

**Macquarie UK Broadcast Holdings Group**

**Regulatory Accounting Principles and Methodologies**

**Maintained in accordance with Section 15.5 of the Undertakings given to the  
Competition Commission**

**Dated: 15 October 2010**

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Macquarie UK Broadcast Holdings Limited and its subsidiaries (the “Arqiva Group”) are required, under the terms of the Undertakings agreed with the Competition Commission in respect of the acquisition of the National Grid Wireless (‘NGW’) Group by Macquarie UK Broadcast Venture Limited, to prepare annual financial statements for the Managed Transmission Services and Network Access activities, as defined by the Undertakings, of the newly combined Arqiva and NGW Businesses (referred to in this document as the ‘Financial Statements’).

This document sets out the Regulatory Accounting Principles on which the Financial Statements are based, and the detailed methods applied in attributing revenues, costs, assets and liabilities to the Managed Transmission Services and Network Access activities.

It is intended that this document is read in conjunction with the Financial Statements; this document will be updated annually in the event of any changes to the Regulatory Accounting Principles or detailed attribution methods.

## **1 Regulatory Accounting Principles**

The Financial Statements are based on the following Regulatory Accounting Principles.

- **Causality:** revenues, costs, assets and liabilities will be attributed to the Network Access and Managed Transmission Services businesses on a basis which reflects the activities causing the revenues to be earned, costs to be incurred, assets acquired or liabilities incurred. Where such a direct relationship does not exist, revenues, costs, assets and liabilities will be attributed on a reasonable and fair basis.
- **UK GAAP:** the Financial Statements will be prepared in accordance with UK Generally Accepted Accounting Principles as defined by the Group accounting policies set out in the Statutory consolidated financial statements of Macquarie UK Broadcast Holdings Limited unless any specific deviation is required as a result of conforming to this document.
- **Consistency:** the Financial Statements will be prepared on a consistent basis from one year to the next to allow for meaningful year on year comparisons. Should any changes be made to the Regulatory Accounting Principles or the Attribution Methods that lead to a material affect on the information reported in the Financial Statements, the corresponding prior year figures will be restated.
- **Transparency:** this document should provide a suitably informed reader with a clear description of the accounting and attribution methods used in the production of the Financial Statements.

## **2 Attribution Methods**

### **2.1 Introduction**

The reporting requirements set out in the Undertakings differ from the way in which Arqiva is organised for management and statutory reporting purposes. As such, the Financial Statements are derived from the general ledger used to prepare the consolidated Group Statutory Accounts of Macquarie UK Broadcast Holdings Limited, (the ‘MUKBHL’), which capture all of Arqiva’s businesses, with the reporting requirements of the Undertakings overlaid.

MUKBHL maintains its core accounting records in a manner which allows for revenues, costs, assets and liabilities to be attributed either directly or indirectly to the Network Access and Managed Transmission Services activities. The indirect attributions are the subject of management judgement based on the RAPMs and established practice.

The Financial Statements analyse MUKBHL's activities into three core categories: Network Access ('NA'), Managed Transmission Services ('MTS') and 'Other'. The revenues, costs, assets and liabilities for the 'Other' category are arrived at by deducting the total of the Network Access and Managed Transmission Services from the total balances of the Arqiva Group and therefore represent the remainder of the Arqiva Group's business.

The Financial Statements exclude the share of results of the Joint Venture 'Arts Alliance Media Investment Limited', a non-regulated part of the business.

The consolidated statutory accounts of the Arqiva Group eliminate all intercompany trading and non-trading balances. In preparation of the Financial Statements, all intercompany trading elimination journals are reviewed to ensure equal and opposite entries have been appropriately removed from the individual categorisations recorded in the Financial Statements.

The Financial Statements apply the following definitions of Network Access and Managed Transmission Services:

Managed Transmission Services — a package of services including some or all of network design, procurement and installation of transmitters, network monitoring, quality assurance of the signal and maintenance of the transmission equipment, but excluding: the provision of programmes and other content for each channel, the transfer of the content channels to a multiplexing centre and blending them into a single digital signal, and the elements described below. As such, Managed Transmission Services includes a mixture of service provision and return on assets.

Network Access — a package of services including combining output from transmitters and broadcasting the combined signal from antennas located on suitable masts or other structures. The provision of Network Access will include access to the following:

- a. Masts
- b. Antenna Systems including feeders and combining units
- c. Buildings and/or cabins
- d. Power systems including back-up power in a form of fixed generators
- e. Existing RBLs at the relay Stations
- f. Remote monitoring of all the Stations

## **2.2 Business Description**

The Arqiva Group is organised into three key customer facing divisions:

- Terrestrial Broadcast, which provides Network Access and Managed Transmission Services to U.K. Television and Radio Broadcasters, as well as a channel hosting service;
- Wireless Access, which provides cellular, wireless broadband, voice and data solutions for the mobile communications, public safety, local government and commercial markets;
- Satellite and Media, which provides global communication platforms to enterprise, government and broadcast customers.

Each of the above has its own local support functions (Commercial, Finance, Management, Customer Liaison etc); the costs for these functions, as well as revenues and cost of sales are attributed directly to the divisions using the accounting system, as described overleaf.

There are also two support functions for the Arqiva Group:

- Chief Operating Officer ('COO'), which provides the operational resources for managing, maintaining and upgrading the Terrestrial Broadcast and Wireless Access

infrastructure. The COO also has, and carries the cost for, its own local support function (Management and Finance).

- Corporate Support, which provides the overall Management, HR, IT, Marketing, Commercial, Legal, Accounts Payable, Accounts Receivable, Treasury, Tax and Accounting Services for the Arqiva Group.

The costs for the COO function are allocated to the Wireless Access and Terrestrial Broadcast Divisions, and the Corporate Support costs are allocated to all three divisions. Allocation bases are as described below.

### **2.3 Valuation & Measurement**

The Consolidated Statutory Accounts are prepared on a historical cost basis.

Fixed assets are held at cost, modified for the fair value of those assets acquired through business combination. Section 2.4.4 sets out the most recent dates at which fair value exercises were undertaken.

In the first year of preparation of the Financial Statements, fixed assets are reported at the fair value held in the Consolidated Statutory Accounts.

In future periods fixed assets may be revalued for regulatory reporting purposes in accordance with current cost accounting principles. Detailed explanation of the basis of valuation will be incorporated into future versions of this document.

### **2.4 Allocation Bases**

#### **2.4.1 Overview**

The Arqiva Group has structured the chart of accounts in its main accounting system to allow for revenues, costs, assets and liabilities to be separated by the various divisions and support functions noted above. Certain asset and liability balances are captured at a total company level and require further analysis and management judgement to apportion to the relevant divisions and the regulatory activities in the Financial Statements.

The key components of the chart of accounts which are used in preparing the Financial Statements are:

- Cost centres, which group revenues and costs into functional areas in the divisions and support functions, for example Key Account Management, Management, IT;
- Account codes, which give the logical revenue, cost, asset and liability component (respective examples being: billed revenue, electricity costs, accounts receivable and accounts payable);
- Business Streams, which allow the revenues to be grouped and matched to Management ownership (e.g. High Power Digital Terrestrial Television);
- Site, which details the physical location of a fixed asset and the division it relates to (e.g. Sutton Coldfield, Terrestrial Broadcast).

Various combinations of the above are then used to group revenues, costs, assets and liabilities directly into Network Access and Managed Transmission Services, and also into the Terrestrial Broadcast Division, the COO and Corporate Functions for further reallocation.

#### **2.4.2 Revenue**

Revenue is shown net of VAT and discounts and is extracted directly from the accounting records and customer billing system, using the account code and business stream flags noted above to arrive at the income attributable to the Terrestrial Broadcast Division.

Invoicing data is fully analysed to identify revenue specifically billed as Network Access, Managed Transmission Service or Other.

Remaining Revenue is then allocated as follows:

1) Low Power Digital Terrestrial Television (DTT) Network Access – This is calculated using the reciprocal Network Access site sharing agreements between Arqiva Limited and Arqiva Services Limited, a monthly site share fee is formulated at current prices to demonstrate the Network value. Each multiplex transmits from all of the sites specified in the Reference Offers and therefore a standard charge per multiplex can be calculated. The Low Power DTT network is currently being decommissioned on a region by region basis, being replaced with High Power DTT. The associated Low Power DTT revenues are being reduced in line with this.

2) Low Power Digital Terrestrial Television MTS - where MTS provision is delivered internally, a relevant externally invoiced proxy Multiplex has been identified based on its characteristics including quality of broadcast signal, transmission power and term of contracts.

3) Analogue Terrestrial Television – All analogue TV contracts have MTS and NA revenues as bundled invoicing. The contracted broadcasting sites for each customer have been identified and the site share fees between Arqiva Limited and Arqiva Services Limited have been used to calculate each customer's Network Access value. Where site share fees were not available for specific sites, a proxy site has been selected and these charges applied.

The total price on certain contractual agreements includes separate billing for the recovery of fixed costs which remain as the volume of analogue services decreases on digital switchover. These amounts are designed to recover fixed costs in both the Network Access and Managed Transmission Services businesses. Therefore, for these contracts the amount of revenue specified in the contract is attributed separately to other revenues and are attributed to Network Access and Managed Transmission Services based on the individual customer's total broadcast contract percentage revenue apportionment as determined through the site share methodology described above.

The Analogue Television network is currently being decommissioned on a region by region basis, being replaced with High Power DTT. The associated Analogue Television revenues are being reduced in line with this.

4) Analogue & Digital Radio – Network Access revenues are calculated by using a return on direct costs and assets approach, applying 10.2% and 12.68% returns for Analogue and Digital Radio respectively, derived from historic site sharing agreements.

In methods 1, 3 and 4 above, Managed Transmission Services revenue is deemed to be the remaining balance.

### **2.4.3 Costs**

#### **2.4.3.1 Direct Costs – Terrestrial Broadcast Division**

All costs are captured in cost centres, which are unique to the various Divisions and Support Functions. Costs which are allocated directly to the Terrestrial Broadcast division are extracted from the accounting system and, by analysing the expenditure as described below, are separated into direct Network Access and Managed Transmission Services, direct Terrestrial Broadcast Support and direct other (e.g. channel hosting). Those costs in the other category are then removed from the total and categorised as 'Other Revenue'.

The overall approach taken for each significant cost type is set out below. Appendix A provides further detail regarding the allocation methodology applied within each Financial Statement line item.

- **Rent and rates** are charged on a site by site basis and are therefore allocated directly to sites on an as incurred basis. Certain sites share services with the Wireless Access Division and, as such, these costs are removed from the balance based on the windloading analysis described in the non-financial section below. The remaining costs are all Network Access in nature, as they relate to the common, shared infrastructure.
- **Power** is also allocated directly from supplier invoices to sites on an as incurred basis; the proportion of cost relating to those sites which share services with the Wireless Access Division are recharged to the Mobile Network Operators (calculated by identifying the 3<sup>rd</sup> party revenue and estimating the power cost, utilising the average pence per unit versus the Mobile Network Operators rate card revenues) and are consequently removed from the balance. The majority of Broadcast electricity is consumed by customer specific MTS equipment, but as the electricity is provided directly from a Utility Supplier, these costs and revenues are not regulated activity and are consequently categorised as 'Other'.

Power costs arising in the Terrestrial Broadcast division are therefore extracted from the general ledger through analysis of cost centres. Invoices are fully analysed to identify the element which is directly passed through to customers as part of Network Access.

There is an element of unavoidable power cost in the delivery of sites, e.g. mast beacons and security. This is estimated at £0.3m for all Broadcast sites in FY08/09 and consequently allocated as Network Access direct Power cost of sale in the Financial Statements.

The remaining balance of Terrestrial Broadcast power cost of sales represents amounts passed on to MTS customers, at cost, and are not considered to represent part of regulated activity. The revenues and costs are therefore reallocated as 'other'. Within the "other" business 50% of this relates to directly billed pass-through and the balance is contained within bundled service arrangements and is assumed to be priced on a pass-through basis with no mark up within these bundled arrangements.

- **Circuits** - The majority of circuits and telephony costs within Terrestrial Broadcast are procured directly for a specific Customer contract. It is possible for Broadcasters to procure their requirements directly from a supplier: therefore this service is not regulated.

Where revenue for relevant activities (e.g. contribution and distribution) has been identified on a full review of detailed invoicing data, related costs have been classified as 'Other'. A profit margin would have been applied to these sales and the associated revenue is calculated – based on the 'Statement and Guidance on Consultation 3/2009: Principles for the pricing of new Transmission Agreements' issued by OTABTS which management believe is not inconsistent with their estimate of the average margin earned on such service provision – and categorised as Other.

The remaining balance is non contract specific costs and is classified as MTS.

- **Other cost of sales items** (e.g. maintenance and repairs) are reviewed to establish the underlying activity that generates the expense and management judgement is applied to identify the most appropriate attribution methodology. For example, repair or maintenance of masts would be charged to Network Access (as it is common infrastructure), whereas repair or maintenance of transmitters would be charged to Managed Transmission Services. The Site Management division costs for FY10 have been directly allocated (to Broadcast Network Access or Other) utilising detailed information from the general ledger system, this differs from the approach in FY09

where wind-loading was the main basis. This approach has been deemed more relevant by management.

Costs in the Terrestrial Broadcast support cost centres (e.g. key account liaison) are allocated to the Network Access, Managed Transmission Services and Other activities on the basis of resource (Full Time Equivalent ("FTE")) effort (i.e. the proportion of the Division's total headcount which work on Network Access and Managed Transmission Services activities). See the section on non-financial data for further information.

#### **2.4.3.2 Direct Costs – COO and Corporate**

Using the same methodology noted above, the direct costs for the support functions are extracted from the accounting system using cost centres, which roll up to the COO and Corporate level. These costs are then allocated to the Network Access and Managed Transmission Services Businesses, based on the following methodology:

- the FTE proportion of the COO resource pool (headcount) which supports the Network Access, Managed Transmission Services and Wireless Access Businesses is used to attribute the net COO costs (the majority of these costs are headcount related). See the section on non-financial data for further information regarding headcount allocations;
- Corporate Cost Centres are categorised by the underlying cost driver, and attributed to the Network Access, Managed Transmission Services and remainder of the Arqiva Group accordingly (these costs are largely headcount related and also include certain professional fees for accountancy and legal services which are allocated based on business size (i.e. revenue)).

Both of these attribution methods are described further in the section below on non-financial data.

#### **2.4.3.3 Exceptional Costs**

Using the same methodology noted above, the exceptional costs for the Arqiva Group are extracted from the accounting system using cost centres, which roll up to business stream level.

Categories of exceptional cost are then judged for their underlying cost driver and attributed to the Network Access, Managed Transmission Services and remainder of the Arqiva Group accordingly.

#### **2.4.4 Capital employed**

Capital employed comprises:

- total assets, excluding goodwill, intangibles arising from acquisitions and retirement benefits; less
- Total liabilities, excluding current and deferred tax liabilities, dividends payable, borrowings and retirement obligations.

#### **Fixed assets**

In summary, these are attributed to Network Access and Managed Transmission Services on the basis of asset characteristics.

The Fixed Asset Registers ("FAR") used are the standard company registers for the period. These include the latest fair value adjustments for both Companies; Arqiva Limited was last valued in 2005 and Arqiva Services Limited was last valued in 2007, in line with the respective, most recent, acquisition dates of the two companies.

The following steps are then taken to allocate the assets into their respective categories:

1) Direct Allocation: These categories are either allocated to Network Access, Managed Transmission Service or Other, based upon a combination of the business stream field and whether the category judged relates to Network Access, Managed Transmission Service or Other. All shared assets capitalised to support the new High Power Digital Terrestrial Television network have been allocated exclusively to Network Access.

2) Asset categories not allocated directly during step 1 are shared Network Access assets. These asset categories are allocated using a site windloading percentage for that location to TV, Radio and Other. The TV & Radio categories combine to form the regulated Network Access assets. Typically these categories comprise site related assets that are shared across several businesses units: for example the land, buildings, masts and power equipment categories are shared infrastructure for both Telecom and Broadcast business.

For Non-MF (Analogue AM Radio) radio sites, windloading data is not available; however, over time various telecommunication transmitters have been added to the masts. These masts do not transmit any TV signals. Management have judged an appropriate split of 'Radio' and 'Other' usage to be 80% radio and 20% other. These percentages are applied to allocate all Non-MF radio masts as Network Access and Other.

3) Asset values of head office are allocated to Network Access, Managed Transmission Service or Other based on the FTE proportion of the staff dedicated to Network Access or Managed Transmission Service as described further below in the non-financial data section.

Depreciation for the period is then allocated using the categorised split of assets as determined above.

### **Work in progress**

The capital work in progress balances supporting the new High Power Digital Terrestrial Television Network Access assets have been identified and are allocated in full to Network Access. Wind-loading is not applied, as these costs are incurred wholly and exclusively for the purpose of High Power Digital Terrestrial Television.

**Current assets and liabilities**, unless otherwise specified below, are generally allocated based on their key driver in the profit and loss account (e.g. debtors are allocated based on revenue split derived above, trade creditors are allocated based upon costs excluding depreciation and payroll).

**Cash** balances are attributed to Network Access and Managed Transmission Services on the basis of the Earnings before Interest, Tax and Depreciation they contribute to the Arqiva Group total.

**Provisions** are attributed specifically according to the purpose for which the provision was set up.

#### **2.4.5 Non-financial data**

As noted above, certain attributions to the Network Access and Managed Transmission Services are made using non-financial data. The use of such data and its application is consistent with established practice and reflects the underlying methodologies applied in Reference Offers and Rate cards.

The key methodologies used are as follows:

- **Windload**

Windload is a technical assessment of the 'base moment' (the physical windload multiplied by the height on the structure) of specific services on a broadcast mast. The base moment of each antenna on the mast is a function of the size and height of the antenna and related feeder (cable). The windload base moment for a site that relates to each category of antenna (e.g. TV, Radio or Other) is expressed as a percentage of the total base moment.

Windload is a recognised methodology for attributing Network Access assets and costs, as it effectively relates common services to the underlying cost driver. It has been used extensively in various documents that have been reviewed and approved by Ofcom and their appointed advisors. For example windload was used as a cost allocation base in the Reference Offers for Digital switchover.

In preparing the 2008/09 Financial Statements windloading has been used to allocate certain costs and fixed asset values and, by necessity, has been compiled separately for the two legacy organisations: Arqiva Limited and Arqiva Services Limited. Whilst both companies share common methodologies, the data sets were gathered in different ways. This is explained in the following paragraphs.

#### Arqiva Ltd

The project to calculate the windload data for the sites that were historically managed by Arqiva Limited was undertaken in 2005 as part of the work on the High Power DTT Reference Offer.

A sampling approach was used. Rigorous calculations were done both by external consultants and internal resource across a sample of approximately 20 sites ranging from large to small broadcast structures, representative of the entire broadcast site portfolio. The sample was then used to generate the percentage base moment that should be allocated to broadcast customers. This was done by interpolation on the basis of type of structure, height band of the structure and the number of users.

This data was presented to Ofcom and their external advisors and included in the High Power DTT Reference Offer

#### Arqiva Services Limited

The project to calculate the windload data for sites that were historically managed by Arqiva Services Limited was undertaken during 2008/09 and aimed to align the windload methodologies between the newly merged Companies. The project used internal resources and aimed to produce a windload percentage across 'TV, Radio & Other' at an individual site level for each of the main broadcast sites & the majority of the minor broadcast sites.

The following data was sourced from KEEP, Arqiva Service Limited's internal database for masts & antennas:

- I. height and type of structure (e.g. the mast or tower);
- II. dimensions of each structure type (as per the 'Analysis Package' internal software linked to keep);
- III. number of antennas on each structure, their height above ground, and whether the antenna relates to TV, Radio & Other;
- IV. dimensions of each antenna (as per the Analysis Package).

The data was then modelled to calculate the percentage of the base moment, or windload, that relates to 'TV, Radio & Other'.

2010/11 plans

The merged company is currently working on a project to automate and refresh the calculation of windload base moment across the entire portfolio using KEEP. The KEEP system has been updated to include automatic calculation of Windload percentages and new reports have been developed. The output from these reports is not currently in use, since the source system data requires updating and validation.

- **Headcount**

Headcount is an appropriate measure, when taken as a proportion of the direct resource (headcount) involved in providing the Network Access and Managed Transmission Services over the total pool of headcount, where the pool reflects the total cost or asset balance to be attributed. The proportions of headcount effectively represent the underlying cost driver (whether cost of resource (i.e. people) or a service being provided (e.g. Human Resources, I.T. Support and I.T. Servers).

The FY09/10 Board approved budgeted FTE, net of vacancies, was used as a proxy for FTE headcount within the FY09 Regulatory Accounts. These budgeted numbers have been updated with the actual headcounts for FY10.

The allocation is applied to direct FTE's only, and an average for each cost centre is then determined. The average for that cost centre is then applied to the remaining employees within that cost centre. Where there are no direct employees within a cost centre the average percentage for each area as a whole is calculated and applied to the remaining cost centres within that area.

The FTE allocation model is prepared for the Terrestrial Broadcast, Operations, Site Management, Engineering, DSO and COO divisions, utilising management assessments of actual time spent on Network Access, Managed Transmission Services and Other activities. Within Engineering and DSO, actual time-recording data has been utilised to facilitate the allocation between Network Access, Managed Transmission Services and Other.

- **The size of the business**

The size of the business is also used to attribute certain costs to the Network Access and Managed Transmission Services activities. This is appropriate for certain corporate costs, for example the Finance, Tax and Treasury functions, which provide support across the Arqiva Group. Business size is represented by revenue (clearly a financial data point), and in the case of the Corporate Costs, the attributions would be made on the basis of the proportion of revenues the Network Access and Managed Transmission Services activities contribute to the total Arqiva Group.

Appendix A – cost allocation methodologies

		Common to Company	MTS		Network Access			
			Common to Service <sup>1</sup>	Customer Specific	Common to NA	Common to Site	Common to Service <sup>1</sup>	
<b>Cost of Sales</b>	Rent & Rates	1				2		
	Power	3				4	5	
	Circuits	6	7					
	Other	9	9	10	11	12	13	
<b>Operating Costs</b>	<b>Staff Related Costs</b>	Operations TB <sup>2</sup>	14	15	16	17	18	19
		Other						
	<b>Third Party Costs</b>	Operations TB	20	21	22	23	24	25
		Other						
<b>Corporate Overheads</b>	Finance	26						
	HR	27						
	Commercial	28						
	IT	29						
<b>Exceptional Costs</b>	Operations	30						
	TB	31						
	Corporate	32						
	Other	33						

<sup>1</sup> Where Service is defined as TV, Radio or both.

<sup>2</sup> Where TB is the Terrestrial Broadcast Division of the Arqiva Group

## Appendix A – cost allocation methodologies

	Expenditure	Note	Brief Explanation	Method of Allocation	Examples
Cost of Sales	Rent & Rates	Note 1	Common to Company	FTE	Head Office rates
		Note 2	NA common to site	Windload of antenna systems on site	All mast/tower sites
	Power	Note 3	Common to Company	NA FTEs at corporate sites	Head Office power
		Note 4	NA Common to site	TB costs less non-broadcast charges; analysis and management judgement for balance	Mast lighting
		Note 5	NA Common to service		Ventilation in service room
	Circuits	Note 6	Common to Company	TB costs less any customer specific items identified by invoicing review.	Circuit use will determine the sharers
		Note 7	MTS Common to service		
	Other COS	Note 8	Common to Company	Revenue or FTE	
		Note 9	MTS Common to service	Equally to sharers	Service specific consumables
		Note 10	MTS Customer specific	Direct charge to Customer	Transmitter repairs
		Note 11	Common to NA	Equally to sharers	Telemetry maintenance
		Note 12	NA Common to site	Windload of Antenna Systems on site	Generator maintenance
		Note 13	NA Common to service	Equally to sharers	Antenna spares
		Note 14	Common to Company	Revenue or FTE <sup>3</sup>	
Operating Costs	Staff Related Costs, other than Corporate Support	Note 15	MTS - Common to service	Equally to sharers	Analysis of resource effort of staff
		Note 16	MTS - Customer specific	Direct charge to Customer	
		Note 17	Common to NA	Equally to sharers	
		Note 18	Common to site	Windload of antenna systems on site	
		Note 19	NA Common to service	Equally to service sharers	
		Note 20	Common to Company	Revenue or FTE	
	Third Party Costs	Note 21	MTS - common to service	Equally to sharers	Captured by requisition coding or analysis of cost centre spend
		Note 22	MTS - Customer specific	Direct charge to Customer	
		Note 23	Common to NA	Equally to sharers	
		Note 24	Common to Site	Windload of antenna systems on site	

<sup>3</sup> Such costs are largely people related, therefore allocated largely by FTE. Balance is allocated on specific drivers.

**Appendix A – cost allocation methodologies**

	<b>Expenditure</b>	<b>Note</b>	<b>Brief Explanation</b>	<b>Method of Allocation</b>	<b>Examples</b>
		Note 25	NA common to service	Equally to service sharers	
<b>Corp. OH</b>	Finance	Note 26	Common to Company	General allocation (revenue)	Captured from analysis of cost centre spend
	HR	Note 27	Common to Company	General allocation (FTE)	
	Commercial	Note 28	Common to Company	General allocation (revenue)	
	IT	Note 29	Common to Company	General allocation (FTE)	
<b>Excep. Costs</b>	Operations	Note 30	Common to Company	General allocation (FTE)	Captured from analysis of cost centre spend
	TB	Note 31	Common to Company	Revenue or FTE <sup>4</sup>	
	Corporate	Note 32	Common to Company	Revenue or FTE	
	Other	Note 33	Common to Company	Revenue or FTE	

<sup>4</sup> Where costs are people related, allocated by FTE; remaining costs allocated directly by review of underlying cost

## Appendix B – fixed asset allocation methodologies

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<b>Asset Category</b>	<b>Allocation Method</b>
Freehold / leasehold land, buildings and cabins	Allocated by Windload to Network Access and Other
Structures (masts & Towers)	Allocated by Windload to Network Access and Other
Power	Allocated by Windload to Network Access, Managed Transmission Services & Other
Antenna	Allocated by Windload to Network Access and Other
MTS equipment	Directly allocated to Managed Transmission Services and Other
Other equipment (feeders, combiners, filters, satellites, computer equipment)	Directly allocated to Network Access, Managed Transmission Services & Other