

Thames Water Utilities Limited
Additional Regulatory Accounting Information

This document provides three regulatory accounting disclosures to supplement the information in the Annual Report and Financial Statements 2014/2015 for Thames Water Utilities Limited. The first disclosure provides additional detail on how back billing is split between Water and Sewerage. The second disclosure corrects a small, non-material, error in the allocation of turnover between measured household and non-household sewerage for 2014/2015. The third disclosure provides additional detail on capital expenditure, grants and land sales in line with RAG 3.07. Where the figures presented are in addition to, or different from those in the Annual Report and Financial Statements 2014/2015 they have been highlighted in grey.

This document is to be read in conjunction with the Annual Report and Financial Statements 2014/15 for Thames Water Utilities Limited

Turnover disclosures

In accordance with RAG 3.07 we highlight the following comments in respect of turnover for the year originally disclosed on page 141 of the Annual Report and Financial Statements 2014/15 for Thames Water Utilities Limited:

- (i) The split between Water and Sewerage back billing has never previously been reported. Back billing is split between Water and Sewerage in the following proportions:

Current cost profit and loss for the appointed business

For the year ended 31 March

	Note	2015			2014		
		Water £m	Sewerage £m	Total £m	Water £m	Sewerage £m	Total £m
Back billing amount identified		4.1	2.9	7.0	2.1	1.4	3.5

- (ii) A small error was identified in two of the figures reported for the allocation of turnover between measured household and non-household sewerage for 2014/2015. The amendment of £0.7m is presented below. Whilst the change is not material, and does not require us to adjust or restate our regulatory accounts, we have presented the table below for completeness and transparency purposes. Note, whilst this has changed the totals reported in the right hand column for measured household and non-household in 2015, this does not impact total turnover figures previously reported or any other related figures.

Current cost profit and loss for the appointed business

For the year ended 31 March

Note	2015			2014		
	Water £m	Sewerage £m	Total £m	Water £m	Sewerage £m	Total £m
Turnover						
Unmeasured - household	508.9	523.9	1,032.8	497.6	508.1	1,005.7
- non-household	7.6	8.1	15.7	7.4	7.5	14.9
Measured - household	218.3	295.1	513.4	208.6	271.9	480.5
- non-household	178.7	151.0	329.7	174.5	137.2	311.7
Trade effluent	-	8.2	8.2	-	8.4	8.4
Bulk supplies/intercompany payments	3.4	-	3.4	3.6	-	3.6
Other third part services (including non-potable water)	2.7	2.0	4.7	3.1	1.3	4.4
Other sources	42.9	47.8	90.7	40.4	42.9	83.3
Total Turnover	962.5	1,036.1	1,998.6	935.2	977.3	1,912.5

Analysis of capital expenditure, grants and land sales disclosures

In accordance with RAG 3.07 we highlight the following comments in respect of our analysis of capital expenditure, grants and land sales for the year originally disclosed on page 152 of the Annual Report and Financial Statements 2014/15 for Thames Water Utilities Limited:

- (iii) Traditionally in our audited accounts we have reported grants and contributions for 'Infrastructure charge receipts- new connections' separately from the infrastructure enhancements detailed under capital expenditure. Ofwat have confirmed the need to include this in the analysis of capital expenditure, grants and land sales. For completeness we present below a version of the table with this detail. In addition, we have clarified the presentation of 'developer-' and 'other' contributions as they relate to grants and contributions. For the avoidance of doubt the change in presentation below does not affect any other reported figures.

Analysis of capital expenditure, grants and land sales

	Year ended 31 March 2015			Year ended 31 March 2014		
	Gross	Grants & contributions	Net	Gross	Grants & contributions	Net
	£m	£m	£m	£m	£m	£m
Capital expenditure - water						
Base						
Infrastructure Renewals Expenditure	83.6	9.4	74.2	91.7	9.1	82.6
Maintenance non-infrastructure (MNI)	189.8	4.0	185.8	147	2.8	144.2
Enhancements						
Infrastructure enhancements	49.4	31.7	17.7	41.6	21.4	20.2
Non-infrastructure enhancements	77.5	-	77.5	56.2	-	56.2
Total capital expenditure - water	400.3	45.1	355.2	336.5	33.3	303.2
Grants and contributions - water						
Developer contributions (i.e. Enhancement requisitions)		22.5			15.6	
Infrastructure charge receipts - new connections		12.1			10.4	
Other Contributions		10.5			7.3	
Total grants and contributions - water	-	45.1	-	-	33.3	-
Capital expenditure - sewerage						
Base						
Infrastructure Renewals Expenditure	91.2	10.4	80.8	86.9	9.5	77.4
Maintenance non-infrastructure (MNI)	216.7	1.2	215.5	148.0	3.2	144.8
Enhancements						
Infrastructure enhancements	185.7	15.8	169.9	145.7	12.2	133.5
Non-infrastructure enhancements	171.3	-	171.3	254.9	-	254.9
Large projects capex						
Infrastructure enhancements	162.8	-	162.8	112.9	-	112.9
Non-infrastructure enhancements	166.1	-	166.1	88.3	-	88.3
Total capital expenditure - sewerage	993.8	27.4	966.4	836.7	24.9	811.8
Grants and contributions - sewerage						
Developer contributions	-	2.4	-	-	2.7	-
Infrastructure charge receipts - new connections	-	15.8	-	-	12.2	-
Other contributions	-	9.2	-	-	10.0	-
Total grants and contributions - sewerage	-	27.4	-	-	24.9	-
Total capital expenditure	1,394.1	72.5	1,321.6	1,173.2	58.2	1,115.0
Land sales - Proceeds from disposals of protected land	-	19.8	-	-	5.6	-