Dŵr Cymru
Welsh Water

PR19 Appointed business plan table commentaries

August 2019

Document Change Control:

September submission 2018 – Text in black
April IAP 2019 – Changes in red
Draft Determination Representations 2019 – Changes in blue

Contents

App7 – Proposed price limits and average bills

This table shows the impact of our business plan on residential customers at 2017-18 financial year average prices for AMP7 and Outturn (nominal price base) for the blind years 2018-19 and 2019-20.

Line Commentary

Block A – Proposed wholesale limits

Block A contains a company's proposed revenues in each year from 2020-21 to 2024-25, calculated from the associated revenue projection tables for each price control.

Line 1 – 5

The output of these lines are populated using a formula pre-populated in the data table.

Block B Proposed wholesale revenue requirement limits with re-profiling

Block B contains a company's proposed revenues in each year from 2020-21 to 2024-25, calculated from the associated revenue projection tables for each price control. The re-profiling of revenue between years is included.

Line 6 - 10

The output of these lines are populated using a formula pre-populated in the data table.

Block C - Total wholesale allowed revenue

Block C contains a company's total wholesale allowed revenues. These figures are copied directly from line 24 of the revenue projection tables for each price control.

Line 11 – 15

The output of these lines are populated using a formula pre-populated in the data table.

Block D - Proposed wholesale revenue requirement limits with PR14 reconciliation adjustments

Block D contains a company's revenues but with the company's PR14 reconciliation adjustments included. These figures are copied directly from line 27 of the revenue projection tables for each price control.

Line 16 - 20

The output of these lines are populated using a formula pre-populated in the data table.

Block E K factors and bioresources average revenue per tonne of dry solid

Block E requires a company to input its proposed wholesale K factors for each wholesale price control and for bioresources, the average revenue requirement per tonne of dry solids.

Line 21- Wholesale water resources k factor including PR14 reconciliation adjustments

Forecast wholesale water resources k factors including the PR14 reconciliation adjustments.

Calculated using the Ofwat financial model.

Line 22 - Wholesale water network plus k factor including PR14 reconciliation adjustments

Forecast wholesale water network plus k factors including the PR14 reconciliation adjustments.

Calculated using the Ofwat financial model.

Line 23 - Wholesale wastewater network plus k factor including PR14 reconciliation adjustments

Forecast wholesale wastewater network plus k factors including the PR14 reconciliation adjustments.

Calculated using the Ofwat financial model.

Line 24 - Wholesale bioresources average revenue per tonne of dry solids

Forecast wholesale bioresources average revenue per tonne of dry solids for the period 2020-25.

Calculated using the Ofwat financial model.

Line 25 - Wholesale dummy control k factor including PR14 reconciliation adjustments
We are not using the dummy control.

Block F - Average wholesale bills
Block F shows the average wholesale bills for household customers for each price control. These figures are calculated from the revenue projection tables for each price control.
The average wholesale bills shown here include the impact on revenue in 2020-25 of the PR14 post financeability adjustments for ODIs, Totex cost sharing, wholesale revenue forecasting incentive mechanism and blind year adjustments form the revenue adjustments feeder model.

Line 26 – 35
The output of these lines are populated using a formula pre-populated in the data table.

Block G - Average retail bills ~ residential
Block G shows the average residential retail bill for water and wastewater services. These figures should be derived from R1 and R7.
The average retail bills shown here include the impact on revenue in 2020-25 of the PR14 Residential retail mechanism.

Line 36 – 38
The output of these lines are populated using a formula pre-populated in the data table.

Block H - Average total bills ~ residential
Block H calculates the average total household bill for water and wastewater services.

Bills presented here are calculated in a manner consistent with the Ofwat financial model, however for 2021-2025 the sum of the average total bill – water and average total bill wastewater does not equal the average total combined bill. This is as a result of the retail elements of the average total bill for water being calculated as the retail single service revenue for water divided by water only customers, and the average total bill for wastewater being calculated as the retail single service revenue for waste divided by waste only customers.

Average total bills for 2018-19 and 2019-20 are shown in outturn prices and have been calculated as follows:

		2018/19 Outturn	2019/20 Outturn
Water			
Wholesale Revenue	£m	211.112	223.406
Retail Revenue	£m	25.78	25.854
Gross Household Revenue	£m	236.892	249.26
Number of properties	000	1,268.47	1,277.87
Gross Average household bill outturn	£	186.75	195.06
Gross Average household bill CPIH	£	182.02	185.84
Wastewater			
Wholesale Revenue	£m	317.583	325.461
Retail Revenue	£m	27.395	27.454
Gross Household Revenue	£m	344.978	352.915
Number of properties	000	1,319.63	1,328.86
Gross Average household bill outturn	£	261.42	265.58
Gross Average household bill CPIH	£	254.80	253.03
Combined		2018/19	2019/20
Gross Average household bill outturn	£	448.17	460.64
Gross Average household bill CPIH	£	436.82	438.87
CPIH deflator		102.60%	104.96%

Line 39
Average total bill ~ water
Actual and forecast average total residential bill for water. Equals App7 line 22 plus line 24 plus line 31 for years 2020-25.

Line 40
Average total bill ~ wastewater
Actual and forecast average total residential bill for wastewater. Equals App7 line 26 plus line 28 plus line 32 for years 2020-25.

Line 41
Average total combined bill
Actual and forecast average total residential bill for combined water and wastewater services.

Block I - Total revenue summary
Block I provides a summary of revenue at the total appointee level.
Line 42- 45
The output of these lines are populated using a formula pre-populated in the data table.

Line 46
Discount rate for reprofiling allowed revenue
The discount rate used when using the reprofiling revenue functionality in the PR19 financial model
We have used Ofwat's ~~early view of the cost of capital published in the final methodology for PR19 to calculate an appropriate discount rate for reprofiling revenue in the PR19 financial model .~~
We have updated the discount rate to be in line with Ofwat's Draft Determination WACC adjusted by long-term CPIH assumption.

~~Appointee WACC nominal~~	~~5.47%~~
~~RPI~~	~~3.00%~~
~~Appointee WACC RPI real~~	~~2.30%~~
~~Appointee WACC nominal~~	~~5.47%~~
~~CPIH~~	~~2.00%~~
~~Appointee WACC CPIH real~~	~~3.30%~~
~~CPIH/RPI split at start of AMP7~~	~~50%~~
~~Discount rate for reprofiling revenue~~	~~2.90%~~

Appointee WACC nominal	5.14%
Long-term CPIH	2.00%
Appointee WACC CPIH real	3.08%

App8 - Appointee financing

Data from the RCV feeder model has been updated for changes to App23, 2018-19 APR and our treatment of expenditure related to Loughor estuary.

Block A - Financial

Line 1

Net debt

~~Net debt for the actual company calculated as follows:~~

	~~2019-20~~ ~~£m~~
~~Cash and cash equivalents App12 Line 11~~	~~(100.00)~~
~~Borrowing (Current liabilities) App12 Line 15~~	~~388.13~~
~~Borrowing (Non-current liabilities) App12 Line 22~~	~~3,196.94~~
~~Net debt (outturn prices)~~	**~~3,485.07~~**
~~2019-20 CPIH year-end index~~	~~110.3~~
~~2017-18 CPIH year-end index~~	~~105.1~~
~~Net debt (2017-18 FYE CPIH deflated)~~	**~~3,320.77~~**

	~~2019-20~~ ~~£m~~
~~Cash and cash equivalents App12 Line 11~~	~~(100.00)~~
~~Borrowing (Current liabilities) App12 Line 15~~	~~388.131~~
~~Borrowing (Non-current liabilities) App12 Line 22~~	~~3,208.98~~
~~Net debt (outturn prices)~~	**~~3,497.11~~**
	-
~~2019-20 CPIH year-end index~~	~~110.3~~
~~2017-18 CPIH year-end index~~	~~105.1~~
	-
~~Net debt (2017-18 FYE CPIH deflated)~~	**~~3,332.238~~**

	2019-20 £m
Cash and cash equivalents App12 Line 11	-100
Borrowing (Current liabilities) App12 Line 15	388.131
Borrowing (Non-current liabilities) App12 Line 22	3,135.88
Net debt (outturn prices)	3,424.02
2019-20 CPIH year-end index	109.10
2017-18 CPIH year-end index	105.10
Net debt (2017-18 FYE CPIH deflated)	3,298.963

Line 2

Equity dividends paid

The financial plans for the actual company assume an equity dividend which represents the company's contribution to social tariffs. This has been removed for this August Business plan. [See WSH.DD.RR.1]

	~~2020-21 £m~~	~~2021-22 £m~~	~~2022-23 £m~~	~~2023-24 £m~~	~~2024-25 £m~~
~~Equity dividend paid App11 Line 17 (outturn prices)~~	~~-14.7~~	~~-15.8~~	~~-17~~	~~-18.1~~	~~-19.3~~
~~CPI(H) Fin year average inflate from 2017-18 average~~	~~107.06%~~	~~109.20%~~	~~111.38%~~	~~113.61%~~	~~115.88%~~
~~Equity dividend paid (2017-18 CPIH deflated)~~	**~~-13.731~~**	**~~-14.469~~**	**~~-15.262~~**	**~~-15.931~~**	**~~-16.655~~**

	2020-21 £m	**2021-22 £m**	**2022-23 £m**	**2023-24 £m**	**2024-25 £m**
Equity dividend paid App11 Line 17 (outturn prices)	0	0	0	0	0
CPI(H) Fin year average inflate from 2017-18 average	105.79%	107.88%	110.04%	112.24%	114.48%
Equity dividend paid (2017-18 CPIH deflated)	0	0	0	0	0

Line 3

Cash inflow from equity financing

As a not-for-shareholder company there is no cash inflow from equity financing during the period.

Block B - RCV year end balances

Line 4

Wholesale water closing RCV at 31 March 2020 in 2012-13 prices (from PR14 FD)

Pre downloaded FD14 data. 2012-13 FYA prices.

Line 5

Wholesale water closing RCV at 31 March 2020 in 2017-18 year end prices before midnight adjustments

Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23 and 2018-19 APR.

Line 6

Water ~ Total Adjustment RCV carry forward to PR19 at 2017-18 FYE CPIH deflated price base

Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23 and 2018-19 APR.

Line 7

Water ~ CIS RCV inflation correction at 2017-18 FYE CPIH deflated price base

Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23 and 2018-19 APR.

Line 8

Water ~ NPV effect of 50% of proceeds from disposals of interest in land at 2017-18 FYE CPIH deflated price base

Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23 and 2018-19 APR.

Line 9

Water ~ ODI RCV adjustment allocated to Water resources at 2017-18 FYE CPIH deflated price base

Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23 and 2018-19 APR.

Line 10

Water ~ ODI RCV adjustment allocated to Water network plus at 2017-18 FYE CPIH deflated price base

Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23 and 2018-19 APR.

Line 11

Water ~ Totex menu RCV adjustment at 2017-18 FYE CPIH deflated price base

Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23 and 2018-19 APR.

Line 12

Water ~ Other adjustment to wholesale RCV

Input

Line 13

Total wholesale water RCV at 31 March 2020 post midnight adjustments before allocation to price control units in 2017-18 FYE prices

Sum of lines 5 to 12.

Line 14

Total wholesale water RCV at 31 March 2020 post midnight adjustments before allocation to price control units in 2017-18 FYA prices

Closing value converted from 2017-18 FYE prices to 2017-18 FYA prices using data in App 23.

Line 15

Water resources % of total wholesale water RCV ~ 31 March 2020

Copied from WS12 line 19.

Line 16

Water resources RCV ~ 1 April 2020

Calculated.

Line 17

Water resources IFRS16 RCV adjustment

Copied from App 33 line 21 and converted from 2017-18 FYE prices to 2017-18 FYA prices using data in App 23.

Line 18

RPI:CPIH indexation split of opening RCV 1 April 2020

Pre populated. Generic value.

Line 19
Water resources 2020 RCV RPI inflated ~ 1 April (opening balance)
Calculated. Opening 2020 RCV split 50%:50% to RPI and CPIH inflation pools in first year. Subsequent years opening balance is previous year closing balance.

Line 20
Run off on RPI inflated 2020 RCV ~ wholesale water resources
Copied from Wr3 line 5

Line 21
Water resources 2020 RCV RPI inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance minus run off.

Line 22
Water resources 2020 RCV CPIH inflated ~ 1 April (opening balance)
Calculated. Opening 2020 RCV split 50%:50% to RPI and CPIH inflation pools in first year. Subsequent years opening balance is previous year closing balance.

Line 23
Run off on CPIH inflated 2020 RCV ~ wholesale water resources
Copied from Wr3 line 7.

Line 24
Water resources 2020 RCV CPIH inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance minus run off.

Line 25
Water resources post 2020 investment CPIH inflated ~ 1 April (opening balance)
New additions opening balance is zero.

Line 26
Water resources post 2020 totex additions CPIH inflated
WS1 line 21 * (1-WR4 line 19).

Line 27
Run off on post 2020 investment ~ wholesale water resources
Copied from Wr3 line 3.

Line 28
Water resources post 2020 investment CPIH inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance plus totex additions minus run off.

Line 29
Water network plus % of total wholesale water RCV ~ 31 March 2020
Copied from WS12 line 19.

Line 30
Water network plus RCV ~ 1 April 2020
Calculated.

Line 31
Water network plus IFRS16 RCV adjustment

Copied from App 33 line 42 and converted from 2017-18 FYE prices to 2017-18 FYA prices using data in App 23.

Line 32
RPI:CPIH indexation split of opening RCV 1 April 2020
Pre populated. Generic value.

Line 33
Water network plus RCV RPI inflated ~ 1 April (opening balance)
Calculated. Opening 2020 RCV split 50%:50% to RPI and CPIH inflation pools in first year. Subsequent years opening balance is previous year closing balance.

Line 34
Run off on RPI inflated 2020 RCV ~ wholesale water network plus
Copied from Wn3 line 5.

Line 35
Water network plus RCV RPI inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance minus run off.

Line 36
Water network plus RCV CPIH inflated ~ 1 April (opening balance)
Calculated. Opening 2020 RCV split 50%:50% to RPI and CPIH inflation pools in first year. Subsequent years opening balance is previous year closing balance.

Line 37
Run off on CPIH inflated 2020 RCV ~ wholesale water network plus
Copied from Wn3 line 7.

Line 38
Water network plus RCV CPIH inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance minus run off.

Line 39
Water network plus post 2020 investment CPIH inflated ~ 1 April (opening balance)
New additions opening balance is zero.

Line 40
Water network plus post 2020 totex additions CPIH inflated
WS1 line 21 * (1 - WN4 line 14).

Line 41
Run off on post 2020 totex additions ~ wholesale water network plus
Copied from Wn3 line 3

.

Line 42
Water network plus post 2020 investment CPIH inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance plus totex additions minus run off.

Line 43
Wholesale wastewater closing RCV at 31 March 2020 in 2012-13 prices (PR14 FD)
Pre downloaded FD14 data. 2012-13 FYA prices.

Line 44

Wholesale wastewater closing RCV at 31 March 2020 in 2017-18 year end prices before midnight adjustments
Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23, 2018-19 APR and our treatment of expenditure related to the Loughor estuary see WSH.DD.CE.2

Line 45
Wastewater ~ Total Adjustment RCV carry forward to PR19 at 2017-18 FYE CPIH deflated price base
Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23, 2018-19 APR and our treatment of expenditure related to the Loughor estuary see WSH.DD.CE.2

Line 46
Wastewater ~ CIS RCV inflation correction at 2017-18 FYE CPIH deflated price base
Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23, 2018-19 APR and our treatment of expenditure related to the Loughor estuary see WSH.DD.CE.2

Line 47
Wastewater ~ NPV effect of 50% of proceeds from disposals of interest in land at 2017-18 FYE CPIH deflated price base
Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23, 2018-19 APR and our treatment of expenditure related to the Loughor estuary see WSH.DD.CE.2

Line 48
Wastewater ~ ODI RCV adjustment allocated to Wastewater network plus at 2017-18 FYE CPIH deflated price base
Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23, 2018-19 APR and our treatment of expenditure related to the Loughor estuary see WSH.DD.CE.2

Line 49
Wastewater ~ Totex menu RCV adjustment at 2017-18 FYE CPIH deflated price base
Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23, 2018-19 APR and our treatment of expenditure related to the Loughor estuary see WSH.DD.CE.2

Line 50
Wastewater ~ Other adjustment to wholesale RCV
Input

Line 51
Total wholesale wastewater RCV at 31 March 2020 post midnight adjustments before allocation to price control units in 2017-18 FYE prices
Sum of lines 42 to 48.

Line 52
Total wholesale wastewater RCV at 31 March 2020 post midnight adjustments before allocation to price control units in 2017-18 FYA prices
Closing value converted from 2017-18 FYE prices to 2017-18 FYA prices using data in App 23.

Line 53
Bioresources RCV (prior to midnight adjustments) 31 March 2020
Copied from WWS12 line 19.

Line 54
Bioresources RCV (prior to midnight adjustments) 31 March 2020 in 2017-18 FYA prices
Input. This is an output from RCV adjustment feeder model. Data from the RCV feeder model has been updated for changes to App23 and 2018-19 APR.

Line 55
Bioresources RCV ~ 1 April 2020
Copied. Bioresources RCV 31 March 2020 = Bioresources RCV 1 April 2020.

Line 56
Bioresources IFRS16 RCV adjustment
Copied from App 33 line 63 and converted from 2017-18 FYE prices to 2017-18 FYA prices using data in App 23

Line 57
Bioresouces RCV post IFRS16 RCV adjustment ~ 1 April 2020
Calculated. Opening RCV = Bioresources RCV 1 April 2020 plus IFRS16 RCV adjustment.

Line 58
RPI:CPIH indexation split of opening RCV 1 April 2020
Pre populated. Generic value.

Line 59
Bioresources 2020 RCV RPI inflated ~ 1 April (opening balance)
Calculated. Opening 2020 RCV split 50%:50% to RPI and CPIH inflation pools in first year. Subsequent years opening balance is previous year closing balance.

Line 60
Run off on RPI inflated 2020 RCV ~ wastewater network plus
Copied from Bio 4 line 5.

Line 61
Bioresources 2020 RCV RPI inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance minus run off.

Line 62
Bioresources 2020 RCV CPIH inflated ~ 1 April (opening balance)
Calculated. Opening 2020 RCV split 50%:50% to RPI and CPIH inflation pools in first year. Subsequent years opening balance is previous year closing balance.

Line 63
Run off on CPIH inflated 2020 RCV
Copied from Bio4 line 7.

Line 64
Bioresources 2020 RCV CPIH inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance minus run off.

Line 65

Bioresources post 2020 investment CPIH inflated ~ 1 April (opening balance)
New additions opening balance is zero.

Line 66
Bioresources post 2020 totex additions CPIH inflated
WWS1 line 21 * (1 - Bio 5 line 19).

Line 67
Run off on post 2020 investment
Copied from Bio 4 line 3.

Line 68
Bioresources post 2020 investment CPIH inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance plus totex additions minus run off.

Line 69
Wastewater network plus RCV ~ 1 April 2020
Calculated. Total wholesale wastewater RCV at 31 March 2020 post midnight adjustment minus Bioresources RCV.

Line 70
Wastewater network plus IFRS16 RCV adjustment
Copied from App 33 line 84 and converted from 2017-18 FYE prices to 2017-18 FYA prices using data in App 23.

Line 71
Wastewater network plus RCV post IFRS16 RCV adjustment ~ 1 April 2020
Calculated. Opening RCV = Wastewater network plus RCV 1 April 2020 plus IFRS16 RCV adjustment.

Line 72
RPI:CPIH indexation split of opening RCV 1 April 2020
Pre populated. Generic value.

Line 73
Wastewater network plus RCV RPI inflated ~ 1 April (opening balance)
Calculated. Opening 2020 RCV split 50%:50% to RPI and CPIH inflation pools in first year. Subsequent years opening balance is previous year closing balance.

Line 74
Run off on RPI inflated 2020 RCV ~ wastewater network plus
Copied from WWn5 line 5.

Line 75
Wastewater network plus RCV RPI inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance minus run off.

Line 76
Wastewater network plus RCV CPIH inflated ~ 1 April (opening balance)
Calculated. Opening 2020 RCV split 50%:50% to RPI and CPIH inflation pools in first year. Subsequent years opening balance is previous year closing balance.

Line 77

Run off on CPIH inflated 2020 RCV ~ wastewater network plus
Copied from WWn5 line 7.

Line 78
Wastewater network plus RCV CPIH inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance minus run off.

Line 79
Wastewater network plus post 2020 investment CPIH inflated ~ 1 April (opening balance)
New additions opening balance is zero.

Line 80
Wastewater network plus post 2020 totex additions CPIH inflated
WWS1 line 21 * (1 - WWn 6 line 14).

Line 81
Run off on post 2020 totex additions ~ wastewater network plus
Copied from WWn5 line 3.

Line 82
Wastewater network plus post 2020 investment CPIH inflated ~ 31 March (closing balance)
Calculated. Closing balance = Opening balance plus totex additions minus run off.

Line 83 - 101
This section does not apply to us

Line 102
Wholesale water resources RCV at 31 March ~ RPI indexed
Copy from RPI indexed RCV lines in block B.

Line 103
Wholesale water network plus RCV at 31 March ~ RPI indexed
Copy from RPI indexed RCV lines in block B.

Line 104
Wholesale wastewater network plus RCV at 31 March ~ RPI indexed
Copy from RPI indexed RCV lines in block B.

Line 105
Wholesale bioresources RCV at 31 March ~ RPI indexed
Copy from RPI indexed RCV lines in block B.

Line 106
Wholesale dummy RCV at 31 March ~ RPI indexed
Copy from RPI indexed RCV lines in block B.

Line 107
Total wholesale RCV at 31 March ~ RPI indexed
Sum lines in block C.

Line 108
Wholesale water resources RCV at 31 March ~ CPIH indexed
Calculated. Sum of two CPIH indexed RCV lines in block B.

Line 109
Wholesale water network plus RCV at 31 March ~ CPIH indexed
Calculated. Sum of two CPIH indexed RCV lines in block B.

Line 110
Wholesale wastewater network plus RCV at 31 March ~ CPIH indexed
Calculated. Sum of two CPIH indexed RCV lines in block B.

Line 111
Wholesale bioresources RCV at 31 March ~ CPIH indexed
Calculated. Sum of two CPIH indexed RCV lines in block B.

Line 112
Wholesale dummy RCV at 31 March ~ CPIH indexed
Calculated. Sum of two CPIH indexed RCV lines in block B.

Line 113
Total wholesale RCV at 31 March ~ CPIH indexed
Sum lines in block D.

Line 114
Total wholesale RCV at 31 March
Calculated. Sum of total lines in blocks C and D.

App9 - Adjustments to RCV from disposals of interest in land

All lines of this table has been updated to reflect changes to Inflation.

Line 1 - Forecast at previous review
The water share of the forecast used for 2014-15 in the PR14 final determination RCV midnight adjustment model.
Data is obtained from A7 of the PR14 May Submission "AA_pr14postrbrtbales.xlsm"

Line 2 – Actual and current forecast sales
Proceeds from land sales (net of associated offsetting costs). For 2014-15 to 2017-18 input actual data reported in RAG 4 table 2E. Forecasts are required for 2018-20.
Historical data is obtained from the Annual Performance Report table 2E. Data for 2014-15 is obtained from A11 of the Regulatory Accounts Data Tables. The data for 2014-15 is split between water and wastewater 71% and 29% respectively in line with the PR14 split. Forecasts are based on historical performance and expected land sales.
The value for 2014-15 has changed since this table was submitted in July. The value has changed from £0.000k to £33.370k

Line 3 – Impact of 50% of proceeds
Calculated. Half of the proceeds from land sales
Calculation.

Line 4 - WACC - fully post tax on notional structure
Real fully post tax WACC that applied at PR14.
Pre-populated. PR14 post tax WACC.

Line 5 - RPI: Financial year average year on year %
Calculated. Average of the year on year % change in the financial year average RPI for the 2015-20 period.
Calculation.

Line 6 - Discount rate (nominal)
Calculated. The discount rate is the sum of the WACC and the RPI forecast.
Calculation.

Line 7 - Years for discounting purposes
Generic values
Pre-populated.

Line 8 - Discount factor
Calculated. The discount factor based on the discount rate and is centred on the base year
Calculation.

Line 9 - PV effect of 50% of proceeds from disposals of interest in land
Calculated. Present value of half of the cash flow arising from the land sales using the service specific discount factor.
Calculation.

Line 10 - NPV effect of 50% of proceeds from disposals of interest in land
Calculated. The net present value adjustment for the RCV. This is the sum of the present values with signage reversed.
Calculation.

Line 11 - Water ~ NPV effect of 50% of proceeds from disposals of interest in land at 2017-18 FYA CPIH deflated price base
This is an output from the RCV adjustments model
Output from the RCV feeder model.

Line 12 - Forecast at previous review
The wastewater share of the forecast used for 2014-15 in the PR14 final determination RCV midnight adjustment model
Data is obtained from A7 of the PR14 May Submission "AA_pr14postrbrtables.xlsm.

Line 13 - Actual and current forecast sales
Proceeds from land sales (net of associated offsetting costs). For 2014-15 to 2017-18 input actual data reported in RAG 4 table 2E. Forecasts are required for 2018-20
Historical data is obtained from the Annual Performance Report table 2E. Data for 2014-15 is obtained from A11 of the Regulatory Accounts Data Tables. The data for 2014-15 is split between water and wastewater 71% and 29% respectively in line with the PR14 split. Forecasts are based on historical performance and expected land sales.
The value for 2014-15 has changed since this table was submitted in July. The value has changed from £0.000k to £13.630k

Line 14 - Impact of 50% of proceeds
Calculated. Half of the proceeds from land sales.
Calculation.

Line 15 - WACC - fully post tax on notional structure
Real fully post tax WACC that applied at PR14.
Pre-populated. PR14 post tax WACC.

Line 16 - RPI: Financial year average year on year %
Calculated. Average of the year on year % change in the financial year average RPI for the 2015-20 period
Calculation.

Line 17 - Discount rate (nominal)
Calculated. The discount rate is the sum of the WACC and the RPI forecast
Calculation.

Line 18 - Years for discounting purposes
Generic values
Pre-populated.

Line 19 - Discount factor
Calculated. The discount factor based on the discount rate and is centred on the base year
Calculation.

Line 20 - PV effect of 50% of proceeds from disposals of interest in land
Calculated. Present value of half of the cash flow arising from the land sales using the service specific discount factor.
Calculation.

Line 21 - NPV effect of 50% of proceeds from disposals of interest in land

Calculated. The net present value adjustment for the RCV. This is the sum of the present values with signage reversed
Calculation.

Line 22 - Wastewater ~ NPV effect of 50% of proceeds from disposals of interest in land at 2017-18 FYA CPIH deflated price base
This is an output from the RCV adjustments model
Output from the RCV feeder model.

App10 - Financial ratios

This table has been updated to reflect our August Business Plan.

Table overview

This table contains the financial ratios used in the financeability assessment for the business plan. Details of our detailed assessment are contained in Supporting Document 4.3 PR19 Financial resilience and WSH.DD.RR.1 WACC and Financeability.

In addition to the metrics prescribed by the table and calculated in the financial model, we have included four company proposed financial ratios.

For both the Notional ~~and Actual~~ company:

1) a cash dividend cover ratio;

For the Actual company only:

2) an alternative gearing calculation, used by the CTA;
3) an alternative adjusted interest cover ratio which mirrors the adjustment Moody's credit rating agency make in arriving at our actual ratios;
4) an alternative funds from operations (FFO) / Net debt ratio which mirrors the adjustments Standard and Poors' credit rating agency make in arriving at our actual ratios.

Block A - Financial ratios ~ Notional capital structure

For the financeability assessment we have **excluded** the PR14 revenue adjustments (post-financeability adjustments) from the calculations. The financial statement tables (App11, App11a, App12, App12a, App15, App15a, in our business plan data tables file include the post-financeability adjustments. All ratios in App10 **exclude** post-financeability adjustments.

For ease of reconciliation with the PR19 data tables (as referenced in the calculations set out below) we have shown separately for the notional company the impact of removing these items on revenues, interest and cash. The overall impact is, however, not material.

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
~~App11a~~	~~759.893~~	~~781.843~~	~~804.805~~	~~829.198~~	~~853.855~~
~~Excluding revenue adjustments~~	~~758.120~~	~~780.035~~	~~802.961~~	~~827.316~~	~~851.936~~
~~*Difference*~~	~~(1.773)~~	~~(1.808)~~	~~(1.844)~~	~~(1.882)~~	~~(1.919)~~

~~**Revenue (outturn prices)**~~	~~**2021 £m**~~	~~**2022 £m**~~	~~**2023 £m**~~	~~**2024 £m**~~	~~**2025 £m**~~
~~App11a~~	~~760.010~~	~~782.474~~	~~805.800~~	~~830.282~~	~~855.009~~
~~Excluding revenue adjustments~~	~~751.897~~	~~783.017~~	~~807.984~~	~~829.009~~	~~852.990~~
~~*Difference*~~	~~**-8.113**~~	~~**0.543**~~	~~**2.184**~~	~~**-1.273**~~	~~**-2.019**~~

Revenue (outturn prices)	**2021 £m**	**2022 £m**	**2023 £m**	**2024 £m**	**2025 £m**
App11a	762.701	780.619	798.574	816.689	836.467
Excluding revenue adjustments	757.674	785.458	805.314	820.075	838.537
Difference	**-5.027**	**4.839**	**6.740**	**3.386**	**2.070**

~~**Post financeability adjustment (outturn price)**~~	~~**2021 £m**~~	~~**2022 £m**~~	~~**2023 £m**~~	~~**2024 £m**~~	~~**2025 £m**~~
~~Revenue adjustments feeder model~~	~~1.755~~	~~1.790~~	~~1.826~~	~~1.862~~	~~1.899~~

~~Retail margin on adjustments (calculated~~					
~~*Total revenue adjustment*~~	~~1.773~~	~~1.808~~	~~1.844~~	~~1.882~~	~~1.919~~

~~**Post financeability adjustment (outturn**~~	~~**2021**~~	~~**2022**~~	~~**2023**~~	~~**2024**~~	~~**2025**~~
~~Revenue adjustments feeder model~~	~~1.755~~	~~1.790~~	~~1.826~~	~~1.862~~	~~1.899~~
~~Retail margin on adjustments (calculated in financial model)~~	~~0.018~~	~~0.019~~	~~0.019~~	~~0.019~~	~~0.020~~
~~Revenue Smoothing and NPV~~	~~-9.886~~	~~-1.266~~	~~0.339~~	~~-3.154~~	~~-3.938~~
~~*Total revenue adjustment*~~	~~**-8.113**~~	~~**0.543**~~	~~**2.184**~~	~~**-1.273**~~	~~**-2.019**~~

Post financeability adjustment (outturn price)	**2021 £m**	**2022 £m**	**2023 £m**	**2024 £m**	**2025 £m**
Revenue adjustments feeder model	-2.159	-2.202	-2.246	-2.291	-2.337
Retail margin on adjustments (calculated in financial model)	0.054	-0.052	-0.073	-0.036	-0.023
Revenue Smoothing and NPV	7.132	-2.585	-4.421	-1.059	0.290
Total revenue adjustment	**5.027**	**-4.839**	**-6.740**	**-3.386**	**-2.070**

~~**Cash and cash equivalents**~~	~~**2021 £m**~~	~~**2022 £m**~~	~~**2023 £m**~~	~~**2024 £m**~~	~~**2025 £m**~~
~~App12a~~	~~104.677~~	~~267.771~~	~~426.112~~	~~554.722~~	~~665.808~~
~~Excluding revenue adjustments~~	~~106.178~~	~~270.984~~	~~431.141~~	~~561.678~~	~~674.801~~
Difference	1.501	3.213	5.029	6.956	8.993

~~**Cash and cash equivalents**~~	~~**2021**~~	~~**2022**~~	~~**2023**~~	~~**2024**~~	~~**2025**~~
~~App12a~~	~~90.996~~	~~240.785~~	~~384.697~~	~~497.987~~	~~592.491~~
~~Excluding revenue adjustments~~	~~98.663~~	~~248.464~~	~~390.347~~	~~504.809~~	~~601.414~~
~~*Difference*~~	~~**7.667**~~	~~**7.679**~~	~~**5.65**~~	~~**6.822**~~	~~**8.923**~~

Cash and cash equivalents	**2021 £m**	**2022 £m**	**2023 £m**	**2024 £m**	**2025 £m**
App12a	-11.088	65.814	131.676	166.245	175.886
Excluding revenue adjustments	-6.223	66.433	125.515	156.176	163.19
Difference	**4.865**	**0.619**	**-6.161**	**-10.069**	**-12.696**

~~**Net cash generated in operating**~~	~~**2021**~~	~~**2022**~~	~~**2023**~~	~~**2024**~~	~~**2025**~~
~~App15a~~	~~296.743~~	~~276.310~~	~~294.818~~	~~310.924~~	~~326.198~~
~~Excluding revenue adjustments~~	~~295.242~~	~~274.597~~	~~293.003~~	~~308.998~~	~~324.160~~
~~*Difference*~~	~~-1.501~~	~~-1.713~~	~~-1.815~~	~~-1.926~~	~~-2.038~~

~~**Net cash generated in operating**~~	~~**2021**~~	~~**2022**~~	~~**2023**~~	~~**2024**~~	~~**2025**~~
~~App15a~~	~~321.069~~	~~300.369~~	~~320.111~~	~~337.203~~	~~353.839~~
~~Excluding revenue adjustments~~	~~313.402~~	~~300.357~~	~~322.14~~	~~336.034~~	~~351.736~~
~~*Difference*~~	~~**-7.667**~~	~~**-0.012**~~	~~**2.029**~~	~~**-1.169**~~	~~**-2.103**~~

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Net cash generated in operating activities	**2021 £m**	**2022 £m**	**2023 £m**	**2024 £m**	**2025 £m**
App15a	306.454	294.457	308.384	324.209	339.162
Excluding revenue adjustments	301.589	298.703	315.165	328.115	341.791
Difference	**-4.865**	**4.246**	**6.781**	**3.906**	**2.629**

~~Interest expense~~					
~~App11a~~	~~-135.408~~	~~-143.950~~	~~-151.720~~	~~-158.761~~	~~-164.812~~
~~Excluding revenue adjustments~~	~~-135.424~~	~~-144.033~~	~~-151.878~~	~~-158.998~~	~~-165.134~~
~~Difference~~	**~~-0.016~~**	**~~-0.083~~**	**~~-0.158~~**	**~~-0.237~~**	**~~-0.322~~**

~~Interest expense~~	**~~2021~~**	**~~2022~~**	**~~2023~~**	**~~2024~~**	**~~2025~~**
~~App11a~~	~~-158.731~~	~~-167.241~~	~~-175.115~~	~~-182.250~~	~~-188.367~~
~~Excluding revenue adjustments~~	~~-158.884~~	~~-167.542~~	~~-175.38~~	~~-182.501~~	~~-188.684~~
~~Difference~~	**~~-0.153~~**	**~~-0.301~~**	**~~-0.265~~**	**~~-0.251~~**	**~~-0.317~~**

Interest expense	**2021 £m**	**2022 £m**	**2023 £m**	**2024 £m**	**2025 £m**
App11a	-156.816	-161.603	-166.273	-170.073	-172.703
Excluding revenue adjustments	-156.924	-161.71	-166.153	-169.729	-172.217
Difference	**-0.108**	**-0.107**	**0.12**	**0.344**	**0.486**

~~Profit after tax~~					
~~App11a~~	~~35.668~~	~~28.630~~	~~29.918~~	~~37.130~~	~~41.432~~
~~Excluding revenue adjustments~~	~~34.050~~	~~26.920~~	~~28.107~~	~~35.212~~	~~39.404~~
~~Difference~~	**~~-1.618~~**	**~~-1.710~~**	**~~-1.811~~**	**~~-1.918~~**	**~~-2.028~~**

~~Profit after tax~~	**~~2021~~**	**~~2022~~**	**~~2023~~**	**~~2024~~**	**~~2025~~**
~~App11a~~	~~44.823~~	~~45.705~~	~~58.661~~	~~73.554~~	~~90.734~~
~~Excluding revenue adjustments~~	~~36.739~~	~~46.122~~	~~60.764~~	~~72.231~~	~~88.61~~
~~Difference~~	**~~-8.084~~**	**~~0.417~~**	**~~2.103~~**	**~~-1.323~~**	**~~-2.124~~**

Profit after tax	**2021 £m**	**2022 £m**	**2023 £m**	**2024 £m**	**2025 £m**
App11a	34.301	41.186	53.944	66.434	86.18
Excluding revenue adjustments	29.185	45.917	60.803	70.17	88.745
Difference	**-5.116**	**4.731**	**6.859**	**3.736**	**2.565**

Line 1 - Gearing

Net debt/RCV (calculated at year end)

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
	~~£m~~	~~£m~~	~~£m~~	~~£m~~	~~£m~~
~~Cash and cash equivalents -~~ adjusted	~~106.178~~	~~270.984~~	~~431.141~~	~~561.678~~	~~674.801~~
~~Borrowing App12a~~	~~3,680.393~~	~~3,716.541~~	~~3,753.774~~	~~3,792.123~~	~~3,831.623~~
~~**Net debt**~~	~~3,786.571~~	~~3,987.525~~	~~4,184.915~~	~~4,353.801~~	~~4,506.424~~
~~**RCV (year-end)**~~	~~6,245.748~~	~~6,535.901~~	~~6,832.164~~	~~7,107.273~~	~~7,373.851~~
~~**Gearing**~~	~~**60.63%**~~	~~**61.01%**~~	~~**61.25%**~~	~~**61.26%**~~	~~**61.11%**~~

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
	~~£m~~	~~£m~~	~~£m~~	~~£m~~	~~£m~~
~~Cash and cash equivalents - adjusted~~	~~98.626~~	~~248.449~~	~~390.291~~	~~504.743~~	~~601.338~~
~~Borrowing App12a~~	~~3,680.393~~	~~3,716.541~~	~~3,753.774~~	~~3,792.123~~	~~3,831.623~~
~~**Net debt**~~	~~3,779.019~~	~~3,964.990~~	~~4,144.065~~	~~4,296.866~~	~~4,432.961~~
~~**RCV (year-end)**~~	~~6,251.37~~	~~6,543.97~~	~~6,842.48~~	~~7,119.67~~	~~7,387.85~~
~~**Gearing**~~	~~**60.45%**~~	~~**60.59%**~~	~~**60.56%**~~	~~**60.35%**~~	~~**60.00%**~~

	2021	2022	2023	2024	2025
	£m	£m	£m	£m	£m
Cash and cash equivalents - adjusted	-6.223	66.433	125.515	156.176	163.19
Borrowing App12a	3,674.894	3,710.987	3,748.162	3,786.453	3,825.892
Net debt	3,668.671	3,777.420	3,873.677	3,942.629	3,989.082
RCV (year-end)	6,130.87	6,354.22	6,576.27	6,777.35	6,963.91
Gearing	**59.84%**	**59.45%**	**58.90%**	**58.17%**	**57.28%**

Line 2 - Interest cover

FFO (pre interest)/cash interest - NOTE:FFO is calculated before changes in working capital

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
~~Cash generated from operations~~	~~295.242~~	~~274.597~~	~~293.003~~	~~308.998~~	~~324.16~~
~~*Less* Changes in working capital - inventories, trade and other~~	~~-3.835~~	~~-1.249~~	~~-0.098~~	~~1.787~~	~~1.679~~
~~*Less* Changes in working capital –~~	~~23.148~~	~~-3.247~~	~~2.58~~	~~0.06~~	~~1.361~~
~~**FFO (post-interest)**~~	~~**275.929**~~	~~**279.093**~~	~~**290.521**~~	~~**307.151**~~	~~**321.12**~~

~~*Less* Net interest paid adjusted~~	~~135.424~~	~~144.033~~	~~151.878~~	~~158.998~~	~~165.134~~
~~FFO (pre-interest)~~	~~411.353~~	~~423.126~~	~~442.399~~	~~466.149~~	~~486.254~~
~~**Interest cover**~~	~~**3.04**~~	~~**2.94**~~	~~**2.91**~~	~~**2.93**~~	~~**2.94**~~

	~~**2021** £m~~	~~**2022** £m~~	~~**2023** £m~~	~~**2024** £m~~	~~**2025** £m~~
~~Cash generated from operations adjusted~~	~~313.438~~	~~300.336~~	~~322.181~~	~~336.043~~	~~351.747~~
~~*Less* Changes in working capital - inventories, trade and other receivables~~	~~7.809~~	~~-2.491~~	~~-0.432~~	~~1.71~~	~~1.416~~
~~*Less* Changes in working capital – trade and other payables~~	~~13.605~~	~~-2.620~~	~~2.491~~	~~-0.335~~	~~1.099~~
~~**FFO (post-interest)**~~	~~**292.024**~~	~~**305.447**~~	~~**320.122**~~	~~**334.668**~~	~~**349.232**~~

Less Net interest paid adjusted	123.789	~~131.392~~	~~138.147~~	~~144.149~~	~~149.181~~
FFO (pre-interest)	415.813	436.839	458.269	478.817	498.413
Interest cover	**3.36**	**3.33**	**3.32**	**3.32**	**3.34**

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Cash generated from operations adjusted	301.589	298.703	315.165	328.115	341.791
Less Changes in working capital - inventories, trade and other	7.309	-2.843	-0.462	1.84	1.581
Less Changes in working capital – trade and other payables	7.413	0.806	1.725	-0.351	0.527
FFO (post-interest)	**286.867**	**300.74**	**313.902**	**326.626**	**339.683**
Less Net interest paid adjusted	121.882	125.618	128.977	131.438	132.777
FFO (pre-interest)	408.749	426.358	442.879	458.064	472.46
Interest cover	**3.35**	**3.39**	**3.43**	**3.49**	**3.56**

Line 3 - Adjusted cash interest cover

(FFO (pre interest) - capital charges) / interest paid on debt (excluding the accretion of index linked debt)

	~~**2021** £m~~	~~**2022** £m~~	~~**2023** £m~~	~~**2024** £m~~	~~**2025** £m~~
~~Funds from operations (pre-interest)~~	~~411.353~~	~~423.126~~	~~442.398~~	~~466.149~~	~~486.254~~
~~*Less* Capital Charges:~~					
~~RCV depreciation~~	~~219.872~~	~~231.556~~	~~242.412~~	~~252.962~~	~~262.971~~
	~~**191.481**~~	~~**191.570**~~	~~**199.986**~~	~~**213.187**~~	~~**223.283**~~
~~Interest expense adjusted~~	~~135.424~~	~~144.033~~	~~151.878~~	~~158.998~~	~~165.134~~

~~**Adjusted interest cover**~~	~~**1.41**~~	~~**1.33**~~	~~**1.32**~~	~~**1.34**~~	~~**1.35**~~

	~~**2021**~~	~~**2022**~~	~~**2023**~~	~~**2024**~~	~~**2025**~~
~~Funds from operations (pre-interest)~~	~~415.813~~	~~436.839~~	~~458.269~~	~~478.817~~	~~498.413~~
~~*Less* Capital Charges:~~					
~~RCV depreciation~~	~~219.988~~	~~231.839~~	~~242.789~~	~~253.424~~	~~263.505~~
	~~**195.825**~~	~~**205**~~	~~**215.48**~~	~~**225.393**~~	~~**234.908**~~
~~Interest expense adjusted~~	~~123.789~~	~~131.392~~	~~138.147~~	~~144.149~~	~~149.181~~
~~**Adjusted interest cover**~~	~~**1.58**~~	~~**1.56**~~	~~**1.56**~~	~~**1.56**~~	~~**1.57**~~
	2021	**2022**	**2023**	**2024**	**2025**
Funds from operations (pre-interest)	408.749	426.358	442.879	458.064	472.46
Less Capital Charges:					
RCV depreciation	231.793	241.079	249.921	258.243	265.855
	176.956	**185.279**	**192.958**	**199.821**	**206.605**
Interest expense adjusted	121.882	125.618	128.977	131.438	132.777
Adjusted interest cover	**1.45**	**1.47**	**1.5**	**1.52**	**1.56**

Line 4 - Adjusted cash interest cover (alternative calculation)

(FFO (pre interest) - capital charges - excess fast money) / interest paid on debt (excluding the accretion of index linked debt)

~~We have used a natural PAYG rate in building our PR19 plan. Therefore excess fast money should be nil. The values of excess fast money calculated by the model are due to the natural PAYG rate being rounded to 2 decimal places.~~

~~These amounts of excess fast money do not alter the adjusted interest cash interest cover ratio from the values in Line3.~~

~~*Outturn prices*~~	~~**2021 £m**~~	~~**2022 £m**~~	~~**2023 £m**~~	~~**2024 £m**~~	~~**2025 £m**~~
~~Excess fast money~~	-	-	~~0.022~~	~~0.006~~	~~0.030~~

The effects of using these values in the adjusted cash interest cover calculation is as follows:

	~~**2021 £m**~~	~~**2022 £m**~~	~~**2023 £m**~~	~~**2024 £m**~~	~~**2025 £m**~~
~~Funds from operations (pre-interest) less RCV depreciation~~	~~195.825~~	~~205~~	~~215.48~~	~~225.393~~	~~234.908~~

~~*Less* Excess Fast Money~~	~~14.15~~	~~11.935~~	~~11.991~~	12.087	11.916
	~~**181.675**~~	~~**193.065**~~	~~**203.489**~~	~~**213.306**~~	~~**222.992**~~
~~Interest expense adjusted~~	~~123.789~~	~~131.392~~	~~138.147~~	~~144.149~~	~~149.181~~
~~**Adjusted interest cover**~~	~~**1.47**~~	~~**1.47**~~	~~**1.47**~~	~~**1.48**~~	~~**1.49**~~

	£m	£m	£m	£m	£m
Funds from operations (pre-interest) less RCV depreciation	176.956	185.279	192.958	199.821	206.605
Less Excess Fast Money	10.743	11.107	11.258	11.333	11.5
	166.214	**174.175**	**181.699**	**188.488**	**195.106**
Interest expense adjusted	121.882	125.618	128.977	131.438	132.777
Adjusted interest cover	**1.36**	**1.39**	**1.41**	**1.43**	**1.47**

Line 5 - FFO/Net Debt

FFO (post interest) / net debt (Where net debt is used in these calculations it excludes pension liabilities)

This line contains a percentage which shows the forecast funds from operations (FFO) as a proportion of net debt in each year of AMP7. Unlike the calculations lines 2 to 4, FFO here is post-interest. The below table shows how the figures have been calculated.

	~~**2021**~~ ~~**£m**~~	~~**2022**~~ ~~**£m**~~	~~**2023**~~ ~~**£m**~~	~~**2024**~~ ~~**£m**~~	~~**2025**~~ ~~**£m**~~
~~FFO (post-interest)~~	~~275.928~~	~~279.093~~	~~290.521~~	~~307.151~~	~~321.121~~
~~Net debt (adjusted for difference in cash and cash equivalents)~~	~~3,786.571~~	~~3,987.525~~	~~4,184.915~~	~~4,353.801~~	~~4,506.424~~
~~**FFO/net debt**~~	~~**7.29%**~~	~~**7.00%**~~	~~**6.94%**~~	~~**7.05%**~~	~~**7.13%**~~

	~~**2021**~~ ~~**£m**~~	~~**2022**~~ ~~**£m**~~	~~**2023**~~ ~~**£m**~~	~~**2024**~~ ~~**£m**~~	~~**2025**~~ ~~**£m**~~
~~FFO (post-interest)~~	~~292.024~~	~~305.447~~	~~320.122~~	~~334.668~~	~~349.232~~
~~Net debt (adjusted for difference in cash and cash equivalents)~~	~~3,779.02~~	~~3,964.99~~	~~4,144.07~~	~~4,296.87~~	~~4,432.96~~
~~**FFO/net debt**~~	~~**7.73%**~~	~~**7.70%**~~	~~**7.72%**~~	~~**7.79%**~~	~~**7.88%**~~

	2021 **£m**	**2022** **£m**	**2023** **£m**	**2024** **£m**	**2025** **£m**
FFO (post-interest)	286.867	300.74	313.902	326.626	339.683
Net debt (adjusted for difference in cash and cash equivalents)	3,668.67	3,777.42	3,873.68	3,942.63	3,989.08
FFO/net debt	**7.82%**	**7.96%**	**8.10%**	**8.28%**	**8.52%**

Line 6 - FFO/Net Debt (alternative calculation)

FFO (post interest) - accretion of index linked debt / net debt

This line reports the alternative calculation for the ratio in line 5, where our forecast funds from operations are adjusted for indexation of index-linked loans.

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
~~FFO (post-interest)~~	~~275.928~~	~~279.093~~	~~290.521~~	~~307.151~~	~~321.121~~
~~*Less* Indexation of linked loans~~	~~35.095~~	~~36.148~~	~~37.233~~	~~38.350~~	~~39.500~~
	~~240.833~~	~~242.945~~	~~253.288~~	~~268.801~~	~~281.621~~
~~Net debt (adjusted for difference~~ in cash and cash equivalents)	~~3,786.571~~	~~3,987.525~~	~~4,184.915~~	~~4,353.801~~	~~4,506.424~~
~~FFO/net debt~~	**~~6.36%~~**	**~~6.09%~~**	**~~6.05%~~**	**~~6.17%~~**	**~~6.25%~~**

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
~~FFO (post-interest)~~	~~292.024~~	~~305.447~~	~~320.122~~	~~334.668~~	~~349.232~~
~~*Less* Indexation of linked loans~~	~~35.095~~	~~36.148~~	~~37.233~~	~~38.350~~	~~39.500~~
	~~256.929~~	~~269.299~~	~~282.889~~	~~296.318~~	~~309.732~~
~~Net debt (adjusted for difference in cash and cash equivalents)~~	~~3,779.02~~	~~3,964.99~~	~~4,144.07~~	~~4,296.87~~	~~4,432.96~~
~~FFO/net debt~~	**~~6.80%~~**	**~~6.79%~~**	**~~6.83%~~**	**~~6.90%~~**	**~~6.99%~~**

	2021 £m	**2022** £m	**2023** £m	**2024** £m	**2025** £m
FFO (post-interest)	286.867	300.74	313.902	326.626	339.683
Less Indexation of linked loans	35.041	36.093	37.175	38.291	39.439
	251.826	264.647	276.727	288.335	300.244
Net debt (adjusted for difference in cash and cash equivalents)	3,668.67	3,777.42	3,873.68	3,942.63	3,989.08
FFO/net debt	**6.86%**	**7.01%**	**7.14%**	**7.31%**	**7.53%**

Line 7 - Dividend cover

Profit after tax / dividends paid

This line reports our forecast dividend cover in each year of AMP7, calculated as profit after tax divided by dividends paid:

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
~~Profit after tax (adjusted)~~	~~34.050~~	~~26.920~~	~~28.107~~	~~35.212~~	~~39.404~~
~~Dividends~~	~~61.503~~	~~64.289~~	~~67.201~~	~~70.245~~	~~73.427~~
~~Dividend cover~~	**~~0.55~~**	**~~0.42~~**	**~~0.42~~**	**~~0.50~~**	**~~0.54~~**

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
~~Profit after tax (adjusted)~~	~~36.738~~	~~46.123~~	~~60.763~~	~~72.233~~	~~88.613~~
~~Dividends~~	~~61.473~~	~~64.226~~	~~67.103~~	~~70.108~~	~~73.248~~
~~Dividend cover~~	**~~0.60~~**	**~~0.72~~**	**~~0.91~~**	**~~1.03~~**	**~~1.21~~**

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Profit after tax (adjusted)	29.185	45.917	60.803	70.17	88.745
Dividends	42.407	43.818	45.284	46.8	48.366
Dividend cover	**0.69**	**1.05**	**1.34**	**1.50**	**1.83**

We have include in line 13 a cash interest cover ratio which we consider a more appropriate metric for our business.

Line 8 RCF/Net Debt

(FFO (post interest) - dividends paid) / net debt

This line contains a percentage which represents our forecast retained cash flow as a proportion of net debt in each year of AMP7. Retained cash flow is calculated as funds from operations less dividends paid. The below table shows how the figures are derived.

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
~~FFO (post-interest)~~	~~275.928~~	~~279.093~~	~~290.521~~	~~307.151~~	~~321.121~~
~~*Less* Dividend paid~~	~~61.503~~	~~64.289~~	~~67.201~~	~~70.245~~	~~73.427~~
	~~214.425~~	~~214.804~~	~~223.32~~	~~236.906~~	~~247.694~~
~~Net debt (adjusted for difference in cash and~~	~~3,786.571~~	~~3,987.525~~	~~4,184.915~~	~~4,353.801~~	~~4,506.424~~
~~RCF/net debt~~	**~~5.66%~~**	**~~5.39%~~**	**~~5.34%~~**	**~~5.44%~~**	**~~5.50%~~**

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
~~FFO (post-interest)~~	~~292.024~~	~~305.447~~	~~320.122~~	~~334.668~~	~~349.232~~
~~*Less* Dividend paid~~	~~61.473~~	~~64.226~~	~~67.103~~	~~70.108~~	~~73.248~~
	~~230.551~~	~~241.221~~	~~253.019~~	~~264.56~~	~~275.984~~
~~Net debt (adjusted for difference in cash and cash equivalents)~~	~~3,779.02~~	~~3,964.99~~	~~4,144.07~~	~~4,296.87~~	~~4,432.96~~
~~RCF/net debt~~	**~~6.10%~~**	**~~6.08%~~**	**~~6.11%~~**	**~~6.16%~~**	**~~6.23%~~**

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m

FFO (post-interest)	286.867	300.74	313.902	326.626	339.683
Less Dividend paid	42.407	43.818	45.284	46.8	48.366
	244.46	256.922	268.618	279.826	291.317
Net debt (adjusted for difference in cash and cash equivalents)	3,668.67	3,777.42	3,873.68	3,942.63	3,989.08
RCF/net debt	**6.66%**	**6.80%**	**6.93%**	**7.10%**	**7.30%**

Line 9 RCF/Capex

(FFO (post interest) - dividends paid) / capex

This line contains a percentage which represents our forecast retained cash flow as a proportion of capital investment in each year of AMP7. Retained cash flow is calculated as funds from operation less dividends declared. The below table shows how the figures are derived.

	~~2021~~ ~~£m~~	~~2022~~ ~~£m~~	~~2023~~ ~~£m~~	~~2024~~ ~~£m~~	~~2025~~ ~~£m~~
~~FFO (post-interest)~~	~~275.928~~	~~279.093~~	~~290.521~~	~~307.151~~	~~321.121~~
~~*Less* Dividend paid~~	~~61.503~~	~~64.289~~	~~67.201~~	~~70.245~~	~~73.427~~
	~~214.425~~	~~214.804~~	~~223.320~~	~~236.906~~	~~247.694~~
~~Capex~~	~~439.917~~	~~375.115~~	~~385.959~~	~~369.290~~	~~363.857~~
~~RCF/Capex~~	**~~48.74%~~**	**~~57.26%~~**	**~~57.86%~~**	**~~64.15%~~**	**~~68.07%~~**

	~~2021~~ ~~£m~~	~~2022~~ ~~£m~~	~~2023~~ ~~£m~~	~~2024~~ ~~£m~~	~~2025~~ ~~£m~~
~~FFO (post-interest)~~	~~292.024~~	~~305.447~~	~~320.122~~	~~334.668~~	~~349.232~~
~~*Less* Dividend paid~~	~~61.473~~	~~64.226~~	~~67.103~~	~~70.108~~	~~73.248~~
	~~230.551~~	~~241.221~~	~~253.019~~	~~264.56~~	~~275.984~~
~~Capex~~	~~450.591~~	~~385.933~~	~~396.919~~	~~380.388~~	~~375.094~~
~~RCF/Capex~~	**~~51.17%~~**	**~~62.50%~~**	**~~63.75%~~**	**~~69.55%~~**	**~~73.58%~~**

	2021 **£m**	**2022** **£m**	**2023** **£m**	**2024** **£m**	**2025** **£m**
FFO (post-interest)	286.867	300.74	313.902	326.626	339.683
Less Dividend paid	42.407	43.818	45.284	46.8	48.366
	244.46	256.922	268.618	279.826	291.317
Capex	352.959	327.541	328.962	311.976	300.44
RCF/Capex	**69.26%**	**78.44%**	**81.66%**	**89.69%**	**96.96%**

Line 10 Return on capital employed

(EBIT - tax) / RCV

This line contains a percentage that represents our forecast return on capital employed, being earnings before interest less current tax charge divided by the regulatory capital value. EBIT less current tax charge is calculated as operating profit plus other income.

	~~2021~~ ~~£m~~	~~2022~~ ~~£m~~	~~2023~~ ~~£m~~	~~2024~~ ~~£m~~	~~2025~~ ~~£m~~
~~EBIT less current tax charge (adjusted)~~	~~233.875~~	~~233.256~~	~~241.185~~	~~253.956~~	~~262.994~~
~~RCV (year-average)~~	~~6,245.748~~	~~6,535.901~~	~~6,832.164~~	~~7,107.273~~	~~7,373.851~~
~~**ROCE**~~	~~**3.74%**~~	~~**3.57%**~~	~~**3.53%**~~	~~**3.57%**~~	~~**3.57%**~~

	~~2021~~ ~~£m~~	~~2022~~ ~~£m~~	~~2023~~ ~~£m~~	~~2024~~ ~~£m~~	~~2025~~ ~~£m~~
~~EBIT less current tax charge (adjusted)~~	~~218.211~~	~~234.711~~	~~257.4~~	~~275.021~~	~~297.748~~
~~RCV (year-average)~~	~~6,251.37~~	~~6,543.97~~	~~6,842.48~~	~~7,119.67~~	~~7,387.85~~
~~**ROCE**~~	~~**3.49%**~~	~~**3.59%**~~	~~**3.76%**~~	~~**3.86%**~~	~~**4.03%**~~

	2021	2022	2023	2024	2025
EBIT less current tax charge (adjusted)	207.155	227.968	247.246	258.661	280.111
RCV (year-average)	6,130.87	6,354.22	6,576.27	6,777.35	6,963.91
ROCE	**3.38%**	**3.59%**	**3.76%**	**3.82%**	**4.02%**

Line 11 RORE

RORE calculates the returns on a regulatory basis by reference to the notional gearing level and average RCV for each year. The base RORE is calculated using the regulatory building blocks and should also reflect the impact of any legacy adjustments to revenue.

	~~2021~~ ~~£m~~	~~2022~~ ~~£m~~	~~2023~~ ~~£m~~	~~2024~~ ~~£m~~	~~2025~~ ~~£m~~

~~**Base Regulated Equity**~~					
~~Water Resources~~	~~86.583~~	~~98.848~~	~~114.315~~	~~128.582~~	~~139.612~~
~~Water Network +~~	~~721.960~~	~~775.588~~	~~828.627~~	~~879.396~~	~~929.607~~
~~Wastewater Network +~~	~~1,555.894~~	~~1,618.382~~	~~1,667.542~~	~~1,717.226~~	~~1,764.971~~
~~Bioresources~~	~~93.593~~	~~94.344~~	~~95.086~~	~~95.789~~	~~96.207~~
~~**Appointee Base Regulated Equity**~~	~~**2,458.030**~~	~~**2,587.162**~~	~~**2,705.570**~~	~~**2,820.993**~~	~~**2,930.397**~~
~~**Total Base RoRE**~~					
~~Water Resources~~	~~3.725~~	~~4.314~~	~~5.057~~	~~5.741~~	~~6.271~~
~~Water Network +~~	~~31.022~~	~~33.63~~	~~36.209~~	~~38.68~~	~~41.123~~
~~Wastewater Network +~~	~~66.723~~	~~69.727~~	~~72.093~~	~~74.484~~	~~76.782~~
~~Bioresources~~	~~4.012~~	~~4.063~~	~~4.114~~	~~4.163~~	~~4.197~~
~~**Earnings after Tax (EAT) - Retail**~~	~~6.726~~	~~7.299~~	~~7.693~~	~~8.234~~	~~8.884~~

~~Total Base Return~~	~~**112.208**~~	~~**119.033**~~	~~**125.166**~~	~~**131.302**~~	~~**137.257**~~
~~**RORE**~~	~~**4.56%**~~	~~**4.60%**~~	~~**4.63%**~~	~~**4.65%**~~	~~**4.68%**~~

	~~**2021**~~	~~**2022**~~	~~**2023**~~	~~**2024**~~	~~**2025**~~
~~**Base Regulated Equity**~~					
~~Water Resources~~	~~86.587~~	~~98.861~~	~~114.339~~	~~128.617~~	~~139.657~~
~~Water Network +~~	~~723.006~~	~~778.089~~	~~831.855~~	~~883.242~~	~~933.915~~
~~Wastewater Network +~~	~~1555.961~~	~~1618.607~~	~~1667.965~~	~~1717.884~~	~~1765.891~~
~~Bioresources~~	~~93.6~~	~~94.365~~	~~95.119~~	~~95.834~~	~~96.264~~
~~**Appointee Base Regulated Equity**~~	~~**2,459.154**~~	~~**2,589.922**~~	~~**2,709.278**~~	~~**2,825.577**~~	~~**2,935.727**~~
~~**Total Base RoRE**~~					
~~Water Resources~~	~~3.725~~	~~4.315~~	~~5.058~~	~~5.743~~	~~6.274~~
~~Water Network +~~	~~31.072~~	~~33.75~~	~~36.364~~	~~38.864~~	~~41.329~~
~~Wastewater Network +~~	~~66.726~~	~~69.738~~	~~72.113~~	~~74.515~~	~~76.826~~
~~Bioresources~~	~~4.012~~	~~4.064~~	~~4.116~~	~~4.165~~	~~4.2~~
~~**Earnings after Tax (EAT) - Retail**~~	~~6.651~~	~~7.685~~	~~8.2~~	~~8.787~~	~~9.489~~
~~Total Base Return~~	~~**112.186**~~	~~**119.552**~~	~~**125.851**~~	~~**132.074**~~	~~**138.118**~~
~~**RORE**~~	~~**4.56%**~~	~~**4.62%**~~	~~**4.65%**~~	~~**4.67%**~~	~~**4.70%**~~

	2021	**2022**	**2023**	**2024**	**2025**
Base Regulated Equity					
Water Resources					
Water Network +					
Wastewater Network +					
Bioresources					
Appointee Base Regulated Equity					
Total Base RoRE					
Water Resources					
Water Network +					
Wastewater Network +					
Bioresources					
Earnings after Tax (EAT) - Retail					
Total Base Return					
RORE					

Not yet updated

Line 12 Target Credit Rating

Please set out what level of credit rating you are targeting, including the name of the relevant credit rating agency.

For the notional company we are targeting secure corporate investment grade credit rating which we interpret as ~~Baa2/BBB/BBB~~ Baa1/BBB+/BBB+ credit rating from Moody's, Standard and Poors' and Fitch respectively, being ~~one notch~~ two notches above the minimum investment grade.

Line 13 Company proposed financial ratio A: Cash dividend cover

The company's proposed financial ratio A.

We have included a cash dividend cover ratio which we deem more appropriate than the standard dividend cover ratio for this business.

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
~~Net cash generated (adjusted)~~	~~295.242~~	~~274.597~~	~~293.003~~	~~308.998~~	~~324.16~~
~~Dividends paid (absolute value)~~	~~61.503~~	~~64.289~~	~~67.201~~	~~70.245~~	~~73.427~~
~~Cash dividend cover~~	**~~4.80~~**	**~~4.27~~**	**~~4.36~~**	**~~4.40~~**	**~~4.41~~**

	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
~~Net cash generated (adjusted)~~	~~313.438~~	~~300.336~~	~~322.181~~	~~336.043~~	~~351.747~~
~~Dividends paid (absolute value)~~	~~61.473~~	~~64.226~~	~~67.103~~	~~70.108~~	~~73.248~~
~~Cash dividend cover~~	**~~5.10~~**	**~~4.68~~**	**~~4.80~~**	**~~4.79~~**	**~~4.80~~**

	2021	2022	2023	2024	2025
Net cash generated (adjusted)	301.589	298.703	315.165	328.115	341.791
Dividends paid (absolute value)	42.407	43.818	45.284	46.8	48.366
Cash dividend cover	**7.11**	**6.82**	**6.96**	**7.01**	**7.07**

Lines 14-22 Company proposed financial ratio

The company's proposed financial ratio B - J

We have not proposed any other financial ratios

Block B – Financial Ratios ~ Actual capital structure

~~Note that we have prepared the actual company ratios **excluding** the impact of the PR14 revenue adjustments on AMP7 annual cash flows. For ease of reconciliation with the PR19 actual company appointee data tables (as referenced in the calculations set out below) we have shown separately the impact of removing these items on revenues, interest and borrowings. The overall impact is, however, not material~~. We now present the actual company ratios including PR14 revenue adjustments

Line 23 – Gearing

Net debt/RCV (calculated at year end)

This line reports Ofwat's calculation of regulatory gearing using 31 March forecast values for each year from 2020-21 to 2024-25 inclusive.

Net debt is calculated by reference to the balance sheet (App12), being total borrowings less cash and cash equivalents.

		~~2021~~ ~~£m~~	~~2022~~ ~~£m~~	~~2023~~ ~~£m~~	~~2024~~ ~~£m~~	~~2025~~ ~~£m~~
~~App12 C15~~	~~Borrowings~~	~~65.879~~	~~52.299~~	~~56.427~~	~~256.819~~	~~349.869~~
~~App12 E22~~	~~Borrowings~~	~~3,755.164~~ ~~3,768.020~~	~~3,936.149~~ ~~3,948.773~~	~~4,091.331~~ ~~4,103.347~~	~~4,016.960~~ ~~4,028.261~~	~~4,054.317~~ ~~4,064.810~~
	~~Impact of removing PR14 revenue adjustment~~	~~1.800~~ ~~8.239~~	~~3.692~~ ~~7.943~~	~~5.679~~ ~~5.974~~	~~7.766~~ ~~7.451~~	~~9.955~~ ~~9.733~~
~~App12 B11~~	~~Cash and cash equivalents~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~
	~~Net debt~~	~~3,722.843~~ ~~3,742.138~~	~~3,892.140~~ ~~3,909.015~~	~~4,053.437~~ ~~4,065.748~~	~~4,181.545~~ ~~4,192.531~~	~~4,314.141~~ ~~4,324.412~~
	~~Regulatory capital value~~	~~6,246.000~~ ~~6,251.374~~ -	~~6,536.000~~ ~~6,543.965~~ -	~~6,832.000~~ ~~6,842.479~~ -	~~7,107.000~~ ~~7,119.673~~ -	~~7,374.000~~ ~~7,387.850~~ -
~~App10 B23~~	**~~Gearing~~**	**~~59.60%~~** **~~59.86%~~**	**~~59.55%~~** **~~59.73%~~**	**~~59.33%~~** **~~59.42%~~**	**~~58.84%~~** **~~58.89%~~**	**~~58.50%~~** **~~58.53%~~**

		2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
App12 C15	Borrowings	65.879	52.299	56.427	56.016	555.823
App12 E22	Borrowings	3,591.242	3,700.189	3,779.924	3,831.117	3,357.608
App12 B11	Cash and cash equivalents	(100.000)	(100.000)	(100.000)	(100.000)	(100.000)
	Net debt	3,557.121	3,652.488	3,736.351	3,787.133	3,813.431
	Regulatory capital value	6,130.866	6,354.226	6,576.273	6,777.351	6,963.911
App10 B23	**Gearing**	**58.02%**	**57.48%**	**56.82%**	**55.88%**	**54.76%**

Line 24 – Interest cover

FFO(pre-interest)/cash interest – note: FFO is calculated before changes in working capital.

Interest cover has been calculated using App15 C9, Cash generated from operations as the base, with adjustments made to remove changes in working capital as below. Note that changes in retirement benefit obligations and movements in provisions are therefore included in FFO.

The definition refers to cash interest as opposed to interest payable, and as a result the calculation uses App15 D10, Net interest paid.

		~~2020-21 £m~~	~~2021-22 £m~~	~~2022-23 £m~~	~~2023-24 £m~~	~~2024-25 £m~~
~~App15 C9~~	~~Cash generated from operations~~	~~418.345~~ ~~428.253~~	~~426.559~~ ~~437.990~~	~~446.709~~ ~~458.645~~	~~472.002~~ ~~484.164~~	~~492.746~~ ~~505.118~~
	~~*Exclude working capital movements:*~~					
~~App15 B5~~	~~Changes in working capital ~ Inventories, trade and other receivables~~	~~(3.530)~~ ~~(3.529)~~	~~1.274~~ ~~1.273~~	~~0.145~~ ~~0.146~~	~~(1.449)~~ ~~(1.450)~~	~~(1.512)~~ ~~(1.513)~~
~~App15 B6~~	~~Changes in working capital ~ Trade and other payables~~	~~(0.657)~~ ~~0.220~~	~~(1.751)~~ ~~(1.738)~~	~~(1.381)~~ ~~(1.370)~~	~~(1.182)~~ ~~(1.171)~~	~~(1.588)~~ ~~(1.577)~~
	~~Remove PR14 revenue adjustment~~	~~(1.773)~~ ~~(8.111)~~	~~(1.808)~~ ~~0.545~~	~~(1.844)~~ ~~2.186~~	~~(1.882)~~ ~~(1.271)~~	~~(1.919)~~ ~~(2.017)~~
	~~**FFO**~~	~~**412.385**~~ ~~**416.833**~~	~~**424.274**~~ ~~**438.070**~~	~~**443.629**~~ ~~**459.607**~~	~~**467.489**~~ ~~**480.272**~~	~~**487.727**~~ ~~**500.011**~~
~~App15 D10~~	~~Net interest paid~~	~~156.249~~ ~~156.629~~	~~145.702~~ ~~146.091~~	~~150.995~~ ~~151.372~~	~~155.574~~ ~~155.929~~	~~184.224~~ ~~184.556~~
	~~Impact of removing PR14 revenue adjustment~~	~~0.027~~ ~~0.125~~	~~0.083~~ ~~0.246~~	~~0.142~~ ~~0.212~~	~~0.205~~	~~0.270~~ ~~0.263~~
	~~**Adjusted interest paid**~~	~~**156.276**~~ ~~**156.754**~~	~~**145.785**~~ ~~**146.337**~~	~~**151.137**~~ ~~**151.584**~~	~~**155.779**~~ ~~**156.134**~~	~~**184.494**~~ ~~**184.819**~~
		-	-	-	-	-
	~~**Interest cover**~~	~~**2.64**~~ ~~**2.66**~~	~~**2.91**~~ ~~**2.99**~~	~~**2.94**~~ ~~**3.03**~~	~~**3.00**~~ ~~**3.08**~~	~~**2.64**~~ ~~**2.71**~~

		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App15 C9	Cash generated from operations	417.304	423.124	438.625	458.615	475.004
	Exclude working capital movements:					
App15 B5	Changes in working capital ~ Inventories, trade and other receivables	(3.530)	1.274	0.145	(1.449)	(1.512)
App15 B6	Changes in working capital ~ Trade and other payables	0.995	(1.684)	(1.339)	(1.090)	(1.567)
	Remove PR14 revenue adjustment					
	FFO	**414.769**	**422.714**	**437.431**	**456.076**	**471.925**
App15 D10	Net interest paid	**142.603**	**123.424**	**124.078**	**124.789**	**125.721**
	Interest cover	**2.91**	**3.42**	**3.53**	**3.65**	**3.75**

Line 25 – Adjusted cash interest cover

(FFO(pre-interest) – capital charges)/interest paid on debt (excluding the accretion of index-linked debt)

FFO has been calculated as in App10 B24 above, but with capital charges deducted - these are assumed to be the RCV run-off and depreciation charges and the portion of IRE expensed to the income statement in the year.

The definition requires interest paid on debt and the calculation therefore excludes interest received and similar income (note that this is not separately visible in App15 as the table reports interest paid on a net basis).

The value of the indexation adjustment in the calculation is £nil as cash interest paid as reported in the forecast cash flow statement (App 15) does not contain an indexation charge; the adjustment line is therefore shown for completeness only. Cash payments relating to indexation form part of the repayment of index-linked debt principal.

		~~2020-21~~ ~~£m~~	~~2021-22~~ ~~£m~~	~~2022-23~~ ~~£m~~	~~2023-24~~ ~~£m~~	~~2024-25~~ ~~£m~~
~~App15 C9~~	~~Cash generated from operations~~	~~418.345~~ ~~428.253~~	~~426.559~~ ~~437.990~~	~~446.709~~ ~~458.645~~	~~472.002~~ ~~484.164~~	~~492.746~~ ~~505.118~~
	~~*Exclude working capital movements:*~~					
~~App15 B5~~	~~Changes in working capital ~ Inventories, trade and other receivables~~	~~(3.530)~~ ~~(3.529)~~	~~1.274~~ ~~1.273~~	~~0.145~~ ~~0.146~~	~~(1.449)~~ ~~(1.450)~~	~~(1.512)~~ ~~(1.513)~~
~~App15 B6~~	~~Changes in working capital ~ Trade and other payables~~	~~(0.657)~~ ~~0.220~~	~~(1.751)~~ ~~(1.738)~~	~~(1.381)~~ ~~(1.370)~~	~~(1.182)~~ ~~(1.171)~~	~~(1.588)~~ ~~(1.577)~~
	~~Less capital charges:~~					
	~~- RCV run-off/depreciation~~	~~(220.052)~~ ~~(219.988)~~	~~(231.758)~~ ~~(231.839)~~	~~(242.000)~~ ~~(242.789)~~	~~(253.206)~~ ~~(253.424)~~	~~(263.235)~~ ~~(263.505)~~
	~~- IRE expensed~~	-	-	-	-	-
	~~Remove PR14 revenue adjustment~~	~~(1.773)~~ ~~(8.111)~~	~~(1.808)~~ ~~0.545~~	~~(1.844)~~ ~~2.186~~	~~(1.882)~~ ~~(1.271)~~	~~(1.919)~~ ~~(2.017)~~
	~~**Adjusted FFO**~~	~~**192.333**~~ ~~**196.845**~~	~~**192.516**~~ ~~**206.231**~~	~~**201.629**~~ ~~**216.818**~~	~~**214.283**~~ ~~**226.848**~~	~~**224.492**~~ ~~**236.506**~~
~~App15 D10~~	~~Net interest paid~~	~~156.249~~ ~~156.629~~	~~145.702~~ ~~146.091~~	~~150.995~~ ~~151.372~~	~~155.574~~ ~~155.929~~	~~184.224~~ ~~184.556~~
	~~Impact of removing PR14 revenue adjustment~~	~~0.027~~ ~~0.125~~	~~0.083~~ ~~0.246~~	~~0.142~~ ~~0.212~~	~~0.205~~	~~0.270~~ ~~0.263~~
	~~Less: indexation~~	-	-	-	-	-
	~~**Adjusted interest**~~	~~**156.276**~~ ~~**156.754**~~	~~**145.785**~~ ~~**146.337**~~	~~**151.137**~~ ~~**151.584**~~	~~**155.779**~~ ~~**156.134**~~	~~**184.494**~~ ~~**184.819**~~
	~~**Adjusted cash interest cover**~~	~~**1.23**~~ ~~**1.26**~~	~~**1.32**~~ ~~**1.41**~~	~~**1.33**~~ ~~**1.43**~~	~~**1.38**~~ ~~**1.45**~~	~~**1.22**~~ ~~**1.28**~~

		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App15 C9	Cash generated from operations	417.304	423.124	438.625	458.615	475.004
	Exclude working capital movements:					
App15 B5	Changes in working capital ~ Inventories, trade and other receivables	(3.530)	1.274	0.145	(1.449)	(1.512)
App15 B6	Changes in working capital ~ Trade and other payables	0.995	(1.684)	(1.339)	(1.090)	(1.567)
	Less capital charges:					
	- RCV run-off/depreciation	(231.793)	(241.079)	(249.921)	(258.242)	(265.853)
	- IRE expensed	-	-	-	-	-
	Adjusted FFO	**182.976**	**181.635**	**187.510**	**197.834**	**206.072**
App15 D10	Net interest paid	142.603	123.424	124.078	124.789	125.721
	Less: indexation	-	-	-	-	-
	Adjusted interest	**142.603**	**123.424**	**124.078**	**124.789**	**125.721**
	Adjusted cash interest cover	**1.28**	**1.47**	**1.51**	**1.59**	**1.64**

Line 26 – Adjusted cash interest cover (alternative calculation)

(FFO(pre-interest) – capital charges – excess fast money)/interest paid on debt (excluding the accretion of index-linked debt)

FFO has been calculated as in App10 B25 above, but with the additional deduction of excess fast money.

		~~2020-21~~ ~~£m~~	~~2021-22~~ ~~£m~~	~~2022-23~~ ~~£m~~	~~2023-24~~ ~~£m~~	~~2024-25~~ ~~£m~~
~~App15 C9~~	~~Cash generated from operations~~	~~418.345~~ ~~428.253~~	~~426.559~~ ~~437.990~~	~~446.709~~ ~~458.645~~	~~472.002~~ ~~484.164~~	~~492.746~~ ~~505.118~~
	~~Exclude working capital movements:~~					
~~App15 B5~~	~~Changes in working capital ~ Inventories, trade and other receivables~~	~~(3.530)~~ ~~(3.529)~~	~~1.274~~ ~~1.273~~	~~0.145~~ ~~0.146~~	~~(1.449)~~ ~~(1.450)~~	~~(1.512)~~ ~~(1.513)~~
~~App15 B6~~	~~Changes in working capital ~ Trade and other payables~~	~~(0.657)~~ ~~0.220~~	~~(1.751)~~ ~~(1.738)~~	~~(1.381)~~ ~~(1.370)~~	~~(1.182)~~ ~~(1.171)~~	~~(1.588)~~ ~~(1.577)~~
	~~Less capital charges:~~					
	~~- RCV run-off/depreciation~~	~~(220.052)~~ ~~(219.998)~~	~~(231.758)~~ ~~(231.839)~~	~~(242.000)~~ ~~(242.789)~~	~~(253.206)~~ ~~(253.424)~~	~~(263.235)~~ ~~(263.505)~~
	~~- IRE expensed~~	-	-	-	-	-
	~~- Excess fast money~~	- ~~(14.150)~~	- ~~(11.935)~~	~~(0.022)~~ ~~(11.992)~~	~~(0.006)~~ ~~(12.087)~~	~~(0.030)~~ ~~(11.916)~~
	~~Remove PR14 revenue adjustment~~	~~(1.773)~~ ~~(8.111)~~	~~(1.808)~~ ~~0.545~~	~~(1.844)~~ ~~2.186~~	~~(1.882)~~ ~~(1.271)~~	~~(1.919)~~ ~~(2.017)~~
	~~**Adjusted FFO**~~	~~**192.333**~~ ~~**182.695**~~	~~**192.516**~~ ~~**194.296**~~	~~**201.607**~~ ~~**204.826**~~	~~**214.276**~~ ~~**214.761**~~	~~**224.462**~~ ~~**224.590**~~
~~App15 D10~~	~~Net interest paid~~	~~156.249~~ ~~156.629~~	~~145.702~~ ~~146.091~~	~~150.995~~ ~~151.372~~	~~155.574~~ ~~155.929~~	~~184.224~~ ~~184.556~~
	~~Impact of removing PR14 revenue adjustment~~	~~0.027~~ ~~0.125~~	~~0.083~~ ~~0.246~~	~~0.142~~ ~~0.212~~	~~0.205~~	~~0.270~~ ~~0.263~~
	~~Less: indexation~~	-	-	-	-	-
	~~**Adjusted interest**~~	~~**156.276**~~ ~~**156.754**~~	~~**145.785**~~ ~~**146.337**~~	~~**151.137**~~ ~~**151.584**~~	~~**155.779**~~ ~~**156.134**~~	~~**184.494**~~ ~~**184.819**~~
	~~**Adjusted cash interest cover (alternative calculation)**~~	~~**1.23**~~ ~~**1.17**~~	~~**1.32**~~ ~~**1.33**~~	~~**1.33**~~ ~~**1.35**~~	~~**1.38**~~	~~**1.22**~~

		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App15 C9	Cash generated from operations	417.304	423.124	438.625	458.615	475.004
	Exclude working capital movements:					
App15 B5	Changes in working capital ~ Inventories, trade and other receivables	(3.530)	1.274	0.145	(1.449)	(1.512)
App15 B6	Changes in working capital ~ Trade and other payables	0.995	(1.684)	(1.339)	(1.090)	(1.567)
	Less capital charges:					
	- RCV run-off/depreciation	(231.793)	(241.079)	(249.921)	(258.242)	(265.853)
	- IRE expensed	-	-	-	-	-
	- Excess fast money	(10.743)	(11.107)	(11.258)	(11.333)	(11.500)
	Adjusted FFO	**172.233**	**170.528**	**176.252**	**186.501**	**194.572**
App15 D10	Net interest paid	142.603	123.424	124.078	124.789	125.721
	Less: indexation	-	-	-	-	-
	Adjusted interest	**142.603**	**123.424**	**124.078**	**124.789**	**125.721**
	Adjusted cash interest cover (alternative calculation)	**1.21**	**1.38**	**1.42**	**1.49**	**1.55**

Line 27 – FFO/net debt

FFO(post-interest)/net debt (Where net debt is used in these calculations it excludes pension liabilities.)

FFO has been calculated as in App10 B24 above, but with the additional deduction of net interest paid.

Net debt has been calculated using data taken from the forecast balance sheet (App12), being the net total of cash and cash equivalents and borrowings.

		~~2020-21~~ ~~£m~~	~~2021-22~~ ~~£m~~	~~2022-23~~ ~~£m~~	~~2023-24~~ ~~£m~~	~~2024-25~~ ~~£m~~
~~App15 C9~~	~~Cash generated from operations~~	~~418.345~~ ~~428.253~~	~~426.559~~ ~~437.990~~	~~446.709~~ ~~458.645~~	~~472.002~~ ~~484.164~~	~~492.746~~ ~~505.118~~
	~~Remove PR14 revenue adjustment~~	~~(1.773)~~ ~~(8.111)~~	~~(1.808)~~ ~~0.545~~	~~(1.844)~~ ~~2.186~~	~~(1.882)~~ ~~(1.271)~~	~~(1.919)~~ ~~(2.017)~~
	~~*Exclude working capital movements:*~~					
~~App15 B5~~	~~Changes in working capital ~ Inventories, trade and other receivables~~	~~(3.530)~~ ~~(3.529)~~	~~1.274~~ ~~1.273~~	~~0.145~~ ~~0.146~~	~~(1.449)~~ ~~(1.450)~~	~~(1.512)~~ ~~(1.513)~~
~~App15 B6~~	~~Changes in working capital ~ Trade and other payables~~	~~(0.657)~~ ~~0.220~~	~~(1.751)~~ ~~(1.738)~~	~~(1.381)~~ ~~(1.370)~~	~~(1.182)~~ ~~(1.171)~~	~~(1.588)~~ ~~(1.577)~~
~~App15 D10~~	~~Net interest paid~~	~~(156.249)~~ ~~(156.629)~~	~~(145.702)~~ ~~(146.091)~~	~~(150.995)~~ ~~(151.372)~~	~~(155.574)~~ ~~(155.929)~~	~~(184.224)~~ ~~(184.556)~~
	~~Impact of removing PR14 revenue adjustment~~	~~(0.027)~~ ~~(0.125)~~	~~(0.083)~~ ~~(0.246)~~	~~(0.142)~~ ~~(0.212)~~	~~(0.205)~~	~~(0.270)~~ ~~(0.263)~~
	~~FFO (post interest)~~	**~~256.109~~** **~~260.079~~**	**~~278.489~~** **~~291.733~~**	**~~292.492~~** **~~308.023~~**	**~~311.710~~** **~~324.138~~**	**~~303.233~~** **~~315.192~~**
~~App12 B11~~	~~Cash and cash equivalents ~ actual company structure~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~
~~App12 C15~~	~~Borrowings~~	~~65.879~~	~~52.299~~	~~56.427~~	~~256.819~~	~~349.869~~
~~App12 E22~~	~~Borrowings~~	~~3,755.164~~ ~~3,768.020~~	~~3,936.149~~ ~~3,948.773~~	~~4,091.331~~ ~~4,103.347~~	~~4,016.960~~ ~~4,028.261~~	~~4,054.317~~ ~~4,064.810~~
	~~Impact of removing PR14 revenue adjustment~~	~~1.800~~ ~~8.239~~	~~3.692~~ ~~7.943~~	~~5.679~~ ~~5.974~~	~~7.766~~ ~~7.451~~	~~9.955~~ ~~9.733~~
	~~Net debt~~	**~~3,722.843~~** **~~3,742.138~~**	**~~3,892.140~~** **~~3,909.015~~**	**~~4,053.437~~** **~~4,065.748~~**	**~~4,181.545~~** **~~4,192.531~~**	**~~4,314.141~~** **~~4,324.412~~**
	~~FFO/net debt~~	**~~6.88%~~** **~~6.95%~~**	**~~7.16%~~** **~~7.46%~~**	**~~7.22%~~** **~~7.58%~~**	**~~7.45%~~** **~~7.73%~~**	**~~7.03%~~** **~~7.29%~~**

		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App15 C9	Cash generated from operations	417.304	423.124	438.625	458.615	475.004
	Exclude working capital movements:					
App15 B5	Changes in working capital ~ Inventories, trade and other receivables	(3.530)	1.274	0.145	(1.449)	(1.512)
App15 B6	Changes in working capital ~ Trade and other payables	0.995	(1.684)	(1.339)	(1.090)	(1.567)
App15 D10	Net interest paid	(142.603)	(123.424)	(124.078)	(124.789)	(125.721)
	FFO (post interest)	**272.166**	**299.290**	**313.353**	**331.287**	**346.204**
App12 B11	Cash and cash equivalents ~ actual company structure	(100.000)	(100.000)	(100.000)	(100.000)	(100.000)
App12 C15	Borrowings	65.879	52.299	56.427	56.016	555.823
App12 E22	Borrowings	3,591.242	3,700.189	3,779.924	3,831.117	3,357.608
	Net debt	**3,557.121**	**3,652.488**	**3,736.351**	**3,787.133**	**3,813.431**
	FFO/net debt	**7.65%**	**8.19%**	**8.39%**	**8.75%**	**9.08%**

Line 28 – FFO/net debt (alternative calculation)

FFO (post-interest) – accretion of index-linked debt/net debt

FFO has been calculated as in App10 B27 above, but with an additional adjustment to remove an indexation charge relating to the accretion of index-linked debt.

The value of the indexation adjustment in the calculation is £nil as cash interest paid as reported in the forecast cash flow statement (App 15) does not contain an indexation charge; the adjustment line is therefore shown for completeness only. Cash payments relating to indexation form part of the repayment of index-linked debt principal.

		~~2020-21 £m~~	~~2021-22 £m~~	~~2022-23 £m~~	~~2023-24 £m~~	~~2024-25 £m~~
~~App15 C9~~	~~Cash generated from operations~~	~~418.345~~ ~~428.253~~	~~426.559~~ ~~437.990~~	~~446.709~~ ~~458.645~~	~~472.002~~ ~~484.164~~	~~492.746~~ ~~505.118~~
	~~Remove PR14 revenue adjustment~~	~~(1.773)~~ ~~(8.111)~~	~~(1.808)~~ ~~0.545~~	~~(1.844)~~ ~~2.186~~	~~(1.882)~~ ~~(1.271)~~	~~(1.919)~~ ~~(2.017)~~
	~~*Exclude working capital movements:*~~					
~~App15 B5~~	~~Changes in working capital ~ Inventories, trade and other receivables~~	~~(3.530)~~ ~~(3.529)~~	~~1.274~~ ~~1.273~~	~~0.145~~ ~~0.146~~	~~(1.449)~~ ~~(1.450)~~	~~(1.512)~~ ~~(1.513)~~
~~App15 B6~~	~~Changes in working capital ~ Trade and other payables~~	~~(0.657)~~ ~~0.220~~	~~(1.751)~~ ~~(1.738)~~	~~(1.381)~~ ~~(1.370)~~	~~(1.182)~~ ~~(1.171)~~	~~(1.588)~~ ~~(1.577)~~
~~App15 D10~~	~~Net interest paid~~	~~(156.249)~~ ~~(156.629)~~	~~(145.702)~~ ~~(146.091)~~	~~(150.995)~~ ~~(151.372)~~	~~(155.574)~~ ~~(155.929)~~	~~(184.224)~~ ~~(184.556)~~
	~~Add back indexation~~	~~(51.736)~~	~~(52.573)~~	~~(53.305)~~	~~(54.070)~~	~~(55.561)~~
	~~Impact of removing PR14 revenue adjustment~~	~~(0.027)~~ ~~(0.125)~~	~~(0.083)~~ ~~(0.246)~~	~~(0.142)~~ ~~(0.212)~~	~~(0.205)~~	~~(0.270)~~ ~~(0.263)~~
	~~FFO (post interest)~~	**~~204.373~~** **~~208.343~~**	**~~225.916~~** **~~239.160~~**	**~~239.187~~** **~~254.718~~**	**~~257.640~~** **~~270.068~~**	**~~247.672~~** **~~259.632~~**
~~App12 B11~~	~~Cash and cash equivalents ~ actual company structure~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~
~~App12 C15~~	~~Borrowings~~	~~65.879~~	~~52.299~~	~~56.427~~	~~256.819~~	~~349.869~~
~~App12 E22~~	~~Borrowings~~	~~3,755.164~~ ~~3,768.020~~	~~3,936.149~~ ~~3,948.773~~	~~4,091.331~~ ~~4,103.347~~	~~4,016.960~~ ~~4,028.261~~	~~4,054.317~~ ~~4,064.810~~
	~~Impact of removing PR14 revenue adjustment~~	~~1.800~~ ~~8.239~~	~~3.692~~ ~~7.943~~	~~5.679~~ ~~5.974~~	~~7.766~~ ~~7.451~~	~~9.955~~ ~~9.733~~
	~~Net debt~~	**~~3,722.843~~** **~~3,742.138~~**	**~~3,892.140~~** **~~3,909.015~~**	**~~4,053.437~~** **~~4,065.748~~**	**~~4,181.545~~** **~~4,192.531~~**	**~~4,314.141~~** **~~4,324.412~~**
	~~FFO/net debt (alternative calculation)~~	**~~5.49%~~** **~~5.57%~~**	**~~5.80%~~** **~~6.12%~~**	**~~5.90%~~** **~~6.26%~~**	**~~6.16%~~** **~~6.44%~~**	**~~5.74%~~** **~~6.00%~~**

		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App15 C9	Cash generated from operations	417.304	423.124	438.625	458.615	475.004
	Exclude working capital movements:					
App15 B5	Changes in working capital ~ Inventories, trade and other receivables	(3.530)	1.274	0.145	(1.449)	(1.512)
App15 B6	Changes in working capital ~ Trade and other payables	0.995	(1.684)	(1.339)	(1.090)	(1.567)
App15 D10	Net interest paid	(142.603)	(123.424)	(124.078)	(124.789)	(125.721)
	Add back indexation	(57.400)	(66.100)	(70.045)	(71.679)	(74.548)
	FFO (post interest)	**214.766**	**233.190**	**243.308**	**259.608**	**271.656**
App12 B11	Cash and cash equivalents ~ actual company structure	(100.000)	(100.000)	(100.000)	(100.000)	(100.000)
App12 C15	Borrowings	65.879	52.299	56.427	56.016	555.823
App12 E22	Borrowings	3,591.242	3,700.189	3,779.924	3,831.117	3,357.608
	Net debt	**3,557.121**	**3,652.488**	**3,736.351**	**3,787.133**	**3,813.431**
	FFO/net debt (alternative calculation)	**6.04%**	**6.38%**	**6.51%**	**6.86%**	**7.12%**

Line 29 – Dividend cover

Profit after tax/dividends paid

This line reports dividend cover by reference to the income statement (App11), calculated as shown below.

The forecast dividends are legal under the Companies Act 2006, being funded from retained earnings. Note, however, that if we were to adjust App12 and App16 to report the opening balance of fixed assets at historical cost, as opposed to valuation, reported retained earnings would be negative and the dividends would have the appearance of being illegal (in practice we will continue to report assets at revaluation in our statutory accounts under IFRS, and will not be making these payments as real dividends).

		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App11 A16	Profit for the year	~~27.853~~ 36.537	~~15.862~~ 25.317	~~64.260~~ 74.235	~~79.876~~ 90.137	~~95.388~~ 105.938
	Remove PR14 revenue adjustment	~~(1.773)~~ (8.111)	~~(1.808)~~ 0.545	~~(1.844)~~ 2.186	~~(1.882)~~ (1.271)	~~(1.919)~~ (2.017)
	Interest impact of removing PR14 revenue adjustment	~~(0.027)~~ (0.125)	~~(0.083)~~ (0.246)	~~(0.142)~~ (0.212)	(0.205)	~~(0.270)~~ (0.263)
	Deferred tax on PR14 revenue adjustment removal	~~0.306~~ 1.400	~~0.321~~ (0.051)	~~0.338~~ (0.336)	~~0.355~~ 0.251	~~0.372~~ 0.388
	Adjusted profit for the year	~~26.359~~ 29.701	~~14.292~~ 25.565	~~62.612~~ 75.874	~~78.144~~ 88.912	~~93.571~~ 104.046
App11 B17	Dividends	14.700	15.800	17.000	18.100	19.300
	Dividend cover	**~~1.79~~ 2.02**	**~~0.90~~ 1.62**	**~~3.68~~ 4.46**	**~~4.32~~ 4.91**	**~~4.85~~ 5.39**

This line reports dividend cover by reference to the income statement (App11); reported values are zero for all years as no dividends have been forecast in the actual company modelling.

Line 30 – RCF/net debt

(FFO(post-interest) – dividends paid)/net debt

Calculated as:

		2020-21	2021-22	2022-23	2023-24	2024-25
		~~£m~~	~~£m~~	~~£m~~	~~£m~~	~~£m~~
~~App15 C9~~	~~Cash generated from operations~~	~~418.345~~	~~426.559~~	~~446.709~~	~~472.002~~	~~492.746~~
		~~428.253~~	~~437.990~~	~~458.645~~	~~484.164~~	~~505.118~~
	~~Remove PR14 revenue adjustment~~	~~(1.773)~~	~~(1.808)~~	~~(1.844)~~	~~(1.882)~~	~~(1.919)~~
		~~(8.111)~~	~~0.545~~	~~2.186~~	~~(1.271)~~	~~(2.017)~~
	~~*Exclude working capital movements:*~~					
~~App15 B5~~	~~Changes in working capital ~ Inventories, trade and other receivables~~	~~(3.530)~~	~~1.274~~	~~0.145~~	~~(1.449)~~	~~(1.512)~~
		~~(3.529)~~	~~1.273~~	~~0.146~~	~~(1.450)~~	~~(1.513)~~
~~App15 B6~~	~~Changes in working capital ~ Trade and other payables~~	~~(0.657)~~	~~(1.751)~~	~~(1.381)~~	~~(1.182)~~	~~(1.588)~~
		~~0.220~~	~~(1.738)~~	~~(1.370)~~	~~(1.171)~~	~~(1.577)~~
~~App15 D10~~	~~Net interest paid~~	~~(156.249)~~	~~(145.702)~~	~~(150.995)~~	~~(155.574)~~	~~(184.224)~~
		~~(156.629)~~	~~(146.091)~~	~~(151.372)~~	~~(155.929)~~	~~(184.556)~~
	~~Dividends paid~~	~~(14.700)~~	~~(15.800)~~	~~(17.000)~~	~~(18.100)~~	~~(19.300)~~
	~~Interest impact of removing PR14 revenue adjustment~~	~~(0.027)~~	~~(0.083)~~	~~(0.142)~~		~~(0.270)~~
		~~(0.125)~~	~~(0.246)~~	~~(0.212)~~	~~(0.205)~~	~~(0.263)~~
	~~**RCF**~~	~~**241.409**~~	~~**262.689**~~	~~**275.492**~~	~~**293.610**~~	~~**283.933**~~
		~~**245.379**~~	~~**275.933**~~	~~**291.023**~~	~~**306.038**~~	~~**295.892**~~
~~App12 B11~~	~~Cash and cash equivalents ~ actual company structure~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~	~~(100.000)~~
~~App12 C15~~	~~Borrowings~~	~~65.879~~	~~52.299~~	~~56.427~~	~~256.819~~	~~349.869~~
~~App12 E22~~	~~Borrowings~~	~~3,755.164~~	~~3,936.149~~	~~4,091.331~~	~~4,016.960~~	~~4,054.317~~
		~~3,768.020~~	~~3,948.773~~	~~4,103.347~~	~~4,028.261~~	~~4,064.810~~
	~~Impact of removing PR14 revenue adjustment~~	~~1.800~~	~~3.692~~	~~5.679~~	~~7.766~~	~~9.955~~
		~~8.239~~	~~7.943~~	~~5.974~~	~~7.451~~	~~9.733~~
	~~**Net debt**~~	~~**3,722.843**~~	~~**3,892.140**~~	~~**4,053.437**~~	~~**4,181.545**~~	~~**4,314.141**~~
		~~**3,742.138**~~	~~**3,909.015**~~	~~**4,065.748**~~	~~**4,192.531**~~	~~**4,324.412**~~
	~~**RCF/net debt**~~	~~**6.48%**~~	~~**6.75%**~~	~~**6.80%**~~	~~**7.02%**~~	~~**6.58%**~~
		~~**6.56%**~~	~~**7.06%**~~	~~**7.16%**~~	~~**7.30%**~~	~~**6.84%**~~

		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App15 C9	Cash generated from operations	417.304	423.124	438.625	458.615	475.004
	Exclude working capital movements:					
App15 B5	Changes in working capital ~ Inventories, trade and other receivables	(3.530)	1.274	0.145	(1.449)	(1.512)
App15 B6	Changes in working capital ~ Trade and other payables	0.995	(1.684)	(1.339)	(1.090)	(1.567)
App15 D10	Net interest paid	(142.603)	(123.424)	(124.078)	(124.789)	(125.721)
	Dividends paid	-	-	-	-	-
	RCF	**272.166**	**299.290**	**313.353**	**331.287**	**346.204**
App12 B11	Cash and cash equivalents ~ actual company structure	(100.000)	(100.000)	(100.000)	(100.000)	(100.000)
App12 C15	Borrowings	65.879	52.299	56.427	56.016	555.823
App12 E22	Borrowings	3,591.242	3,700.189	3,779.924	3,831.117	3,357.608
	Net debt	**3,557.121**	**3,652.488**	**3,736.351**	**3,787.133**	**3,813.431**
	RCF/net debt	**7.65%**	**8.19%**	**8.39%**	**8.75%**	**9.08%**

Line 31 – RCF/capex

(FFO(post-interest) – dividends paid)/capex

Calculated as:

		~~2020-21 £m~~	~~2021-22 £m~~	~~2022-23 £m~~	~~2023-24 £m~~	~~2024-25 £m~~
~~App15 C9~~	~~Cash generated from operations~~	~~418.345~~ ~~428.253~~	~~426.559~~ ~~437.990~~	~~446.709~~ ~~458.645~~	~~472.002~~ ~~484.164~~	~~492.746~~ ~~505.118~~
	~~Remove PR14 revenue adjustment~~	~~(1.773)~~ ~~(8.111)~~	~~(1.808)~~ ~~0.545~~	~~(1.844)~~ ~~2.186~~	~~(1.882)~~ ~~(1.271)~~	~~(1.919)~~ ~~(2.017)~~
	~~*Exclude working capital movements:*~~					
~~App15 B5~~	~~Changes in working capital ~ Inventories, trade and other receivables~~	~~(3.530)~~ ~~(3.529)~~	~~1.274~~ ~~1.273~~	~~0.145~~ ~~0.146~~	~~(1.449)~~ ~~(1.450)~~	~~(1.512)~~ ~~(1.513)~~
~~App15 B6~~	~~Changes in working capital ~ Trade and other payables~~	~~(0.657)~~ ~~0.220~~	~~(1.751)~~ ~~(1.738)~~	~~(1.381)~~ ~~(1.370)~~	~~(1.182)~~ ~~(1.171)~~	~~(1.588)~~ ~~(1.577)~~
~~App15 D10~~	~~Net interest paid~~	~~(156.249)~~ ~~(156.629)~~	~~(145.702)~~ ~~(146.091)~~	~~(150.995)~~ ~~(151.372)~~	~~(155.574)~~ ~~(155.929)~~	~~(184.224)~~ ~~(184.556)~~
	~~Dividends paid~~	~~(14.700)~~	~~(15.800)~~	~~(17.000)~~	~~(18.100)~~	~~(19.300)~~
	~~Interest impact of removing PR14 revenue adjustment~~	~~(0.027)~~ ~~(0.125)~~	~~(0.083)~~ ~~(0.246)~~	~~(0.142)~~ ~~(0.212)~~	~~(0.205)~~	~~(0.270)~~ ~~(0.263)~~
	~~**RCF**~~	~~**241.409**~~ ~~**245.379**~~	~~**262.689**~~ ~~**275.933**~~	~~**275.492**~~ ~~**291.023**~~	~~**293.610**~~ ~~**306.038**~~	~~**283.933**~~ ~~**295.892**~~
	~~**Capex**~~	~~**440.083**~~ ~~**450.768**~~	~~**375.158**~~ ~~**385.978**~~	~~**386.082**~~ ~~**397.048**~~	~~**369.341**~~ ~~**380.440**~~	~~**364.002**~~ ~~**375.245**~~
	~~**RCF/capex**~~	~~**54.86%**~~ ~~**54.44%**~~	~~**70.02%**~~ ~~**71.49%**~~	~~**71.36%**~~ ~~**73.30%**~~	~~**79.50%**~~ ~~**80.44%**~~	~~**78.00%**~~ ~~**78.85%**~~

		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App15 C9	Cash generated from operations	417.304	423.124	438.625	458.615	475.004
	Exclude working capital movements:					
App15 B5	Changes in working capital ~ Inventories, trade and other receivables	(3.530)	1.274	0.145	(1.449)	(1.512)
App15 B6	Changes in working capital ~ Trade and other payables	0.995	(1.684)	(1.339)	(1.090)	(1.567)
App15 D10	Net interest paid	(142.603)	(123.424)	(124.078)	(124.789)	(125.721)
	Dividends paid	-	-	-	-	-
	RCF	**272.166**	**299.290**	**313.353**	**331.287**	**346.204**
	Capex	**352.959**	**327.545**	**328.962**	**311.976**	**300.440**
	RCF/capex	**77.11%**	**91.37%**	**95.26%**	**106.19%**	**115.23%**

Line 32 – Return on capital employed

(EBIT – tax)/RCV

In order to generate the 'return' as shown below, EBIT has been calculated by reference to the income statement (App11) and tax is assumed to be the aggregate of UK corporation tax and deferred tax.

The RCV value is as at 31 March in each year.

		~~2020-21 £m~~	~~2021-22 £m~~	~~2022-23 £m~~	~~2023-24 £m~~	~~2024-25 £m~~
~~App11 A6~~	~~Operating profit~~	~~192.240~~	~~207.485~~	~~231.886~~	~~257.183~~	~~283.586~~
		~~203.088~~	~~219.274~~	~~244.288~~	~~269.910~~	~~296.639~~
~~App11 A7~~	~~Other income~~	~~26.255~~	~~26.802~~	~~27.360~~	~~27.930~~	~~28.512~~
		~~26.248~~	~~26.794~~	~~27.352~~	~~27.922~~	~~28.503~~
	~~Remove PR14 revenue adjustment~~	~~(1.773)~~	~~(1.808)~~	~~(1.844)~~	~~(1.882)~~	~~(1.919)~~
		~~(8.111)~~	~~0.545~~	~~2.186~~	~~(1.271)~~	~~(2.017)~~
	~~EBIT~~	~~216.722~~	~~232.479~~	~~257.402~~	~~283.231~~	~~310.179~~
		~~221.225~~	~~246.613~~	~~273.826~~	~~296.561~~	~~323.125~~
	~~UK corporation tax~~	-	-	-	-	-
	~~Deferred tax~~	-	-	-	-	-
	~~**'Return'**~~	~~**216.722**~~	~~**232.479**~~	~~**257.402**~~	~~**283.231**~~	~~**310.179**~~
		~~**221.225**~~	~~**246.613**~~	~~**273.826**~~	~~**296.561**~~	~~**323.125**~~
	~~**RCV**~~	~~**6,246.000**~~	~~**6,536.000**~~	~~**6,832.000**~~	~~**7,107.000**~~	~~**7,374.000**~~
		~~**6,251.374**~~	~~**6,543.965**~~	~~**6,842.479**~~	~~**7,119.673**~~	~~**7,387.850**~~
	~~**Return on capital employed**~~	~~**3.47%**~~	~~**3.56%**~~	~~**3.77%**~~	~~**3.99%**~~	~~**4.21%**~~
		~~**3.54%**~~	~~**3.77%**~~	~~**4.00%**~~	~~**4.17%**~~	~~**4.37%**~~

		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App11 A6	Operating profit	194.262	207.503	228.729	250.373	274.061
App11 A7	Other income	25.936	26.471	27.022	27.585	28.159
	EBIT	220.198	233.974	255.751	277.958	302.220
	UK corporation tax	-	-	-	-	-
	'Return'	**220.198**	**233.974**	**255.751**	**277.958**	**302.220**
	RCV	**6,130.866**	**6,354.226**	**6,576.273**	**6,777.351**	**6,963.911**
	Return on capital employed	**3.59%**	**3.68%**	**3.89%**	**4.10%**	**4.34%**

Line 33 – RORE

RORE calculates the returns on a regulatory basis by reference to the notional gearing level and average RCV for the year.

The base RORE is calculated using the regulatory building blocks and should also reflect the impact of any legacy adjustments to revenue.

The base RORE should then be adjusted for the following factors net of any tax impact:

1) *The company share of totex out- or underperformance. This should reflect genuine out- or underperformance only. Any totex over- or underspend which is due to timing (i.e. reprofiling of expenditure within the AMP) should not be recognised as out- or underperformance for the purpose of the calculation of RORE.*
2) *The company share of any out- or underperformance on retail costs.*
3) *The impact of any ODI or other penalties or rewards earned in the year, even if they are not payable/receivable until the following AMP.*
4) *The difference between the actual average interest rate charge on borrowings (in real terms) and the allowed interest rate (real) on notional debt. This should be calculated based on the notional capital structure i.e. difference in actual interest rate and allowed interest rate multiplied by notional net debt.*

Further guidance can be found in the RAGs.

The calculation of RoRE has been done on a notional basis and therefore values are the same for the notional and actual company.

Line 34 – Target credit rating

Please set out what level of credit rating you are targeting, including the name of the relevant credit rating agency.

Credit rating agencies use a broad range of qualitative and quantitative measures to assess companies' creditworthiness, including company-specific and industry-wide factors. In determining our target credit rating and its achievability, we have looked at the financial credit metrics we have delivered in the past and the associated ratings agency assessments. It is clear form this, and from work carried out by KMPG, that there is a broad range of metrics which warrants a particular credit rating and no company is required to meet all benchmark levels for all metrics. From this, and using stated guidance from the credit rating agencies (where available) we have assessed our forecast credit metrics against these benchmarks and produced a likely credit rating which these metrics would be expected to deliver.

Our credit ratings benefit from at least a one-notch upgrade from the rating which the credit metrics alone might be expected to deliver, as a result of our strict financial covenants and restrictions under our Common Terms Agreement with bondholders and/or from our "not-for-dividend" ownership model. We therefore assume that we need to deliver credit metrics compatible with a BBB+/Baa1/BBB+ (S&P/Moody's/Fitch) underlying credit rating.

Our forecast credit metrics are, overall, consistent with (or exceed) the benchmarks needed for an underlying BBB+/Baa1 rating. We also meet (or outperform) the gearing guidelines for a BBB+/Baa1 for all ratings agencies for all years of AMP7. This, on balance, mitigates some weakness in profitability metrics in some years, as it has in our historic ratings assessments.

Lines 35 to 44 – Company proposed financial ratios

The company's proposed financial ratios.

Line 35 – Company proposed financial ratio: cash dividend cover (alternative calculation)

No dividend has been forecast in the actual company modelling, hence a zero value is reported on this line.

	~~2021 £m~~	~~2022 £m~~	~~2023 £m~~	~~2024 £m~~	~~2025 £m~~
~~Net cash generated from operating activities~~	~~262.096~~ ~~271.624~~	~~280.857~~ ~~291.899~~	~~295.714~~ ~~307.273~~	~~316.428~~ ~~328.235~~	~~308.522~~ ~~320.562~~
~~Remove PR14 revenue adjustment~~	~~(1.773)~~ ~~(8.111)~~	~~(1.808)~~ ~~0.545~~	~~(1.844)~~ ~~2.186~~	~~(1.882)~~ ~~(1.271)~~	~~(1.919)~~ ~~(2.017)~~
~~Interest impact of removing PR14 revenue adjustment~~	~~(0.027)~~ ~~(0.125)~~	~~(0.083)~~ ~~(0.246)~~	~~(0.142)~~ ~~(0.212)~~	~~(0.205)~~	~~(0.270)~~ ~~(0.263)~~
~~Adjusted net cash generated from operating activities~~	~~260.296~~ ~~263.388~~	~~278.966~~ ~~292.198~~	~~293.728~~ ~~309.247~~	~~314.341~~ ~~326.759~~	~~306.333~~ ~~318.282~~
~~Dividends~~	~~14.700~~	~~15.800~~	~~17.000~~	~~18.100~~	~~19.300~~
~~Cash dividend cover~~	**~~17.71~~** **~~17.92~~**	**~~17.66~~** **~~18.49~~**	**~~17.28~~** **~~18.19~~**	**~~17.37~~** **~~18.05~~**	**~~15.87~~** **~~16.49~~**

Line 36 – Company proposed financial ratio: gearing (alternative calculation)

We use a slightly different measure of regulatory gearing from that reported in App10 B23. Our Common Terms Agreement with bondholders incorporates a regulatory gearing ratio which is calculated on an IFRS basis plus the exclusion of deferred issue costs. This results in a slightly higher level of gearing than is reported in App10 B23, as borrowings reported in the company's financial statements prepared under IFRS include accrued interest payable; the difference is illustrated in the reconciliation below.

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Total borrowings	~~3,874.668~~ 3,887.524	~~4,039.182~~ 4,051.806	~~4,194.023~~ 4,206.039	~~4,314.923~~ 4,326.224	~~4,418.016~~ 4,428.510
Impact of removing PR14 revenue adjustment	~~1.800~~ 8.239	~~3.692~~ 7.943	~~5.679~~ 5.974	~~7.766~~ 7.451	~~9.955~~ 9.733
Cash and cash equivalents	(100.000)	(100.000)	(100.000)	(100.000)	(100.000)
Net debt	**~~3,776.468~~** **3,795.763**	**~~3,942.874~~** **3,959.749**	**~~4,099.702~~** **4,112.013**	**~~4,222.689~~** **4,233.675**	**~~4,327.971~~** **4,338.243**
Regulatory capital value	**~~6,246.000~~** **6,251.374**	**~~6,536.000~~** **6,543.965**	**~~6,832.000~~** **6,842.479**	**~~7,107.000~~** **7,119.673**	**~~7,374.000~~** **7,387.850**
Gearing (alternative calculation)	**~~60.46%~~** **60.72%**	**~~60.33%~~** **60.51%**	**~~60.01%~~** **60.10%**	**~~59.42%~~** **59.46%**	**~~58.69%~~** **58.72%**

Reconciliation of net debt to App10 B23	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Net debt per App10 B23 calculation	~~3,722.843~~ 3,742.138	~~3,892.140~~ 3,909.015	~~4,053.437~~ 4,065.748	~~4,181.545~~ 4,192.531	~~4,314.141~~ 4,324.412
Remove: deferred issue costs	2.916	2.594	2.272	1.950	1.628
Add: accrued interest payable	50.709	48.140	43.993	39.194	12.202
Net debt per App10 B36 calculation	~~3,776.468~~ 3,795.763	~~3,942.874~~ 3,959.749	~~4,099.702~~ 4,112.013	~~4,222.689~~ 4,233.675	~~4,327.971~~ 4,338.243

~~Note that these ratios are calculated based on appointee-only forecasts. The gearing ratio calculation in our Common Terms Agreement refers to the whole business securitisation, i.e. the group of companies headed by Glas Cymru Anghyfyngedig, the active entities being Dŵr Cymru Cyfyngedig and Dŵr Cymru (Financing) Limited. This also therefore incorporates the non-appointed elements of Dŵr Cymru Cyfyngedig. Including these elements in the ratios would reduce the above measure of gearing by 0.8% to 0.9% over the forecast period~~.

Line 37 – Company proposed financial ratio: Moody's adjusted ICR
Moody's uses a different measure of adjusted interest cover from the Ofwat ratios specified in Lines 25 and 26, calculated as:

	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Net cash from operations	~~263.653~~ 274.059	~~287.138~~ 298.191	~~302.813~~ 314.385	~~322.785~~ 334.601	~~336.602~~ 348.651
Remove PR14 revenue adjustment	~~(1.773)~~ (8.111)	~~(1.808)~~ 0.545	~~(1.844)~~ 2.186	~~(1.882)~~ (1.271)	~~(1.919)~~ (2.017)
Interest impact of removing PR14 revenue adjustment	~~(0.027)~~ (0.125)	~~(0.083)~~ (0.246)	~~(0.142)~~ (0.212)	(0.205)	~~(0.270)~~ (0.263)
Interest received	4.020	4.103	4.193	4.284	4.379
~~Add back indexation~~	~~51.736~~	~~52.573~~	~~53.305~~	~~54.070~~	~~55.561~~
Add back IRE	69.304	71.606	72.215	72.446	71.904
Standardised FFO (1)	~~386.913~~ 339.147	~~413.529~~ 374.199	~~430.540~~ 392.767	~~451.498~~ 409.855	~~466.257~~ 422.655
RCV run-off/depreciation	~~220.052~~ 219.988	~~231.758~~ 231.839	~~242.000~~ 242.789	~~253.206~~ 253.424	~~263.235~~ 263.505
IRE expensed	69.304	71.606	72.215	72.446	71.904
Excess fast money	- 14.150	- 11.935	~~0.022~~ 11.992	~~0.006~~ 12.087	~~0.030~~ 11.916
Regulatory capital charges (2)	~~289.357~~ 303.443	~~303.364~~ 315.379	~~314.236~~ 326.996	~~325.658~~ 337.957	~~335.169~~ 347.325
Gross interest	~~209.711~~ 210.091	~~199.071~~ 199.459	~~203.607~~ 203.983	~~208.390~~ 208.746	~~216.434~~ 216.767
Interest impact of removing PR14 revenue adjustment	~~0.027~~ 0.125	~~0.083~~ 0.246	~~0.142~~ 0.212	0.205	~~0.270~~ 0.263
Remove indexation	(51.736)	(52.573)	(53.305)	(54.070)	(55.561)
Adjusted gross interest (3)	~~158.002~~ 158.480	~~146.581~~ 147.132	~~150.444~~ 150.890	~~154.525~~ 154.881	~~161.143~~ 161.469

Adjusted FFO (1 - 2 + 3)	~~255.559~~ 194.185	~~256.745~~ 205.952	~~266.748~~ 216.661	~~280.366~~ 226.779	~~292.232~~ 236.799
Adjusted interest cover	~~1.62~~ 1.23	~~1.75~~ 1.40	~~1.77~~ 1.44	~~1.81~~ 1.46	~~1.81~~ 1.47

~~Note that these ratios are calculated based on appointee-only forecasts. Moody's extract the data for their ratings assessment from our published Glas Cymru Holdings Cyfyngedig consolidated group annual report and accounts. These incorporate the non-appointed elements of Dŵr Cymru Cyfyngedig and all other group transactions. Including these elements in the ratios would have little or no impact on the above measures of interest cover (increase of around 0.02 over the period)~~.

Line 38 – Company proposed financial ratio: S&P FFO/net debt

S&P uses a different measure of adjusted interest cover from the Ofwat ratios specified in Lines 27 and 28, calculated as:

	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Revenue	~~786.148~~ 786.258	~~808.645~~ 809.269	~~832.165~~ 833.152	~~857.128~~ 858.204	~~882.367~~ 883.512
Remove PR14 revenue adjustment	~~(1.773)~~ (8.111)	~~(1.808)~~ 0.545	~~(1.844)~~ 2.186	~~(1.882)~~ (1.271)	~~(1.919)~~ (2.017)
Operational expenditure	~~(299.236)~~ (288.560)	~~(307.507)~~ (296.689)	~~(311.027)~~ (300.066)	~~(311.861)~~ (300.765)	~~(317.367)~~ (306.130)
IRE	(69.304)	(71.606)	(72.215)	(72.446)	(71.904)
EBITDA	~~415.835~~ 420.283	~~427.724~~ 441.519	~~447.079~~ 463.057	~~470.939~~ 483.722	~~491.177~~ 503.461
Finance costs	~~(209.711)~~ (210.091)	~~(199.071)~~ (199.459)	~~(203.607)~~ (203.983)	~~(208.390)~~ (208.746)	~~(216.434)~~ (216.767)
Interest impact of removing PR14 revenue adjustment	~~(0.027)~~ (0.125)	~~(0.083)~~ (0.246)	~~(0.142)~~ (0.212)	(0.205)	~~(0.270)~~ (0.263)
Finance income	4.020	4.103	4.193	4.284	4.379
Current tax	-	-	-	-	-
Adjusted FFO	~~210.117~~ 214.087	~~232.674~~ 245.917	~~247.522~~ 263.054	~~266.628~~ 279.055	~~278.852~~ 290.811
Net debt (including accrued interest)	~~3,774.668~~ 3,787.524	~~3,939.182~~ 3,951.806	~~4,094.023~~ 4,106.040	~~4,214.923~~ 4,226.224	~~4,318.016~~ 4,328.510
Impact of removing PR14 revenue adjustment	~~1.800~~ 8.239	~~3.692~~ 7.943	~~5.679~~ 5.974	~~7.766~~ 7.451	~~9.955~~ 9.733
Less: A6 bond indexation	(53.668)	(58.278)	(63.026)	(67.917)	(72.955)
DB pension liability	~~76.700~~ 75.015	~~76.700~~ 71.565	~~76.700~~ 68.115	~~76.700~~ 64.665	~~76.700~~ 61.215
Unamortised bond issue costs	2.967	2.618	2.269	1.920	1.571
Adjusted net debt	~~3,802.467~~ 3,820.077	~~3,963.914~~ 3,975.653	~~4,115.645~~ 4,119.371	~~4,233.392~~ 4,232.343	~~4,333.288~~ 4,328.075
Adjusted FFO/net debt	**~~5.53%~~ 5.60%**	**~~5.87%~~ 6.19%**	**~~6.01%~~ 6.39%**	**~~6.30%~~ 6.59%**	**~~6.44%~~ 6.72%**

~~Note that these ratios are calculated based on appointee-only forecasts. S&P extract the data for their ratings assessment from our published Glas Cymru Holdings Cyfyngedig consolidated group annual report and accounts. These incorporate the non-appointed elements of Dŵr Cymru Cyfyngedig and all other group transactions. Including these elements in the ratios would slightly improve the above measures of interest cover (increase of around 0.1% to 0.2% over the period).~~

App11 - Income statement based on the actual company structure

Block A – Income statement ~ actual company structure

Line 1 – Revenue

Forecast total appointed business revenue based on the company's actual structure that is within the scope of the price control, together with revenue that is outside of the price control but still forms part of regulated activities.

Revenue represents all income from appointed activities and is consistent with the disaggregated forecasts reported in other PR19 data tables.

Line 2 – Operating expenditure

Forecast total operating expenditure based on the company's actual structure.

Operating expenditure represents all operating costs related to appointed activities and is consistent with the disaggregated forecasts reported in other PR19 data tables.

Line 3 – Depreciation

Forecast value of depreciation based on the company's actual structure. This is the negative value of depreciation and amortisation of tangible and intangible assets.

In the annual performance report, depreciation and amortisation of fixed assets are shown as part of operating costs. This is also the case in our statutory reporting under IFRS, although in disaggregating total operating costs we report amortisation of intangible assets as 'amortisation' rather than 'depreciation'.

Ofwat's guidance states that if, as in our case, we expect intangible assets to amortise over the forecast period, we should include these amounts in the values reported in App16, Tangible fixed assets. We have therefore done so, and the related amortisation/depreciation forms part of the charge reported in this line.

The depreciation charge reported in this line reconciles to App16 as follows:

		2020-21 ~~£m~~	2021-22 ~~£m~~	2022-23 ~~£m~~	2023-24 ~~£m~~	2024-25 ~~£m~~
		~~1,826.242~~	~~2,031.034~~	~~2,232.245~~	~~2,428.169~~	~~2,622.400~~
~~App16 D32~~	~~Opening accumulated depreciation~~	~~1,826.436~~	~~2,031.175~~	~~2,232.047~~	~~2,427.525~~	~~2,621.209~~
		~~2,031.034~~	~~2,232.245~~	~~2,428.169~~	~~2,622.400~~	~~2,810.190~~
~~App16 D32~~	~~Closing accumulated depreciation~~	~~2,031.175~~	~~2,232.047~~	~~2,427.525~~	~~2,621.209~~	~~2,808.336~~
		~~204.792~~	~~201.211~~	~~195.924~~	~~194.231~~	~~187.790~~
	~~Charge for the year~~	~~204.739~~	~~200.872~~	~~195.478~~	~~193.684~~	~~187.127~~
~~App12 E27~~	~~Release of deferred income on adopted assets~~	~~(5.680)~~	~~(5.966)~~	~~(6.247)~~	~~(6.522)~~	~~(6.792)~~
		~~199.113~~	**~~195.245~~**	**~~189.677~~**	**~~187.708~~**	**~~180.998~~**
~~App11 A3~~	**~~Depreciation~~**	**~~199.058~~**	**~~194.907~~**	**~~189.231~~**	**~~187.161~~**	**~~180.336~~**

		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App16 D32	Opening accumulated depreciation	1,826.436	2,030.138	2,228.294	2,419.670	2,607.759
App16 D32	Closing accumulated depreciation	2,030.138	2,228.294	2,419.670	2,607.759	2,787.706
	Charge for the year	203.702	198.156	191.376	188.089	179.947
App12 E27	Release of deferred income on adopted assets	(5.680)	(5.966)	(6.247)	(6.522)	(6.792)
App11 A3	**Depreciation**	**198.021**	**192.190**	**185.130**	**181.568**	**173.155**

The release of deferred income on adopted assets is reported as a credit to the depreciation charge (matched against depreciation of the related assets); this treatment is consistent with our statutory reporting under IFRS (IFRIC 18) and with the APR.

Line 4 – Amortisation

Forecast value of amortisation based on the company's actual structure released to the income statement.

We have included our intangible fixed assets within App16, tangible fixed assets in accordance with Ofwat's guidance as we expect their values to amortise over the forecast period, therefore the amortisation is reported in Line 3 above.

We do not have any other intangible assets, such as goodwill, therefore this line reports a zero value throughout the period.

Line 5 – Operating income

Forecast total historical cost operating income based on the company's actual structure. This includes profits or loss on disposal of fixed assets. Income arising from exceptional items should also be included.

We have forecast no net profit or loss on disposal of fixed assets, nor any exceptional items, therefore this line reports a zero value throughout the period.

Line 6 – Operating profit

Forecast total historical cost operating profit based on the company's actual structure. This equals the sum of App11 lines 1 to 5.

The output of this line is calculated using a formula prepopulated in the data table.

Line 7 – Other income

Forecast total other income based on the company's actual structure. This includes rental income and income from investments (e.g. share income) and excludes net interest and profit on disposal of fixed assets.

Other income is forecast in line with our treatment in the APR and comprises mainly third party and bulk supply income.

Line 8 – Interest income

Forecast total interest income based on the company's actual structure. This includes interest received on cash deposits, loans to group companies etc.

This line includes forecast interest receivable on cash and cash equivalents plus forecast income from the Elan Valley Trust Fund.

	2020-21	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Interest receivable on cash and cash equivalents	~~1.125~~	~~1.125~~	~~1.125~~	~~1.125~~	~~1.125~~
Elan Valley trust income	~~2.895~~	~~2.978~~	~~3.068~~	~~3.159~~	~~3.254~~
Interest income	**~~4.020~~**	**~~4.103~~**	**~~4.193~~**	**~~4.284~~**	**~~4.379~~**

	2020-21	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Interest receivable on cash and cash equivalents	0.875	0.875	0.875	0.875	0.875
Elan Valley trust income	2.895	2.978	3.068	3.159	3.254
Interest income	**3.770**	**3.853**	**3.943**	**4.034**	**4.129**

The modelling assumes that cash interest is received at 50% of the prevailing 12m LIBOR rate as at 1 April on the opening balance of cash held.

Interest receivable on cash deposits	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Opening cash	100,000	100,000	100,000	100,000	100,000
Interest receivable	~~1,125~~	~~1,125~~	~~1,125~~	~~1,125~~	~~1,125~~
APP19 B18	**~~1.13%~~**	**~~1.13%~~**	**~~1.13%~~**	**~~1.13%~~**	**~~1.13%~~**
12-month LIBOR	~~2.25%~~	~~2.25%~~	~~2.25%~~	~~2.25%~~	~~2.25%~~

Interest receivable on cash deposits	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Opening cash	100,000	100,000	100,000	100,000	100,000
Interest receivable	875	875	875	875	875
APP19 B18	**0.88%**	**0.88%**	**0.88%**	**0.88%**	**0.88%**
12-month LIBOR	1.75%	1.75%	1.75%	1.75%	1.75%

As at 31 March 2018 the value of the Elan Valley Trust Fund was £115m and interest income amounted to £2.8m for the year then ended. In forecasting future income we have assumed capital growth in line with RPI and preserved the 2018 return of 2.37%. Further background info is provided in the commentary to App19 Line 19.

~~Elan Valley Trust Fund~~	**~~2020-21~~ ~~£m~~**	**~~2021-22~~ ~~£m~~**	**~~2022-23~~ ~~£m~~**	**~~2023-24~~ ~~£m~~**	**~~2024-25~~ ~~£m~~**
~~Opening market value~~	**~~122,033~~**	**~~125,671~~**	**~~129,431~~**	**~~133,311~~**	**~~137,313~~**
~~APP19 B19~~	**~~2,895~~**	**~~2,978~~**	**~~3,068~~**	**~~3,159~~**	**~~3,254~~**
~~Return preserved at 2017/18 level~~	**~~2.37%~~**	**~~2.37%~~**	**~~2.37%~~**	**~~2.37%~~**	**~~2.37%~~**

Elan Valley Trust Fund	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Opening market value	123,234	126,950	130,872	134,876	139,005
APP19 B19	**2,895**	**2,978**	**3,068**	**3,159**	**3,254**
Return preserved at 2018/19 level	2.35%	2.35%	2.34%	2.34%	2.34%

Line 9 – Interest expense

Forecast total interest expense based on the company's actual structure. This includes interest paid on loans, leases, debentures, floating rate debt, overdrafts, preference shares and all other borrowings.

The total interest expense reported in this line includes all relevant items as explicitly noted in the guidance, along with the unwinding of associated transactional costs, the cost of carrying certain loan facilities and other related costs which are appropriately treated as an interest expense under IFRS. A breakdown of the items included is shown below.

	~~2020-21 £m~~	~~2021-22 £m~~	~~2022-23 £m~~	~~2023-24 £m~~	~~2024-25 £m~~
~~Bonds~~	~~97.170~~	~~75.972~~	~~77.259~~	~~78.585~~	~~79.951~~
~~Term loans~~	~~27.637~~ ~~28.017~~	~~37.648~~ ~~38.037~~	~~41.279~~ ~~41.654~~	~~44.133~~ ~~44.489~~	~~49.493~~ ~~49.825~~
~~Finance leases~~	~~9.705~~	~~9.701~~	~~9.168~~	~~9.102~~	~~9.012~~
~~Floating to index-linked swaps~~	~~11.381~~	~~10.988~~	~~10.297~~	~~10.088~~	~~9.889~~
~~Floating to fixed rate swaps~~	~~6.566~~	~~6.566~~	~~6.566~~	~~6.566~~	~~6.566~~
~~Indexation charges~~	~~51.736~~	~~52.573~~	~~53.305~~	~~54.070~~	~~55.561~~
~~Bond wrapping fees~~	~~5.243~~	~~5.350~~	~~5.460~~	~~5.573~~	~~5.690~~
~~Authorised loan facility fees~~	~~0.116~~	~~0.116~~	~~0.116~~	~~0.116~~	~~0.116~~
~~Liquidity facility fees~~	~~0.595~~	~~0.595~~	~~0.595~~	~~0.595~~	~~0.595~~
~~Security Trustee fees~~	~~0.030~~	~~0.030~~	~~0.030~~	~~0.030~~	~~0.030~~
~~Amortisation of bond issue costs~~	~~0.322~~	~~0.322~~	~~0.322~~	~~0.322~~	~~0.322~~
~~Amortisation of bond gilt lock~~	~~0.027~~	~~0.027~~	~~0.027~~	~~0.027~~	~~0.027~~
~~Amortisation of issue premium~~	~~(0.765)~~	~~(0.765)~~	~~(0.765)~~	~~(0.765)~~	~~(0.765)~~
~~Other fees~~	~~0.270~~	~~0.270~~	~~0.270~~	~~0.270~~	~~0.270~~
~~App11 A9 Interest expense~~	**~~210.034~~ ~~210.413~~**	**~~199.393~~ ~~199.782~~**	**~~203.930~~ ~~204.306~~**	**~~208.712~~ ~~209.068~~**	**~~216.756~~ ~~217.089~~**

	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Bonds	96.832	75.607	76.912	78.257	79.646
Term loans	13.353	13.894	13.057	11.892	10.504
Finance leases	7.682	7.749	7.267	7.225	7.164
Floating to index-linked swaps	13.253	13.666	12.709	12.575	12.324
Floating to fixed rate swaps	7.526	7.526	7.526	7.526	7.526
Indexation charges	57.400	66.100	70.045	71.679	74.548
Bond wrapping fees	5.212	5.313	5.422	5.538	5.655
Authorised loan facility fees	0.116	0.116	0.116	0.116	0.116
Liquidity facility fees	0.595	0.595	0.595	0.595	0.595
Security Trustee fees	0.030	0.030	0.030	0.030	0.030
Amortisation of bond issue costs	0.322	0.322	0.322	0.322	0.322
Amortisation of bond gilt lock	0.027	0.027	0.027	0.027	0.027
Amortisation of issue premium	(0.765)	(0.765)	(0.765)	(0.765)	(0.765)
Other fees	0.270	0.270	0.270	0.270	0.270
App11 A9 Interest expense	**201.854**	**190.450**	**193.534**	**195.287**	**197.962**

Bond wrapping fees reflect the annual cost of a guarantee provided by MBIA in respect of the Class A Bonds. Wrapping fees are calculated at 48 basis points on the principal outstanding (indexed, where appropriate). As at 31 March 2017, MBIA was rated B/B3/- by Moody's, Standard and Poor's and Fitch respectively; the Class A bonds therefore defaulted to their higher underlying ratings of A2/A/A.

Authorised loan facility fees represent the cost of carrying undrawn revolving credit facilities of £100m, calculated at 11 basis points on a principal of £40 million and 12 basis points on a principal of £60 million.
Liquidity facility fees provide an undrawn facility of £170 million at an annual fee of 30 basis points on the principal.
Security Trustee fees of £30,000 per annum are payable under the Common Terms Agreement governing the company's whole business securitisation.
The amortisation of issue costs, gilt lock and premium reflect the unwinding of transactions costs and the net premium on issue of the bonds.
Other fees comprise bank charges and rating agency fees, assumed at £120,000 and £150,000 respectively. Note that bank charges do not include overdraft fees, as the company forecasts carrying positive cash balances throughout the period.

Line 10 – Interest expense related to the unwinding of discounted liabilities

Forecast total other interest expense based on the company's actual structure relating to the unwinding of discounted liabilities.

This line appears to be designed to report, separately from App11 Line 9, the impact of discounted liabilities being unwound which are not reported within fair value gains and losses, i.e. relating to financial instruments which qualify for hedge accounting. We have no such instruments, and all fair value gains or losses on derivative financial instruments are reported in App11 Line 12.

Line 11 – Profit before tax and fair value movements

Forecast total profit before tax and fair value movements based on the company's actual structure. This equals the sum of App11 lines 6 to 10.

The output of this line is calculated using a formula prepopulated in the data table.

Line 12 – Fair value gains/(losses) on derivative financial instruments

Forecast total fair values gains/(losses) based on the company's actual structure, arising from financial instruments which must be accounted for at fair value on the balance sheet with changes recognised in the income statement.

As noted in the commentary to line 10 above, we have no financial instruments which qualify for hedge accounting; however, we have a number of interest rate swaps and have reported all forecast movements in the fair values of these in Line 12. Note that the values reported represent the unwind of the notional values of the swap, as we have not forecast any changes to market conditions after the latest actual reported balance sheet date of 31 March 2018.

Line 13 – Profit before tax

Forecast total historical cost profit based on the company's actual structure on ordinary activities before taxation. Equals the sum of App11 lines 11 and 12.

The output of this line is calculated using a formula prepopulated in the data table.

Line 14 – UK corporation tax

Forecast total current tax charge on profits from ordinary activities based on the company's actual structure. This will include mainstream corporation tax, income and other taxes. It should exclude any *deferred tax charge which is to be reported separately. A positive number for tax credit, negative number for tax charge.*

We do not expect to pay any UK corporation tax during the forecast period, based on our expected levels of income and expenditure. (The notional company model generates a tax charge in the Retail business, however we do not expect this to be realised in the actual appointee company.)

Line 15 – Deferred tax

Forecast total movement in the deferred tax provision based on the company's actual structure. A positive number for tax credit, negative number for tax charge.

Deferred tax has been forecast at 17% of the profit or loss for each year, in line with the Government's published intention to reduce the rate of mainstream corporation tax to this level from 1 April 2020.

Line 16 – Profit for the year

Forecast total historical cost profit for the year based on the company's actual structure. This is to be shown after taxation, but before deduction of dividends. Equals the sum of App11 lines 13 to 15.

The output of this line is calculated using a formula prepopulated in the data table.

Block B – Dividends

Line 17 – Dividends

Forecast total equity dividend paid by the company in the year based on the company's actual structure. This also includes any special dividends paid in the year.

~~The forecast dividend values are in line with our dividend policy and expected distributions, as outlined in the commentary to App 18, Share capital and dividends. We expect to pay all dividends in the year of declaration.~~

No dividends have been forecast during the forecast period.

Block C – Taxation

Line 18 – Effective tax rate

Forecast effective tax rate based on the company's actual structure. This is the current tax charge for the appointed business before any adjustments in respect of the prior period, as a % of the profit before taxation for the appointed business. Equals App11 line 14 dividends by line 13.

The output of this line is calculated using a formula prepopulated in the data table.

App11a - Income statement based on a notional company structure

Block A - Income statement ~ notional company structure

Line 1 - Revenue

Forecast total appointed business revenue based on a notional company structure that is within the scope of the price control, together with revenue that is outside of the price control but still forms part of regulated activities.

Revenue represents all income from appointed activities and is consistent with the disaggregated forecasts reported in other PR19 data tables including App17 when translated in 2017-18 CPIH deflated prices using the indices in App23.

	~~2020-21~~	~~2021-22~~	~~2022-23~~	~~2023-24~~	~~2024-25~~
~~**Revenue**~~	~~**£m**~~	~~**£m**~~	~~**£m**~~	~~**£m**~~	~~**£m**~~
~~App11a Line 1 Revenue (outturn)~~	~~**759.893**~~	~~**781.843**~~	~~**804.805**~~	~~**829.198**~~	~~**853.855**~~
~~R7 Line 19 Residential retail revenue~~	~~63.114~~	~~63.866~~	~~64.395~~	~~63.794~~	~~64.089~~
~~R7 Line 22 Business retail revenue~~	~~7.381~~	~~7.577~~	~~7.718~~	~~7.826~~	~~7.972~~
~~Total Retail Revenue (outturn)~~	~~70.495~~	~~71.443~~	~~72.113~~	~~71.620~~	~~72.061~~
~~App 17 Line 12 Total wholesale water resources revenue requirement~~	~~668.464~~	~~675.092~~	~~682.369~~	~~691.400~~	~~699.238~~
~~*Less:* App17 line 13 Third party revenue~~					
~~*Less:* App17 line 18 Total non-price control income~~	~~17.170~~	~~17.190~~	~~17.210~~	~~17.230~~	~~17.250~~
~~(third party services)~~					
~~income (principal services)~~					
~~Wholesale Revenue (2017-18 CPIH deflated)~~	~~643.940~~	~~650.548~~	~~657.805~~	~~666.816~~	~~674.634~~
~~Total Wholesale Revenue (outturn)~~	~~689.398~~	~~710.400~~	~~732.692~~	~~757.578~~	~~781.794~~
~~Total Revenue~~	~~**759.893**~~	~~**781.843**~~	~~**804.805**~~	~~**829.198**~~	~~**853.855**~~

	~~2020-21~~	~~2021-22~~	~~2022-23~~	~~2023-24~~	~~2024-25~~
~~**Revenue**~~	~~**£m**~~	~~**£m**~~	~~**£m**~~	~~**£m**~~	~~**£m**~~
~~App11a Line 1 Revenue (outturn)~~	~~**760.010**~~	~~**782.474**~~	~~**805.800**~~	~~**830.282**~~	~~**855.009**~~
~~R7 Line 19 Residential retail revenue~~	~~60.737~~	~~60.984~~	~~61.183~~	~~60.221~~	~~60.214~~
~~R7 Line 22 Business retail revenue~~	~~8.311~~	~~8.366~~	~~8.482~~	~~8.591~~	~~8.731~~
~~Total Retail Revenue (outturn)~~	~~**69.047**~~	~~**69.350**~~	~~**69.666**~~	~~**68.813**~~	~~**68.945**~~
~~App 17 Line 12 Total wholesale water resources~~					
~~*Less:* App17 line 13 Third party revenue~~	~~6.477~~	~~6.477~~	~~6.477~~	~~6.477~~	~~6.477~~
~~*Less:* App17 line 18 Total non-price control income (third party services)~~	~~17.171~~	~~17.191~~	~~17.210~~	~~17.230~~	~~17.250~~
~~*Less:* App17 line 19 Wholesale non-price control~~	~~0.869~~	~~0.869~~	~~0.869~~	~~0.869~~	~~0.869~~
~~Wholesale Revenue (2017-18 CPIH deflated)~~	~~645.403~~	~~653.043~~	~~660.896~~	~~670.239~~	~~678.320~~
~~Total Wholesale Revenue (outturn)~~	~~**690.963**~~	~~**713.124**~~	~~**736.134**~~	~~**761.469**~~	~~**786.064**~~
~~Total Revenue~~	~~**760.010**~~	~~**782.474**~~	~~**805.800**~~	~~**830.282**~~	~~**855.009**~~

Revenue	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App11a Line 1 Revenue (outturn)	**762.701**	**780.619**	**798.574**	**816.689**	**836.467**
R7 Line 19 Residential retail revenue	53.141	53.141	53.141	53.141	53.141
R7 Line 22 Business retail revenue	8.342	8.342	8.342	8.342	8.342
Total Retail Revenue (outturn)	**61.483**	**61.483**	**61.483**	**61.483**	**61.483**
App 17 Line 12 Total wholesale water resources revenue requirement	687.383	691.376	694.732	699.391	703.513
Less: App17 line 13 Third party revenue	6.477	6.477	6.477	6.477	6.477
Less: App17 line 18 Total non-price control income (third party services)	17.171	17.191	17.211	17.230	17.251
Less: App17 line 19 Wholesale non-price control income (principal services)	0.870	0.870	0.870	0.870	0.870
Wholesale Revenue (2017-18 CPIH deflated)	662.865	666.839	670.175	674.814	678.916
Total Wholesale Revenue (outturn)	**701.218**	**719.399**	**737.455**	**757.411**	**777.255**
Total Revenue	**762.701**	**780.882**	**798.938**	**818.894**	**838.738**

Line 2 - Operating expenditure

Forecast total operating expenditure based on a notional company structure.

Operating expenditure represents all operating costs related to appointed activities and is consistent with the disaggregated forecasts reported in other PR19 data tables. Further detail is provided in respect of wholesale and retail operating expenditure in tables WS1 (Water service), WWS1 (wastewater service), R1 (residential retail) and R4 (business retail).

Line 3 – Depreciation

Forecast value of depreciation based on a notional company structure. This is the negative value of depreciation of tangible fixed assets.

Depreciation for the notional company has been calculated using the Ofwat financial model. The simplified calculations in the Ofwat model result in a different depreciation charge to that calculated in practice for the actual company where the charge is calculated on an asset by asset basis. Depreciation in the actual company also includes the release of deferred income on adopted assets, this value is not included in the Ofwat model.

In line with Ofwat's guidance where we expect intangible assets to amortise over the forecast period, we have included these amounts in the values reported in App16, and therefore in the opening net book values for the purposes of depreciation calculations in the Ofwat model.

Line 4 – Amortisation

Forecast value of amortisation based on a notional company structure. This is the negative value of amortisation of intangible fixed assets.

We have included our intangible assets within App16, tangible fixed assets in accordance with Ofwat's guidance as we expect their value to amortise over the forecast period.

The Ofwat financial model used to prepare the financial statements of the notional company does not separately identify intangible assets, and as such the amortisation is included within line 3 above.

Line 5 - Operating income

Forecast total historical cost operating income based on a notional company structure. This includes profits or loss on disposal of fixed assets. Income arising from exceptional items should also be included.

We have forecast no net profit or loss on disposal of fixed assets, nor any exceptional items, therefore this line reports a zero value throughout the period.

Line 6 - Operating profit

Forecast total historical cost operating profit based on a notional company structure. This equals the sum of App11a lines 1 to 5.

The output of this line is calculated using a formula prepopulated in the data table.

Line 7 - Other income

Forecast total other income based on a notional company structure. This includes rental income and income from investments (eg, share income) and excludes net interest and profit on disposals on fixed assets.

This includes any third party revenue and other non-price control income (third party services). These figures are consistent with the sum of these amounts for each of the price controls as displayed in their revenue projection tables (Wr3, Wn3, WWn5, Bio4).

	~~2020-21~~	~~2021-22~~	~~2022-23~~	~~2023-24~~	~~2024-25~~
~~**Other Income**~~	~~**£m**~~	~~**£m**~~	~~**£m**~~	~~**£m**~~	~~**£m**~~
~~App11a Line 7 Other Income~~	~~**26.255**~~	~~**26.802**~~	~~**27.360**~~	~~**27.930**~~	~~**28.512**~~
~~Wr3 Line 13 + Line 18 + Line 19~~	~~19.099~~	~~19.119~~	~~19.139~~	~~19.159~~	~~19.179~~
~~Wn3 Line 13 + Line 18 + Line 19~~	~~4.618~~	~~4.618~~	~~4.618~~	~~4.618~~	~~4.618~~
~~Wwn5 Line 13 + Line 18 + Line 19~~	~~0.631~~	~~0.631~~	~~0.631~~	~~0.631~~	~~0.631~~
~~Bio4 Line 13 + Line 18 + Line 19~~	~~0.176~~	~~0.176~~	~~0.176~~	~~0.176~~	~~0.176~~
~~Total Other Income~~					
~~2017-18 FYA (CPIH deflated)~~	~~24.524~~	~~24.544~~	~~24.564~~	~~24.584~~	~~24.604~~
~~Outturn~~	~~**26.255**~~	~~**26.802**~~	~~**27.360**~~	~~**27.930**~~	~~**28.512**~~

	~~**2020-21**~~	~~**2021-22**~~	~~**2022-23**~~	~~**2023-24**~~	~~**2024-25**~~
~~App11a Line 7 Other Income~~	~~**26.248**~~	~~**26.794**~~	~~**27.352**~~	~~**27.922**~~	~~**28.503**~~
~~Wr3 Line 13 + Line 18 + Line 19~~	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
~~Wn3 Line 13 + Line 18 + Line 19~~	~~4.617~~	~~4.617~~	~~4.617~~	~~4.617~~	~~4.617~~
~~Wwn5 Line 13 + Line 18 + Line 19~~	~~0.632~~	~~0.632~~	~~0.632~~	~~0.632~~	~~0.632~~
~~Bio4 Line 13 + Line 18 + Line 19~~	~~0.168~~	~~0.168~~	~~0.168~~	~~0.168~~	~~0.168~~
~~Total Other Income~~					
2017-18 FYA (CPIH deflated)	24.517	24.537	24.557	24.576	24.596
~~Outturn~~	~~**26.248**~~	~~**26.794**~~	~~**27.352**~~	~~**27.922**~~	~~**28.503**~~

Other Income	**2020-21 £m**	**2021-22 £m**	**2022-23 £m**	**2023-24 £m**	**2024-25 £m**
App11a Line 7 Other Income	**25.936**	**26.471**	**27.022**	**27.585**	**28.159**
Wr3 Line 13 + Line 18 + Line 19	19.100	19.119	19.139	19.159	19.179
Wn3 Line 13 + Line 18 + Line 19	4.617	4.617	4.617	4.617	4.617
Wwn5 Line 13 + Line 18 + Line 19	0.632	0.632	0.632	0.632	0.632
Bio4 Line 13 + Line 18 + Line 19	0.168	0.168	0.168	0.168	0.168
Total Other Income 2017-18 FYA (CPIH deflated)	24.517	24.537	24.557	24.576	24.596
Outturn	**25.936**	**26.471**	**27.022**	**27.585**	**28.159**

Line 8 - Interest income

Forecast total interest income based on a notional company structure. This includes interest received on cash deposits, loans to group companies, etc.

We have used the Ofwat financial model to prepare the financial statements for the notional company. The Ofwat model does not calculate separately interest income from interest expense and as such the line reports a zero values throughout the period.

In the actual company we receive interest receivable on cash and cash equivalents plus income from the Elan Valley Trust Fund. Further background information in provided in the commentary to App19 line 19.

Line 9 - Interest expense

Forecast total interest expense based on a notional company structure. This includes interest paid on loans, leases, debenture, floating rate debt, overdrafts, preference shares and all other borrowings. We have used the Ofwat financial model to prepare the financial statements for the notional company. The model does not separately identify interest on cash and cash equivalent and as such this line is represents net interest expense.

The calculation of interest charges in the Ofwat model is a simplified calculation. The interest calculations for the actual company are calculated on an instrument by instrument basis, reflecting their actual interest rates, tenors and payment terms.

Line 10 - Interest expense related to the unwinding of discounted liabilities

Forecast total other interest expense based on a notional company structure relating to the unwinding of discounted liabilities.

The notional company is assumed not to have and discounted liabilities being unwound and as such this line reports a zero value throughout the period.

Line 11 - Profit before tax and fair value movements

Forecast total profit before tax and fair value movements based on a notional company structure. This equals the sum of App11a lines 6 to 10

The output of this line is calculated using a formula prepopulated in the data table.

Line 12 - Fair values gains/(losses) on derivative financial instruments

Forecast total fair value gains / (losses) based on a notional company structure, arising on financial instruments which must be accounted for at fair value on the balance sheet with changes recognised in the income statement.

We have used the Ofwat financial model to populate the financial statement tables for the notional company. The Ofwat model does not model derivative financial instruments and the notional company is assumed not to have derivative financial instruments in its capital structure, therefore this line reports a zero value throughout the period.

Line 13 - Profit before tax

Forecast total historical cost profit based on a notional company structure on ordinary activities before taxation. Equals sum of App11a lines 11 and 12.

The output of this line is calculated using a formula prepopulated in the data table.

Line 14 - UK Corporation Tax

Forecast total current tax charge on profits from ordinary activities based on a notional company structure. This will include mainstream corporation tax, income and other taxes. It should exclude

any deferred tax charge which is to be reported separately. A positive number for tax credit, negative number for tax charge.

We have used the Ofwat financial model to populate the financial statement data tables for the notional company. The Ofwat model calculates a zero corporation tax charge for the wholesale business but unlike our tax calculations for the actual company the Ofwat model tax a simplistic approach to tax in the retail business and generates a tax charge by multiplying the profit before tax in the retail business by the corporation tax rate.

Line 15 - Deferred tax

Forecast total movement in the deferred tax provision based on a notional company structure. A positive number for tax credit, negative number for tax charge.

We have used the Ofwat financial model to populate the financial statement tables for the notional company. We have identified two issues with the deferred tax calculation in Ofwat's financial model. These lead to the deferred tax charges in Ofwat's financial model being significantly overstated.

1. Ofwat's model is not recognising a deferred tax asset in respect of tax losses, resulting in the deferred tax charge being overstated by the tax losses not recognised x 17%.

2. Ofwat's tax model calculates a deferred tax asset by comparing pension charges in the P&L (for the defined benefit and defined contribution schemes) with only the amount paid in respect of defined benefit scheme (ignoring deficit recovery payments). This approach ignores the payments to the defined contribution scheme (which will equal the P&L charge), therefore understating the deferred tax charge by the DC contributions x 17%.

   Adjusting for these two items results in an effective tax rate of 17% as shown below:

Ofwat tax model

	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
Deferred tax charge per Ofwat's tax calculation – wholesale	(21.047)	(20.340)	(20.291)	(18.762)	(19.150)
Deferred tax asset for tax losses not included in Ofwat's tax calculation (note 1)	14.312	12.703	10.592	7.312	4.412
Pension payments under DC scheme - deferred tax asset overstated (deferred tax charge understated) in Ofwat's tax calculation (note 2)	-1.55	-1.55	-1.56	-1.58	-1.6
Adjusted deferred tax charge	**-8.28**	**-9.19**	**-11.26**	**-13.03**	**-16.34**
Profit before tax (wholesale)	56.740	63.104	75.908	86.983	107.256
Effective rate based on adjusted charge	**17.00%**	**17.00%**	**17.00%**	**17.00%**	**17.00%**
Note 1 - tax losses not recognised by Ofwat's model					
Tax losses per Ofwat's model	(84.189)	(74.721)	(62.304)	(43.010)	(25.952)
Deferred tax asset (17%)	-14.3	-12.7	-10.6	-7.3	-4.4
Note 2 - pension contributions to the DC scheme - excluded in Ofwat's deferred tax calculation					
DC contributions - nominal prices	9.15	9.1	9.2	9.29	9.41
Deferred tax impact (17%)	1.55	1.55	1.56	1.58	1.6

Line 16 - Profit for the year

Forecast total historical cost profit for the year based on a notional company structure. This is to be shown after taxation, but before deduction of dividends. Equals the sum of App11a lines 13 to 15. The output of this line is calculated using a formula prepopulated in the data table.

Block B - Dividends

Line 17 – Dividends

Forecast total equity dividend paid by the company in the year based on a notional company structure. This also includes any special dividends paid in the year.

~~For our notional company modelling, we have assumed a level of dividends payable to shareholders which is consistent with Ofwat's assumed return on equity – with an opening yield of 2.6% and a real rate of dividend growth of 2.48% over the rate of CPIH inflation.~~

For our notional company modelling, we have assumed a level of dividends payable to shareholders which is less than with Ofwat's assumed return on equity – with an opening yield of 2.56%, compared to WSH DD of 3.15% and a real rate of dividend growth of 1.32%, the same as WSH DD rate, over the rate of CPIH inflation.

Block C – Taxation

Line 18 - Effective tax rate

Forecast effective tax rate based on a notional company structure. This is the current tax charge for the appointed business before any adjustments in respect of prior period, as a % of the profit before taxation for the appointed business. Equals App11a line 14 divided by line 13.

The output of this line is calculated using a formula prepopulated in the data table.

App12 - Balance sheet based on the actual company structure

Block A – Non-current assets ~ actual company structure

Line 1 – Tangible fixed assets

Forecast total historical cost net book value of tangible fixed assets at the end of the financial year, based on the company's actual structure. Copied from App16 Line 40.

The output of this line is copied from App16 Line 40 using a formula prepopulated in the data table. Note that in our statutory accounts and in the annual performance report we revalue our tangible fixed assets to the published regulatory capital value as at the balance sheet date. We have not applied that policy prospectively in these forecasts.

Line 2 – Intangible assets

Forecast total value of any intangible assets (not physical in nature) at the end of the financial year, based on the company's actual structure.

We have included our intangible fixed assets within App16, tangible fixed assets in accordance with Ofwat's guidance as we expect their values to amortise over the forecast period. We do not have any other intangible assets, such as goodwill, therefore this line reports a zero value throughout the period.

Note that this differs from our treatment in the statutory accounts and annual performance report, where intangible assets are shown on a separate line in the balance sheet.

Line 3 – Investments ~ loans to group companies

Forecast total value of loans made to other group companies repayable in more than one year, based on the company's actual structure.

We do not expect to hold any such investments during the forecast period.

Line 4 – Investments ~ other

Forecast total value of investments, based on the company's actual structure. Forecast total value of investments, based on the company's actual structure.

We do not expect to hold any such investments during the forecast period.

Line 5 – Derivative financial instruments

Forecast difference between book value and fair value of any non-current assets relating to financial instruments based on the company's actual structure. This includes options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.

Our forecast changes in value represent the unwind of the notional values of the swap, as we have not forecast any changes to market conditions after the latest actual reported balance sheet date of 31 March 2018.

Note that these rows do not report the difference between book value and fair value; they report the forecast book value, subject to the limitations set out above.

Line 6 – Retirement benefit assets

Forecast total amount due to employees in the pension scheme for all of the past service completed up to the balance sheet date (less scheme assets), based on the actual company's structure. If scheme assets exceed liabilities then use this line. Enter zero if the scheme is in deficit.

We expect our defined benefit pension scheme to remain in deficit throughout the forecast period, therefore this line reports a zero balance. We have entered our forecast scheme liabilities in line 24 and provided further detail in the accompanying commentary.

Line 7 – Total non-current assets ~ actual company structure
Forecast total value of historical cost non-current fixed assets based on the company's actual structure. Equals the sum of App12 lines 1 to 6.
The output of this line is calculated using a formula prepopulated in the data table.
Note that this line reports the forecast total value of all non-current assets, not just fixed assets, and that these are not all carried at historical cost (as noted in individual line commentaries).

Block B – Current assets ~ actual company structure
Line 8 – Inventories ~ actual company structure
Forecast value of stocks held at the year end based on the company's actual structure. Stocks consist of consumable stores and work in progress, including chemicals, stationery, petrol, backfill materials, etc.
Inventories consist of large volumes of low value consumables, and we do not anticipate any significant fluctuations; as a result the movements in our forecasts allow for inflationary changes only.

Line 9 – Trade and other receivables
Forecast value of all amounts owing to the company at the financial year end based on the company's actual structure. This should include trade debtors, prepayments and accrued income. This includes amounts falling due after more than one year. Any current assets held for sale should also be included here.
This line has been populated in accordance with the guidance and is equal to the sum of App13 lines 10 and 14 (total Retail and Wholesale trade receivables). Further details on the components of this balance are therefore provided in App13 and the related commentary.

Line 10 – Derivative financial instruments
Forecast difference between book value and fair value of any current assets relating to financial instruments based on the company's actual structure. This includes options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.
Our forecast changes in value represent the unwind of the notional values of the swap, as we have not forecast any changes to market conditions after the latest actual reported balance sheet date of 31 March 2018.
Note that these rows do not report the difference between book value and fair value; they report the forecast book value, subject to the limitations set out above.

Line 11 – Cash and cash equivalents ~ actual company structure
Forecast cash based on the company's actual structure. Cash consists of cash in hand and at bank. Overdraft balances should not be netted off as it should be included separately in 'Trade and other payables'.
We consider that £100m is a suitable level of cash to carry in order to meet our working capital requirements during the course of the forecast years; our modelling assumes that new borrowings are drawn in order to balance cash to £100m at the balance sheet date.
Note that we have included a notional Residential Retail overdraft balance in this total as required in the guidance to lines 45 to 48 (see further details below).

Line 12 – Total current assets ~ actual company structure

Forecast total value of current fixed assets based on the company's actual structure. Equals the sum of App12 lines 7 to 10.

The output of this line is calculated using a formula prepopulated in the data table.
NB this line reports the forecast total value of all non-current assets, not just fixed assets.

Block C – Current liabilities ~ actual company structure

Line 13 – Trade and other payables

Forecast trade and other payables for current liabilities based on the company's actual structure. This covers trade creditors, accrued interest and any other accruals or creditors due within one year that are not borrowings, tax creditors, capex creditor or liabilities arising from derivative financial instruments.

This line has been populated in accordance with the guidance and is equal to App14 line 21 (total trade and other payables). Further details on the components of this balance are therefore provided in App14 and the related commentary.

Line 14 – Capex creditor ~ actual company structure

Forecast total capital expenditure creditors due within one year based on the company's actual structure.

Our forecast level of capital creditors is based on our profiled level of planned capital expenditure, and assumes that creditor days are stable at 30 days throughout the period.

Line 15 – Borrowings

Forecast borrowing balances due within one year based on the company's actual structure. This comprises the following: 1) obligations under finance leases; 2) loans due to other group companies; 3) redeemable debentures; 4) bonds; 5) commercial paper; 6) bills of exchange; 7) bank loans; and 8) any other borrowings. Accrued interest on borrowings should not be included.

This line has been populated in accordance with the guidelines and contains the following:

	2020	**2021**	**2022**	**2023**	~~**2024**~~	~~**2025**~~
	£m	**£m**	**£m**	**£m**	~~**£m**~~	~~**£m**~~
Bonds - nominal value	325.000	-	-	-	~~-~~	~~128.600~~
Indexation	-	-	-	-	~~-~~	~~131.581~~
Finance leases	15.086	16.854	0.819	0.915	~~201.791~~	~~33.647~~
EIB	45.091	40.545	43.000	43.000	~~40.500~~	~~40.500~~
KfW	2.538	8.064	8.064	12.096	~~14.112~~	~~15.126~~
Deferred issue costs	(0.322)	(0.322)	(0.322)	(0.322)	~~(0.322)~~	~~(0.322)~~
Gilt lock	(0.027)	(0.027)	(0.027)	(0.027)	~~(0.027)~~	~~(0.027)~~
Issue premium	0.765	0.765	0.765	0.765	~~0.765~~	~~0.765~~
Due within one year	**388.131**	**65.879**	**52.299**	**56.427**	~~**256.819**~~	~~**349.870**~~

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Bonds - nominal value	325.000	-	-	-	-	128.600
Indexation	-	-	-	-	-	129.527
Finance leases	15.086	16.854	0.819	0.915	0.988	241.653
EIB	45.091	40.545	43.000	43.000	40.500	40.500
KfW	2.538	8.064	8.064	12.096	14.112	15.126
Deferred issue costs	(0.322)	(0.322)	(0.322)	(0.322)	(0.322)	(0.322)
Gilt lock	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)
Issue premium	0.765	0.765	0.765	0.765	0.765	0.765
Due within one year	**388.131**	**65.879**	**52.299**	**56.427**	**56.016**	**555.823**

The commentary to App19, Debt and interest costs, provides a reconciliation to borrowings reported in App12 lines 15 and 22.

Line 16 – Derivative financial instruments

Forecast different between book value and fair value of any current liabilities relating to financial instruments based on the company's actual structure. This includes options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.

Our forecast changes in value represent the unwind of the notional values of the swap, as we have not forecast any changes to market conditions after the latest actual reported balance sheet date of 31 March 2018.

Note that these rows do not report the difference between book value and fair value; they report the forecast book value, subject to the limitations set out above.

Line 17 – Current tax liabilities ~ actual company structure

Forecast corporation tax payable based on the company's actual structure. This consists of any balances of corporation tax due to HMRC.

We do not expect to pay any UK corporation tax during the forecast period, based on our expected levels of income and expenditure. (The notional company model generates a tax charge in the Retail business, however we do not expect this to be realised in the actual appointee company.)

Line 18 – Provisions

Forecast total provisions for liabilities and charges due within one year based on the company's actual structure. This includes deferred income – grants and contributions and all other provisions including restructuring or reorganisation provisions.

Provisions are mainly for uninsured losses and we do not expect any significant changes over the forecast period, hence the values are the same in each of the years presented.

Line 19 – Total current liabilities ~ actual company structure

Forecast total value of current liabilities to be paid to creditors within one year based on the company's actual structure. Equals the sum of App12 lines 12 to 17.

The output of this line is calculated using a formula prepopulated in the data table.

Block D – Net current assets and liabilities ~ actual company structure

Line 20 – Net current assets and liabilities ~ actual company structure

Forecast total historical cost net current assets and liabilities based on the company's actual structure. Equals the sum of App12 lines 11 and 18.
The output of this line is calculated using a formula prepopulated in the data table.

Block E – Non-current liabilities ~ actual company structure
Line 21 – Trade and other payables
Forecast trade and other payables for non-current liabilities based on the company's actual structure. This covers trade creditors, accrued interest and any other accruals or creditors due after more than one year that are not borrowings, tax creditors, capex creditor or liabilities arising from derivative financial instruments.
This line has been populated in accordance with the guidance; the vast majority of this balance is made up of accrued interest which drops in drop in line with the repayment of related debt.

Line 22 – Borrowings
Forecast borrowing balances due after more than one year based on the company's actual structure. This comprises the following: 1) obligations under finance leases; 2) loans due to other group companies; 3) redeemable debentures; 4) bonds; 5) commercial paper; 6) bills of exchange; 7) bank loans; and 8) any other borrowings. Accrued interest on borrowings should not be included.
This line has been populated in accordance with the guidelines and contains the following:

	~~**2020 £m**~~	~~**2021 £m**~~	~~**2022 £m**~~	~~**2023 £m**~~	~~**2024 £m**~~	~~**2025 £m**~~
~~Bonds - nominal value~~	~~1,613.600~~	~~1,613.600~~	~~1,613.600~~	~~1,613.600~~	~~1,613.600~~	~~1,485.000~~
~~Indexation~~	~~577.401~~	~~629.137~~	~~681.710~~	~~735.016~~	~~789.086~~	~~713.066~~
~~Finance leases~~	~~395.388~~	~~378.534~~	~~377.715~~	~~376.800~~	~~175.009~~	~~141.362~~
~~EIB~~	~~337.295~~	~~296.750~~	~~253.750~~	~~210.750~~	~~170.250~~	~~129.750~~
~~KfW~~	~~57.462~~	~~49.398~~	~~41.334~~	~~29.238~~	~~15.126~~	~~-~~
	~~215.194~~	~~787.563~~	~~968.275~~	~~1,126.578~~	~~1,254.956~~	~~1,586.622~~
~~New borrowings~~	~~227.231~~	~~800.419~~	~~980.898~~	~~1,138.594~~	~~1,266.257~~	~~1,597.116~~
~~Deferred issue costs~~	~~(2.916)~~	~~(2.594)~~	~~(2.272)~~	~~(1.950)~~	~~(1.628)~~	~~(1.306)~~
~~Gilt lock~~	~~(51)~~	~~(24)~~	~~3~~	~~30~~	~~57~~	~~83~~
~~Issue premium~~	~~3.564~~	~~2.799~~	~~2.034~~	~~1.270~~	~~505~~	~~(260)~~
	~~**3,196.937**~~	~~**3,755.164**~~	~~**3,936.149**~~	~~**4,091.331**~~	~~**4,016.960**~~	~~**4,054.317**~~
~~**App12 E22**~~	~~**3,208.975**~~	~~**3,768.020**~~	~~**3,948.773**~~	~~**4,103.347**~~	~~**4,028.261**~~	~~**4,064.810**~~

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Bonds - nominal value	1,613,600	1,613,600	1,613,600	1,613,600	1,613,600	1,485,000
Indexation	561,857	619,257	685,357	755,402	827,081	772,102
Finance leases	395,388	378,534	377,715	376,800	375,812	134,159
EIB	337,295	296,750	253,750	210,750	170,250	129,750
KfW	57,462	49,398	41,334	29,238	15,126	-
New borrowings	169,685	633,521	728,668	794,785	830,315	838,080
Deferred issue costs	(2,916)	(2,594)	(2,272)	(1,950)	(1,628)	(1,306)
Gilt lock	(51)	(24)	3	30	57	83
Issue premium	3,564	2,799	2,034	1,270	505	(260)

App12 E22	3,135.884	3,591.242	3,700.189	3,779.924	3,831.117	3,357.608

The commentary to App19, Debt and interest costs, provides a reconciliation to borrowings reported in App12 lines 15 and 22.

Line 23 – Derivative financial instruments

Forecast difference between book value and fair value of any non-current liabilities relating to financial instruments based on the company's actual structure. This includes options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.

Our forecast changes in value represent the unwind of the notional values of the swap, as we have not forecast any changes to market conditions after the latest actual reported balance sheet date of 31 March 2018.

Note that these rows do not report the difference between book value and fair value; they report the forecast book value, subject to the limitations set out above.

Line 24 – Retirement benefit obligations

Forecast total amount due to employees in the pension scheme for all of the past service completed up to the balance sheet date (less scheme assets), based on the company's actual structure. Where this calculation results in a net asset it should be shown in this line.

Note that this does not necessarily reflect amounts due to employees because of the differences in valuation techniques between IAS19 and the actuarial projected unit credit method.

Movements in the liability reflect deficit recovery payments only; we have not forecast changes in the IAS 19 valuation at each balance sheet date. We are committed to making payments of £3.450m in each year of the forecast period, in line with our extant deficit recovery schedule.

Line 25 – Provisions

Forecast total provisions for liabilities and charges due after one year based on the company's actual structure and not include elsewhere in the table. This includes restructuring or reorganisation provisions.

Provisions are mainly for uninsured losses and we do not expect any significant changes over the forecast period, hence the values are the same in each of the years presented.

Line 26 – Deferred income ~ GandCs

Forecast total balance of deferred income relating to capitalised grants and contributions received.

We have netted grants and contributions off the related asset balances in App16, Tangible fixed assets and consequently in App12, Line 1 (Tangible fixed assets). This treatment is consistent with our statutory accounts and the annual performance report.

Forecast grant and contributions are visible in the commentary to App16, lines 9 to 16 and in the individual business unit expenditure tables.

Line 27 – Deferred income ~ adopted assets

Forecast total balance of deferred income relating to adopted assets.

We have included an estimate of the value of assets adopted in each of the forecast years (assuming a plateau at £20m per annum after recent years' mass adoptions of private sewers and pumping stations), along with a related release of deferred income over the assets' lives. The deferred income release is reported as a credit to the depreciation charge (matched against depreciation of the related assets); this treatment is consistent with our statutory reporting under IFRS (IFRIC 18) and with the APR.

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Opening balance	264.283	283.997	298.317	312.351	326.104	339.582
Additions	25.000	20.000	20.000	20.000	20.000	20.000
Amortisation	(5.286)	(5.680)	(5.966)	(6.247)	(6.522)	(6.792)
Deferred income ~ adopted assets	**283.997**	**298.317**	**312.351**	**326.104**	**339.582**	**352.790**

Line 28 – Preference share capital

Forecast nominal value of the preference share capital.

We do not have or intend to issue any preference shares during the period to 2025, hence we have reported a zero balance in this cell.

Line 29 – Total non-current liabilities ~ actual company structure

Forecast total value of non-current liabilities due to creditors after one year based on the company's actual structure. Equals the sum of App12 lines 21 to 28.

The output of this line is calculated using a formula prepopulated in the data table.

Block F – Net assets before deferred tax ~ actual company structure

Line 30 – Net assets before deferred tax ~ actual company structure

Forecast total assets employed by the business under the historical cost accounting convention before deferred tax and based on the company's actual structure. Equals the sum of App12 lines 7, 12, 19 and 29.

The output of this line is calculated using a formula prepopulated in the data table.

Block G – Deferred tax ~ actual company structure

Line 31 – Deferred tax ~ actual company structure

Forecast provision for tax liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation, based on the company's actual structure. A deferred tax asset should be entered as a positive number.

Deferred tax movements are based on applying a rate of 17% to the profit or loss for each year, in line with the Government's published intention to reduce the rate of mainstream corporation tax to this level from 1 April 2020.

Block H – Net assets ~ actual company structure

Line 32 – Net assets ~ actual company structure

Forecast total assets employed by the business under the historical cost accounting convention before deferred tax and based on the company's actual structure. Equals the sum of App12 lines 6, 11, 18 and 25.

The output of this line is calculated using a formula prepopulated in the data table.

Block I – Equity ~ actual company structure

Line 33 – Called up share capital (including any share premium)

Forecast nominal value of the ordinary equity shares of the company based on the company's actual structure and which are issued and fully paid. Copied from App18 Line 6.
The output of this line is copied from App18 Line 6 using a formula prepopulated in the data table.

Line 34 – Retained profits
Forecast cumulative balance of historical cost profits retained based on the company's actual structure. Copied from App12 line 40.
The output of this line is calculated using a formula prepopulated in the data table.

Line 35 – Other reserves
Forecast cumulative balance of any other reserves based on the company's actual structure, other than called up share capital.
Other reserves represent the opening balance on our revaluation reserve; there are no movements during the forecast period as we have not modelled any revaluations (see commentary to line 1, Tangible fixed assets).

Line 36 – Total equity ~ actual company structure
Forecast total value of shareholders' funds based on the company's actual structure. This is the sum of called up share capital, share premium, profit and loss account and other reserves. Equals the sum of App12 lines 29, 30 and 31.
The output of this line is calculated using a formula prepopulated in the data table.

Line 37 – Retained profits ~ wholesale
Line 38 – Retained profits ~ residential retail
Line 39 – Retained profits ~ business retail
Forecast cumulative balance of historical cost profits retained based on the company's actual structure for wholesale, residential retail and business retail.
The retained profits for Residential Retail and Business Retail have been derived to balance the opening Residential Retail and Business Retail balance sheets. This is an artificial construct in order to balance the balance sheet in the financial model. In practice these balance sheets do not balance as, on 1 April 2015, those business units gained assets comprising fixed assets, debtors and accrued income but there is no corresponding liability to reflect this.
The Wholesale balance is the residual level of retained profit after removing the Retail balances.

Line 40 – Retained profits
Forecast cumulative balance of historical cost profits retained based on the company's actual structure. Sum of App12 lines 37 to 39.
The output of this line is calculated using a formula prepopulated in the data table.

Line 41 – Capex creditor ~ wholesale
Line 42 – Capex creditor ~ residential retail
Line 43 – Capex creditor ~ business retail
Forecast total capital expenditure creditors due within one year based on the company's actual structure for wholesale, residential retail and business retail.
The total capex creditor has been allocated to Wholesale, Residential Retail and Business Retail at each balance sheet date in proportion to the respective investment levels during the year as reported in App16 block B, fixed asset additions in the year.

Line 44 – Capex creditor

Forecast total capital expenditure creditors due within one year based on the company's actual structure. Sum of App12 lines 41 to 43.

The output of this line is calculated using a formula prepopulated in the data table.

Line 45 – Cash and cash equivalents ~ wholesale

Line 46 – Cash and cash equivalents ~ residential retail

Line 47 – Cash and cash equivalents ~ business retail

Forecast cash based on the company's actual structure for wholesale, residential retail and business retail. Cash consists of cash in hand and at bank. Overdraft balances should be included as a negative figure.

Cash balances for Residential Retail and Business Retail have been derived from historical data published in the annual performance report and forecast performance to 2025. The Wholesale balance is the residual level of cash after removing the Retail balances. In practice the company does not hold separate cash balances for the wholesale, residential retail and business retail units.

Line 48 – Cash and cash equivalents

Forecast cash based on the company's actual structure. Cash consists of cash in hand and at bank. Overdraft balances should be included as a negative figure. Sum of App12 lines 45 to 47.

The output of this line is calculated using a formula prepopulated in the data table.

App12a - Balance sheet based on a notional company structure

Table overview
The input cells on this table have been populated using the Ofwat financial model. The values shown in other lines are calculated in the table or copied from other tables using a formula pre-populated in the data table.
The balance sheet presented here does not balance due to line 1 (a line completed by a formula prepopulated in the data tables), being populated from the net assets in App16, which is based on our actual company modelling. The other lines are calculated in the Ofwat financial model, where the balancing entry is made in retained profits – wholesale.

Block A - Non-current assets
Line 1 Tangible fixed assets
Forecast total historical cost net book value of tangible fixed assets at the end of the financial year, based on a notional company structure.
The output of this line is taken from App16 Line 40. This is not the same as net book value of tangible fixed assets as calculated by the Ofwat financial model. The depreciation calculations in our actual company modelling differ from the simplified calculations in the Ofwat modelling.
As this line is populated from App16 which is based on the actual company modelling and all others are taken from the Ofwat financial model, the Balance Sheet Presented in this table does not balance.

Line 2 - Intangible assets
Forecast total value of any intangible assets (not physical in nature) at the end of the financial year, based on a notional company structure.
We have included our intangible fixed assets within App16, tangible fixed assets in accordance with Ofwat's guidance as we expect their values to amortise over the forecast period. We do not have any other intangible assets, such as goodwill, therefore this line reports a zero value throughout the period.

Line 3 - Investments ~ loans to group companies
Forecast total value of loans made to other group companies repayable in more than one year, based on a notional company structure.
We do not expect to hold any such investments during the forecast period.

Line 4 - Investments ~ other
Forecast total value of investments, based on a notional company structure.
We do not expect to hold any such investments during the forecast period.

Line 5 - Derivative financial instruments
Not applicable.

Line 6 - Retirement benefit assets
Forecast total amount due to employees in the pension scheme for all of the past service completed up to the balance sheet date (less scheme assets), based on the actual company's structure. If scheme assets exceed liabilities then use this line. Enter zero if the scheme is in deficit.
We expect that the defined benefit pension scheme in the notional company will remain in deficit throughout the forecast period. For this reason, this line shows a zero balance. We have entered our forecast scheme liabilities in line 24 within this table and provide further detail in the associated commentary.

Line 7 - Total

Forecast total value of historical cost non-current fixed assets based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Block B - Current Assets

Line 8 - Inventories

Forecast value of stocks held at the year end based on a notional company structure. Stocks consist of consumable stores and work in progress, including chemicals, stationery, petrol, backfill materials, etc.

Inventories consist of large volumes of low value consumables and we do not anticipate any significant fluctuations in inventories for the notional company. As a result, the movements in our forecast allow for inflationary changes only.

Line 9 - Trade and other receivables

Forecast value of all amounts owing to the company at the financial year end based on a notional company structure. This should include trade debtors, prepayments and accrued income. This includes amounts falling due after more than one year. Any current assets held for sale should also be included here.

The output of this line has been populated using the Ofwat financial model. This includes debtor balance and measured income accrual balance for retail and the trade debtors and other receivables balance for each price control within wholesale.

Line 10 - Derivative financial instruments

Not applicable.

Line 11 - Cash and cash equivalents

Forecast cash based on a notional company structure. Cash consists of cash in hand and at bank. Overdraft balances should not be netted off as it should be included separately in 'Trade & other payables'.

The output of this line is calculated using a formula prepopulated in the data table.

Line 12 - Total

Forecast total value of current fixed assets based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Block C - Current Liabilities

Line 13 - Trade and other payables

Forecast trade and other payables for current liabilities based on a notional company structure. This covers trade creditors, accrued interest and any other accruals or creditors due within one year that are not borrowings, tax creditors, capex creditor or liabilities arising from derivative financial instruments.

The output of this line has been populated using the Ofwat financial model. The financial model does not separately mode current and non-current trade and other payables and as such this line represents both. This represents the balance of trade and other payables due within one year at 31 March in each year from 2020 to 2025 inclusive. This includes advance receipts and creditor balances for retail and trade creditors and other payables balance for wholesale.

Line 14 - Capex creditor

Forecast total capital expenditure creditors due within one year based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Line 15 - Borrowings

Forecast borrowing balances due within one year based on a notional company structure. This comprises the following: 1) obligations under finance leases; 2) loans due to other group companies; 3) redeemable debentures; 4) bonds; 5) commercial paper; 6) bills of exchange; 7) bank loans; and 8) any other borrowings. Accrued interest on borrowings should not be included.

The Ofwat financial model does not separately model current and non-current borrowings and as such this line shows a nil value in each period with borrowings represented in line 22.

Line 16 - Derivative financial instruments

Not applicable.

Line 17 - Current tax liabilities

Forecast corporation tax payable based on a notional company structure. This consists of any balances of corporation tax due to HMRC.

The Ofwat financial model calculates a tax charge for the Retail business in the notional company (as shown in App11a) but it is assumed that this will be paid in the year it is incurred. Therefore, this line reports a zero balance for tax liabilities on the balance sheet.

Line 18 - Provisions

Forecast total provisions for liabilities and charges due within one year based on a notional company structure. This includes deferred income – grants and contributions and all other provisions including restructuring or reorganisation provisions.

The Ofwat financial model does not separately model current and non-current provisions and as such this line shows a nil value in each period with total provisions represented in line 25.

Line 19 - Total

Forecast total value of current liabilities to be paid to creditors within one year based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Block D - Net Current Assets and Liabilities

Line 20 Net current assets and liabilities

Forecast total historical cost net current assets and liabilities based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Block E - Non-current liabilities

Line 21 Trade and other payables

Forecast trade and other payables for non-current liabilities based on a notional company structure. This covers trade creditors, accrued interest and any other accruals or creditors due after more than one year that are not borrowings, tax creditors, capex creditor or liabilities arising from derivative financial instruments.

The Ofwat financial model does not separately model current and non-current trade and other payables and as such this line shows a nil value in each period with total trade and other payables represented in line 13.

Line 22 Borrowings

Forecast borrowing balances due after more than one year based on a notional company structure. This comprises the following: 1) obligations under finance leases; 2) loans due to other group companies; 3) redeemable debentures; 4) bonds; 5) commercial paper; 6) bills of exchange; 7) bank loans; and 8) any other borrowings. Accrued interest on borrowings should not be included.

This line has been populated using the Ofwat financial model. The borrowing balance is calculated as the sum of the fixed rate debt balance, change in net debt balances used to notionalise the company capital structure, index linked debt balance and floating rate debt balance across all price controls. The model does not raise new borrowing in the period and therefore the cash and cash equivalent line also represents borrowings for the period.

Line 23 Derivative financial instruments

Not applicable.

Line 24 Retirement benefit obligations

Forecast total amount due to employees in the pension scheme for all of the past service completed up to the balance sheet date (less scheme assets), based on a notional company structure. Enter zero if the scheme is in surplus.

The values in this line are populated from the Ofwat financial model. The values differ from those contained in the actual company balance sheet as the pension modelling in the Ofwat model does not take into account the pension deficit repair contributions that the retail businesses make. The deficit repair contributions not included in the Ofwat pension modelling are £0.346m per annum (total of R1 line 7 and R4 line 5 for each year). The movements in the liability reflect deficit recovery payments for wholesale only in this table. The movements in App12 reflect the retail and wholesale deficit recovery payments.

Line 25 Provisions

Forecast total provisions for liabilities and charges due after one year based on a notional company structure and not included elsewhere in the table. This includes restructuring or reorganisation provisions.

The Ofwat financial model does not separately model current and non-current provisions and as such this represents total provisions.

Provisions are mainly for uninsured losses and we do not expect any significant changes over the forecast period, hence the values are the same in each of the years presented.

Line 26 Deferred income ~ G&Cs

Forecast total balance of deferred income relating to capitalised grants and contributions received.

For the notional company, we grants and contributions are netted off the related asset balances in App16 (Tangible Fixed Assets) and consequently in App12a Line 1 (Tangible Fixed Assets).

Line 27 Deferred income ~ adopted assets

Forecast total balance of deferred income relating to adopted assets.

The Ofwat financial model does not accommodate deferred income on adopted assets. So unlike the actual company this line is nil throughout the period for the notional company.

Line 28 Preference share capital

Forecast nominal value of the preference share capital.

It is assumed that the notional company will not have or intend to issue any preference shares during the period 2020-2025. Therefore, there is a zero balance reported in this line for the forecast period of AMP7.

Line 29 Total

Forecast total value of non-current liabilities due to creditors after one year based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Block F - Net Assets Before Deferred Tax
Line 30 Net assets before deferred tax
Forecast total assets employed by the business under the historical cost accounting convention before deferred tax and based on a notional company structure.
The output of this line is calculated using a formula prepopulated in the data table.

Block G - Deferred Tax
Line 31 Deferred tax
Forecast provision for tax liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation, based on a notional company structure. A deferred tax asset should be entered as a positive number.
We have used the Ofwat financial model to populate this line. We have identified issues with the deferred tax calculation in the Ofwat financial model which overstate the deferred tax charge in each period. The line commentary to line 15 in App11a has further details. The movements in the closing balance between each year correspond to the deferred tax value shown in App11a line 15.

Block H - Net Assets
Line 32 Net Assets
Forecast total assets employed by the business under the historical cost accounting convention after deferred tax and based on a notional company structure.
The output of this line is calculated using a formula prepopulated in the data table.

Block I – Equity
Line 33 Called-up share capital (including any share premium)
Forecast nominal value of the ordinary shares of the company based on a notional company structure and which are issued and fully paid.
The output of this line is calculated using a formula prepopulated in the data table.

Line 34 Retained profits
Forecast cumulative balance of historical cost profits retained based on a notional company structure.
The output of this line is calculated using a formula prepopulated in the data table.

Line 35 Other reserves
Forecast cumulative balance of any other reserves based on a notional company structure, other than called up share capital.
Other reserves represent the opening balance on our revaluation reserve. There are no movements during the forecast period as we have not modelled any revaluations.

Line 36 Total equity
Forecast total value of shareholders' funds based on a notional company structure. This is the sum of called up share capital, share premium, profit and loss account and other reserves.
The output of this line is calculated using a formula prepopulated in the data table.

Block J - Wholesale and Retail Line Item Split
Line 37 Retained profits – wholesale

Line 38 Retained profits- residential retail

Line 39 Retained profits - business retail
Forecast cumulative balance of historical cost profits retained based on a notional company structure for wholesale, residential retail and business retail.

We have used the Ofwat financial model to populate these lines. The retained profits for Residential Retail and Business Retail have been derived to balance the opening Residential Retail and Business Retail balance sheets. This is an artificial construct in order to balance the balance sheet in the financial model. In practice these balance sheets do not balance as, on 1 April 2015, those business units gained assets comprising fixed assets, debtors and accrued income but there is no corresponding liability to reflect this. The Wholesale balance in 2020 is the residual level of retained profit calculated in the Ofwat financial model after removing the Retail balances.

Line 40 Retained profits

Forecast cumulative balance of historical cost profits retained based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Line 41 Capex creditor – wholesale

Line 42 Capex creditor - residential retail

Line 43 Capex creditor - business retail

Forecast total capital expenditure creditors due within one year based on a notional company structure for wholesale, residential retail and business retail.

We have used the Ofwat financial model to populate these lines.

Line 44 Capex creditor

Forecast total capital expenditure creditors due within one year based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Line 45 Cash and cash equivalents – wholesale

Line 46 Cash and cash equivalents - residential retail

Line 47 Cash and cash equivalents - business retail

Forecast cash based on a notional company structure for wholesale, residential retail and business retail. Cash consists of cash in hand and at bank. Overdraft balances should be included as a negative figure.

Opening cash balances for Residential Retail and Business Retail have been derived from historical data published in the annual performance report and forecast performance to 2025. The Wholesale balance is the residual level of cash after removing the Retail balances. In practice the company does not hold separate cash balances for the wholesale, residential retail and business retail units. For the 2020-21 to 2024-25 the cash and cash equivalent balances for the notional company are calculated in the Ofwat financial model. The model does not assume any additional borrowing during the period and therefore creates the overdraft position represented here.

Line 48 Cash and cash equivalents

Forecast cash based on a notional company structure. Cash consists of cash in hand and at bank. Overdraft balances should be included as a negative figure.

The output of this line is calculated using a formula prepopulated in the data table.

App13 - Trade receivables

Block A – Retail
Line 1 – Residential retail unmeasured trade receivables ~ net
Forecast value of amounts owing to the company at the financial year end, in relation to unmeasured residential retail trade receivables and based on the company's actual structure. This should include trade debtors. This also includes amounts falling due after more than one year. Any current assets held for sale should also be included here.
Line 1 has been populated using historical balance sheet data adjusted on an annual basis in line with the forecast bad debt modelling, i.e. debtor movements are consistent with achieving the reductions in the bad debt charge included in operating expenditure.
The ratio of measured to unmeasured debt for both Residential Retail and Business Retail has been adjusted annually based on the forecast property numbers in Table WS3.

Line 2 – Residential retail measured trade receivables ~ net
Forecast value of amounts owing to the company at the financial year end, in relation to measured residential retail trade receivables and based on the company's actual structure. This should include trade debtors. This also includes amounts falling due after more than one year. Any current assets held for sale should also be included here.
Line 2 has been populated using historical balance sheet data adjusted on an annual basis in line with the forecast bad debt modelling, i.e. debtor movements are consistent with achieving the reductions in the bad debt charge included in operating expenditure.
The ratio of measured to unmeasured debt for both Residential Retail and Business Retail has been adjusted annually based on the forecast property numbers in Table WS3.

Line 3 – Business customers / business retail unmeasured trade receivables ~ net
Forecast value of amounts owing to the company at the financial year end, in relation to unmeasured business customers / business retail trade receivables and based on the company's actual structure. This should include trade debtors. This also includes amounts falling due after more than one year. Any current assets held for sale should also be included here.
Lines 3 and 4 have been populated using historical balance sheet data (2.59% of Business Retail trade receivables allocated to unmeasured) adjusted on an annual basis in line with the forecast bad debt modelling, i.e. debtor movements are consistent with achieving the reductions in the bad debt charge included in operating expenditure.
The ratio of measured to unmeasured debt for both Residential Retail and Business Retail has been adjusted annually based on the forecast property numbers in Table WS3.

Line 4 – Business customers / business retail measured trade receivables ~ net
Forecast value of amounts owing to the company at the financial year end, in relation to measured business customers / business retail trade receivables and based on the company's actual structure. This should include trade debtors. This also includes amounts falling due after more than one year. Any current assets held for sale should also be included here.
Lines 3 and 4 have been populated using historical balance sheet data (97.41% of Business Retail trade receivables allocated to measured) adjusted on an annual basis in line with the forecast bad debt modelling, i.e. debtor movements are consistent with achieving the reductions in the bad debt charge included in operating expenditure.
The ratio of measured to unmeasured debt for both Residential Retail and Business Retail has been adjusted annually based on the forecast property numbers in Table WS3.

Line 5 – Retail other trade receivables ~ net

Forecast value of amounts owing to the company at the financial year end, in relation to other trade receivables not included in lines 1 to 4 above and based on the company's actual structure. This should include trade debtors. This also includes amounts falling due after more than one year. Any current assets held for sale should also be included here.

Line 5 has been populated using historical balance sheet data adjusted on an annual basis in line with the forecast bad debt modelling, i.e. debtor movements are consistent with achieving the reductions in the bad debt charge included in operating expenditure.

Line 6 – Residential retail measured income accrual

Forecast value of amounts owing to the company at the financial year end, in relation to accrued income from measured residential retail trade receivables and based on the company's actual structure. This also includes amounts falling due after more than one year.

Line 6 has been populated using historical balance sheet data adjusted on an annual basis in line with the forecast bad debt modelling, i.e. debtor movements are consistent with achieving the reductions in the bad debt charge included in operating expenditure.

Line 7 – Business customers / business retail measured income accrual

Forecast value of amounts owing to the company at the financial year end, in relation to accrued income from measured business customers / business retail trade receivables and based on the company's actual structure. This also includes amounts falling due after more than one year.

Line 7 has been populated using historical balance sheet data adjusted on an annual basis in line with the forecast bad debt modelling, i.e. debtor movements are consistent with achieving the reductions in the bad debt charge included in operating expenditure.

Line 8 – Prepayments and accrued income ~ retail

Forecast value of amounts owing to the company at the financial year end, in relation to other retail prepayments and accrued income from trade receivables and based on the company's actual structure. This also includes amounts falling due after more than one year.

We have reported a zero value here as we have not modelled any discreet prepayments and accrued income in the Retail model; they are deemed to form part of the cash overdraft provided by the Wholesale business (see commentary to App12, lines 45 to 48).

Line 9 – Corporation tax ~ retail

Forecast value of any amounts owing to the company at the financial year end, in relation to retail corporation tax rebates and based on the company's actual structure.

We do not expect to pay any UK corporation tax during the forecast period, based on our expected levels of income and expenditure. (The notional company model generates a tax charge in the Retail business, however we do not expect this to be realised in the actual appointee company.)

Line 10 – Total retail trade receivables

Forecast total value of all amounts owing to the company at the financial year end in relation to retail trade receivables and based on the company's actual structure. Equals the sum of App13 lines 1 to 9.

The output of this line is calculated using a formula prepopulated in the data table.

Block B – Wholesale

Line 11 – Trade and other receivables ~ net

Forecast value of amounts owing to the company at the financial year end, in relation to wholesale trade receivables and based on the company’s actual structure. This should include trade debtors.

This also includes amounts falling due after more than one year. Any current assets held for sale should also be included here.
Line 11 reports the residual appointee trade and other receivables which do not form part of the Retail business.

Line 12 – Prepayments and accrued income ~ wholesale
Forecast value of amounts owing to the company at the financial year end, in relation to other prepayments and accrued income from wholesale trade receivables and based on the company's actual structure. This also includes amounts falling due after more than one year.
Line 12 reports the appointee prepayments and accrued income which do not form part of the Retail business.

Line 13 – Wholesale ~ corporation tax
Forecast value of any amounts owing to the company at the financial year end, in relation to wholesale corporation tax rebates and based on the company's actual capital structure.
We do not expect to pay any UK corporation tax during the forecast period, based on our expected levels of income and expenditure.

Line 14 – Total wholesale trade receivables
Forecast total value of all amounts owing to the company at the financial year end in relation to wholesale trade receivables and based on the company's actual structure. Equals the sum of App13 lines 11 to 13.
The output of this line is calculated using a formula prepopulated in the data table.

App14 - Trade and other payables

Block A – Trade and other payables
Line 1 – Wholesale trade payables
Forecast wholesale trade payables for current liabilities based on the company's actual structure. This covers trade creditors associated with opex due within one year.

Line 2 – Wholesale other payables
Forecast wholesale other payables for current liabilities based on the company's actual structure. This covers accrued interest and any other accruals or creditors due within one year that are not trade creditors, borrowings, tax creditors, capex creditor or liabilities arising from derivative financial instruments.

Line 3 – Retail trade and other payables
Forecast total retail trade and other payables for current liabilities based on the company's actual structure. This covers trade creditors, accrued interest and any other accruals or creditors due within one year that are not borrowings, tax creditors, capex creditor or liabilities arising from derivative financial instruments. Equals sum of App14 lines 4 to 9.

Line 4 – Wholesale creditors ~ residential retail
Forecast current trade payables for wholesale charges to residential retail.

Line 5 – Wholesale creditors ~ business retail
Forecast current trade payables for wholesale charges to business retail.
Lines 1 to 5 have been populated using the most recent historical balance sheet data available, as reported in the annual performance report as at 31 March 2018. Balances have then been adjusted on an annual basis in line with our target payment terms of 30 days. (Line 2 is the sum of Lines 4 to 11).

Line 6 – Retail trade payables
Forecast trade payables for retail trade based on the company's actual structure.

Line 7 – Retail other payables
Forecast retail other payables based on the company's actual structure.
We have reported zero balance in all of the forecast years for Lines 6 and 7 as they form part of the Wholesale trade and other payables balances; any balances would be small and fall within the working capital provided by way of the notional cash/overdraft balance in App12, Lines 46 and 47 (see also the commentary to these lines regarding the components of the Retail balance sheets).

Line 8 - Residential retail unmeasured advance receipts
Forecast unmeasured residential retail advance receipts for current liabilities based on the company's actual structure.

Line 9 - Residential retail measured advance receipts
Forecast measured residential retail advance receipts for current liabilities based on the company's actual structure.

Line 10 - Business customers / business retail unmeasured advance receipts
Forecast unmeasured business customers / business retail advance receipts for current liabilities based on the company's actual structure.

Line 11 - Business customers / business retail measured advance receipts
Forecast measured business customers / business retail advance receipts for current liabilities based on the company's actual structure.
Lines 8 to 11 have been populated using the most recent historical balance sheet data available, as reported in the annual performance report as at 31 March 2018. Balances have then been adjusted on an annual basis in line with our target payment terms of 30 days.

Line 12 – Retail tax creditors

Forecast measured retail tax creditors for current liabilities based on the company's actual structure

We do not expect to pay any UK corporation tax during the forecast period, based on our expected levels of income and expenditure. (The notional company model generates a tax charge in the Retail business, however we do not expect this to be realised in the actual appointee company.)

Line 13 - Preference shares
Forecast value of preference shares based on the company's actual structure. Preference shares are shares on which a set rate of dividend is paid. The holders of preference shares are entitled to their dividend before ordinary shareholders and rank above ordinary shareholders should the company be wound up. Copied from App18 line 15, multiplied by -1.
The output of Line 13 is calculated using a formula prepopulated in the data table and links to App18, Share capital and dividends.
We do not currently have any preference share capital in issue, and we do not anticipate issuing any during the forecast period, therefore this line reports a zero value in all years.

Line 14 - Dividend creditors
Forecast value of dividends due to creditors at the year end based on the company's actual capital structure. Copied from App14 line 28.
The output of this line is calculated using a formula prepopulated in the data table.
Note that all dividends are expected to be paid during the year in which they are declared, hence this line reports a zero for all of the forecast years. For further detailed on dividends, please see App18, Share capital and dividends, and its associated commentary.

Line 15 - Total trade and other payables
Forecast total value of trade and other payables for current liabilities based on the company's actual structure. Equals sum of App14 lines 1, 3, 9 and 10. The total sum of trade and other payables in this line should equal sum of current liabilities in line 13 of App12.
The output of this line is calculated using a formula prepopulated in the data table.

Block B – Wholesale

Line 16 - Trade creditor days ~ water resources
Forecast wholesale water resources trade payables for current liabilities divided by water resource operating expenditure in WS1, multiplied by 365 and based on the company's actual structure.

Line 17 - Trade creditor days ~ water network plus
Forecast wholesale water network plus trade payables for current liabilities divided by water network plus operating expenditure in WS1, multiplied by 365 and based on the company's actual structure.

Line 18 - Trade creditor days ~ wastewater network plus

Forecast wholesale wastewater network plus trade payables for current liabilities divided by wastewater network plus operating expenditure in WWS1, multiplied by 365 and based on the company's actual structure.

Line 19 - Trade creditor days ~ bio resources
Forecast wholesale bioresources trade payables for current liabilities divided by bioresources operating expenditure in WWS1, multiplied by 365 and based on the company's actual structure.

Line 20 - Trade creditor days ~ dummy control
Forecast wholesale dummy control trade payables for current liabilities divided by dummy control operating expenditure in Dmmy1, multiplied by 365 and based on the company's actual structure.

Line 21 - Capex creditor days ~ wholesale
Forecast wholesale capex creditors due within one year divided by wholesale capital expenditure in WS1 and WWS1, multiplied by 365 and based on the company's actual structure.
Lines 16 to 20 report creditor days of 30 days throughout, in line with our target supplier payment times. (Note that Line 20 is an exception; we have left this line blank as it is not applicable to us.)

Block C - Retail
Line 22 - Residential retail advance receipts creditor days unmeasured
Forecast number of unmeasured residential retail advance receipts creditor days based on the company's actual structure. Equals App14 line 6 divided by App13 line 15, multiplied by 365.

Line 23 - Residential retail advance receipts creditor days measured
Forecast number of measured residential retail advance receipts creditor days based on the company's actual structure. Equals App14 line 7 divided by App13 line 16, multiplied by 365.

Line 24 - Business customers / business retail advance receipts creditor days unmeasured
Forecast number of unmeasured business customers / business retail advance receipts creditor days based on the company's actual structure. Equals App14 line 8 divided by App13 line 17, multiplied by 365.

Line 25 - Business customers / business retail advance receipts creditor days measured
Forecast number of measured business customers / business retail advance receipts creditor days based on the company's actual structure. Equals App14 line 9 divided by App13 line 18, multiplied by 365.

The outputs of lines 22 to 25 are calculated using formulae prepopulated in the data table and link to App13, Trade receivables.

Line 26 - Retail creditor months: Payment terms ~ Residential retail pays wholesaler in arrears (advance)
Retail payment terms for payments from retailer to wholesaler. Enter in months. If pay in advance enter as negative number

Line 27 - Retail creditor months: Payment terms ~ Business retail pays wholesaler in arrears (advance)
Retail payment terms for payments from retailer to wholesaler. Enter in months. If pay in advance enter as negative number

Lines 26 and 27 report a zero value in all years as our company is structured such that the Wholesale and Retail business form part of the same legal entity, therefore all transactions between the two business areas are completed immediately.

Block D - Dividend creditors wholesale retail split
Line 28 - Dividend creditors ~ wholesale
Forecast value of dividends due to creditors at the year end based on the company's actual capital structure for wholesale.

Line 29 - Dividend creditors ~ residential retail
Forecast value of dividends due to creditors at the year end based on the company's actual capital structure for residential retail.

Line 30 - Dividend creditors ~ business retail
Forecast value of dividends due to creditors at the year end based on the company's actual capital structure for business retail.
All dividends are expected to be paid during the year in which they are declared, hence lines 28 to 30 report a zero for all of the forecast years. For further detailed on dividends, please see App18, Share capital and dividends, and its associated commentary.

Line 31 - Dividend creditors
Forecast value of dividends due to creditors at the year end based on the company's actual capital structure. Sum of App14 lines 25 to 27.
The output of this line is calculated using a formula prepopulated in the data table.

App15 - Cashflow based on the actual company structure

Block A – Operating profit ~ actual company structure
Line 1 – Operating profit
Forecast total historical cost operating profit based on the company's actual structure. Copied from App11 line 6.
The output of this line is copied from App11 Line 7 using a formula prepopulated in the data table.

Line 2 - Other income
Forecast total other income based on the company's actual structure. This includes rental income and income from investments (eg, share income) and excludes net interest and profit on disposals on fixed assets. Copied from App11 line 7.
The output of this line is copied from App11 Line 7 using a formula prepopulated in the data table.

Block B - Adjustments ~ actual company structure
Line 3 – Depreciation
Forecast value of depreciation based on the company's actual structure. This is the negative value of depreciation and amortisation of tangible and intangible assets. Equals App11 line 3 multiplied by -1.
The output of this line is calculated using a formula prepopulated in the data table.

Line 4 – Amortisation
Forecast value of amortisation based on the company's actual structure released to the income statement. This can include other non-cash adjustments such as amortisation of deferred grants, IFRIC18 revenue, profit on disposal of fixed assets. Equals App11 line 4 multiplied by -1.
The output of this line is calculated using a formula prepopulated in the data table.

Line 5 - Changes in working capital ~ Inventories, trade and other receivables
Forecast total movement in working capital in relation to inventories, trade and other receivables based on the company's actual structure.
This line comprises the following components, calculated based on the movements in the relevant sections of the balance sheet (App12; see reconciliation below):

	~~2021~~ ~~£m~~	~~2022~~ ~~£m~~	~~2023~~ ~~£m~~	~~2024~~ ~~£m~~	~~2025~~ ~~£m~~
~~**Components**~~	-	-	-	-	-
~~Movement in inventories~~	~~(0.062)~~	~~(0.063)~~	~~(0.065)~~	~~(0.066)~~	~~(0.067)~~
~~Movement in trade and other receivables~~	~~3.592~~ ~~3.591~~	~~(1.211)~~ ~~(1.210)~~	~~(0.080)~~ ~~(0.081)~~	~~1.515~~ ~~1.516~~	~~1.579~~ ~~1.580~~
~~**Line 5 total**~~	~~**3.530**~~ ~~**3.529**~~	~~**(1.274)**~~ ~~**(1.273)**~~	~~**(0.145)**~~ ~~**(0.146)**~~	~~**1.449**~~ ~~**1.450**~~	~~**1.512**~~ ~~**1.513**~~

~~**Reconciliation to App12**~~	~~2020~~ ~~£m~~	~~2021~~ ~~£m~~	~~2022~~ ~~£m~~	~~2023~~ ~~£m~~	~~2024~~ ~~£m~~	~~2025~~ ~~£m~~
~~App12 B8 - Inventories - actual capital structure~~	~~3.099~~	~~3.161~~	~~3.224~~	~~3.289~~	~~3.355~~	~~3.422~~
~~App12 B9 - Trade and other receivables~~	~~113.113~~	~~109.521~~ ~~109.522~~	~~110.732~~	~~110.812~~ ~~110.813~~	~~109.297~~	~~107.718~~ ~~107.717~~
~~Total inventories, trade and other payables~~	~~116.212~~	~~112.682~~ ~~112.683~~	~~113.956~~	~~114.101~~ ~~114.102~~	~~112.652~~	~~111.140~~ ~~111.139~~
~~Increase in inventories, trade and other receivables~~		~~3.530~~ ~~3.529~~	~~(1.274)~~ ~~(1.273)~~	~~(0.145)~~ ~~(0.146)~~	~~1.449~~ ~~1.450~~	~~1.512~~ ~~1.513~~

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Components					
Movement in inventories	(0.062)	(0.063)	(0.065)	(0.066)	(0.067)
Movement in trade and other receivables	3.592	(1.211)	(0.080)	1.515	1.579
Line 5 total	**3.530**	**(1.274)**	**(0.145)**	**1.449**	**1.512**

Reconciliation to App12	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
App12 B8 - Inventories - actual capital structure	3.099	3.161	3.224	3.289	3.355	3.422
App12 B9 - Trade and other receivables	113.113	109.521	110.732	110.812	109.297	107.718
Total inventories, trade and other payables	116.212	112.682	113.956	114.101	112.652	111.140
Increase in inventories, trade and other receivables		3.530	(1.274)	(0.145)	1.449	1.512

Line 6 - Changes in working capital ~ Trade and other payables

Forecast total movement in working capital in relation to trade and other payables based on the company's actual structure.

This line comprises the following components, calculated based on the movements in the relevant sections of the balance sheet (App12; see reconciliation below):

	~~2021 £m~~	~~2022 £m~~	~~2023 £m~~	~~2024 £m~~	~~2025 £m~~
~~**Components**~~	-	-	-	-	-
~~Movement in trade and other payables~~	~~0.657~~ ~~(0.220)~~	~~1.751~~ ~~1.738~~	~~1.381~~ ~~1.370~~	~~1.182~~ ~~1.171~~	~~1.588~~ ~~1.577~~
~~**Line 6 total**~~	~~**0.657**~~ ~~**(0.220)**~~	~~**1.751**~~ ~~**1.738**~~	~~**1.381**~~ ~~**1.370**~~	~~**1.182**~~ ~~**1.171**~~	~~**1.588**~~ ~~**1.577**~~

~~**Reconciliation to App12**~~	~~2020 £m~~	~~2021 £m~~	~~2022 £m~~	~~2023 £m~~	~~2024 £m~~	~~2025 £m~~
~~App12 C13 - Trade and other payables~~	~~(77.550)~~	~~(78.207)~~ ~~(77.330)~~	~~(79.958)~~ ~~(79.068)~~	~~(81.339)~~ ~~(80.438)~~	~~(82.521)~~ ~~(81.609)~~	~~(84.109)~~ ~~(83.186)~~
~~Increase in trade and other payables~~		~~0.657~~ ~~(0.220)~~	~~1.751~~ ~~1.738~~	~~1.381~~ ~~1.370~~	~~1.182~~ ~~1.171~~	~~1.588~~ ~~1.577~~

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Components					
Movement in trade and other payables	(0.995)	1.684	1.339	1.090	1.567
Line 6 total	**(0.995)**	**1.684**	**1.339**	**1.090**	**1.567**

Reconciliation to App12	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
App12 C13 - Trade and other payables	(77.550)	(76.555)	(78.239)	(79.578)	(80.668)	(82.235)
Increase in trade and other payables		(0.995)	1.684	1.339	1.090	1.567

Note that this line does not include the movement in non-current trade and other payables (App12 E20) because those balances relate solely to interest accruals and therefore form part of the calculation of net interest paid (Line 10).

Line 7 - Changes in retirement benefits scheme provision

Forecast total movement in retirement benefits provision based on the company's actual structure as contained in App12 line 23.

This line represents movements in the retirement benefits scheme provision, being cash payments made in line with the defined benefit deficit recovery plan. These reconcile to movements in the relevant sections of the balance sheet (App12) as shown below:

Reconciliation to App12	**2019-20 £m**	**2020-21 £m**	**2021-22 £m**	**2022-23 £m**	**2023-24 £m**	**2024-25 £m**
App12 E24 - Retirement benefit obligations	(78.465)	(75.015)	(71.565)	(68.115)	(64.665)	(61.215)
Decrease in retirement benefit obligations		(3.450)	(3.450)	(3.450)	(3.450)	(3.450)

Line 8 - Changes in provisions

Forecast total movement in current and non-current provisions for liabilities based on the company's actual structure, as contained in lines 17 and 24 of App12. This represents the negative value of any other non-cash profit and loss items which affect operating profit. This will include, but is not restricted to 1) movements in provisions and 2) the difference between pension contributions and the charge (to operating profit).

The output of this line is calculated using a formula prepopulated in the data table.

Block C - Cash generated from operations ~ actual company structure

Line 9 - Cash generated from operations

Forecast total net cash flow movement from the operating activities of the company, based on the company's actual structure. Equals the sum of App15 lines 1 to 8.

The output of this line is calculated using a formula prepopulated in the data table.

Block D - Interest and tax ~ actual company structure

Line 10 - Net interest paid

Forecast total net interest paid based on the company's actual structure. This relates to net of interest received, interest paid, interest on finance lease rentals and non-equity dividends paid.

Net interest paid is made up of the following items:

~~**Net interest paid**~~	~~**2021 £m**~~	~~**2022 £m**~~	~~**2023 £m**~~	~~**2024 £m**~~	~~**2025 £m**~~
~~Bond interest~~	~~(89.670)~~	~~(68.472)~~	~~(69.759)~~	~~(71.085)~~	~~(72.451)~~
~~Swap payments~~	~~(17.948)~~	~~(17.554)~~	~~(16.864)~~	~~(16.654)~~	~~(16.455)~~

~~Finance lease interest~~	~~(11.260)~~	~~(12.270)~~	~~(13.315)~~	~~(13.902)~~	~~(36.004)~~
~~EIB/KfW interest~~	~~(19.845)~~	~~(18.371)~~	~~(16.832)~~	~~(15.315)~~	~~(13.659)~~
~~Other finance costs~~	~~(6.254)~~	~~(6.361)~~	~~(6.471)~~	~~(6.585)~~	~~(6.701)~~
~~Interest on new debt~~	~~(15.292)~~ ~~(15.672)~~	~~(26.777)~~ ~~(27.165)~~	~~(31.947)~~ ~~(32.322)~~	~~(36.318)~~ ~~(36.674)~~	~~(43.334)~~ ~~(43.666)~~
~~Interest received~~	~~4.020~~	~~4.103~~	~~4.193~~	~~4.284~~	~~4.379~~
~~App15 D10 - Net interest paid~~	**~~(156.249)~~ ~~(156.629)~~**	**~~(145.702)~~ ~~(146.091)~~**	**~~(150.994)~~ ~~(151.372)~~**	**~~(155.574)~~ ~~(155.929)~~**	**~~(184.224)~~ ~~(184.556)~~**

Net interest paid	**2021 £m**	**2022 £m**	**2023 £m**	**2024 £m**	**2025 £m**
Bond interest	(89.332)	(68.107)	(69.412)	(70.757)	(72.146)
Swap payments	(20.780)	(21.193)	(20.235)	(20.102)	(19.850)
Finance lease interest	(9.186)	(10.260)	(11.382)	(12.024)	(13.184)
EIB/KfW interest	(18.645)	(17.648)	(16.368)	(14.923)	(13.416)
Other finance costs	(6.223)	(6.324)	(6.433)	(6.549)	(6.666)
Interest on new debt	(2.209)	(3.746)	(4.189)	(4.469)	(4.588)
Interest received	3.770	3.853	3.943	4.034	4.129
App15 D10 - Net interest paid	**(142.603)**	**(123.424)**	**(124.078)**	**(124.789)**	**(125.721)**

~~There is a spike in finance lease interest in 2024-25. This is the result of some £200m of finance lease debt being repaid at the end of the lease terms, along with some £27m of accrued interest (which had been charged to the income statement in the relevant periods, but not paid out in cash).~~

Bond interest falls in 2022 following the repayment of £325m of 6.907% fixed rate Class A Bonds on 31 March 2021.

Net interest paid reconciles to net interest payable per App11 as follows:

	~~2021 £m~~	**~~2022 £m~~**	**~~2023 £m~~**	**~~2024 £m~~**	**~~2025 £m~~**
~~App15 D10 - Net interest paid~~	~~(156.249)~~ ~~(156.629)~~	~~(145.702)~~ ~~(146.091)~~	~~(150.994)~~ ~~(151.372)~~	~~(155.574)~~ ~~(155.929)~~	~~(184.224)~~ ~~(184.556)~~
~~Adjust for non-cash movements:~~					
~~Indexation~~	~~(51.737)~~	~~(52.573)~~	~~(53.306)~~	~~(54.069)~~	~~(55.561)~~
~~Issue premium amortisation~~	~~0.765~~	~~0.765~~	~~0.765~~	~~0.765~~	~~0.765~~
~~Issue costs amortisation~~	~~(0.322)~~	~~(0.322)~~	~~(0.322)~~	~~(0.322)~~	~~(0.322)~~
~~Gilt lock amortisation~~	~~(0.027)~~	~~(0.027)~~	~~(0.027)~~	~~(0.027)~~	~~(0.027)~~
~~Movement in interest accrual~~	~~1.556~~	~~2.569~~	~~4.147~~	~~4.799~~	~~26.992~~
	~~(206.014)~~ ~~(206.393)~~	~~(195.290)~~ ~~(195.679)~~	~~(199.737)~~ ~~(200.113)~~	~~(204.428)~~ ~~(204.784)~~	~~(212.377)~~ ~~(212.710)~~
~~App11 A8 - Interest income~~	~~4.020~~	~~4.103~~	~~4.193~~	~~4.284~~	~~4.379~~
~~App11 A9 - interest expense~~	~~(210.034)~~ ~~(210.413)~~	~~(199.393)~~ ~~(199.782)~~	~~(203.930)~~ ~~(204.306)~~	~~(208.712)~~ ~~(209.068)~~	~~(216.756)~~ ~~(217.089)~~
~~Net interest~~	~~(206.014)~~ ~~(206.393)~~	~~(195.290)~~ ~~(195.679)~~	~~(199.737)~~ ~~(200.113)~~	~~(204.428)~~ ~~(204.784)~~	~~(212.377)~~ ~~(212.710)~~

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
App15 D10 - Net interest paid	(142.603)	(123.424)	(124.077)	(124.789)	(125.721)
Adjust for non-cash movements:					
Indexation	(57.401)	(66.100)	(70.046)	(71.679)	(74.548)
Issue premium amortisation	0.765	0.765	0.765	0.765	0.765
Issue costs amortisation	(0.322)	(0.322)	(0.322)	(0.322)	(0.322)
Gilt lock amortisation	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)
Movement in interest accrual	1.504	2.511	4.116	4.799	6.020
	(198.084)	(186.597)	(189.591)	(191.253)	(193.833)
App11 A8 - Interest income	3.770	3.853	3.943	4.034	4.129
App11 A9 - interest expense	(201.854)	(190.450)	(193.534)	(195.287)	(197.962)
Net interest	(198.084)	(186.597)	(189.591)	(191.253)	(193.833)

Line 11 - Tax paid

Forecast total tax paid based on the company's actual structure. This should include all cash flows to or from taxation authorities (or other group companies) in respect of the company's revenue and capital profits including corporation tax paid / received and group taxation payments / receipts by the company in the year.

We do not expect to pay any tax during the forecast period, therefore this line reports a £nil value throughout.

(Note that the only tax movements in the actual company financial tables, for example, App 11 line 15 and App 12 line 31, relate to deferred tax and have no cash impact.)

Block E - Net cash generated from operating activities ~ actual company structure

Line 12 - Net cash generated from operating activities

Forecast total net cash generated from operating activities based on the company's actual structure. Equals the sum of App15 lines 9 to 11.

The output of this line is calculated using a formula prepopulated in the data table.

Block F - Investing activities (net of grants and contributions) ~ actual company structure

Line 13 - Net capex

Forecast total net purchase price of fixed assets paid after the deduction of any grants and contributions, based on the company's actual structure.

Net capex reported in this line excludes the value of infrastructure renewals expenditure expensed to the income statement and reported within operating expenditure (App12 line 2), and therefore already included in operating profit in this table (line 1). It also takes into account the movement in capital creditors.

Net capex reconciles to our total capital investment for each of the forecast years as shown below:

	~~2020~~ ~~£m~~	~~2021~~ ~~£m~~	~~2022~~ ~~£m~~	~~2023~~ ~~£m~~	~~2024~~ ~~£m~~	~~2025~~ ~~£m~~
~~Reconciliation to total capex~~						
~~App15 F13 - Net capex~~		~~(432.051)~~ ~~(442.397)~~	~~(380.305)~~ ~~(391.115)~~	~~(385.134)~~ ~~(396.087)~~	~~(370.698)~~ ~~(381.787)~~	~~(364.485)~~ ~~(375.717)~~
~~Infrastructure renewals expenditure (inc in App11 A2 - Operating expenditure)~~		~~(69.305)~~	~~(71.606)~~	~~(72.215)~~	~~(72.445)~~	~~(71.904)~~
~~Total capital programme payments~~		~~(501.356)~~ ~~(511.702)~~	~~(451.911)~~ ~~(462.721)~~	~~(457.349)~~ ~~(468.302)~~	~~(443.143)~~ ~~(454.232)~~	~~(436.389)~~ ~~(447.621)~~
~~App12 C14 - Capex creditor~~	~~(33.835)~~ ~~(34.375)~~	~~(41.867)~~ ~~(42.746)~~	~~(36.720)~~ ~~(37.610)~~	~~(37.668)~~ ~~(38.570)~~	~~(36.311)~~ ~~(37.224)~~	~~(35.828)~~ ~~(36.752)~~
~~(Increase)/decrease in capex creditor~~		~~(8.032)~~ ~~(8.371)~~	~~5.147~~ ~~5.136~~	~~(0.948)~~ ~~(0.960)~~	~~1.357~~ ~~1.346~~	~~0.483~~ ~~0.472~~
		-	-	-	-	-
~~Total capital programme spend~~		**~~(509.388)~~** **~~(520.073)~~**	**~~(446.764)~~** **~~(457.585)~~**	**~~(458.297)~~** **~~(469.262)~~**	**~~(441.786)~~** **~~(452.886)~~**	**~~(435.906)~~** **~~(447.149)~~**

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Reconciliation to total capex						
App15 F13 - Net capex		(350.822)	(329.383)	(328.781)	(313.345)	(301.449)
Infrastructure renewals expenditure (inc in App11 A2 - Operating expenditure)		(91.285)	(94.328)	(95.106)	(95.433)	(94.690)
Total capital programme payments		(442.107)	(423.711)	(423.887)	(408.778)	(396.139)
App12 C14 - Capex creditor	(34.375)	(36.513)	(34.674)	(34.855)	(33.486)	(32.476)
(Increase)/decrease in capex creditor		(2.138)	1.839	(0.181)	1.369	1.010
Total capital programme spend		**(444.245)**	**(421.872)**	**(424.068)**	**(407.409)**	**(395.129)**

Line 14 - Investment in other non-current assets

Forecast total investment in other non-current assets after the deduction of grants and contributions, based on the company's actual structure. This line can be used for investing activities for loans to related parties.

We do not expect to make (or redeem) any investment in other non-current assets during the forecast period, therefore this line reports a £nil value throughout.

Line 15 - Net cash used in investing activities

Forecast total net cash flow of the company relating to the acquisition or disposal of any asset held as a fixed asset, based on the company's actual structure. Equals the sum of App15 lines 13 and 14.

The output of this line is calculated using a formula prepopulated in the data table.

Block G - Net cash generated before financing activities ~ actual company structure

Line 16 - Net cash generated before financing activities

Forecast total net cash generated before financing activities based on the company's actual structure. Equals the sum of App15 lines 12 and 15.

The output of this line is calculated using a formula prepopulated in the data table.

Block H - Cash flows from financing activities ~ actual company structure

Line 17 - Equity dividends paid

Forecast total equity dividend paid by the company in the year based on the company's actual structure. This includes any special dividends paid in the year.
~~We expect to declare and pay ordinary dividends only during each year of the forecast period, therefore this line equals App18 Line 8, Ordinary dividend:~~

Reconciliation to App18	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
	£m	**£m**	**£m**	**£m**	**£m**
App15 H17 - Equity dividends paid	~~(14.700)~~	~~(15.800)~~	~~(17.000)~~	~~(18.100)~~	~~(19.300)~~
App18 B8 - Ordinary dividend	~~14.700~~	~~15.800~~	~~17.000~~	~~18.100~~	~~19.300~~
Difference	-	-	-	-	-

Reconciliation to App18	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
	£m	**£m**	**£m**	**£m**	**£m**
App15 H17 - Equity dividends paid	-	-	-	-	-
App18 B8 - Ordinary dividend	-	-	-	-	-
Difference	-	-	-	-	-

Note the opposing polarities: a negative value is required in this table to report a cash outflow, while App18 requires a positive dividend distribution value for population of Ofwat's financial model.

Line 18 - Net loans received
Forecast total receipts from any loans taken out in the year based on the company's actual structure. These include the proceeds of any loans taken out from other group companies.
Our forecasts assume that all new borrowings will be drawn at a floating rate, as reported in App19 Line 4. Those drawings therefore form part of the cash inflow reported in this line.
In addition to loan receipts, we include in this line the total of loan repayments during each of the forecast years. Note that these comprise repayments of existing loans only; we have not forecast any repayments of new borrowings during the forecast period.
Net loans received as reported in this line comprises the following components and reconciles to App19 as shown below:

~~Reconciliation to App19~~	**~~2021~~**	**~~2022~~**	**~~2023~~**	**~~2024~~**	**~~2025~~**
	~~£m~~	**~~£m~~**	**~~£m~~**	**~~£m~~**	**~~£m~~**
~~App19 A4 - Fixed rate debt issued~~	-	-	-	-	-
~~App19 A5 - Floating rate debt issued~~	~~587.814~~ ~~588.633~~	~~197.777~~ ~~197.544~~	~~188.198~~ ~~187.591~~	~~137.283~~ ~~136.567~~	~~340.361~~ ~~339.554~~
~~App19 A6 - Index-linked debt issued~~	-	-	-	-	-
~~App19 A7 - Fixed rate debt repaid~~	~~(325.000)~~	-	-	-	-
~~App19 A8 - Floating rate debt repaid~~	~~(46.715)~~	~~(49.463)~~	~~(28.883)~~	~~(33.011)~~	~~(233.403)~~
~~App19 A9 - Index-linked debt repaid~~	~~(31.445)~~	~~(33.065)~~	~~(52.895)~~	~~(31.904)~~	~~(31.696)~~
~~App15 H18 - Net loans received~~	**~~184.654~~** **~~185.473~~**	**~~115.249~~** **~~115.016~~**	**~~106.420~~** **~~105.814~~**	**~~72.368~~** **~~71.652~~**	**~~75.262~~** **~~74.455~~**

Reconciliation to App19	**2021 £m**	**2022 £m**	**2023 £m**	**2024 £m**	**2025 £m**
App19 A4 - Fixed rate debt issued	-	-	-	-	-
App19 A5 - Floating rate debt issued	15.445	17.065	29.895	8.904	8.696
App19 A6 - Index-linked debt issued	463.837	95.146	66.117	35.530	7.765
App19 A7 - Fixed rate debt repaid	(325.000)	-	-	-	-
App19 A8 - Floating rate debt repaid	(46.715)	(49.463)	(28.883)	(33.011)	(32.600)
App19 A9 - Index-linked debt repaid	(31.445)	(33.065)	(52.895)	(31.904)	(31.696)
App15 H18 - Net loans received	**76.122**	**29.683**	**14.234**	**(20.481)**	**(47.835)**

Line 19 - Cash inflow from equity financing

Forecast total net proceeds of any share issues received in the year, less the cost of any share buy backs and based on the company's actual structure.

We do not expect to issue or redeem any share capital during the forecast period, therefore this line reports a value of £nil throughout.

Line 20 – Net cash generated from financing activities

Forecast total net effect on cash flow after repaying the capital element of finance leases, raising /repaying loans and share issues and based on the company's actual structure. Equals the sum of App15 lines 17 to 19.

The output of this line is calculated using a formula prepopulated in the data table.

Block I - Increase or decrease in net cash ~ actual company structure

Line 21 - Increase or decrease in net cash

Forecast total net cash flow of the company in the year measured by the change in the level of cash based on the company's actual structure. Equals the sum of App15 lines 16 and 20.

The output of this line is calculated using a formula prepopulated in the data table.

The movement in cash reconciles to the balance sheet (App12) movements as shown below:

Reconciliation to App12	**2019-20 £m**	**2020-21 £m**	**2021-22 £m**	**2022-23 £m**	**2023-24 £m**	**2024-25 £m**
App12 B11 - Cash and cash equivalents	100.000	100.000	100.000	100.000	100.000	100.000
Movement in cash and cash equivalents		-	-	-	-	-
App15 I21 - Increase or decrease in net cash		-	-	-	-	-
Difference		-	-	-	-	-

Note that the movement in net cash is £nil as our forecasts assume that new borrowings are drawn to balance cash to £100m as at 31 March in each year of the forecast period, therefore the sum of all cash inflows and outflows in any given year amounts to zero.

App15a - Cashflow based on a notional company structure

We have used the Ofwat financial model to populate this table.

Block A - Operating profit ~ notional company structure
Line 1 Operating profit
Forecast total historical cost operating profit based on a notional company structure.
The output of this line is copied from App11a using a formula prepopulated in the data table.

Line 2 Other income
Forecast total other income based on a notional company structure. This includes rental income and income from investments (e.g., share income) and excludes net interest and profit on disposals on fixed assets.
The output of this line is copied from App11a using a formula prepopulated in the data table.

Block B - Adjustments ~ notional company structure
Line 3 Depreciation
Forecast value of depreciation based on a notional company structure. This is the negative value of depreciation and amortisation of tangible and intangible assets.
The output of this line is calculated using a formula prepopulated in the data table.

Line 4 Amortisation
Forecast value of amortisation based on a notional company structure released to the income statement. This can include other non-cash adjustments such as amortisation of deferred grants, IFRIC18 revenue, profit on disposal of fixed assets.
The output of this line is calculated using a formula prepopulated in the data table.

Line 5
Changes in working capital – inventories, trade and other receivables
Forecast total movement in working capital in relation to inventories, trade and other receivables based on a notional company structure.
This line comprises the following components, calculated based on the movements in the relevant sections of the balance sheet (App12a; see reconciliation below):

	~~2019-20 £m~~	~~2020-21 £m~~	~~2021-22 £m~~	~~2022-23 £m~~	~~2023-24 £m~~	~~2024-25 £m~~
~~**App 15a Line 5**~~						
~~Changes in working capital – Inventories, trade and other receivables~~		~~**-4.121**~~	~~**-1.248**~~	~~**-0.096**~~	~~**1.795**~~	~~**1.686**~~
~~**Reconciliation to App12a:**~~						
~~App12a Line 8 Inventories~~	~~3.099~~	~~3.161~~	~~3.224~~	~~3.289~~	~~3.355~~	~~3.422~~
~~App12a Line 9 Trade and other receivables~~	~~113.113~~	~~117.172~~	~~118.357~~	~~118.387~~	~~116.526~~	~~114.773~~
~~Total inventories, trade and other receivables~~	~~116.212~~	~~120.333~~	~~121.581~~	~~121.676~~	~~119.881~~	~~118.195~~
~~**Movement in inventories, trade and other receivables**~~		~~**4.121**~~	~~**1.248**~~	~~**0.095**~~	~~**-1.795**~~	~~**-1.686**~~

	~~2019-20 £m~~	~~2020-21 £m~~	~~2021-22 £m~~	~~2022-23 £m~~	~~2023-24 £m~~	~~2024-25 £m~~
~~**App 15a Line 5**~~ ~~Changes in working capital – Inventories, trade and other receivables~~		~~**6.702**~~	~~**-1.342**~~	~~**-0.233**~~	~~**1.267**~~	~~**1.328**~~
~~**Reconciliation to App12a:**~~						
~~App12a Line 8~~ ~~Inventories~~	~~3.099~~	~~3.161~~	~~3.224~~	~~3.289~~	~~3.355~~	~~3.422~~
~~App12a Line 9~~ ~~Trade and other receivables~~	~~113.113~~	~~106.349~~	~~107.628~~	~~107.795~~	~~106.462~~	~~105.067~~
~~Total inventories, trade and other receivables~~	~~116.212~~	~~109.51~~	~~110.852~~	~~111.084~~	~~109.817~~	~~108.489~~
~~**Movement in inventories, trade and other receivables**~~		~~**6.702**~~	~~**-1.342**~~	~~**-0.232**~~	~~**1.267**~~	~~**1.328**~~

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App 15a Line 5 Changes in working capital – Inventories, trade and other receivables		**6.636**	**-1.531**	**-0.229**	**1.39**	**1.407**
Reconciliation to App12a:						
App12a Line 8 Inventories	3.099	3.161	3.224	3.289	3.355	3.422
App12a Line 9 Trade and other receivables	113.113	106.415	107.883	108.047	106.591	105.117
Total inventories, trade and other receivables	116.212	109.576	111.107	111.336	109.946	108.539
Movement in inventories, trade and other receivables		**6.636**	**-1.531**	**-0.229**	**1.39**	**1.407**

Line 6 Changes in working capital – trade and other payables

Forecast total movement in working capital in relation to trade and other payables based on a notional company structure.

This line adjusts operating profit for movements in trade and other payables between the beginning and end of each year of AMP7. This line also includes the movement in the capex creditor which for the actual company in App15 is included in the Net Capex (line 13) capex creditor balances to derive the change in trade and other payables.

See reconciliation below.

	~~**2019-20 £m**~~	~~**2020-21 £m**~~	~~**2021-22 £m**~~	~~**2022-23 £m**~~	~~**2023-24 £m**~~	~~**2024-25 £m**~~
~~**App 15a Line 6**~~ ~~Changes in working capital ~ Trade and other payables~~		~~**23.3**~~	~~**-3.2**~~	~~**2.6**~~	~~**0.1**~~	~~**1.4**~~
~~**App12a**~~						
~~Line 13 Trade and other payables~~	~~-77.5~~	~~-98.5~~	~~-100.6~~	~~-102.3~~	~~-103.7~~	~~-105.6~~
~~Line 14 Capex creditor~~	~~-33.8~~	~~-36.2~~	~~-30.8~~	~~-31.7~~	~~-30.4~~	~~-29.9~~
~~Trade and other payables plus capex creditor~~	~~-111.39~~	~~-134.70~~	~~-131.46~~	~~-134.04~~	~~-134.10~~	~~-135.46~~
~~Movement in trade and other payables~~		~~-23.3~~	~~3.2~~	~~-2.6~~	~~-0.1~~	~~-1.4~~

	~~2019-20 £m~~	~~2020-21 £m~~	~~2021-22 £m~~	~~2022-23 £m~~	~~2023-24 £m~~	~~2024-25 £m~~
~~**App 15a Line 6**~~						
~~Changes in working capital ~ Trade and other payables~~		~~**14.258**~~	~~**-3.319**~~	~~**2.325**~~	~~**-0.052**~~	~~**1.158**~~
~~**App12a**~~						
~~Line 13 Trade and other payables~~	~~-77.549~~	~~-89.147~~	~~-91.143~~	~~-92.565~~	~~-93.872~~	~~-95.465~~
~~Line 14 Capex creditor~~	~~-34.375~~	~~-37.035~~	~~-31.72~~	~~-32.624~~	~~-31.265~~	~~-30.829~~
~~Trade and other payables plus capex creditor~~	~~-111.924~~	~~-126.182~~	~~-122.863~~	~~-125.189~~	~~-125.137~~	~~-126.294~~
~~Movement in trade and other payables~~		~~-14.258~~	~~3.319~~	~~-2.326~~	~~0.052~~	~~-1.157~~

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App 15a Line 6						
Changes in working capital ~ Trade and other payables		**7.835**	**-0.021**	**1.57**	**-0.071**	**0.637**
App12a						
Line 13 Trade and other payables	-77.549	-90.748	-92.817	-94.27	-95.595	-97.18
Line 14 Capex creditor	-34.375	-29.01	-26.921	-27.038	-25.642	-24.693
Trade and other payables plus capex creditor	-111.924	-119.758	-119.738	-121.308	-121.237	-121.873
Movement in trade and other payables		-7.834	0.02	-1.57	0.071	-0.636

Line 7 Change in retirement benefits scheme provision

Forecast total movement in retirement benefits provision based on a notional company structure as contained in App12a line 23.

Line 7 adjusts operating profit for the movement in the defined benefit pension scheme provision in each year of AMP7. As shown in the below table, this reconciles to the movement of retirement benefit obligations in App12a line 24. These values exclude the deficit repair contributions made by the Retail business, which are included in the actual company modelling.

	~~2019-20 £m~~	~~2020-21 £m~~	~~2021-22 £m~~	~~2022-23 £m~~	~~2023-24 £m~~	~~2024-25 £m~~
~~App 15a Line 7 Changes in retirement benefit scheme provision~~		~~-3.105~~	~~-3.103~~	~~-3.105~~	~~-3.104~~	~~-3.103~~
~~App12a Line 24 Retirement Benefit Obligations~~	~~-78.465~~	~~-75.360~~	~~-72.257~~	~~-69.151~~	~~-66.048~~	~~-62.944~~
~~Movement in retirement benefit obligations~~		~~3.105~~	~~3.103~~	~~3.106~~	~~3.103~~	~~3.104~~

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App 15a Line 7 Changes in retirement benefit scheme provision		-3.068	-3.066	-3.068	-3.066	-3.066
App12a Line 24 Retirement Benefit Obligations	-78.465	-75.397	-72.331	-69.263	-66.197	-63.131
Movement in retirement benefit obligations		3.068	3.066	3.068	3.066	3.066

Line 8 Provisions

Forecast total movement in current and non-current provisions for liabilities based on a notional company structure, as contained in lines 18 and 25 of App12a. This represents the negative value of any other non-cash profit and loss items which affect operating profit. This will include, but is not restricted to 1) movements in provisions and 2) the difference between pension contributions and the charge (to operating profit).

The output of this line is calculated using a formula prepopulated in the data table.

Block C - Cash Generated from Operations

Forecast total net cash flow movement from the operating activities of the company, based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Block D - Interest and Tax

Line 10 Net interest paid

Forecast total net interest paid based on a notional company structure. This relates to net of interest received, interest paid, interest on finance lease rentals and non-equity dividends paid.

This line reports forecast net cash interest paid in each year of AMP7. This is interest (income)/expense excluding indexation of index-linked loans.

Line 11 Tax paid

Forecast total tax paid based on a notional company structure. This should include all cash flows to or from taxation authorities (or other group companies) in respect of the company's revenue and capital profits including corporation tax paid / received and group taxation payments / receipts by the company in the year.

This line reports forecast tax paid in each year of AMP7. This refers to the corporation tax charge generated from the Retail business in the notional company which is shown in App11a line 14. We do not expect to pay any tax during the forecast period.

Block E - Net Cash Generated from Operating Activities

Line 12 Net cash generated from operating activities

Forecast total net cash generated from operating activities based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Block F - Investing Activities (Net of Grants and Contributions)

Line 13 Net capex

Forecast total net purchase price of fixed assets paid after the deduction of any grants and contributions, based on a notional company structure.

The capex in this line reconciles with the Capital expenditure net of grants and contributions in WS1, WWS1, R1 and R4.

Line 14 Investment in other non-current assets

Forecast total investment in other non-current assets after the deduction of grants and contributions, based on a notional company structure. This line can be used for investing activities for loans to related parties.

We do not expect to make or redeem any investment in other non-current assets during the forecast period of AMP7. For this reason, this line reports a nil value throughout.

Line 15 Net cash used in investing activities

Forecast total net cash flow of the company relating to the acquisition or disposal of any asset held as a fixed asset, based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Block G - Net Cash Generated Before Financing Activities

Line 16 Net cash generated before financing activities

Forecast total net cash generated before financing activities based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Block H - Cash Flows from Financing Activities

Line 17 Equity dividends paid

Forecast total equity dividend paid by the company in the year based on a notional company structure. This includes any special dividends paid in the year.

This line captures forecast notional dividends paid in each year of AMP7. We assume that all dividend are paid in the year they are declared.

Line 18 Net loans received

Forecast total receipts from any loans taken out in the year based on a notional company structure. These include the proceeds of any loans taken out from other group companies.

We have used the Ofwat financial model to populate this line.

This line reports the value of loans received during each year of AMP7, net of repayments made during the period. The Ofwat model does not raise or repay any loans during the period. All new borrowing requirements are included in the Cash and Cash equivalents lines.

Line 19 Cash inflow from equity financing

Forecast total net proceeds of any share issues received in the year, less the cost of any share buy backs and based on a notional company structure.

Line 19 captures the value of equity issued in each year of AMP7. It is not expected that the notional company will issue or redeem any share capital during the forecast period. For this reason, this line reports nil values throughout.

Line 20 Net cash generated from financing activities

Forecast total net effect on cash flow after repaying the capital element of finance leases, raising /repaying loans and share issues and based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table.

Block I - Increase or Decrease in Net Cash

Line 21 Increase or decrease in net cash

Forecast total net cash flow of the company in the year measured by the change in the level of cash based on a notional company structure.

The output of this line is calculated using a formula prepopulated in the data table

App16 - Tangible fixed assets

Note that in our statutory accounts and in the annual performance report we revalue our tangible fixed assets to the published regulatory capital value as at the balance sheet date. We have not applied that policy prospectively in these forecasts.
We have included our intangible fixed assets within this table in accordance with Ofwat's guidance as we expect their values to amortise over the forecast period. Note that this differs from our treatment in the statutory accounts and annual performance report, where intangible assets are shown on a separate line in the balance sheet.

Block A - Fixed asset cost at 31 March
Line 1 - Fixed asset cost at 31 March ~ wholesale water resources
Line 2 - Fixed asset cost at 31 March ~ wholesale water network plus
Line 3 - Fixed asset cost at 31 March ~ wholesale wastewater network plus
Line 4 - Fixed asset cost at 31 March ~ wholesale bioresources
Line 5 - Fixed asset cost at 31 March ~ wholesale dummy control
Line 6 - Fixed asset cost at 31 March ~ residential retail
Line 7 - Fixed asset cost at 31 March ~ business retail
Forecast historical cost value of wholesale tangible fixed assets at the end of the financial year, split by price control. Calculated from the historical cost value of tangible fixed assets in App16 Block A for the previous year plus tangible fixed asset additions in the year in App16 Block B, less tangible fixed asset disposals in the year at cost in App16 Block C.

Line 8 - Total fixed asset cost at 31 March
Forecast total historical cost value of all tangible fixed assets at the end of the financial year. Equals the sum of App16 lines 1 to 7.
With the exception of the opening balances, which have been built using our 31 March 2018 annual performance report data and AMP6 programme plan, the outputs of these lines are calculated using a formula prepopulated in the data table.

Block B - Fixed asset additions in the year
Line 9 - Fixed asset additions in the year ~ wholesale water resources
Line 10 - Fixed asset additions in the year ~ wholesale water network plus
Line 11 - Fixed asset additions in the year ~ wholesale wastewater network plus
Line 12 - Fixed asset additions in the year ~ wholesale bioresources
Line 13 - Fixed asset additions in the year ~ wholesale dummy control
Line 14 - Fixed asset additions in the year ~ residential retail
Line 15 - Fixed asset additions in the year ~ business retail
Forecast wholesale tangible fixed asset additions in the year, split by price control.

Line 16 - Total fixed asset additions in the year

Forecast total of all tangible fixed asset additions in the year. Equals the sum of App16 lines 9 to 15.

Total fixed asset additions are equal to the value of capital expenditure reported in Tables WS1 and WWS1 in outturn prices, plus Retail capital expenditure reported in Tables R1 and R4 and our estimate of the value of adopted assets (see commentary to App 12, Line 27 for further details on the latter):

	~~2021 £m~~	~~2022 £m~~	~~2023 £m~~	~~2024 £m~~	~~2025 £m~~
~~**Additions**~~					
	~~191.223~~	~~205.999~~	~~200.712~~	~~189.542~~	~~182.948~~
~~WS1 L19~~	~~199.834~~	~~209.418~~	~~203.832~~	~~192.468~~	~~185.134~~
	~~(14.711)~~	~~(12.992)~~	~~(13.137)~~	~~(13.180)~~	~~(13.208)~~
~~WS1 L20~~	~~(7.755)~~	~~(6.116)~~	~~(6.339)~~	~~(6.458)~~	~~(6.560)~~
~~WWS1 L19~~	~~226.620~~	~~153.354~~	~~162.477~~	~~152.652~~	~~149.724~~
	~~(9.690)~~	~~(9.782)~~	~~(9.870)~~	~~(9.901)~~	~~(9.916)~~
~~WWS1 L20~~	~~(6.673)~~	~~(6.752)~~	~~(6.827)~~	~~(6.855)~~	~~(6.867)~~
	~~393.442~~	~~336.579~~	~~340.182~~	~~319.113~~	~~309.548~~
~~**Total**~~	~~412.026~~	~~349.904~~	~~353.143~~	~~331.807~~	~~321.431~~
~~Inflate to outturn~~	~~104.2~~	~~104.2~~	~~104.2~~	~~104.2~~	~~104.2~~
	~~111.6~~	~~113.8~~	~~116.1~~	~~118.4~~	~~120.8~~
	~~421.383~~	~~367.588~~	~~379.032~~	~~362.601~~	~~358.862~~
~~Wholesale~~	~~441.287~~	~~382.141~~	~~393.473~~	~~377.024~~	~~372.638~~
	~~17.370~~	~~7.033~~	~~6.552~~	~~6.266~~	~~4.780~~
~~R1~~	~~8.807~~	~~3.565~~	~~3.323~~	~~3.176~~	~~2.424~~
	~~1.330~~	~~0.537~~	~~0.498~~	~~0.474~~	~~0.360~~
~~R4~~	~~0.674~~	~~0.272~~	~~0.252~~	~~0.240~~	~~0.183~~
	~~440.083~~	~~375.158~~	~~386.082~~	~~369.341~~	~~364.002~~
~~**Total capex**~~	~~450.768~~	~~385.978~~	~~397.048~~	~~380.440~~	~~375.245~~
~~Add IFRIC 18 adopted assets~~	~~20.000~~	~~20.000~~	~~20.000~~	~~20.000~~	~~20.000~~
	-	-	-	-	-
	~~**460.083**~~	~~**395.158**~~	~~**406.082**~~	~~**389.341**~~	~~**384.002**~~
~~**Total per App16**~~	~~**470.768**~~	~~**405.978**~~	~~**417.048**~~	~~**400.441**~~	~~**395.245**~~

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Additions					
WS1 L19	170.139	178.073	164.886	153.561	141.101
WS1 L20	(9.755)	(8.116)	(8.339)	(8.458)	(8.560)
WWS1 L19	170.981	136.852	145.981	136.663	134.477
WWS1 L20	(6.673)	(6.752)	(6.827)	(6.855)	(6.867)
Total	324.692	300.057	295.701	274.911	260.151
Inflate to outturn	104.2	104.2	104.2	104.2	104.2
	110.2	112.4	114.7	117.0	119.3
Wholesale	343.478	323.707	325.386	308.560	297.832
R1	8.807	3.565	3.323	3.176	2.424
R4	0.674	0.272	0.252	0.240	0.183
Total capex	352.959	327.544	328.961	311.976	300.439
Add IFRIC 18 adopted assets	20.000	20.000	20.000	20.000	20.000
Total per App16	372.959	347.544	348.961	331.976	320.439

Note that in our statutory accounts and in the annual performance report we revalue our tangible fixed assets to the published regulatory capital value as at the balance sheet date. We have not applied that policy prospectively in these forecasts.

Block C - Fixed asset disposals in the year at cost
Line 17 - Fixed asset disposals in the year at cost ~ wholesale water resources
Line 18 - Fixed asset disposals in the year at cost ~ wholesale water network plus
Line 19 - Fixed asset disposals in the year at cost ~ wholesale wastewater network plus
Line 20 - Fixed asset disposals in the year at cost ~ wholesale bioresources
Line 21 - Fixed asset disposals in the year at cost ~ wholesale dummy control
Line 22 - Fixed asset disposals in the year at cost ~ residential retail
Line 23 - Fixed asset disposals in the year at cost ~ business retail
Forecast wholesale water resources tangible fixed asset disposals in the year at cost, split by price control.

Line 24 - Total fixed asset disposals in the year at cost
Forecast total of all tangible fixed asset disposals in the year at cost. Equals the sum of App16 lines 17 to 23.
We have assumed that there are no asset disposals during the forecast period. In practice, it is likely that a small volume of low value disposals will take place, however it is commonly the case that we are unable to identify these on our asset register and as a consequence no write-off is visible in the notes to the accounts.

Block D - Fixed asset accumulated depreciation at 31 March
Line 25 - Fixed asset accumulated depreciation at 31 March ~ wholesale water resources
Line 26 - Fixed asset accumulated depreciation at 31 March ~ wholesale water network plus
Line 27 - Fixed asset accumulated depreciation at 31 March ~ wholesale wastewater network plus
Line 28 - Fixed asset accumulated depreciation at 31 March ~ wholesale bioresources

Line 29 - Fixed asset accumulated depreciation at 31 March ~ wholesale dummy control
Line 30 - Fixed asset accumulated depreciation at 31 March ~ residential retail
Line 31 - Fixed asset accumulated depreciation at 31 March ~ business retail
Forecast wholesale tangible fixed asset accumulated depreciation at the end of the year, split by price control.

Line 32 - Total fixed asset accumulated depreciation at 31 March
Forecast total of all fixed tangible asset accumulated depreciation at the end of the year. Equals the sum of App16 lines 25 to 31.
Depreciation is calculated based on the opening average asset lives by category of asset, adjusted annually in the forecasts for each year of additional spend.

Block E - Fixed asset net book value at 31 March
Line 33 - Fixed asset net book value at 31 March ~ wholesale water resources
Line 34 - Fixed asset net book value at 31 March ~ wholesale water network plus
Line 35 - Fixed asset net book value at 31 March ~ wholesale wastewater network plus
Line 36 - Fixed asset net book value at 31 March ~ wholesale bioresources
Line 37 - Fixed asset net book value at 31 March ~ wholesale dummy control
Line 38 - Fixed asset net book value at 31 March ~ residential retail
Line 39 - Fixed asset net book value at 31 March ~ business retail
Forecast wholesale historical net book value of tangible fixed assets at the end of the year. Equals App16 line 1 minus line 25.

Line 40 – Total fixed asset net book value at 31 March
Forecast total historical net book value of all tangible fixed assets at the end of the year. Equals the sum of App16 lines 33 to 39.
The outputs of these lines are calculated using a formula prepopulated in the data table.

Average asset lives for all fixed assets ~ legacy assets plus new additions
Line 41 - Average asset lives for all fixed assets ~ wholesale water resources
Line 42 - Average asset lives for all fixed assets ~ wholesale water network plus
Line 43 - Average asset lives for all fixed assets ~ wholesale wastewater network plus
Line 44 - Average asset lives for all fixed assets ~ wholesale bioresources
Line 45 - Average asset lives for all fixed assets ~ wholesale dummy control
Line 46 - Average asset lives for all fixed assets ~ residential retail
Line 47 - Average asset lives for all fixed assets ~ business retail
Forecast average asset lives of all tangible fixed assets (legacy and new additions), split by price control.

Line 48 - Total average asset lives for all fixed assets ~ legacy assets plus new additions
Forecast average asset lives of all tangible fixed assets (legacy and new additions).
Asset lives have been calculated annually by category, based on the closing balances in each year of the forecast period, ~~and then averaged to generate an average life~~; the total average is based on total closing balances in each year of the forecast period.

App17 - Appointee revenue summary

Block A - Wholesale Revenue Requirement Aggregated by Building Blocks
Line 1
PAYG
Sum of lines 1 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 2
Pension deficit repair contributions
Sum of lines 2 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 3
Run off on post 2020 investment and totex additions
Sum of lines 3 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 4
Return on post 2020 investment and totex additions to RCV
Sum of lines 4 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 5
Run off on RPI inflated 2020 RCV
Sum of lines 5 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 6
Return on RPI inflated 2020 RCV
Sum of lines 6 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 7
Run off on CPIH inflated 2020 RCV
Sum of lines 7 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 8
Return on CPIH inflated 2020 RCV
Sum of lines 8 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 9
Current tax ~ wholesale service
Sum of lines 9 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 10
Re-profiling of allowed revenue
Sum of lines 10 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 11
PR14 reconciliation adjustments ~ revenue
Sum of lines 11 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 12
Total wholesale revenue requirement
Sum of lines 1 to 11.

Block B - Wholesale ~ other price control income
Line 13
Third party revenue
Sum of lines 13 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Block C - Wholesale non-price control income (third party services)
Line 14
Bulk supplies
Sum of lines 14 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 15
Bulk supplies ~ contract qualifying for water and wastewater trading incentives (to be signed on or after 1 April 2020)
Sum of lines 15 in tables Wr3 and Wn3.

Line 16
Rechargeable works
Sum of lines 16 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 17
Other non-price control third party services
Sum of lines 17 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 18
Total non-price control income (third party services)
Sum of lines 14 to 17

Block D - Wholesale non-price control income (principal services)
Line 19
Wholesale non-price control income (principal services)
Sum of line 19 in tables Wr3 and line 24 in tables Wn3, WWn5, Bio4 and Dmmy7.

Block E - Wholesale charges
Line 20
Wholesale unmeasured charge ~ residential
Sum of lines 20 multiplied by lines 24 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 21
Wholesale unmeasured charge ~ business
Sum of lines 21 multiplied by lines 24 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 22
Wholesale measured charge ~ residential
Sum of lines 22 multiplied by lines 24 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 23
Wholesale measured charge ~ business
Sum of lines 23 multiplied by lines 24 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Line 24
Total wholesale charges
Sum of lines 24 in tables Wr3, Wn3, WWn5, Bio4 and Dmmy7.

Block F - Grants and contributions
Line 25
~~Wholesale grants and contributions (price control)~~
Wholesale operating expenditure grants and contributions (price control)
Sum of lines 25 in tables Wr3, Wn3, WWn5 and Dmmy7.

Line 26
~~Wholesale grants and contributions (non-price control)~~
Wholesale capital expenditure grants and contributions (price control)
Sum of lines 26 in tables Wr3, Wn3, WWn5 and Dmmy7.

Line 27
Wholesale operating expenditure grants and contributions (non-price control)
Sum of lines 27 in tables Wr3, Wn3, WWn5 and Dmmy7.

Line 28
Wholesale capital grants and contributions (non-price control)
Sum of lines 28 in tables Wr3, Wn3, WWn5 and Dmmy7.

~~Block G - Revenue control total ~ wholesale~~
~~Line 27~~
~~Total revenue control ~ wholesale~~
~~Sum of lines 12 and 25.~~

~~Block H - Revenue control total ~ retail~~
~~Line 28~~
~~Total revenue control ~ retail~~
~~Sum of lines 19 and 22 in R7 indexed to 2017-018 prices using CPIH average in App23.~~

~~Block I - Revenue control total ~ appointee~~
~~Line 29~~
~~Total revenue control ~ appointee~~
~~Sum of line 27 and line 28.~~

Block G - Revenue control total ~ wholesale
Line 29
Total revenue control ~ wholesale
Sum of lines 12 and 25.

Block H - Revenue control total ~ retail
Line 30
Total revenue control ~ retail
Sum of lines 19 and 22 in R7 indexed to 2017-18 prices using CPIH average in App23.

Block I - Revenue control total ~ appointee
Line 31

Total revenue control ~ appointee
Sum of line 29 and 30.

App18 - Share capital and dividends

Block A - Equity shares
Line 1 - Nominal share value
Forecast nominal equity share value. If there is more than one type of share in issue, the nominal share value should be the weighted average nominal value of all the shares in issue at the year end.
This line reports the forecast nominal equity share value. There is currently only one type of share in issue (ordinary shares) with a nominal value of £1 per share. We do not anticipate redeeming or issuing any further share capital during the forecast period.

Line 2 - Closing number of ordinary shares
Forecast closing number of ordinary equity shares in issue at the year end.
This line reports the forecast closing number of ordinary shares. We do not anticipate redeeming or issuing any further share capital during the forecast period.

Line 3 - Closing equity share value
Forecast closing value of equity shares. Equals App18 line 1 multiplied by App18 line 2.
The output of this line is calculated using a formula prepopulated in the data table.

Line 4 - Number of ordinary shares issued in the year
Forecast number of new ordinary equity shares issued in the year.
We do not anticipate issuing any share capital during the forecast period, therefore this line reports a zero value in all years.

Line 5 - Share premium
Forecast total share premium on ordinary shares in issue at the end of the year.
We do not anticipate any movements in share capital during the forecast period, therefore this line reports a zero value in all years.

Line 6 - Total called up share capital and share premium
Forecast nominal value of the ordinary equity shares of the company based on the company's actual structure and which are issued and fully paid. Equals App18 line 3 plus line 5.
The output of this line is calculated using a formula prepopulated in the data table.

Block B - Equity dividends
Line 7 - Special ordinary dividend declared per share
Forecast special ordinary dividend declared per share.
We do not anticipate declaring any special ordinary dividends during the forecast period, therefore this line reports a zero value in all years.

Line 8 - Ordinary dividend
Forecast ordinary dividend.
This line has been used to report the value of ordinary dividends. In reality, this is our forecast cost of the company contribution towards providing Social Tariffs. In keeping with our ownership model, we therefore do not expect this to be realised as a dividend distribution to the shareholder, rather it will manifest itself as revenue foregone – thereby effectively being a distribution to customers.
The ordinary dividend has been reduced to nil in our August Business Plan.
Line 9 - Dividend yield
Forecast ordinary dividends paid as a percentage of the equity component of the RCV (dividend / (RCV - net debt))

The table guidance states, “Complete line 8, or lines 9 and 10 or line 11 depending on dividend policy.” We have completed line 8 and entered a zero in line 9 (if we leave it blank, the table reports a validation error).

Line 10 - Real dividend growth
Forecast growth in real dividends compared to the previous year.
The table guidance states, “Complete line 8, or lines 9 and 10 or line 11 depending on dividend policy.” We have completed line 8 and entered a zero in line 10 (if we leave it blank, the table reports a validation error).

Line 11 - Percentage of profits distributed
Forecast dividends paid divided by the retained profits for the year before dividends.
The table guidance states, “Complete line 8, or lines 9 and 10 or line 11 depending on dividend policy.” We have completed line 8 and entered a zero in line 11 (if we leave it blank, the table reports a validation error).

Line 12 - Interim dividends
Forecast value of dividends declared in the year which are also paid in the year.
We anticipate paying all of our ordinary dividends as interim dividends, hence this line reports the same values as Line 8 above.

Line 13 - % of ordinary dividend paid as interim dividend
Forecast percentage of ordinary dividend paid as interim dividend (interim dividends / ordinary dividends).
Subject to the notes in the commentary to line 8 above, we anticipate paying all of the forecast ordinary dividends as interim dividends, hence this line reports a value of 100.00% in all of the years presented (being line 8 dividend by line 12).

Line 14 - % of dividends issued as scrip shares
Forecast percentage of ordinary dividends declared in the year which are paid by way of scrip shares rather than in cash.
We do not anticipate any movements in share capital during the forecast period, therefore this line reports a zero value in all years.

Block C - Preference shares
Line 15 - Preference shares
Forecast shares on which a set rate of dividend is paid. The holders of preference shares are entitled to their dividend before ordinary shareholders and rank above ordinary shareholders should the company be wound up. Equals previous year value from App18 line 15 plus line 16 less line 17.
We do not currently have any preference share capital in issue, and we do not anticipate issuing any during the forecast period, therefore this line reports a zero value in all years.

Line 16 - Preference shares issued in the year
Forecast total value of new preference shares issued during the year.
We do not currently have any preference share capital in issue, and we do not anticipate issuing any during the forecast period, therefore this line reports a zero value in all years.

Line 17 - Preference shares repaid in the year
Forecast total value of preference shares which are repaid during the year.
We do not currently have any preference share capital in issue, and we do not anticipate issuing any during the forecast period, therefore this line reports a zero value in all years.

Line 18 - Preference share dividends paid

Forecast total dividends on preference shares paid during the year.

We do not currently have any preference share capital in issue, and we do not anticipate issuing any during the forecast period, therefore this line reports a zero value in all years.

App19 - Debt and interest costs

Companies are required to complete this table with their assumptions regarding the type and level of debt held and the associated interest costs which are reflected in their financial model. Debt should be categorised as fixed rate, floating rate or index-linked. The interest rates reported for the fixed rate and index-linked debt should be the coupon rate before indexation.
This table should reconcile to the borrowing figures entered in App12 and should exclude any amounts which have been reported as derivative financial instruments. If companies have capitalised any interest in any year, then this should be reported as debt issued in the year.
Companies should enter the cash interest rate that reflects what they pay on their debt. The interest rates will be used to drive the financial metrics in the financial model.
The interest rates reported should reflect the cash rates that are payable in the period. This might include the impact of derivatives but would exclude any mark to market adjustments.

In line with the guidance, this table excludes any amounts which have been reported as derivative financial instruments; in addition, no interest has been capitalised as part of the financial modelling, in accordance with the IFRS override in the RAGs which prohibits doing so.

		~~2020~~	~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~
		~~£m~~	~~£m~~	~~£m~~	~~£m~~	~~£m~~	~~£m~~
~~App19 A1~~	~~Fixed rate debt (opening)~~	~~1,167.000~~	~~1,167.000~~	~~842.000~~	~~842.000~~	~~842.000~~	~~842.000~~
		~~32.598~~	~~145.166~~	~~686.265~~	~~834.579~~	~~993.894~~	~~1,098.166~~
~~App19 A2~~	~~Floating rate debt (opening)~~	~~37.809~~	~~157.204~~	~~699.122~~	~~847.203~~	~~1,005.911~~	~~1,109.467~~
~~App19 A3~~	~~Index-linked debt (opening)~~	~~2,237.669~~	~~2,271.889~~	~~2,292.180~~	~~2,311.688~~	~~2,312.098~~	~~2,334.264~~
		~~3,437.267~~	**~~3,584.055~~**	**~~3,820.445~~**	**~~3,988.267~~**	**~~4,147.992~~**	**~~4,374.430~~**
	~~Total debt per App19~~	**~~3,442.478~~**	**~~3,596.093~~**	**~~3,883.302~~**	**~~4,000.891~~**	**~~4,160.009~~**	**~~4,285.731~~**
	~~Add: items excluded from pp19~~						
	~~Deferred issue costs~~	~~(3.560)~~	~~(3.238)~~	~~(2.916)~~	~~(2.594)~~	~~(2.272)~~	~~(1.950)~~
	~~Gilt lock~~	~~(0.105)~~	~~(0.078)~~	~~(0.051)~~	~~(0.024)~~	~~0.003~~	~~0.030~~
	~~Issue premium~~	~~5.094~~	~~4.329~~	~~3.564~~	~~2.799~~	~~2.034~~	~~1.270~~
		~~3,438.696~~	**~~3,585.068~~**	**~~3,821.042~~**	**~~3,988.448~~**	**~~4,147.757~~**	**~~4,273.780~~**
	~~Total borrowings~~	**~~3,443.907~~**	**~~3,597.106~~**	**~~3,833.899~~**	**~~4,001.072~~**	**~~4,159.774~~**	**~~4,285.081~~**
~~App12 C15~~	~~Borrowings~~	~~(43.178)~~	~~(388.131)~~	~~(65.879)~~	~~(52.299)~~	~~(56.427)~~	~~(256.819)~~
		~~(3,395.519)~~	~~(3,196.937)~~	~~(3,755.164)~~	~~(3,936.149)~~	~~(4,091.331)~~	~~(4,016.960)~~
~~App12 E22~~	~~Borrowings~~	~~(3,400.729)~~	~~(3,208.975)~~	~~(3,768.020)~~	~~(3,948.773)~~	~~(4,103.347)~~	~~(4,028.261)~~
		~~(3,438.697)~~	**~~(3,585.068)~~**	**~~(3,821.043)~~**	**~~(3,988.448)~~**	**~~(4,147.758)~~**	**~~(4,273.779)~~**
	~~Total borrowings~~	**~~(3,443.907)~~**	**~~(3,597.106)~~**	**~~(3,833.899)~~**	**~~(4,001.072)~~**	**~~(4,159.774)~~**	**~~(4,285.080)~~**

		2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
App19 A1	Fixed rate debt (opening)	1,167.000	1,167.000	842.000	842.000	842.000	842.000
App19 A2	Floating rate debt (opening)	(12.460)	99.657	68.387	35.989	37.001	12.894
App19 A3	Index-linked debt (opening)	2,232.847	2,256.344	2,746.136	2,874.317	2,957.584	3,032.889
	Total debt per App19	**3,387.387**	**3,523.001**	**3,656.523**	**3,752.306**	**3,836.585**	**3,887.783**
	Add: items excluded from pp19						
	Deferred issue costs	(3.560)	(3.238)	(2.916)	(2.594)	(2.272)	(1.950)
	Gilt lock	(0.105)	(0.078)	(0.051)	(0.024)	0.003	0.030
	Issue premium	5.095	4.330	3.565	2.800	2.035	1.270
	Total borrowings	**3,388.817**	**3,524.015**	**3,657.121**	**3,752.488**	**3,836.351**	**3,887.133**
App12 C15	Borrowings	(43.178)	(388.131)	(65.879)	(52.299)	(56.427)	(56.016)
App12 E22	Borrowings	(3,345.639)	(3,135.884)	(3,591.242)	(3,700.189)	(3,779.924)	(3,831.117)
	Total borrowings	**(3,388.817)**	**(3,524.015)**	**(3,657.121)**	**(3,752.488)**	**(3,836.351)**	**(3,887.133)**

Block A – Debt

Line 1 – Fixed rate debt (opening)

Forecast amount of fixed rate debt held at the start of the review period. Equals the sum of App19 lines 1, 4 and 7 in the previous year.

This line reports the forecast amount of fixed rate debt held as at 31 March in each of the report years.

Subsequent years' column outputs are calculated using a formula prepopulated in the data table.

A breakdown of the amounts making up the total value of opening fixed rate debt reported in each year column is shown below. Note that there is a corresponding adjustment for the impact of the floating-to-fixed rate swap in App19 A2 (line 2, below).

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Bonds						
A1	350.000	350.000	350.000	350.000	350.000	350.000
B1	325.000	325.000	-	-	-	-
B7	300.000	300.000	300.000	300.000	300.000	300.000
Total bonds	**975.000**	**975.000**	**650.000**	**650.000**	**650.000**	**650.000**
Impact of floating-to-fixed rate swap	**192.000**	**192.000**	**192.000**	**192.000**	**192.000**	**192.000**
Fixed rate debt (opening)	**1,167.000**	**1,167.000**	**842.000**	**842.000**	**842.000**	**842.000**

Line 2 – Floating rate debt (opening)

Forecast amount of floating rate debt held at the start of the review period. Equals the sum of App19 lines 2, 5 and 8 in the previous year.

This line reports the forecast amount of floating rate debt held as at 31 March in each of the report years.

Subsequent years' column outputs are calculated using a formula prepopulated in the data table.

A breakdown of the amounts making up the total value of opening floating rate debt reported in each year column is shown below. Note that there are corresponding adjustments for the impact of the floating-to-fixed rate swap in App19 A1 (line 1, above) and the floating-to-RPI swaps in App19 A3 (line 3, below).

Opening floating rate debt as at 1 April 2020 is reported as a negative value – this represents a temporary overhedged position, whereby the impact of the floating-to-fixed and floating-to-RPI swaps slightly overcompensate for the level of underlying floating rate debt.

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Finance leases						
Lloyds	43.450	30.563	16.123	-	-	-
Lloyds 2	48.831	48.831	48.831	48.831	48.831	48.831
RBS 1	122.115	122.115	122.115	122.115	122.115	122.115
HSBC	48.976	48.976	48.976	48.976	48.976	48.976
RBS 2	29.356	29.356	29.356	29.356	29.356	29.356
Nord	20.880	20.312	19.666	18.937	18.119	17.205
Lloyds 3	29.950	29.950	29.950	29.950	29.950	29.950
RBS 3	80.372	80.371	80.370	80.369	80.368	80.367
Total finance leases	**423.930**	**410.474**	**395.387**	**378.534**	**377.715**	**376.800**
Local authority loans	0.214	-	-	-	-	-
EIB	22.727	13.636	4.545	-	-	-
EIB	65.000	55.000	45.000	35.000	25.000	15.000
EIB	93.750	83.750	73.750	63.750	53.750	43.750
KfW	60.000	60.000	57.462	49.398	41.334	29.238
New borrowings	31.530	169.685	169.685	169.685	169.685	169.685
Total term loans	**273.221**	**382.071**	**350.442**	**317.833**	**289.769**	**257.673**
Impact of floating-to-fixed rate swap	**(517.612)**	**(500.888)**	**(485.443)**	**(468.378)**	**(438.483)**	**(429.579)**
Impact of floating-to-RPI swaps	**(192.000)**	**(192.000)**	**(192.000)**	**(192.000)**	**(192.000)**	**(192.000)**
Floating rate debt (opening)	**(12.460)**	**99.657**	**68.387**	**35.989**	**37.001**	**12.894**

Line 3 – Index-linked debt (opening)

Forecast amount of index-linked debt held at the start of the review period. Equals the sum of App19 lines 3, 6, 9 and 10 in the previous year.

This line reports the forecast amount of index-linked debt held as at 31 March in each of the report years.

Subsequent years' column outputs are calculated using a formula prepopulated in the data table.

A breakdown of the amounts making up the total value of opening fixed rate debt reported in each year column is shown below. Note that there is a corresponding adjustment for the impact of the floating-to-RPI swaps in App19 A2 (line 2, above).

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Bonds (principal)						
A4	265.000	265.000	265.000	265.000	265.000	265.000
A5	85.000	85.000	85.000	85.000	85.000	85.000
A6	100.000	100.000	100.000	100.000	100.000	100.000
B3	128.600	128.600	128.600	128.600	128.600	128.600
B4	75.000	75.000	75.000	75.000	75.000	75.000
B5	50.000	50.000	50.000	50.000	50.000	50.000
B6	260.000	260.000	260.000	260.000	260.000	260.000
Total bonds (principal)	**963.600**	**963.600**	**963.600**	**963.600**	**963.600**	**963.600**
Term loan: EIB (principal)	230.000	230.000	214.000	198.000	175.000	152.000
New borrowings	-	-	463.837	558.983	625.100	660.630
Total term loans	**230.000**	**230.000**	**677.837**	**756.983**	**800.100**	**812.630**
Indexation						
A4	169.773	180.114	192.924	206.660	221.168	235.984
A5	54.455	57.772	61.881	66.287	70.941	75.693
A6	44.462	47.897	52.154	56.718	61.538	66.462
B3	82.388	87.406	93.623	100.289	107.329	114.519
B4	48.049	50.976	54.601	58.489	62.595	66.788
B5	22.231	23.949	26.077	28.359	30.769	33.231
B6	77.521	85.548	95.493	106.157	117.419	128.922
Term loans	22.757	28.195	42.505	62.399	83.643	105.483
Total indexation	**521.636**	**561.857**	**619.258**	**685.358**	**755.402**	**827.082**
Impact of floating-to-RPI swaps	**517.612**	**500.888**	**485.443**	**468.378**	**438.483**	**429.579**
Index-linked debt (opening)	**2,232.847**	**2,256.344**	**2,746.136**	**2,874.317**	**2,957.584**	**3,032.889**

Line 4 – Fixed rate debt issued

Forecast amount of fixed rate debt issued each year of the review period.

This line reports the forecast value of fixed rate debt issued in each of the years from 2019-20 to 2024-25 inclusive; note that values are £nil in all years as the forecasts do not include the raising of any fixed rate debt.

Line 5 – Floating rate debt issued

Forecast amount of floating rate debt issued each year of the review period.

This line reports the forecast value of floating rate debt issued in each of the years from 2019-20 to 2024-25 inclusive; we have forecast raising floating rate debt in 2019-20 only with AMP7 debt assumed to be index-linked (see line 6 below).

In accordance with the guidelines, borrowings exclude any amounts which have been reported as derivative financial instruments. However, in analysing debt between fixed rate, floating rate and index-linked the impact of such derivatives has been overlaid. To that end, the annual movement (reduction) in the notional value of the floating-to-RPI swaps has been included in this line as a new issue of floating rate debt, as it is the amount by which the reported value of index-linked debt reduces as a result of a reduction in the notional value of the swaps (note the corresponding adjustment to floating rate debt repaid, App19 A9 below).

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Term loans						
New borrowings	138.155	-	-	-	-	-
Total term loans	**138.155**	-	-	-	-	-
Movement in notional value of RPI swaps	**16.724**	**15.445**	**17.065**	**29.895**	**8.904**	**8.696**
Floating rate debt issued	**154.879**	**15.445**	**17.065**	**29.895**	**8.904**	**8.696**

Line 6 – Index-linked debt issued

Forecast amount of index-linked debt issued each year of the review period.

This line reports the forecast value of index-linked debt issued in each of the years from 2019-20 to 2024-25 inclusive.

All forecast new debt in AMP7 is at an index-linked rate of CPI + 0.55% with the CPI element accreting on the balance sheet alongside the loan principal. The forecast issue values are those required to balance closing cash to £100 million.

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Term loans						
New borrowings	-	463.837	95.146	66.117	35.530	7.765
Total term loans	**-**	**463.837**	**95.146**	**66.117**	**35.530**	**7.765**
Index-linked debt issued	**-**	**463.837**	**95.146**	**66.117**	**35.530**	**7.765**

Line 7 – Fixed rate debt repaid

Forecast amount of fixed rate debt repaid each year of the review period.

This line reports the forecast value of fixed rate debt repaid in each of the years from 2019-20 to 2024-25 inclusive.

The only forecast repayment of fixed rate debt is of the £325 million Class B1 6.907% fixed rate bonds on 31 March 2021.

Line 8 – Floating rate debt repaid

Forecast amount of floating rate debt repaid each year of the review period.

This line reports the forecast value of fixed rate debt repaid in each of the years from 2019-20 to 2024-25 inclusive, as analysed below. Note that no principal repayments of new borrowings have been assumed during the period.

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Finance leases						
Lloyds	(12.888)	(14.439)	(16.123)	-	-	-
Lloyds 2	-	-	-	-	-	-
RBS 1	-	-	-	-	-	-
Nord	(0.568)	(0.646)	(0.729)	(0.818)	(0.914)	(0.987)
Lloyds 3	-	-	-	-	-	-
RBS 3	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Total finance leases	**(13.457)**	**(15.086)**	**(16.853)**	**(0.819)**	**(0.915)**	**(0.988)**
Term loans						
Local authority loans	(0.214)	-	-	-	-	-
EIB	(9.091)	(9.091)	(4.545)	-	-	-
EIB	(10.000)	(10.000)	(10.000)	(10.000)	(10.000)	(7.500)
EIB	(10.000)	(10.000)	(10.000)	(10.000)	(10.000)	(10.000)
KfW	-	(2.538)	(8.064)	(8.064)	(12.096)	(14.112)
New borrowings	-	-	-	-	-	-
Total term loans	**(29.305)**	**(31.629)**	**(32.609)**	**(28.064)**	**(32.096)**	**(31.612)**
Floating rate debt repaid	**(42.762)**	**(46.715)**	**(49.462)**	**(28.883)**	**(33.011)**	**(32.600)**

Line 9 – Index-linked debt repaid

Forecast amount of index-linked debt repaid each year of the review period.

This line reports the forecast value of index-linked debt repaid in each of the years from 2019-20 to 2024-25 inclusive, as analysed below.

In accordance with the guidelines, borrowings exclude any amounts which have been reported as derivative financial instruments. However, in analysing debt between fixed rate, floating rate and index-linked they do overlay the impact of such derivatives. To that end, the annual movement (reduction) in the notional value of the floating-to-RPI swaps has been included in this line as a repayment of index-linked debt, as it is the amount by which the reported value of index-linked debt reduces as a result of a reduction in the notional value of the swaps (note the corresponding increase in floating rate debt issued, App19 A5 above).

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Term loans						
EIB	-	(16.000)	(16.000)	(23.000)	(23.000)	(23.000)
Total term loans	**-**	**(16.000)**	**(16.000)**	**(23.000)**	**(23.000)**	**(23.000)**
Movement in notional value of RPI swaps	**(16.724)**	**(15.445)**	**(17.065)**	**(29.895)**	**(8.904)**	**(8.696)**
Index-linked debt repaid	**(16.724)**	**(31.445)**	**(33.065)**	**(52.895)**	**(31.904)**	**(31.696)**

Line 10 – Indexation of index-linked loans

Forecast indexation applicable to the index-linked debt.

This line reports the forecast value of the indexation charge relating to index-linked debt in each of the years from 2019-20 to 2024-25 inclusive. All indexation charges result in accretion of the loan principal and are not paid out as cash except on maturity of the loan; no such maturities are forecast in the period to 2025.

The company has a number of derivative contracts which swap finance lease and term loan liabilities from a floating rate to the Retail Prices Index. Coupon rates are paid annually in cash and the notional value of the swaps reduce accordingly over their lifetime, with a corresponding adjustment to their carrying fair values at the balance sheet date. No values relating to such swap contracts are reported in this line.

Block B – Interest rates and financing costs

Line 11 – Interest rate for existing fixed rate debt

Forecast interest rate applicable to the existing fixed rate debt (nominal).

This line reports the weighted average forecast interest rate for existing fixed rate debt. The rate shifts from 5.4% to 4.8% between 2020-21 and 2021-22 as a result of repaying £325m 6.907% fixed rate B1 bonds on 31 March 2021.

Line 12 – Interest rate for new fixed rate debt

Forecast nominal coupon rate applicable for new fixed rate debt.

While our financing forecasts for the actual company do not include the raising of any fixed rate debt, we have estimated that this might be raised at around 3.00%, representing a premium of 45 basis points over our modelled new floating rate debt (3.05%, being assumed 12-month LIBOR of 1.75% plus a margin of 80 basis points).

Line 13 – Interest rate for existing index-linked debt

Forecast real coupon rate (before indexation) applicable to the existing index-linked debt.

This line reports the weighted average forecast real coupon rate for existing index-linked debt. The rate shifts from 1.0% to 1.9% over the period as a result of the reduction in notional values of our floating to index-linked swaps.

Line 14 – Interest rate for new index-linked debt

Forecast real coupon rate (before indexation) application to the new index-linked debt.

We have estimated that new index-linked will be raised at a margin of around 0.55% above Consumer Prices Index inflation (our assumption is that CPI runs at 2% over AMP7).

Line 15 – Weighted average interest rate for new and existing fixed rate debt

Forecast nominal coupon rate/interest rate for new/existing fixed rate debt, weighted.

Our financing forecasts for the actual company do not include the raising of any fixed rate debt, therefore this line, B15, is the same as the interest rate for existing fixed rate debt, line B11.

Line 16 – Weighted average interest rate for new and existing index-linked debt

Forecast nominal coupon rate/interest rate for new/existing index-linked debt, weighted.

This line presents a weighted average interest rate for all index-linked debt.

Line 17 – Floating rate debt interest paid

Forecast amount of nominal interest paid on floating rate debt.

This line reflects interest payable on floating rate debt.

Line 18 – Bank interest rate (receivable)

Forecast interest rate (nominal) receivable on bank deposits.

Our modelling assumes that cash interest is received at 50% of the forecast prevailing 12-month LIBOR rate as at 1 April on the opening balance of cash held.

At 31 March **Interest receivable on cash deposits**	**2020** **£000**	**2021** **£000**	**2022** **£000**	**2023** **£000**	**2024** **£000**	**2025** **£000**
Opening cash	100,000	100,000	100,000	100,000	100,000	100,000
Interest receivable	750	875	875	875	875	875
APP19 B18	**0.75%**	**0.88%**	**0.88%**	**0.88%**	**0.88%**	**0.88%**
12-month LIBOR	1.50%	1.75%	1.75%	1.75%	1.75%	1.75%

Line 19 – Interest receivable (other)

Forecast amount of interest (nominal) receivable from sources other than bank deposits.

This line represents the forecast value of income received from the Elan Valley Trust Fund. In 1984, Welsh Water Authority entered into a conditional sale and purchase agreement with Severn Trent Water Authority for the sale of the aqueduct and associated works by which the bulk supply from the Elan Valley to Severn Trent reservoirs is conveyed.

The sum of £31.7m, representing the consideration for the sale, was invested in a trust fund. The principal function of the fund was to provide an income to Welsh Water Authority, whilst preserving the capital value of the fund in real terms. Welsh Water Authority's interest in this fund was vested in Dŵr Cymru Cyfyngedig under the provisions of the Water Act 1989.

The assets of the fund are not included in the financial statements of Dŵr Cymru Cyfyngedig: income is received by way of interest and occasional capital distributions (to the extent that the value of the fund exceeds its value in 'real' terms).

As at 31 March 2019 the value of the fund was £117m and interest income amounted to £2.6m for the year then ended. In forecasting future income we have assumed capital growth in line with RPI and preserved the 2019 return of 2.3%:

At 31 March **Elan Valley Trust Fund**	**2020** **£000**	**2021** **£000**	**2022** **£000**	**2023** **£000**	**2024** **£000**	**2025** **£000**
Opening market value	119,766	123,234	126,950	130,872	134,876	139,005
APP19 B19	**2,805**	**2,895**	**2,978**	**3,068**	**3,159**	**3,254**
Return preserved at 2018/19 level	2.34%	2.35%	2.35%	2.34%	2.34%	2.34%

Line 20 – Bank overdraft interest rate

Forecast interest rate (nominal) payable on bank overdrafts.

Our actual company forecasts assume that no bank overdraft is drawn upon, however we have reported an indicative value here for completeness, being payable at a margin of 130 basis points over our 12-month LIBOR assumption of 1.75% over the AMP7 period (1.50% in 2019-20).

Line 21 – Residential retail working capital financing cost rate

Forecast residential retail working capital financing cost rate.

Our forecasts do not model residential retail working capital separately from that of the appointee as a whole, however we have completed this table with our forecast of an arm's length fixed rate that we might reasonably expect a small or medium-sized entity to procure borrowings for working capital purposes (this is in line with intra-group loans made outside of our whole business securitisation for the purpose of funding limited levels of commercial activity).

Line 22 – Business retail working capital financing cost rate

Forecast business retail working capital financing cost rate – if exited from business retail market can be left blank.

Our forecasts do not model business retail working capital separately from that of the appointee as a whole, however we have completed this table with our forecast of an arm's length fixed rate that we might reasonably expect a small or medium-sized entity to procure borrowings for working capital purposes (this is in line with intra-group loans made outside of our whole business securitisation for the purpose of funding limited levels of commercial activity).

Block C - Adjustments for reconciliation with balance sheet

Line 23 - Fixed rate debt adjustment for reconciliation with balance sheet
Line 24 - Floating rate debt adjustment for reconciliation with balance sheet
Line 25 - Index-linked debt adjustment for reconciliation with balance sheet
Line 26 - Other adjustment for reconciliation with balance sheet

Fixed rate, floating rate, index-linked debt and other adjustments for reconciliation with balance sheet (App12)

There are very few differences between our debt reported in App19 and the total borrowings reported on lines 15 and 22 of App12. We have therefore put a single adjusting value in line 26 and not split the items between lines 23 to 25. The largest adjustment is of £1.429m (0.04%), in 2019-20. The reconciling items are shown below. While the deferred issue costs, gilt lock and issue premium are treated as part of borrowings for accounting purposes under IFRS (and hence included as such in App12), they do not form part of the principal values to which coupon rates apply and have therefore been excluded from App19.

		2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
App19 A1	Fixed rate debt (opening)	1,167.000	1,167.000	842.000	842.000	842.000	842.000
App19 A2	Floating rate debt (opening)	(43.990)	(70.028)	(101.298)	(133.696)	(132.684)	(156.791)
App19 A3	Index-linked debt (opening)	2,264.377	2,426.029	2,915.821	3,044.002	3,127.269	3,202.574
	Total debt per App19	**3,387.387**	**3,523.001**	**3,656.523**	**3,752.306**	**3,836.585**	**3,887.783**
Add: items excluded from App19							
	Deferred issue costs	(3.560)	(3.238)	(2.916)	(2.594)	(2.272)	(1.950)
	Gilt lock	(0.105)	(0.078)	(0.051)	(0.024)	0.003	0.030
	Issue premium	5.094	4.329	3.564	2.799	2.034	1.270
App19 C26	**Reconciling adjustment**	**1.429**	**1.013**	**0.597**	**0.181**	**(0.235)**	**(0.650)**
	Total borrowings	**3,388.816**	**3,524.014**	**3,657.120**	**3,752.487**	**3,836.350**	**3,887.133**
App12 C15	Borrowings	(43.178)	(388.131)	(65.879)	(52.299)	(56.427)	(56.016)
App12 E22	Borrowings	(3,345.639)	(3,135.884)	(3,591.242)	(3,700.189)	(3,779.924)	(3,831.117)
	Total borrowings	**(3,388.817)**	**(3,524.015)**	**(3,657.121)**	**(3,752.488)**	**(3,836.351)**	**(3,887.133)**

App 23 - Inflation Measures

This table has been updated in line with the inflation measures included in Ofwat's Draft Determination.

Block A - Retail Price Index
Line 1 RPI: months of actual data for financial year
Pre-populated data in green cells are published values for the retail price index (RPI) available on the ONS website. For 2017-18 onwards in lines 2 to 13, companies should enter forecast RPI values for each month. Line 1 will update automatically and should equal 12 to indicate that forecasts have been completed for all months of the financial year.
~~Reports the number of months of published RPI data used in populating lines 2 to 13 for each year. For the financial years 2011-12 to 2017-18 inclusive a full year of published data is reported. For 2018-19, four months' published data is reported (April, May, June and July) and the remaining months are forecasts.~~

Reports the number of months of published RPI data used in populating lines 2 to 13 for each year. For the financial years 2011-12 to 2017-18 inclusive a full year of published data is reported. For 2018-19, 11 months' published data is reported (April - Feb) and the remaining months are forecasts as per Ofwat DD Model index data.

Line 2 to 13 Retail Price Index by month
Pre-populated data in green cells are published values for the retail price index (RPI) available on the ONS website. For 2017-18 onwards in lines 2 to 13, companies should enter forecast RPI values for each month. Line 1 will update automatically and should equal 12 to indicate that forecasts have been completed for all months of the financial year.
~~Reports the actual and forecast RPI index figures for each month of the financial years 2011-12 to 2029-30 inclusive.~~
~~We have used published information from April 2011 to July 2018 inclusive, and forecast data thereafter up to and including March 2030. The forecast year-on-year increases in each year to 2030 are as follows:~~

Reports the actual and forecast RPI index figures for each month of the financial years 2011-12 to 2029-30 inclusive.
We have used published information from April 2011 to Feb 2019 inclusive, and forecast data thereafter up to and including March 2025. The forecast year-on-year increases in each year to 2025 are as follows, as per Ofwat DD Model index data:

	~~2018-19~~	~~2019-20~~	~~2021-22 onwards~~
~~RPI increase~~	~~3.5%~~	~~3.0%~~	~~3.0%~~

	2018-19	2019-20	2020-21	2021-22	2022-25
RPI increase	3.07%	2.38%	2.89%	3.02%	3.07%

The forecast indices are included in the table to more decimal places than described in column F. This needed to ensure that when used in the financial model and when calculating the year on year change the effect is consistent with how the plan has been put together where a fixed year on year % change was used rather than an index to 1 decimal place.

Block B Consumer price index (including housing costs)
Lines 14 CPIH: months of actual data for financial year
Pre-populated data in green cells are published values for the consumer price index including housing costs (CPIH) available on the ONS website. For 2017-18 onwards in lines 15 to 26, companies should enter forecast CPIH values for each month. Line 14 will update automatically and should equal 12 to indicate that forecasts have been completed for all months of the financial year.
~~Reports the number of months of published CPIH data used in populating lines 16 to 27 for each year. For the financial years 2011-12 to 2017-18 inclusive a full year of published data is reported. For 2018-19, four months' published data is reported (April, May, June and July) and the remaining months are forecasts.~~

Reports the number of months of published CPIH data used in populating lines 2 to 13 for each year. For the financial years 2011-12 to 2017-18 inclusive a full year of published data is reported. For 2018-19, 11 months' published data is reported (April - Feb) and the remaining months are forecasts, as per Ofwat DD Model index data.

Lines 15 to 26 Consumer Price Index (with housing) my month
Pre-populated data in green cells are published values for the consumer price index including housing costs (CPIH) available on the ONS website. For 2017-18 onwards in lines 15 to 26, companies should enter forecast CPIH values for each month. Line 14 will update automatically and should equal 12 to indicate that forecasts have been completed for all months of the financial year.
~~Report the actual and forecast CPIH index figures for each month of the financial years 2011-12 to 2029-30 inclusive.~~
~~We have used published information from April 2011 to July 2018 inclusive, and forecast data thereafter up to and including March 2030. The forecast year-on-year increases in each year to 2030 are as follows:~~

Reports the actual and forecast CPIH index figures for each month of the financial years 2011-12 to 2029-30 inclusive.
We have used published information from April 2011 to Feb 2019 inclusive, and forecast data thereafter up to and including March 2025. The forecast year-on-year increases in each year to 2025 are as follows, as per Ofwat DD Model index data:

	~~2018-19~~	~~2019-20~~	~~2021-22 onwards~~
~~CPIH increase~~	~~2.6%~~	~~2.3%~~	~~2.0%~~

	2018-19	2019-20	2020-21	2021-22	2022-25
CPIH increase	2.13%	1.60%	1.95%	1.98%	2.0%

The forecast indices are included in the table to more decimal places than described in column F. This needed to ensure that when used in the financial model and when calculating the year on year change the effect is consistent with how the plan has been put together where a fixed year on year % change was used rather than an index to 1 decimal place.

Block C –Line 27 Indexation rate for index-linked debt percentage increase
The percentage uplift of index-linked debt by indexation. The financial model works on year average prices, so a year average inflation rate for index linked debt is more appropriate.

~~Reports the inflation rate used to calculate the indexation of index-linked debt in each of the financial years from 2018-19 to 2029-30 inclusive. All our index linked debt is linked to RPI. The rates used are the forecast year-on-year RPI percentages applying to the relevant month in each year of the period; since the forecasts project a uniform year-on-year RPI in each month of any given year, these values are the same as those reported in Line 31.~~

Reports the inflation rate used to calculate the indexation of index-linked debt in each of the financial years from 2018-19 to 2029-30 inclusive. All our index linked debt is linked to the Long-term RPI rate.

The rates used are the Long-term forecast year-on-year RPI percentages applying to the relevant month in each year of the period; since the forecasts project a uniform year-on-year RPI in each month of any given year, these values are the same as those reported in Line 37.

Block D Financial year average indices

Line 28 PRI: financial year average indices

The financial year average indices calculated by taking an average over 12 months from April to March.

This calculated line reports the actual and forecast average annual RPI index for each of the years from 2011-12 to 2029-30 inclusive, calculated as the average of lines 2 to 13 with full precision and reported to one decimal place.

Line 29 CPIH: financial year average indices

The financial year average indices calculated by taking an average over 12 months from April to March.

This calculated line reports the actual and forecast average annual CPIH index for each of the years from 2011-12 to 2029-30 inclusive, calculated as the average of lines 15 to 26 with full precision and reported to one decimal place.

Block E Year on year % change

Lines 30-35 the year on year % change in the indices.

Line 36 The annual % change in RPI average minus the annual change in CPI(H) average.

Lines30-36 are calculated cells.

Block F Long term inflation rates

Line 37 The Company's view of the long term inflation rate for RPI. Long term inflation rate is the rate used to discount the nominal WACC into a real WACC.

Our long term view for the rate of RPI is 3%.

Line 38 The company's view of the long term inflation rate for CPI(H). Long term inflation rate is the rate used to discount the nominal WACC into a real WACC.

Our long term view for the rate of CPIH is 2%.

App25 - PR14 reconciliation adjustments summary

This table has been updated to reflect changes to Inflation and changes to the RCV feeder model for APR 2018-18 data and our treatment of expenditure relating to the Loughor estuary.

Lines 1 – 4 Total Adjustment RCV carry forward to PR19

2010-15 reconciliation adjustments. These are the further adjustments arising from the update to take account of actual 2014-15 performance. Note – lines 2 and 4 relate to CIS revenue adjustments only, as per the PR09 legacy blind year adjustments model (published in December 2017)

The adjustments are taken from the "Updated 2010-15 Reconciliation" published in December 2017.

Lines 5 – 6 CIS RCV inflation correction

The adjustments to ensure consistency in how we apply inflation indices for the PR09 capital expenditure incentive scheme, we published the adjustments in October 2016.

The adjustments are obtained from the October 2016 publication and December 2017 publication "Updated 2010-15 Reconciliation".

Line 7 - Water ~ Total Adjustment RCV carry forward to PR19 at 2017-18 FYA CPIH deflated price base

Line 1 inflated to 2017-18 prices. This is an output from the RCV adjustments model

Output from the RCV adjustment model.

Line 8 - Water ~ Total Adjustment Revenue carry forward to PR19 at 2017-18 FYA CPIH deflated price base

Line 2 inflated to 2017-18 prices. This is an output from the revenue adjustments model.

Output from the revenue adjustment model.

Line 9 - Wastewater ~ Total Adjustment RCV carry forward to PR19 at 2017-18 FYA CPIH deflated price base

Line 3 inflated to 2017-18 prices. This is an output from the RCV adjustments model.

Output from the RCV adjustment model.

Line 10 - Wastewater ~ Total Adjustment Revenue carry forward to PR19 at 2017-18 FYA CPIH deflated price base

Line 4 inflated to 2017-18 prices. This is an output from the revenue adjustments model

Output from the revenue adjustment model.

Line 11 - Water ~ CIS RCV inflation correction at 2017- 18 FYA CPIH deflated price base

Line 5 inflated to 2017-18 prices. This is an output from the RCV adjustments model.

Output from the RCV adjustment model.

Line 12 - Wastewater ~ CIS RCV inflation correction at 2017-18 FYA CPIH deflated price base

Line 6 inflated to 2017-18 prices. This is an output from the RCV adjustments model

Output from the RCV adjustment model.

App26 - RoRE Scenarios

Table overview
This table holds all the scenario data for a high and low variant to the main business plan. Details of these scenarios can be found in Supporting Document 5.6 PR19 Risk and Return analysis and for ODIs in Supporting Document 5.5 PR19 Outcome delivery incentives.

We have identified some issues with the lines in this data table and the RoRE input lines in the financial model on the 'Sensi' tab.

1. Block I and J of App26 do not include a line for business retail ODIs. We have included business retail ODIs in residential retail line 70 and 76 for the high and low case respectively.

2. The 'Sensi' input sheet in the financial model does not have inputs for retail ODIs for residential retail or business retail. We have included the retail ODIs (lines 70 and 76 of App26) in the dummy price control inputs in the financial mode row 448 and 449 for the high and low case respectively. This ensures that the overall impact of the high and low case for ODIs is correctly shown at an appointee level, without distorting the other wholesale price control totals in the Dashboard.

We have also identifies some issues with the RoRE calculations on the 'RoRE_calc' tab in the financial model. Details of these issues are described in the document accompanying the populated financial model PR19 Financial Modelling.

Line Commentary
This tables has been updated to reflect changes to our business plan in light in light of the DD.

Block A and B
Block A and B report the revenue scenarios for the high and low RORE case for each price control.

For Water network plus and Water resources, App26 and the 'Sensi' worksheet in the financial model have lines for:

- Total revenue impact;
- Water trading incentive export revenue impact; and
- Water trading incentive revenue impact.

Only the total revenue impact lines are fed through into the RoRE ranges for the Appointee in the 'Dashboard' worksheet.
In order for the financial model to show the full RoRE range covered by our high and low case revenue scenarios we have interpreted the 'Total revenue impact' lines of App26 as being the total of the Water trading incentive export revenue impact, water trading incentive revenue impact lines, plus other revenue impacts.

Water trading – High case
Line 5, Line 6 and Line 28
Our high RoRE case includes values for water trading in the water resources price control, of £4.426m per annum from 2022-23 onwards (line 5) 'water resources water trading incentive export revenue impact'. This represents a new water trade. There are no incremental costs associated with this trade and therefore no values are included in (line 28) 'water resources water trading export expenditure impact'. We have assumed that there is not incentive impact of this new trade and therefore the values in (line 6) 'water resources water trading incentive revenue impact' are nil.

Line 2, Line 3 and Line 24
There are no water trading impacts in water network plus.

Water trading – Low case
Line 13, 14, 16, 17, 41 and 45
Our low case assumes all existing water trades remain unchanged from the core plan. And therefore these lines show nil values.

Total revenue impacts – High case
Line 1, 7, 10, 11
There are no revenue impacts in the high case for Water network, Wastewater network, Residential Retail and Business Retail price controls.

Line 4 – Water resources
This line represents the high case impact of additional revenue due to increased volume of water sold under existing bulk supply agreement and new trades included in line 5.

	2020-21 £m	**2021-22** £m	**2022-23** £m	**2023-24** £m	**2024-25** £m
Increase in bulk supply volumes	2.159	2.159	2.159	2.159	2.159
New water trade (App25 line 5)	-	-	4.426	4.426	4.426
App26 line 4	2.159	2.159	6.584	6.584	6.584

Line 8 – Bio resources
This line represents additional revenue from Bio resources trading activity due to short term trades of surplus capacity. The revenue in this line is presented net of the marginal costs this trading activity would attract.

Total revenue impacts – Low case
Line 12, 15, 18, 19, 21
There are no revenue impacts in the Water resources, Water network, Wastewater network, Bio resources and Residential Retail price controls in the low case.

Line 22
This line includes the low case scenario on Business Retail revenue, which represents a reduction in Business Retail margins.
Block C, D, E, F, G and H
Block C and D report the Totex scenarios for the high and low RORE case for each price control.

For Water network plus and Water resources, App26 and the 'Sensi' worksheet in the financial model have lines for:

- Expenditure impact;
- Water trading incentive export expenditure impact;
- Uncertainty mechanisms impact; and
- Cost impact.

The other price controls have inputs for:

- Expenditure impact;
- Uncertainty mechanisms impact and

- Cost impact.

For each price control the cost impact line is the total of the other lines in the Totex scenario.

Lines 25, 29, 32, 35, 42, 46, 49, 52, 58, 61 – Uncertainty mechanisms
Our high and low case do not include events that would give rise to an interim determination either due to circumstances having a substantial effect on the appointed business or in relation to relevant changes of circumstance and notified items therefore all the uncertainty mechanism lines have nil values.

Lines 24, 28, 41, 45 – Water trading expenditure impact
For further details, see Water trading section above.
There are no water training impacts in the low case.
There are no water network trading impacts.
There is water resources trading impact in the high case, however there are no incremental costs associated with this trade and therefore no values are included in line 28.

Blocks I and J
Block I and J report the outcome delivery incentives (ODI) financial outperformance/underperformance payments for the high and low RORE case. The ODI financial performance is calculated using Monte Carlo simulations on our 26 ODIs (excluding C-Mex and D-Mex) outlined in App1. Further details of the Monte Carlo simulation is outlined in Supporting Document 5.5 PR14 Outcome delivery incentives.
The Monte Carlo simulations analysis is completed at the appointee level. The table reports the underperformance and outperformance payments at the P10 and P90 level.

	2020-21	2021-22	2022-23	2023-24	2024-25
~~Underperformance Payments~~	~~(35.4)~~	~~(34.4)~~	~~(34.4)~~	~~(34.6)~~	~~(39.3)~~
~~Underperformance Payments~~	~~-26.2706~~	~~-28.6495~~	~~-28.2776~~	~~-27.7755~~	~~-29.4641~~
~~Outperformance Payments~~	~~27.9~~	~~28.7~~	~~28.2~~	~~27.3~~	~~32.8~~
~~Outperformance Payment~~	~~24.4973~~	~~23.53978~~	~~22.2601~~	~~24.4944~~	~~25.1713~~

	2020-21	2021-22	2022-23	2023-24	2024-25
Underperformance Payments	(19.452)	(19.966)	(21.335)	(22.443)	(32.899)
Outperformance Payments	10.624	11.068	9.853	9.626	20.616

The outperformance and underperformance payments are allocated between the price controls based on price control allocation in App1. The table below shows reports the price control allocation and the outperformance and underperformance payment over the AMP.

-	~~Price Allocation (%)~~									-	-			
~~PC name~~	~~Water resources~~	~~Water network plus~~	~~Wastewater network plus~~	~~Bioresources (sludge)~~	~~Residential retail~~	~~Business retail~~	~~Direct procurement for~~	~~Dummy control~~	~~Total~~	-	~~Out-performance Payment~~	~~Under-Performance~~	~~Out-performance Payment~~	~~Under-Performance~~
~~Tap Water Quality Compliance Risk Index~~	-	~~100.0%~~	-	-	-	-	-	-	~~100.0%~~	-		~~25~~	-	~~19~~
~~Water supply interruptions~~	-	~~100.0%~~	-	-	-	-	-	-	~~100.0%~~	-	~~25~~	~~25~~	~~5~~	~~14~~
~~Acceptability of drinking water~~	-	~~100.0%~~	-	-	-	-	-	-	~~100.0%~~	-	~~13~~	~~13~~	~~13~~	~~13~~
~~Water mains bursts~~	-	~~100.0%~~	-	-	-	-	-	-	~~100.0%~~	-		~~7~~	-	~~7~~
~~Lead supply pipes replaced~~	-	~~100.0%~~	-	-	-	-	-	-	~~100.0%~~	-	~~7~~	~~7~~	~~7~~	~~7~~
~~Water and wastewater Treatment works compliance~~	-	-	~~100.0%~~	-	-	-	-	-	~~100.0%~~	-		~~13~~	-	~~13~~
~~Wastewater treatment works 'look-up table' compliance~~	-	-	~~100.0%~~	-	-	-	-	-	~~100.0%~~	-		~~7~~		
~~Pollution incidents from Wastewater~~	-	-	~~100.0%~~	-	-	-	-	-	~~100.0%~~	-	~~25~~	~~25~~	~~9~~	~~11~~
~~Leakage~~	-	~~100.0%~~	-	-	-	-	-	-	~~100.0%~~	-	~~25~~	~~25~~	~~3~~	~~4~~
~~km of river improved~~	-	-	~~100.0%~~	-	-	-	-	-	~~100.0%~~	-	~~13~~	~~13~~	~~13~~	~~13~~
~~Bioresources energy generation~~	-	-	-	~~100.0%~~	-	-	-	-	~~100.0%~~	-	~~7~~	~~7~~	~~7~~	~~7~~
~~Bioresources disposal compliance~~	-	-	-	~~100.0%~~	-	-	-	-	~~100.0%~~	-			-	~~7~~
~~Customer trust~~	~~4.4%~~	~~34.2%~~	~~48.4%~~	~~4.5%~~	~~8.5%~~	-	-	-	~~100.0%~~	-	~~32~~	~~32~~	~~16~~	~~16~~
~~Business customer satisfaction~~	-	-	-	-	-	~~100.0%~~	-	-	~~100.0%~~	-	~~7~~	~~7~~	~~7~~	~~7~~
~~Sewer flooding on customer property (internal)~~	-	-	~~100.0%~~	-	-	-	-	-	~~100.0%~~	-	~~25~~	~~25~~	~~1~~	4
~~Sewer flooding on customer property (external)~~	-	-	~~100.0%~~	-	-	-	-	-	~~100.0%~~	-	~~7~~	~~7~~	~~5~~	~~5~~

-	~~Price Allocation (%)~~									-	-			
~~PC name~~	~~Water resources~~	~~Water network plus~~	~~Wastewater network plus~~	~~Bioresources (sludge)~~	~~Residential retail~~	~~Business retail~~	~~Direct procurement for~~	~~Dummy control~~	~~Total~~	-	~~Out- performance Payment~~	~~Under-Performance~~	~~Out- performance Payment~~	~~Under-Performance~~
~~Sewer collapses~~	-	-	~~100.0%~~	-	-	-	-	-	~~100.0%~~	-		~~7~~		~~7~~
~~Total complaints~~	-	~~37.5%~~	~~53.2%~~	-	~~9.3%~~	-	-	-	~~100.0%~~	-	~~13~~	~~13~~	~~13~~	~~13~~
~~Surface water removed from sewers~~	-	-	~~100.0%~~	-	-	-	-	-	~~100.0%~~	-	~~7~~	~~7~~	~~7~~	~~7~~
~~Asset Resilience (reservoirs)~~	~~100.0%~~	-	-	-	-	-	-	-	~~100.0%~~	-	~~13~~	~~13~~	~~13~~	~~13~~
~~Asset Resilience (water network+ above ground)~~	-	~~100.0%~~	-	-	-	-	-	-	~~100.0%~~	-	~~13~~	~~13~~	~~13~~	~~13~~
~~Asset Resilience (water network+ below ground)~~	-	~~100.0%~~	-	-	-	-	-	-	~~100.0%~~	-	~~13~~	~~13~~	~~13~~	~~13~~
~~Asset Resilience (waste network+ above ground)~~	-	-	~~100.0%~~	-	-	-	-	-	~~100.0%~~	-	~~13~~	~~13~~	~~13~~	~~13~~
~~Asset Resilience (waste network+ below ground)~~	-	-	~~100.0%~~	-	-	-	-	-	~~100.0%~~	-	~~13~~	~~13~~	~~13~~	~~13~~
~~Community education~~	-	~~41.4%~~	~~58.6%~~	-	-	-	-	-	~~100.0%~~	-	~~7~~	~~7~~	~~7~~	~~7~~
~~Visitors to recreational facilities~~	~~100.0%~~	-	-	-	-	-	-	-	~~100.0%~~	-	~~7~~	~~7~~	~~7~~	~~7~~

	Price Allocation (%)										
PC name	**Water resources**	**Water network plus**	**Wastewater network plus**	**Bioresources (sludge)**	**Residential retail**	**Business retail**	**Direct procurement for**	**Dummy control**	**Total**	**Out- performance Payment**	**Under- Performance**
Tap Water Quality Compliance Risk Index		100.0%							100.0%		18
Water supply interruptions		100.0%							100.0%	6	14
Acceptability of drinking water		100.0%							100.0%	10	16
Water mains bursts		100.0%							100.0%		19
Lead supply pipes replaced		100.0%							100.0%	9	9
Water and wastewater Treatment works compliance			100.0%						100.0%		14
Pollution incidents from Wastewater			100.0%						100.0%	8	11
Leakage		100.0%							100.0%	3	4
km of river improved	29.0%		71.0%						100.0%	13	13
Bioresources energy generation				100.0%					100.0%	2	9
Bioresources disposal compliance				100.0%					100.0%		2
Business customer satisfaction						100.0%			100.0%	1	3
Sewer flooding on customer property (internal)			100.0%						100.0%	6	9
Sewer flooding on customer property (external)			100.0%						100.0%	8	11
Sewer collapses			100.0%						100.0%		1
Total complaints		37.5%	53.2%		9.3%				100.0%	0	1
Surface water removed from sewers			100.0%						100.0%	7	7
Asset Resilience (reservoirs)	100.0%								100.0%	7	7

PC name	Price Allocation (%) Water resources	Water network plus	Wastewater network plus	Bioresources (sludge)	Residential retail	Business retail	Direct procurement for	Dummy control	Total	Out- performance Payment	Under- Performance
Asset Resilience (water network+ above ground)		100.0%							100.0%	7	7
Asset Resilience (water network+ below ground)		100.0%							100.0%	7	7
Asset Resilience (waste network+ above ground)			100.0%						100.0%	7	7
Asset Resilience (waste network+ below ground)			100.0%						100.0%	7	7
Community education		41.4%	58.6%						100.0%	4	4
Visitors to recreational facilities	100.0%								100.0%	4	4
Unbilled properties					82.9%	10.8%			100.0%	3	12
Per Capita Consumption		100%							100.0%		2
Water Process Unplanned Outages		100%							100.0%		8

The price control allocations are applied to the outperformance and underperformance payments to determine the proportion of outperformance and underperformance payments per price control.

~~PC name~~	Outperformance Payments per Price Control								
	~~Water resources~~	~~Water network plus~~	~~Wastewater network plus~~	~~Bioresources (sludge)~~	~~Residential retail~~	~~Business retail~~	~~Direct procurement~~	~~Dummy control~~	~~Total~~
~~Tap Water Quality Compliance Risk Index~~									
~~Water supply interruptions~~		~~25.0~~ ~~5.0~~							~~**25.0**~~ ~~**5.0**~~
~~Acceptability of drinking water~~		~~13.0~~							~~**13.0**~~
~~Water mains bursts~~									
~~Lead supply pipes replaced~~		~~7.0~~							~~**7.0**~~
~~Water and wastewater Treatment works compliance~~									**-**
~~Wastewater treatment works 'look-up table' compliance~~									**-**
~~Pollution incidents from Wastewater~~			~~25.0~~ ~~9~~						~~**25.0**~~ ~~**9**~~
~~Leakage~~		~~25.0~~ ~~3~~							~~**25.0**~~ ~~**3**~~
~~km of river improved~~			~~13.0~~						~~**13.0**~~
~~Bioresources energy generation~~				~~7.0~~					~~**7.0**~~
~~Bioresources disposal compliance~~									**-**
~~Customer trust~~	~~1.4~~ ~~0.7~~	~~11.0~~ ~~5.5~~	~~15.5~~ ~~7.7~~	~~1.4~~ ~~0.7~~	~~2.7~~ ~~1.4~~				~~**32.0**~~ ~~**16**~~
~~Business customer satisfaction~~						~~7.0~~			~~**7.0**~~
~~Sewer flooding on customer property (internal)~~			~~25.0~~ ~~1.0~~						~~**25.0**~~ ~~1.0~~
~~Sewer flooding on customer property (external)~~			~~7.0~~ ~~5.0~~						~~**7.0**~~ ~~5.0~~
~~Sewer collapses~~									**-**
~~Total complaints~~		~~4.9~~	~~6.9~~		~~1.2~~				~~**13.0**~~
~~Surface water removed from sewers~~			~~7.0~~						~~**7.0**~~
~~Asset Resilience (reservoirs)~~	~~13.0~~								~~**13.0**~~
~~Asset Resilience (water network+ above ground)~~		~~13.0~~							~~**13.0**~~
~~Asset Resilience (water network+ below ground)~~		~~13.0~~							~~**13.0**~~
~~Asset Resilience (waste network+ above ground)~~			~~13.0~~						~~**13.0**~~
~~Asset Resilience (waste network+ below ground)~~			~~13.0~~						~~**13.0**~~
~~Community education~~		~~2.9~~	~~4.1~~						~~**7.0**~~
~~Visitors to recreational facilities~~	~~7.0~~								~~**7.0**~~
-									
~~**Total**~~	~~**21.4**~~	~~**114.8**~~	~~**129.5**~~	~~**8.4**~~	~~**3.9**~~	~~**7.0**~~	~~**0.0**~~	~~**0.0**~~	~~**285.0**~~
~~Proportion~~	~~8%~~	~~40%~~	~~45%~~	~~3%~~	~~1%~~	~~3%~~	~~0%~~	~~0%~~	

~~**Total**~~	~~**20.7**~~	~~**67.2**~~	~~**79.8**~~	~~**7.7**~~	~~**2.6**~~	~~**7.0**~~	~~**0.0**~~	~~**0.0**~~	~~**185.0**~~
~~**Proportion**~~	~~**11.2%**~~	~~**36.3%**~~	~~**43.1%**~~	~~**4.2%**~~	~~**1.4%**~~	~~**3.8%**~~	~~**0.0%**~~	~~**0.0%**~~	

PC name	Outperformance Payments per Price Control								
	Water resources	**Water network plus**	**Wastewater network plus**	**Bioresources (sludge)**	**Residential retail**	**Business retail**	**Direct procurement**	**Dummy control**	**Total**
Tap Water Quality Compliance Risk Index									
Water supply interruptions		6							**6**
Acceptability of drinking water		10							**10**
Water mains bursts									
Lead supply pipes replaced		9							**9**
Water and wastewater Treatment works compliance									**-**
Wastewater treatment works 'look-up table' compliance									**-**
Pollution incidents from Wastewater			8						**8**
Leakage		3							**3**
km of river improved	4.0		9.0						**13**
Bioresources energy generation				2					**2**
Bioresources disposal compliance									**-**
Business customer satisfaction						7.0			**7.0**
Sewer flooding on customer property (internal)			6						**6**
Sewer flooding on customer property (external)			8						**8**
Sewer collapses									**-**
Total complaints		0.1	0.2		0.0				**0.4**
Surface water removed from sewers			1						**1**
Asset Resilience (reservoirs)	7								**7**
Asset Resilience (water network+ above ground)		7							**7**
Asset Resilience (water network+ below ground)		7							**7**
Asset Resilience (waste network+ above ground)			7						**7**
Asset Resilience (waste network+ below ground)			7						**7**
Community education		2	2						**4**
Visitors to recreational facilities	4								**4**
Unbilled Properties					3				**3**
Per Capita Consumption									**0**
Water Process Unplanned Outages									**0**

Total	**14.8**	**43.5**	**47.6**	**2.3**	**2.8**	**1.6**	**0.0**	**0.0**	**112.5**
Proportion	13%	39%	42%	2%	3%	1%	0%	0%	

Underperformance Payments

PC name	Underperformance Payments per Price Control								
	Water resources	Water network plus	Wastewater network plus	Bioresources (sludge)	Residential retail	Business retail	Direct procurement	Dummy control	Total
Tap Water Quality Compliance Risk Index		~~25.0~~ 19							~~**25.0**~~ 19
Water supply interruptions		~~25.0~~ 14							~~**25.0**~~ 14
Acceptability of drinking water		13.0							**13.0**
Water mains bursts		7.0							**7.0**
Lead supply pipes replaced		7.0							**7.0**
Water and wastewater Treatment works compliance			13.0						**13.0**
~~Wastewater treatment works 'look-up table' compliance~~			~~7.0~~						~~**7.0**~~
Pollution incidents from Wastewater			~~25.0~~ 11						~~**25.0**~~ 11
Leakage		~~25.0~~ 4							~~**25.0**~~ 4
km of river improved			13.0						**13.0**
Bioresources energy generation				7.0					**7.0**
Bioresources disposal compliance				7.0					**7.0**
Customer trust	~~1.4~~ 0.7	~~11.0~~ 5.5	~~15.5~~ 7.7	~~1.4~~ 0.7	~~2.7~~ 1.4				~~**32.0**~~ 16
Business customer satisfaction						7.0			**7.0**
Sewer flooding on customer property (internal)			~~25.0~~ 4						~~**25.0**~~ 4
Sewer flooding on customer property (external)			~~7.0~~ 5						~~**7.0**~~ 5
Sewer collapses			7.0						**7.0**
Total complaints		4.9	6.9		1.2				**13.0**
Surface water removed from sewers			7.0						**7.0**
Asset Resilience (reservoirs)	13.0								**13.0**
Asset Resilience (water network+ above ground)		13.0							**13.0**
Asset Resilience (water network+ below ground)		13.0							**13.0**
Asset Resilience (waste network+ above ground)			13.0						**13.0**
Asset Resilience (waste network+ below ground)			13.0						**13.0**
Community education		2.9	4.1						**7.0**
Visitors to recreational facilities	7.0								**7.0**

~~**Total**~~	~~**21.4**~~	~~**146.8**~~	~~**156.5**~~	~~**15.4**~~	~~**3.9**~~	~~**7.0**~~	~~**0.0**~~	~~**0**~~	~~**351.0**~~
~~Proportion~~	~~6%~~	~~42%~~	~~45%~~	~~4%~~	~~1%~~	~~2%~~	~~0%~~	~~0%~~	

Total	**20.7**	**103.2**	**104.8**	**14.7**	**2.6**	**7.0**	**0.0**	**0**	**253.0**
Proportion	**8%**	**41%**	**41%**	**6%**	**1%**	**3%**	**0%**	**0%**	

Underperformance Payments

	Underperformance Payments per Price Control

PC name	Water resources	Water network plus	Wastewater network plus	Bioresources (sludge)	Residential retail	Business retail	Direct procurement	Dummy control	Total
Tap Water Quality Compliance Risk Index		18							**18**
Water supply interruptions		14							**14**
Acceptability of drinking water		16							**16**
Water mains bursts		19							**19**
Lead supply pipes replaced		9							**9**
Water and wastewater Treatment works compliance			14						**14**
Pollution incidents from Wastewater			11						**11**
Leakage		4							**4**
km of river improved	4		9						**13**
Bioresources energy generation				8					**8**
Bioresources disposal compliance				2					**2**
Business customer satisfaction						3			**3**
Sewer flooding on customer property (internal)			9						**9**
Sewer flooding on customer property (external)			11						**11**
Sewer collapses			1						**1**
Total complaints		0.4	0.6		0.1				**1**
Surface water removed from sewers			1						**1**
Asset Resilience (reservoirs)	7								**7**
Asset Resilience (water network+ above ground)		7							**7**
Asset Resilience (water network+ below ground)		7							**7**
Asset Resilience (waste network+ above ground)			7						**7**
Asset Resilience (waste network+ below ground)			7						**7**
Community education		2	2						**4**
Visitors to recreational facilities	4								**4**
Unbilled Properties					10	1			**12**
Per Capita Consumption		2							**2**
Water Process Unplanned Outages		8							**8**
Total	**15**	**106**	**73**	**11**	**10**	**4**	**0.0**	**0**	**219**
Proportion	5%	49%	35%	5%	5%	2%	0%	0%	

The proportions are multiplied by the underperformance and outperformance payments at the P10 and P90 to obtain the ODIs for a low and high RORE case respectively reported in App26. App26 does not include a line for business retail, we have included business retail in residential retail. The financial model does not have inputs for retail ODIs for either retail price control. We have included the retail ODIs in the dummy price control inputs in the financial model. This ensures that the overall impact is shown at an appointee level without distorting the other wholesale price control totals.

Block I

~~ODI for a high RoRE Case~~

~~-~~	~~2020/21~~	~~2021/22~~	~~2022/23~~	~~2023/24~~	~~2024/25~~
~~Water resources~~	~~2.1~~	~~2.2~~	~~2.1~~	~~2.1~~	~~2.5~~
~~Water network plus~~	~~11.2~~	~~11.5~~	~~11.3~~	~~11.0~~	~~13.2~~
~~Wastewater network plus~~	~~12.7~~	~~13.0~~	~~12.8~~	~~12.4~~	~~14.9~~
~~Bioresources (sludge)~~	~~0.8~~	~~0.8~~	~~0.8~~	~~0.8~~	~~1.0~~
~~Residential retail~~	~~0.4~~	~~0.4~~	~~0.4~~	~~0.4~~	~~0.5~~
~~Business retail~~	~~0.7~~	~~0.7~~	~~0.7~~	~~0.7~~	~~0.8~~
~~Direct procurement for customers~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Dummy Control~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Total~~	~~27.9~~	~~28.7~~	~~28.2~~	~~27.3~~	~~32.8~~

~~ODI for a high RoRE Case~~	-	-	-	-	-
-	2020/21	2021/22	2022/23	2023/24	2024/25
~~Water resources~~	~~2.7~~	~~2.6~~	~~2.5~~	~~2.7~~	~~2.8~~
~~Water network plus~~	~~8.9~~	~~8.6~~	~~8.1~~	~~8.9~~	~~9.1~~
~~Wastewater network plus~~	~~10.6~~	~~10.1~~	~~9.6~~	~~10.6~~	~~10.9~~
~~Bioresources (sludge)~~	~~1.0~~	~~1.0~~	~~0.9~~	~~1.0~~	~~1.0~~
~~Residential retail~~	~~0.3~~	~~0.3~~	~~0.3~~	~~0.3~~	~~0.4~~
~~Business retail~~	~~0.9~~	~~0.9~~	~~0.8~~	~~0.9~~	~~1.0~~
~~Direct procurement for customers~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Dummy Control~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Total~~	~~24.5~~	~~23.5~~	~~22.3~~	~~24.5~~	~~25.2~~

ODI for a high RoRE Case

	2020/21	2021/22	2022/23	2023/24	2024/25
Water resources	1.4	1.5	1.3	1.3	2.7
Water network plus	4.1	4.3	3.8	3.7	8.0
Wastewater network plus	4.5	4.7	4.2	4.1	8.7
Bioresources (sludge)	0.2	0.2	0.2	0.2	0.4
Residential retail	0.3	0.3	0.2	0.2	0.5
Business retail	0.1	0.2	0.1	0.1	0.3
Direct procurement for customers	-	-	-	-	-
Dummy Control	-	-	-	-	-
Total	10.6	11.1	9.9	9.6	20.6

Block J

~~ODI for a low RoRE Case~~	-	-	-	-	-
-	~~2020/21~~	~~2021/22~~	~~2022/23~~	~~2023/24~~	~~2024/25~~
~~Water resources~~	~~(2.2)~~	~~(2.1)~~	~~(2.1)~~	~~(2.1)~~	~~(2.4)~~
~~Water network plus~~	~~(14.8)~~	~~(14.4)~~	~~(14.4)~~	~~(14.5)~~	~~(16.4)~~
~~Wastewater network plus~~	~~(15.8)~~	~~(15.3)~~	~~(15.3)~~	~~(15.4)~~	~~(17.5)~~
~~Bioresources (sludge)~~	~~(1.6)~~	~~(1.5)~~	~~(1.5)~~	~~(1.5)~~	~~(1.7)~~
~~Residential retail~~	~~(0.4)~~	~~(0.4)~~	~~(0.4)~~	~~(0.4)~~	~~(0.4)~~
~~Business retail~~	~~(0.7)~~	~~(0.7)~~	~~(0.7)~~	~~(0.7)~~	~~(0.8)~~
~~Direct procurement for customers~~	-	-	-	-	-
~~Dummy Control~~	-	-	-	-	-
~~Total~~	~~(35.4)~~	~~(34.4)~~	~~(34.4)~~	~~(34.6)~~	~~(39.3)~~

~~ODI for a low RoRE Case~~

	~~2020/21~~	~~2021/22~~	~~2022/23~~	~~2023/24~~	~~2024/25~~
~~Water resources~~	~~(2.2)~~	~~(2.3)~~	~~(2.3)~~	~~(2.3)~~	~~(2.4)~~
~~Water network plus~~	~~(10.7)~~	~~(11.7)~~	~~(11.5)~~	~~(11.3)~~	~~(12.0)~~
~~Wastewater network plus~~	~~(10.9)~~	~~(11.9)~~	~~(11.7)~~	~~(11.5)~~	~~(12.2)~~
~~Bioresources (sludge)~~	~~(1.5)~~	~~(1.7)~~	~~(1.6)~~	~~(1.6)~~	~~(1.7)~~
~~Residential retail~~	~~(0.3)~~	~~(0.3)~~	~~(0.3)~~	~~(0.3)~~	~~(0.3)~~
~~Business retail~~	~~(0.7)~~	~~(0.8)~~	~~(0.8)~~	~~(0.8)~~	~~(0.8)~~
~~Direct procurement for customers~~	~~0.0~~	~~0.0~~	~~0.0~~	~~0.0~~	~~0.0~~
~~Dummy Control~~	~~0.0~~	~~0.0~~	~~0.0~~	~~0.0~~	~~0.0~~
~~Total~~	~~(26.3)~~	~~(28.6)~~	~~(28.3)~~	~~(27.8)~~	~~(29.5)~~

ODI for a low RoRE Case

	2020/21	2021/22	2022/23	2023/24	2024/25
Water resources	(1.3)	(1.3)	(1.4)	(1.5)	(2.2)
Water network plus	(9.4)	(9.7)	(10.4)	(10.9)	(16.0)
Wastewater network plus	(6.5)	(6.6)	(7.1)	(7.5)	(10.9)
Bioresources (sludge)	(1.0)	(1.0)	(1.1)	(1.1)	(1.7)
Residential retail	(0.9)	(0.9)	(1.0)	(1.1)	(1.6)
Business retail	(0.3)	(0.3)	(0.4)	(0.4)	(0.6)
Direct procurement for customers	0.0	0.0	0.0	0.0	0.0
Dummy Control	0.0	0.0	0.0	0.0	0.0
Total	(19.5)	(20.0)	(21.3)	(22.4)	(32.9)

Block K and L

Block K and L report the WaterworCX scenarios for the high and low RORE case.

The high case assumed the maximum performance payment for C-Mex and D-Mex. The low case assumes no performance penalties apply at the P90 probability level, for C-Mex and D-Mex.

We have reconsidered our view of the upside and downside risk ranges for C-Mex and D-Mex following the DD and in light of our performance in the C-Mex pilot study and historical SIM performance. Further details of our views on C-Mex and D-Mex are included in documents WSH.DD.OO. 1 CMex and WSH.DD.OO.2 DMex. We have reduced the upside to 6% of Retail revenue for CMex due to our view that the enhanced C-Mex rewards are unachievable in their current form. The downside range for C-Mex in light of our historic SIM performance is 6% of revenue. The downside range for C-Mex is 5% of revenue in light of our concerns explained in WSH.DD.OO.2.

The calculations of the performance payments are included in Supporting Document 5.6 PR19 Risk and Return analysis.

Block M and N

Block M and N report the Financing performance ~ cost of new debt scenarios for the high and low RORE case. Calculations of the financing performance impacts are included in Supporting Document 5.6 PR19 Risk and Return analysis.

Block O - Tax rate
Line 93 Corporation tax rate
Copied from App29 line 88.

Line 94 - Dummy control tax rate
We do not have a dummy price control and as such report zero in this line.

Block A1 – N1
The outputs of all lines in these blocks are calculated using a formula prepopulated in the data table.

App27 - PR14 reconciliation - financial outcome delivery incentives summary

This table has been updated for changes to inflation and actual performance.

Block A No in period revenue ODIs

Block B Revenue adjustment for end of period ODIs. Detailed calculation of the ODIs is in appendix C of the supporting document.

Block C No RCV adjustment ODIs

Block D No in-period revenue ODIs

Block E Allocation of ODI revenue adjustments to price control. Following the guidance the final methodology revenue adjustments have been applied to water and wastewater Network Plus price control except where it is clear that a specific outcome delivery incentive is wholly attributed to water resources or bioresources or retail

Block F No RCV adjustment ODIs

Block G No in-period revenue ODIs.

Block H Output from the revenue feeder model Block I- No RCV adjustment ODIs.