

Additional information provided by way of notes:

Reference	Additional Financial Information	Description	Purpose (AS, CA or Reconciliation)
AI - 1	Cost category (as used within regulatory LRIC model) analysis for network components, increments and relevant layers of common cost (LRIC basis)	<ul style="list-style-type: none"> • to ensure the LRIC model reconciles to BT group's total cost and asset & liability base • review the outputs of BT's LRIC model for the whole BT group by cost category and components, increments and layers of common costs • identify all relevant layers of common costs separately within BT group • enable trend analysis of this breakdown to be undertaken • enable assessment of cost-volume relationships • provide input into network price control reviews 	CA & R
AI - 2	Summarised activity analysis of components for network activities, increments and the relevant layers of common cost (LRIC basis)	<ul style="list-style-type: none"> • review the outputs of BT's LRIC model by activity analysis for network components, increments and the layers of common costs • identify all relevant layers of common costs separately for network activities • enable trend analysis of this breakdown to be undertaken • provide input into network price control reviews • ensure LRIC model reconciles to the total cost and asset & liability base for BT's network activities 	CA & R

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Reference	Additional Financial Information	Description	Purpose (AS, CA or Reconciliation)
AI - 3	Cost category (as used within regulatory LRIC model) analysis for network components and increments	<ul style="list-style-type: none"> • similar to AI-1 but on a fully allocated cost basis 	CA & R
AI - 4	Summarised activity analysis for network components and increments	<ul style="list-style-type: none"> • similar to AI-2 but on a fully allocated cost basis 	CA & R
AI - 5	Analysis by asset category and network activities, of the depreciation charge for the year and impact of CCA valuation adjustments on costs for the year: - e.g. <ul style="list-style-type: none"> • HCA depreciation • CCA supplementary depreciation • Holding gain • Other CCA adjustments 	<ul style="list-style-type: none"> • impact on profit and loss cost base of the application of CCA methodologies • enable trend analysis of this breakdown to be undertaken • provides sub-analysis (for the cost/gain line items left) of the asset movement statement in relation to network components • provide input into network price control reviews 	CA & R

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Reference	Additional Financial Information	Description	Purpose (AS, CA or Reconciliation)
AI - 6	CCA fixed asset movement statement a) gross replacement costs brought forward, additions/disposals/transfers, holdings gains/(loss), gross replacement costs carried forward and b) gross depreciation brought forward, HCA depreciation charge, supplementary CCA depreciation, disposals/transfers/other movements, holding gains/(loss), gross depreciation carried forward) by asset category for BT Group plus reconciliation to HCA fixed assets movement statement in the group statutory accounts	<ul style="list-style-type: none"> • review the breakdown of asset costs between principal asset categories and how such CCA asset values have moved in the year • enable trend analysis of CCA asset values to be undertaken • provide input into network price control reviews 	CA & R
AI - 7	Operator assistance combinatorial test (i.e. costs and revenues for 5 regions of the world) (LRIC basis)	<ul style="list-style-type: none"> • enable the testing of whether national, international and emergency operator assistance transfer charges cover the LRIC costs plus related common costs of providing these services 	CA
AI - 8	Total mean capital employed and detailed activity analysis for all network components	<ul style="list-style-type: none"> • review network component costs • enable trend analysis of these breakdowns to be undertaken • provide input into price control reviews • assist in dealing with investigations • ensure summarised activity analysis presented elsewhere reconciles to BT's network activities cost base 	CA

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Reference	Additional Financial Information	Description	Purpose (AS, CA or Reconciliation)
AI - 9	Analysis by type of product group and by type of OLO of costs, mean capital employed and transfer charges to disaggregated activities (and associated volumes) in relation to outpayments to other licensed operators (OLOs)	<ul style="list-style-type: none"> • review how outpayments are accounted for • review fast growing segment of wholesale call market • review the impact of outpayments on BT's network cost base, for example, for different call types • enable trend analysis of outpayment costs and volume breakdowns to be undertaken • assist in dealing with investigations 	CA & R
AI - 10	Detailed Network activity analysis of mean capital employed for all network components	<ul style="list-style-type: none"> • enable trend analysis of these breakdowns to be undertaken • ensure summarised activity analysis reconciles to BT's network activity mean capital employed 	CA & R
AI - 11	Gross call revenues, discounts & option fees by tariff option for each segment containing call revenues	<ul style="list-style-type: none"> • provide a reconciliation to revenues figures appearing in the CCA Financial Statements • review the impact of discount schemes on net telephony revenues, including inclusive call allowances and accounting issues arising therefrom • enable trend analysis of discounts to be undertaken • provide input into retail price control reviews • provide input into NTS discount rate determinations • assist in dealing with investigations 	CA
AI - 12	Gross revenues, discounts & option fees by customer option for each segment in respect of non-call revenues where discount scheme(s) apply	<ul style="list-style-type: none"> • as per AI-18 but in respect of services other than telephony (e.g. leased lines and other data services) 	CA

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Reference	Additional Financial Information	Description	Purpose (AS, CA or Reconciliation)
AI - 13	Graphs over time of the various raw indices, index weightings & composite indices used by BT to revalue assets onto a current cost basis	<ul style="list-style-type: none"> • evaluate the price trends for composite elements of BT's asset revaluation indices • evaluate the weightings within individual asset revaluation indices • evaluate the trend of individual asset revaluation indices • provide input into price control reviews and determinations 	CA
AI - 14	Estimated economic useful lives, valuation and depreciation basis, survey used for valuation or index used to revalue , historical cost accounting (HCA) & current cost accounting (CCA) depreciation, gross book values (GBV) by year of acquisition, gross replacement costs (GRC) & net replacement costs (NRC) across asset categories	<ul style="list-style-type: none"> • review the nature and relative distribution of BT's asset base • evaluate BT's chosen asset lives for individual asset categories • review the relationship between gross HCA and CCA valuations • evaluate the appropriateness of the CCA valuation basis for each asset category • evaluate the appropriateness of the CCA depreciation methodology for each asset category • review the impact of CCA accounting on the cost base • enable trend analysis of CCA costs to be undertaken • provide input into network price control reviews 	CA & R

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Reference	Additional Financial Information	Description	Purpose (AS, CA or Reconciliation)
AI - 15	Marketing expenditure analysis of the top 10 campaigns in the financial year, including advertising copy, video and audio tape of the advertising campaigns.	<ul style="list-style-type: none"> • enable a review to be undertaken of the attribution to disaggregated activities of the most significant campaigns • enable trend analysis to be undertaken • assist in dealing with investigations • provide input into retail price control reviews • provide input into NTS retail uplift determinations 	CA
AI - 16	Total operating costs & mean capital employed costs (and associated volumes) for each plant group and their individual exhaustion, including the disclosure of relevant usage factors, onto each network activity and/or (sub) component	<ul style="list-style-type: none"> • review the breakdown of costs to all the different components and sub-components within BT's network activities • enable trend analysis of this breakdown to be undertaken • provide input into network price control reviews • ensure total plant group costs reconcile to the cost base for BT's network activities 	CA & R
AI - 17	Fixed fee revenues (including line rental) by tariff package & associated network costs	<ul style="list-style-type: none"> • review how tariffs are accounted for • review recent tariff developments within telephony market • check for the possible mismatch of costs & revenues • provide input into retail price control reviews • assist in dealing with investigations 	CA
AI - 18	Analysis of profits/(losses) on asset transfers plus analysis of such assets transferred	<ul style="list-style-type: none"> • assess the profitability of such transactions and the implications they have for BT's regulatory cost base 	AS & CA

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Reference	Additional Financial Information	Description	Purpose (AS, CA or Reconciliation)
AI - 19	CPS set up costs and their recovery over time on a discounted cash flow basis	<ul style="list-style-type: none">• ascertain the extent of these costs• enable Oftel to review the recovery of these costs over time• provide a reconciliation between the costs disclosed in the CCA Financial Statements and the cash flows used to determine cost recovery	CA