



Changes to BT and KCOM's regulatory and financial reporting 2013/14 update

Consultation

Publication date: 11 December 2013

Closing Date for Responses: 23 January 2014

Contents

Section		Page
1	Executive Summary	1
2	Introduction	5
3	Items for Consultation – Presentation and Disclosure	10
4	Outcomes of market reviews concluded in 2013	15
Annex		Page
1	Responding to this consultation	21
2	Ofcom's consultation principles	23
3	Consultation response cover sheet	24
4	Consultation questions	26
5	Glossary	27
A	Form and content of BT's financial statements	28
B	Form and content of proposed published AFI	59
C	List of BT's components	62
D	Form and content of KCOM's financial statements	68

Section 1

Executive Summary

Background

- 1.1 Regulatory financial information informs many of our decisions. We require this information in order to monitor and enforce various obligations that are placed on dominant providers in markets where they are found to have significant market power ("SMP"). This information needs to be relevant and updated on a timely basis.
- 1.2 In this consultation we propose various changes to enhance the presentation and improve the quality of BT's regulatory financial statements ("RFS") reflecting developments over the last 12 months including market reviews, comments from users of the RFS and discussions with BT.
- 1.3 We note that at the same time we are conducting a fundamental review of the regulatory reporting framework to ensure that it is fit for purpose, provides good quality data and provides an effective basis for monitoring compliance. We published a Regulatory Financial Reporting Review consultation in September 2012¹ and are planning to issue a further consultation in December 2013 and a statement in 2014. The Regulatory Financial Reporting Review has the remit of addressing fundamental issues and proposing changes to financial reporting that will be implemented from 2014/15 financial year. In this document we are proposing short term improvements for the 2013/14 RFS.
- 1.4 The main proposed changes to BT's 2013/14 RFS reflect our recent market review decisions. In particular:
- 1.5 In the recent Business Connectivity Market Review and the Narrowband Market Review² we removed the cost orientation obligation and decided there was no longer a need to publish DLRIC and DSAC information from leased lines and narrowband markets. There is still an obligation for BT to produce this data. We propose that BT provide DLRIC and DSAC data to us annually as Additional Financial Information on a confidential basis.
- 1.6 The Business Connectivity Market Review imposed a retail cost accounting obligation in the sub 2Mb retail TI³ services. We propose that BT publish price, revenue and gross margin figures for these services as Additional Financial Information online at the same time as the RFS (but as a separate document).
- 1.7 The Narrowband Market Review modelled the charge control for call origination and call termination markets on a hypothetical network basis rather than BT's actual costs. It was therefore decided that the publication of FAC figures at service level is no longer required. We propose that the FAC data per service is reported to us annually as Additional Financial Information on a confidential basis.

¹ <http://stakeholders.ofcom.org.uk/binaries/consultations/reg-financial-report/summary/condoc.pdf>

² http://stakeholders.ofcom.org.uk/binaries/consultations/nmr-2013/statement/Final_Statement.pdf

³ Traditional Interface Symmetric Broadband Services.

- 1.8 The Business Connectivity Market Review defined new markets where BT now has reporting obligations, in particular geographic disaggregation of AISBO⁴ and trunk markets and the new MISBO⁵ market.
- 1.9 Other changes on which we are consulting are mainly concerned with improving the presentation of the statements including grouping reported data by market review and updating the list of components.
- 1.10 The regulatory financial reporting regime is also applicable to KCOM. Following the Narrowband Market Review, there is still an accounting separation obligation on KCOM in the call origination market. However, there are no reporting obligations in the call termination and interconnect markets. We are proposing to change the reporting for KCOM accordingly.
- 1.11 We have a statutory duty to consult where what is proposed would, in our opinion, have a "significant impact" on a market for any of the services, facilities or apparatus in relation to which we have a function⁶. We consider that the changes we propose would not have a "significant impact" in any of these markets.
- 1.12 Nonetheless, we wish to allow stakeholders a brief period to consider the more technical aspects of the proposed amendments and therefore invite comments on these proposals for a short period.
- 1.13 The tables below summarise the issues and objectives we address in this consultation and outline our proposals.

A) PRESENTATION AND DISCLOSURE (Section 3)

<i>Issue/Objective</i>	<i>Proposal</i>
1) Improved disclosure of call origination services We wish to ensure all main call origination and call termination services are properly disclosed.	We propose to allow BT to amalgamate two services in the call origination market and two services in the call termination market due to the services being of the same nature and having the same costs and prices.
2) Improved accessibility We wish to ensure that the RFS become more user friendly.	We propose to require BT to group information in the RFS according to market reviews.
3) Disclosure of relevant information We wish to ensure that the component list is up to date	We propose some minor changes to the list of BT's components. These include removing or amalgamating some components with immaterial costs and creating a new 'notional debtor' component.

⁴ Alternative Interface Symmetric Broadband Origination.

⁵ Multiple Interface Symmetric Broadband Origination. >1Gb/s irrespective of interface, and services of any bandwidth delivered with WDM equipment at customers' premises. Para 1.22

<http://stakeholders.ofcom.org.uk/binaries/consultations/business-connectivity/statement/Sections1-4.pdf>

⁶ Section 49A Communications Act 2003

B) OUTCOMES FROM MARKET REVIEWS
(Section 4)

<i>Issue/Objective</i>	<i>Proposal</i>
<p>Implementation of Business Connectivity market review ('BCMR') and Narrowband market review ('NMR') – DLRIC and DSAC reporting removed</p> <p>1) The reviews removed the cost orientation SMP condition that had been previously imposed on BT in respect of certain services in the leased lines and narrowband markets. It was therefore decided that publication of DLRIC and DSAC numbers for these markets in the RFS is no longer required. BCMR retained the obligation on BT to produce the DLRIC and DSAC data in respect of these markets. NMR specified that DLRIC and DSAC information should be provided to Ofcom on an annual basis.</p>	<p>We propose to reflect the outcome of the market reviews by requiring BT to report annually the DLRIC and DSAC data at service level confidentially to Ofcom in the form of an AFI.</p>
<p>Implementation of Business Connectivity market review – new market definitions</p> <p>2) The review defined new markets, where accounting separation and cost accounting obligations were imposed. In particular, the new market definitions include:</p> <ul style="list-style-type: none"> • A separate MISBO market • Splitting AISBO market into WECLA⁷ and non WECLA geographic areas • A separate wholesale regional TI trunk segments market (reporting for national trunk no longer required) 	<p>We propose that BT report the price, revenue and FAC information at the market and service level based on the new market definitions.</p>
<p>Implementation of Business Connectivity market review – retail accounting</p> <p>3) The BCMR imposed a cost accounting obligation on the sub 2Mb retail TI services. The BCMR did not specify the specific reporting requirements.</p>	<p>We propose that BT report price, volume, revenue and cost information for these services to gross margin level in a published AFI.</p>
<p>Implementation of Narrowband market review - FAC reporting removed</p> <p>4) The review modelled the charge control for call origination and call termination markets on a hypothetical network basis rather than BT's actual costs. Therefore, the obligation for BT to publish FAC data at service level for these markets was removed. The review specified that the FAC data should be provided to Ofcom on an annual basis.</p> <p>The NMR also removed all ex ante obligations on single transit.</p>	<p>We propose that BT report the FAC information at service level for call origination and call termination in an AFI provided confidentially to Ofcom.</p> <p>BT no longer need to report single transit information.</p>
<p>Implementation of Narrowband market review – reduced reporting for KCOM</p> <p>5) The review removed reporting for call termination and interconnect circuits for KCOM.</p>	<p>We propose that KCOM no longer report call termination and interconnect services.</p>

⁷ Western, Eastern and Central London Area. Para 1.23
<http://stakeholders.ofcom.org.uk/binaries/consultations/business-connectivity/statement/Sections1-4.pdf>

- 1.14 BT have also requested that they can amend the look of the Regulatory Financial Statements in 2012/13. This will include re-ordering of some of the reported information with the intention to make the RFS more user friendly. We agree with BT's proposals on the basis that none of the information that is currently published will be lost. We will be considering the format and content of the RFS in more detail as part of the fundamental review referred to in paragraph 1.3 above.
- 1.15 The closing date for responses to the consultation as set out in this document is 5pm on 23 January 2014.

Section 2

Introduction

Background

- 2.1 Relevant, reliable and timely regulatory financial information is required to inform many of our decisions. It is essential therefore that the regulatory reporting framework is kept up to date and fit for purpose.
- 2.2 Under sections 87 to 92 of the Communications Act 2003 (the “Act”) there are a range of remedies that can be implemented by Ofcom once it has been determined that an undertaking has SMP in an identified services market. These include obligations:
 - to offer cost-oriented charges;
 - not to discriminate unduly; and
 - to cap charges, i.e. charge controls.
- 2.3 When setting SMP conditions, Ofcom is exercising its duties under sections 3 and 4 of the Act. These include the duty to further the interests of consumers in relevant markets by promoting competition and to act in accordance with the six Community requirements, the first of which is to promote competition. Where these obligations have been imposed it is essential that they are monitored and enforced effectively through, in part, an effective regulatory financial reporting framework.
- 2.4 Regulatory financial information is normally prepared either on a regular (e.g. annual) basis for ongoing monitoring purposes or on request, for example in connection with investigations.
- 2.5 BT's RFS, like any form of business information, evolve over time to reflect a range of internally and externally driven factors. These include changes to accounting policies and standards, improved understanding or knowledge of cost drivers, changes in technologies and business processes and changes in the regulatory environment.

Structure of the Document

- 2.6 In Section 3 we set out specific proposals for BT to make improvements to the RFS and, subject to the outcome of this consultation, we expect these changes to be implemented in time to apply to the preparation and publication of BT's 2013/14 RFS.
- 2.7 In Section 4 we set out proposed changes required to BT's and KCOM's RFS as a result of the conclusions of the BCMR and NMR which we would expect to apply to the preparation and publication of 2013/14 RFS (subject to the outcome of this consultation).

Costs and benefits of proposed changes

- 2.8 Impact assessments provide a valuable way of assessing different options for regulation and showing why the preferred option was chosen. They form part of best

practice policy-making. This is reflected in section 7 of the Communications Act, which means that generally we have to carry out impact assessments where our proposals would be likely to have a significant effect on businesses or the general public, or when there is a major change in Ofcom's activities. However, as a matter of policy Ofcom is committed to carrying out and publishing impact assessments in relation to the great majority of our policy decisions. For further information about our approach to impact assessments, see the guidelines, Better policy-making: Ofcom's approach to impact assessment, which are on our website:

http://www.ofcom.org.uk/consult/policy_making/guidelines.pdf

- 2.9 The consultation relates to proposed changes to the regulatory financial information prepared by BT and KCOM. As noted above, Ofcom requires regulatory financial information in order to monitor and enforce various obligations that are placed on providers in markets where they are found to have significant market power. The regulatory financial reporting regime also provides confidence to the industry that certain ex-ante obligations are being effectively monitored and enforced. The reporting requirements help stakeholders monitor BT's and KCOM's compliance with the obligations and prevent abuse of their market position which could have a negative impact on consumers. The proposals in this consultation are aimed to ensure that these requirements continue to be met in a transparent and proportionate way. Therefore to the extent that an effective financial reporting regime contributes to a competitive telecommunications market, there will be a benefit to citizens and consumers.
- 2.10 The purpose of the consultation is to update the directions⁸ to ensure that the information that BT and KCOM are required to report is appropriate in light of the conditions in the course of the market reviews. We have proposed changes to reporting identified through our work on market reviews, as well as discussions with BT. We seek to ensure that the data reported in the RFS remain relevant and useful for stakeholders.
- 2.11 In preparing this consultation we have discussed our proposals with BT and KCOM in order to understand the likely impact on them and to understand any implementation difficulties that are likely to arise.
- 2.12 We have taken into account the burden on BT and KCOM in implementing all the proposed changes. We have weighed this against the benefits of more relevant, reliable and understandable reporting. The analysis set out in Sections 1 to 4 of this document contain an impact assessment relating to our proposals.

Legal Tests

- 2.13 In order to implement our proposed changes, Ofcom will need to modify Directions 1 and 4 under SMP condition OA2. For this purpose, we show how our duties have been met under sections 3, 4, 4A and 49(2) of the Act. We also show how the statutory procedures for domestic and EU consultations for the modification of directions that give effect to SMP obligations, as set out under section 49A and 49B of the Act, do not apply.

⁸ Directions implement regulatory accounting SMP conditions that were originally published in 'The regulatory financial reporting obligations on BT and Kingston Communications' statement on the 22nd of July 2004. They are amended regularly.

Sections 3, 4 and 4A – general duties, the six Community requirements and the duty to take account of European Commission recommendations for harmonisation

- 2.14 Section 3 of the Act sets out Ofcom's duties in carrying out its functions, in particular that it furthers the interests of citizens in relation to communications matters and furthers the interests of consumers in relevant markets.
- 2.15 Section 4 of the Act requires that Ofcom acts in accordance with the six Community requirements concerning: the promotion of competition; the development of the European internal market; the promotion of the interests of all EU citizens; non-discrimination; encouraging the provision of network access and service interoperability for the purpose of securing efficiency and sustainable competition, efficient investment and innovation and the maximum benefit for consumers; and facilitating service interoperability and securing freedom of choice for consumers.
- 2.16 Section 4A of the Act requires Ofcom to take into account all applicable recommendations issued by the European Commission under Article 19(1) of the Framework Directive⁹.
- 2.17 We consider that our proposals meet these tests as discussed below.
- 2.18 As part of the relevant EU market review processes Ofcom has imposed wholesale cost accounting and accounting separation obligations (through SMP conditions and associated directions) on BT in specific identified markets as part of the appropriate remedies to its SMP in these markets. The relevant individual market reviews determined that these regulatory accounting obligations met the tests outlined in Sections 3, 4 and 4A of the Act.
- 2.19 Our proposals are designed to enable BT to more effectively fulfil the purpose for which these particular obligations were imposed. They seek to ensure that decisions taken in the market reviews, notably BCMR and NMR, are fully reflected in the accounts. They also ensure that the presentation and usability of the RFS is improved, through proposals to amalgamate some services; to report market data grouped by market review, and to make some changes to the component list. The proposals thereby seek to ensure the RFS remain relevant, thereby increasing transparency. Ultimately, this promotes competition.
- 2.20 In proposing the changes to Directions 1 and 4, Ofcom has also taken into account all applicable recommendations issued by the European Commission under Article 19(1) of the Framework Directive, in particular Commission Recommendation of 19 September 2005 on accounting separation and cost accounting systems under the regulatory framework for electronic communications¹⁰.
- 2.21 In consequence Ofcom believes the proposed amendments meet the tests in Sections 3, 4 and 4A.

⁹ Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common framework for electronic communications and services (OJ L 108 24.04.2002, p33), as amended,

¹⁰ OJ L 266 11.10.2005, p64. This recommends, amongst other things, that "a national regulatory authority, when assessing the features and specifications of the cost accounting system, reviews the capability of the notified operator's cost accounting system to analyse and present cost data in a way that supports regulatory objectives", and that "national regulatory authorities make relevant accounting information from notified operators available to interested parties at a sufficient level of detail" (see paragraphs 3 and 5 respectively).

Section 49(2) tests

- 2.22 Ofcom can modify a direction that gives effect to an SMP obligation under section 49¹¹ of the Act but only where it is satisfied that the tests under section 49(2) have been met. The tests are that the modification of the direction is:
- a) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - b) not unduly discriminatory against particular persons or against a particular description of persons;
 - c) proportionate to what it is intended to achieve; and
 - d) transparent in relation to what it is intended to achieve.
- 2.23 We discuss how our proposals meet each of these tests in Sections 3 and 4 of this consultation.

Sections 49A and 49B

- 2.24 Sections 49A and 49B set out the relevant procedures that must be followed for domestic and EU consultations respectively on proposals to modify directions. Section 49A applies where the proposals are for the purposes of:
- a) an SMP apparatus condition¹²; or
 - b) any other condition set under section 45 where what is proposed would, in Ofcom's opinion, have a significant impact on a market for any of the services, facilities, apparatus or directories in relation to which Ofcom has functions under Chapter 1 of Part 2 of the Act¹³.
- 2.25 Section 49B applies where the proposals are of EU significance. Section 150A(2) sets out the cumulative criteria that must be satisfied in order for a proposal to be of EU significance.
- 2.26 We consider that sections 49A and 49B do not apply to our proposals and we set out the reasons below.
- 2.27 Section 49A(1)(a) does not apply because Ofcom is not proposing to modify Directions 1 and 4 for the purposes of an SMP apparatus condition. Section 49A(1)(b) does not apply because in our view our proposals would not have a significant impact on a market for any of the services, facilities, apparatus or directories in relation to which we have functions under Chapter 1 of Part 2 of the Act.
- 2.28 This is because the proposals either implement the changes where the decision to make the change was made in a market review; or propose improvements of presentational nature. The purpose of the proposals is to enable BT and KCOM to comply with their obligations in the relevant markets and we are not consulting on any substantive changes to the obligations in these markets.

¹¹ As amended by the Electronic Communications and Wireless Telegraphy Regulations 2011/1210.

¹² See section 49A(1)(a).

¹³ See section 49A(1)(b).

- 2.29 Section 49B does not apply because our consultation proposals are not of EU significance, as defined under section 150A(2), in particular because in our opinion, given the nature and limited extent of the proposals on which we are consulting and on the basis of the analysis and impact assessment set out in this consultation, these proposals would not affect trade between Member States¹⁴. We also note that Section 49B only applies where Section 49A applies.

Conclusion

- 2.30 Ofcom considers that the proposals and changes set out in Sections 1 to 4 of this document are necessary and appropriate because they represent amendments and enhancements required to maintain the relevance and usefulness of the financial statements.
- 2.31 We will work closely with BT and KCOM to ensure the implementation of the final requirements is carried out as efficiently as possible.
- 2.32 Responses to the consultation and the questions raised in sections 3 and 4 are due by 5pm 23 January 2014.

¹⁴ The cumulative criteria that must be satisfied in order for a proposal to be of EU significance include the criterion that the proposal would, in Ofcom's opinion, affect trade between Member States(see section 150A(2)(d)).

Section 3

Items for Consultation – Presentation and Disclosure

Introduction

- 3.1 In this section we propose changes to the level of detail which BT is required to report in relation to certain services. These changes relate to BT only.

Disclosure of Call Origination and Call Termination Services

Summary of Proposed Change

- 3.2 We propose to require BT to amalgamate

- 'Internal Wholesale call originating local exchange segment (ISDN) (inc OA)' and
- 'Internal Wholesale call originating local exchange segment (incl Operator Assistance)'

into a new service called 'Internal Wholesale call originating local exchange segment PSTN and ISDN (inc OA)'.

- 3.3 We also propose to require BT to amalgamate

- 'Internal Wholesale call termination local exchange segment (ISDN) (inc OA)' and
- 'Internal Wholesale call termination local exchange segment (inc Operator Assistance)'

into a service called 'Internal Wholesale call termination local exchange segment PSTN and ISDN (inc OA)'.

The exact detail of the above reporting changes is outlined in Annex A on pages 47-50.

Objective of Change

- 3.4 BT advised us that the 'Internal Wholesale call originating local exchange segment (ISDN) (inc OA)' and 'Internal Wholesale call originating local exchange segment (incl Operator Assistance)' are essentially the same service by nature. The morning, day and evening prices for the services have been the same over the last 5 years. The reported average costs for the services only differ because they are weighted due to time of day and therefore the reported average is affected by the volume of calls made. BT have advised us that the underlying costs for the two origination services are the same.
- 3.5 The same logic applies to the two termination services. The nature, prices and costs of the services are the same.

- 3.6 We therefore propose that BT amalgamates reporting for the two origination services and the two termination services.
- 3.7 This is to ensure the RFS reporting is focused on the main regulated services and the reporting reflects the nature of the services.

Legal Tests

- 3.8 In order to implement these changes Ofcom will have to modify Direction 4. We have set out how we have satisfied the legal tests under section 49(2) of the Act to implement these changes below. We have set out how we satisfied the legal tests under sections 3, 4 and 4A of the Act in the Introduction.

Section 49(2) tests

- 3.9 We consider that the modification to Direction 4 meets the criteria set out in section 49(2) of the Act.
- 3.10 The modification is:
- objectively justifiable; as the modification would still allow us to monitor whether BT is complying with its SMP obligations in these particular markets. The more granular reporting that is currently in place is not appropriate;
 - not unduly discriminatory; as there is no obligation on any other operator with SMP in the Call Origination and Call Termination markets to report these services separately. We are now removing this requirement for BT;
 - proportionate; as reporting of these services separately is not required in order for us to monitor BT's compliance with its obligations;
 - transparent; as it is clear the intention is to remove reporting that is not necessary.

Question 1: Do you agree with Ofcom's proposed amalgamation of certain services of the same nature in the Call Origination and Call Termination markets?

Disclosure of Market Results

Summary of proposed Change

- 3.11 We propose to require BT to group market results in the RFS in accordance with market reviews.
- 3.12 The exact detail of the above reporting changes is outlined in Annex A on pages 29-31.

Objective of Change

- 3.13 Since 2006/07 BT has been reporting results in the RFS grouped into two categories, 'Access' and 'Other Wholesale'. This applied both to consolidated performance summary (Section 5.1 of the RFS) and financial performance reporting for each

market (Sections 7.1 and 8.1 of the RFS). While this grouping was considered to make the accounts more accessible at the time when the reporting requirement was introduced in 2006/07, we now consider that there is a more user friendly way to report market financial performance.

- 3.14 Market reviews that we conduct span both 'Access' and 'Other Wholesale' markets. It is important for us and for CPs to be able to monitor the results in the markets following a market review. The results by market are currently spread across a number of pages in the RFS and can be difficult to see at a glance.
- 3.15 We consider that it would make the RFS more accessible if the market results were grouped by market review instead of the current 'Access' and 'Other Wholesale' categories.
- 3.16 The proposal will require the information currently reported the RFS to be re-ordered without any loss of the information.
- 3.17 The proforma statement showing the changing reporting is in Annex A of this document.

Legal Tests

- 3.18 In order to implement these changes Ofcom will have to modify Direction 4. We have set out how we have satisfied the legal tests under section 49(2) of the Act to implement these changes below. We have set out how we satisfied the legal tests under sections 3, 4 and 4A of the Act in the Introduction.

Section 49(2) tests

- 3.19 We consider that the modification to Direction 4 meets the criteria set out in section 49(2) of the Act.
- 3.20 The modification is:
- objectively justifiable; as the RFS is a long and complicated document, containing large amounts of data, which is used by Ofcom and stakeholders to amongst other things, monitor BT's compliance with its SMP obligations. Grouping market results presented in the RFS by market review will help make the accounts more user-friendly for stakeholders, and thus aid transparency;
 - not unduly discriminatory; as BT's regulatory accounts are far more complex and longer than the accounts produced by KCOM. There is therefore less of a need for KCOM to change the presentation of its accounts to make them easier for stakeholders to understand;
 - proportionate; as this proposal is mainly about re-ordering the information that BT already produces;
 - transparent; as it is clear the intention is to make BT's RFS more user friendly.

Question 2: Do you agree with the proposed changes to the presentation of the RFS?

Changes to the list of components

Summary of proposed Change

- 3.21 We propose some minor changes to the component list, including the introduction of 'notional debtor' component, removal/amalgamation of components with low cost and changes to the names of some components.
- 3.22 The exact detail of the changes is outlined in Annex C on pages 62-67.

Objective of Change

- 3.23 'Network components' is the term used to describe the various assets (or groups of assets) and activities that are used in the provision of regulated wholesale services. The scope of any individual component will also include any associated operating activities (e.g. preventative maintenance) undertaken in the provision of these services.
- 3.24 The component list was last updated by Ofcom in 2008 in the regulatory financial reporting obligations statement published on 26 June 2008¹⁵. Network components are a fundamental building block of the regulatory framework and it is important that the component list is up to date and the relevant information is disclosed.
- 3.25 BT have advised us about the changes that they would like to make to the component list to keep it 'fit for purpose'. We have reviewed the changes and consider that the changes are reasonable. The proposed changes are the following:
- Removing 3 components with zero costs expected in 2013/14 and in future years: 'Access Cards (ISDN2 services)', 'Border Gateway and signalling firewall' and 'MSAN METRO Connectivity Link'.
 - Amalgamating 'MSAN POSI Voice Link' with 'iNode (call set up and features)' due to the costs of the former being less than £10k per annum. Both components are allocated to call origination and call termination markets only.
 - Creating a separate 'notional debtor' component. Currently, the notional debtor cost is spread across all components. We typically make an adjustment for charge controls, which involves removing the notional debtor cost from the cost stacks. We consider that the creation of the new component may help make the level of cost and the adjustment more transparent. BT advised us that there will be no change in the total FAC for any service.
- 3.26 We are also consulting on proposed changes to the names of some components to align them with equivalent service names. Specifically, the proposed changes are the following:
- 'Local Loop Unbundling room build' to 'Co-mingling new provides';
 - 'Local Loop Unbundling hostel rentals' to 'Co-mingling rentals';

¹⁵ <http://stakeholders.ofcom.org.uk/binaries/consultations/btregs08/statement/statement.pdf>

- 'Local Loop Unbundling hostel rentals power and vent' to 'Co-mingling rentals power and vent';
- 'Local Loop Unbundling tie cables' to 'Tie cables'.

Legal Tests

3.27 In order to implement these changes Ofcom will have to modify Direction 1. We have set out how we satisfied the legal tests under section 49(2) of the Communications Act to implement these changes below. We have set out how we satisfied the legal tests under sections 3,4 and 4A in the Introduction.

Section 49(2) tests

3.28 The modification is:

- objectively justifiable; as the updated component list will enable Ofcom to more effectively monitor compliance and enforce BT's obligations for cost recovery and price controls ;
- not unduly discriminatory; as KCOM is the only other provider for whom Ofcom stipulates a list of components and we have not received any information that would indicate that KCOM's component list is inappropriate;
- proportionate; as this proposal is necessary for the list of network components to secure its main purposes, such as enabling costs to be objectively attributed to regulated wholesale services on a causal basis;
- transparent; as it is clear the intention is to make sure that BT's component list remains fit for purpose.

Question 3: Do you agree with Ofcom's proposals to amend the list of Network Components?

Section 4

Outcomes of market reviews concluded in 2013

Introduction

- 4.1 Two market reviews have completed in the last year which trigger changes to BT's and KCOM's RFS: the Business Connectivity market review, which was published in March 2013 and the Narrowband market review, published in September 2013. This present consultation is the device by which we propose to implement these changes to BT's and KCOM's regulatory reporting requirements. This section covers only the market review decisions that result in changes to BT's and KCOM's RFS.

Removal of cost orientation

Implications for BT

- 4.2 One of the outcomes of the BCMR and the NMR insofar as affects BT's regulatory financial reporting, was the removal of the cost orientation obligation for all services. We therefore decided there was no longer a need for publishing DLRIC and DSAC data in these markets.

Summary of proposed change

- 4.3 We propose that BT provide DLRIC and DSAC data per service for the markets as defined in the BCMR and the NMR to Ofcom as part of a new AFI. The content of the AFI will be similar to the DSAC and DLRIC information provided for the relevant markets in the 2012/13 RFS.

Description

- 4.4 The BCMR removed the cost orientation obligation from all services falling in the scope of the review.¹⁶ In light of this decision, BCMR also decided that the DLRIC and DSAC numbers for these services will no longer need to be published by BT but we still require for these figures to be produced.¹⁷ Full reasoning for the decision is explained in the BCMR statement.
- 4.5 The NMR also removed the cost orientation obligation from all services falling in the scope of the review. The NMR concluded that BT no longer need to publish DLRIC and DSAC information but will be required to provide such information to Ofcom on an annual basis.¹⁸
- 4.6 Accordingly, we propose that BT report DLRIC and DSAC information per service for the BCMR and NMR markets to Ofcom in the form of an AFI. We propose the

¹⁶ Para 9.69, <http://stakeholders.ofcom.org.uk/binaries/consultations/business-connectivity/statement/Sections8-16.pdf>

¹⁷ Para 16.15, <http://stakeholders.ofcom.org.uk/binaries/consultations/business-connectivity/statement/Sections8-16.pdf>

¹⁸ Para 6.196, http://stakeholders.ofcom.org.uk/binaries/consultations/nmr-2013/statement/Final_Statement.pdf

content to be similar to the current reporting in the RFS in 2012/13. We propose that the AFI is delivered confidentially to Ofcom in the same manner as existing AFIs.

- 4.7 BT will no longer be required to report DLRIC and DSAC data in the RFS.
- 4.8 We propose that this and other decisions in the NMR and the BCMR that impact BT's reporting in 2013/14 will apply for the full 2013/14 financial year. This is despite the fact that the NMR statement was published in September 2013. We consider that the new reporting basis reflects the situation in the markets and therefore provides the most relevant data to stakeholders.

Changes to market definitions

Implications for BT

- 4.9 The BCMR found that BT have SMP in new markets. From 2013/14 reporting will be required against new market definitions in accordance with the BCMR findings.

Summary of proposed change

- 4.10 We propose that BT's reporting in the RFS reflects the market definitions in the BCMR statement.
- 4.11 The exact detail of the reporting can be seen in Annex A on pages 38-46.

Description

- 4.12 The BCMR defined new product markets and imposed accounting separation and cost accounting obligations in these markets (among other obligations). The new market definitions include the following:
- A separate MISBO market;
 - Splitting AISBO market into WECLA and non WECLA geographic areas;
 - A separate wholesale regional TI trunk segments market.
- 4.13 We propose to require BT to report against the new market definitions in the 2013/14 financial year. This will involve reporting market level revenues and costs, as well as prices and FAC at a service level. Reporting for the national trunk market as currently reported in the RFS will no longer be required, as it is superseded by the regional trunk reporting requirement.
- 4.14 BT explained to us that they will not be able to report 2012/13 comparatives for the regional trunk market. This is because in order to comply with the new reporting requirements in 2013/14 BT is introducing a new system, which will allow to separate the wholesale regional national trunk segments. However, the previous version of the system, used in the preparation of the 2012/13 RFS, does not have the capability to produce restated information nor to allow data feeds to be updated. We consider that the explanation is reasonable and we are not going to require comparatives reporting for the production of regional trunk data in the 2013/14 RFS.
- 4.15 We expect regional trunk market reporting to be for the same services as are current reporting for national trunk, apart from the 622Mb/s service. BT told us that there is no 622Mb/s regional trunk service.

- 4.16 The AISBO WECLA market contains the same services as the AISBO non WECLA market. Consequently, we expect BT to report the same services in both geographic areas. However, BT have not been able to estimate the 2013/14 revenues for AISBO WECLA services at present. We therefore propose that BT report the same services in the AISBO WECLA as are currently reported for AISBO. Where the service revenues fall below £5m in 2013/14 and are expected to be below that amount in the future, we propose that BT amalgamate these services. We expect that BT will be able to provide the forecast revenues before we issue the final statement. We will continue to monitor the market and require more granular disclosure of services if the revenues grow in the future.
- 4.17 We also note that BCMR found SMP in the non WECLA part of medium and high bandwidth TI markets only. Consequently, BT will report the same level of information that it currently reports for TI but for the non WECLA part of the market only.
- 4.18 The BCMR statement contains the full explanation of the new market definitions and the relevant obligations.

Retail reporting

Implications for BT

- 4.19 The BCMR imposed a retail cost accounting obligation on the sub 2Mb retail TI services. We propose to introduce a reporting requirement in this market in the form of an AFI.

Summary of proposed change

- 4.20 We propose that BT publish the information for sub 2Mb retail TI services that is currently provided in confidence to Ofcom. We propose that BT report prices, revenues and costs to gross margin level for the services in an AFI published online together with BT's RFS.
- 4.21 The exact detail of the reporting can be seen in Annex B on pages 59-61.

Description

- 4.22 The BCMR imposed a cost accounting obligation on the sub 2Mb retail TI services. The BCMR did not further specify the specific reporting requirements but indicated that this question would be addressed as part of this annual update.¹⁹
- 4.23 We considered the required reporting for sub 2Mb TI in the context of other obligations imposed in this market.
- 4.24 Currently there is no retail reporting in the published RFS. Price, volume, revenue and costs to gross margin level for retail TI services are reported to us confidentially as an AFI.
- 4.25 The BCMR statement imposed a price cap on the sub 2Mb retail TI prices, which was calculated by reference to wholesale prices without explicitly modelling retail costs.

¹⁹Para 16.43, <http://stakeholders.ofcom.org.uk/binaries/consultations/business-connectivity/statement/Sections8-16.pdf>

- 4.26 Compliance with the price cap can be monitored by reference to the information on prices. Retail costs were not modelled in the past and we are unlikely to use these in the future.
- 4.27 Therefore, we consider that publication of the data currently reported in confidence to Ofcom is sufficient in order to monitor BT's other SMP obligations in this market.
- 4.28 We consider that it is important that stakeholders are able to monitor BT's compliance with obligations. We therefore propose that the AFI is published online to increase transparency for stakeholders.
- 4.29 Separately, BT also explained that they have not attributed retail costs to TI services since 2006/07 when retail reporting obligation was withdrawn. BT further explained that in order to introduce such reporting now they would have to devise new cost allocation bases and it will take significant time and effort.
- 4.30 We consider that the publication of the AFI is sufficient and are not proposing any additional reporting in the RFS. The detail of the proposed AFI is included in Annex B.

Reduced reporting for narrowband markets

Implications for BT

- 4.31 The NMR removed the requirement for BT to publish FAC per service in call origination and call termination markets. All regulation was also removed from single transit.

Summary of proposed change

- 4.32 We propose that BT no longer report FAC information per service in call origination and call termination markets. We propose that BT provides this information annually to Ofcom in the form of a confidential AFI. BT no longer need to report any information for the single transit market.

Description

- 4.33 The NMR modelled the charge control for call origination and call termination markets based on a hypothetical network rather than BT's actual costs. Consequently, the NMR considered that it was not proportionate to require BT to report FAC per service in these markets.²⁰
- 4.34 The NMR also imposed a requirement on BT to provide the FAC per service numbers to Ofcom confidentially for these markets on an annual basis.²¹ We propose that BT produce an AFI with a similar content to the current FAC per service reporting for the call origination and call termination markets.

²⁰ Para 5.406 http://stakeholders.ofcom.org.uk/binaries/consultations/nmr-2013/statement/Final_Statement.pdf

²¹ Para 5.407 and 6.196 http://stakeholders.ofcom.org.uk/binaries/consultations/nmr-2013/statement/Final_Statement.pdf

- 4.35 The NMR removed all ex ante obligations from single transit services.²² As a result, BT is no longer required to report single transit in the RFS.

Implications for KCOM

- 4.36 The NMR removed reporting requirements from call termination and interconnect markets for KCOM.

Summary of proposed change

- 4.37 We propose that KCOM call termination market information is no longer reported.
- 4.38 The exact detail of the reporting can be seen in Annex D on pages 69-70.

Description

- 4.39 The NMR decided to remove certain obligations previously imposed on KCOM in the call termination market, including the accounting separation and cost accounting obligation.²³
- 4.40 Accordingly, the requirement for reporting falls away. We therefore propose that KCOM is no longer required to report any information in the call termination market.

Legal Tests

- 4.41 In order to implement these changes Ofcom will have to modify Direction 4 under SMP condition OA2. We have set out how we have satisfied the legal tests under section 49(2) of the Communications Act to implement these below. We have set out how we satisfied the legal tests under sections 3,4 and 4A of the Act in the Introduction.

Section 49(2) tests

- 4.42 The modification is:
- objectively justifiable; as by amending reporting requirements, we reflect the decisions of the BCMR and the NMR. In particular, reporting BT's sub 2Mb retail TI information in a published AFI is required to demonstrate compliance with the cost accounting obligation;
 - not unduly discriminatory; as it aligns BT's and KCOM's reporting to their SMP obligations;
 - proportionate; as the changes are no more than is required in order to implement the decisions of the BCMR and the NMR, and do not extend beyond these;
 - transparent; as it is clear the intention is to make sure that the RFS remains fit for purpose and adequately reflect the outcomes of the BCMR and the NMR.

²² Para 7.1 http://stakeholders.ofcom.org.uk/binaries/consultations/nmr-2013/statement/Final_Statement.pdf

²³ Para 6.234 http://stakeholders.ofcom.org.uk/binaries/consultations/nmr-2013/statement/Final_Statement.pdf

Question 4: Do you think we have fairly reflected the decisions of the relevant market reviews in the scope, form and content of the RFS?

Annex 1

Responding to this consultation

How to respond

- A1.1 Ofcom invites written views and comments on the issues raised in this document, to be made **by 5pm on 23 January 2014**.
- A1.2 Ofcom strongly prefers to receive responses using the online web form at <https://stakeholders.ofcom.org.uk/consultations/bt-kcom-financial-reporting-1314/howtorespond/form>, as this helps us to process the responses quickly and efficiently. We would also be grateful if you could assist us by completing a response cover sheet (see Annex 3), to indicate whether or not there are confidentiality issues. This response coversheet is incorporated into the online web form questionnaire.
- A1.3 For larger consultation responses - particularly those with supporting charts, tables or other data - please email scott.alder@ofcom.org.uk attaching your response in Microsoft Word format, together with a consultation response coversheet.
- A1.4 Responses may alternatively be posted or faxed to the address below, marked with the title of the consultation.
- Scott Alder
Floor 4
Competition Finance
Riverside House
2A Southwark Bridge Road
London SE1 9HA
- Fax: 020 7783 4103
- A1.5 Note that we do not need a hard copy in addition to an electronic version. Ofcom will acknowledge receipt of responses if they are submitted using the online web form but not otherwise.
- A1.6 It would be helpful if your response could include direct answers to the questions asked in this document, which are listed together at Annex 4. It would also help if you can explain why you hold your views and how Ofcom's proposals would impact on you.

Further information

- A1.7 If you want to discuss the issues and questions raised in this consultation, or need advice on the appropriate form of response, please contact David Brown on 020 7981 3718.

Confidentiality

- A1.8 We believe it is important for everyone interested in an issue to see the views expressed by consultation respondents. We will therefore usually publish all responses on our website, www.ofcom.org.uk, ideally on receipt. If you think your

response should be kept confidential, can you please specify what part or whether all of your response should be kept confidential, and specify why. Please also place such parts in a separate annex.

- A1.9 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and will try to respect this. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A1.10 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's approach on intellectual property rights is explained further on its website at <http://www.ofcom.org.uk/about/account/disclaimer/>

Next steps

- A1.11 Following the end of the consultation period, Ofcom intends to publish a statement as soon as practicable.
- A1.12 Please note that you can register to receive free mail Updates alerting you to the publications of relevant Ofcom documents. For more details please see: http://www.ofcom.org.uk/static/subscribe/select_list.htm

Ofcom's consultation processes

- A1.13 Ofcom seeks to ensure that responding to a consultation is easy as possible. For more information please see our consultation principles in Annex 2.
- A1.14 If you have any comments or suggestions on how Ofcom conducts its consultations, please call our consultation helpdesk on 020 7981 3003 or e-mail us at consult@ofcom.org.uk . We would particularly welcome thoughts on how Ofcom could more effectively seek the views of those groups or individuals, such as small businesses or particular types of residential consumers, who are less likely to give their opinions through a formal consultation.
- A1.15 If you would like to discuss these issues or Ofcom's consultation processes more generally you can alternatively contact Vicki Nash, Director Scotland, who is Ofcom's consultation champion:

Vicki Nash
Ofcom
Sutherland House
149 St. Vincent Street
Glasgow G2 5NW

Tel: 0141 229 7401
Fax: 0141 229 7433

Email vicki.nash@ofcom.org.uk

Annex 2

Ofcom's consultation principles

A2.1 Ofcom has published the following seven principles that it will follow for each public written consultation:

Before the consultation

A2.2 Where possible, we will hold informal talks with people and organisations before announcing a big consultation to find out whether we are thinking in the right direction. If we do not have enough time to do this, we will hold an open meeting to explain our proposals shortly after announcing the consultation.

During the consultation

A2.3 We will be clear about who we are consulting, why, on what questions and for how long.

A2.4 We will make the consultation document as short and simple as possible with a summary of no more than two pages. We will try to make it as easy as possible to give us a written response. If the consultation is complicated, we may provide a shortened Plain English Guide for smaller organisations or individuals who would otherwise not be able to spare the time to share their views.

A2.5 We will consult for up to 10 weeks depending on the potential impact of our proposals.

A2.6 A person within Ofcom will be in charge of making sure we follow our own guidelines and reach out to the largest number of people and organisations interested in the outcome of our decisions. Ofcom's 'Consultation Champion' will also be the main person to contact with views on the way we run our consultations.

A2.7 If we are not able to follow one of these principles, we will explain why.

After the consultation

A2.8 We think it is important for everyone interested in an issue to see the views of others during a consultation. We would usually publish all the responses we have received on our website. In our statement, we will give reasons for our decisions and will give an account of how the views of those concerned helped shape those decisions.

Annex 3

Consultation response cover sheet

- A3.1 In the interests of transparency and good regulatory practice, we will publish all consultation responses in full on our website, www.ofcom.org.uk.
- A3.2 We have produced a coversheet for responses (see below) and would be very grateful if you could send one with your response (this is incorporated into the online web form if you respond in this way). This will speed up our processing of responses, and help to maintain confidentiality where appropriate.
- A3.3 The quality of consultation can be enhanced by publishing responses before the consultation period closes. In particular, this can help those individuals and organisations with limited resources or familiarity with the issues to respond in a more informed way. Therefore Ofcom would encourage respondents to complete their coversheet in a way that allows Ofcom to publish their responses upon receipt, rather than waiting until the consultation period has ended.
- A3.4 We strongly prefer to receive responses via the online web form which incorporates the coversheet. If you are responding via email, post or fax you can download an electronic copy of this coversheet in Word or RTF format from the 'Consultations' section of our website at www.ofcom.org.uk/consult/.
- A3.5 Please put any parts of your response you consider should be kept confidential in a separate annex to your response and include your reasons why this part of your response should not be published. This can include information such as your personal background and experience. If you want your name, address, other contact details, or job title to remain confidential, please provide them in your cover sheet only, so that we don't have to edit your response.

Cover sheet for response to an Ofcom consultation**BASIC DETAILS**

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing

☐

Name/contact details/job title

☐

Whole response

☐

Organisation

☐

Part of the response

☐

If there is no separate annex, which parts?

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

☐

Name

Signed (if hard copy)

Annex 4

Consultation questions

A4.1 Questions requiring responses by 5pm on 23 January 2014.

Question 1: Do you agree with Ofcom's proposed amalgamation of certain services of the same nature in the Call Origination and Call Termination markets?

Question 2: Do you agree with the proposed changes to the presentation of the RFS?

Question 3: Do you agree with Ofcom's proposals to amend the list of Network Components?

Question 4: Do you think we have fairly reflected the decisions of the relevant market reviews in the scope, form and content of the RFS?

Annex 5

Glossary

Alternative interface symmetric broadband origination (AISBO)

A form of symmetric broadband origination service providing symmetric capacity between two sites, generally using an Ethernet IEEE 802.3 interface.

Fully allocated cost (FAC)

An accounting approach under which all the costs of the company are distributed between its various products and services. The fully allocated cost of a product or service may therefore include some common costs that are not directly attributable to the service.

Long Run Incremental Cost (LRIC)

The cost caused by the provision of a defined increment of output given that costs can, if necessary, be varied and that some level of output is already produced.

Multiple Interface (MI) leased lines

Leased line services with bandwidths greater than 1Gbits/s and leased lines services of any bandwidth delivered using WDM equipment at the customer's premises.

Distributed long run incremental cost (DLRIC): The LRIC of the individual service with a share of costs which are common to other services over BT's core network.

Distributed stand alone cost (DSAC): An accounting approach estimated by adding to the DLRIC a proportionate share of the inter-increment common costs. Rather than all common costs shared by a service being allocated to the service under consideration, the common costs are instead allocated amongst all the services that share the network increment.

Traditional interface symmetric broadband origination (TISBO)

A form of symmetric broadband origination service providing symmetric capacity from a customer's premises to an appropriate point of aggregation in the network hierarchy, using a ITU G.703 interface.

Annex A

The form and content of BT's Regulatory Financial Statements set out in Direction 4 shall be amended as shown below in that the words underlined are inserted, the words struck through are deleted and the services highlighted in green shall be amalgamated as indicated.

Summary of Market Performance (Annex 3, 7 and 8)

For year ended 31 March 2014

	Section	Internal Revenue	External Revenue	Total Revenue	Operating Costs	Depreciation	Holding (gain)/loss	Supp. Dep.	Other Adj.	Total CCA Operating Costs	Return	Mean Capital Employed	Return on MCE
Fixed Access Markets													
Wholesale analogue exchange line services	7.4	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Wholesale local access	7.5	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Wholesale ISDN2 exchange line services	7.6	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Wholesale business ISDN30 exchange line services	7.7	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Business Connectivity Markets													
TISBO (up to and including 8Mbit/s)	8.4	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
TISBO (above 8Mbit/s up to and including 45Mbit/s)	8.5	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
TISBO (above 45Mbit/s up to and including 155Mbit/s)	8.6	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Wholesale regional trunk segments	8.7	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Technical areas (Point of Handover)	8.8	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
AISBO Non WECLA	8.9	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
AISBO WECLA	8.10	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
MISBO	8.11	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Narrowband Markets													
Call origination on FPN networks	9.4	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Fixed call termination	9.5	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Technical areas (Interconnect Circuits)	9.6	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Wholesale Broadband Access Markets													
Wholesale Broadband Access - Market 1	10.4	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Wholesale Broadband Access - Market 2	10.5	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Access Markets													
Other Wholesale Markets													
Total SMP Markets													
		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Wholesale residual activities		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Retail residual activities		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Roundings		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total Markets		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

Key:

The schedule combines previous reporting in annexes 3, 7 and 8.

Newly reported markets

Attribution of Wholesale Current Costs (Annex 5A)

For the year ended 31 March 2014

For the year ended 31 March 2014	Fixed Access Markets				Business Connectivity Markets					Narrowband Markets			Wholesale Broadband Access Markets						
	Wholesale analogue exchange line services £m	Wholesale local access £m	Wholesale ISDN2 exchange line services £m	Wholesale business ISDN30 exchange line services £m	TISBO (up to and including 8Mbit/s) £m	TISBO (above 8Mbit/s up to and including 45Mbit/s) £m	TISBO (above 45Mbit/s up to and including 155Mbit/s) £m	Wholesale regional trunk segments £m	Technical areas (Point of Handover) £m	AISBO Non WECLA £m	AISBO WECLA £m	MISBO £m	Call origination on fixed public narrowband networks £m	Fixed call termination £m	Technical areas (Interconnect Circuits) £m	Wholesale broadband access - Market 1 £m	Wholesale broadband access - Market 2 £m	Wholesale Residual £m	Total Markets £m
Operating Costs of Wholesale Services:																			
EOI Charges	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Provision/Maintenance	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Network Support	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
General Support	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
General Management	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Finance and Billing	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Accommodation	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Bad Debts	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Other Costs	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Depreciation - Land & Buildings	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- Access	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- Switch and Transmission	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- Other related	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Sub Total Depreciation	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Sub Total HCA Operating Costs	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
CCA Adjustments:																			
Holding Loss/(Gain)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Supplementary Depreciation	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Other Adjustments	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Roundings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total CCA Operating Costs	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

Key:

The schedule now groups markets according to market review rather than 'Access' and 'Other Wholesale'.

Newly reported markets

Attribution of Wholesale Current Cost Mean Capital Employed (Annex 6A)

for the year ended 31 March 2014

for the year ended 31 March 2014	Fixed Access Markets				Business Connectivity Markets					Narrowband Market			Wholesale Broadband Access Markets						
	Wholesale analogue exchange line services £m	Wholesale local access £m	Wholesale ISDN2 exchange line services £m	Wholesale business ISDN30 exchange line services £m	TISBO (up to and including 8Mbit/s) £m	TISBO (above 8Mbit/s up to and including 45Mbit/s) £m	TISBO (above 45Mbit/s up to and including 155Mbit/s) £m	Wholesale regional trunk segments £m	Technical areas (Point of Handover) £m	£m AISBO Non WECLA	£m AISBO WECLA	£m MISBO	Call origination on fixed public narrowband networks £m	Fixed call termination £m	Technical areas (Interconnect Circuits) £m	Wholesale broadband access - Market 1 £m	Wholesale broadband access - Market 1 £m	Wholesale Residual £m	Total Markets £m
Non-current Assets																			
Land & Buildings	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Access - Copper	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Access - Fibre	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Access - Duct	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Switch	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Transmission	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Other	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Investments	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total Non-current Assets	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Current Assets																			
Inventories	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Receivables																			
- Internal	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- External	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total Current Assets	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Payables falling due within one year																			
- Internal	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- External	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total payables falling due within one year	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Net Current Assets/(Payables)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total Assets less Current Payables	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Provisions for liabilities & charges	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Roundings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mean Capital Employed	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

Key:

The schedule now groups markets according to market review rather than 'Access' and 'Other Wholesale'.

Newly reported markets

Section 7.3.4 - Traditional interface symmetric broadband origination (up to and including 8Mbit/s)

Market summary

Purpose of statement: to provide more detail on financial performance and first order tests of compliance with cost orientation and non-discrimination obligations

Detailed service analysis

For the year ended 31 March 2014

Service

	Non-discrimination						FAC £	Unaudited (D)LRIC £	Unaudited DSAC £
	Revenue £m	Volume	Unit (b)	Average price per price list £	Proportion included in calculation	Average price £			
Internal Partial and Private Circuits 64kbit/s - connections	xx	xx	circuits			xx	xx	xx	xx
External Partial and Private Circuits 64kbit/s - connections	xx	xx	circuits			xx	xx	xx	xx
Partial and Private Circuits 64kbit/s - link									
Main link fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year (ao)				xx	xx	xx			
Total Internal	xx	xx	links			xx	xx	xx	xx
Main link fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year (ao)				xx	xx	xx			
Total External	xx	xx	links			xx	xx	xx	xx
Partial and Private Circuits 64kbit/s - distribution									
Terminating segment charge per year				xx	xx	xx			
Enhanced maintenance per kilometre charge per year				xx	xx	xx			
Total Internal	xx	xx	km			xx	xx	xx	xx
Terminating segment charge per year				xx	xx	xx			
Enhanced maintenance per kilometre charge per year				xx	xx	xx			
Total External	xx	xx	km			xx	xx	xx	xx
Partial and Private Circuits 64kbit/s - trunk									
Trunk segment charge per year				xx	xx	xx			
Enhanced maintenance per kilometre charge per year				xx	xx	xx			
Total Internal	xx	xx	km			xx	xx	xx	xx
Trunk segment charge per year				xx	xx	xx			
Enhanced maintenance per kilometre charge per year				xx	xx	xx			
Total External	xx	xx	km			xx	xx	xx	xx
Partial and Private Circuits 64kbit/s - local end									
Local end fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year (ao)				xx	xx	xx			
Total Internal	xx	xx	le			xx	xx	xx	xx
Local end fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year (ao)				xx	xx	xx			
Total External	xx	xx	le			xx	xx	xx	xx

Key:

Remove DLRIC and DSAC information

	Non-discrimination						FAC £	Unaudited- (D)LRIC £	Unaudited- DSAC £
	Revenue £m	Volume	Unit (b)	Average price per price list £	Proportion included in calculation	Average price £			
For the year ended 31 March 2014									
Internal Partial and Private Circuits 2Mbit/s - connections	xx	xx	circuits		xx	xx	xx	xx	xx
External Partial and Private Circuits 2Mbit/s - connections	xx	xx	circuits		xx	xx	xx	xx	xx
Partial and Private Circuits 2Mbit/s - link									
Main link fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
Total internal	xx	xx	links			xx	xx	xx	xx
Main link fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
Total External	xx	xx	links			xx	xx	xx	xx
Partial and Private Circuits 2Mbit/s - distribution									
Terminating segment charge per year				xx	xx	xx			
Enhanced maintenance per kilometre charge per year				xx	xx	xx			
Total Internal	xx	xx	km			xx	xx	xx	xx
Terminating segment charge per year				xx	xx	xx			
Enhanced maintenance per kilometre charge per year				xx	xx	xx			
Total External	xx	xx	km			xx	xx	xx	xx
Partial and Private Circuits 2Mbit/s - local end CLZ									
Local end fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
Total Internal CLZ	xx	xx	le			xx			
Partial and Private Circuits 2Mbit/s - local end non CLZ									
Local end fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
Total Internal non CLZ	xx	xx	le			xx			
Partial and Private Circuits 2Mbit/s - local end CLZ									
Local end fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
Total External CLZ	xx	xx	le			xx			
Partial and Private Circuits 2Mbit/s - local end non CLZ									
Local end fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
Total External non CLZ	xx	xx	le			xx			
Weighted average local end price for CLZ/non CLZ // Nationally averaged c						xx	xx	xx	xx
Key:									
Remove DLRIC and DSAC information									

	Non-discrimination								
	Revenue £m	Volume	Unit (b)	Average price per price list £	Proportion included in calculation	Average price £	FAC £	Unaudited- (D)LRIC £	Unaudited- DSAC £
For the year ended 31 March 2014									
Internal SDSL	xx	xx				xx	xx	xx	xx
External Radio Backhaul Service - sub 2Mbit/s connections	xx	xx	circuits			xx	xx	xx	xx
External Radio Backhaul Service - sub 2Mbit/s rentals	xx	xx				xx	xx	xx	xx
Internal Radio Backhaul Service - 2Mbit/s connections	xx	xx	circuits			xx	xx	xx	xx
External Radio Backhaul Service - 2Mbit/s connections	xx	xx	circuits			xx	xx	xx	xx
Internal Radio Backhaul Service - 2Mbit/s rentals	xx	xx				xx	n/a		
External Radio Backhaul Service - 2Mbit/s rentals	xx	xx				xx	n/a		
External Netstream 16 LL 2Mbit/s connections	xx	xx	circuits			xx	xx	xx	xx
External Netstream 16 LL 2Mbit/s rentals non CLZ	xx	xx				xx	n/a		
External Netstream 16 LL 2Mbit/s rentals CLZ	xx	xx				xx	n/a		
Support Service									
Internal Protected Path Variants and Resilience	xx	xx				xx	Estimated cost of £xm		
External Protected Path Variants and Resilience	xx	xx				xx	Estimated cost of £xm		
Equipment depreciation	xx						Estimated equipment depreciation o		
Internal Third Party Customer Infrastructure	xx	xx				xx	Estimated matched cost of £xm		
External Third Party Customer Infrastructure	xx	xx				xx	Estimated matched cost of £xm		
Internal Excess construction charges	xx	xx				xx	Estimated matched cost of £xm		
External Excess construction charges	xx	xx				xx	Estimated matched cost of £xm		
Roundings	xx								
TOTAL	xx								
Key:									
Remove DLRIC and DSAC information									

Section 7.3.5 - Traditional interface symmetric broadband origination (above 8Mbit/s up to and including 45Mbit/s)

Market summary

Purpose of statement: to provide more detail on financial performance and first order tests of compliance with ~~cost-orientation and~~ non-discrimination obligations

Detailed service analysis

	Non-discrimination						FAC £	Unaudited (D)LRIC £	Unaudited DSAC £
	Revenue £m	Volume	Unit (b)	Average price per price list £	Proportion included in calculation	Average price £			
For the year ended 31 March 2014									
Service									
Internal Partial and Private Circuits 34/45Mbit/s - connections	xx	xx	circuits			xx	xx	xx	xx
External Partial and Private Circuits 34/45Mbit/s - connections	xx	xx	circuits			xx	xx	xx	xx
Partial and Private Circuits 34/45Mbit/s - link									
Main link fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
<i>Total Internal</i>	xx	xx	links			xx	xx	xx	xx
Main link fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
<i>Total External</i>	xx	xx	links			xx	xx	xx	xx
Partial and Private Circuits 34/45Mbit/s - distribution									
Terminating segment charge per year				xx	xx	xx			
Enhanced maintenance per kilometre charge per year				xx	xx	xx			
<i>Total Internal</i>	xx	xx	km			xx	xx	xx	xx
Terminating segment charge per year				xx	xx	xx			
Enhanced maintenance per kilometre charge per year				xx	xx	xx			
<i>Total External</i>	xx	xx	km			xx	xx	xx	xx
Partial and Private Circuits 34/45Mbit/s - local end									
Local end fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
<i>Total Internal</i>	xx	xx	le			xx	xx	xx	xx
Local end fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
<i>Total External</i>	xx	xx	le			xx	xx	xx	xx
Netstream 16 LL 45Mbit/s rentals	xx	xx				xx	xx	xx	xx
Support Service									
Internal Protected Path Variants and Resilience	xx	xx				xx	Estimated cost of £xm		
External Protected Path Variants and Resilience	xx	xx				xx	Estimated cost of £xm		
Equipment depreciation	xx						Estimated equipment depreciation		
Roundings	-								
TOTAL	xx								

Key:

Remove DLRIC and DSAC information

Section 7.3.5 - Traditional interface symmetric broadband origination (above 8Mbit/s up to and including 45Mbit/s)

Market summary

Purpose of statement: to provide more detail on financial performance and first order tests of compliance with cost orientation and non-discrimination obligations

Detailed service analysis

For the year ended 31 March 2014

Service

	Non-discrimination						FAC £	Unaudited (D)LRIC £	Unaudited DSAC £
	Revenue £m	Volume	Unit (b)	Average price per price list £	Proportion included in calculation	Average price £			
Internal Partial and Private Circuits 34/45Mbit/s - connections	xx	xx	circuits			xx	xx	xx	xx
External Partial and Private Circuits 34/45Mbit/s - connections	xx	xx	circuits			xx	xx	xx	xx
Partial and Private Circuits 34/45Mbit/s - link									
Main link fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
Total Internal	xx	xx	links			xx	xx	xx	xx
Main link fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
Total External	xx	xx	links			xx	xx	xx	xx
Partial and Private Circuits 34/45Mbit/s - distribution									
Terminating segment charge per year				xx	xx	xx			
Enhanced maintenance per kilometre charge per year				xx	xx	xx			
Total Internal	xx	xx	km			xx	xx	xx	xx
Terminating segment charge per year				xx	xx	xx			
Enhanced maintenance per kilometre charge per year				xx	xx	xx			
Total External	xx	xx	km			xx	xx	xx	xx
Partial and Private Circuits 34/45Mbit/s - local end									
Local end fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
Total Internal	xx	xx	le			xx	xx	xx	xx
Local end fixed charge per year				xx	xx	xx			
Enhanced maintenance fixed charge per year				xx	xx	xx			
Total External	xx	xx	le			xx	xx	xx	xx
Netstream 16 LL 45Mbit/s rentals	xx	xx				xx	xx	xx	xx
Support Service									
Internal Protected Path Variants and Resilience	xx	xx				xx	Estimated cost of £xm		
External Protected Path Variants and Resilience	xx	xx				xx	Estimated cost of £xm		
Equipment depreciation	xx						Estimated equipment depreciation		
Roundings	-								
TOTAL	xx								

Key:

Remove DLRIC and DSAC information

Section 7.7.1 - Traditional interface symmetric broadband origination (above 45Mbit/s up to and including 155Mbit/s)

Market summary

Purpose of statement: to provide more detail on financial performance and first order tests of compliance with cost orientation and non-discrimination obligations

Detailed service analysis

	Non-discrimination					FAC £	Unaudited (D)LRIC £	Unaudited DSAC £
	Revenue £m	Volume	Unit (b)	Average price per price list £	Proportion included in calculation	Average price £		
For the year ended 31 March 2014								
Service								
Internal Partial and Private Circuits 140/155Mbit/s - connections	xx	xx	circuits			xx	xx	xx
External Partial and Private Circuits 140/155Mbit/s - connections	xx	xx	circuits			xx	xx	xx
		xx						
Partial and Private Circuits 140/155Mbit/s - link								
Main link fixed charge per year				xx	xx	xx		
Enhanced maintenance fixed charge per year				xx	xx	xx		
<i>Total Internal</i>	xx	xx	links			xx	xx	xx
Main link fixed charge per year				xx	xx	xx		
Enhanced maintenance fixed charge per year				xx	xx	xx		
<i>Total External</i>	xx	xx	links			xx	xx	xx
Partial and Private Circuits 140/155Mbit/s - distribution								
Terminating segment charge per year				xx	xx	xx		
Enhanced maintenance per kilometre charge per year				xx	xx	xx		
<i>Total Internal</i>	xx	xx	km			xx	xx	xx
Terminating segment charge per year				xx	xx	xx		
Enhanced maintenance per kilometre charge per year				xx	xx	xx		
<i>Total External</i>	xx	xx	km			xx	xx	xx
Partial and Private Circuits 140/155Mbit/s - local end								
Local end fixed charge per year				xx	xx	xx		
Enhanced maintenance fixed charge per year				xx	xx	xx		
<i>Total Internal</i>	xx	xx	le			xx	xx	xx
Local end fixed charge per year				xx	xx	xx		
Enhanced maintenance fixed charge per year				xx	xx	xx		
<i>Total External</i>	xx	xx	le			xx	xx	xx
Netstream 16 LL 155Mbit/s rentals	xx	xx				xx	xx	xx
Support Service								
Internal Protected Path Variants and Resilience	xx	xx				xx	Estimated cost of £xm	
External Protected Path Variants and Resilience	xx	xx				xx	Estimated cost of £xm	
Equipment Depreciation	xx						Estimated equipment depreciation of £x	
Roundings	-							
TOTAL	xx							

Key:

Remove DLRIC and DSAC information

Purpose of statement: to provide more detail on financial performance and first order tests of compliance with cost-orientation and non-discrimination obligations

For the year ended 31 March 2014

TOTAL

National trunk segment reporting superseded by regional trunk reporting

Calculation of FAC based on component costs and usage factors

For the year ended 31 March 2014

			Wholesale <u>regional</u> trunk segments			
		Average cost per unit (from annex 15)	Partial and Private circuits 2Mbit/s - trunk	Partial and Private circuits 34/45Mbit/s - trunk	Partial and Private circuits 140/155Mbit/s - trunk	Partial and Private circuits 622Mbit/s - trunk
Fully Allocated Cost (£)			£	£	£	£
Components	Unit (d)					
PC rental 2Mbit/s link per km regional trunk	£/km	xx	xx			
PC rental 34Mbit/s link per km regional trunk	£/km	xx		xx		
PC rental 140Mbit/s link per km regional trunk	£/km	xx			xx	
PC rental 622Mbit/s link per km regional trunk	£/km	xx				xx
MSAN-METRO Connectivity Link (q)	%	xx				xx
SG & A partial private circuits (q)	%	xx	xx	xx	xx	xx
SG & A private circuits (q)	%	xx	xx	xx	xx	xx
Fully Allocated Costs (£)			xx	xx	xx	xx

Key:

National trunk segment reporting superseded by regional trunk reporting

Section 7.9.1 - AISBO non WECLA (up to and including 1Gb/s)

Market summary

Purpose of statement: to provide more detail on financial performance and first order tests of compliance with cost-orientation and non-discrimination obligations

Detailed service analysis

	Non-discrimination						
	Revenue	Volume	Unit (b)	Average	FAC	Unaudited	Unaudited
	£m			price	£	(D)LRIC	DSAC
				£		£	£
For the year ended 31 March 2014							
Service							
Wholesale extension services 10Mbit/s rentals - Internal	xx	xx	le	xx	xx	xx	xx
Wholesale extension services 10Mbit/s rentals - External	xx	xx	le	xx	xx	xx	xx
		xx					
Wholesale extension services 100Mbit/s rentals - Internal	xx	xx	le	xx	xx	xx	xx
Wholesale extension services 100Mbit/s rentals - External	xx	xx	le	xx	xx	xx	xx
		xx					
Wholesale extension services 1000Mbit/s rentals - Internal	xx	xx	le	xx	xx	xx	xx
Wholesale extension services 1000Mbit/s rentals - External	xx	xx	le	xx	xx	xx	xx
		xx					
Wholesale extension services other bandwidth rentals - Internal	xx	xx	le	xx	xx	xx	xx
Wholesale extension services other bandwidth rentals - External	xx	xx	le	xx	xx	xx	xx
Backhaul extension services 1000Mbit/s rentals - External	xx	xx	le	xx	xx	xx	xx
Backhaul extension services other bandwidth rentals - External	xx	xx	le	xx	xx	xx	xx
Other internal Ethernet rentals	xx	xx	ccts	xx	xx	xx	xx
Other internal Ethernet connections							
Other external Ethernet rentals	xx	xx	ccts	xx	xx	xx	xx
Other external Ethernet connection	xx	xx		xx	xx	xx	xx

Key:

Remove DLRIC and DSAC information

	Non-discrimination					
	Revenue	Volume	Unit (b)	Average	FAC	Unaudited
	£m			price	£	(D)LRIC
				£		£
						DSAC
						£
For the year ended 31 March 2014						
EAD Local Access 10Mbit/s rentals - Internal	xx	xx	ccts	xx	xx	xx
EAD Local Access 10Mbit/s rentals - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Local Access 100Mbit/s rentals - Internal	xx	xx	ccts	xx	xx	xx
EAD Local Access 100Mbit/s rentals - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Local Access 1000Mbit/s rentals - Internal	xx	xx	ccts	xx	xx	xx
EAD Local Access 1000Mbit/s rentals - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Other 10Mbit/s rentals - Internal	xx	xx	ccts	xx	xx	xx
EAD Other 10Mbit/s rentals - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Other 100Mbit/s rentals - Internal	xx	xx	ccts	xx	xx	xx
EAD Other 100Mbit/s rentals - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Other 1000Mbit/s rentals - Internal	xx	xx	ccts	xx	xx	xx
EAD Other 1000Mbit/s rentals - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Local Access 10Mbit/s connections - Internal	xx	xx	ccts	xx	xx	xx
EAD Local Access 10Mbit/s connections - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Local Access 100Mbit/s connections - Internal	xx	xx	ccts	xx	xx	xx
EAD Local Access 100Mbit/s connections - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Local Access 1000Mbit/s connections - Internal	xx	xx	ccts	xx	xx	xx
EAD Local Access 1000Mbit/s connections - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Other 10Mbit/s connection - Internal	xx	xx	ccts	xx	xx	xx
EAD Other 10Mbit/s connections - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Other 100Mbit/s connections - Internal	xx	xx	ccts	xx	xx	xx
EAD Other 100Mbit/s connections - External	xx	xx	ccts	xx	xx	xx
		xx				
EAD Other 1000Mbit/s connections - Internal	xx	xx	ccts	xx	xx	xx
EAD Other 1000Mbit/s connections - External	xx	xx	ccts	xx	xx	xx
		xx				

Key:

Remove DLRIC and DSAC information

Key:

Remove DLRIC and DSAC information

	Non-discrimination						
	Revenue £m	Volume	Unit (b)	Average price £	FAC £	Unaudited (D)LRIC £	Unaudited DSAC £
For the year ended 31 March 2014							
Ethernet Backhaul Direct rentals - External	xx	xx	ccts	xx	xx	xx	xx
Ethernet Backhaul Direct connections - External	xx	xx	ccts	xx	xx	xx	xx
		xx					
Main link rental charges - Internal	xx	xx	fibre km	xx	xx	xx	xx
Main link rental charges - External	xx	xx	fibre km	xx	xx	xx	xx
		xx					
Support Service							
Equipment depreciation	xx					Estimated equipment depreciation of £xm	
Excess construction charges - Internal	xx	xx		xx		Estimated matched cost of £xm	
Excess construction charges - External	xx	xx		xx		Estimated matched cost of £xm	
Roundings	xx						
TOTAL	xx						

Key:

Remove DLRIC and DSAC information

AISBO WECLA (up to and including 1Gbit/s)**Market summary****Purpose of statement: to provide more detail on financial performance and first order tests of compliance with non-discrimination obligations****Detailed service analysis**

	Non-discrimination			FAC
	Revenue	Volume	Average price	
	£m	Unit (b)	£	£
For the year ended 31 March 2014				
Service				
Wholesale extension services 10Mbit/s rentals - Internal	xx	xx le	xx	xx
Wholesale extension services 10Mbit/s rentals - External	xx	xx le	xx	xx
		xx		
Wholesale extension services 100Mbit/s rentals - Internal	xx	xx le	xx	xx
Wholesale extension services 100Mbit/s rentals - External	xx	xx le	xx	xx
		xx		
Wholesale extension services 1000Mbit/s rentals - Internal	xx	xx le	xx	xx
Wholesale extension services 1000Mbit/s rentals - External	xx	xx le	xx	xx
		xx		
Wholesale extension services other bandwidth rentals - Internal	xx	xx le	xx	xx
Wholesale extension services other bandwidth rentals - External	xx	xx le	xx	xx
Backhaul extension services 1000Mbit/s rentals - External	xx	xx le	xx	xx
Backhaul extension services other bandwidth rentals - External	xx	xx le	xx	xx
Other internal Ethernet rentals	xx	xx ccts	xx	xx
Other internal Ethernet connections				
Other external Ethernet rentals	xx	xx ccts	xx	xx
Other external Ethernet connection	xx	xx	xx	xx

	Non-discrimination			
	Revenue	Volume	Unit (b)	Average
	£m			price
				£
For the year ended 31 March 2014				
EAD Local Access 10Mbit/s rentals - Internal	xx	xx	ccts	xx
EAD Local Access 10Mbit/s rentals - External	xx	xx	ccts	xx
		xx		
EAD Local Access 100Mbit/s rentals - Internal	xx	xx	ccts	xx
EAD Local Access 100Mbit/s rentals - External	xx	xx	ccts	xx
		xx		
EAD Local Access 1000Mbit/s rentals - Internal	xx	xx	ccts	xx
EAD Local Access 1000Mbit/s rentals - External	xx	xx	ccts	xx
		xx		
EAD Other 10Mbit/s rentals - Internal	xx	xx	ccts	xx
EAD Other 10Mbit/s rentals - External	xx	xx	ccts	xx
		xx		
EAD Other 100Mbit/s rentals - Internal	xx	xx	ccts	xx
EAD Other 100Mbit/s rentals - External	xx	xx	ccts	xx
		xx		
EAD Other 1000Mbit/s rentals - Internal	xx	xx	ccts	xx
EAD Other 1000Mbit/s rentals - External	xx	xx	ccts	xx
		xx		
EAD Local Access 10Mbit/s connections - Internal	xx	xx	ccts	xx
EAD Local Access 10Mbit/s connections - External	xx	xx	ccts	xx
		xx		
EAD Local Access 100Mbit/s connections - Internal	xx	xx	ccts	xx
EAD Local Access 100Mbit/s connections - External	xx	xx	ccts	xx
		xx		
EAD Local Access 1000Mbit/s connections - Internal	xx	xx	ccts	xx
EAD Local Access 1000Mbit/s connections - External	xx	xx	ccts	xx
		xx		
EAD Other 10Mbit/s connection - Internal	xx	xx	ccts	xx
EAD Other 10Mbit/s connections - External	xx	xx	ccts	xx
		xx		
EAD Other 100Mbit/s connections - Internal	xx	xx	ccts	xx
EAD Other 100Mbit/s connections - External	xx	xx	ccts	xx
		xx		
EAD Other 1000Mbit/s connections - Internal	xx	xx	ccts	xx
EAD Other 1000Mbit/s connections - External	xx	xx	ccts	xx
		xx		

Detailed service analysis

	<u>Non-discrimination</u>			<u>FAC</u>
	<u>Revenue</u>	<u>Volume</u> <u>Unit (b)</u>	<u>Average price</u>	
	<u>£m</u>		<u>£</u>	<u>£</u>
For the year ended 31 March 2014				
Ethernet Backhaul Direct rentals - External	xx	xx ccts	xx	xx
Ethernet Backhaul Direct connections - External	xx	xx ccts	xx	xx
		xx		
Main link rental charges - Internal	xx	xx fibre km	xx	xx
Main link rental charges - External	xx	xx fibre km	xx	xx
		xx		
Support Service				
Equipment depreciation	xx			Estimated equipment depreciation of £xm
Excess construction charges - Internal	xx	xx	xx	Estimated matched cost of £xm
Excess construction charges - External	xx	xx	xx	Estimated matched cost of £xm
Roundings	xx			
TOTAL	<u>xx</u>			

Key:

New reporting for AISBO WECLA market.

Calculation of FAC based on component costs and usage factors 2014

For the year ended 31 March 2014

			<u>MISBO</u>					
		Average cost per unit (from annex 15)	Single Service Ethernet connection - Internal	Single Service Ethernet connection - External	Single Service Ethernet rentals - Internal	Single Service Ethernet rentals - External	Single Service Ethernet Main link - Internal	Single Service Ethernet Main link - External
Fully Allocated Cost (£)			£	£	£	£	£	£
Components	Unit (d)							
Wholesale & LAN extension services fibre etc	£/le	xx	xx	xx	xx	xx	xx	xx
Backhaul extension services fibre etc	£/le	xx	xx	xx	xx	xx	xx	xx
Ethernet Electronics	£/le	xx	xx	xx	xx	xx	xx	xx
Ethernet main links	£/le	xx	xx	xx	xx	xx	xx	xx
21CN Backhaul Link & Length	£/le	xx	xx	xx	xx	xx	xx	xx
Access Cards (other services) (q)	%	xx	xx	xx	xx	xx	xx	xx
Service Centres - Assurance (q)	%	xx	xx	xx	xx	xx	xx	xx
Sales product management (q)	%	xx	xx	xx	xx	xx	xx	xx
Service Centres - Provision (q)	£/le	xx	xx	xx	xx	xx	xx	xx
Fully Allocated Costs (£)			xx	xx	xx	xx	xx	xx

Key:

New reporting for MISBO market

Section 8.3.1 - Call origination on fixed public narrowband networks

Market summary

Purpose of statement: to provide more detail on financial performance and first order tests of compliance with ~~cost orientation and~~ non-discrimination obligations

Detailed service analysis

For the year ended 31 March 2014

Service

Internal Wholesale call originating local exchange segment PSTN and ISDN (excl OA)
External Wholesale call originating local exchange segment PSTN and ISDN (excl OA)

Internal Wholesale call originating local exchange segment (incl Operator Assistance)
External Wholesale call originating local exchange segment (incl Operator Assistance)

Internal Wholesale call originating local exchange segment (ISDN) (incl OA)
Internal Wholesale call originating local exchange segment PSTN and ISDN (incl OA)

Internal Wholesale call origination local exchange Stick (ISDN)

Internal Wholesale PPP
External Wholesale PPP

Roundings

TOTAL

Key:

Consolidate Internal Wholesale originating local exchange segment reporting into 'Internal Wholesale call originating local exchnage segment PSTN and ISDN (inc OA)

Remove DLRIC and DSAC information

Remove FAC information

Non- discrimination									
NCC traffic - millions of minutes (mm)					Average NCC rates - pence per minute (ppm)				
Revenue £m	Day	Evening	Weekend	24 hours	Day ppm	Evening ppm	Weekend ppm	Weighted Average ppm	
XX	XX	XX	XX	XX	XX	XX	XX	XX	XX
XX	XX	XX	XX	XX	XX	XX	XX	XX	XX
XX	XX	XX	XX	XX	XX	XX	XX	XX	XX
XX	XX	XX	XX	XX	XX	XX	XX	XX	XX
XX	XX	XX	XX	XX	XX	XX	XX	XX	XX
XX	XX	XX	XX	XX	XX	XX	XX	XX	XX
XX	XX	XX	XX	XX	XX	XX	XX	XX	XX
XX	XX	XX	XX	XX	XX	XX	XX	XX	XX
-									
XX									

[illegible]

Calculation of FAC based on component costs and usage factors 2014

For the year ended 31 March 2014

Fully Allocated Cost (£)		Average cost per unit (from annex 15)	Call origination on fixed public narrowband				
			Call Origination Basket (ad)			Retail Sticks	PPP Basket
			Internal and External Wholesale call originating local-exchange segment PSTN and ISDN (excl OA)	Internal and External Wholesale call originating local-exchange segment (incl Operator Assistance)	Internal Wholesale call originating local-exchange segment (ISDN) (incl OA)	Internal Wholesale call originating local-exchange Stick (ISDN)	Internal and External Wholesale PPP
Components	Unit (d)		ppm	ppm	ppm	ppm	ppm
Local exchange concentrator	ppm	xx	xx	xx	xx	xx	
Local exchange processor	ppm	xx	xx	xx	xx		
Remote - local transmission link	ppm	xx	xx	xx	xx	xx	
Remote - local transmission length	ppm (per 10km)	xx	xx	xx	xx	xx	
Product management policy & planning	ppm	xx					xx
National OA non-chargeable	ppm	xx					
Emergency OA (999) non-chargeable	ppm	xx	xx	xx	xx		
Core/Metro (voice)	ppm	xx	xx	xx	xx	xx	
Border gateway & signalling firewall	ppm	xx					
MSAN POSI Voice Link	ppm	xx					
iNode (call set up and features) (q)	%	xx	xx	xx	xx	xx	
Edge Ethernet ports (q)	%	xx					
Fully Allocated Costs (ppm)			xx	xx	xx	xx	xx

Key:

Remove FAC information

Section 8.6.1 - Fixed call termination

Market summary

Purpose of statement: to provide more detail on financial performance and first order tests of compliance with cost orientation and non-discrimination obligations

Detailed service analysis

	Non- discrimination									Unaudited		
	NCC traffic - millions of minutes (mm)					Average NCC rates - pence per minute (ppm)				FAC-d (DLRIC)		Unaudited d-DSAC
	Revenue £m	Day	Evening	Weekend	24 hours	Day ppm	Evening ppm	Weekend ppm	Weighted Average ppm	ppm	ppm	ppm
For the year ended 31 March 2014												
Service												
Internal Wholesale call termination local exchange segment										xx	xx	xx
External Wholesale call termination local exchange segment	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Internal Wholesale call termination local exchange segment (ISDN)										xx	xx	xx
Internal Wholesale call termination local exchange segment (PSTN and ISDN)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Internal Wholesale call termination local exchange stick (PSTN & ISDN)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Roundings	xx											
TOTAL	xx											

Key:

Consolidate Internal Wholesale termination local exchange segment reporting into 'Internal Wholesale call termination local exchange segment PSTN and ISDN

Remove DLRIC and DSAC information

Remove FAC information

Calculation of FAC based on component costs and usage factors 2014

For the year ended 31 March 2014

		Average cost per unit (from annex 15)	Fixed call termination		
			Call Termination basket		Retail Sticks
			Wholesale call termination local-exchange segment	Internal Wholesale call termination-local exchange segment (£SDN)	Internal Wholesale call termination-local exchange stick (£SDN)
Fully Allocated Cost (£)					
Components	Unit (d)		ppm	ppm	ppm
Local exchange concentrator	ppm	xx	xx	xx	xx
Local exchange processor	ppm	xx	xx	xx	
Remote - local transmission link	ppm	xx	xx	xx	xx
Remote - local transmission length	ppm (per 10km)	xx	xx	xx	xx
Product management policy & planning	ppm	xx			
National OA non chargeable	ppm	xx			
Emergency OA (999) non chargeable	ppm	xx			
Core/Metro (voice)	ppm	xx	xx	xx	xx
Border gateway & signalling firewall	ppm	xx			
MSAN-POSI Voice Link	ppm	xx			
iNode (call set up and features) (q)	%	xx	xx	xx	xx
Edge Ethernet ports (q)	%	xx			
Fully Allocated Costs (ppm)			xx	xx	xx

Key:

Remove FAC information

Section 8.6.1 - Technical areas (Interconnect Circuits)

Purpose of statement: to provide more detail on financial performance and first order tests of compliance with ~~cost orientation and non-discrimination obligations~~

Detailed service analysis

	Non-discrimination				Unaudited	Unaudited	
	Revenue	Volume	Unit (b)	Average	FAC	(D)LRIC	DSAC
	£m			price	£	£	£
				£			
For the year ended 31 March 2014							
Service							
Customer Sited Interconnect (end to end circuit)							
External Wholesale standard CSI connections (v)	xx	xx	circuits	xx	xx	xx	xx
External Wholesale standard CSI rentals - fixed (v)	xx	xx	circuits	xx	xx	xx	xx
External Wholesale standard CSI rentals - per km (v)	xx	xx	km	xx	xx	xx	xx
In Span Interconnect with Interconnect Extension Circuit (end to end circuit)							
External Wholesale IEC connections	xx	xx	circuits	xx	xx	xx	xx
External Wholesale IEC rentals - fixed	xx	xx	circuits	xx	xx	xx	xx
External Wholesale IEC rentals - per km	xx	xx	km	xx	xx	xx	xx
In Span Interconnect							
External Wholesale intra-building circuits connections	xx	xx	circuits	xx	xx	xx	xx
External Wholesale intra-building circuits rentals	xx	xx	circuits	xx	xx	xx	xx
External Wholesale ISI rentals	xx	xx	100m	xx	xx	xx	xx
External Nominated ISI - per km	xx	xx	100m	xx	xx	xx	xx
External Wholesale rearrangements	xx	xx	circuits	xx	xx	xx	xx
Internal Wholesale standard CSI rentals - fixed	xx	xx	circuits	xx	xx	xx	xx
Internal Wholesale standard CSI rentals - per km	xx	xx	km	xx	xx	xx	xx
Internal Wholesale intra-building circuits rentals	xx	xx	circuits	xx	xx	xx	xx
Roundings	xx						
TOTAL	xx						

Key:

Remove DLRIC and DSAC information

BT Reconciliation Statement MCE

For the year ended 31 March 2014

	2014	2013
	£m	£m
Shareholders' funds as in the 2014 Annual Report	xx	(262)
CCA adjustments	xx	2,501
	xx	2,239
Adjustments		
Goodwill	xx	(1,410)
Derivative financial instruments - assets	xx	(1,207)
Deferred tax liabilities	xx	1,209
Deferred tax assets	xx	(1,438)
Current tax assets	xx	(16)
Current tax liabilities	xx	100
Long term loans and other borrowings:	xx	
Due in less than one year	xx	576
Due in more than one year	xx	8,277
Derivative financial instruments - liabilities	xx	864
Other payables	xx	883
Retirement benefit obligations	xx	5,856
Closing CCA capital employed at 31 March	xx	15,933
Opening CCA capital employed at 1 April	xx	15,385
Total CCA mean capital employed	xx	15,659

Key:

Markets grouped by market review rather than 'Access' and 'Other Wholesale'.

Mean capital employed of BT Markets	2014	2013
	£m	£m
Access markets	xx	xx
Other Wholesale markets	xx	xx
Sub total BT Markets	xx	xx
Fixed Access Markets	xx	xx
Business Connectivity Markets	xx	xx
Narrowband Markets	xx	xx
Wholesale Broadband Access Markets	xx	xx
Total SMP Markets	xx	xx
Residual activities		
Wholesale residual activity	xx	xx
Retail residual activity	xx	xx
Sub total residual activities	xx	xx
Roundings and other adjustments		
Wholesale markets	xx	xx
Retail markets & activities	xx	xx
Sub total roundings and other adjustments	xx	xx
Total CCA mean capital employed	xx	xx

Openreach income statement

For the year ended 31 March 2014

Full service provision

Openreach Services (by regulated market)	Wholesale analogue exchange line services £m	Wholesale local access £m	Wholesale ISDN2 exchange line services £m	Wholesale business ISDN30 exchange line services £m	Sub Total full SMP services (excluding AISBO and MISBO) £m	AISBO Non WECLA £m	AISBO WECLA £m	MISBO Non WECLA £m	Sub Total full SMP services (including AISBO and MISBO) £m	Other Openreach Markets & Activities (with no SMP reporting obligations) £m	Total: Openreach Services - by regulated market £m
Revenue											
Internal Revenue											
-service(s) which are also available externally:											
- Internal LLU equivalent	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- Other	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
-service(s) provided internally only:											
- e-PPCs	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- Other	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
External Revenue	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Roundings	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total Revenue	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Operating Costs											
Provision/Maintenance	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Network Support	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
General Support	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
General Management	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Finance and Billing	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Accommodation	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Bad Debts	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Other Costs	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Depreciation											
- Land & Building	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- Access	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- Switch and Transmission	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- Other related	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Sub total Depreciation	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Sub total HCA operating costs	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

BT and KCOM's regulatory financial reporting

CCA adjustments												
Holding loss/(gain)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Supplementary depreciation	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Other adjustments	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Roundings	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total CCA Operating Costs	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Return	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Return on mean capital employed	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

Key:

Newly reported markets

Openreach MCE statement

For the year ended 31 March 2014

Openreach Services (by regulated market)		Wholesale analogue exchange line services	Wholesale local access	Wholesale ISDN2 exchange line services	Wholesale business ISDN30 exchange line services	Sub Total full SMP services (excluding AISBO and MISBO)	AISBO Non WECLA	AISBO WECLA	MISBO Non WECLA	Sub Total full SMP services (including AISBO and MISBO)	Other Openreach Markets & Activities (with no SMP reporting obligations)	Total: Openreach Services - by regulated market
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-current Assets												
Tangible fixed assets:												
Land & Buildings		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Access - Copper		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Access - Fibre		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Access - Duct		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Switch and Transmission	- Switch	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
	- Transmission	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Other		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Investments		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total Non-current assets		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Current Assets												
Inventories		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Receivables												
- Internal		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- External		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total Current Assets		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Payables falling due within one year												
- Internal		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
- External		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total Payables falling due within one year		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Net Current Assets/(Payables)		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total Assets less Current Payables		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Provisions for liabilities and charges		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Roundings		-	-	-	-	-	-	-	-	-	-	-
Mean capital employed		xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

Key:

Newly reported markets

BT and KCOM's regulatory financial reporting

Annex 17 (continued)

Consolidation Statement (a summary of all wholesale markets where there are cost accounting obligations)

Fully Allocated Cost (£m)	Total (from annex 15)	Wholesale analogue exchange line services	Wholesale local access	Wholesale ISDN2 exchange line services	Traditional interface symmetric broadband origination (up to and including 8Mbit/s)	Traditional interface symmetric broadband origination (above 8Mbit/s up to and including 45Mbit/s)	Traditional interface symmetric broadband origination (above 45Mbit/s up to and including 155Mbit/s)	Wholesale regional trunk segments	Technical Areas (Point of Handover)	ASBO Non WECLA	ASBO WECLA	MISBO Non WECLA	Call origination on fixed public narrowband networks	Fixed call termination	Technical areas (Interconnect Circuits)	Wholesale broadband access market 1 - BT only operator	Wholesale broadband access market 2 - 2 to 3 principal operators	AS SMP Components	Residual	Non cost accounting, roundings and residual
Components																				
Ethernet main links	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
SG & A partial private circuits	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
National OA non chargeable	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Emergency OA (999) non chargeable	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Wholesale Access specific	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Routing & records	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
MDF Hardware jumpering	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
E side copper capital	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
E side copper current	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
D side copper capital	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
D side copper current	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Local exchanges general frames capital	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Local exchanges general frames current	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PSTN line test equipment	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Dropwire capital & PSTN NTE	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Residential PSTN drop maintenance	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
ISDN2 drop maintenance	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PSTN line cards	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
ISDN2 line cards	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Pair gain	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
ISDN2 NTE	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Broadband line testing systems	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
DSLAM capital/maintenance	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
ADSL connections	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Local Loop Unbundling room build	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Local Loop Unbundling hostel rentals	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Local Loop Unbundling hostel rentals power & vent	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Local Loop Unbundling tie cables	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Local Loop Unbundling systems development	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Directories	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Service Centres - Provision	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Sales product management	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Service Centres - Assurance	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Combi Card voice	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Combi Card Broadband Access	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Access Cards (ISDN2 services)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Core/Metro (voice)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Border gateway & signalling firewall	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

BT Network Services Reconciliation

Consolidation Statement (a summary of all wholesale markets where there are cost accounting obligations)

Fully Allocated Cost (£m)	Total (from annex 15)	Wholesale analogue exchange line services	Wholesale local access	Wholesale (SDN2 exchange line services	Traditional interface symmetric broadband origination (up to and including 8Mbit/s)	Traditional interface symmetric broadband origination (above 8Mbit/s up to and including 45Mbit/s)	Traditional interface symmetric broadband origination (above 45Mbit/s up to and including 155Mbit/s)	Wholesale regional trunk segments	Technical Areas (Point of Handover)	AISBO Non WECLA	AISBO WECLA	MISBO	Call origination on fixed public narrowband networks	Fixed call termination	Technical areas (Interconnect Circuits)	Wholesale broadband access market 1 - BT only operator	Wholesale broadband access market 2 - 2 to 3 principal operators	AS SMP Components	Residual	Non cost accounting, roundings and residual
Components																				
Local exchange concentrator	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Local exchange processor	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Remote - local transmission link	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Remote - local transmission length	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Product management policy & planning	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Interconnect local end rental 2Mbit/s	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Interconnect 2Mbit/s connection	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Interconnect extension circuits (IEC) 2Mbit/s link	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Customer Sited Interconnect cct (CSI) 2Mbit/s link	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Interconnect extension circuits (IEC) 2Mbit per km	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Customer Sited Interconnect cct (CSI) 2Mbit per km	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
In Span Interconnect circuits (ISI) transmission	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Nominated In Span I/Connect cct (ISI) transmission	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Intra Building Circuit (IBC) connection	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Intra Building Circuit (IBC) rental	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 2Mbit/s link per km distribution	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 2Mbit/s link per km trunk	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 34Mbit/s link per km distribution	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 34Mbit/s link per km trunk	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 140Mbit/s link per km distribution	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 140Mbit/s link per km trunk	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 622Mbit/s link per km trunk	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Point of Handover electronics	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 64kbit/s link	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 2Mbit/s link	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 34Mbit/s link	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 140Mbit/s link	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 64kbit/s link per km transmission	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
64kbit/s PC link connection cct provision	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
2Mbit/s and above PC link connection cct provision	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 64kbit/s link local end	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 34Mbit/s link local end	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 140Mbit/s link local end	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 2Mbit/s local end copper	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 2Mbit/s local end fibre	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Wholesale & LAN extension services fibre etc	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Backhaul extension services fibre etc	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Ethernet Electronics	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

BT and KCOM's regulatory financial reporting

Annex 17 (continued)

Consolidation Statement (a summary of all wholesale markets where there are cost accounting obligations)

Fully Allocated Cost (£m)	Total (from annex 15)	Wholesale analogue exchange line services	Wholesale local access	Wholesale ISDN2 exchange line services	Traditional interface symmetric broadband origination (up to and including 8Mbit/s)	Traditional interface symmetric broadband origination (above 8Mbit/s up to and including 45Mbit/s)	Traditional interface symmetric broadband origination (above 45Mbit/s up to and including 155Mbit/s)	Wholesale regional trunk segments	Technical Areas (Point of Handover)	ASBO Non WECLA	ASBO WECLA	MSBO Non WECLA	Call origination on fixed public narrowband networks	Fixed call termination	Technical areas (Interconnect Circuits)	Wholesale broadband access market 1 - BT only operator	Wholesale broadband access market 2 - 2 to 3 principal operators	AS SMP Components	Residual	Non cost accounting, roundings and residual
Components																				
MSAN-POSI Voice Link	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Access Cards (other services)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
MSAN-METRO Connectivity Link	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Core/Metro connectivity	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Edge Ethernet ports	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
iNode (call set up and features)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
ATM customer interface 2Mbit/s	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
ATM customer interface 34Mbit/s	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
ATM customer interface > 155Mbit/s	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
ATM network interface	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
ATM network switching	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Inter ATM transmissions	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Broadband backhaul circuits (excl Virtual Paths)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
21CN Backhaul Link & Length	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Core/Metro (broadband)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Low Tisbo Equipment Depn	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
High Tisbo Equipment Depn	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Very High Tisbo Equipment Depn	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Low Tisbo Excess Construction	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
ASBO Excess Construction	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
SG&A Broadband	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
SG&A Interconnect	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
SMP Accounting Separation components	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Residual components	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Roundings	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

Key:

Newly reported markets

Annex B

The form and content of BT's AFI 25 reporting revenues, network charges and gross margins for sub 2Mb TI retail services is outlined below.

AFI 25

Business Connectivity Services - Reporting of non-discrimination in downstream markets

for the year ended 31 March 2013

Downstream Product Descriptions			Speech/KeyLine Rentals		Kilostream N64 Connections		Kilostream N64 Rentals		Kilostream Connections		Kilostream Rentals		Own Use	Total Internal Sales
			Volume	£'000	Volume	£'000	Volume	£'000	Volume	£'000	Volume	£'000	£'000	£'000
	Ave. price £	Unit measure												
Turnover				xx		xx		xx		xx		xx		xx
Network Charge														
Business Connectivity Market(s)														
TISBO (up to and including 8Mbit/s)														
WH SDSL conns (MPF) TISBO	xx	conns	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
WH SDSL rentals (MPF) (TISBO)	xx	lines	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
PC rental 2Mbit link per km distribution	xx	km	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
PC rental 64Kbit link	xx	links	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
PC rental 2Mbit link	xx	links	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
PC rental 64Kbit link per km Distribution	xx	km	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
PC rental 64Kbit Trunk	xx	km	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
2Mbit PC link connection cct provision	xx	circuits	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
64Kbit PC link connection cct prov (internal)	xx	circuits	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
64kbit PC Re-arranges	xx	circuits	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
PC rental 64kbit link local end	xx	le	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
PC rental 2Mbit local end copper	xx	le	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
PC rental 2Mbit local end fibre	xx	le	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Separation & Diversity	xx	circuits	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Third Party Equipment PPC	xx	circuits	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Other Single Payment	xx	circuits	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Prot Path PC rental 2Mbit link per km dist	xx	km	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Prot Path PC rental 2Mbit link	xx	links	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
2Mbit Prot Path PC link conn cct prov	xx	circuits	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Prot Path PC rental 2Mbit local end copper	xx	le	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Prot Path PC rental 2Mbit local end fibre	xx	le	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Siteconnect rental 2Mbit link per km distribution	xx	km	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Siteconnect rental 2Mbit link per km trunk	xx	km	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Siteconnect PPC rental 2Mbit link	xx	links	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
2Mbit Siteconnect PPC link conn cct provision	xx	circuits	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Siteconnect PPC rental 2Mbit local end copper	xx	le	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx
Siteconnect PPC rental 2Mbit local end fibre	xx	le	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx		xx

PC rental 2Mbit CLZ link per km dist (int)	xx	km	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 2Mbit CLZ link (int)	xx	links	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 2Mbit CLZ LE Copper (int)	xx	le	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PC rental 2Mbit CLZ local end fibre (int)	xx	le	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Other SMP Markets	xx													xx	xx
														xx	xx
														xx	xx
														xx	xx
Residual				xx		xx		xx		xx		xx		xx	xx
Own Use				xx		xx		xx		xx		xx		xx	xx
Own Use				xx		xx		xx		xx		xx		xx	xx
Other Charges				xx		xx		xx		xx		xx		xx	xx
Total Network Charge				xx		xx		xx		xx		xx		xx	xx
Gross Margin				xx		xx		xx		xx		xx		xx	xx

Annex C

Proposed list of network components

The network components set out in Direction 1 shall be amended as shown below in that the words underlined are inserted and the words struck through are deleted.

1. Local exchange concentrator
2. Local exchange processor
3. Remote - local transmission link
4. Remote - local transmission length
5. Product management policy & planning
6. Interconnect local end rental 2Mbit/s
7. Interconnect 2Mbit/s connection
8. Interconnect extension circuits (IEC) 2Mbit/s link
9. Customer Sited Interconnect cct (CSI) 2Mbit/s link
10. Interconnect extension circuits (IEC) 2Mbit per km
11. Customer Sited Interconnect cct (CSI) 2Mbit per km
12. In Span Interconnect circuits (ISI) transmission
13. Nominated In Span I/Connect cct (ISI) transmission
14. Intra Building Circuit (IBC) connection
15. Intra Building Circuit (IBC) rental
16. PC rental 2Mbit/s link per km distribution

17. PC rental 2Mbit/s link per km trunk
18. PC rental 34Mbit/s link per km distribution
19. PC rental 34Mbit/s link per km trunk
20. PC rental 140Mbit/s link per km distribution
21. PC rental 140Mbit/s link per km trunk
22. PC rental 622Mbit/s link per km trunk
23. Point of Handover electronics
24. PC rental 64kbit/s link
25. PC rental 2Mbit/s link
26. PC rental 34Mbit/s link
27. PC rental 140Mbit/s link
28. PC rental 64kbit/s link per km transmission
29. 64kbit/s PC link connection cct provision
30. 2Mbit/s and above PC link connection cct provision
31. PC rental 64kbit/s link local end
32. PC rental 34Mbit/s link local end
33. PC rental 140Mbit/s link local end
34. PC rental 2Mbit/s local end copper
35. PC rental 2Mbit/s local end fibre
36. Wholesale & LAN extension services fibre etc
37. Backhaul extension services fibre etc

- 38. Ethernet Electronics
- 39. Ethernet main links
- 40. SG & A partial private circuits
- 41. National OA non chargeable
- 42. Emergency OA (999) non chargeable
- 43. Wholesale Access specific
- 44. Routeing & records
- 45. MDF Hardware jumpering
- 46. E side copper capital
- 47. E side copper current
- 48. D side copper capital
- 49. D side copper current
- 50. Local exchanges general frames capital
- 51. Local exchanges general frames current
- 52. PSTN line test equipment
- 53. Dropwire capital & PSTN NTE
- 54. Residential PSTN drop maintenance
- 55. ISDN2 drop maintenance
- 56. PSTN line cards
- 57. ISDN2 line cards
- 58. Pair gain

- 59. ISDN2 NTE
- 60. Broadband line testing systems
- 61. DSLAM capital/maintenance
- 62. ADSL connections
- 63. ~~Local Loop Unbundling room build~~ Co-mingling new provides
- 64. ~~Local Loop Unbundling hostel~~ Co-mingling rentals
- 65. ~~Local Loop Unbundling hostel~~ Co-mingling rentals power & vent
- 66. ~~Local Loop Unbundling~~ Tie cables
- 67. Local Loop Unbundling systems development
- 68. Directories
- 69. Service Centres - Provision
- 70. Sales product management
- 71. Service Centres - Assurance
- 72. Combi Card voice
- 73. Combi Card Broadband Access
- 74. ~~Access Cards (ISDN2 services)~~
- 75. Core/Metro (voice)
- 76. ~~Border gateway and signalling firewall~~
- 77. ~~MSAN POSI Voice Link~~
- 78. Access Cards (other services)
- 79. ~~MSAN METRO Connectivity Link~~

- 80. Core/Metro connectivity
- 81. Edge Ethernet ports
- 82. iNode (call set up and features)
- 83. ATM customer interface 2Mbit/s
- 84. ATM customer interface 34Mbit/s
- 85. ATM customer interface > 155Mbit/s
- 86. ATM network interface
- 87. ATM network switching
- 88. Inter ATM transmissions
- 89. Broadband backhaul circuits (excl Virtual Paths)
- 90. 21CN Backhaul Link & Length
- 91. Core/Metro (broadband)
- 92. Low Tisbo Equipment Depn
- 93. High Tisbo Equipment Depn
- 94. Very High Tisbo Equipment Depn
- 95. Low Tisbo Excess Construction
- 96. AISBO Excess Construction
- 97. SG&A Broadband
- 98. SG&A Interconnect
- 99. Main exchange switching
- 100. ISDN30 connections
- 101. ISDN30 access

102.ISDN30 line cards

103.Access Cards (ISDN30 services)

104.Notional debtors

Annex D

The form and content of KCOM's Regulatory Financial Statements set out in Direction 4 shall be amended as shown below in that the words underlined are inserted, the words struck through are deleted.

Annex 20**Kingston Wholesale Sales by Market Statement - External Sales****For the year ended 31 March 2014**

	Average NCC rates ppm			NCC Traffic Minutes			24hr	Total charge £k	Percentage Used	Total Payments £k
	Day	Evening	Weekend	Day	Evening	Weekend				

Wholesale analogue exchange line services (there will be a statement for each market where there are accounting separation obligations)

List of services supplied from this market

Kingston Wholesale Market : Analogue Exchange Line

Kingston Wholesale Market : ISDN 30 Exchange Line Services in the Hull Area

Kingston Wholesale Market : Call Origination on Fixed Public

Narrowband Networks in the Hull Area

~~Kingston Wholesale Market : Call Termination on Fixed Public~~~~Narrowband Networks in the Hull Area~~

Kingston Wholesale Market : Asymmetric Broadband Origination in the Hull Area

Kingston Wholesale Market : Provision of Traditional Interface

Symmetric Broadband Origination with a Bandwidth Capacity up to & including 8 Mb/s

Kingston Wholesale Market : Provision of Traditional Interface

Symmetric Broadband Origination with a Bandwidth Capacity

Above 8 MB/s & up to & including 155 Mb/s

Kingston Wholesale Market : Provision of Alternative Interface

Symmetric Broadband Origination at all Bandwidths within the Hull area

Annex 21

Kingston Wholesale Sales by Market Statement - Internal Sales For the year ended 31 March 2014

	Average NCC rates ppm			NCC Traffic Minutes			24hr	Total charge £k	Percentage Used	Total Payments £k
	Day	Evening	Weekend	Day	Evening	Weekend				

Wholesale analogue exchange line services (there will be a statement for each market where there are accounting separation obligations)

List of services supplied from this market

Kingston Wholesale Market : Analogue Exchange Line

Kingston Wholesale Market : ISDN 30 Exchange Line Services in the Hull Area

Kingston Wholesale Market : Call Origination on Fixed Public Narrowband Networks in the Hull Area

~~Kingston Wholesale Market : Call Termination on Fixed Public Narrowband Networks in the Hull Area~~

Kingston Wholesale Market : Asymmetric Broadband Origination in the Hull Area

Kingston Wholesale Market : Provision of Traditional Interface Symmetric Broadband Origination with a Bandwidth Capacity up to & including 8 Mb/s

Kingston Wholesale Market : Provision of Traditional Interface Symmetric Broadband Origination with a Bandwidth Capacity Above 8 MB/s & up to & including 155 Mb/s

Kingston Wholesale Market : Provision of Alternative Interface Symmetric Broadband Origination at all Bandwidths within the Hull area

