the CostPerform activity-based costing system. The overall design of the RFS Model is set out in Figure 1 below.

**Figure 1 RFS Model Design**



### GL Input

To ensure that the RFS model captures all costs and revenues, the entire general ledger for KCOM is brought into the model. This is done by obtaining extracts from the SAP general ledger and then pre-formatting the account code structure for input into the CostPerform model.

### Fixed Asset Register ("FAR")

KCOM's fixed assets are listed in detail in its FAR. Each individual asset in the register is categorised with a regulatory accounting classification to enable it to be allocated to individual services.

The FAR classifications are set out in Annex 1: FAR RFS Categories.

The Current Cost Accounting ("CCA") Model adjusts the historical cost of the fixed assets contained in the FAR to a CCA value used in the preparation of the RFS.

The CCA valuation methodology is described further in Section 7.

### **Billing Systems/ Volumes Model**

To allocate some costs and calculate unit costs, the RFS model uses service volumes.

Volumes for rental and connection services reported in the RFS are obtained from KCOM's billing system, APS.

The APS system contains details for all billed services. To prepare the RFS it is necessary to categorise the billed services to services in the relevant markets.

This is done by assigning an RFS Service Category to each billed service.

Call service volumes for the call Origination markets are obtained from KCOM's in-house software which captures interconnect traffic data - Interconnect Summary

### **AM Templates**

For those costs which are attributed to more than one cost category, details of the cost categories being allocated to, and the basis on which they are attributed is input to the CostPerform model using standardised Attribution Methodology ("AM") templates.

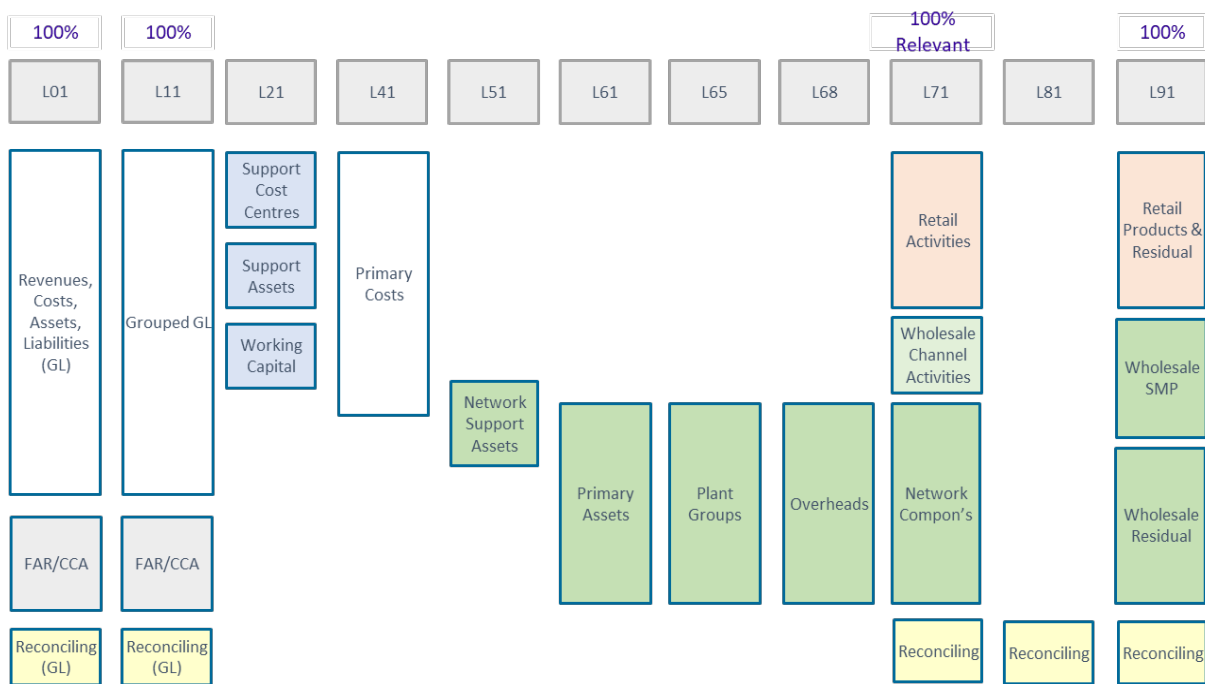
## 6. Activity-Based Costing Model

KCOM's RFS are prepared using an activity-based costing ("ABC") model built using the CostPerform system.

The model follows the usual layered approach in cost allocation models – costs from the general ledger are entered at the first layer (L01) and cascade down through various activities and categories to final products at the final layer (L91).

The costs allocated within each layer of the model are shown in Figure 2 below.

**Figure 2: ABC Model Design**



The following sections describe each layer and provide details of the cost categories in each layer and the basis for their onward apportionment.

Revenue, costs, assets and liabilities from one layer are allocated to a later layer either based on a direct one-to-one allocation or apportionment using a cost driver.

The tables in this section show how costs are allocated or apportioned from one layer to another. The 'Destination' Column for each layer shows the 'Object' to which a value is allocated (if the AM Code is DIR\_000) or apportioned, using the Apportionment Methodology ("AM") indicated in the column.

## Layer 01 – General Ledger

All costs and revenues are entered at this level from the General Ledger (“GL”) and Fixed Asset Register (“FAR”). There are approximately 11,000 objects in Layer 01. All values at Layer 01 are allocated to Layer 11 – Grouped GL.

## Layer 11 – Grouped GL

This layer aggregates GL values (to approximately 1,600 objects) for the purposes of onward apportionment and allocation

Values which are not relevant to the provision of services in the Hull Area are grouped into larger categories and allocated to various reconciling categories in subsequent layers.

## Layer 21 – Support Costs

Support costs are aggregated at this layer and allocated to support cost categories or direct cost activities.

The Support cost categories at Layer 21 and their onward apportionments are set out in Table 5 (and described in Section 6).

**Table 5 – Layer 21 Support Costs and Support Assets**

Layer	Symbol	Name	Destination	AM Code	AM Name
L21	SA	Support Assets			
L21	SA-General IT	General IT	OH-SA-General IT	DIR_000	Direct
L21	SA-Office Furniture	Office Furniture	OH-SA-Office Furniture	DIR_000	Direct
L21	SA-Non-network Bldgs	Non-network Bldgs	OH-SA-Non-network Bldgs	DIR_000	Direct
L21	SA-Residual	Residual	NC-OOS BS	DIR_000	Direct
L21	SA-Prod-Mgmt	Prod-Mgmt	OH-SA-Prod-Mgmt	DIR_000	Direct
L21	SA-Billing-CSS-Sys	Billing-CSS-Sys	-	AM_2130	Billing
L21	SA-Corporate Assets	Corporate Assets	OH-SA-Corporate Assets	DIR_000	Direct
L21	SA-EYE Assets	EYE Assets	NC-EYE Assets	DIR_000	Direct
L21	SA-FFE Assets	FFE Assets	NC-FFE Fibre	DIR_000	Direct
L21	SA-OLA Out of Scope	OLA Out of scope	NC-OOS BS	DIR_000	Direct
L21	SC	Support Cost Centres			
L21	201413	Brand Finance	NC-OOS IS	DIR_000	Direct
L21	201418	Marketing	RCC-Marketing	DIR_000	Direct
L21	205011	Contact Centres Core	NC-OOS IS	DIR_000	Direct
L21	NSC	TSO Network Support Costs			
L21	NSC-Network Support	General Network Support	NOC-Network Operations	DIR_000	Direct
L21	NSC-Support Contracts	Support Contracts	-	AM_2110	TSO Support
L21	NSC-Platforms	Platforms	-	AM_2110	TSO Support
L21	NSC-TSO Field Ops	TSO Field Ops	-	AM_2120	Field Ops
L21	NSC-Eng Ops	Eng Ops	-	AM_2140	Eng Ops
L21	NSC-CSOC	CSOC	-	AM_2150	CSOC
L21	SA Stocks	Stocks			
L21	Network Stocks OLA	Network Stocks OLA	CP-STOCK-Network Whls	DIR_000	Direct
L21	Network Stocks OOS	Network Stocks OOS	NC-OOS BS	DIR_000	Direct
L21	Network Stocks Fibre	Network Stocks Fibre	CP-STOCK-Fibre	DIR_000	Direct

## **Layer 41 – Primary Costs**

Costs at this layer represent aggregated costs for operating and support activities.

The Primary cost categories at Layer 41 and their onward apportionments are set out in Table 6 (and described in Section 6).



**Table 6 – Layer 41**

Layer	Symbol	Name	Destination	AM Code	AM Name
L41	PCC	Primary Cost Centres			
L41	S001	Enterprise - Private			
L41	201101	Marketing	NC-OOS IS	DIR_000	Direct
L41	201102	Sales - Principles	NC-OOS IS	DIR_000	Direct
L41	S002	Enterprise - Public			
L41	201111	Marketing	NC-OOS IS	DIR_000	Direct
L41	201112	Sales - Central Govt	NC-OOS IS	DIR_000	Direct
L41	S003	Enterprise - Shared			
L41	201121	Ent. Central Pract.	NC-OOS IS	DIR_000	Direct
L41	201122	Marketing Costs	NC-OOS IS	DIR_000	Direct
L41	201123	Proposition Product Manager	NC-OOS IS	DIR_000	Direct
L41	201124	Sales - Bid Support	NC-OOS IS	DIR_000	Direct
L41	201125	Sales - Client Princ	NC-OOS IS	DIR_000	Direct
L41	201126	Sales Ops & Strategy	NC-OOS IS	DIR_000	Direct
L41	201127	Consultancy Fee Earn	NC-OOS IS	DIR_000	Direct
L41	201128	Consultancy Pre Sale	NC-OOS IS	DIR_000	Direct
L41	201129	Consult Bus Ser Sale	NC-OOS IS	DIR_000	Direct
L41	201130	ConsultCentral Mgmt	NC-OOS IS	DIR_000	Direct
L41	S011	Wholesale - Hull			
L41	S012	Wholesale - National			
L41	201031	Partners	OH-WCC-Partners	DIR_000	Direct
L41	210104	Wholesale	OH-WCC-Partners	DIR_000	Direct
L41	S021	Consumer			
L41	201012	Customer & Tech Srvs	RCC-Cons-Cust Tech Serv	DIR_000	Direct
L41	201016	Consumer Sales & Eng	RCC-Cons Sales Eng	DIR_000	Direct
L41	S031	SMB - Hull			
L41	201002	Business Sales	RCC-SMB- Business Sales	DIR_000	Direct
L41	201003	Business Marketing	RCC-SMB-Business Marketing	DIR_000	Direct
L41	201004	Business Solutions	RCC-SMB-Other	DIR_000	Direct
L41	201005	Safe At Home	RCC-SMB-Other	DIR_000	Direct
L41	201006	Directories	NC-OOS IS	DIR_000	Direct
L41	205002	CC Other	NC-OOS IS	DIR_000	Direct
L41	S032	SMB - National			
L41	201041	SMB National Sales	NC-OOS IS	DIR_000	Direct
L41	201042	SMB National Product	NC-OOS IS	DIR_000	Direct
L41	201043	SMB National Mktg	NC-OOS IS	DIR_000	Direct
L41	201045	NNS	NC-OOS IS	DIR_000	Direct
L41	S033	SMB - Shared			
L41	201011	Customer Insight	RCC-Cons Sales Other	DIR_000	Direct
L41	201017	Customer Improvement	RCC-Cons Sales Other	DIR_000	Direct
L41	201022	SMB/Con/Wsale Centra	RCC-Cons Sales Other	DIR_000	Direct
L41	S098	Interconnect & Other			
L41	S099	Intercompany			
L41	201201	Sales - Support Desk	NC-OOS IS	DIR_000	Direct
L41	201202	Pre-Sales	NC-OOS IS	DIR_000	Direct
L41	201203	Integ. & Develop	NC-OOS IS	DIR_000	Direct
L41	201204	Programme/Proj Mgmt	NC-OOS IS	DIR_000	Direct
L41	201205	PMO	NC-OOS IS	DIR_000	Direct
L41	201206	Prof Service General	NC-OOS IS	DIR_000	Direct
L41	209401	GFS	NC-OOS IS	DIR_000	Direct
L41	201090	Finance	NC-OOS IS	DIR_000	Direct
L41	202090	Finance	NC-OOS IS	DIR_000	Direct
L41	205090	Finance	NC-OOS IS	DIR_000	Direct
L41	203090	Finance	NC-OOS IS	DIR_000	Direct
L41	204090	Finance	NC-OOS IS	DIR_000	Direct
L41	206090	Finance	NC-OOS IS	DIR_000	Direct
L41	201412	HR	NC-OOS IS	DIR_000	Direct
L41	201415	Risk	NC-OOS IS	DIR_000	Direct
L41	201416	Legal	NC-OOS IS	DIR_000	Direct
L41	201417	Corporate Executive	NC-OOS IS	DIR_000	Direct
L41	201501	Pool - Architecture	NC-OOS IS	DIR_000	Direct
L41	201502	Pool - Programme Manager & Project Co-ordinator	NC-OOS IS	DIR_000	Direct
L41	201503	Pool - Customer Service and Support	NC-OOS IS	DIR_000	Direct
L41	201504	Pool - Design & Development	NC-OOS IS	DIR_000	Direct
L41	201505	Pool - Resource Scheduling	NC-OOS IS	DIR_000	Direct
L41	NOC	TSO Network Operating Costs			
L41	NOC-Network Operations	Network Support	-	AM 4120	TSO Net Op Costs
L41	NOC-Data	National Network Data	NC-Bandwidth external	DIR_000	Direct
L41	NOC-Voice	National Network Voice	NC-OOS IS	DIR_000	Direct
L41	NOC-Horizon Hull Network	Horizon Hull Network	-	AM 4120	TSO Net Op Costs
L41	NOC-Hereditament	Hereditament	-	AM 4120	TSO Net Op Costs
L41	NOC-Copper Field Ops	Copper Field Ops	-	AM 4130	Field Teams
L41	NOC-Fibre Field Ops	Fibre Field Ops	-	AM 4130	Field Teams
L41	NOC-Other Field Ops	Other Field Ops	NC-Field Ops Other	DIR_000	Direct
L41	NOC-Power	Power	-	AM 4120	TSO Net Op Costs
L41	NOC-Provisioning	Provisioning	NC-Provisioning	DIR_000	Direct
L41	NOC-Business Field Ops	Business services Field Ops	NC-Business Field Ops	DIR_000	Direct
L41	NOC-Voice Field Ops	Voice services Field Ops	NC-Voice Field Ops	DIR_000	Direct
L41	NOC-BIT	Business Installs Team	-	AM 4130	Field Teams
L41	NOC-BPG	Business Provisioning Group	-	AM 4130	Field Teams
L41	NOC-FFE Field Ops	FFE Field Ops	-	AM 4130	Field Teams

## Layer 51 – Network Support Assets

Network Support Assets include duct, Core SDH, TDM and IP assets which are allocated to Assets in Layers 61 and 65.

The Network Support Asset categories and apportionment bases are set out in Table 7 below (and described in Section 6).

**Table 7 – Network Support Asset Categories**

Layer	Symbol	Name	Destination	AM Code	AM Name
L51	NSA	Network Support Assets			
L51	NSA-Duct EYD	Duct EYD	-	AM_501	Duct Analysis
L51	NSA-Core TDM	Core TDM	PG-SDH Equipment	DIR_000	Direct
L51	NSA-Core IP	Core IP	PG-IP Equipment	DIR_000	Direct
L51	NSA-Exchange Bldg	Exchange Bldg	-	AM_504	Exchange Bldg Analysis
L51	NSA-Network IT	Network IT	-	AM_505	Network IT Analysis
L51	NSA-Network Vehicles	Network Vehicles	-	AM_506	Network Vehicles Analysis
L51	NSA-NGA Support	NGA Support	-	AM_508	NGA Support Analysis
L51	NSA-Concentrator EYD	Concentrator EYD	-	AM_509	Core-Access Split
L51	NSA-Processor EYD	Processor EYD	PG-Processor	DIR_000	Direct
L51	NSA-CPE	CPE	-	AM_511	CPE Analysis
L51	NSA-Outsource NW Support	Outsource NW Support	-	AM_512	Outsource support
L51	NSA-Network Support	Network Support	-	AM_513	Network Support
L51	NSA-Bus-Provisioning	Bus-Provisioning	-	AM_514	Business Provisioning

## Layer 61 – Primary Assets

Asset costs are aggregated at Layer 61 to receive apportionments of support costs.

The Primary Asset categories and apportionment bases are set out in Table 8 (and described in Section 6).

**Table 8 – Layer 61 Primary Assets**

Layer	Symbol	Name	Destination	AM Code	AM Name
L61	PA	Primary Assets			
L61	PA-Access Equipment	PA-Access Equipment	PG-Access Equipment	DIR_000	Direct
L61	PA-Access-Copper	PA-Access-Copper	PG-Access-Copper	DIR_000	Direct
L61	PA-Access-Copper-Drop	PA-Access-Copper-Drop	PG-Access-Copper-Drop	DIR_000	Direct
L61	PA-Access-Fibre-NGA-Drop	PA-Access-Fibre-NGA-Drop	PG-Access-Fibre-NGA-Drop	DIR_000	Direct
L61	PA-Access Fibre LL	PA-Access Fibre LL	PG-Access Fibre LL	DIR_000	Direct
L61	PA-CISBO-CPE	PA-CISBO-CPE	PG-CISBO-CPE	DIR_000	Direct
L61	PA-CISBO-Exch-Equip	PA-CISBO-Exch-Equip	PG-CISBO-Exch-Equip	DIR_000	Direct
L61	PA-Concentrator - Usage	PA-Concentrator - Usage	PG-Concentrator - Usage	DIR_000	Direct
L61	PA-Core-Fibre	PA-Core-Fibre	PG-Core-Fibre	DIR_000	Direct
L61	PA-DSLAM	PA-DSLAM	PG-DSLAM	DIR_000	Direct
L61	PA-NGA CPE	PA-NGA CPE	-	AM_601	NGA CPE Analysis
L61	PA-NGA Exchange Equipment	PA-NGA Exchange Equipment	PG-NGA Exchange Equipment	DIR_000	Direct
L61	PA-Optical Ethernet switches	PA-Optical Ethernet switches	PG-Optical Ethernet switches	DIR_000	Direct
L61	PA-TISBO-Exchange Equipment	PA-TISBO-Exchange Equipment	PG-TISBO-Exchange Equipment	DIR_000	Direct
L61	PA-NGA Passive	PA-NGA Passive	-	AM_602	NGA Passive Analysis
L61	PA-EYE Assets	EYE Assets	PG-EYE Assets	DIR_000	Direct
L61	PA-FFE Assets	FFE Assets	PG-FFE Assets	DIR_000	Direct

## Layer 65 – Plant Groups

Plant Groups are groups of assets used to deliver network services.

The Plant Group categories and apportionment bases are set out in Table 9 below (and described in Section 6).

**Table 9 – Layer 65 Plant Groups**

Layer	Symbol	Name	Destination	AM Code	AM Name
L65	PG	Plant Groups			
L65	PG-Access-Copper	Access Copper Cable	NC-Access Copper	DIR_000	Direct
L65	PG-Access Fibre LL	Access Fibre Leased Lines	NC-Access Fibre LL	DIR_000	Direct
L65	PG-Access-Fibre-NGA-Spine	Access Fibre NGA Spine	NC-Access Fibre NGA Spine	DIR_000	Direct
L65	PG-Access-Fibre-NGA-Dist	Access Fibre NGA Distribution	NC-Access Fibre NGA Dist	DIR_000	Direct
L65	PG-Access-Fibre-NGA-Drop	Access Fibre NGA Drop	NC-Access Fibre NGA Drop	DIR_000	Direct
L65	PG-Core-Fibre	Core Fibre	NC-Core Fibre	DIR_000	Direct
L65	PG-Core-Fibre-NGA	Core Fibre NGA	NC-Core Fibre NGA	DIR_000	Direct
L65	PG-CISBO-Exch-Equip	CISBO Exchange Equipment	NC-CISBO Exch Equip	DIR_000	Direct
L65	PG-CISBO-CPE	CISBO CPE Equipment	NC-CISBO CPE Equip	DIR_000	Direct
L65	PG-TISBO-Exchange Equipment	TISBO Exchange Equipment	NC-TISBO Exch Equip	DIR_000	Direct
L65	PG-TISBO CPE Equipment	TISBO CPE Equipment	NC-TISBO CPE Equip	DIR_000	Direct
L65	PG-PSTN CPE/NTP	PSTN CPE/NTP	NC-PSTN CPE/NTP	DIR_000	Direct
L65	PG-ISDN2 CPE/NTP	ISDN2 CPE/NTP	NC-ISDN2 CPE/NTP	DIR_000	Direct
L65	PG-ISDN 30 CPE/NTP	ISDN 30 CPE/NTP	NC-ISDN 30 CPE/NTP	DIR_000	Direct
L65	PG-NGA Exchange Equipment	NGA Exchange Equipment	NC-NGA Exch Equip	DIR_000	Direct
L65	PG-NGA Systems	NGA Systems	NC-NGA Systems	DIR_000	Direct
L65	PG-NGA CPE Cons	NGA CPE Cons	NC-NGA CPE Cons	DIR_000	Direct
L65	PG-NGA CPE Bus	NGA CPE Bus	NC-NGA CPE Bus	DIR_000	Direct
L65	PG-Tier 1& 2 ATM switches	Tier 1& 2 ATM switches	NC-Tier 1& 2 ATM switches	DIR_000	Direct
L65	PG-DSLAM	DSLAM	NC-DSLAM	DIR_000	Direct
L65	PG-Optical Ethernet switches	Optical Ethernet switches	NC-Opt Ethernet switches	DIR_000	Direct
L65	PG-Exchange - Lines	Exchange - Lines	NC-Exch - Lines	DIR_000	Direct
L65	PG-Concentrator - Usage	Concentrator - Usage	NC-Conc - Usage	DIR_000	Direct
L65	PG-Processor	Processor	NC-Processor	DIR_000	Direct
L65	PG-EYE Fibre	EYE Fibre	NC-EYE Fibre	DIR_000	Direct
L65	PG-Access Equipment	Access Equipment	NC-Access Copper	DIR_000	Direct
L65	PG-Access-Copper-Drop	Access-Copper-Drop	NC-Access Copper	DIR_000	Direct
L65	PG-SDH Equipment	SDH Equipment	NC-SDH Equipment	DIR_000	Direct
L65	PG-IP Equipment	IP Equipment	NC-IP Equipment	DIR_000	Direct
L65	PG-EYE Assets	EYE Assets	NC-EYE Assets	DIR_000	Direct
L65	PG-FFE Assets	FFE Assets	NC-FFE Fibre	DIR_000	Direct

## Layer 68 – Overheads

Overhead cost categories are aggregated at Layer 68 for onward apportionment. Overhead categories and apportionment bases are set out in Table 10 below (and described in Section 6).

**Table 10 – Layer 68 Overheads**

Layer	Symbol	Name	Destination	AM Code	AM Name
L68	Overheads	Overheads			
L68	OH-SA	Support Assets			
L68	OH-SA-General IT	General IT	NC	DIR_000	Direct
L68	OH-SA-Office Furniture	Office Furniture	NC	DIR_000	Direct
L68	OH-SA-Non-network Bldgs	Non-network Bldgs	NC	DIR_000	Direct
L68	OH-SA-Prod-Mgmt	Prod-Mgmt	NC	DIR_000	Direct
L68	OH-SA-Corporate Assets	Corporate Assets	NC	DIR_000	Direct
L68	OH-SC	Support Cost Centres			
L68	OH-General	General		AM_6806	Other recharges
L68	OH-Corp Costs Not Recharged	Corp Charges Not Recharged in GL		AM_6806	Other recharges
L68	OH-Corp Costs Not Recharged HR	Corp Charges Not Recharged in GL HR		AM_6806	Other recharges
L68	OH-Corp Costs Not Recharged Exec	OH-Corp Costs Not Recharged in GL Exec		AM_6806	Other recharges
L68	OH-Corp Costs Not Recharged Finance	OH-Corp Costs Not Recharged in GL Finance		AM_6806	Other recharges
L68	OH-Corp Costs Not Recharged Estates	OH-Corp Costs Not Recharged in GL Estates		AM_6806	Other recharges
L68	OH-Corp Costs Not Recharged Legal	OH-Corp Costs Not Recharged in GL Legal		AM_6806	Other recharges
L68	OH-WCC-Partners	Partners SGA	-	AM_6805	Partners SGA
L68	OH-HEY Consumer Marketing	HEY Consumer Marketing	RCC-Cons-Cust Tech Serv	DIR_000	Direct
L68	OH-HEY Business Marketing	HEY Business Marketing	RCC-SMB-Business Marketing	DIR_000	Direct
L68	OH-WC	Working Capital			
L68	OH-Cash-1001	OH-Cash-1001	NC-OOS BS	DIR_000	Direct
L68	OH-DEBTORS-1001 IC	OH-DEBTORS-1001 IC	CP-DEBTORS-WHls	DIR_000	Direct
L68	OH-DEBTORS-1001 OOS	OH-DEBTORS-1001 OOS	NC-OOS BS	DIR_000	Direct
L68	OH-DEBTORS-1001 WHls	OHP-DEBTORS-1001 WHls	-	AM_6801	Working Capital
L68	OH-DEBTORS-1001 SMB	OH-DEBTORS-1001 SMB	-	AM_6801	Working Capital
L68	OH-DEBTORS-1001 Cons	OH-DEBTORS-1001 Cons	CP-DEBTORS-Cons	DIR_000	Direct
L68	OH-DEBTORS-1001 Others Corp	OH-DEBTORS-1001 Others Corp	-	AM_6801	Working Capital
L68	OH-DEBTORS-1001 HEY	OH-DEBTORS-1001 HEY	-	AM_6801	Working Capital
L68	OH-CREDITORS-1001 Corp	OH-CREDITORS-1001 Corp	-	AM_6801	Working Capital
L68	OH-CREDITORS-1001 OOS	OH-CREDITORS-1001 OOS	NC-OOS BS	DIR_000	Direct
L68	OH-CREDITORS-1001 SMB	OH-CREDITORS-1001 SMB	-	AM_6801	Working Capital
L68	OH-CREDITORS-1001 Cons	OH-CREDITORS-1001 Cons	CP-CREDITORS-Cons	DIR_000	Direct
L68	OH-CREDITORS-1001 WHls	OH-CREDITORS-1001 WHls	-	AM_6801	Working Capital
L68	OH-CREDITORS-1001 Others Corp	OH-CREDITORS-1001 Others Corp	-	AM_6801	Working Capital
L68	OH-CREDITORS-1001 HEY	OH-CREDITORS-1001 HEY	-	AM_6801	Working Capital

### Layer 71 – Components

Network components aggregate the costs used to deliver network services for onward apportionment to network products.

Details of the components used in the RFS model are set out in Annex 2.

### Layer 81 – Network Products

Layer 81 calculates the costs of network Products defined to match the wholesale and retail services sold by KCOM.

Details of Network Product Categories are set out in Annex 3.

### Layer 91 – Wholesale & Retail Products

Fully allocated costs for wholesale and retail services sold by KCOM in the relevant markets are calculated at Layer 91 by aggregating Network Products with appropriate SGA costs from Layer 81.

Details of Wholesale & Retail Product Categories are set out in Annex 3.

## **7. Cost Apportionment Methodologies**

### **Introduction**

This section describes the cost apportionment methodologies used in the RFS Model to allocate fully KCOM's revenues, costs and liabilities to individual services reported on in the RFS Markets.

KCOM's approach to apportionment is to seek to identify the appropriate driver for each item and, as far as possible, use objective operational and/or financial data relevant to that driver to generate apportionment bases.

### **Layer 11 – Apportionment Methodologies**

#### ***Asset Migration Account (AM\_1120)***

KCOM's fixed asset register (FAR) automatically calculates depreciation based on the year of acquisition and input asset life. In 2014, KCOM reviewed the useful life of network assets and identified some copper network assets, with a greater remaining useful life than that specified in the FAR. An annual year-end adjustment is therefore made outside of the FAR (in the general ledger) to eliminate the depreciation charge automatically generated by the FAR.

The resulting adjustment to Net book value is recorded in the Asset Migration Account.

AM\_1120 allocates the relevant costs in the Asset migration account to the relevant primary asset categories based on an analysis of the categorisation of the assets used to calculate the year-end adjustment.

#### ***Stocks (AM\_1130)***

Stock reports are analysed to identify the proportions of stores items relating to the Hull Network generally, the fibre network in Hull, and network outside of Hull/regulated markets. The resulting proportions allocate stores to the relevant objects in Layer 21.

#### ***TSO Costs (AM\_1160)***

In previous years the costs of the TSO segment allocated to wholesale products were classified in the RFS Profit & Loss schedules based on the operating cost categories in Layers 21 and 41 which the TSO recharges in the management accounts were allocated to. This was necessary because the classifications in the RFS Profit & Loss schedules were based on the description of allocated costs in the general ledger. However, because the allocated TSO costs in the general ledger were allocated in a 'lump sum' there was no detail breakdown of the costs in the general ledger on which to base the classification of costs in the RFS.

In 2020 the allocation of TSO recharges was improved to allow the classification of TSO costs in the RFS Profit & Loss schedules to use the detailed cost descriptions in the general ledger which are then included in the recharges.

This required a mapping of individual general ledger codes to the recharge amounts. This mapping is done in AM\_1160. This allocation methodology replaces the allocation methodology AM\_1510 used in previous years.

The allocation of all TSO costs is shown in Table 11 below.

<b>Destination Code</b>	<b>Destination Name</b>	<b>Allocation %</b>
NSC-TSO Field Ops	TSO Field Ops	6.1%
NOC-Data	Network Data	0.0%
NOC-Voice	Network Voice	0.3%
NSC-Network Support	Network Support	6.3%
NSC-CSOC	CSOC	2.7%
NSC-Support Contracts	Support Contracts	8.6%
NOC-Power	Power	3.0%
NOC-Hereditament	Hereditament	5.4%
NC-COS-Other OLA	NC-COS-Other OLA	0.1%
NSC-Platforms	Platforms	1.6%
NC-OOS IS	NC-OOS IS	66.0%

### ***C&RB Costs (AM\_1170)***

This is a new cost allocation methodology for FY20 used to allocate the costs of the C&RB cost centre, 210004 – Customer Experience – C&RB.

Costs are allocated to provisioning and retail cost components in Layer 71 using an analysis of the activities of the staff in the cost centre.

### **Layer 21 – Apportionment Methodologies**

#### ***Billing systems (AM\_2130)***

The value of KCOM’s billing systems are apportioned to its wholesale and retail channel assets (WCC-Billing and RCC-Billing) in Layer 71 proportionately to external revenues recorded in the GL.

#### ***TSO Support (AM\_2110)***

The costs of network support contracts and platforms recharged to the HEY segment at Layer 15 are allocated to network activities based on an analysis of the contracts and platform costs by KCOM management on a contract by contract basis, with costs apportioned to the cost categories shown in Table 12 below.

**Table 12 – HEY Cost Centres for Network Support Contracts and Platforms**

Data Input to Model						
Source Code	Source Name	Destination Code	Destination Name	AM Code	AM Name	Values
NSC-Support Contracts	Support Contracts	NC-COS-Other OLA	NC-COS-Other OLA	AM_2110	TSO Support	17%
NSC-Support Contracts	Support Contracts	NOC-Network Operations	NOC-Network Operations	AM_2110	TSO Support	31%
NSC-Support Contracts	Support Contracts	NC-Processor	NC-Processor	AM_2110	TSO Support	12%
NSC-Support Contracts	Support Contracts	NC-CISBO Exch Equip	NC-CISBO Exch Equip	AM_2110	TSO Support	1%
NSC-Support Contracts	Support Contracts	NC-NGA Exch Equip	NC-NGA Exch Equip	AM_2110	TSO Support	2%
NSC-Support Contracts	Support Contracts	NSC-Network Support	NSC-Network Support	AM_2110	TSO Support	1%
NSC-Support Contracts	Support Contracts	OH-General	OH-General	AM_2110	TSO Support	33%
NSC-Support Contracts	Support Contracts	NC-FFE Fibre	NC-FFE Fibre	AM_2110	TSO Support	0%
NSC-Support Contracts	Support Contracts	NC-Bandwidth external	NC-Bandwidth external	AM_2110	TSO Support	3%
NSC-Platforms	Platforms	NSC-Network Support	NSC-Network Support	AM_2110	TSO Support	60%
NSC-Platforms	Platforms	NC-Processor	NC-Processor	AM_2110	TSO Support	24%
NSC-Platforms	Platforms	NOC-Power	NOC-Power	AM_2110	TSO Support	7%
NSC-Platforms	Platforms	NC-NGA Exch Equip	NC-NGA Exch Equip	AM_2110	TSO Support	4%
NSC-Platforms	Platforms	NOC-Data	NOC-Data	AM_2110	TSO Support	5%

### **Field Ops (AM\_2120)**

The costs of the TSO Field Operations team are apportioned to copper, fibre, business and ‘other’ field cost categories in Layer 41 based on KCOM management’s estimate of the FTE of the copper, fibre and other teams in the Field Ops Cost Centre. The estimate has resulted in an overall split as follows:

Data Input to Model						
Source Code	Source Name	Destination Code	Destination Name	AM Code	AM Name	Values
NSC-TSO Field Ops	Field Ops	NOC-Fibre Field Ops	NOC-Fibre Field Ops	AM_2120	TSO Field Op Costs	34.0%
NSC-TSO Field Ops	Field Ops	NOC-Business Field Ops	NOC-Business Field Ops	AM_2120	TSO Field Op Costs	0.0%
NSC-TSO Field Ops	Field Ops	NOC-Copper Field Ops	NOC-Copper Field Ops	AM_2120	TSO Field Op Costs	30.8%
NSC-TSO Field Ops	Field Ops	NOC-FFE Field Ops	NOC-FFE Field Ops	AM_2120	TSO Field Op Costs	21.0%
NSC-TSO Field Ops	Field Ops	NOC-Other Field Ops	NOC-Other Field Ops	AM_2120	TSO Field Op Costs	1.2%
NSC-TSO Field Ops	Field Ops	NOC-Voice Field Ops	NOC-Voice Field Ops	AM_2120	TSO Field Op Costs	0.1%
NSC-TSO Field Ops	Field Ops	NOC-BIT	NOC-Business Installs Team	AM_2120	TSO Field Op Costs	-1.5%
NSC-TSO Field Ops	Field Ops	NOC-BPG	NOC-Business Provisioning Group	AM_2120	TSO Field Op Costs	14.5%

### **Billing (AM\_2130)**

Total billing costs are split across retail, wholesale and out of scope services based on a breakdown of total revenue extracted from the general ledger.

### **CSOC (AM\_2150)**

The costs of the Customer Service Operations Centre (CSOC) are split between maintenance and provisioning and business and consumers based on management’s analysis of the activities of each team member. Costs are then allocated to the relevant network components in layer 71. There is no data on which to allocate costs between provisioning and maintenance activities and so a KCOM management estimate of the split of team times between the two activities of 50:50 is used.

Data Input to Model						
Source Code	Source Name	Destination Code	Destination Name	AM Code	AM Name	Values
NSC-CSOC	CSOC	NC-BackOffProv Bus	NC-BackOffProv Bus	AM_2150	CSOC	22.3%
NSC-CSOC	CSOC	NC-BackOffMaint Bus	NC-BackOffMaint Bus	AM_2150	CSOC	22.3%
NSC-CSOC	CSOC	NC-BackOffProv Cons	NC-BackOffProv Cons	AM_2150	CSOC	27.7%
NSC-CSOC	CSOC	NC-BackOffMaint Cons	NC-BackOffMaint Cons	AM_2150	CSOC	27.7%

## Layer 41 – Apportionment Methodologies

### Network Support Costs (AM-4120)

Network Support Costs comprise the costs:

- Relating to the Horizon contract to maintain KCOM's network (which ended in March 2018 with only residual costs remaining)
- Hereditament Costs
- Power costs
- Network Operations Costs

Costs are apportioned to the relevant Primary Asset Categories in Layer 61 shown in Table 13.

**Table 13 – Primary cost Categories for Network Support Costs**

Source Name	Destination Code	Destination Name
Network Support	PA-Access Equipment	PA-Access Equipment
Network Support	PA-Access-Copper	PA-Access-Copper
Network Support	PA-Access-Copper-Drop	PA-Access-Copper-Drop
Network Support	PA-Access-Fibre-NGA-Drop	PA-Access-Fibre-NGA-Drop
Network Support	PA-Access Fibre LL	PA-Access Fibre LL
Network Support	PA-CISBO-CPE	PA-CISBO-CPE
Network Support	PA-CISBO-Exch-Equip	PA-CISBO-Exch-Equip
Network Support	PA-Concentrator - Usage	PA-Concentrator - Usage
Network Support	PA-Core-Fibre	PA-Core-Fibre
Network Support	PA-DSLAM	PA-DSLAM
Network Support	PA-NGA CPE	PA-NGA CPE
Network Support	PA-NGA Exchange Equipment	PA-NGA Exchange Equipment
Network Support	PA-Optical Ethernet switches	PA-Optical Ethernet switches
Network Support	PA-TISBO-Exchange Equipment	PA-TISBO-Exchange Equipment
Network Support	PA-NGA Passive	PA-NGA Passive
Network Support	PA-EYE Assets	PA-NGA Passive
Network Support	PA-FFE Assets	PA-NGA Passive



***Hereditament Costs (AM\_4120)***

Hereditament Costs are apportioned to the Primary Assets in Layer 61 based on the GRC of the assets shown in Table 14 below.

**Table 14 – Hereditament Cost allocations**

Source Name	Destination Code	Destination Name
Hereditament	PA-Access-Copper	PA-Access-Copper
Hereditament	PA-Access-Copper-Drop	PA-Access-Copper-Drop
Hereditament	PA-Access-Fibre-NGA-Drop	PA-Access-Fibre-NGA-Drop
Hereditament	PA-Access Fibre LL	PA-Access Fibre LL
Hereditament	PA-Core-Fibre	PA-Core-Fibre
Hereditament	PA-NGA Passive	PA-NGA Passive
Hereditament	PA-FFE Assets	PA-FFE Assets

### ***Power Costs (AM\_4120)***

Power Costs are apportioned to the Primary Assets in Layer 61 using the split of power consumption at each exchange.

Budgeted power costs for each exchange building are allocated using estimated percentage usages for the following equipment types where they are present in an exchange:

- SDH, TISBO, IP General and Lease line/Ethernet – 4% or 5% depending on whether NGA is present in the exchange
- DSL– 8% or 10% depending on whether NGA is present in the exchange
- NGA – 8%
- Voice (System X) – 61% based on an analysis of individual invoices for power costs in 2018

Adjustments are made for the estimated 73% of Power costs relating to data centre and office space at the Carr Lane site. Power costs for NGA only cabinets are allocated 100% to NGA.

### ***Field Teams (AM\_413)***

The costs of the Field Operations teams are allocated to copper, fibre and installation components in layer 71 based on management’s analysis of headcount in the different teams.

## **Layer 51 – Apportionment Methodologies**

### ***Duct (AM\_501)***

The costs of duct are apportioned to the relevant copper and fibre assets (at Layer 61 - Primary Assets) based on the GRC of those assets

### ***Exchange Buildings (AM\_504)***

The costs of Exchange Buildings are apportioned to the assets used to deliver access products (at Layer 61 - Primary Assets) based on the GRC of those assets. This includes the assets shown in the table below:

Destination Code
PA-Access-Copper-Drop
PA-Access-Fibre-NGA-Drop
PA-CISBO-CPE
PA-CISBO-Exch-Equip
PA-Concentrator - Usage
PA-Core-Fibre
PA-DSLAM
PA-NGA Exchange Equipment
PA-Optical Ethernet switches
PA-TISBO-Exchange Equipment
PA-NGA Passive

### ***Network IT (AM\_505)***

The costs of Network IT are apportioned to network assets (at Layer 61 - Primary Assets) based on the GRC of those assets.

### ***Network Vehicles (AM\_506)***

The costs of Network Vehicles are apportioned to network assets (at Layer 61 - Primary Assets) based on the GRC of those assets.

### ***NGA Support (AM-508)***

The costs of NGA support assets are apportioned over relevant NGA assets (at Layer 61 - Primary Assets) based on the GRC of those assets.

### ***Core Access (AM-509)***

Split of concentrator costs between line-cards and traffic.

### ***CPE (AM\_511)***

The costs of customer premises equipment (CPE) are apportioned to PSTN, ISDN2, ISDN30 Plant Groups based on management estimates of the relative costs for customer equipment for these different types of service. The assumed split based on management estimates is 1:5:20 for PSTN, ISDN2, ISDN30 services.

### ***Outsourced Network Support (AM\_512)***

The costs of capitalized outsourced network support assets are apportioned to copper and fibre assets (at Layer 61 - Primary Assets) based on previously allocated Opex plus Depreciation.

### ***Network Support (AM\_513)***

Network support assets are allocated to network assets (at Layer 61 - Primary Assets) based on previously allocated Opex plus Depreciation.

### ***Business Provisioning (AM\_514)***

Capitalised business provisioning asset costs are allocated to relevant Plant Groups based on volumes.

## **Layer 61 – Apportionment Methodologies**

### ***NGA CPE (AM\_601)***

The costs of NGA CPE are apportioned to NGA Consumer and Business Plant Groups on a 50:50 basis.

### ***NGA Passive (AM\_602)***

The costs of NGA Passive Assets are apportioned to Spine, Distribution and Drop Plant Groups based on the relative NGA cable count data extracted from KCOM's GIS database.

## **Layer 68 – Apportionment Methodologies**

### ***Partners SGA Costs (AM\_6805)***

Wholesale products sold in the Hull area are supported by KCOM's 'Partners' team.

Costs are allocated based on a management estimate of the time spent by each member of the Partners team on supporting activities in the HEY business segment. The relevant proportion of total salary costs of the team members working on HEY activities is used to allocate total costs of the team. This analysis resulted in an allocation to HEY of 15% of total costs in FY20.

### ***Working Capital AM\_6801***

External debtors and creditors for the Wholesale, Consumer and SMB segments are apportioned to relevant components proportionately to revenues.

### ***Other Recharges (AM\_6806)***

Recharges from the Central supporting functions are allocated to the Network Components for HEY proportionate to operating expenditure plus capex additions.

The remainder of the costs from the Central supporting functions not recharged to the market segments of KCOM are allocated to all components proportionate to operating expenditure plus capex additions.

## Layer 71 – Apportionment Methodologies

### Access Network Component Factors (AM\_701)

Network Components are allocated to Network Products (Layer 81) using the factors shown in Table 15.

**Table 15 – Access Network Component factors**

	NP-Lines-Res-Conn	NP-Lines-Res-Rent	NP-Lines-Bus-Conn	NP-Lines-Bus-Rent	NP-ISDN2-Res-Conn	NP-ISDN2-Res-Rent	NP-ISDN2-Bus-Conn	NP-ISDN2-Bus-Rent	NP-ISDN30-Bus-Conn	NP-ISDN30-Bus-Rent	NP-DSL-Conn	NP-DSL-Rent	NP-LA-Fibre-Res-Conn	NP-LA-Fibre-Res-Rent	NP-LA-Fibre-Bus-Conn	NP-LA-Fibre-Bus-Rent	NP-FiberBB-IPLine-Conn	NP-FiberBB-IPLine-Rental	NP-TISBO-Conn	NP-TISBO-0-1Mbs-Rent	NP-TISBO-1-8Mbs-Rent	NP-CISBO-Conn	NP-CISBO-10Mb-Rent	NP-CISBO-100Mb-Rent	NP-CISBO-1Gb-Rent	NP-CISBO-10Gb-Rent	NP-CISBO-100Gb-Rent
NC-Access Copper	1		1		1															1	1						
NC-Access Fibre LL																							1	1	1	1	1
NC-Access Fibre NGA Spine									1				1		1												
NC-Access Fibre NGA Dist									1				1		1												
NC-Access Fibre NGA Drop									1				1		1												
NC-CISBO Exch Equip																		1					1	1	1	1	1
NC-CISBO CPE Equip																							1	1	1	1	1
NC-TISBO Exch Equip																					1	1					
NC-TISBO CPE Equip																					1	1					
NC-PSTN CPE/NTP	1		1																								
NC-ISDN2 CPE/NTP					1		1																				
NC-ISDN 30 CPE/NTP								1																			
NC-NGA CPE Cons													1														
NC-NGA CPE Bus															1												
NC-DSLAM												1															
NC-Exch - Lines		1	1		1		1																				
NC-NGA Exch Equip														1		1											
NC-NGA Systems														1		1											

### Core Network Component Factors (AM\_702)

Core Network Components costs are allocated to Network Products (Layer 81) based on the bandwidth assumptions shown in Table 16.

**Table 16 – Core Network Component factors**

	Average offered speed (Mbps)	Capacity/%	Speed in core	Mbyte/minute	Mbyte per line	FY2019 Value	Average
NP-Call Termination				3.84			
NP-CO-Other				3.84			
NP-CO-HEY				3.84			
NP-CO-Local				3.84			
NP-FibreBB-Res-Rent	156	1.67%	2.62		82,466,961	40,605,754	61,536,357
NP-FibreBB-Bus-Rent	260	1.67%	4.36		137,420,223	99,456,660	118,438,441
NP-DSL-Rent	6	1.67%	0.10		3,165,981	1646179.2	2,406,080
NP-TISBO-0-1Mbs-Rent	0.1	100%	0.1		3,153,600		3,153,600
NP-TISBO-1-8Mbs-Rent	2	100%	2		63,072,000		63,072,000
NP-TISBO-10-100Mbs-Rent	10	100%	10		315,360,000		315,360,000
NP-TISBO->100Mbs-Rent	200	100%	200		6,307,200,000		6,307,200,000
NP-CISBO-0-10Mb-Rent	10	100%	10		315,360,000		315,360,000
NP-CISBO-10-100Mb-Rent	100	100%	100		3,153,600,000		3,153,600,000
NP-CISBO-0.1-1Gb-Rent	1000	100%	1000		31,536,000,000		31,536,000,000
NP-CISBO-1-10Gb-Rent	10000	100%	10000		315,360,000,000		315,360,000,000
NP-CISBO-10Mb-Rent	10	100%	10		315,360,000		315,360,000
NP-CISBO-100Mb-Rent	100	100%	100		3,153,600,000		3,153,600,000
NP-CISBO-1Gb-Rent	1000	100%	1000		31,536,000,000		31,536,000,000
NP-CISBO-10Gb-Rent	10000	100%	10000		315,360,000,000		315,360,000,000
NP-CISBO-100Gb-Rent	100000	100%	100000		3,153,600,000,000		3,153,600,000,000
Mbps per minute conversion							
Codec rate	64	kbps					
MByte/minute	3.84						

**Back Office Provisioning (AM\_703)**

Back Office Provisioning Costs are apportioned to all connection Network Products proportionately to volumes

**Back Office Maintenance (AM\_704)**

Back office maintenance costs are apportioned to all rental Network Products proportionately to volumes

**Field Operations (AM\_705)**

Field Operations are apportioned to all Network Products for rentals proportionately to volumes

**Provisioning (AM\_710)**

Network provisioning costs are apportioned to all Network Products for new connections proportionately to volumes

**Leased Line Bandwidth (AM\_716)**

Allocates costs of sale for leased line bandwidth across network products proportionately to bandwidth.

## **Layer 81 – Apportionment Methodologies**

### ***Routing factors (AM801)***

Network Products at Layer 81 are apportioned to retail and wholesale products in Layer 91 using the routing factors set out in Annex 5.

### ***NP Working Capital (AM\_805)***

Allocates retail working capital balances across retail services. Debtor balances are allocated on the basis of revenues, creditor balances on the basis of previously allocated Operating Costs plus Fixed Asset Additions.

### ***Leased Line Bandwidth (AM\_816)***

Allocates costs of leased line wholesale residual network product to individual leased line services based on the bandwidth of the service.

## 8. CCA Valuation Methodology

The RFS are prepared using the current cost accounting convention. This requires assets to be restated at their current (rather than historical cost).

Terminology used in the RFS model is as follows:

**Gross Book Value ('GBV')**: The original historical cost of acquiring the assets as recorded in the Fixed Asset Register ('FAR')

**Net Book Value ('NBV')**: The depreciated cost of the asset as recorded in the FAR

**Annual Historical Cost Depreciation ('Ann HC Depn')**: The depreciation recorded in the FAR.

**Gross Replacement Cost ('GRC')**: The original historical cost of acquiring the assets as recorded in the Fixed Asset Register ('FAR') uplifted by the monthly RPI Index

**Gross Holding Gain**: Calculated as the difference between opening and closing GRC for each asset, less any disposals, plus any additions

**Backlog Depreciation**: Calculated as follows:

$$\left(1 - \frac{\text{Opening NBV}}{\text{GBV}}\right) \times \text{Gross Holding Gain}$$

**Net Holding Gain**: Calculated as follows:

$$\text{Gross Holding Gain} - \text{Backlog Depreciation}$$

**Annual CCA Depreciation ('Ann CCA Depn')**: Total annual depreciation charge under CCA accounting. Calculated as follows:

$$\frac{\text{Average Opening and Closing GRC}}{\text{Average Opening and Closing GBV}} \times \text{Ann HC Depn}$$

**Supplementary CCA Depreciation**: Calculated as follows:

$$\text{Ann CCA Depn} - \text{Ann HC Depn}$$



## 9. Management Accounts Recharges

Overhead costs in the Model are allocated to business segments using the recharges in KCOM's management accounts, which also form the basis of the segmental reporting in the Annual Report.

In the management accounts actual costs are allocated to segments in line with the utilisation of staff and/or the demand on the respective functions.

The basis for allocating costs for over cost categories is set out in Table 17 below.

**Table 17 – Management Accounting Recharge Methodologies**

	Cost Centre	Recharge category	Basis of Recharge	Data Source
<b><u>Finance</u></b>				
	OVHD - GFS Recharge	SALS SALARIES	Percentage allocation to each segment based on management estimate of proportion of time spent working for each segment by staff member	Management estimate
	OVHD - GFS Recharge	OTHER OH OTHER OVERHEADS	Staff costs directly linked to salary costs above - same % basis for recharge applied as for salary costs	Management estimate
<b><u>Risk</u></b>				
	OVHD - Risk Recharge	SALS SALARIES	Percentage allocation to each segment based on management estimate of proportion of time spent working for each segment by staff member	Management estimate
	OVHD - Risk Recharge	OTHER OH OTHER OVERHEADS	Staff costs directly linked to salary costs above - same % basis for recharge applied as for salary costs	Management estimate
<b><u>HR</u></b>				
	OVHD - HR Recharge	SALS SALARIES	Percentage allocation to each segment based on management estimate of	Management estimate

	<b>Cost Centre</b>	<b>Recharge category</b>	<b>Basis of Recharge</b>	<b>Data Source</b>
			proportion of time spent working for each segment by staff member	
	OVHD - HR Recharge	OTHER OH OTHER OVERHEADS	Staff costs directly linked to salary costs above - same % basis for recharge applied as for salary costs	Management estimate
	OVHD - HR Recharge	OTHER STAFF COSTS	Percentage allocation based on total budgeted spend for each segment across the group	Management estimate
	OVHD - HR Recharge	LEGAL COSTS	Percentage allocation based on total budgeted spend for each segment across the group	Management estimate
<b><u>Estates</u></b>				
	OVHD - Estates Recharge	SALS SALARIES	Percentage allocation to each segment based on management estimate of proportion of time spent working for each segment by staff member	Management estimate
	OVHD - Estates Recharge	OTHER COSTS	Staff costs directly linked to salary costs above - same % basis for recharge applied as for salary costs	Management estimate
	OVHD - Estates Recharge	RRSC Rents, Rates & Service Charges	Percentage allocation based on % usage by each segment of each property based on headcount in that property	Management estimate
	OVHD - Estates Recharge	PROP Other Property Costs	Percentage allocation based on % usage by each segment of each property based on headcount in that property	Management estimate
<b><u>Legal</u></b>				

	<b>Cost Centre</b>	<b>Recharge category</b>	<b>Basis of Recharge</b>	<b>Data Source</b>
	OVHD - Legal Recharge	SALS SALARIES	Percentage allocation to each segment based on management estimate of proportion of time spent working for each segment by staff member	Management estimate
	OVHD - Legal Recharge	OTHER OVERHEADS	Staff costs directly linked to salary costs above - same % basis for recharge applied as for salary costs	Management estimate
<b>Exec</b>				
	OVHD - Exec Recharge	OTHER STAFF COSTS	Percentage allocation based on total budgeted spend for each segment across the group	Management estimate
	OVHD - Exec Recharge	BILL PRINTING	Percentage allocation based on total budgeted spend for each segment across the group	Management estimate
	OVHD - Exec Recharge	PAY AWARD	Percentage allocation based on total budgeted spend for each segment across the group	Management estimate
	OVHD - Exec Recharge	INCOME Other Income	Percentage allocation based on total budgeted spend for each segment across the group	Management estimate
<b>IT</b>				
	OVHD - IT Recharge	SALARIES & OTHER STAFF COSTS	Percentage allocation to each segment based on management estimate of proportion of time spent working for each segment by staff member	Management estimate
	OVHD - IT Recharge	OTHER OVERHEADS	Staff costs directly linked to salary costs above - same % basis for recharge	Management estimate

	<b>Cost Centre</b>	<b>Recharge category</b>	<b>Basis of Recharge</b>	<b>Data Source</b>
			applied as for salary costs	
	OVHD - IT Recharge	MAINTENANCE	Support contracts - percentage allocation based on the segment deemed usage of each contract	Management estimate

## 10. Revenues and Transfer Charges

### External Revenues

External revenues for wholesale services are calculated as follows:

- Each product in the KCOM's billing system (APS) is tagged with a relevant regulatory service type
- The relevant GL code for each APS entry is identified using mapping tables
- Revenues in the GL are allocated proportionately to the revenues for each APS entry mapped to that GL code

### Internal Revenues

Internal revenues for products transferred from Wholesale Markets and Wholesale Residual Markets are calculated by multiplying relevant volumes by Transfer Prices. In general, transfer prices are set using prices for the relevant or comparable products available in KCOM's Wholesale Reference Offers.

**The details of the calculation of transfer prices for each market are set out below.**

#### Wholesale Local Access and Wholesale Broadband Access

Wholesale Local Access is used as input in the Wholesale Broadband Access service and prices for Wholesale Broadband Access Services are set based on the average total cost of the relevant WBA input services required to provide a retail service.

For DSL services the relevant reference offer services are IPLine Plus and Central Connection. The price of each rental service is calculated as the Wholesale Reference Offer Price for the IPLine Rental Product plus an apportionment of the estimated total cost for IP Central Connection.

For fibre services the reference offer services are FibreLine Access End User services, FibreLine Aggregation Point including Bandwidth & Extension Path services and Broadband Service Interconnect Link (BSIL). For fibre services, no reference offer was in place for the relevant internal wholesale services consumed internally and so the current wholesale reference offer (May 2019) was used. The transfer price for each of Consumer and Business fibre rental services is set using KCOM's internal pricing calculations for fibre broadband services, which calculate the average wholesale cost for KCOM's portfolio mix of customers.

Transfer prices for connection services are set equal to the relevant reference offer prices for connection services.

#### TISBO <8Mbit/s

Transfer prices for TISBO services between 1Mbit/s and 8Mbit/s are set using the most relevant comparable relevant reference offer service.

TISBO circuits less than 1Mbit/s are not available for new connections and so there is no comparable reference offer price to use as the basis for a transfer charge. Instead, transfer charges are set equal to the wholesale price for the same services charged directly to other Communication Providers.

### Analogue Exchange Lines, ISDN 2 and ISDN 30 services

Transfer prices for analogue exchange line circuits are based on reference offer prices for relevant wholesale services consumed internally.

Reference offer services include three service levels: SLA1, SLA 2 and SLA 3 (with increasingly shorter fault response times). All wholesale consumer services are assumed to be provided using SLA 1; business services a simple average of reference offer prices for SLA 2 and SLA 3 services.

### CISBO Services

Transfer prices for internally consumed CISBO services are calculated using average reference offer prices for equivalent services in the relevant period. Where prices for the comparable reference offer service varies with contract duration, a simple average of the available variants is used.

### Call origination

Transfer prices for internal wholesale call origination services are set by calculating an average reference offer price across all time of day charges using a breakdown of calls during the financial year extracted from interconnect billing data by each time of day category extracted from billing records.

### Wholesale Residual Market

Products included in the Wholesale Residual market include: Leased Line Internet services, Call Termination, Centrex, and IP Line services.

Transfer prices for internet leased line, VPLS and CCTV services are calculated by applying a mark-up of 10% to the relevant wholesale input price.

Transfer prices for internal wholesale call termination services are set by calculating an average reference offer price across all time of day charges using a breakdown of calls during the financial year extracted from interconnect billing data by each time of day category extracted from billing records.

Transfer Prices for Centrex rental services are based on the average wholesale price charged to external customers. There were no internal sales of wholesale centrex

connection services. Transfer prices for Centrex connection services were set at the average connection prices for retail customers less a discount of 10%.

## 11. Preparation of RFS

The published RFS are prepared using Excel output tables from the CostPerform ABC model.

The regulatory reporting requirements which set out the format of the RFS require costs to be presented using different categories in the profit and loss and network cost statements.

The reports and associated cost categories which KCOM is required to use in its RFS are set out in Ofcom's Statement: *KCOM Regulatory Financial Reporting, Statement on new regulatory financial reporting directions covering all regulated fixed telecoms markets* (6 February 2019)

Revenues, costs, assets and liabilities in the RFS Model are categorised for reporting in the Profit and Loss Account, Balance Sheet and Network Activity Statement reports using Regulatory Reporting Group (RRG) classifications which are attached to costs at layer 001 (GL) in the RFS Model.

Classifying costs at this level enables costs to be categorised at the most disaggregated layer.

Costs in the Network Activity Statement are classified using Component Cost categories determined by Ofcom. In the RFS Model these are tagged at Layer 71 (components).

The components are as follows:

- Local Loop Infrastructure
- Exchange to Exchange Infrastructure
- Electronics
- Other
- Exchange Concentrator
- Field Maintenance
- Field Provision
- Back Office Provisioning
- Back Office Maintenance
- Sales and Product Management
- Net Current Assets

The mapping of network components to reported components is shown in Table 18 below.

**Table 18 Regulatory Component classification**

Layer	Symbol	Name	RR COMP
L71	NC	Components & Residual	
L71	WHLN	Wholesale Business	
L71	NC-LLI	Local Loop Infrastructure	
L71	NC-Access Copper	NC-Access Copper Cable	Local Loop Infrastructure
L71	NC-Access Fibre LL	NC-Access Fibre Leased Lines	Local Loop Infrastructure
L71	NC-Access Fibre NGA Spine	NC-Access Fibre NGA Spine	Local Loop Infrastructure
L71	NC-Access Fibre NGA Dist	NC-Access Fibre NGA Distribution	Local Loop Infrastructure
L71	NC-Access Fibre NGA Drop	NC-Access Fibre NGA Drop	Local Loop Infrastructure
L71	NC-EEL	Exchange to Exchange Transmission link	
L71	NC-Core Fibre	NC-Core Fibre	Exchange to Exchange Transmission link
L71	NC-Core Fibre NGA	NC-Core Fibre NGA	Exchange to Exchange Transmission link
L71	NC-ELC	Electronics	
L71	NC-CISBO Exch Equip	NC-CISBO Exchange Equipment	Electronics
L71	NC-CISBO CPE Equip	NC-CISBO CPE Equipment	Electronics
L71	NC-TISBO Exch Equip	NC-TISBO Exchange Equipment	Electronics
L71	NC-NGA Exch Equip	NC-NGA Exchange Equipment	Electronics
L71	NC-Tier 1& 2 ATM switches	NC-Tier 1& 2 ATM switches	Electronics
L71	NC-DSLAM	NC-DSLAM	Electronics
L71	NC-Opt Ethernet switches	NC-Optical Ethernet switches	Electronics
L71	NC-Processor	NC-Processor	Electronics
L71	NC-SDH Equipment	NC-SDH Equipment	Electronics
L71	NC-IP Equipment	NC-IP Equipment	Electronics
L71	NC-EXC	Exchange Concentrator	
L71	NC-Exch - Lines	NC-Exchange - Lines	Exchange Concentrator
L71	NC-Conc - Usage	NC-Concentrator - Usage	Exchange Concentrator
L71	NC-FDM	Field Maintenance	
L71	NC-Field Ops Copper Faults	NC-Field Ops Copper Faults	Field Maintenance
L71	NC-Field Ops Copper Installs	NC-Field Ops Copper Installs	Field Provision
L71	NC-Field Ops Fibre Faults	NC-Field Ops Fibre Faults	Field Maintenance
L71	NC-Field Ops Fibre Installs	NC-Field Ops Fibre Installs	Field Provision
L71	NC-Field Ops Other	NC-Field Ops Other	Field Maintenance
L71	NC-Business Field Ops	NC-Business Field Ops	Field Maintenance
L71	NC-FFE Field Ops Faults	NC-FFE Field Ops Faults	Field Maintenance
L71	NC-FFE Field Ops Installs	NC-FFE Field Ops Installs	Field Provision
L71	NC-Voice Field Ops	NC-Voice Field Ops	Field Maintenance
L71	NC-BIT	NC-Business Installs Team	Field Provision
L71	NC-LL Installs	NC-Leased Line Installs	Field Provision
L71	NC-LL Faults	NC-Leased Line Faults	Field Maintenance
L71	NC-DSL Faults	NC-DSL Faults	Field Maintenance
L71	NC-PRV	Field Provisioning	
L71	NC-Provisioning	NC-Provisioning	Field Provision
L71	NC-BOP	Back-office Provisioning	
L71	NC-BackOffProv Cons	NC-Back-office Provisioning Cons	Back-office Provisioning
L71	NC-BackOffProv Bus	NC-Back-office Provisioning Bus	Back-office Provisioning
L71	NC-BOM	Back-office Maintenance	
L71	NC-BackOffMaint Cons	NC-Back-office Maintenance Cons	Back-office Maintenance
L71	NC-BackOffMaint Bus	NC-Back-office Maintenance Bus	Back-office Maintenance
L71	NC-PPN	PPP for narrowband call services	
L71	NC-PPP	NC-PPP for narrowband call services	PPP for narrowband call services
L71	NC-SPM	Sales and Product Management	
L71	WCC-Partners	WCC-Partners	Sales and Product Management
L71	NC-OTH	Other	
L71	NC-TISBO CPE Equip	NC-TISBO CPE Equipment	Other
L71	NC-PSTN CPE/NTP	NC-PSTN CPE/NTP	Other
L71	NC-ISDN2 CPE/NTP	NC-ISDN2 CPE/NTP	Other
L71	NC-ISDN 30 CPE/NTP	NC-ISDN 30 CPE/NTP	Other
L71	NC-NGA Systems	NC-NGA Systems	Other
L71	NC-NGA CPE Cons	NC-NGA CPE Cons	Other
L71	NC-NGA CPE Bus	NC-NGA CPE Business	Other
L71	NC-Bandwidth external	NC-Bandwidth external	Other
L71	NC-Lines-Bus-Rent	NC-Lines-Bus-Rent	Other
L71	NC-LL BW COS	NC-Leased Line Bandwidth Cost of Sale	Other
L71	NC-LL WHLS RES	NC-Leased Line Wholesale Residual	Other
L71	WCC-Billing	WCC-Billing	Other
L71	NC-NCA	Net Current Assets	
L71	CP-STOCK-Network Whls	CP-STOCK-Network Whls	Net Current Assets
L71	CP-STOCK-Fibre	CP-STOCK-Fibre	Net Current Assets
L71	CP-DEBTORS-Whls	CP-DEBTORS-Whls	Net Current Assets
L71	CP-CREDITORS-Whls	CP-CREDITORS-Whls	Net Current Assets

## IFRS 16 – Accounting for Leases

The adoption of IFRS 16 has resulted in the recognition of new categories of non-current assets (Right of Use assets) and associated lease liabilities. All Right of Use assets and associated liabilities are associated with the part of the KCOM business



outside of the regulated Hull area and are therefore excluded from the RFS statements for those markets.

## 12. Return on Capital Employed

The RFS include Network Operating Statements which set out the cost of network components used in each market, and in aggregate, including a cost of capital.

For the purpose of the RFS, KCOM has assumed a cost of capital based on the cost of capital calculated by Ofcom, and used by BT to prepare its own regulator financial statements.

Ofcom calculates the cost of capital to be applied to BT in each forward-looking charge control based on, inter alia, forecasts for inflation in that period. In addition, Ofcom disaggregates BT's cost of capital into three elements for different parts of BT's business:

- Copper access
- Other UK telecoms
- Rest of BT

KCOM considers that a simple average of the cost of capital calculated by Ofcom for BT's 'Copper access' and 'Other UK telecoms' provides a straightforward, practicable and objective measure of cost of capital for the purposes of the RFS.

The most recent relevant Ofcom forecasts of BT's cost of capital for FY20 was set out in its March 2018 WLA Statement covering the period to April 2021.

In the March Statement, Ofcom calculated the three disaggregated elements of BT's cost of capital (expressed as a nominal, pre-tax weighted average cost of capital) to be:

- Copper access: 7.9%
- Other UK telecoms: 8.9%
- Rest of BT 12.9%

In the RFS 2020, KCOM has assumed a simple average of the Copper access and Other UK telecoms segments of 8.4% (being the average of 7.9% and 8.9%).

## Annex 1: FAR RFS Categories

Bus-Provisioning
Concentrator EYD
Core IP
Core TDM
CPE
Duct EYD
Exchange Bldg
Network IT
Access Fibre Non-NGA
Network Vehicles
NGA Passive
NGA Support
Outsource NW Support
Processor EYD
Access Equipment
Access-Copper
Access-Copper-Drop
Access-Fibre-NGA-Drop
CISBO-CPE
CISBO-Exch-Equip
Concentrator - Usage
Core-Fibre
DSLAM
NGA CPE
NGA Exchange Equipment
Optical Ethernet switches
TISBO-Exchange Equipment
Billing-CSS-Sys
General IT
Non-network Bldgs
Office Furniture
OLA Out of Scope
EYE Assets
FFE Investment
Corporate Assets
Out of Scope
Assets Under Construction

## Annex 2: RFS Components

Layer	Symbol	Name	RR COMP
L71	NC	Components & Residual	
L71	WHLN	Wholesale Business	
L71	NC-LLI	Local Loop Infrastructure	
L71	NC-Access Copper	NC-Access Copper Cable	Local Loop Infrastructure
L71	NC-Access Fibre LL	NC-Access Fibre Leased Lines	Local Loop Infrastructure
L71	NC-Access Fibre NGA Spine	NC-Access Fibre NGA Spine	Local Loop Infrastructure
L71	NC-Access Fibre NGA Dist	NC-Access Fibre NGA Distribution	Local Loop Infrastructure
L71	NC-Access Fibre NGA Drop	NC-Access Fibre NGA Drop	Local Loop Infrastructure
L71	NC-EEL	Exchange to Exchange Transmission link	
L71	NC-Core Fibre	NC-Core Fibre	Exchange to Exchange Transmission link
L71	NC-Core Fibre NGA	NC-Core Fibre NGA	Exchange to Exchange Transmission link
L71	NC-ELC	Electronics	
L71	NC-CISBO Exch Equip	NC-CISBO Exchange Equipment	Electronics
L71	NC-CISBO CPE Equip	NC-CISBO CPE Equipment	Electronics
L71	NC-TISBO Exch Equip	NC-TISBO Exchange Equipment	Electronics
L71	NC-NGA Exch Equip	NC-NGA Exchange Equipment	Electronics
L71	NC-Tier 1& 2 ATM switches	NC-Tier 1& 2 ATM switches	Electronics
L71	NC-DSLAM	NC-DSLAM	Electronics
L71	NC-Opt Ethernet switches	NC-Optical Ethernet switches	Electronics
L71	NC-Processor	NC-Processor	Electronics
L71	NC-SDH Equipment	NC-SDH Equipment	Electronics
L71	NC-IP Equipment	NC-IP Equipment	Electronics
L71	NC-EXC	Exchange Concentrator	
L71	NC-Exch - Lines	NC-Exchange - Lines	Exchange Concentrator
L71	NC-Conc - Usage	NC-Concentrator - Usage	Exchange Concentrator
L71	NC-FDM	Field Maintenance	
L71	NC-Field Ops Copper Faults	NC-Field Ops Copper Faults	Field Maintenance
L71	NC-Field Ops Copper Installs	NC-Field Ops Copper Installs	Field Provision
L71	NC-Field Ops Fibre Faults	NC-Field Ops Fibre Faults	Field Maintenance
L71	NC-Field Ops Fibre Installs	NC-Field Ops Fibre Installs	Field Provision
L71	NC-Field Ops Other	NC-Field Ops Other	Field Maintenance
L71	NC-Business Field Ops	NC-Business Field Ops	Field Maintenance
L71	NC-FFE Field Ops Faults	NC-FFE Field Ops Faults	Field Maintenance
L71	NC-FFE Field Ops Installs	NC-FFE Field Ops Installs	Field Provision
L71	NC-Voice Field Ops	NC-Voice Field Ops	Field Maintenance
L71	NC-BIT	NC-Business Installs Team	Field Provision
L71	NC-LL Installs	NC-Leased Line Installs	Field Provision
L71	NC-LL Faults	NC-Leased Line Faults	Field Maintenance
L71	NC-DSL Faults	NC-DSL Faults	Field Maintenance
L71	NC-PRV	Field Provisioning	
L71	NC-Provisioning	NC-Provisioning	Field Provision
L71	NC-BOP	Back-office Provisioning	
L71	NC-BackOffProv Cons	NC-Back-office Provisioning Cons	Back-office Provisioning
L71	NC-BackOffProv Bus	NC-Back-office Provisioning Bus	Back-office Provisioning
L71	NC-BOM	Back-office Maintenance	
L71	NC-BackOffMaint Cons	NC-Back-office Maintenance Cons	Back-office Maintenance

Layer	Symbol	Name	RR COMP
L71	NC-BackOffMaint Bus	NC-Back-office Maintenance Bus	Back-office Maintenance
L71	NC-PPN	PPP for narrowband call services	
L71	NC-PPP	NC-PPP for narrowband call services	PPP for narrowband call services
L71	NC-SPM	Sales and Product Management	
L71	WCC-Partners	WCC-Partners	Sales and Product Management
L71	NC-OTH	Other	
L71	NC-TISBO CPE Equip	NC-TISBO CPE Equipment	Other
L71	NC-PSTN CPE/NTP	NC-PSTN CPE/NTP	Other
L71	NC-ISDN2 CPE/NTP	NC-ISDN2 CPE/NTP	Other
L71	NC-ISDN 30 CPE/NTP	NC-ISDN 30 CPE/NTP	Other
L71	NC-NGA Systems	NC-NGA Systems	Other
L71	NC-NGA CPE Cons	NC-NGA CPE Cons	Other
L71	NC-NGA CPE Bus	NC-NGA CPE Business	Other
L71	NC-Bandwidth external	NC-Bandwidth external	Other
L71	NC-Lines-Bus-Rent	NC-Lines-Bus-Rent	Other
L71	NC-LL BW COS	NC-Leased Line Bandwidth Cost of Sale	Other
L71	NC-LL WHLS RES	NC-Leased Line Wholesale Residual	Other
L71	WCC-Billing	WCC-Billing	Other
L71	NC-NCA	Net Current Assets	
L71	CP-STOCK-Network Whls	CP-STOCK-Network Whls	Net Current Assets
L71	CP-STOCK-Fibre	CP-STOCK-Fibre	Net Current Assets
L71	CP-DEBTORS-Whls	CP-DEBTORS-Whls	Net Current Assets
L71	CP-CREDITORS-Whls	CP-CREDITORS-Whls	Net Current Assets
L71	RETC	Retail & Residual	
L71	RETCC	Retail Channel Cost Components	
L71	RCC-Cons-Cust Tech Serv	RCC-Cons-Cust Tech Serv	Retail & Residual
L71	RCC-Cons Sales Other	RCC-Cons Sales Other	Retail & Residual
L71	RCC-Cons Sales Eng	RCC-Cons Sales Eng	Retail & Residual
L71	RCC- SMB- Business Sales	RCC- SMB- Business Sales	Retail & Residual
L71	RCC-SMB-Business Marketing	RCC-SMB-Business Marketing	Retail & Residual
L71	RCC-SMB-Other	RCC-SMB-Other	Retail & Residual
L71	RCC-Billing	RCC-Billing	Retail & Residual
L71	RCC-Interconnect	RCC-Interconnect	Retail & Residual
L71	RCC-Marketing	RCC-Marketing	Retail & Residual
L71	RCC-CISBO-Conn	RCC-CISBO-Conn	Retail & Residual
L71	RESIDUAL	RESIDUAL	
L71	NC-OOS	NC-OOS	
L71	NC-OOS BS	NC-OOS BS	Retail & Residual
L71	NC-OOS IS	NC-OOS IS	Retail & Residual
L71	NC-COS-Other OLA	NC-COS-Other OLA	Retail & Residual
L71	NC-EYE	NC-EYE	
L71	NC-EYE Assets	NC-EYE Assets	Retail & Residual
L71	NC-EYE Fibre	NC-EYE Fibre	Retail & Residual
L71	NC-FFE Fibre	NC-FFE Fibre	Retail & Residual
L71	NC-RES OTHER	NC-RES OTHER	
L71	L71-FAR RECN	L71-FAR RECN	Retail & Residual
L71	L71-AUC OOS	L71-AUC OOS	Retail & Residual
L71	RWC	Retail Working Capital	

Layer	Symbol	Name	RR COMP
L71	CP-DEBTORS-Bus	CP-DEBTORS-Bus	Retail & Residual
L71	CP-DEBTORS-Cons	CP-DEBTORS-Cons	Retail & Residual
L71	CP-CREDITORS-Bus	CP-CREDITORS-Bus	Retail & Residual
L71	CP-CREDITORS-Cons	CP-CREDITORS-Cons	Retail & Residual
L71	L71-OOS Accounts	L71-OOS Accounts	
L71	L71-BS	L71-BS	
L71	L71-BS Corp Tax	L71-BS Corp Tax	Reconciling Accounts
L71	L71-BS Dividends	L71-BS Dividends	Reconciling Accounts
L71	L71-BS Def Tax	L71-BS Def Tax	Reconciling Accounts
L71	L71-BS Loans STP	L71-BS Loans STP	Reconciling Accounts
L71	L71-BS Loans LTP	L71-BS Loans LTP	Reconciling Accounts
L71	L71-BS Goodwill	L71-BS Goodwill	Reconciling Accounts
L71	L71-BS Min Int	L71-BS Min Int	Reconciling Accounts
L71	L71-BS Inv Hedg	L71-BS Inv Hedg	Reconciling Accounts
L71	L71-BS ST Provn Excl	L71-BS ST Provn Excl	Reconciling Accounts
L71	L71-BS LT Provn Excl	L71-BS LT Provn Excl	Reconciling Accounts
L71	L71-Retirement benefit asset	L71-Retirement benefit asset	Reconciling Accounts
L71	L71-Retirement benefit obligation	L71-Retirement benefit obligation	Reconciling Accounts
L71	L71-BS SC & RES	L71-BS SC & RES	Reconciling Accounts
L71	L71-BS Intercompany Loans	L71-BS Intercompany Loans	Reconciling Accounts
L71	L71-BS Loans from related parties	L71-BS Loans from related parties	Reconciling Accounts
L71	L71-BS Bank Loans	L71-BS Bank Loans	Reconciling Accounts
L71	L71-IS	L71-IS	
L71	L71-IS OOI	L71-IS OOI	Reconciling Accounts
L71	L71-IS Goodwill	L71-IS Goodwill	Reconciling Accounts
L71	L71-IS Gp Share Profits	L71-IS Gp Share Profits	Reconciling Accounts
L71	L71-IS FA Sales	L71-IS FA Sales	Reconciling Accounts
L71	L71-IS Group Disps	L71-IS Group Disps	Reconciling Accounts
L71	L71-IS Inv Woffs	L71-IS Inv Woffs	Reconciling Accounts
L71	L71-IS Prof Disp Prop FA Pre Exc	L71-IS Prof Disp Prop FA Pre Exc	Reconciling Accounts
L71	L71-IS Prof Disp Prop FA	L71-IS Prof Disp Prop FA	Reconciling Accounts
L71	L71-IS ST Int	L71-IS ST Int	Reconciling Accounts
L71	L71-IS LT Int	L71-IS LT Int	Reconciling Accounts
L71	L71-IS CAR	L71-IS CAR	Reconciling Accounts
L71	L71-IS Taxation	L71-IS Taxation	Reconciling Accounts
L71	L71-IS Dividends	L71-IS Dividends	Reconciling Accounts
L71	L71-Share in profit of associate	L71-Share in profit of associate	Reconciling Accounts
L71	L71-Remeasurements of retirement benefit obligations	L71-Remeasurements of retirement benefit obligations	Reconciling Accounts

### Annex 3: RFS Network Products

Layer	Symbol	Name
L81	NRP	Wholesale & Retail
L81	WHLB	Wholesale Business
L81	NP-WHL	Network Products (WHL)
L81	NP-Lines	NP-Lines
L81	NP-Lines-Res-Conn	NP-Residential Lines-Connection
L81	NP-Lines-Res-Rent	NP-Residential Lines-Rental
L81	NP-Lines-Bus-Conn	NP-Business Lines-Connection
L81	NP-Lines-Bus-Rent	NP-Business Lines-Rental
L81	NP-Lines-Other	NP-Analogue Lines-Other
L81	NP-ISDN2	NP-ISDN2
L81	NP-ISDN2-Res-Conn	NP-Residential Lines-ISDN 2 Connection
L81	NP-ISDN2-Res-Rent	NP-Residential Lines-ISDN 2 Rental
L81	NP-ISDN2-Bus-Conn	NP-Business ISDN 2 Lines-Connection
L81	NP-ISDN2-Bus-Rent	NP-Business ISDN 2 Lines-Rental
L81	NP-ISDN2-Other	NP-Business ISDN 2-Other
L81	NP-ISDN30	NP-ISDN30
L81	NP-ISDN30-Bus-Conn	NP-Business ISDN 30 Lines-Connection
L81	NP-ISDN30-Bus-Rent	NP-Business ISDN 30 Lines-Rental
L81	NP-ISDN30-Bus-Other	NP-Business ISDN 30 Lines-Other
L81	NP-CO	NP-CO
L81	NP-CO-Local	NP-Call Origination-Local
L81	NP-CO-All	NP-Call Origination-All Calls
L81	NP-WLA	NP-WLA
L81	NP-LA-Fibre-Res-Conn	NP- LA Fibre-Residential-Connection
L81	NP-LA-Fibre-Res-Rent	NP- LA Fibre-Residential-Rental
L81	NP-LA-Fibre-Bus-Conn	NP- LA Fibre-Business-Connection
L81	NP-LA-Fibre-Bus-Rent	NP- LA Fibre-Business-Rental
L81	NP-LA-Fibre-Other	NP- LA Fibre-Other
L81	NP-LA-Fibre-CableConn	NP- LA Fibre-Cable Connect
L81	NP-DSL	NP-DSL
L81	NP-DSL-Conn	NP-DSL-Connection
L81	NP-DSL-Rent	NP-DSL-Rental
L81	NP-Fibre Broadband	NP-Fibre Broadband
L81	NP-FiberBB-IPLine-Conn	NP-BA IPLine-Connection
L81	NP-FiberBB-IPLine-Rental	NP-BA IPLine-Rental
L81	NP-FibreBB-Paths	NP-BA Aggregation and Extension Paths
L81	NP-FibreBB-BSIL	NP-BA Broadband Service-Interconnect Link
L81	NP-FibreBB-Other	NP-BA-Other
L81	NP-TISBO	NP-TISBO
L81	NP-TISBO-Conn	NP-TISBO-All bandwidth connection
L81	NP-TISBO-0-1Mbs-Rent	NP-TISBO-0-1Mbs-Rental
L81	NP-TISBO-1-8Mbs-Rent	NP-TISBO-1-8Mbs-Rental
L81	NP-TISBO-Other	NP-TISBO Rental 0-8Mbs-Other
L81	NP-CISBO	NP-CISBO
L81	NP-CISBO-Conn	NP-CISBO-All bandwidth connection
L81	NP-CISBO-0-10Mb-Rent	NP-CISBO 0-10Mbs-Rental

Layer	Symbol	Name
L81	NP-CISBO-10-100Mb-Rent	NP-CISBO 10-100Mbs-Rental
L81	NP-CISBO-0.1-1Gb-Rent	NP-CISBO 0.1-1Gbs-Rental
L81	NP-CISBO-1-10Gb-Rent	NP-CISBO 1-10Gbs-Rental
L81	NP-CISBO-10Mb-Rent	NP-CISBO-10Mb-Rent
L81	NP-CISBO-100Mb-Rent	NP-CISBO-100Mb-Rent
L81	NP-CISBO-1Gb-Rent	NP-CISBO-1Gb-Rent
L81	NP-CISBO-10Gb-Rent	NP-CISBO-10Gb-Rent
L81	NP-CISBO-100Gb-Rent	NP-CISBO-100Gb-Rent
L81	NP-CISBO-Other	NP-CISBO-Other
L81	NP-CT	NP-CT
L81	NP-Call Termination	NP-Call Termination
L81	NP-Bandwidth	NP-EB
L81	NP-Bandwidth external	NP-External bandwidth
L81	NP-Bandwidth COS	NP-Bandwidth COS
L81	NP-WHL-CHANNEL	Wholesale Channel Costs
L81	NP-WCC-Partners	WCC-Partners
L81	NP-LL WHLS RES	NP-Leased Line Wholesale Residual
L81	PWCW	Component Working Capital Wholesale
L81	NP-DEBTORS-Whls	NP-DEBTORS-Whls
L81	NP-CREDITORS-Whls	NP-CREDITORS-Whls
L81	RETB	Retail Business
L81	NP-RETC	Retail Costs
L81	NP-RCC-Cons-Cust Tech Serv	RCC-Cons-Cust Tech Serv
L81	NP-RCC-Cons Sales Other	RCC-Cons Sales Eng
L81	NP-RCC-Cons Sales Eng	RCC-Cons Sales Eng
L81	NP-RCC- SMB- Business Sales	RCC- SMB- Business Sales
L81	NP-RCC-SMB-Business Marketing	RCC-SMB-Business Marketing
L81	NP-RCC-SMB-Other	RCC-SMB-Other
L81	NP-RCC-Billing	NP-RCC-Billing
L81	NP-RCC-Interconnect	NP-RCC-Interconnect
L81	NP-Marketing	NP-Marketing
L81	NP-RCC-CISBO-Conn	NP-RCC-CISBO-Conn
L81	NP-RESIDUAL	RESIDUAL
L81	NP-OOS	NP-OOS
L81	NP-OLA Other IS	NP-OLA Other IS
L81	NP-OOS BS	NP-OOS BS
L81	NP-OOS IS	NP-OOS IS
L81	NP-EYE	NP-EYE
L81	NP-EYE BS	NP-EYE BS
L81	NP-FFE BS	NP-FFE BS
L81	NP-EYE-FFE-Fibre Res-Conn	NP-EYE-FFE-Fibre Res-Conn
L81	NP-EYE-FFE-Fibre Res-Rent	NP-EYE-FFE-Fibre Res-Rent
L81	NP-EYE-FFE-Fibre Bus-Conn	NP-EYE-FFE-Fibre Bus-Conn
L81	NP-EYE-FFE-Fibre Bus-Rent	NP-EYE-FFE-Fibre Bus-Rent
L81	NP-RES OTHER	NP-RES OTHER
L81	L81-FAR RECN	L81-FAR RECN
L81	L81-AUC OOS	L81-AUC OOS
L81	PWCR	Component Working Capital Retail
L81	NP-STOCK-Network Ret	NP-STOCK-Network Ret



Layer	Symbol	Name
L81	NP-STOCK-Cons	NP-STOCK-Cons
L81	NP-DEBTORS-Bus	NP-DEBTORS-Bus
L81	NP-DEBTORS-Cons	NP-DEBTORS-Cons
L81	NP-CREDITORS-Bus	NP-CREDITORS-Bus
L81	NP-CREDITORS-Cons	NP-CREDITORS-Cons
L81	L81-OOS Accounts	L81-OOS Accounts
L81	L81-BS	L81-BS
L81	L81-BS Corp Tax	L81-BS Corp Tax
L81	L81-BS Dividends	L81-BS Dividends
L81	L81-BS Def Tax	L81-BS Def Tax
L81	L81-BS Loans STP	L81-BS Loans STP
L81	L81-BS Loans LTP	L81-BS Loans LTP
L81	L81-BS Goodwill	L81-BS Goodwill
L81	L81-BS Min Int	L81-BS Min Int
L81	L81-BS Inv Hedg	L81-BS Inv Hedg
L81	L81-BS ST Provn Excl	L81-BS ST Provn Excl
L81	L81-BS LT Provn Excl	L81-BS LT Provn Excl
L81	L81-Retirement benefit asset	L81-Retirement benefit asset
L81	L81-Retirement benefit obligation	L81-Retirement benefit obligation
L81	L81-BS SC & RES	L81-BS SC & RES
L81	L81-BS Intercompany Loans	L81-BS Intercompany Loans
L81	<a href="#">L81-BS Loans from related parties</a>	<a href="#">L81-BS Loans from related parties</a>
L81	<a href="#">L81-BS Bank Loans</a>	<a href="#">L81-BS Bank Loans</a>
L81	L81-IS	L81-IS
L81	L81-IS OOI	L81-IS OOI
L81	L81-IS Goodwill	L81-IS Goodwill
L81	L81-IS Gp Share Profits	L81-IS Gp Share Profits
L81	L81-IS FA Sales	L81-IS FA Sales
L81	L81-IS Group Disps	L81-IS Group Disps
L81	L81-IS Inv Woffs	L81-IS Inv Woffs
L81	L81-IS Prof Disp Prop FA Pre Exc	L81-IS Prof Disp Prop FA Pre Exc
L81	L81-IS Prof Disp Prop FA	L81-IS Prof Disp Prop FA
L81	L81-IS ST Int	L81-IS ST Int
L81	L81-IS LT Int	L81-IS LT Int
L81	L81-IS CAR	L81-IS CAR
L81	L81-IS Taxation	L81-IS Taxation
L81	L81-IS Dividends	L81-IS Dividends
L81	L81-Share in profit of associate	L81-Share in profit of associate
L81	L81-Remeasurements of retirement benefit obligations	L81-Remeasurements of retirement benefit obligations

## Annex 4: RFS Wholesale & Retail Products

Layer	Symbol	Name
L91	All Areas	All Areas
L91	HEY	HEY Segment
L91	OLA	OLA (Licensed Area)
L91	WHL P	Wholesale Products
L91	WHL SMP	WHL SMP Products
L91	WLA	Wholesale Local Access
L91	WP-LA-Fibre-Res-Conn	Wholesale LA Fibre-Residential-Connection
L91	WP-LA-Fibre-Res-Rent	Wholesale LA Fibre-Residential-Rental
L91	WP-LA-Fibre-Bus-Conn	Wholesale LA Fibre-Business-Connection
L91	WP-LA-Fibre-Bus-Rent	Wholesale LA Fibre-Business-Rental
L91	WP-LA-Fibre-Other	Wholesale LA Fibre-Other
L91	WP-LA-Fibre-CableConn	Wholesale LA Fibre-Cable Connect
L91	WBA	Wholesale Broadband Access
L91	WP-BA-ADSL-Conn-RM	Wholesale BA RMin ADSL-Connection
L91	WP-BA-ADSL-Rent-RM	Wholesale BA RMin ADSL-Rental
L91	WP-BA-Fiber-Bus-Conn-RM	Wholesale BA RMin Business-Connection
L91	WP-BA-Fiber-Bus-Rent-RM	Wholesale BA RMin Business-Rental
L91	WP-BA-Fiber-Cons-Conn-RM	Wholesale BA RMin Consumer-Connection
L91	WP-BA-Fiber-Cons-Rent-RM	Wholesale BA RMin Consumer-Rental
L91	WP-BA-Fiber-IPLine-Conn	Wholesale BA IPLine-Connection
L91	WP-BA-Fiber-IPLine-Rental	Wholesale BA IPLine-Rental
L91	WP-BA-Fibre-Conn	Wholesale BA Fibreline-Connection
L91	WP-BA-Fibre-Rent	Wholesale BA Fibreline-Rental
L91	WP-BA-Paths	Wholesale BA Aggregation and Extension Paths
L91	WP-BA-BSIL	Wholesale BA Broadband Service-Interconnect Link
L91	WP-BA-Other	Wholesale BA-Other
L91	TISBO	TISBO<8Mbs
L91	WP-TISBO-<8Mbs-Conn	Wholesale TISBO <8Mbs-Connection
L91	WP-TISBO-0-1Mb-Rent	Wholesale TISBO Rental 0-1Mbs-Rental
L91	WP-TISBO-1-8Mbs-Rent	Wholesale TISBO Rental 1-8Mbs-Rental
L91	WP-TISBO-Other	Wholesale TISBO Rental 0-8Mbs-Other
L91	CISBO	CISBO
L91	WP-CISBO-Conn	Wholesale CISBO All bandwidths-Connection
L91	WP-CISBO-ECAS-0-10Mb-Rent	Wholesale CISBO ECAS 0-10Mbs-Rental
L91	WP-CISBO-ECAS-10-100Mb-Rent	Wholesale CISBO ECAS 10-100Mbs-Rental
L91	WP-CISBO-ECAS-0.1-1Gb-Rent	Wholesale CISBO ECAS 0.1-1Gbs-Rental
L91	WP-CISBO-ECAS-1-10Gb-Rent	Wholesale CISBO ECAS 1-10Gbs-Rental
L91	WP-CISBO-ECAS-10Mb-Rent	Wholesale CISBO ECAS 10Mb-Rent
L91	WP-CISBO-ECAS-100Mb-Rent	Wholesale CISBO ECAS 100Mb-Rent
L91	WP-CISBO-ECAS-1Gb-Rent	Wholesale CISBO ECAS 1Gb-Rent
L91	WP-CISBO-ECAS-10Gb-Rent	Wholesale CISBO ECAS 10Gb-Rent
L91	WP-CISBO-ECAS-100Gb-Rent	Wholesale CISBO ECAS 100Gb-Rent
L91	WP-CISBO-EDAS-0-10Mb-Rent	Wholesale CISBO EDAS 0-10Mbs-Rental
L91	WP-CISBO-EDAS-10-100Mb-Rent	Wholesale CISBO EDAS 10-100Mbs-Rental
L91	WP-CISBO-EDAS-0.1-1Gb-Rent	Wholesale CISBO EDAS 0.1-1Gbs-Rental
L91	WP-CISBO-EDAS-1-10Gb-Rent	Wholesale CISBO EDAS 1-10Gbs-Rental

Layer	Symbol	Name
L91	WP-CISBO-EDAS-10Mb-Rent	Wholesale CISBO EDAS 10Mbs-Rental
L91	WP-CISBO-EDAS-100Mb-Rent	Wholesale CISBO EDAS 100Mbs-Rental
L91	WP-CISBO-EDAS-1Gb-Rent	Wholesale CISBO EDAS 1Gbs-Rental
L91	WP-CISBO-EDAS-10Gb-Rent	Wholesale CISBO EDAS 10Gbs-Rental
L91	WP-CISBO-EDAS-100Gb-Rent	Wholesale CISBO EDAS 100Gbs-Rental
L91	WP-CISBO-Other	Wholesale CISBO-Other
L91	ANALOG	Analogue Exchange Line Services
L91	WP-Lines-Res-Conn	Wholesale Residential Lines-Connection
L91	WP-Lines-Res-Rent	Wholesale Residential Lines-Rental
L91	WP-Lines-Bus-Conn	Wholesale Business Lines-Connection
L91	WP-Lines-Bus-Rent	Wholesale Business Lines-Rental
L91	WP-Lines-Other	Wholesale Analogue Lines-Other
L91	WP-Lines-CONNECT-Conn	Wholesale Connect Business Voice Analogue-Connection
L91	WP-Lines-CONNECT-Rent	Wholesale Connect Business Voice Analogue-Rental
L91	WP-Lines-CONNECT-Other	Wholesale Connect Business Voice Analogue-Other
L91	WP-Lines-RESELLER-Conn	Wholesale Business Voice Reseller Analogue-Connection
L91	WP-Lines-RESELLER-Rent	Wholesale Business Voice Reseller Analogue-Rental
L91	WP-Lines-RESELLER-Other	Wholesale Business Voice Reseller Analogue-Other
L91	ISDN30	ISDN 30 Exchange Line Services
L91	WP-ISDN30-Bus-Conn	Wholesale Business ISDN 30 Lines-Connection
L91	WP-ISDN30-Bus-Rent	Wholesale Business ISDN 30 Lines-Rental
L91	WP-ISDN30-Bus-Other	Wholesale Business ISDN 30 Lines-Other
L91	ISDN2	ISDN 2 Exchange Line Services
L91	WP-ISDN2-Res-Conn	Wholesale Residential Lines-ISDN 2-Connection
L91	WP-ISDN2-Res-Rent	Wholesale Residential Lines-ISDN 2-Rental
L91	WP-ISDN2-Bus-Conn	Wholesale Business ISDN 2 Lines-Connection
L91	WP-ISDN2-Bus-Rent	Wholesale Business ISDN 2 Lines-Rental
L91	WP-ISDN2-Other	Wholesale Business ISDN 2-Other
L91	WCO	Call Origination on Fixed Public Narrowband Networks
L91	WP-CO-Loc	Wholesale Call Origination-Local
L91	WP-CO-All	Wholesale Call Origination-All Calls
L91	WHL RESIDUAL	WHL RESIDUAL
L91	WR TISBO>8Mbps	WR TISBO>8Mbps
L91	WR-TISBO->8Mbs-Conn	Wholesale TISBO >8Mbs-Connection
L91	WR-TISBO-8-100Mbs-Rent	Wholesale TISBO Rental 8-100Mbs-Rental
L91	WR CISBO	WR CISBO
L91	WR-CISBO-WR-Conn	Wholesale CISBO All bandwidths-RES-Connection
L91	WR-CISBO-EAS-0-10Mb-Rent	Wholesale CISBO Ethernet Assured 0-10Mbs-Rental
L91	WR-CISBO-EAS-10-100Mb-Rent	Wholesale CISBO Ethernet Assured 10-100Mbs-Rental
L91	WR-CISBO-EAS-0.1-1Gb-Rent	Wholesale CISBO Ethernet Assured 0.1-1Gbs-Rental
L91	WR-CISBO-EAS-1-10Gb-Rent	Wholesale CISBO Ethernet Assured 1-10Gbs-Rental
L91	WR-CISBO-EAS-10Mb-Rent	Wholesale CISBO Ethernet Assured-10Mbs-Rental
L91	WR-CISBO-EAS-100Mb-Rent	Wholesale CISBO Ethernet Assured-100Mbs-Rental
L91	WR-CISBO-EAS-1Gb-Rent	Wholesale CISBO Ethernet Assured-1Gb-Rental
L91	WR-CISBO-EAS-10Gb-Rent	Wholesale CISBO Ethernet Assured-10Gb-Rental
L91	WR-CISBO-EAS-100Gb-Rent	Wholesale CISBO Ethernet Assured-100Gb-Rental
L91	WR-CISBO-Etherline-0-10Mb-Rent	Wholesale CISBO Etherline 0-10Mbs-Rental
L91	WR-CISBO-Etherline-10-100Mb-Rent	Wholesale CISBO Etherline 10-100Mbs-Rental

Layer	Symbol	Name
L91	WR-CISBO-Etherline-0.1-1Gb-Rent	Wholesale CISBO Etherline 0.1-1Gbs-Rental
L91	WR-CISBO-Etherline-1-10Gbs-Rent	Wholesale CISBO Etherline 1-10Gbs-Rental
L91	WR-CISBO-Etherline-10Mb-Rent	Wholesale CISBO Etherline 10Mbs-Rental
L91	WR-CISBO-Etherline-100Mb-Rent	Wholesale CISBO Etherline 100Mbs-Rental
L91	WR-CISBO-Etherline-1Gb-Rent	Wholesale CISBO Etherline 1Gbs-Rental
L91	WR-CISBO-Etherline-10Gb-Rent	Wholesale CISBO Etherline 10Gbs-Rental
L91	WR-CISBO-Etherline-100Gb-Rent	Wholesale CISBO Etherline 100Gbs-Rental
L91	WR-CISBO-WR-Other	Wholesale CISBO-Residual-Other
L91	WR-CISBO-Etherline-I 0-10Mb-Rent	Wholesale CISBO Etherline Internet 0-10Mbs-Rental
L91	WR-CISBO-Etherline-I-10-100Mb-Rent	Wholesale CISBO Etherline Internet 10-100Mbs-Rental
L91	WR-CISBO-Etherline-I-0.1-1Gb-Rent	Wholesale CISBO Etherline Internet 0.1-1Gb-Rental
L91	WR-CISBO-Etherline-I-1-10Gb-Rent	Wholesale CISBO Etherline Internet 1-10Gb-Rental
L91	WR-CISBO-Etherline-I 10Mb-Rent	Wholesale CISBO Etherline 10Mbs-Rental
L91	WR-CISBO-Etherline-I 100Mb-Rent	Wholesale CISBO Etherline 100Mbs-Rental
L91	WR-CISBO-Etherline-I 1Gb-Rent	Wholesale CISBO Etherline 1Gbs-Rental
L91	WR-CISBO-Etherline-I 10Gb-Rent	Wholesale CISBO Etherline 10Gbs-Rental
L91	WR-CISBO-Etherline-I 0-10Mb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 0-10Mbs-Rental (Internet Portion)
L91	WR-CISBO-Etherline-I-10-100Mb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 10-100Mbs-Rental (Internet Portion)
L91	WR-CISBO-Etherline-I-0.1-1Gb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 0.1-1Gb-Rental (Internet Portion)
L91	WR-CISBO-Etherline-I-1-10Gb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 1-10Gb-Rental (Internet Portion)
L91	WR-CISBO-Etherline-I 10Mb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 10Mbs-Rental (Internet Portion)
L91	WR-CISBO-Etherline-I 100Mb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 100Mbs-Rental (Internet Portion)
L91	WR-CISBO-Etherline-I 1Gb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 1Gb-Rental (Internet Portion)
L91	WR-CISBO-Etherline-I 10Gb-Rent (Internet Portion)	Wholesale CISBO Etherline Internet 10Gb-Rental (Internet Portion)
L91	WR-CISBO-Gigaline 0.1-1Gb Rent	Wholesale CISBO Gigaline 0.1-1Gb-Rental
L91	WR-CISBO-VPLS-0-10Mb-Rent	Wholesale CISBO VPLS 0-10Mbs-Rental
L91	WR-CISBO-VPLS-10-100Mb-Rent	Wholesale CISBO VPLS 10-100Mbs-Rental
L91	WR-CISBO-VPLS-0.1-1Gb-Rent	Wholesale CISBO VPLS 0.0-1Gbs-Rental
L91	CT	Call Termination
L91	WR-CT	Call Termination
L91	CENTREX	CENTREX
L91	WR-Centrex-Conn	Wholesale Centrex-Connection
L91	WR-Centrex-Rent	Wholesale Centrex-Rental
L91	IP LINE	IP Line
L91	WR-IP Line Central 100Mb-Conn	IP Line Central 100Mb-Connection
L91	WR-IP Line Central 100Mb-Rent	IP Line Central 100Mb-Rental
L91	WR OTHER	WR OTHER
L91	WR-Other OLA	Other OLA
L91	WR-CCTV-Rent	Wholesale CCTV-Rental
L91	RETP	Retail Products
L91	RP-LINES	Retail Exchange Lines
L91	RP-Lines-Res-Conn	Retail Residential Lines-Connection
L91	RP-Lines-Res-Rent	Retail Residential Lines-Rental
L91	RP-Lines-Bus-Conn	Retail Business Lines-Connection

Layer	Symbol	Name
L91	RP-Lines-Bus-Rent	Retail Business Lines-Rental
L91	RP-Lines-Other	Retail Analogue Lines-Other
L91	RP-ISDN2-Res-Conn	Retail Residential ISDN2-Conn
L91	RP-ISDN2-Res-Rent	Retail Residential ISDN2-Rental
L91	RP-ISDN2-Bus-Conn	Retail Business ISDN 2-Connection
L91	RP-ISDN2-Bus-Rent	Retail Business ISDN 2-Rental
L91	RP-ISDN2-Other	Retail Business ISDN 2-Other
L91	RP-ISDN30-Bus-Conn	Retail Business ISDN 30-Connection
L91	RP-ISDN30-Bus-Rent	Retail Business ISDN 30-Rental
L91	RP-ISDN30-Bus-Other	Retail Business ISDN 30 Lines-Other
L91	RP-CO	Retail Call Origination
L91	RP-CO-Loc	Retail Call Origination-Local
L91	RP-CO-All	Retail Call Origination-All Calls
L91	RP-CT	Retail Call Termination
L91	RP-Broadband	Retail Broadband
L91	RP-DSL-Conn	Retail DSL Connection
L91	RP-DSL-Rent	Retail DSL Rental
L91	RP-FibreBB-Res-Conn	Retail Fibre Residential Broadband-Connection
L91	RP-FibreBB-Res-Rent	Retail Fibre Residential Broadband-Rental
L91	RP-FibreBB-Bus-Conn	Retail Fibre Business Broadband-Connection
L91	RP-FibreBB-Bus-Rent	Retail Fibre Business Broadband-Rental
L91	RP-FibreBB-Other	Retail Fibre Business Broadband-Other
L91	RP-TISBO <8MB	Retail TISBO<8Mbs
L91	RP-TISBO-<8Mbs-Conn	Retail TISBO <8Mbs-Connection
L91	RP-TISBO-0-1Mb-Rent	Retail TISBO Rental 0-1Mbs-Rental
L91	RP-TISBO-1-8Mbs-Rent	Retail TISBO Rental 1-8Mbs-Rental
L91	RP-TISBO-Other	Retail TISBO Rental 0-8Mbs-Other
L91	RP-TISBO >8MB	Retail TISBO>8Mbs
L91	RP-TISBO->8Mbs-Conn	Retail TISBO >8Mbs-Connection
L91	RP-TISBO-8-100Mbs-Rent	Retail TISBO Rental 8-100Mbs-Rental
L91	RP-CISBO	Retail CISBO
L91	RP-CISBO-Conn	Retail CISBO All bandwidths-Connection
L91	RP-CISBO-EAS-0-10Mb-Rent	Retail CISBO Ethernet Assured 0-10Mbs-Rental
L91	RP-CISBO-EAS-10-100Mb-Rent	Retail CISBO Ethernet Assured 10-100Mbs-Rental
L91	RP-CISBO-EAS-0.1-1Gb-Rent	Retail CISBO Ethernet Assured 0.1-1Gbs-Rental
L91	RP-CISBO-EAS-1-10Gb-Rent	Retail CISBO Ethernet Assured 1-10Gbs-Rental
L91	RP-CISBO-EAS-10Mb-Rent	Retail CISBO Ethernet Assured 10Mbs-Rental
L91	RP-CISBO-EAS-100Mb-Rent	Retail CISBO Ethernet Assured 100Mbs-Rental
L91	RP-CISBO-EAS-1Gb-Rent	Retail CISBO Ethernet Assured 1Gb-Rental
L91	RP-CISBO-EAS-10Gb-Rent	Retail CISBO Ethernet Assured 10Gb-Rental
L91	RP-CISBO-EAS-100Gb-Rent	Retail CISBO Ethernet Assured 100Gb-Rental
L91	RP-CISBO-Etherline-0-10Mb-Rent	Retail CISBO Etherline 0-10Mbs-Rental
L91	RP-CISBO-Etherline-10-100Mb-Rent	Retail CISBO Etherline 10-100Mbs-Rental
L91	RP-CISBO-Etherline-0.1-1Gb-Rent	Retail CISBO Etherline 0.1-1Gbs-Rental
L91	RP-CISBO-Etherline-1-10Gbs-Rent	Retail CISBO Etherline 1-10Gbs-Rental
L91	RP-CISBO-Etherline-10Mb-Rent	Retail CISBO Etherline 10Mbs-Rental
L91	RP-CISBO-Etherline-100Mb-Rent	Retail CISBO Etherline 100Mbs-Rental
L91	RP-CISBO-Etherline-1Gb-Rent	Retail CISBO Etherline 1Gb-Rental
L91	RP-CISBO-Etherline-10Gb-Rent	Retail CISBO Etherline 10Gb-Rental

Layer	Symbol	Name
L91	RP-CISBO-Etherline-100Gb-Rent	Retail CISBO Etherline 100Gb-Rental
L91	RP-CISBO-Other	Retail CISBO-Other
L91	RP-CISBO-Etherline-I 0-10Mb-Rent	Retail CISBO Etherline Internet 0-10Mbs-Retail
L91	RP-CISBO-Etherline-I-10-100Mb-Rent	Retail CISBO Etherline Internet 10-100Mbs-Rental
L91	RP-CISBO-Etherline-I-0.1-1Gb-Rent	RP-CISBO-Etherline-I-0.1-1Gb-Rental
L91	RP-CISBO-Etherline-I-1-10Gb-Rent	RP-CISBO-Etherline-I-1-10Gb-Rental
L91	RP-CISBO-Etherline-I 10Mb-Rent	Retail CISBO Etherline Internet 10Mbs-Retail
L91	RP-CISBO-Etherline-I 100Mb-Rent	Retail CISBO Etherline Internet 100Mbs-Retail
L91	RP-CISBO-Etherline-I 1Gb-Rent	Retail CISBO Etherline Internet 1Gb-Retail
L91	RP-CISBO-Etherline-I 10Gb-Rent	Retail CISBO Etherline Internet 10Gb-Retail
L91	RP-CISBO-Gigaline 0.1-1Gb-Rent	Retail CISBO Gigaline 0.1-1Gbs-Rental
L91	RP-CISBO-VPLS-0-10Mb-Rent	Retail CISBO VPLS-10Mbs-Rental
L91	RP-CISBO-VPLS-10-100Mb-Rent	Retail CISBO VPLS-100Mbs-Rental
L91	RP-CISBO-VPLS-0.1-1Gb-Rent	Retail CISBO VPLS-1Gbs-Rental
L91	RP-OTHER	Retail Other
L91	RP-Centrex-Conn	Retail Centrex-Connection
L91	RP-Centrex-Rent	Retail Centrex-Rental
L91	RP-Other OLA	Retail-Other OLA
L91	RP-CCTV-Rent	Retail CCTV-Rental
L91	EYE	EYE Area
L91	RP-EYE-Other	RP-EYE-Other
L91	RP-EYE Res Line-Conn	RP-EYE Res Line-Connection
L91	RP-EYE Res Line-Rent	RP-EYE Res Line-Rental
L91	RP-EYE ADSL-Conn	RP-EYE ADSL-Connection
L91	RP-EYE ADSL-Rent	RP-EYE ADSL-Rental
L91	WRP-EYE BS	WRP-EYE BS
L91	RP-EYE-FFE-Fibre Res-Conn	RP-EYE-FFE-Fibre Res-Connection
L91	RP-EYE-FFE-Fibre Res-Rent	RP-EYE-FFE-Fibre Res-Rental
L91	RP-EYE-FFE-Fibre Bus-Conn	RP-EYE-FFE-Fibre Bus-Connection
L91	RP-EYE-FFE-Fibre Bus-Rent	RP-EYE-FFE-Fibre Bus-Rental
L91	RP-EYE-FFE-Other	RP-EYE-FFE-Other
L91	WRP-FFE BS	WRP-FFE BS
L91	National	National
L91	WRP-OOS BS	WRP-OOS BS
L91	WRP-OOS IS	WRP-OOS IS
L91	Other	Other
L91	RECN-FAR	RECN-FAR
L91	RECN-AUC	RECN-AUC
L91	RECN	Reconciling Accounts
L91	RECN-BS	RECN-BS
L91	RECN-BS Corp Tax	RECN-BS Corp Tax
L91	RECN-BS Dividends	RECN-BS Dividends
L91	RECN-BS Def Tax	RECN-BS Def Tax
L91	RECN-BS Loans STP	RECN-BS Loans STP
L91	RECN-BS Loans LTP	RECN-BS Loans LTP
L91	RECN-BS Goodwill	RECN-BS Goodwill
L91	RECN-BS Min Int	RECN-BS Min Int
L91	RECN-BS Inv Hedg	RECN-BS Inv Hedg
L91	RECN-BS ST Provn Excl	RECN-BS ST Provn Excl

Layer	Symbol	Name
L91	RECN-BS LT Provn Excl	RECN-BS LT Provn Excl
L91	RECN-Retirement benefit asset	RECN-Retirement benefit asset
L91	RECN-Retirement benefit obligation	RECN-Retirement benefit obligation
L91	RECN-BS SC & RES	RECN-BS SC & RES
L91	RECN-BS Intercompany Loans	RECN-BS Intercompany Loans
L91	RECN-BS Loans from related parties	RECN-BS Loans from related parties
L91	RECN-BS Bank Loans	RECN-BS Bank Loans
L91	RECN-IS	RECN-IS
L91	RECN-IS OOI	RECN-IS OOI
L91	RECN-IS Goodwill	RECN-IS Goodwill
L91	RECN-IS Gp Share Profits	RECN-IS Gp Share Profits
L91	RECN-IS FA Sales	RECN-IS FA Sales
L91	RECN-IS Group Disps	RECN-IS Group Disps
L91	RECN-IS Inv Woffs	RECN-IS Inv Woffs
L91	RECN-IS Prof Disp Prop FA Pre Exc	RECN-IS Prof Disp Prop FA Pre Exc
L91	RECN-IS Prof Disp Prop FA	RECN-IS Prof Disp Prop FA
L91	RECN-IS ST Int	RECN-IS ST Int
L91	RECN-IS LT Int	RECN-IS LT Int
L91	RECN-IS CAR	RECN-IS CAR
L91	RECN-IS Taxation	RECN-IS Taxation
L91	RECN-IS Dividends	RECN-IS Dividends
L91	RECN-Share in profit of associate	RECN-Share in profit of associate
L91	RECN-Remeasurements of retirement benefit obligations	RECN-Remeasurements of retirement benefit obligations

## Annex 5 Routing Factors

### AM\_701 Access Routing Factors

Category	NP-Lines-Res-Conn	NP-Lines-Res-Rent	NP-Lines-Bus-Conn	NP-Lines-Bus-Rent	NP-ISDN2-Res-Conn	NP-ISDN2-Res-Rent	NP-ISDN2-Bus-Conn	NP-ISDN2-Bus-Rent	NP-ISDN30-Bus-Conn	NP-ISDN30-Bus-Rent	NP-DSL-Conn	NP-DSL-Rent	NP-LA-Fibre-Res-Conn	NP-LA-Fibre-Res-Rent	NP-LA-Fibre-Bus-Conn	NP-LA-Fibre-Bus-Rent	NP-FiberBB-IPLine-Conn	NP-FiberBB-IPLine-Rental	NP-TISBO-Conn	NP-TISBO-0-1Mbs-Rent	NP-TISBO-1-8Mbs-Rent	NP-CISBO-Conn	NP-CISBO-0-10Mb-Rent	NP-CISBO-10-100Mb-Rent	NP-CISBO-0.1-1Gb-Rent	NP-CISBO-1-10Gb-Rent	NP-CISBO-10Mb-Rent	NP-CISBO-100Mb-Rent	NP-CISBO-1Gb-Rent	NP-CISBO-10Gb-Rent	NP-CISBO-100Gb-Rent
NC-Access Copper		1																													
NC-Access Fibre LL																															
NC-Access Fibre NGA Spine																															
NC-Access Fibre NGA Dist																															
NC-Access Fibre NGA Drop																															
NC-Access Fibre NGA Equip																															
NC-CISBO CPE Equip																															
NC-TISBO Exch Equip																															
NC-TISBO CPE Equip																															
NC-TISBO Exch Equip																															
NC-TISBO CPE Equip																															
NC-PSTN CPE/NTP																															
NC-ISDN2 CPE/NTP																															
NC-ISDN 30 CPE/NTP																															
NC-NGA CPE Cons																															
NC-NGA CPE Bus																															
NC-DSLAM																															
NC-Exch - Lines																															
NC-NGA Exch Equip																															
NC-NGA Systems																															





## AM-801 Routing Factors

	WP-LA-Fibre-Res-Conn	WP-LA-Fibre-Res-Rent	WP-LA-Fibre-Bus-Conn	WP-LA-Fibre-Bus-Rent	WP-LA-Fibre-Other	WP-LA-Fibre-CableConn	WP-BA-ADSL-Conn-RM	WP-BA-ADSL-Rent-RM	WP-BA-Fiber-Bus-Conn-RM	WP-BA-Fiber-Bus-Rent-RM	WP-BA-Fiber-Cons-Conn-RM	WP-BA-Fiber-Cons-Rent-RM	WP-BA-Fibre-Conn	WP-BA-Fibre-Rent	WP-BA-Fiber-iPLine-Conn	WP-BA-Fiber-iPLine-Rental	WP-BA-Paths	WP-BA-BSIL	WP-TISBO-<8Mbs-Conn	WR-TISBO->8Mbs-Conn	WP-TISBO-0-1Mb-Rent	WP-TISBO-1-8Mbs-Rent	
NP-LA-Fibre-Res-Conn	1																						
NP-LA-Fibre-Res-Rent		1																					
NP-LA-Fibre-Bus-Conn			1						1														
NP-LA-Fibre-Bus-Rent				1						1													
NP-LA-Fibre-Other					1																		
NP-LA-Fibre-CableConn						1																	
NP-Lines-Res-Conn																							
NP-Lines-Res-Rent																							
NP-Lines-Bus-Conn																							
NP-Lines-Bus-Rent																							
NP-ISDN2-Res-Conn																							
NP-ISDN2-Res-Rent																							
NP-ISDN2-Bus-Conn																							
NP-ISDN2-Bus-Rent																							
NP-ISDN30-Bus-Conn																							
NP-ISDN30-Bus-Rent																							
NP-CO-Local																							
NP-CO-All																							
NP-Call Termination																							
NP-DSL-Conn							1																
NP-DSL-Rent								1															
NP-FiberBB-iPLine-Conn															1								
NP-FiberBB-iPLine-Rental																1							
NP-FibreBB-Paths																	1						
NP-FibreBB-BSIL																		1					
NP-TISBO-Conn																				1	1		
NP-TISBO-0-1Mbs-Rent																					1		
NP-TISBO-1-8Mbs-Rent																						1	
NP-CISBO-Conn																							
NP-CISBO-0-10Mb-Rent																							
NP-CISBO-10-100Mb-Rent																							
NP-CISBO-0.1-1Gb-Rent																							
NP-CISBO-1-10Gb-Rent																							
NP-CISBO-10Mb-Rent																							
NP-CISBO-100Mb-Rent																							
NP-CISBO-1Gb-Rent																							
NP-CISBO-10Gb-Rent																							
NP-CISBO-100Gb-Rent																							
NP-CISBO-Other																							
NP-Bandwidth external									3.2	118	62												

	WP-CISBO-Conn															
	WP-CISBO-ECAS-0-10Mb-Rent															
	WP-CISBO-ECAS-10-100Mb-Rent															
	WP-CISBO-ECAS-0.1-1Gb-Rent															
	WP-CISBO-ECAS-1-10Gb-Rent															
	WP-CISBO-ECAS-10Mb-Rent															
	WP-CISBO-ECAS-100Mb-Rent															
	WP-CISBO-ECAS-1Gb-Rent															
	WP-CISBO-ECAS-10Gb-Rent															
	WP-CISBO-ECAS-100Gb-Rent															
	WP-CISBO-EDAS-0-10Mb-Rent															
	WP-CISBO-EDAS-10-100Mb-Rent															
	WP-CISBO-EDAS-0.1-1Gb-Rent															
	WP-CISBO-EDAS-1-10Gb-Rent															
	WP-CISBO-EDAS-10Mb-Rent															
	WP-CISBO-EDAS-100Mb-Rent															
	WP-CISBO-EDAS-1Gb-Rent															
	WP-CISBO-EDAS-10Gb-Rent															
	WP-CISBO-EDAS-100Gb-Rent															
	WR-CISBO-Etherline-10Mb-Rent															
	WR-CISBO-Etherline-100Mb-Rent															
	WR-CISBO-Etherline-10Gb-Rent															
	WR-CISBO-Etherline-100Gb-Rent															
	WR-CISBO-Etherline-10Mb-Rent (Internet Portion)															
	WR-CISBO-Etherline-100Mb-Rent (Internet Portion)															
	WR-CISBO-Etherline-1Gb-Rent (Internet Portion)															
	WR-CISBO-Etherline-10Gb-Rent (Internet Portion)															
NP-LA-Fibre-Res-Conn																
NP-LA-Fibre-Res-Rent																
NP-LA-Fibre-Bus-Conn																
NP-LA-Fibre-Bus-Rent																
NP-LA-Fibre-Other																
NP-LA-Fibre-CableConn																
NP-Lines-Res-Conn																
NP-Lines-Res-Rent																
NP-Lines-Bus-Conn																
NP-Lines-Bus-Rent																
NP-ISDN2-Res-Conn																
NP-ISDN2-Res-Rent																
NP-ISDN2-Bus-Conn																
NP-ISDN2-Bus-Rent																
NP-ISDN30-Bus-Conn																
NP-ISDN30-Bus-Rent																
NP-CO-Local																
NP-CO-All																
NP-Call Termination																
NP-DSL-Conn																
NP-DSL-Rent																
NP-FiberBB-IPLine-Conn																
NP-FiberBB-IPLine-Rental																
NP-FibreBB-Paths																
NP-FibreBB-BSIL																
NP-TISBO-Conn																
NP-TISBO-0-1Mbs-Rent																
NP-TISBO-1-8Mbs-Rent																
NP-CISBO-Conn	1															
NP-CISBO-0-10Mb-Rent		1														
NP-CISBO-10-100Mb-Rent			1													
NP-CISBO-0.1-1Gb-Rent				1												
NP-CISBO-1-10Gb-Rent					1											
NP-CISBO-10Mb-Rent						1										
NP-CISBO-100Mb-Rent							1									
NP-CISBO-1Gb-Rent								1								
NP-CISBO-10Gb-Rent									1							
NP-CISBO-100Gb-Rent										1						
NP-CISBO-Other											1					
NP-Bandwidth external													315.36	3153.6	31536	315360

	WP-Lines-Res-Conn	WP-Lines-Res-Rent	WP-Lines-Bus-Conn	WP-Lines-Bus-Rent	WP-Lines-CONNECT-Conn	WP-Lines-CONNECT-Rent	WP-Lines-RESELLER-Conn	WP-Lines-RESELLER-Rent	WR-Centrex-Conn	WR-Centrex-Rent	WP-ISDN30-Bus-Conn	WP-ISDN30-Bus-Rent	WP-ISDN2-Res-Conn	WP-ISDN2-Res-Rent	WP-ISDN2-Bus-Conn	WP-ISDN2-Bus-Rent	WP-CO-Loc	WP-CO-All	WR-CT	RP-EYE-FFE-Fibre-Res-Rent	RP-EYE-FFE-Fibre-Bus-Rent	
NP-LA-Fibre-Res-Conn																						
NP-LA-Fibre-Res-Rent																						
NP-LA-Fibre-Bus-Conn																						
NP-LA-Fibre-Bus-Rent																						
NP-LA-Fibre-Other																						
NP-LA-Fibre-CableConn																						
NP-Lines-Res-Conn	1																					
NP-Lines-Res-Rent		1																				
NP-Lines-Bus-Conn			1		1		1		1													
NP-Lines-Bus-Rent				1		1		1		1												
NP-ISDN2-Res-Conn																						
NP-ISDN2-Res-Rent																						
NP-ISDN2-Bus-Conn																						
NP-ISDN2-Bus-Rent																						
NP-ISDN30-Bus-Conn																						
NP-ISDN30-Bus-Rent																						
NP-CO-Local																						
NP-CO-All																						
NP-Call Termination																						
NP-DSL-Conn																						
NP-DSL-Rent																						
NP-FiberBB-IPLine-Conn																						
NP-FiberBB-IPLine-Rental																						
NP-FibreBB-Paths																						
NP-FibreBB-BSIL																						
NP-TISBO-Conn																						
NP-TISBO-0-1Mbs-Rent																						
NP-TISBO-1-8Mbs-Rent																						
NP-CISBO-Conn																						
NP-CISBO-0-10Mb-Rent																						
NP-CISBO-10-100Mb-Rent																						
NP-CISBO-0.1-1Gb-Rent																						
NP-CISBO-1-10Gb-Rent																						
NP-CISBO-10Mb-Rent																						
NP-CISBO-100Mb-Rent																						
NP-CISBO-1Gb-Rent																						
NP-CISBO-10Gb-Rent																						
NP-CISBO-100Gb-Rent																						
NP-CISBO-Other																						
NP-Bandwidth external																						

## Annex 6 Cost Centres

### Cost centres from October 2019

New Cost Centres					
Co Code	Segment	Sector	Segment	Cost Centre	Cost Centre Name
1001					
	Consumer & Regional Business				
			S021	210001	Product & Propositions - C&RB
			S021	210002	Marketing - C&RB
			S021	210003	Sales - C&RB
			S021	210004	Customer Experience - C&RB
			S021	210005	Delivery & Programmes - C&RB
			S021	210007	C&RB Central
			S029	210008	Recharges - C&RB
	Business				
			S001	210101	Major Accounts
			S001	210102	Key Accounts
			S001	210103	Channel
			S001	210104	Wholesale
		Business Delivery	S001	210105	Professional Services
			S001	210106	Project Management
			S001	210107	Transactional Delivery
			S001	210108	Delivery Support
			S001	210109	Customer Services
		Customer Solutions	S001	210110	Product & Propositions - Business
			S001	210111	Solution Design, Design Desk, Pre-sales
			S001	210112	Bid Management
			S001	210113	Sales Specialists
			S001	210114	Partner Management & Pricing
			S001	210115	Marketing - Business
			S001	210116	National Consumers & SOHO
			S001	210117	Business Central
			S009	210118	Recharges - Business
			S001	210119	NB Core Platform and Infrastructure
			S001	210120	NB Customer Service Operations
			S001	210121	NB Engineering Delivery
			S001	210122	NB Technology Central
			S001	210123	NB Estates
			S001	210124	NB Finance
			S001	210125	NB Legal/HR/Cyber
			S001	210126	NB Digital
	Technology				
			S099	210201	Technology Strategy
			S099	210202	Core Platform and Infrastructure
			S099	210203	Systems
			S099	210204	Customer Service Operations
			S099	210205	Cyber & Information Security
			S099	210206	Engineering Delivery
			S099	210207	FFE
			S099	210208	Networks Central
			S099	210209	Wholesale
			S099	210210	Direct Costs - Wholesale
			S099	201322	BT Cost Collection
	Central				
			S099	201411	Estates
			S099	201412	Finance
			S099	201414	HR
			S099	201416	Legal & Risk
			S099	201417	Exec
			S099	201419	Procurement
			S099	201420	Margin Assurance
			S099	201421	Regulatory
			S099	201422	Business Development
1005					
	SMB				
		SMB Hull			
			S031	205002	Contact Centres
1009					
	1009				
			S099	209401	Default 1009

## Cost centres prior to October 2019

Original Cost Centres					
Co Code	Segment	Sector	Segment	Cost Centre	Cost Centre Name
1001					
	HEY				
		SMB Hull			
			S031	201002	SMB Hull Sales
			S031	201004	SMB Hull Solutions
			S031	201005	Safe At Home
			S031	201006	Directories
		Consumer			
			S021	201012	Customer and Technical Services
			S021	201016	Consumer Sales & Engagement
		SMBCW Shared			
			S033	201011	Customer Insight
			S033	201022	SMB/Con/Wsale Central Management
			S033	201017	Customer Improvement
		HEY Recharges			
			S029	201019	HEY Recharges - Consumer
			S029	201009	HEY Recharges - SMB
	NNS				
		SMB National			
			S032	201041	SMB National Sales
		Partners			
			S012	201031	Partners
		NNS			
			S034	201045	NNS
		NNS Recharges			
			S039	201049	NNS Recharges
	Enterprise				
		Enterprise			
			S001	201102	Sales - Principals
			S002	201112	Sales - Central Government
		Enterprise Shared			
			S003	201121	Enterprise Central Practices
			S003	201124	Sales - Bid Support
			S003	201125	Sales - Client Principals
			S003	201126	Sales - Ops & Strategy
			S003	201202	Pre-Sales
		Enterprise Recharges			
			S009	201299	Enterprise Recharges

	Shared Services				
		Pool			
			S099	201501	Pool - Architecture
			S099	201502	Pool - Programme Manager & Project Co-ordinator
			S099	201503	Pool - Customer Service and Support
			S099	201504	Pool - Design & Development
		TSO			
			S099	201301	Contract Delivery
			S099	201303	Transformation Delivery
			S099	201305	Platform Operations
			S099	201307	Field Operations
			S099	201309	Service Operations
			S099	201310	CSOC
			S099	201314	Client Services
			S099	201315	CSO Operations North
			S099	201316	TSO Central Management
			S099	201318	CSO Operations South
			S099	201319	Engineering Operations
			S099	201320	Product & Propositions
			S099	201321	Innovation & Development
			S099	201322	BT - Cost Collection
			S099	201323	TSO Recharges
			S099	201201	Sales - Support Desk
		Corporate Centre			
			S099	201401	IT CIO
			S099	201403	IT Infrastructure
			S099	201404	IT Saas
			S099	201405	IT BED
			S099	201406	IT CXS
			S099	201407	IT BSS
			S099	201408	IT AIR
			S099	201409	IT QA
			S099	201410	IT Operations
			S099	201411	Estates
			S099	201412	Finance
			S099	201414	HR
			S099	201415	Risk
			S099	201416	Legal
			S099	201417	Corporate Executive
			S099	201418	Marketing
			S099	201505	Pool - Resource Scheduling
			S099	201205	Governance
1005					
	SMB				
		SMB Hull			
			S031	205002	Contact Centres
1009					
	1009				
			S099	209401	Default 1009