



SMP REGULATED ACCOUNTS

FOR YEAR ENDED 31 DECEMBER 2016

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REGULATORY FINANCIAL STATEMENTS

*(Submitted 29 March 2019)*

Gibtelecom Limited  
15/21 John Mackintosh Square  
Gibraltar

## Gibtelecom SMP Regulated Accounts

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**Accounting Separation Report****Introduction**

This is Gibtelecom's twelfth Accounting Separation Report (ASR) prepared since 2001 and covers the financial period 1 January 2016 to 31 December 2016.

Gibtelecom has been designated by the Gibraltar Regulatory Authority (GRA) as having Significant Market Power (SMP) in the wholesale mobile, wholesale fixed and retail fixed markets. Gibtelecom is required to prepare and maintain accounting records to provide information to reflect as closely as possible the performance of these different activities within the business. The GRA has renewed the requirement for audited separated accounts to be provided on an annual basis from 2013, having only required them on a three yearly basis in the period immediately before.

In November 2016, the GRA released Decision Notice C05/16 on 'Accounting Separation, Cost Accounting Systems, Cost Orientation and Retail Price Notification'. This Decision Notice consolidated documents 13/14, 01/11 and 07/08 as well as a response to consultation C04/16 and provides the high-level principles to be applied to accounting separation, the methodology to be used for cost orientation, and the implementation of cost accounting systems. Gibtelecom has used these principles as the basis for the production of its separated accounts.

Gibtelecom's ninth ASR, for the financial period ending 31 December 2013 was submitted to the GRA at the beginning of 2015 following additional regulatory reporting requirements. The GRA issued their comments on these separated accounts by way of a Direction in September 2015. This Direction required audited separated accounts to be delivered for the financial year ending 31 December 2014 by mid-December 2015, and revised ones for 2013 resubmitted by mid-February 2016. The required revisions necessitated extensive amendments to the core ASR model which could only be carried out with the assistance of external expertise. The 2014 ASR submission was subsequently made ahead of schedule on 11 December 2015; with the revised one for 2013 re-submitted on 1 February 2016. Following a further review process by the Authority of these two resubmitted ASRs, Gibtelecom made further submissions of revised audited ASRs 2013 and 2014 on 28 October 2016.

The extensive review process ultimately culminated with the GRA issuing Direction C05/16 providing updated guidelines for Gibtelecom's ASR submissions<sup>1</sup>. The reviews of the 2013 and 2014 ASRs were finally closed by the GRA with a Note dated 11 November 2016 highlighting three remaining compliance issues, which had been agreed would be taken forward with the new ASR model that needed to be developed for the ASR 2015 and later submissions.

In summary, these issues were:

1. Exclusion of external sales from transfer charges (Item N° 3.2 and 3.32)
2. Adjustment of table titles in Service Cost Statements (Item N° 3.24)
3. Amendments to be made to Wholesale Service Statement for Leased Lines Market to show Leased Lines, which are sold externally, separate from Leased Lines, which are only provided internally (Item N° 3.18, 3.19, 3.20)

Following the development of a new ASR model<sup>2</sup> over many months to address the GRA's list of review points, Gibtelecom is making this submission of its twelfth to date regulatory accounting documents. This submission is titled "GIBTELECOM ASR 2016 FINANCIAL STATEMENTS". Two other documents; "GIBTELECOM ASR 2016 ACCOUNTING DOCUMENTS"; and "GIBTELECOM ASR 2016 ATTRIBUTION METHODOLOGY DOCUMENT" provide further supportive information on the work underpinning these financial statements. These statements have been prepared in line with the GRA's guidelines contained in their Direction C05/16.

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<sup>1</sup> These included reverting to the use of HCA methodology as from the 2013 ASRs

<sup>2</sup> Fully integrating mobile services



The obligation to report separated accounts for fixed origination has been dropped in October 2015. For reasons of continuity and consistency with separated financial statements submitted for 2015, Gibtelecom included separated accounts for fixed origination also for the year 2016.

Separated financial statements have been prepared for the following wholesale mobile and wholesale and retail fixed activities:

## Activities

Wholesale Core Network	Fixed origination
	Fixed termination
	Leased lines
	Remaining activities
	Total core network
Wholesale Access Network	Unbundled access
	Broadband access
	Remaining activities
	Total access network
Retail	Fixed access
	Fixed domestic calling
	Fixed international calling
	Remaining activities
	Total retail
Wholesale Mobile Network	Voice termination

As with the previous ASR submissions, the cost of Gibtelecom carrying Universal Service Obligations has not been factored into the interconnection charge.

The separated accounts are prepared in accordance with the accounting documents which set out the framework under which the statements are to be prepared.

1. **REGULATORY FINANCIAL STATEMENTS** – This document herein shows the separated accounts and includes new reporting statements required by the GRA through their Decision Notice C05/16. These include a Wholesale Service Statement; Network Statement of Costs; Service Cost Statement; and a Retail Price Compliance Statement. The Regulatory Financial Statements also show a Statement of Transfer Charges explaining how charges are raised and revenue recorded from Gibtelecom's various regulated businesses / activities, as well as a detailed routing factor matrix. For presentational purposes, the separated accounts shown herein may show minor rounding totalling differences.
2. **ACCOUNTING DOCUMENT** – This document explains the following: Regulatory accounting principles, which lay out the general rules by which the separated accounts should be prepared; accounting policies, which detail the accounting policies adopted in preparing the underlying financial information; description of the costing model; methods of revaluation; and a detailed description of the weighted average cost of capital (WACC) calculation.
3. **ATTRIBUTION METHODOLOGY DOCUMENT** – This document explains how revenue, costs, assets and liabilities are attributed to the network elements and activities. It also includes a description of each network element used for the regulated services and a description of the routing factors methodology, with a reference to the detailed routing factors matrix found in the Regulatory Financial Statements.

**Statement of responsibility**

The GRA has imposed SMP accounting separation obligations on Gibtelecom in the wholesale mobile voice termination and a number of relevant fixed wholesale and retail markets. These obligations require Gibtelecom to compile profit and loss accounts, and associated statements of capital employed (balance sheets) for these relevant markets. These are known as SMP Regulated Accounts and are contained with the following three separate documents.

1. **FINANCIAL STATEMENTS** – This document herein shows the separated accounts and includes a Wholesale Service Statement; Network Statement of Costs; Service Cost Statement; and a Retail Price Compliance Statement. The Regulatory Financial Statements also show a Statement of Transfer Charges explaining how charges are raised and revenue recorded from Gibtelecom's various regulated businesses / activities, as well as a detailed routing factor matrix.
2. **ACCOUNTING DOCUMENT** – This document explains the following: Regulatory accounting principles, which lay out the general rules by which the separated accounts should be prepared; accounting policies, which detail the accounting policies adopted in preparing the underlying financial information; description of the costing model; methods of revaluation; and a detailed description of the weighted average cost of capital (WACC) calculation.
3. **ATTRIBUTION METHODOLOGY DOCUMENT** – This document explain how revenue, costs including transfer charges, assets and liabilities are attributed to the network elements and activities. It also contains a description of each network element used for the regulated services and a description of the routing factors methodology, with a reference to the detailed routing factors matrix found in the Regulatory Financial Statements.

The SMP Regulated Accounts for the year ended 31 December 2016 comprise for each relevant market:

1. a profit and loss account; and
2. a statement of mean capital employed (balance sheet).

They also include:

3. a consolidation and reconciliation with the statutory accounts 2016;
4. descriptions of the costing methodologies used, including references to cost bases and standards, allocated and valuation methodologies, identification and treatment of indirect costs;
5. non-discrimination notes (transfer charges statement);
6. a routing factor matrix, as well as other related wholesale and retail service statements service statements, and
7. a description of accounting policies and regulatory accounting principles.

Gibtelecom confirms that the SMP Regulated Accounts for the year ended 31 December 2016 contained herein have been reconciled to the Gibtelecom audited statutory accounts and to the best of its knowledge and commitment have been prepared in accordance with the requirements of the relevant governing EU and Gibraltar communications legislation.



**Adrian Moreno**  
Board Director and Chief Operations Officer  
Date: 29 March 2019



**Dwayne Lara**  
Corporate & Regulatory Manager  
Date: 29 March 2019

## **INDEPENDENT AUDITOR'S REPORT To the Members of Gibtelecom Limited**

We have examined the Regulatory Financial Statements of Gibtelecom Limited ("the Company") for the year ended 31 December 2016 which have been prepared by the Company under historical cost accounting and under the Company's attribution methodologies which are included in the Accounting Documents and Attribution Methodologies published with the Regulatory Financial Statements, together the "SMP Regulated Accounts". These SMP Regulated Accounts include information in respect of economic markets in which the Company has SMP obligations as determined by the Gibraltar Regulatory Authority (the "GRA").

This report is made solely to the Company's members, as a body. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our work, for this report, or for the opinions we have formed.

The Regulatory Financial Statements are prepared by the Company in accordance with:

- the Communications Act 2006;
- Decision Notice C05/16 – Accounting Separation, Cost Accounting Systems, Cost Orientation and Retail Price Notification (Response to Consultation and Decision) issued on 2 November 2016 by the GRA;
- the Accounting Documents; and
- the Attribution Methodologies.

The Regulatory Financial Statements for the year ended 31 December 2016 include the following:

- Profit and loss statements for each of the services listed on page 5 of the Regulatory Financial Statements;
- Statements of mean capital employed for each of the services listed on page 5 of the Regulatory Financial Statements;
- Reconciliation with statutory accounts statement;
- Wholesale service statements for each of the services listed on page 5 of the Regulatory Financial Statements;
  - Network statement of costs;
  - Service cost statements;
  - Routing factor matrix;
  - Retail cost orientation statements; and
  - Statement of transfer charges.



## **Respective responsibilities of the Company and the auditor**

The Company is responsible for the preparation and approval of these Regulatory Financial Statements in accordance with the basis of preparation set out in the Accounting Documents and Attribution Methodologies published in the SMP Regulated Accounts. Our responsibilities, as independent auditors, are established by the GRA statements and guidance and our profession's ethical guidance.

Under Decision Notice C05/16 – Accounting Separation, Cost Accounting Systems, Cost Orientation and Retail Price Notification (Response to Consultation and Decision) issued on 2 November 2016 by the GRA, we are required to report to you our opinion as to whether anything has come to our attention to indicate that the Regulatory Financial Statements do not in all material respects:

- present fairly and properly the revenues, costs and mean capital employed by each of the businesses and activities disclosed in page 5 of the Regulatory Financial Statements in accordance with the Accounting Documents and Attribution Methodologies; and
- comply with any relevant regulation, notice or decision issued by the GRA with respect to Accounting Separation and Cost Accounting.

## **Basis of opinion**

The Company has prepared these Regulatory Financial Statements by disaggregating balances recorded in the general ledgers and other accounting records of the Company and its subsidiary maintained in accordance with the Companies Act 2014 and used, in accordance with that Act, for the preparation of the Company's statutory consolidated financial statements for the year ended 31 December 2016 ("the Statutory Financial Statements").

We have audited the Statutory Financial Statements on which we expressed an unqualified audit opinion. In performing the audit of the Statutory Financial Statements, such tests were carried out of transactions and balances recorded in general ledgers and other accounting records of the Company as considered necessary to enable us to express that opinion. The statutory audit work concluded upon signature of the audit opinion on the Statutory Financial Statements. In conducting our examination of the Regulatory Financial Statements, and in providing the opinion below, we have not performed any additional tests of the transactions and balances recorded in the general ledger and other accounting records beyond those already performed for the purpose of our audit of the Statutory Financial Statements.

Having regard to the above:

- we conducted our audit in accordance with International Standards on Auditing. Our work included examination on a test basis, of evidence relevant to the amounts and disclosures in these Regulatory Financial Statements. It also included an assessment of the significant estimates and judgements made by the Company in their preparation; and
- we planned and performed our examination of these Regulatory Financial Statements so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to provide our opinion.

## Opinion

In our opinion, nothing has come to our attention to indicate that the Regulatory Financial Statements at 31 December 2016 do not in all material respects:

- present fairly and properly the revenues, costs and mean capital employed by each of the businesses and activities disclosed in these Regulatory Financial Statements as at 31 December 2016; and
- comply with the Decision Notice C05/16 – Accounting Separation, Cost Accounting Systems, Cost Orientation and Retail Price Notification (Response to Consultation and Decision) issued on 2 November 2016 by the GRA.

A stylized, handwritten-style signature of the word "Deloitte" in black ink, enclosed within a thin, horizontal oval shape.

**Deloitte Limited**

**29 March 2019**





## **SMP Regulated Financial Statements for the Year Ended 31 December 2016**

## 1. Separated Accounts Schedules

1.1 The schedules for the various separated accounts are found below.

### 1.1.1 Wholesale Core Network Fixed Origination Profit and Loss

PROFIT AND LOSS ACCOUNT		
Fixed Origination	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	211	32
External charges	-	-
<b>Total turnover</b>	<b>211</b>	<b>32</b>
<b>Operating costs</b>		
Cost of sales	-	-
Staff	27	34
Operation & Maintenance	41	47
Property	56	69
G&A Expenses	9	14
Other Opex	-	-
Depreciation	9	12
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>142</b>	<b>178</b>
<b>Return</b>	<b>69</b>	<b>(146)</b>

1.1.2 Wholesale Core Network  
Fixed Origination Mean Capital Employed

STATEMENT OF MEAN CAPITAL EMPLOYED		
Fixed Origination	as at 31-Dec-16 £000s	as at 31-Dec-15 £000s
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	0	0
Buildings	509	534
Computers	1	1
Switching	11	11
Access Equipment	0	0
Furniture/Office equipment	0	0
Transmission	0	1
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>522</b>	<b>548</b>
<b>Current assets</b>		
Stock	-	-
Debtors	41	39
Other current assets	-	-
<b>Total current assets</b>	<b>41</b>	<b>39</b>
<b>Creditors</b>	<b>(11)</b>	<b>(11)</b>
<b>Provisions for liabilities and charges</b>	<b>1</b>	<b>(1)</b>
<b>Mean capital employed</b>	<b>554</b>	<b>575</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
Fixed Origination	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
Return	69	(146)
Mean capital employed	554	575
Return on mean capital employed	12.45%	-25.37%

1.1.3 Wholesale Core Network  
Fixed Termination Profit and Loss

PROFIT AND LOSS ACCOUNT		
Fixed Termination	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	3	11
External charges	1	0
<b>Total turnover</b>	<b>4</b>	<b>11</b>
<b>Operating costs</b>		
Cost of sales	-	-
Staff	15	14
Operation & Maintenance	22	19
Property	31	28
G&A Expenses	5	6
Other Opex	-	-
Depreciation	5	5
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>78</b>	<b>72</b>
<b>Return</b>	<b>(74)</b>	<b>(61)</b>



**1.1.4 Wholesale Core Network  
Fixed Termination Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Fixed Termination</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	0	0
Buildings	278	216
Computers	1	1
Switching	7	5
Access Equipment	0	0
Furniture/Office equipment	0	0
Transmission	0	0
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>286</b>	<b>222</b>
<b>Current assets</b>		
Stock	-	-
Debtors	22	16
Other current assets	-	-
<b>Total current assets</b>	<b>22</b>	<b>16</b>
<b>Creditors</b>	<b>(6)</b>	<b>(4)</b>
<b>Provisions for liabilities and charges</b>	<b>1</b>	<b>(1)</b>
<b>Mean capital employed</b>	<b>303</b>	<b>233</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Fixed Termination</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>(74)</b>	<b>(61)</b>
<b>Mean capital employed</b>	<b>303</b>	<b>233</b>
<b>Return on mean capital employed</b>	<b>-24.43%</b>	<b>-26.09%</b>

1.1.5 Wholesale Core Network  
Leased Lines Profit and Loss

PROFIT AND LOSS ACCOUNT		
Leased Lines	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	329	407
External charges	13	13
<b>Total turnover</b>	<b>342</b>	<b>419</b>
<b>Operating costs</b>		
Cost of sales	-	-
Staff	193	219
Operation & Maintenance	9	8
Property	13	17
G&A Expenses	42	38
Other Opex	-	-
Depreciation	48	67
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>305</b>	<b>348</b>
<b>Return</b>	<b>37</b>	<b>71</b>

**1.1.6 Wholesale Core Network  
Leased Lines Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Leased Lines</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	2	2
Buildings	184	237
Computers	6	8
Switching	21	28
Access Equipment	48	66
Furniture/Office equipment	1	2
Transmission	102	153
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>364</b>	<b>497</b>
<b>Current assets</b>		
Stock	-	-
Debtors	97	107
Other current assets	-	-
<b>Total current assets</b>	<b>97</b>	<b>107</b>
<b>Creditors</b>	<b>(56)</b>	<b>(61)</b>
<b>Provisions for liabilities and charges</b>	<b>7</b>	<b>(8)</b>
<b>Mean capital employed</b>	<b>412</b>	<b>535</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Leased Lines</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>37</b>	<b>71</b>
<b>Mean capital employed</b>	<b>412</b>	<b>535</b>
<b>Return on mean capital employed</b>	<b>9.03%</b>	<b>13.27%</b>

**1.1.7 Wholesale Core Network  
Remaining Activities Profit and Loss**

<b>PROFIT AND LOSS ACCOUNT</b>		
<b>Remaining Core</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Turnover</b>		
Internal charges	14,851	14,829
External charges	515	488
<b>Total turnover</b>	<b>15,366</b>	<b>15,317</b>
<b>Operating costs</b>		
Cost of sales	349	431
Staff	1,784	1,877
Operation & Maintenance	5,094	4,538
Property	623	701
G&A Expenses	365	486
Other Opex	-	-
Depreciation	3,533	3,700
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>11,748</b>	<b>11,734</b>
<b>Return</b>	<b>3,618</b>	<b>3,584</b>

**1.1.8 Wholesale Core Network  
Remaining Activities Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Remaining Core</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	46	41
Buildings	6,376	6,272
Computers	83	106
Switching	204	244
Access Equipment	2,978	3,160
Furniture/Office equipment	15	25
Transmission	14,461	15,816
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>24,163</b>	<b>25,663</b>
<b>Current assets</b>		
Stock	-	-
Debtors	5,607	4,912
Other current assets	-	-
<b>Total current assets</b>	<b>5,607</b>	<b>4,912</b>
<b>Creditors</b>	<b>(1,668)</b>	<b>(1,512)</b>
<b>Provisions for liabilities and charges</b>	<b>234</b>	<b>(180)</b>
<b>Mean capital employed</b>	<b>28,336</b>	<b>28,884</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Remaining Core</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>3,618</b>	<b>3,584</b>
<b>Mean capital employed</b>	<b>28,336</b>	<b>28,884</b>
<b>Return on mean capital employed</b>	<b>12.77%</b>	<b>12.41%</b>



1.1.9 Wholesale Core Network  
TOTAL Activities Profit and Loss

PROFIT AND LOSS ACCOUNT		
Core	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	15,393	15,279
External charges	529	501
<b>Total turnover</b>	<b>15,922</b>	<b>15,781</b>
<b>Operating costs</b>		
Cost of sales	349	431
Staff	2,019	2,144
Operation & Maintenance	5,166	4,613
Property	722	815
G&A Expenses	421	544
Other Opex	-	-
Depreciation	3,595	3,784
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>12,272</b>	<b>12,332</b>
<b>Return</b>	<b>3,650</b>	<b>3,448</b>

**1.1.10 Wholesale Core Network**  
**TOTAL Activities Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Core</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	48	44
Buildings	7,347	7,259
Computers	91	115
Switching	243	288
Access Equipment	3,026	3,226
Furniture/Office equipment	17	28
Transmission	14,564	15,970
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>25,336</b>	<b>26,929</b>
<b>Current assets</b>		
Stock	-	-
Debtors	5,767	5,075
Other current assets	-	-
<b>Total current assets</b>	<b>5,766</b>	<b>5,075</b>
<b>Creditors</b>	<b>(1,741)</b>	<b>(1,588)</b>
<b>Provisions for liabilities and charges</b>	<b>243</b>	<b>(189)</b>
<b>Mean capital employed</b>	<b>29,605</b>	<b>30,226</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Core</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>3,650</b>	<b>3,448</b>
<b>Mean capital employed</b>	<b>29,605</b>	<b>30,226</b>
<b>Return on mean capital employed</b>	<b>12.33%</b>	<b>11.41%</b>

1.1.11 Wholesale Access Network  
Unbundled Access Profit and Loss

PROFIT AND LOSS ACCOUNT		
Unbundled Access	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	2,026	1,939
External charges	-	-
<b>Total turnover</b>	<b>2,026</b>	<b>1,939</b>
<b>Operating costs</b>		
Cost of sales	-	-
Staff	1,087	1,027
Operation & Maintenance	54	40
Property	24	21
G&A Expenses	261	270
Other Opex	-	-
Depreciation	274	283
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>1,700</b>	<b>1,641</b>
<b>Return</b>	<b>326</b>	<b>298</b>

**1.1.12 Wholesale Access Network  
Unbundled Access Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Unbundled Access</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	44	34
Buildings	523	467
Computers	45	59
Switching	2	2
Access Equipment	1,958	1,838
Furniture/Office equipment	10	16
Transmission	-	-
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>2,582</b>	<b>2,416</b>
<b>Current assets</b>		
Stock	-	-
Debtors	230	157
Other current assets	-	-
<b>Total current assets</b>	<b>230</b>	<b>157</b>
<b>Creditors</b>	<b>(210)</b>	<b>(169)</b>
<b>Provisions for liabilities and charges</b>	<b>16</b>	<b>(11)</b>
<b>Mean capital employed</b>	<b>2,618</b>	<b>2,393</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Unbundled Access</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>326</b>	<b>298</b>
<b>Mean capital employed</b>	<b>2,618</b>	<b>2,393</b>
<b>Return on mean capital employed</b>	<b>12.45%</b>	<b>12.45%</b>

1.1.13 Wholesale Access Network  
Broadband Access Profit and Loss

PROFIT AND LOSS ACCOUNT		
Broadband Access	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	4,057	4,475
External charges	-	-
<b>Total turnover</b>	<b>4,057</b>	<b>4,475</b>
<b>Operating costs</b>		
Cost of sales	-	-
Staff	1,939	2,156
Operation & Maintenance	275	264
Property	49	54
G&A Expenses	437	539
Other Opex	-	-
Depreciation	960	1,024
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>3,660</b>	<b>4,038</b>
<b>Return</b>	<b>397</b>	<b>437</b>



**1.1.14 Wholesale Access Network  
Broadband Access Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Broadband Access</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	75	69
Buildings	1,041	1,095
Computers	79	119
Switching	-	-
Access Equipment	1,907	2,222
Furniture/Office equipment	17	33
Transmission	-	-
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>3,119</b>	<b>3,539</b>
<b>Current assets</b>		
Stock	-	-
Debtors	409	353
Other current assets	-	-
<b>Total current assets</b>	<b>409</b>	<b>353</b>
<b>Creditors</b>	<b>(368)</b>	<b>(357)</b>
<b>Provisions for liabilities and charges</b>	<b>29</b>	<b>(24)</b>
<b>Mean capital employed</b>	<b>3,189</b>	<b>3,511</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Broadband Access</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>397</b>	<b>437</b>
<b>Mean capital employed</b>	<b>3,189</b>	<b>3,511</b>
<b>Return on mean capital employed</b>	<b>12.45%</b>	<b>12.45%</b>

1.1.15 Wholesale Access Network  
Remaining Activities Profit and Loss

PROFIT AND LOSS ACCOUNT		
Remainder Access	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	427	479
External charges	-	-
<b>Total turnover</b>	<b>427</b>	<b>479</b>
<b>Operating costs</b>		
Cost of sales	-	-
Staff	142	142
Operation & Maintenance	39	30
Property	6	6
G&A Expenses	86	157
Other Opex	-	-
Depreciation	6	8
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>279</b>	<b>343</b>
<b>Return</b>	<b>148</b>	<b>136</b>

**1.1.16 Wholesale Access Network  
Remaining Activities Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Remainder Access</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	5	4
Buildings	147	144
Computers	5	6
Switching	-	-
Access Equipment	-	-
Furniture/Office equipment	1	2
Transmission	-	-
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>158</b>	<b>156</b>
<b>Current assets</b>		
Stock	1,015	927
Debtors	40	37
Other current assets	-	-
<b>Total current assets</b>	<b>1,055</b>	<b>964</b>
<b>Creditors</b>	<b>(28)</b>	<b>(25)</b>
<b>Provisions for liabilities and charges</b>	<b>2</b>	<b>(2)</b>
<b>Mean capital employed</b>	<b>1,187</b>	<b>1,092</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Remainder Access</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>148</b>	<b>136</b>
<b>Mean capital employed</b>	<b>1,187</b>	<b>1,092</b>
<b>Return on mean capital employed</b>	<b>12.45%</b>	<b>12.45%</b>

1.1.17 Wholesale Access Network  
TOTAL Activities Profit and Loss

PROFIT AND LOSS ACCOUNT		
Access	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	6,510	6,892
External charges	-	-
<b>Total turnover</b>	<b>6,510</b>	<b>6,892</b>
<b>Operating costs</b>		
Cost of sales	-	-
Staff	3,167	3,324
Operation & Maintenance	368	334
Property	78	81
G&A Expenses	784	966
Other Opex	-	-
Depreciation	1,242	1,315
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>5,639</b>	<b>6,021</b>
<b>Return</b>	<b>871</b>	<b>871</b>

**1.1.18 Wholesale Access Network  
TOTAL Activities Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Access</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	124	108
Buildings	1,712	1,706
Computers	129	183
Switching	2	2
Access Equipment	3,865	4,061
Furniture/Office equipment	28	52
Transmission	-	-
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>5,860</b>	<b>6,111</b>
<b>Current assets</b>		
Stock	1,015	927
Debtors	679	547
Other current assets	-	-
<b>Total current assets</b>	<b>1,694</b>	<b>1,474</b>
<b>Creditors</b>	<b>(606)</b>	<b>(551)</b>
<b>Provisions for liabilities and charges</b>	<b>47</b>	<b>(37)</b>
<b>Mean capital employed</b>	<b>6,995</b>	<b>6,996</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Access</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>871</b>	<b>871</b>
<b>Mean capital employed</b>	<b>6,995</b>	<b>6,996</b>
<b>Return on mean capital employed</b>	<b>12.45%</b>	<b>12.45%</b>

1.1.19 Wholesale Mobile Network  
Voice Termination Profit and Loss

PROFIT AND LOSS ACCOUNT		
Mobile Termination	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	62	102
External charges	2	1
<b>Total turnover</b>	<b>64</b>	<b>103</b>
<b>Operating costs</b>		
Cost of sales	-	-
Staff	2	5
Operation & Maintenance	1	1
Property	9	14
G&A Expenses	74	88
Other Opex	-	-
Depreciation	84	85
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>170</b>	<b>194</b>
<b>Return</b>	<b>(106)</b>	<b>(90)</b>

**1.1.20 Wholesale Mobile Network  
Voice Termination Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Mobile Termination</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	0	0
Buildings	81	135
Computers	0	0
Mobile Network Equipment	424	546
Access Equipment	-	-
Furniture/Office equipment	0	0
Transmission	2	4
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>507</b>	<b>685</b>
<b>Current assets</b>		
Stock	-	-
Debtors	13	49
Other current assets	-	-
<b>Total current assets</b>	<b>13</b>	<b>49</b>
<b>Creditors</b>	<b>(5)</b>	<b>(22)</b>
<b>Provisions for liabilities and charges</b>	<b>1</b>	<b>(3)</b>
<b>Mean capital employed</b>	<b>516</b>	<b>709</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Mobile Termination</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>(106)</b>	<b>(90)</b>
<b>Mean capital employed</b>	<b>516</b>	<b>709</b>
<b>Return on mean capital employed</b>	<b>-20.63%</b>	<b>-12.74%</b>

**1.1.21 Wholesale Mobile Network  
Remaining Activities Profit and Loss**

<b>PROFIT AND LOSS ACCOUNT</b>		
<b>Remainder Mobile</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Turnover</b>		
Internal charges	2,745	1,751
External charges	1,694	1,169
<b>Total turnover</b>	<b>4,439</b>	<b>2,920</b>
<b>Operating costs</b>		
Cost of sales	54	64
Staff	99	131
Operation & Maintenance	26	39
Property	137	121
G&A Expenses	979	671
Other Opex	-	-
Depreciation	1,129	653
Transfer charges from wholesale	-	-
<b>Total HCA operating costs</b>	<b>2,424</b>	<b>1,679</b>
<b>Return</b>	<b>2,015</b>	<b>1,241</b>



**1.1.22 Wholesale Mobile Network  
Remaining Activities Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Remainder Mobile</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	2	2
Buildings	1,107	1,062
Computers	12	21
Mobile Network Equipment	5,626	4,099
Access Equipment	-	-
Furniture/Office equipment	1	2
Transmission	29	29
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>6,777</b>	<b>5,215</b>
<b>Current assets</b>		
Stock	-	-
Debtors	405	637
Other current assets	-	-
<b>Total current assets</b>	<b>405</b>	<b>637</b>
<b>Creditors</b>	<b>(104)</b>	<b>(244)</b>
<b>Provisions for liabilities and charges</b>	<b>13</b>	<b>(30)</b>
<b>Mean capital employed</b>	<b>7,091</b>	<b>5,578</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Remainder Mobile</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>2,015</b>	<b>1,241</b>
<b>Mean capital employed</b>	<b>7,091</b>	<b>5,578</b>
<b>Return on mean capital employed</b>	<b>28.41%</b>	<b>22.24%</b>

1.1.23 Retail  
Fixed Access Profit and Loss

PROFIT AND LOSS ACCOUNT		
Retail Access	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	-	-
External charges	6,373	6,760
<b>Total turnover</b>	<b>6,373</b>	<b>6,760</b>
<b>Operating costs</b>		
Cost of sales	11	21
Staff	1,075	1,051
Operation & Maintenance	193	150
Property	142	159
G&A Expenses	475	426
Other Opex	-	-
Depreciation	147	160
Transfer charges from wholesale	6,510	6,892
<b>Total HCA operating costs</b>	<b>8,553</b>	<b>8,859</b>
<b>Return</b>	<b>(2,180)</b>	<b>(2,098)</b>

1.1.24 Retail  
Fixed Access Mean Capital Employed

STATEMENT OF MEAN CAPITAL EMPLOYED		
Retail Access	as at 31-Dec-16 £000s	as at 31-Dec-15 £000s
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	21	19
Buildings	409	425
Computers	217	298
Switching	-	-
Access Equipment	-	-
Furniture/Office equipment	11	16
Transmission	-	-
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>658</b>	<b>758</b>
<b>Current assets</b>		
Stock	-	-
Debtors	1,546	1,522
Other current assets	-	-
<b>Total current assets</b>	<b>1,546</b>	<b>1,522</b>
<b>Creditors</b>	<b>(2,860)</b>	<b>(2,923)</b>
<b>Provisions for liabilities and charges</b>	<b>35</b>	<b>(26)</b>
<b>Mean capital employed</b>	<b>(621)</b>	<b>(669)</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
Retail Access	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Return</b>	<b>(2,180)</b>	<b>(2,098)</b>
<b>Mean capital employed</b>	<b>(621)</b>	<b>(669)</b>
<b>Return on mean capital employed</b>	<b>N/A</b>	<b>N/A</b>

1.1.25 Retail  
Fixed Domestic Calling Profit and Loss

PROFIT AND LOSS ACCOUNT		
National Calling	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	-	-
External charges	1,527	1,750
<b>Total turnover</b>	<b>1,527</b>	<b>1,750</b>
<b>Operating costs</b>		
Cost of sales	3	5
Staff	163	179
Operation & Maintenance	74	67
Property	16	19
G&A Expenses	28	29
Other Opex	-	-
Depreciation	29	34
Transfer charges from wholesale	1,368	1,304
<b>Total HCA operating costs</b>	<b>1,681</b>	<b>1,637</b>
<b>Return</b>	<b>(154)</b>	<b>113</b>

**1.1.1.26 Retail  
Fixed Domestic Calling Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>National Calling</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	1	1
Buildings	60	69
Computers	48	73
Switching	-	-
Access Equipment	-	-
Furniture/Office equipment	2	3
Transmission	-	-
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>111</b>	<b>145</b>
<b>Current assets</b>		
Stock	-	-
Debtors	1,179	1,287
Other current assets	-	-
<b>Total current assets</b>	<b>1,179</b>	<b>1,287</b>
<b>Creditors</b>	<b>(206)</b>	<b>(449)</b>
<b>Provisions for liabilities and charges</b>	<b>5</b>	<b>(4)</b>
<b>Mean capital employed</b>	<b>1,089</b>	<b>979</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>National Calling</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>(154)</b>	<b>113</b>
<b>Mean capital employed</b>	<b>1,089</b>	<b>979</b>
<b>Return on mean capital employed</b>	<b>-14.08%</b>	<b>11.58%</b>

1.1.27 Retail  
Fixed International Calling Profit and Loss

PROFIT AND LOSS ACCOUNT		
Intl Calling	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	-	-
External charges	1,172	1,418
<b>Total turnover</b>	<b>1,172</b>	<b>1,418</b>
<b>Operating costs</b>		
Cost of sales	328	496
Staff	97	109
Operation & Maintenance	44	39
Property	11	13
G&A Expenses	(93)	13
Other Opex	-	-
Depreciation	21	25
Transfer charges from wholesale	170	203
<b>Total HCA operating costs</b>	<b>578</b>	<b>899</b>
<b>Return</b>	<b>594</b>	<b>519</b>



**1.1.1.28 Retail**  
**Fixed International Calling Mean Capital Employed**

<b>STATEMENT OF MEAN CAPITAL EMPLOYED</b>		
<b>Intl Calling</b>	<b>as at 31-Dec-16 £000s</b>	<b>as at 31-Dec-15 £000s</b>
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	1	1
Buildings	40	47
Computers	35	57
Switching	-	-
Access Equipment	-	-
Furniture/Office equipment	1	2
Transmission	-	-
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>77</b>	<b>106</b>
<b>Current assets</b>		
Stock	-	-
Debtors	1,094	1,178
Other current assets	-	-
<b>Total current assets</b>	<b>1,094</b>	<b>1,178</b>
<b>Creditors</b>	<b>(160)</b>	<b>(312)</b>
<b>Provisions for liabilities and charges</b>	<b>7</b>	<b>(10)</b>
<b>Mean capital employed</b>	<b>1,018</b>	<b>963</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
<b>Intl Calling</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Return</b>	<b>594</b>	<b>519</b>
<b>Mean capital employed</b>	<b>1,018</b>	<b>963</b>
<b>Return on mean capital employed</b>	<b>58.30%</b>	<b>53.94%</b>

1.1.29      **Retail**  
**Remaining Activities Profit and Loss**

<b>PROFIT AND LOSS ACCOUNT</b>		
<b>Remainder retail</b>	<b>12 months to 31-Dec-16 £000s</b>	<b>12 months to 31-Dec-15 £000s</b>
<b>Turnover</b>		
Internal charges	-	-
External charges	30,187	30,053
<b>Total turnover</b>	<b>30,187</b>	<b>30,053</b>
<b>Operating costs</b>		
Cost of sales	1,955	2,207
Staff	2,743	2,679
Operation & Maintenance	1,430	1,076
Property	606	686
G&A Expenses	456	410
Other Opex	-	-
Depreciation	584	599
Transfer charges from wholesale	16,662	15,625
<b>Total HCA operating costs</b>	<b>24,436</b>	<b>23,284</b>
<b>Return</b>	<b>5,751</b>	<b>6,770</b>

1.1.30 Retail  
Remaining Activities Mean Capital Employed

STATEMENT OF MEAN CAPITAL EMPLOYED		
Remainder retail	as at 31-Dec-16 £000s	as at 31-Dec-15 £000s
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	47	41
Buildings	4,237	4,183
Computers	898	1,183
Switching	-	-
Access Equipment	-	-
Furniture/Office equipment	25	35
Transmission	-	-
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>5,207</b>	<b>5,443</b>
<b>Current assets</b>		
Stock	-	-
Debtors	4,833	4,591
Other current assets	-	-
<b>Total current assets</b>	<b>4,833</b>	<b>4,591</b>
<b>Creditors</b>	<b>(1,706)</b>	<b>(2,317)</b>
<b>Provisions for liabilities and charges</b>	<b>122</b>	<b>(94)</b>
<b>Mean capital employed</b>	<b>8,456</b>	<b>7,623</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
Remainder retail	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
Return	5,751	6,770
Mean capital employed	8,456	7,623
<b>Return on mean capital employed</b>	<b>68.00%</b>	<b>88.80%</b>

1.1.31 Retail  
TOTAL Activities Profit and Loss

PROFIT AND LOSS ACCOUNT		
Retail	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Turnover</b>		
Internal charges	-	-
External charges	39,259	39,982
<b>Total turnover</b>	<b>39,259</b>	<b>39,982</b>
<b>Operating costs</b>		
Cost of sales	2,297	2,730
Staff	4,078	4,018
Operation & Maintenance	1,741	1,333
Property	776	877
G&A Expenses	866	878
Other Opex	-	-
Depreciation	780	818
Transfer charges from wholesale	24,710	24,024
<b>Total HCA operating costs</b>	<b>35,248</b>	<b>34,678</b>
<b>Return</b>	<b>4,011</b>	<b>5,304</b>

1.1.1.32 Retail  
TOTAL Activities Mean Capital Employed

STATEMENT OF MEAN CAPITAL EMPLOYED		
Retail	as at 31-Dec-16 £000s	as at 31-Dec-15 £000s
<b>Fixed assets</b>		
Tangible fixed assets		
Vehicles	70	61
Buildings	4,746	4,725
Computers	1,198	1,611
Switching	-	-
Access Equipment	-	-
Furniture/Office equipment	39	56
Transmission	-	-
Other assets	-	-
Investments	-	-
<b>Total fixed assets</b>	<b>6,053</b>	<b>6,453</b>
<b>Current assets</b>		
Stock	-	-
Debtors	8,653	8,578
Other current assets	-	-
<b>Total current assets</b>	<b>8,653</b>	<b>8,578</b>
<b>Creditors</b>	<b>(4,932)</b>	<b>(6,001)</b>
<b>Provisions for liabilities and charges</b>	<b>169</b>	<b>(134)</b>
<b>Mean capital employed</b>	<b>9,943</b>	<b>8,896</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>		
Retail	12 months to 31-Dec-16 £000s	12 months to 31-Dec-15 £000s
<b>Return</b>	<b>4,011</b>	<b>5,304</b>
<b>Mean capital employed</b>	<b>9,943</b>	<b>8,896</b>
<b>Return on mean capital employed</b>	<b>40.34%</b>	<b>59.62%</b>

## 2. Reconciliation with statutory accounts statement

### 2.1. Reconciliation Statement

	Turnover (£)	Cost (£)	Return (£)
<b>Wholesale Core Network</b>			
Fixed Origination	210,849	141,906	68,943
Fixed Termination	3,624	77,596	-73,972
Leased Lines	341,552	304,332	37,220
Remaining activities W/S Core	15,366,070	11,748,394	3,617,676
<b>Wholesale Access Network</b>			
Unbundled Access	2,026,035	1,700,034	326,001
Broadband Access	4,057,034	3,659,964	397,070
Remaining activities W/S Access	426,688	278,845	147,843
<b>Wholesale Mobile Network</b>	4,503,347	2,594,810	1,908,537
<b>Retail</b>			
Fixed Access	6,373,159	8,552,826	-2,179,666
Fixed Domestic calling	1,527,463	1,680,832	-153,370
Fixed International calling	1,171,656	577,851	593,804
Remaining activities	30,186,905	24,436,810	5,750,095
<i>Retail Mobile Network</i>	<i>10,885,027</i>	<i>7,217,719</i>	<i>3,667,308</i>
<i>Remaining Activities</i>	<i>19,301,878</i>	<i>17,219,091</i>	<i>2,082,787</i>
<b>Total</b>	<b>66,194,382</b>	<b>55,754,200</b>	<b>10,440,182</b>
Adjustments:			
Elimination of transfer charges	24,710,043	24,710,043	0
Dividends payable			6,000,000
Corporation Tax			1,371,862
Interest receivable			(11,154)
Interest payable			470,797
Other finance adjustments			0
Impairments			0
Finance cost			310,000
Loss (Gain) on disposal of assets			(21,580)
Statutory Accounts Audit adjustments <sup>(1)</sup>	-	147,662	(147,662)
<b>Total adjustments</b>	<b>24,710,043</b>	<b>24,857,705</b>	<b>7,972,263</b>
<b>As per statutory accounts</b>	<b>41,484,339</b>	<b>30,896,495</b>	<b>2,467,919</b>

Note 1: These amounts reflect audit adjustments that were made to the statutory accounts after the ASR 2016 was produced; submitted; and cleared by the GRA. They refer to adjustments related to pensions; restructuring; staff; and other finance costs.  
Note 2: It is possible that some values on this page do not cross-cast exactly, due to minor rounding differences



## 3. Wholesale Service Statements

### Access Network - Unbundled Network

#### Market Summary

	Revenue		Total Operating Costs £'000	Return £'000	Mean Capital Employed £'000	ROCE
	External £'000	Internal £'000				
Current year	-	2,026	1,700	326	2,618	12.45%
Prior year	-	1,939	1,641	298	2,393	12.45%

Service Current Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
Access loop	-	2,026	2,026	-	22,295	22,295	1,700	Lines	0.00	90.87	90.87	1.00
<b>Totals</b>	-	<b>2,026</b>										

Service Prior Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
Access loop	-	1,939	1,939	-	23,402	23,402	1,641	Lines	0.00	82.84	82.84	1.00
<b>Totals</b>	-	<b>1,939</b>										

## Access Network - Broadband Access

### Market Summary

	Revenue			Total Operating Costs £'000	Return £'000	Mean Capital Employed £'000	ROCE
	External £'000	Internal £'000	Total £'000				
Current year	-	4,057	4,057	3,660	397	3,189	12.45%
Prior year	-	4,475	4,475	4,038	437	3,511	12.45%

Service Current Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
DSL Lines	-	4,057	4,057	-	12,024	12,024	3,660	Lines	0.00	337.41	337.41	1.00
Totals	-	4,057										

Service Prior Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
DSL Lines	-	4,475	4,475	-	12,462	12,462	4,038	Lines	0.00	359.08	359.08	1.00
Totals	-	4,475										

## Core Network - Fixed origination

### Market Summary

	Revenue		Total Operating Costs £'000	Return £'000	Mean Capital Employed £'000	ROCE
	External £'000	Total £'000				
	Internal £'000	£'000				
Current year	-	211	142	69	554	12.45%
Prior year	-	32	178	-146	575	-25.37%

Service Current Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
National fixed call origination	-	211	211	-	5	5	142	Mbps	0.00	39466.55	39466.55	1.00
<b>Totals</b>	-	<b>211</b>	<b>211</b>	0	9,231,799	9,231,799		mins	0	0.02284	0.02284	

Service Prior Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
National fixed call origination	-	32	32	-	6	6	178	Mbps	0.00	5356.80	41253.64	0.13
<b>Totals</b>	-	<b>35</b>	-	0	11,357,608	11,357,608	178	mins	0	0.00310	0.01805	

## Core Network – Fixed termination

### Market Summary

	Revenue			Total Operating Costs £'000	Return £'000	Mean Capital Employed £'000	ROCE
	External £'000	Internal £'000	Total £'000				
Current year	1	3	4	78	-74	303	-24.43%
Prior year	0	11	11	72	-61	233	-26.09%

Service Current Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
National fixed call termination	1	3	4		1	2	3	Mbps	1240.70	1240.70	39456.55	0.03
Totals	1	3	4		954155	4,093,640	5,047,795	78	mins	0.000718	0.000718	0.022839

Service Prior Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
National fixed call termination	0	11	11		0	2	2	Mbps	4670.27	4670.27	41253.64	0.11
Totals	0	11	11	123719	4,110,332	4,234,051	72	mins	0.002703	0.002703	0.023938	

## Core Network - Leased lines

### Market Summary

	Revenue		Total Operating Costs £'000	Return £'000	Mean Capital Employed £'000	ROCE
	External £'000	Internal £'000				
Current year	13	329	342	37	412	9.03%
Prior year	13	407	419	71	535	13.27%

Service Current Year	Revenue			Volume			Total Operating Costs £'000	Unit	Weighted Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
Nat. Leased Lines <2 Mbps (WS)	-	137	137		7	7		Mbps	0.00	18920.25	18920.25	1.00
Nat. Leased Lines 2 Mbps (WS)	13	84	96		40	46		Mbps	2120.00	2120.00	2427.35	0.87
Nat. Leased Lines > 2 Mbps (WS)	-	109	109		1,346	1,346		Mbps	0.00	80.62	80.62	1.00
<b>Totals</b>	<b>13</b>	<b>329</b>	<b>342</b>	<b>6</b>	<b>1,393</b>	<b>1,399</b>	<b>304</b>					

3.9%

Service Prior Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
Nat. Leased Lines <2 Mbps (WS)		141	141		9	9		Mbps		15018.40	15018.40	1.00
Nat. Leased Lines 2 Mbps (WS)	13	104	117		49	55		Mbps	2120.00	2120.00	2038.93	1.04
Nat. Leased Lines > 2 Mbps (WS)		162	162		1,371	1,371		Mbps		117.94	117.94	1.00
<b>Totals</b>	<b>13</b>	<b>407</b>	<b>419</b>	<b>6</b>	<b>1,430</b>	<b>1,436</b>	<b>348</b>					



## Mobile voice termination

### Market Summary

	Revenue			Total Operating Costs £'000	Return £'000	Mean Capital Employed £'000	ROCE
	External £'000	Internal £'000	Total £'000				
Current year	2	62	64	171	-106	516	-20.63%
Prior year	1	102	103	194	-90	709	-12.74%

Service Current Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº						
Mobile voice termination	2	62	64	330,477	9,231,799	9,562,276	171	Min.	0.006721	0.006721	0.024562	0.273631
Totals	2	62										

Service Prior Year	Revenue			Volume			Total Operating Costs £'000	Unit	Average revenue per unit		Ceiling FAC per unit £	Average revenue per unit /FAC
	External £'000	Internal £'000	Total £'000	External Nº	Internal Nº	Total Nº			External £	Internal £		
Mobile voice termination	1	102	103	151,907	10,460,274	10,612,181	194	Min.	0.009749	0.009749	0.026588	0.366677
Totals	1	102										



#### 4. Network Statement of Costs

For the current year

Network component	HCA Operating Cost	HCA Depreciation	Other Adjust- ments	Total HCA Operating Costs	HCA Mean Capital Employed	Applicable Rate of Return	Capital Cost	Total of Operating & Capital Costs	Volume	Unit	Average Cost Per Unit
Access Loops	1,972,786	379,875	-	2,352,662	3,623,916	12.45%	451,178	2,803,839	22,561	Lines	124.28
Access Nodes	2,173,716	859,309	-	3,033,025	2,223,571	12.45%	276,835	3,309,860	12,024	Lines	275.27
Line Cards	1,624	398	-	2,022	2,839	12.45%	353	2,376	22,295	Lines	0.11
Leased line equipment	226,897	8,062	-	234,958	185,153	12.45%	23,052	258,010	58	Lines	4,487.13
National transmission equipment	45,246	435,185	-	480,431	1,532,180	12.45%	190,756	671,187	18,701	Mbps	35.89
National transmission infrastructure	206,617	37,756	-	244,373	912,248	12.45%	113,575	357,948	18,701	Mbps	19.14
National transmission ducts & cables	9,674	31,627	-	41,301	340,982	12.45%	42,452	83,754	18,701	Mbps	4.48
Remote Concentrators	377,439	34,626	-	412,065	2,814,914	12.45%	350,457	762,522	61	Mbps	12,503.08
Switching	743,206	45,946	-	789,152	2,289,774	12.45%	285,077	1,074,229	40	Mbps	26,903.97
Mobile	1,231,989	1,204,937	-	2,436,926	7,363,861	12.45%	916,801	3,353,727	136,539,573	min.	0.02456
<b>TOTAL</b>	<b>6,989,195</b>	<b>3,037,721</b>	<b>-</b>	<b>10,026,916</b>	<b>21,289,438</b>		<b>2,650,535</b>	<b>12,677,451</b>			

For the prior year

Network component	HCA Operating Cost	HCA Depreciation	Other Adjust- ments	Total HCA Operating Costs	HCA Mean Capital Employed	Applicable Rate of Return	Capital Cost	Total of Operating & Capital Costs	Volume	Unit	Average Cost Per Unit
Access Loops	1,870,976	390,564	-	2,261,540	3,298,452	12.45%	410,657	2,672,197	23,695	Lines	112.77
Access Nodes	2,521,263	921,724	-	3,442,988	2,643,975	12.45%	329,175	3,772,162	12,462	Lines	302.69
Line Cards	1,479	366	-	1,845	2,450	12.45%	305	2,150	23,402	Lines	0.09
Leased line equipment	241,018	10,157	-	251,175	223,230	12.45%	27,792	278,967	76	Lines	3,686.79
National transmission equipment	54,436	428,918	-	483,354	1,631,535	12.45%	203,126	686,480	13,255	Mbps	51.79
National transmission infrastructure	200,495	39,141	-	239,636	759,248	12.45%	94,526	334,162	13,255	Mbps	25.21
National transmission ducts & cables	10,003	29,832	-	39,835	292,565	12.45%	36,424	76,259	13,255	Mbps	5.75
Remote Concentrators	383,815	45,519	-	429,333	2,731,846	12.45%	340,115	769,448	64	Mbps	11,990.38
Switching	903,920	54,231	-	958,151	2,202,281	12.45%	274,184	1,232,335	42	Mbps	29,180.49
Mobile	922,962	726,060	-	1,649,022	6,034,169	12.45%	751,254	2,400,276	90,275,541	min.	0.02659
TOTAL	7,110,367	2,646,512	-	9,756,879	19,819,749	0.00%	2,467,559	12,224,437	-	-	-

## 5. Service Cost Statement

Service cost statement – usage of services by network components

For the current year

Average  Cost Per Unit  £			Routing Factors							Mobile	
			Unbundled Network	Broadband Access	Fixed Origination	Fixed Termination	Leased Lines <2Mbps	Leased Lines 2Mbps	Leased Lines		
Network component	Unit		Full access loop	DSL Line	National Fixed Origination	National Fixed Termination	Nat'l Leased Circuits <2Mbps	Nat'l Leased Circuits 2Mbps	Nat'l Leased Circuits >2Mbps	Mobile Voice Termination	
	Access Loops	Lines	124.28	0.7303	0.5000	-	-	7.9654	1.0000	0.0089	-
	Access Nodes	Lines	275.27	-	1.0000	-	-	-	-	-	-
	Line Cards	Lines	0.11	1.0000	-	-	-	-	-	-	-
	Leased line equipment	Lines	4,487.13	-	-	-	-	3.9827	0.5000	0.0045	-
	National transmission equipment	Mbps	35.89	-	-	1.0000	1.0000	1.0000	1.0000	1.0000	-
	National transmission infrastructure	Mbps	19.14	-	-	1.0000	1.0000	1.0000	1.0000	1.0000	-
	National transmsion ducts & cables	Mbps	4.48	-	-	1.0000	1.0000	1.0000	1.0000	1.0000	-
	Remote Concentrators	Mbps	12,503.08	-	-	1.0000	1.0000	-	-	-	-
	Switching	Mbps	26,903.97	-	-	1.0000	1.0000	-	-	-	-
	Mobile	min.	0.02456	-	-	-	-	-	-	-	1.0000

For the prior year

Network component		Unit	Average Cost Per Unit £	Routing Factors							Mobile
				Unbundled Network	Broadband Access	Fixed Origination	Fixed Termination	Leased Lines	Leased Lines	Leased Lines	
				Full access loop	DSL Line	National Fixed Origination	National Fixed Termination	Nat'l Leased Circuits <2Mbps	Nat'l Leased Circuits 2Mbps	Nat'l Leased Circuits >2Mbps	Mobile Voice Termination
Access Loops	Lines	112.77		0.7337	0.5000	-	-	7.6352	1.0000	0.0180	-
Access Nodes	Lines	302.69		-	1.0000	-	-	-	-	-	-
Line Cards	Lines	0.09		1.0000	-	-	-	-	-	-	-
Leased line equipment	Lines	3,686.79		-	-	-	-	3.8176	0.5000	0.0090	-
National transmission equipment	Mbps	51.79		-	-	1.0000	1.0000	1.0000	1.0000	1.0000	-
National transmission infrastructure	Mbps	25.21		-	-	1.0000	1.0000	1.0000	1.0000	1.0000	-
National transmission ducts & cables	Mbps	5.75		-	-	1.0000	1.0000	1.0000	1.0000	1.0000	-
Remote Concentrators	Mbps	11,990.38		-	-	1.0000	1.0000	-	-	-	-
Switching	Mbps	29,180.49		-	-	1.0000	1.0000	-	-	-	-
Mobile	min.	0.02659		-	-	-	-	-	-	-	1.0000

## Service cost statement – costing of services using routing factors

For the current year

Network component	Unit	Average Cost Per Unit £	Unbundled Access	Broadband Access	Fixed Origination	Fixed Termination	Leased Lines	Leased Lines	Leased Lines	Mobile
			Full access loop	DSL Line	National Fixed Origination	National Fixed Termination	Nat'l Leased Circuits <2Mbps	Nat'l Leased Leased 2Mbps	>2Mbps	Mobile Voice Termination
£/unit										
Access Loops	Lines	124.28	90.77	62.14	-	-	989.93	124.28	1.11	-
Access Nodes	Lines	275.27	-	275.27	-	-	-	-	-	-
Line Cards	Lines	0.11	0.11	-	-	-	-	-	-	-
Leased line equipment	Lines	4,487.13	-	-	-	-	17,870.81	2,243.56	20.00	-
National transmission equipment	Mbps	35.89	-	-	35.89	35.89	35.89	35.89	35.89	-
National transmission infrastructure	Mbps	19.14	-	-	19.14	19.14	19.14	19.14	19.14	-
National transmission ducts & cables	Mbps	4.48	-	-	4.48	4.48	4.48	4.48	4.48	-
Remote Concentrators	Mbps	12,503	-	-	12,503	12,503	-	-	-	-
Switching	Mbps	26,904	-	-	26,904	26,904	-	-	-	-
Mobile	min.	0.02456	-	-	-	-	-	-	-	0.02456
TOTAL FAC			90.87	337.41	39,467	39,467	18,920.25	2,427.35	80.62	0.02456

For the prior year

Network component	Unit	Average Cost Per Unit £	Unbundled Access	Broadband Access	Fixed Origination	Fixed Termination	Leased Lines Nat'l Leased Circuits <2Mbps	Leased Lines Nat'l Leased 2Mbps	Leased Lines Nat'l Leased >2Mbps	Mobile
			Full access loop	DSL Line	National Fixed Origination	National Fixed Termination	£/unit			Mobile Voice Termination
Access Loops	Lines	112.77	82.75	56.39	-	-	861.04	112.77	2.03	-
Access Nodes	Lines	302.69	-	302.69	-	-	-	-	-	-
Line Cards	Lines	0.09	0.09	-	-	-	-	-	-	-
Leased line equipment	Lines	3,686.79	-	-	-	-	14,074.61	1,843.40	33.16	-
National transmission equipment	Mbps	51.79	-	-	51.79	51.79	51.79	51.79	51.79	-
National transmission infrastructure	Mbps	25.21	-	-	25.21	25.21	25.21	25.21	25.21	-
National transmission ducts & cables	Mbps	5.75	-	-	5.75	5.75	5.75	5.75	5.75	-
Remote Concentrators	Mbps	11,990	-	-	11,990	11,990	-	-	-	-
Switching	Mbps	29,180	-	-	29,180	29,180	-	-	-	-
Mobile	min.	0.02659	-	-	-	-	-	-	-	0.02659
<b>TOTAL FAC</b>			82.84	359.08	41,254	41,254	15,018.40	2,038.93	117.94	0.02659



## 6. Routing Factor Matrix

For the current year

Network component	National fixed call origination	National fixed call termination	National fixed call delivery (on-net call)	Wholesale Access Loops	Wholesale DSL Loop	Upstream broadband	Gateway access	Nat. Leased Lines <2 Mbps (WS)	Nat. Leased Lines 2 Mbps (WS)	Nat. Leased Lines > 2 Mbps (WS)	Inter-national leased circuit	Mobile Voice Termination
Access loops	-	-	-	0.7303	0.5000	-	-	2.0000	2.0000	2.0000	-	-
Access Nodes	-	-	-	-	1.0000	-	-	-	-	-	-	-
Line Card	-	-	-	1.0000	-	-	-	-	-	-	-	-
CPE	-	-	-	-	-	-	-	-	-	-	-	-
Leased line equipment	-	-	-	-	-	-	-	-	-	-	-	-
National Transmission Equipment	1.0000	1.0000	2.0000	-	-	1.0000	-	1.0000	1.0000	1.0000	-	-
National Transmission Infrastructure	1.0000	1.0000	2.0000	-	-	1.0000	-	1.0000	1.0000	1.0000	-	-
National Transmission Ducts and Cables	1.0000	1.0000	2.0000	-	-	1.0000	-	1.0000	1.0000	1.0000	-	-
International Transmission Equipment	-	-	-	-	-	1.0000	-	-	-	-	1.0000	-
International Transmission Infrastructure	-	-	-	-	-	1.0000	-	-	-	-	1.0000	-
International Transmission Ducts and Cables	-	-	-	-	-	1.0000	-	-	-	-	1.0000	-
RCU	1.0000	1.0000	2.0000	-	-	-	-	-	-	-	-	-
Switching	1.0000	1.0000	1.0000	-	-	-	-	-	-	-	-	-
VAS platforms	-	-	-	-	-	-	1.0000	-	-	-	-	-
Core IP network equipment	-	-	-	-	-	-	1.0000	-	-	-	-	-
Mobile	-	-	-	-	-	-	-	-	-	-	-	1.0000



For the prior year

Network component	National fixed call origination	National fixed call termination	National fixed call delivery (on-net call)	Wholesale Access Loops	Wholesale DSL Loop	Upstream Broadband	Gateway access	Nat. Leased Lines <2 Mbps (WS)	Nat. Leased Lines 2 Mbps (WS)	Nat. Leased Lines > 2 Mbps (WS)	Inter-national leased circuit	Mobile Voice Termination
Access loops	-	-	-	0.7337	0.5000	-	-	2.0000	2.0000	2.0000	-	-
Access Nodes	-	-	-	-	1.0000	-	-	-	-	-	-	-
Line Card	-	-	-	1.0000	-	-	-	-	-	-	-	-
CPE	-	-	-	-	-	-	-	-	-	-	-	-
Leased line equipment	-	-	-	-	-	-	-	1.0000	1.0000	1.0000	-	-
National Transmission Equipment	1.0000	1.0000	2.0000	-	-	1.0000	-	1.0000	1.0000	1.0000	-	-
National Transmission Infrastructure	1.0000	1.0000	2.0000	-	-	1.0000	-	1.0000	1.0000	1.0000	-	-
National Transmission Ducts and Cables	1.0000	1.0000	2.0000	-	-	1.0000	-	1.0000	1.0000	1.0000	-	-
International Transmission Equipment	-	-	-	-	-	1.0000	-	-	-	-	1.0000	-
International Transmission Infrastructure	-	-	-	-	-	1.0000	-	-	-	-	1.0000	-
International Transmission Ducts and Cables	-	-	-	-	-	1.0000	-	-	-	-	1.0000	-
RCU	1.0000	1.0000	2.0000	-	-	-	-	-	-	-	-	-
Switching	1.0000	1.0000	1.0000	-	-	-	-	-	-	-	-	-
VAS platforms	-	-	-	-	-	-	1.0000	-	-	-	-	-
Core IP network equipment	-	-	-	-	-	-	1.0000	-	-	-	-	-
Mobile	-	-	-	-	-	-	-	-	-	-	-	1.0000

## 7. Retail Cost Orientation Statements

### Retail Fixed Access

For the current year

Retail Service	Revenue	Wholesale Charges	Retail Direct Costs	Retail Shared Costs	Retail Mark Up	Floor	Retail Common Costs	Ceiling	Volume Units	Unit Floor Costs	Unit Ceiling Costs	Retail Unit Charge
Line Rental	6,373,159	6,509,725	1,763,312	17,432	318,658	8,609,127	262,320	8,871,447	22,295	386.15	397.91	285.86

For the prior year

Retail Service	Revenue	Wholesale Charges	Retail Direct Costs	Retail Shared Costs	Retail Mark Up	Floor	Retail Common Costs	Ceiling	Volume Units	Unit Floor Costs	Unit Ceiling Costs	Retail Unit Charge
Line Rental	6,760,476	6,891,973	1,709,468	14,209	338,024	8,953,674	243,323	9,196,997	23,402	382.60	393.00	288.88

## Retail fixed domestic calling

For the current year

Retail Service	Revenue	Wholesale Charges	Retail Direct Costs	Retail Shared Costs	Retail Mark Up	Retail Floor	Retail Common Costs	Ceiling	Volume Units	Unit Floor Costs	Unit Ceiling Costs	Retail Unit Charge
Fixed to Mobile	892,367	272,896	147,715	1,177	44,618	466,406	14,013	480,419	9,231,799	0.05052	0.05204	0.09666
National calling	635,096	1,095,025	136,058	1,102	31,755	1,263,939	12,849	1,276,788	36,368,140	0.03475	0.03511	0.01746

For the prior year

Retail Service	Revenue	Wholesale Charges	Retail Direct Costs	Retail Shared Costs	Retail Mark Up	Retail Floor	Retail Common Costs	Ceiling	Volume Units	Unit Floor Costs	Unit Ceiling Costs	Retail Unit Charge
Fixed to Mobile	1,024,242	134,408	156,660	1,139	51,212	343,419	15,265	358,684	10,460,274	0.03283	0.03429	0.09792
National calling	725,785	1,169,190	144,648	1,057	36,289	1,351,195	14,314	1,365,508	37,886,428	0.03566	0.03604	0.01916

## Retail fixed international calling

For the current year

	Retail Service	Revenue	Wholesale Charges	Retail Direct Costs	Retail Shared Costs	Retail Mark Up	Floor	Retail Common Costs	Ceiling	Volume Units	Unit Floor Costs	Unit Ceiling Costs	Retail Unit Charge
International Direct Dialling		1,171,656	169,956	428,710	224	58,583	657,473	21,035	636,438	7,329,518	0.0897	0.0868	0.1599

For the prior year

	Retail Service	Revenue	Wholesale Charges	Retail Direct Costs	Retail Shared Costs	Retail Mark Up	Floor	Retail Common Costs	Ceiling	Volume Units	Unit Floor Costs	Unit Ceiling Costs	Retail Unit Charge
International Direct Dialling		1,418,399	203,042	677,523	1,348	70,920	952,832	17,168	970,000	8,334,545	0.1143	0.1164	0.1702

## 8. Statement of transfer charges

### Price Volume Data for Transfer Charge Matrix

Retail service	Wholesale service <sup>1</sup>	Cost-based Rate (£)	Regulated / External Rate (£)	Applied Rate (£)	Billing Unit	Service Volume	Total (£000)
<b>Fixed access retail</b>	<b>Access Network</b>						
	Unbundled Access	90.87		90.87	Lines	22,295	2,026
	Broadband Access	337.41		337.41	Lines	12,024	4,057
	Remainder Access	156.93		156.93	Lines	2,719	427
<b>Total</b>							<b>6,510</b>
<b>Fixed domestic calling retail</b>	<b>Core network</b>						
	Fixed Origination	0.0228	0.022839	0.022839	mins	9,231,799	211
	Mobile Termination	0.0246	0.006721	0.006721	mins	9,231,799	62
	Remainder Core	0.0301		0.030109	mins	36,368,140	1,095
<b>Total</b>							<b>1,368</b>
<b>Fixed International calling retail</b>	<b>Core network</b>						
	Remainder core	0.0232		0.0232	mins	7,329,518	170
<b>Total</b>							<b>170</b>
<b>Remaining fixed retail</b>	<b>Core network</b>						
	Fixed Termination	0.0228	0.000718	0.000718	mins	4,093,640	3
	Leased Lines < 2 Mbps	18,920.25		18,920.25	Mbps	7	137
	Leased Lines 2 Mbps	2,427.35	2,120.00	2,120.00	Mbps	40	84
	Leased Lines > 2 Mbps	80.62		80.62	Mbps	1,346	109
	Remainder Core						13,586
<b>Total</b>							<b>13,917</b>
<b>Mobile retail</b>	<b>Core Network</b>						
	Remaining activities mobile						2,745
<b>Total</b>							<b>2,745</b>

Note 1: "Remaining" services are composed of a basket of non-regulated services and only a total can be provided.  
Transfer Charges for all services in these categories are cost based applying regulated WACC.

## Transfer Charges Matrix

ORIGIN - DESTINATION	Fixed access retail	Fixed domestic calling retail	Fixed international calling retail	Remaining fixed retail	Unbundled Access	Broadband Access	Remainder access	Fixed Origination	Fixed Termination	Leased lines	Remainder core	Mobile retail	Mobile termination	Remaining activities mobile	Internal revenue received
Fixed access retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed domestic calling retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed international calling retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remaining fixed retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unbundled Access	2,026	-	-	-	-	-	-	-	-	-	-	-	-	-	2,026
Broadband Access	4,057	-	-	-	-	-	-	-	-	-	-	-	-	-	4,057
Remainder access	427	-	-	-	-	-	-	-	-	-	-	-	-	-	427
Fixed Origination	-	211	-	-	-	-	-	-	-	-	-	-	-	-	211
Fixed Termination	-	-	-	3	-	-	-	-	-	-	-	-	-	-	3
Leased lines	-	-	-	329	-	-	-	-	-	-	-	-	-	-	329
Remaindercore	-	1,095	170	13,586	-	-	-	-	-	-	-	-	-	-	14,851
Mobile retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mobile termination	-	62	-	-	-	-	-	-	-	-	-	-	-	-	62
Remaining activities mobile	-	-	-	-	-	-	-	-	-	-	-	2,745	-	-	2,745
<b>Internal cost charged</b>	<b>6,510</b>	<b>1,368</b>	<b>170</b>	<b>13,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,745</b>	<b>-</b>	<b>-</b>	<b>24,710</b>

End of Regulatory Financial Statements

