Cambridge Water
South Staffs Water

To help create a world where essential services and infrastructure deliver for customers, clients and our planet

Accounting methodology statement

For the year ended 31 March 2026

South Staffordshire Water PLC

Contents

This accounting methodology statement explains how we have compiled and allocated out financial and operational data. The aim is to help Ofwat and other stakeholders understand, scrutinise and compare the reported information. It describes the systems and processes used to gather data and the methodology used to assign costs and expenditure to different activities and price controls. It also describes the governance and controls in place that support the accuracy of the reported figures.

Introduction

Each year, we publish an annual performance report ('APR'), which contains various tables of regulatory information across price control units (APR section 2) and retail and wholesale upstream services (APR section 4). This document sets out our methodology for the allocation of costs contained within the following APR tables.

- 2A – Segmental income statement.
- 2B – Totex analysis – wholesale
- 2C – Operating cost analysis – retail.
- 2D – Historic analysis of fixed assets.
- 4J – Base expenditure analysis – water resources and water network+.

We can confirm that it has followed the principles and guidance set out in Ofwat's Regulatory Accounting Guidelines ('RAGs'). We believe that in preparing its accounting separation information, appropriate allocations and cost drivers have been used and where possible we used costs drivers suggested by Ofwat. The allocations and costs drivers are reviewed each year, and our accounting separation methodology has been enhanced to reflect these changes and systems have been modified to capture additional information.

Purpose

We have shared the cost allocation with our statutory financial auditor, Ernst & Young LLP, to audit the cost allocation data back to source for the Annual Financial Statements.

In 2017/18, our cost allocation methodology was subject to an external assurance audit by Jacobs U.K Limited (Jacobs) to ensure compliance with RAG 4.

The methodology for the year ended 31 March 2026 is broadly consistent with the methodology assured by Jacobs. Therefore, we are strongly of the opinion that the outputs of the assurance from 2017/18 remain valid, given changes to the RAGs for the cost allocation tables since then have been minimal.

Operating capital expenditure

Costs were allocated between operating and capital expenditure in accordance with our accounting policies and applicable accounting standards.

The de minimis for capitalisation were £1,000 for minor purchases (for example, office equipment) and £5,000 for buildings expenditure.

Provisions

The only provision included in operating costs was for the purposes of bad debts, where the debts identified as being irrecoverable had not yet been physically written off in the billing file. This was consistent with previous years.

During the year collection targets have been maintained and the policy has been applied. As we report under FRS102 and are not forward looking we have not included any overlay position for the cost-of-living crisis.

Any other provisions held are normally for exceptional items and these will be disclosed in the Annual Report and Financial Statements.

Preparing the APR

We used our Oracle financial system to download a trial balance (TB). The downloaded TB details all actual revenue and expenditure for the given time period, at an account combination level. Furthermore, using the activity code (AC), we were able to identify the balance of direct capital expenditure (capex), operating expenditure (opex) and infrastructure renewals expenditure (IRE). Finally, the TB was enriched with our departmental structure and reconciled back to the statutory TB.

Own work capitalised

Due to the nature of business, multiple costs incurred should be capitalised directly or indirectly to projects. Examples of the types of cost which require capitalisation are the employment costs of salaried employees who have managed capital works.

As a result of this, the own work capitalised (OWC) balance had to be netted back against the original cost centre categories to reflect the appointed operating cost in each cost category. The required adjustments were identified and calculated via a detailed review of the general ledger entries and the original capitalisation journal back up.

Activity-driven support departments

Training, health and safety training, buildings, security and emergency planning and site maintenance departments directly support all departments in the appointed business. Costs are collected via activity codes and the department it is supporting is retained from location codes(LC).

Using training as an in-depth example, employees of the company attended an external training course. When coded into Oracle, a training activity code was used along with the location code of the course attendees. For management accounting purposes, the training activity code allowed the company to report all training costs within a training and development budget. For APR purposes, this method of coding allowed training and development costs to be returned to the departments which incurred them, where they would be treated under the individual department's allocation methodology.

Of the cost in these 'direct allocation' departments, the majority was therefore allocated directly. However, a small value of expenditure related to general running costs. Examples of the type of expenditure that would fall into this category included the cost salaries of management, mobile phones, and vehicle costs as these could not be directly attributed to one LC or AC. As such, this expenditure was allocated back over the locations that had incurred the directly attributable costs.

Departmental cost allocation

There were several adjustments that were required in order to bring the management accounting departmental structure in line with the RAGs. Many of these adjustments were required because of costs being held centrally for a variety of reasons.

- Appointed water treatment costs are collected within the Water Quality department by ACs. These costs need to be attributed wholly to WTM.
- The removal of innovation funding costs, as these are excluded from the Regulatory accounts as advised by Ofwat.
- Management and Executive Director bonus accrual is charged back to departments.
- Fleet cost centre costs have been allocated over our fleet list, which assigns vehicles to the appropriate department.

Direct departments

The departments that wholly attributable to one price control are then taken direct. The residual departments are those which required allocation over multiple price controls. A full list of these departments can be found in appendix 1.

Customer operations and rechargeable

Customer operations and rechargeable departments expenditure are coded at a Location, Activity and Spare Code level on a job-by-job basis through the company's work management system, Maximo. In this situation, the spare code was used to identify who was completing the works – Customer Liaison Officers (CLO's) or Contractors.

As with the activity driven support departments, a small proportion of expenditure could not be directly attributed to one Spare and/or Activity. For further detail on how this was allocated please refer to appendix 2. Once all expenditure was on a Spare and Activity code, we combined both to identify the price control in which it related to. These Activity and Spare combinations are reviewed annually with operational employees to ensure the accuracy of cost allocation between price controls.

CLO running costs

Within CLO running costs, some were wholly attributable to TWD. For a full list of these costs, please refer to appendix 3.

The remaining costs required allocation. The costs were allocated to activity codes based on the percentage of direct wage spend of CLOs of the Customer Operations, Rechargeable and Planning and Street works departments. This data was obtained from our Maximo system, which is used by the CLOs to book their time to jobs. These activities were wholly attributable to one price control meaning no further allocation was required.

Planning and Street works

Planning and Street-works are responsible for planning work for our CLO's and contractors. The cost of this department are allocated based on the percentage of manpower spend against activities for CLO and contractor spend, excluding materials for contractor activities as our planning and street-works department plan jobs for both CLO's and external contractors that the company will use.

Control, automation and development

Maximo captures the time spent by members of the control, automation and development (CAD) department on an asset-by-asset basis. As each asset within our business can be directly attributable to a price control, we directly allocated CAD departmental costs based on the actual level of activity within the year. Please refer to the cost driver table for details of the reporting year control splits. This information was extracted from Maximo.

Pumping groups and treatment works

Pumping Group East (PGE) serves our Cambridge region via 86 supply sites. Each supply site has its individual LC,which has allowed costs to be coded at the location which they were incurred. General running costs, however, were not directly attributable to one supply site and therefore have a general LC (106). These costs required allocation back to the supply sites. Pumping Group North (PGN) and South (PGS) serve our South Staffs region and comprise four general running costs LCs and 211 supply site LCs. As with PGE, PGS and PGN coded costs to the individual location's codes, with general running costs coded centrally. Hampton Loade treatment works (HLTW) and Seedy Mill treatment works (SMTW) – also referred to as 'Northern treatment works' serve the South Staffs region and have been allocated in line with the PGN and PGS methodologies.

The general running costs were pro-rated over the total spend at each location within the respective pumping group, resulting in all costs sitting on a pumping group site. The power costs at each site were allocated to price controls based on the 2025/26 average pumping head (APH) at each site, which is an audited cost driver and in line with prior year methodology.

Finance and billing

Costs for the Sales Ledger team were collected as a separate department and have been allocated to price controls based on the type of invoice raised. Finance costs have been allocated to price controls using the 2025/26 full-time equivalent (FTE) percentage as a general and support department.

Water Board

Adjustments made to the Water Board cost centre are summarised in the table below.

Cost	Allocation methodology
Intercompany cross charges out	Echo Building – Retail.
Cumulo Rates	Split on Gross MEA valuation of business units. All rates' costs are included within the local authority rates lines.
Insurance premiums	The insurance premium was allocated based on the individual elements as follows: ▪ Material Damage /Business Interruption - MEA per business unit ▪ Terrorism - MEA per business unit ▪ Computer – FTE per business unit ▪ Employers Liability - FTE per business unit ▪ Excess Layer – 50:50 split between Treated Water Distribution and Water Treatment ▪ Public/Products Liability - 50:50 split between Treated Water Distribution and Water Treatment ▪ Excess Layer PL - Treated Water Distribution ▪ Motor Fleet - FTE per business unit ▪ Pension Trustees Liability - FTE per business unit ▪ Crime MEA - MEA per business unit ▪ Engineering Inspection - MEA per business unit ▪ Combined Engineering - MEA per business unit ▪ Engineering Breakdown - Hampton Loade MEA ▪ Contract Works, Machinery Movement and Hired in Plant - Treated Water Distribution ▪ Directors & Officers - FTE per business unit ▪ Excess Directors & Officers - FTE per business unit ▪ Business Travel - FTE per business unit Broker Fees are allocated to each business unit based on the total splits above.
Insurance Excess	100% Distribution.
Consultancy Fees	During 2025/26, the company engaged with consultants to undertake a review of its cost base. This has been apportioned equally across the price controls.
All other costs	FTE.

Site central

Site Central comprises costs for our Green Lane offices (SST), which could be identified using the location code. Green Lane is split into the following areas using the approximate m^2.

- Echo – 2,574 m^2.
- Fleet – 853 m^2.
- Group – 650 m^2.
- IWS – 1,858 m^2.
- Restaurant – 347 m^2.
- Stores – 1,821 m^2.
- Water company – 3,044 m^2.

Rates for the Echo building and Fleet Services building have been charged direct; therefore, no rates allocation had been made to Echo (100% Retail) or Fleet (allocated on the number of vehicles in each unit).

Based on the actual running costs for Green Lane, a cost per m^2 of £73.07 was calculated. The costs for Site Central were allocated to these areas using floor space multiplied by the m^2 unit rate. The cost in each area was then allocated to the business units based on the following cost drivers:

- Echo – 100% Retail.
- Fleet – FTE.
- Group – FTE
- IWS – Workshops spend.
- Restaurant – FTE.
- Stores – Support sites allocation method.
- Water Company – FTE.
- Spare office space – FTE.

Site central Cambridge

Site Central (Cambridge region) comprised of the costs for Fulbourn Road office (CAM), which could be identified using the location code for Fulbourn Road. This site has then been allocated based on the number of employees located at this site.

Procurement and Stores

Procurement and Stores cost centres are allocated on the total material spend and total material spends excluding chemicals respectively. We use total material spend for Procurement as they manage the procurement of all materials from contract to order to delivery. This is the same with stores; however, as chemicals are delivered straight to the required site, we exclude this type of spend. Due to the cost driver, this is one of the final allocations to price controls.

Communications and marketing is a cost centre within the business, which is responsible for the management of our websites, publications, and internal communications. The team also spends a large proportion of their time supporting the Customer Service team with advertising and customer communications. As such, the costs incurred within this cost centre have been apportioned to price controls based on a management judgement of time. Please see the cost driver table for latest assumptions.

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Central administration/Executive Director

The central administration cost centre primarily contains centralised administration costs for all departments across the business and the employment costs of the Executive Director's personal assistant. As such, the company has allocated this cost centre in line FTE splits.

Security and emergency planning

Security emergency planning and resilience costs have been allocated based on the specific sites they have been booked against. The remaining administration costs have been proportionally allocated based on the associated spend.

FTE allocation

Health and Safety, Human Resources (HR), and Security are examples of departments which were allocated using the 2025/26 FTE cost driver. In addition, an element of cost from the Finance and Water Board departments was allocated using the FTE cost driver; however, adjustments were required first. Please refer to the Finance and Water Board sections within 'Preparing the annual performance report' chapter for further explanation.

The FTE cost driver was calculated using payroll and HR system data and our departmental structure. This allowed the direct FTE to be taken to each price control, and the indirect departments that require allocation to be allocated in line with the cost allocation methodology.

Where department costs were allocated by FTE, their FTEs were excluded from the calculations. As noted from the OWC notes above, some departments costs were capitalised through OWC and where this was the case, the company adjusted the costs to reflect only the operating element. For consistency, this approach was replicated in the FTE calculation. In addition, where employment costs were recharged to non-appointed activities in the cost allocation model, this was replicated in the FTE calculations for those individuals.

This resulted in an appointed operating FTE percentage per price control.

Cost drivers

Cost driver	WRE	RWD	WTM	TWD	Retail	Third party
Full business FTE	11.40%	2.42%	10.27%	66.03%	7.96%	1.92%
Gross MEA equivalent	3.13%	5.09%	7.13%	83.21%	1.43%	
Total material spend	0.46%	0.33%	83.19%	7.45%	0.23%	8.34%
Total material spend, excluding chemicals	2.62%	1.88%	46.43%	42.5%	1.32%	5.25%
Control, automation and development	31.79%	0.11%	49.40%	18.70%		
APH – SST	26.42%	5.10%	2.60%	65.87%		
APH – CAM	52.27%	7.25%	1.75%	38.72%		
APH – SSC	19.44%	9.40%	3.46%	67.70%		
Communications and marketing – management estimate				75%	25%	

Table 4J – base expenditure analysis (water)

Ofwat defined cost categories

At this stage, all costs were allocated to price controls; however, they still remain in our income statement cost categories.

Power

These costs have been identified using the coding in the final TB as a result of these activities having their own specific subjective Codes (1500 and 1599 respectively).

Abstraction charges/discharge consents

These costs were identified using the coding in the final TB as a result of these activities having their own specific subjective codes (1700 and 3190 respectively). Abstraction charges were wholly attributed to abstraction licenses within Water Resources. Discharge consents were wholly attributed to Water Treatment.

Bulk supplies

Costs relating to bulk supplies could also be directly identified using the coding in the final TB. As SSC imports potable water only, an allocation between WR and WT was required. We used the Table 4D Water Resources and Water Treatment cost splits for the respective water companies who supplied us with bulk supplies in FY 2025/26 to allocate the cost.

Allocation of costs

To allocate these costs between Canal & River Trust abstraction charges/discharge consents, Environment Agency/NRW abstraction charges/discharge consents and other abstraction charges/discharge consents the costs are then reallocated based on the service provider.

Renewals expressed in year

IRE is reported gross within the tables and was directly allocated between Infrastructure and Non-infrastructure. Using Ofwat Guidance, IRE expenditure was directly classified between the two categories allowing for direct allocation.

These costs are identified by the final TB using a specific sub-code (6002) IRE.

Local authority and Cumulo rates

These costs have been attributed from the final TB using specific sub-codes in rates range (1600 to 1699).

Costs associated with the Traffic Management Act

These costs were identified using the coding in the final TB as these activities have their own specific subjective codes (3106 and 3107).

Costs associated with Lane Rental schemes

These costs were identified using the coding in the final TB as these activities have their own specific subjective codes (3195).

Routine repair and maintenance

These costs were identified using the coding in the final TB as these activities have their own specific subjective codes or Activity codes. They include production costs for maintenance which have been identified from the relevant activity code (Activity FP). For distribution routine repair and maintenance these have been identified from the contractors spend from Distribution subjective codes.

Chemical costs – water

These costs were identified using the coding for Chemical costs in the final TB as all chemicals have their own specific subjective codes (1900 to 1999 and 2100).

Finance, Regulation and Procurement costs – water

These costs have been identified by the taking the costs that relate specifically to the departments. Finance, Regulation and Procurement costs.

Insurance – water

These costs were identified using the coding in the final TB as these activities have their own specific subjective codes (4520, 4530, 4531, 4535 and 5006). Insurance includes both Insurance premiums and Insurance excess.

Fines and penalties – water

We have a specific code for fines, and all fines have been charged against subjective codes (4386).

Investigation costs – water

There were no investigation costs reported in the year.

GSS payments – water

These costs were identified using the coding in the final TB as these activities have their own specific subjective codes (4610).

Human Resources

These costs relate to the department of HR.

Training

These costs have been identified by the specific department. Please refer to the Activity Driven Support Departments section on how costs are allocated between price controls.

CEO, Corporate affairs and Governance

These costs have been identified by the specific department and include the specific costs of the MD, Non-Executive Directors and recharges from South Staffordshire Limited (formerly know as South Staffordshire Plc).

IT&T – business support

These costs were identified using the coding in the final TB as these activities have their own specific subjective codes (5035, 5037, 5038 and 5045).

Property management – business support

These costs have been identified by the specific department for the building department. Please refer to the Activity Driven Support Departments section on how costs are allocated between price controls.

Other support function and overheads opex – water

This is the remaining balance that cannot be allocated using one of the apportionment methods above.

Third party services

Costs attributable to this category were derived from multiple activities at SSC, which could be identified using the account combinations in the final TB. This includes the following.

- Fluoridation.
- Customer rechargeable works.
- Distribution rechargeable works.
- Standpipe hire.
- Bulk supplies.

These costs have been removed from the expenditure lines and classified as third party operating expenditure, as per the Ofwat Table. Where salaried employees work on third party operating expenditure, their proportion of time is reallocated to third party operating expenditure. The remaining costs have been identified from allocations.

Wholesale upstream services

This section sets out how the company allocated costs between Water resources and Network+. Our methodology statement above has been used as a basis for separating these costs.

Water resources

Water resources is a summation of abstraction licenses and raw water abstraction activities which have been identified from the company's accounting separation tables.

Raw water transport and storage

- **Raw water transport:** this was the total Raw Water costs taken from the companies Accounting Separation tables.
- **Raw water storage:** this was the cost of operating and maintaining the company's raw water storage Reservoirs. This is only Chelmarsh as Blithfield is filled by catchment and thus classified as in WRE. These costs were identified using the location code in the final TB for these reservoirs.

Water treatment

This was the total water treatment costs taken from our accounting separation.

Treated water distribution

This was the total treated water distribution costs taken from our accounting separation.

Table 2C – cost analysis (household retail)

No allocation is made between Non-Household (NHH) and Household (HH) customers as the company only manage HH customers.

For Tables 2C, the retail price control must be allocated from Income Statement categories into Ofwat defined lines and from a Retail total into Measured HH and Unmeasured HH Elements. The retail costs mainly comprised of: The Echo Contract, Bad Debt Provision, Customer Services Retail Departmental costs, Retail related activity costs derived from retail activities undertaken by CLO's or Contractors and Aptumo, a software as a service (SaaS) system.

Cost category allocation

Echo provides a detailed breakdown of the contract costs, allowing the direct allocation into Table 2C categories. The bad debt provision was by nature wholly attributable to Doubtful Debts. Based upon the responsibilities of the Customer Service Retail Team, the remaining costs in this cost centre are wholly attributed to General and Support Expenditure. Finally, the activity driven element of retail costs was directly allocated to the relevant lines dependent upon the activity code. This balance was derived from the Retail elements of CLO Running Costs, Customer Operations and planning and street works. This was feasible due to our work management system mapping specific activities to specific activity codes which in turn map into Ofwat defined categories.

Fixed asset tables

The fixed assets and depreciation in the cost allocation tables used historical cost information. With all fixed asset information taken directly from the fixed asset register within Oracle. Each asset was coded directly to a department which identified the price control it was used in, with the exception of Water Resources. Water Resources assets were identified by taking the balance sheet figures for boreholes and assets for Blithfield. These were identified from the fixed asset register for South Staffs Region. For the Cambridge Region all assets with the description “Boreholes” were extracted from the fixed asset register.

All retail fixed assets were coded directly to one department and therefore could be identified separately to wholesale assets. All of these assets are allocated to household we exited the non-household market.

We confirm that we followed the principal use rules set out in RAGs. Shared assets between wholesale and retail were wholly recorded in the business unit of principal use. All shared assets identified were principally used by wholesale and a proportion of the depreciation cost was recharged between wholesale and retail.

Significant movements

Table 2C total operating expenditure, excluding third party services

Total operating expenditure excluding third party services has increased during the year primarily due to:

- Increase in Meter reading costs as a result higher recharges from our billing and collections partner influenced by increases to the measured base following the introduction of the companies universal metering plan (£0.4m).
- Doubtful debt charge in the year increased as a consequence of changes in the allowed revenue which will also impact the amount of revenue collectable. An additional provision has been made against older years where the company believes the previous collections target will not be achieved (£3.5m).

Table 4J base expenditure

Operating expenditure has increased and the format that the information is presented in has also changed when compared to the prior year. The primary movements are due to:

- Power increased in the year due to additional volumes being pumped along with the tariff increases (£4.6m).
- Renewals expensed in year (infrastructure) has decreased as number of schemes have now been treated as capital. Where the replacement mains involved and the installation of enhanced material that deliver improvements in the asset performance the expenditure is treated as an enhancement and has been capitalised as part of infrastructure assets (£6.2m).
- Chemical costs have increase in due to additional volumes being pumped and price increases (£0.9m).
- Repair and maintenance and Leakage costs have increased in the year due to increased activity, and the company experienced a freeze thaw in January (£1.9m).
- Fines were incurred during the year totalling (£0.9m).
- IT&T (business support) has increased in the year (£1.0m).
- Other support function and overheads opex have increased in year and include additional shared service costs passed through from Group (£0.4m) and additional consultancy fees (£0.4m).

Definition of terms

- **SSC –** South Staffs Cambridge, which is South Staffordshire Water, a group company of South Staffordshire Plc.
- **CAM –** Cambridge region.
- **SST –** South Staffs region
- **SOFP –** Statement of Financial Position, previously known as the balance sheet.
- **Oracle –** Our financial management system.
- **Maximo –** Our works management system.
- **Measured** – A water customer whose bill was calculated based on volumetric usage measured by a water meter.
- **Unmeasured** – A water customer whose bill was calculated based on a schedule of rates, regardless of usage.
- **RAGs –** Regulatory Accounting Guidelines issued by Ofwat.
- **Price controls –** Wholesale and Retail markets as defined by OFWAT. Retail price control splits into non- household (NHH) and Household (HH) business units while Wholesale price control splits into Treated Water Distribution (TWD), Raw Water Distribution (RWD), Water Resources (WR) and Water Treatment (WT) business units
- **Departments –** Functions of the business where costs are charged for management accounting purposes. A full list of our business units with accompanying price controls can be found in appendix 1.
- **Account combination –** Our account structure is a combination of 5 codes creating a 15-digit account number. The 5 combinations are as follows.

Company codes	Location codes	Activity codes	Subjective codes	Spare codes
XX	XXX	XXX	XXXX	XXX

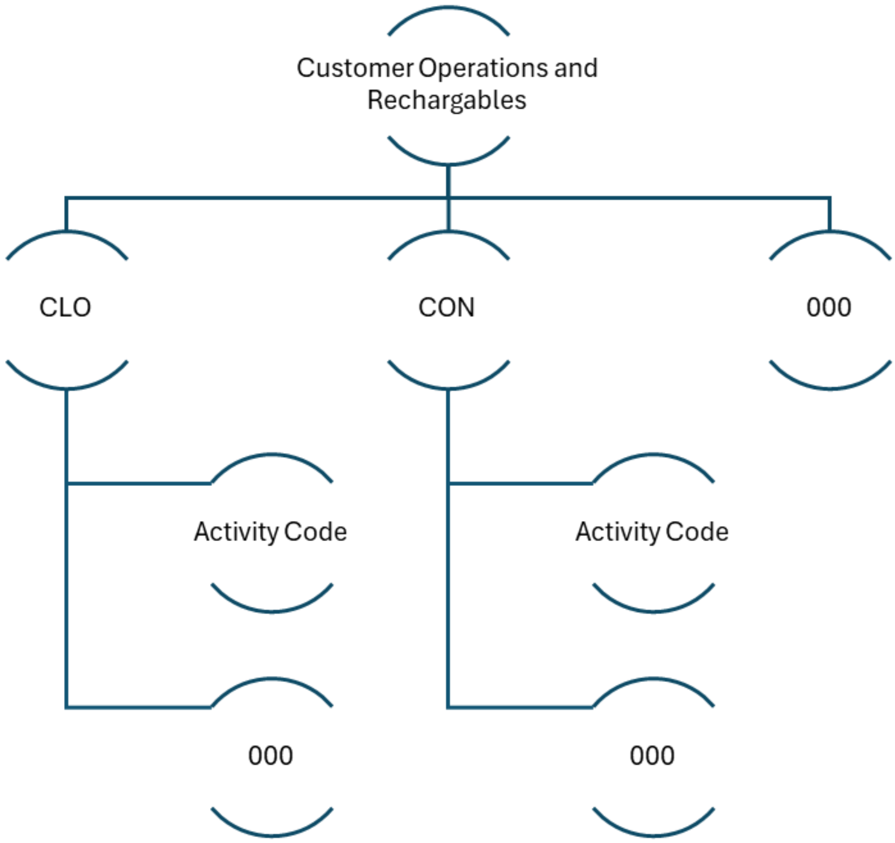
- **Company code (CC) –** two-digit code which identifies the company in which the posting relates.
- **Location code (LC) –** three-digit code which identifies the physical location where the cost/revenue was incurred/earnt.
- **Activity code (AC) –** three-digit code which identifies the activity in which has generated such cost/revenue.
- **Subjective code (SC) –** four-digit code which identifies the type of cost/revenue and allows for Income Statement categorisation.
- **Spare code –** A spare three-digit code that allows for further enrichment of cost/revenue data.
- **WCPS –** water company pension scheme.

Appendix 1

Department name	Price control/cost allocation methodology
Customer Services Retail, Echo Building, Metering Services Customer Operations activities that are related to retail	Retail
Asset Information Systems Asset Management Planning-WHS Cambridge Depots Customer Leakage, Developer Services, Distribution Rechargeables and DLS R&D Fradley Depot Leakage Operations Leakage Strategy Mains Rehab Major Capital Projects Network Engineering Network Modelling Network Performance Technical Department Tipton Department Water Quality Water Regulations Water Supply	Treater Water Distribution
Blithfield Education Centre Blithfield Project Water Resources Water Strategy	Water Resources
Chemicals Fluoride Water Treatment	Activity Allocations
Capital Investment Delivery Over Ground Asset Management	Capital addition in the year
Training Building Health and Safety Training Site Maintenance Training and Development	Activity Support Allocation
Regulations Consultancy Innovation fund	Equal split over Water Only Price Controls

Department name	Price control/cost allocation methodology
Estates	Equal split between WRE and TWD
Site Central SST	Floor Space
Site Central CAM	FTEs based in Fulbourne road
Finance Health and Safety HR Restaurant Security Social Club Unallocated Water Board [Non-Specific items] Central Admin Fleet Services Computer Development	FTE
Creative Studio	Management judgement of time
Procurement	Materials Spend
Stores	Materials Spend, excluding chemicals
Control, Automation and Development	Maximo Allocation
Hampton Loade/Northern Treatment Works Pumping Group East, North and South	Pumping Groups and Treatment Works
Power Costs	Average Pumping Head
Energy Management	Cost of energy which is based on Average Pumping Head

Appendix 2



Expenditure is split by the Spare Code. In the South Staffordshire Region, any balance on 000 is allocated back across CLO and CON based on Spend as follows.

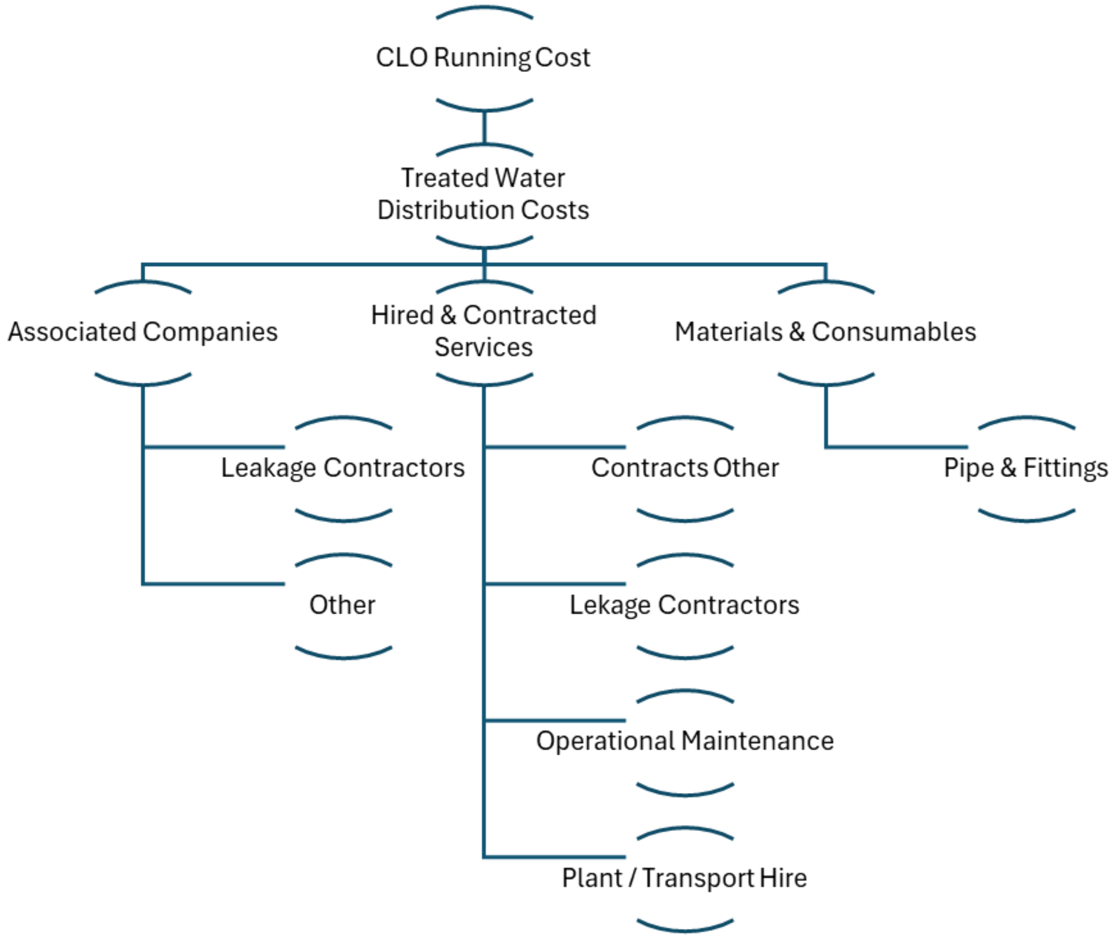
000 x (CLO / (CLO + CON))

000 x (CON / (CLO + CON))

Secondly, CLO and CON balances are split out by the Activity Codes. Any Balance on 000 is allocated over the Activities based on Spend.

000 x (Activity 1 / (Sum of All Activities excl. 000)) 000 x (Activity 2 / (Sum of All Activities excl. 000)) 000 x (Activity 3 / (Sum of All Activities excl. 000))

Appendix 3


CLO Running Cost
Treated Water Distribution Costs
Associated Companies
Hired & Contracted Services
Materials & Consumables
Leakage Contractors
Other
Contracts Other
Lekage Contractors
Operational Maintenance
Plant / Transport Hire
Pipe & Fittings

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