SCOTTISH WATER ANNUAL RETURN INFORMATION REQUIREMENTS

Section N : Transfer Pricing

 Table N1 : Transfer Pricing Summary (Capex)

				Repo	rt Year 2016-17				
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) %
				QS3 (b) contract period					
1.1.1	Wholesale	Scottish Water Solutions 2 Ltd		substantially delivered to March 2015	Delivery of the capital programme	Competitive tender. QS3 (b) contract with Solutions 2	12,947,096	12,947,096	100.00%
1.1.2	Wholesale	Scottish Water Horizons	9,911	6 Weeks	Kingdom Park Kirkcaldy	 Framework from previous formal competitive tendering	9,911	17,161,628	0.06%
1.3.1	Wholesale	Scottish Water Horizons	98,303	8 Weeks	Fernhill Water Main Upgrade	 Competitve tendering Contract payment due to SSE mandated to	98,303	17,161,628	0.57%
1.3.2	Wholesale	Scottish Water Horizons	56,880	18 Months	Tummel Bridge	Horizons	56,880	17,161,628	0.33%
1.3.3	Wholesale	Scottish Water Horizons	480	1 Year	Sale of Renewable Energy Assets	All sales of assets were at cost.	480	17,161,628	0.00%

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 2 Ltd - project costs and business support costs, incurred on			
1.4.1		'allocated' capital projects	3,575,998	12,947,096	27.62%

Block C: Cost Allocation. Recharges to Core from Associate

Line Ref	Associate Activity	Core Activity	Total Value £	Turnover of Associate £	Core spend (Col 9) : Turnover (Col 10) %
	Scottish Water Solutions 2 Ltd	Wholesale			
1.5.1	Delivery of the capital programme		12,947,096	12,947,096	100.00%
			12,947,096	12,947,096	100.00%
	Scottish Water Horizons				
1.7.1	Sale of Renewable Energy Assets		480	17,161,628	0.00%
1.7.2	Developer Support Work carried out		165,094	17,161,628	0.96%
			165,575	17,161,628	0.96%

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	on N : Transfer Pr										
Table	N.2: Transfer Pr	ricing Summary (P&L)									
					F	Report Ye	ar 2016-17				
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1	2	3	4	5	6		/	8	9	10	11
Block	A: Market Testing										
Line	Core	Associate	Value of	Period of	Description		Type of	Spend in	Turnover	Core spend (Col 8)	
Ref	Activity	Activity	Contract	Contract			Market	Year	of Assoc	: Turnover(Col 9)	
			£				Testing	£	£	%	
						_					
Block I	3: Cost Allocation. R	Recharges to Associate from Core					Block C: Cost Allocation. Recharges	to Core from Associ			
Line	Core	Associate	Total	Turnover of	Core spend (Col 4)	Line	Associate	Core	Total	Turnover of	Core spend (Col 9)
			Total Value	Turnover of Associate	Core spend (Col 4) :Turnover (Col 5)	Line Ref	-		Total Value	Turnover of Associate	: Turnover (Col 10)
Line	Core	Associate				Line Ref	Associate	Core	Total		
Line Ref	Core Activity	Associate Activity				Ref	Associate Activity	Core Activity	Total Value		: Turnover (Col 10)
Line Ref	Core	Associate Activity Scottish Water Solutions 2 Ltd	Value £	Associate £	:Turnover (Col 5) %	Ref	Associate Activity Scottish Water Business Stream Ltd	Core	Total Value £	Associate £	: Turnover (Col 10) %
Line Ref	Core Activity	Associate Activity				Ref	Associate Activity	Core Activity	Total Value		: Turnover (Col 10) % 0.11%
Line Ref	Core Activity	Associate Activity Scottish Water Solutions 2 Ltd - secondment of staff from SW to SWS2	Value £ 	Associate £ 12,947,096	:Turnover (Col 5) % 0.91%	Ref 2.7.1 2.7.2	Associate Activity Scottish Water Business Stream Ltd Interest Paid to SWBS	Core Activity	Total Value £ 196,149	Associate £ 183,798,484	Contemporary Conte
Line Ref 2.1.1 2.1.2 2.1.3 2.1.4	Core Activity	Associate Activity Scottish Water Solutions 2 Ltd - secondment of staff from SW to SWS2 - support services IT	Value £ 117,841 84,921 58,235 11,343	Associate £ 12,947,096 12,947,096 12,947,096 12,947,096	:Turnover (Col 5) % 0.91% 0.66% 0.45% 0.09%	Ref 2.7.1 2.7.2 2.7.3 2.7.4	Associate Activity Scottish Water Business Stream Ltd Interest Paid to SWBS GSS Payment Gap Incentive - SWBS Vacancy Incentive - SWBS	Core Activity	Total Value £ 196,149 38,386	Associate £ 183,798,484 183,798,484 183,798,484 183,798,484	: Turnover (Čol 10) % 0.11% 0.02% 0.46% 0.18%
Line Ref 2.1.1 2.1.2 2.1.3 2.1.4 2.1.5	Core Activity	Associate Activity Scottish Water Solutions 2 Ltd - secondment of staff from SW to SWS2 - support services IT - support services Property - Financial Services - Travel	Value £ 117,841 84,921 58,235	Associate £ 12,947,096 12,947,096 12,947,096 12,947,096 12,947,096	:Turnover (Col 5) % 0.91% 0.66% 0.45% 0.09% 0.06%	Ref 2.7.1 2.7.2 2.7.3 2.7.4 2.7.5	Associate Activity Scottish Water Business Stream Ltd Interest Paid to SWBS GSS Payment Gap Incentive - SWBS Vacancy Incentive - SWBS Hire of Microstrainer	Core Activity	Total Value £ 196,149 38,386 837,556 323,000 15,400	Associate £ 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484	: Turnover (Čol 10) % 0.11% 0.02% 0.46% 0.18% 0.01%
Line Ref 2.1.1 2.1.2 2.1.3 2.1.4	Core Activity	Associate Activity Scottish Water Solutions 2 Ltd - secondment of staff from SW to SWS2 - support services IT - support services Property - Financial Services	Value £ 117,841 84,921 58,235 11,343	Associate £ 12,947,096 12,947,096 12,947,096 12,947,096	:Turnover (Col 5) % 0.91% 0.66% 0.45% 0.09%	Ref 2.7.1 2.7.2 2.7.3 2.7.4 2.7.5 2.7.6	Associate Activity Scottish Water Business Stream Ltd Interest Paid to SWBS GSS Payment Gap Incentive - SWBS Vacancy Incentive - SWBS Hire of Microstrainer Impact Assessment Charges	Core Activity	Total Value £ 196,149 38,386 837,556 323,000 15,400 5,545	Associate £ 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484	: Turnover (Čol 10) % 0.11% 0.02% 0.46% 0.18% 0.01% 0.00%
Line Ref 2.1.1 2.1.2 2.1.3 2.1.4 2.1.5	Core Activity	Associate Activity Scottish Water Solutions 2 Ltd - secondment of staff from SW to SWS2 - support services IT - support services Property - Financial Services - Travel	Value £ 117,841 84,921 58,235 11,343 8,254 18	Associate £ 12,947,096 12,947,096 12,947,096 12,947,096 12,947,096	:Turnover (Col 5) % 0.91% 0.66% 0.45% 0.09% 0.06% 0.00%	Ref 2.7.1 2.7.2 2.7.3 2.7.4 2.7.5 2.7.6	Associate Activity Scottish Water Business Stream Ltd Interest Paid to SWBS GSS Payment Gap Incentive - SWBS Vacancy Incentive - SWBS Hire of Microstrainer	Core Activity	Total Value £ 196,149 38,386 837,556 323,000 15,400	Associate £ 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484	: Turnover (Čol 10) % 0.11% 0.02% 0.46% 0.18% 0.01%
Line Ref 2.1.1 2.1.2 2.1.3 2.1.4 2.1.5	Core Activity	Associate Activity Scottish Water Solutions 2 Ltd - secondment of staff from SW to SWS2 - support services IT - support services Property - Financial Services - Travel	Value £ 117,841 84,921 58,235 11,343 8,254	Associate £ 12,947,096 12,947,096 12,947,096 12,947,096 12,947,096	:Turnover (Col 5) % 0.91% 0.66% 0.45% 0.09% 0.06%	Ref 2.7.1 2.7.2 2.7.3 2.7.4 2.7.5 2.7.6	Associate Activity Scottish Water Business Stream Ltd Interest Paid to SWBS GSS Payment Gap Incentive - SWBS Vacancy Incentive - SWBS Hire of Microstrainer Impact Assessment Charges	Core Activity	Total Value £ 196,149 38,386 837,556 323,000 15,400 5,545 126,726	Associate £ 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484	: Turnover (Čol 10) % 0.11% 0.02% 0.46% 0.18% 0.01% 0.00% 0.00%
Line Ref 2.1.1 2.1.2 2.1.3 2.1.4 2.1.5	Core Activity	Associate Activity Scottish Water Solutions 2 Ltd - secondment of staff from SW to SWS2 - support services IT - support services Property - Financial Services - Travel	Value £ 117,841 84,921 58,235 11,343 8,254 18	Associate £ 12,947,096 12,947,096 12,947,096 12,947,096 12,947,096	:Turnover (Col 5) % 0.91% 0.66% 0.45% 0.09% 0.06% 0.00%	Ref 2.7.1 2.7.2 2.7.3 2.7.4 2.7.5 2.7.6	Associate Activity Scottish Water Business Stream Ltd Interest Paid to SWBS GSS Payment Gap Incentive - SWBS Vacancy Incentive - SWBS Hire of Microstrainer Impact Assessment Charges	Core Activity	Total Value £ 196,149 38,386 837,556 323,000 15,400 5,545	Associate £ 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484	: Turnover (Čol 10) % 0.11% 0.02% 0.46% 0.18% 0.01% 0.00%
Line Ref 2.1.1 2.1.2 2.1.3 2.1.4 2.1.5	Core Activity	Associate Activity Scottish Water Solutions 2 Ltd - secondment of staff from SW to SWS2 - support services IT - support services Property - Financial Services - Travel	Value £ 117,841 84,921 58,235 11,343 8,254 18	Associate £ 12,947,096 12,947,096 12,947,096 12,947,096 12,947,096	:Turnover (Col 5) % 0.91% 0.66% 0.45% 0.09% 0.06% 0.00%	Ref 2.7.1 2.7.2 2.7.3 2.7.4 2.7.5 2.7.6	Associate Activity Scottish Water Business Stream Ltd Interest Paid to SWBS GSS Payment Gap Incentive - SWBS Vacancy Incentive - SWBS Hire of Microstrainer Impact Assessment Charges	Core Activity	Total Value £ 196,149 38,386 837,556 323,000 15,400 5,545 126,726	Associate £ 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484	: Turnover (Čol 10) % 0.11% 0.02% 0.46% 0.18% 0.01% 0.00% 0.00%
Line Ref 2.1.1 2.1.2 2.1.3 2.1.4 2.1.5 2.1.5 2.1.6	Core Activity /holesale	Associate Activity Scottish Water Solutions 2 Ltd - secondment of staff from SW to SWS2 - support services IT - support services Property - Financial Services - Travel - sundry	Value £ 117,841 84,921 58,235 11,343 8,254 18	Associate £ 12,947,096 12,947,096 12,947,096 12,947,096 12,947,096	:Turnover (Col 5) % 0.91% 0.66% 0.45% 0.09% 0.06% 0.00%	Ref 2.7.1 2.7.2 2.7.3 2.7.4 2.7.5 2.7.6	Associate Activity Scottish Water Business Stream Ltd Interest Paid to SWBS GSS Payment Gap Incentive - SWBS Vacancy Incentive - SWBS Hire of Microstrainer Impact Assessment Charges	Core Activity	Total Value £ 196,149 38,386 837,556 323,000 15,400 5,545 126,726	Associate £ 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484	: Turnover (Čol 10) % 0.11% 0.02% 0.46% 0.18% 0.01% 0.00% 0.00%
Line Ref 2.1.1 2.1.2 2.1.3 2.1.4 2.1.5 2.1.5 2.1.6	Core Activity	Associate Activity Scottish Water Solutions 2 Ltd - secondment of staff from SW to SWS2 - support services IT - support services Property - Financial Services - Travel	Value £ 117,841 84,921 58,235 11,343 8,254 18	Associate £ 12,947,096 12,947,096 12,947,096 12,947,096 12,947,096	:Turnover (Col 5) % 0.91% 0.66% 0.45% 0.09% 0.06% 0.00%	Ref 2.7.1 2.7.2 2.7.3 2.7.4 2.7.5 2.7.6 2.7.7	Associate Activity Scottish Water Business Stream Ltd Interest Paid to SWBS GSS Payment Gap Incentive - SWBS Vacancy Incentive - SWBS Hire of Microstrainer Impact Assessment Charges	Core Activity	Total Value £ 196,149 38,386 837,556 323,000 15,400 5,545 126,726	Associate £ 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484 183,798,484	: Turnover (Čol 10) % 0.11% 0.02% 0.46% 0.18% 0.01% 0.00% 0.00%

2.1.6		- sundry	18	12,947,096	0.00%
			000.040	40.047.000	0.470/
			280,612	12,947,096	2.17%
	Wholesale	Scottish Water Business Stream Ltd			
2.2.1		- support services Treasury, Tax & Insurance	40,501	183,798,484	0.02%
2.2.2		- support services Internal Audit	74,812	183,798,484	0.04%
			115,314	183,798,484	0.06%
	Wholesale	Scottish Water Business Stream Ltd - Wholesale Water & Wastewater Charge	400.004.054	400 700 404	70.000
2.3.1 2.3.2		- Wholesale Water & Wastewater Charge - Non Primary Meter Services	130,294,051 40,454	183,798,484 183,798,484	70.89%
2.3.2		- Non Primary Supply Shut Off and Disconnections	370,574	183,798,484	0.20%
2.3.4		- Non Primary Building Water Supplies	49,014	183,798,484	0.03%
2.3.5		- Non Primary Inspections	132,838	183,798,484	0.07%
2.3.6		- Non Primary Connections	842,808	183,798,484	0.46%
2.3.7		- Verification Of Services	209,859	183,798,484	0.11%
			131,939,599	183,798,484	71.78%
	14/1 1 1				
	Wholesale	Scottish Water Horizons	44.570	47 404 000	0.070/
2.4.1		Management & Support Recharge	11,578 661,461	17,161,628	0.07%
2.4.2 2.4.3		Lab Plant Veh & Waste & Sludge Processing Charge for Waste Services Support Services Aquatrine	186,518	17,161,628 17,161,628	3.85% 1.09%
2.4.4		Support Services Shipping Water	407,930	17,161,628	2.38%
2.4.5		Support Services Asset Management	156,399	17,161,628	0.91%
2.4.6		Support Services Contact Centre	29,655	17,161,628	0.17%
2.4.7		ABM & Support Charge For Horizons	432,893	17,161,628	2.52%
2.4.8		Support Services Property	23,275	17,161,628	0.14%
2.4.9		Internal Audit Rechagre	14,797	17,161,628	0.09%
2.4.10		Sampling Recharges	7,036	17,161,628	0.04%
2.4.11		IT Service Charge	103,572	17,161,628	0.60%
2.4.12 2.4.13		Legal Re-Charge Payroll & Timesheet Recharges	75,273 68,857	17,161,628 17,161,628	0.44%
2.4.13			100,007	17,101,020	0.40%
			2,179,244	17,161,628	12.70%
			, , ,		
	Wholesale	Scottish Water International			
2.5.1	Tholesale	Management & Support Recharge	163,450	2,027,599	8.06%
2.5.2		Support Services Asset Management	45,803	2,027,599	2.26%
2.5.3		Support Services Customer Service	94,763	2,027,599	4.67%
2.5.4		Support Services Property	2,010	2,027,599	0.10%
2.5.6		IT Service Charge	28,125	2,027,599	1.39%
			334,152	2,027,599	16.48%
	Wholesale	Non Core			
2.6.1	SW Wholesale	ABM Support Charge for Customer Operations	238,620	2,054,247	11.62%
			238,620	2,054,247	11.62%
	SW Wholesale	Support Lab Plant & Veh Cross Charge for Aquatrine	239,466	2,054,247	11.66%
	SW Wholesale	Support Lab Plant & Veh Cross Charge for Deerdykes	4,829	2,054,247	0.00%
	SW Wholesale	Material & Contractor Charge for Legal & Estates Test & Sample processing charge for Scientific Services	6,000 795,679	2,054,247	0.29%
	SW Wholesale SW Wholesale	Material & Contractor Charge for Rechargeable Works	795,679 520,997	2,054,247 2,054,247	38.73% 25.36%
2.0.10	SW WHOlesdle		520,997	2,004,247	20.30%
			1,566,972	2,054,247	76.28%
	Total SW (Pagulated)	Total SW (Non Begulated)	1 905 500	2,054,247	87.90%
	Total SW (Regulated)	Total SW (Non Regulated)	1,805,592	2,054,247	87.90%
			1		

Line	Associate	Core	Total	Turnover of	Core spend (Col 9)
Ref	Activity	Activity	Value	Associate	: Turnover (Col 10)
			£	£	%
	Scottish Water Business Stream Ltd	Wholesale			
2.7.1	Interest Paid to SWBS		196,149	183,798,484	0.11%
2.7.2	GSS Payment		38,386	183,798,484	0.02%
2.7.3	Gap Incentive - SWBS		837,556	183,798,484	0.46%
2.7.4	Vacancy Incentive - SWBS		323,000	183,798,484	0.18%
2.7.5	Hire of Microstrainer		15,400	183,798,484	0.01%
2.7.6	Impact Assessment Charges		5,545	183,798,484	0.00%
2.7.7	Hire & Maintenance of SAF Units		126,726	183,798,484	0.07%
			1,542,761	183,798,484	0.84%
			1,042,101	100,100,404	0.047
	Scottish Water Horizons	Wholesale			
2.8.1	Impact Assessment Charges		210,841	17,161,628	1.23%
2.8.2	Agregates Recharge		50,822	17,161,628	0.30%
2.8.3	Plan Provision Recharge		32,354	17,161,628	0.19%
2.8.4	Compensation recharge		500,000	17,161,628	2.91%
2.8.5	Timesheet Recharge		98,912	17,161,628	0.58%
2.8.6	Renewable Energy		85,893	17,161,628	0.50%
			978,822	17,161,628	5.70%
			510,022	17,101,020	5.107
			+ +		
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