SCOTTISH WATER

ANNUAL RETURN INFORMATION REQUIREMENTS

Section N : Transfer Pricing

Table N1 : Transfer Pricing Summary (Capex)

l	Report Year 2008-09										
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	1 2	3	4	5	6	7	8	9	10	11	

Block A: Market Testing

Line Ref	Core Activity	Associate Activity	Value of Contract £	Period of Contract	Description	Type of Market Testing	Spend in Year £	Turnover of Assoc £	Core spend (Col 8) : Turnover(Col 9) %
		Scottish Water Solutions Ltd Scottish Water Business Stream			Delivery of the capital programme Business Solutions infrastructure	Competitive tender. QS2 contract with solutions extended to cover the delivery of part of QS3 (a) program Full EU invitation to tender, and Framework Contract put in place	343,584,328 510,538	, ,	98.52%
	Wholesale	Scottish Water Solutions Ltd	5,900,140	l .	Request for Additional Services. Design and construction work	Formal tendering for services agreement at SWS formation, and internal benchmarking.	5,900,140	348,757,789	1.69%

Block B: Cost Allocation. Recharges to Associate from Core

Line Ref	Core Activity	Associate Activity	Total Value £	Turnover of Associate £	Core spend (Col 4) :Turnover (Col 5) %
	Wholesale	Scottish Water Solutions Ltd			
	Wilolesale	- project costs, including overhead, incurred on			
		'allocated' capital projects	3,091,818	348,757,789	0.89%
		allocated capital projects	3,091,010	340,131,109	0.0976
	Wholesale - SWC	Scottish Water Solutions Ltd			
		Rehabilitation Costs	121,693	348,757,789	0.03%
			121,693	348,757,789	0.03%
			121,033	040,101,100	0.0370
	Wholesale	Scottish Water Business Stream Ltd			
	Wilolesale	Fixed Asset Transfer	126,843	355,285,191	0.04%
	Wholesale	Scottish Water Business Stream Holdings Ltd			
	Wholesale - SWC	Scottish Water (Non Regulated)			
	Wildiesale - SWC	Transfer of Non Regulated Mainlaying and Tie-in work for Customer Connetctions			

Block C: Cost Allocation. Recharges to Core from Associate

Associate Activity	Core Activity	Total Value £	Turnover of Associate £	Core spend (Col 9) : Turnover (Col 10) %
Scottish Water Solutions Ltd	Wholesale			
	11110100010			
Accounts Payable Service		40,833	348,757,789	0.01%
Delivery of the capital programme		343,584,328	348,757,789	98.529
Request for Additional Services. Design and construction work		5,900,140	348,757,789	1.69%
		349,525,301	348,757,789	100.22%
Scottish Water Business Stream Ltd				
Recharges From Business Solutions		510,538	355,285,191	0.14%
Scottish Water Horizons				
Developer Support Work carried		1,824,506	26,759,850	6.82%
		1,824,506	26,759,850	6.829

SCOTTISH WATER
ANNUAL RETURN INFORMATION REQUIREMENTS

Section N : Transfer Pricing
Table N.2: Transfer Pricing Summary (P&L)

Report Year 2008-09

1 2	3	4	5	6	7	8	9	10	11

Block A: Market Testing

Ref	Core Activity	Associate Activity	Value of Contract £	Period of Contract	Description	Type of Market Testing	Spend in Year £	Turnover of Assoc £	Core spend (Col 8) : Turnover(Col 9) %

Bloc	k B: Cost A	Allocation. Recharges to Associate from Core				Block C: Cost Allocation. Recharges to	Core from Associate				
Line Ref	Core Activity	Associate Activity	Total Value £	Turnover of Associate £	Core spend (Col 4) :Turnover (Col 5) %	Associate Activity	Core Activity	Total Value £	Turnover of Associate £	Core spend (Col 9) : Turnover (Col 10) %	
	Wholesale	Scottish Water Solutions Ltd				Scottish Water Business Stream Ltd	Wholesale				
	TTTTOTOGGIO	- secondment of staff from SW to SWS	4,647,883	348,757,789	1.33%	Sundry and Household Billing Service (Billing Costs		0	355,285,191		
		- support services IT - support services Property	1,457,293 1,919,077	348,757,789 348,757,789	0.42% 0.55%	Interest Paid to SWBS Data Cleansing and Migration		778,629	355,285,191 355,285,191	0.229	
		- support services Fleet	124,385	348,757,789	0.04%	2007-2008 SWBS Bus Sols Staff Bonus attributable	le to SW	26,906	355,285,191	0.019	
		- support services Internal Audit - support services Accounts Payable	0 17,515	348,757,789 348,757,789	0.00%	GSS Payment		192,477	355,285,191	0.05%	
		- support services Customer Service Contact Centre	24,000	348,757,789	0.01%			998,012	355,285,191	0.28%	
<u> </u>		- support services Payroll - support services Financial Systems	18,487 30,270	348,757,789 348,757,789	0.01% 0.01%	Scottish Water Business Stream Holdings Ltd	Wholesale				
		- support services i mancial systems				Interest Paid to SWBS Holdings	Wildesale	448,369.87	0		
			8,238,910	348,757,789	2.36%			448,369.87	0		
	Wholesale	Scottish Water Business Stream Ltd						440,303.07			
		- Metering services - Trade Effluent Billing services	0 54,800	355,285,191 355,285,191	0.00% 0.02%	Scottish Water Horizons	Wholesale Contracting Recharges	26,533	26,759,850	0.10%	
		- Customer Operational Contact services	0	355,285,191	0.00%				26,759,850	0.00%	
		- Customer Connections - support services IT Service Charge	15,206 904,603	355,285,191 355,285,191	0.00% 0.25%		Customer Connections Services Interest Paid To Horizons	147,287 13,384	26,759,850 26,759,850	0.55% 0.05%	
		- support services IT Service Charge - support services IT Contractor Costs	904,603	355,285,191	0.25%		Interest Palu 10 Horizons				
		- support services IT Extras	0 515,457	355,285,191 355,285,191	0.00% 0.15%			187,203	26,759,850	0.70%	
		- support services Property - support services Payroll	0	355,285,191	0.00%						
		- support services Financial Systems	44,098	355,285,191 355,285,191	0.01% 0.00%	Scottish Water Horizons Holdings	Wholesale - SWC	5,285			
		- support services Fleet - support services HR	784 0	355,285,191	0.00%		Interest Paid To Horizons Holdings	5,285	0		
		- support services Corporate Affairs	0	355,285,191	0.00%						
		- support services Accounts Payable - support services Legal	0	355,285,191 355,285,191	0.00% 0.00%			5,285	0		
		- support services Treasury, Tax & Insurance	48,974	355,285,191	0.01%			0,230			
		- support services Internal Audit - support services Imiscellaneous Costs Billed to SWBS	74,389 53,370	355,285,191 355,285,191	0.02% 0.02%						
		The state of the s									
			1,711,681	355,285,191	0.48%						
	Wholesale	Scottish Water Business Stream Ltd									
		Wholesale Water & Wastewater Charge Non Primary Meter Installations	319,374,127	355,285,191 355,285,191	89.89% 0.00%						
		- Non Primary Meter Services	81,127	355,285,191	0.02%						
		Non Primary Supply Shut Off and Disconnections Non Primary Building Water Supplies	311,464 1,010,749	355,285,191 355,285,191	0.09% 0.28%						
		- Non Primary Inspections	60,372	355,285,191	0.02%						
		Interest received from SWBS	106,176	355,285,191	0.03%						
			320,944,024	355,285,191	90.33%						
	Wholesale	Scottish Water Business Stream Holdings Ltd									
	Wilolesale	Interest received from SWBSH	2,877,992	0							
			0.077.000								
			2,877,992	0							
	Wholesale	Scottish Water Horizons									
		Fleet & Hire Costs Contracting Management & Support Recharge	713,241	26,759,850 26,759,850							
		Lab Plant Veh & Waste & Sludge Processing Charge for Waste Services	313,895	26,759,850							
		Travel Support Services Energy Efficiency Team	35,000	26,759,850 26,759,850							
		Support Services Aquatrine	14,666	26,759,850							
		ABM Support Charge For Horizons Support Services Finance	714,892 61,073	26,759,850 26,759,850							
		Support Services Property	125,387	26,759,850							
		IT Service Charge Contracting Regulated Labour Cost Transfer To Non Reg	156,735 54,790	26,759,850 26,759,850							
		Trade Effluent	201,930	26,759,850							
			2,391,610	26,759,850	8.94%						
			2,001,010	20,100,000	0.54/6						
	Wholesale SWC	Non Core External Customer Infrastructure Work									
	SWC	Scottish Water Solutions - Cost of capital work in N1									
	SWC SWC	Contracting Indirect and Support Staff ABM - Charge to Non Reg	-25,857	4,668,706	-0.55%						
	SWC	Business Development - External mainlaying work									
			-25,857	4,668,706	-0.55%						
		ABM Support Charge for Rechargeable Works ABM Support Charge for Shipping Water	149,280 160,526	4,668,706 4,668,706	3.20% 3.44%						
	SW Wholesale	ABM Support Charge for Scientific Services		4,668,706	0.00%						
		ABM Support Charge for Other Customer Ops & Retail	384,048	4,668,706	8.23%						
			693,854	4,668,706	14.86%						
	CIAI IAIII 1	Packaged Support Aghistics for Agustin-									
		Recharged Support Activities for Aquatrine Recharged Support Activities for Rechargeable Works	26,412 15,703	4,668,706 4,668,706	0.57% 0.34%						
	SW Wholesale	Recharged Support Activities for Legal & Estates	3,579	4,668,706	0.08%						
	SW Wholesale	Recharged Support Activities for Human Resources	2,664	4,668,706	0.06%						
			48,358	4,668,706	1.04%						
	SW Wholesale	Lab Plant & Veh Cross Charge for Aquatrine	403,094	4,668,706	8.63%						
	SW Wholesale	Lab Plant & Veh Cross Charge for Rechargeable Works	696,581	4,668,706	14.92%						
		Material & Contractor Charge for Rechargeable Works Non Domestic Septic Tanks	444,880	4,668,706 4,668,706	9.53% 0.00%						
	SW Wholesale	Material & Contractor Charge for Legal & Estates		4,668,706	0.00%						
	SW Wholesale	Material & Contractor Charge for Human Resources Lab Plant & Veh Cross Charge for Shipping Water	467,721	4,668,706 4,668,706	0.00% 10.02%						
	SW Wholesale	Lab Plant & Veh Cross Charge for Other Customer Ops & Retail	36,297	4,668,706	0.78%						
		Test & Sample processing charge for Scientific Services	341,476	4,668,706	7.31%						
			2,390,048	4,668,706	51.19%						
	Total CM /C	Total SW (Non Degulated)									
	rotai SW (Re	Total SW (Non Regulated)	3,106,403	4,668,706	66.54%						