

Offshore Electricity Transmission

Regulatory Instructions and Guidance for OFTOs (RIGs)

Section 2: Cost Reporting

Version 2 - DRAFT

October 2010

Overview

This document is the Cost Reporting Regulatory Instructions and Guidance established under Amended Standard Condition E12 – D1: Offshore Regulatory Reporting of the offshore transmission licence and covers provision by the licensee to the Gas and Electricity Markets Authority (the 'Authority') of information relating to the Licensee's costs, financial position and performance.

The information described in this document is required for a number of reasons:

- 1. Building knowledge** – acquiring experience and knowledge of the actual costs involved in operating an offshore transmission licence will enable the Authority to evaluate subsequent tenders more effectively
- 2. Financial health** – monitoring the licensee's costs enables the Authority to secure that the licensee is financially stable and able to finance its activities and obligations or to be prepared to respond in the event that the OFTO's financial health deteriorates
- 3. Licence compliance** – Condition E12 – D1 of the licence requires that this information be collected

The Regulatory Instructions and Guidance (RIGs) provide a framework that enables the Authority to collect data from the licensee and other OFTOs in a consistent format. The RIGs describe the information required to be provided to the Authority, guide licensees on how to provide this information and enable licensees to put the systems in place to collect the data to the detail required.

These RIGs may be modified in accordance with the change control procedures detailed in Amended Standard Condition E12 – D1. For the avoidance of doubt licensees must not change the structure of the RIGs – this includes adding or removing rows or columns even if there is no data in them. If a licensee identifies a need for a change then they should raise the matter with the Authority and the Authority may make the change to the master version of the reporting template as required.

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1. Introduction

- 1.1. Amended Standard Condition E12 – D1 establishes the cost reporting regulatory instructions and guidance (“RIGs”).
- 1.2. The RIGs contain the specified information to be reported in the templates provided in Appendix 1. The specified information is described in Section 2.
- 1.3. Section 3 covers reporting arrangements and the provision of cost returns to the Authority with Section 4 providing details on completing the cost reporting templates.
- 1.4. For the avoidance of doubt this document is subordinate to the licence conditions. This document will not change, alter, or amend, any definition or obligation contained within the licence and, in the event of any inconsistency between any licence conditions and this document, the licence condition(s) will take precedence.
- 1.5. The cost reporting RIGs may be modified, from time to time, in accordance with the change process set out in paragraphs 12 to 16 of Amended Standard Condition E12 – D1. The Authority recognises that any significant changes to the scope or form of the information that it requests from the OFTOs could not only increase the regulatory burden upon licensees but may also increase the perception of regulatory risk. The Authority will take all reasonable steps to minimise the number of changes to the scope and form of the information it requests in relation to this document, consistent with the Authority carrying out its functions under the Electricity Act 1989 as amended.
- 1.6. If any of the guidance contained in this document is not sufficiently clear then the licensee should contact the Authority for further guidance and to discuss potential changes to the reporting templates which may be required. In the first instance queries should be directed to:

Daniel Rock
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Offshore Transmission
Ofgem E-Serve
daniel.rock@ofgem.gov.uk
0207 901 1815

2. Specified information

- 2.1. The information to be provided as part of the cost reporting regime identified in Amended Standard Condition E12 – D1 is specified in detail in Appendix 1 which consists of screen shots of the cost reporting templates which are themselves spreadsheets. This section sets out the definitions of the terms used in those spreadsheets. The headings used in this document mirror the headings used in the cost reporting templates (i.e. the spreadsheets).
- 2.2. All cost and revenue data should be reported on an accruals basis unless otherwise specified.
- 2.3. All monetary amounts should be reported in £m and to three decimal places.
- 2.4. All data is to be reported in nominal terms unless otherwise specified.
- 2.5. In several cases the cost reporting templates are designed to capture the data across the duration of the licence. In these cases all previous periods are to be completed with the outturn figures and all future periods are to be completed with forecasts.
- 2.6. A general principle to be applied in the completion of the cost reporting pack is:
Where possible the data requested should be provided. Where it is not possible for any reason to provide the data in the detail required this should be explained in a commentary submitted alongside the reporting pack.
- 2.7. There is currently some uncertainty about how the offshore transmission projects will be accounted for and the lack of any existing OFTOs at the time of writing mean there is no precedent. Hence the reporting pack has been developed to reflect the expected accounting treatment under International Financial Reporting Standards (IFRS) assuming that the transmission assets are considered to be owned by the OFTO. In the event that other accounting treatments are developed or used then it may be necessary to adapt the reporting template. The template includes 'spare' rows to allow some flexibility in the mean time. The Authority welcomes the opportunity to engage with OFTOs to further develop the reporting pack to be more flexible in dealing with different accounting approaches.

Sign off

- 2.8. The input cells on the sign off sheet are to be completed by a director of the licensee once all other data has been collected in the return and immediately prior to submission of the return to the Authority.
- 2.9. Each individual tab of the return should be reviewed and the name of the preparer and the name of the reviewer recorded in the specified input cells on the left of each tab. The reviewer should also tick the box to indicate that the tab has been reviewed and all issues properly resolved.
- 2.10. For the avoidance of doubt the review of each tab need not necessarily be performed by a director of the licensee though the declaration on the 'Sign off' tab must be and the director making the declaration must have taken adequate

steps to satisfy themselves that they are able to make the declaration shown on that tab.

1. Universal data

- 2.11. **Company number:** this should be the official company registration issued by Companies House upon incorporation of the licensee.
- 2.12. **Company name:** this should be the official name of the company as reported on filings submitted to Companies House. This cell will be completed by Ofgem. In the event that the name of the company has changed during the year then the name reported in this tab should be the name as at year end, ie 31st March.
- 2.13. **Company short name:** this should be a standard abbreviation of the name of the licensee which should be used whenever the name of the licensee is to be abbreviated. This cell will be completed by Ofgem.
- 2.14. **Project:** this should be the name of the offshore transmission project which the licensee bid for as part of the competitive tender process. For the avoidance of doubt in TR1 the names of these projects are:
- Barrow
 - Greater Gabbard
 - Gunfleet Sands
 - Ormonde
 - Robin Rigg
 - Sheringham Shoal
 - Thanet
 - Walney 1
 - Walney 2

This cell will be completed by Ofgem.

- 2.15. **Reporting year:** this is the most recent year for which data are being submitted. The regulatory reporting year runs from 1st April to 31st March. It is anticipated that where licence grant does not coincide with the start of the regulatory reporting year that the first reporting period will be for a period of less than 12 months (i.e. to next 31st March). The convention used in naming reporting years is to use the name of the year in which the regulatory reporting year ends. For example, the regulatory reporting year which started on 1st April 2009 and ended on 31st March 2010 is referred to as '2010'.
- 2.16. **Version (Number):** where cost reporting templates have been resubmitted for any reason each submission should be separately identified by its version number. The version numbers should be successive positive integers such that the first submission is always version 1 and any subsequent resubmissions will be labelled version 2, 3, 4 etc.

The Authority's agreement is required before any resubmission of information set out in a report produced in accordance with these RIGs can be made and in any such instance the report concerned must be resubmitted in full. The resubmission must only be accompanied by a letter signed by a director where significant changes have been made and the Authority or the licensee decide such a letter is required.

In addition for each resubmission a separate explanation must be provided listing each and every cell that has been amended and sufficient commentary to explain the reasons for the changes.

- 2.17. **Submitted date:** paragraph 7 of Amended Standard Condition E12 – D1 requires that the completed cost reporting templates are submitted by 31st July following the end of the year to which the information relates. For example, the data for the reporting year 2011 should be submitted by 31st July 2011. This cell should specify the date on which the return was sent to the Authority.
- 2.18. **GAAP used in current year:** this cell shows the generally accepted accounting principles employed in the preparation of the accounts for the current reporting year. This cell links to tab 8 (Statement of comprehensive income) of the spreadsheet.
- 2.19. **Date to which last statutory accounts were made up:** this is the date to which accounts were prepared or are being prepared for submission to Companies House. This should be the most recent such date which fell within the reporting year. For example, if a licensee were to prepare its statutory accounts to 31st May each year then in the reporting year 2011 the 'Date to which last statutory accounts were made up' ought to be 31st May 2010 (since 31st May 2011 does not fall within the reporting year 2011).

2. Operating costs

- 2.20. **Income figures:** these lines reference the data in tab 8 (Statement of Comprehensive Income). They are included in this tab for ease of reference only.
- 2.21. **Operating and maintenance costs:** the split of O&M costs here is designed to be exclusive and universal such that any cost fits into one and only one category. If a cost arises which does not fit into precisely one category then the licensee is to contact Ofgem to discuss the matter. This situation is not expected to arise since the headings classify the costs according to the cause of the O&M activity and any given O&M cost should be identifiable as either ongoing, reactive or reserve build-up.
- Where individuals are involved in different types of O&M work the associated labour costs should be allocated on an appropriate basis (e.g. hours worked). Overhead costs should not be absorbed into O&M or other activity costs but should be separately reported under SPV costs.
- 2.22. **Insurance:** rows 29 – 88 are designed to record all aspects of property insurance costs. As with other cost reporting categories if a cost cannot be properly allocated to one of the categories shown then it is to be discussed with Ofgem.
- 2.23. **Decommissioning:** the 'accruals' line should record the decommissioning cost in a given period in accordance with the GAAP being used. Therefore if there is a net increase in decommissioning provision in the period then the movement should be shown here. The 'cash' line should record only actual expenditure on decommissioning, i.e. should not record provision movements.
- 2.24. **SPV costs:** all overhead costs are to be shown in rows 95 – 112. If the licensee identifies a cost which does not fit in to one of the categories shown then they are to use the 'other' cell provided and input the description of the costs in question.

- 2.25. **Replacement expenditure (various):** these cells are for recording the cost of any replacement capex. Items costing less than £1,000 should be aggregated and reported as 'low value items'. Items costing £1,000 or more should be separately identified and reported under the relevant heading (offshore platform, onshore to offshore transfer, etc.).
- 2.26. **Bid costs:** The costs associated with the tender process should be reported here split out by the categories shown with other categories of cost separately shown in the input cells provided.

In the event that these costs are capitalised then the check sheet will show an error and this should be explained by way of explanatory note submitted alongside the reporting pack. The amounts of these costs (whether expensed or capitalised) should be reported in the cost reporting pack.

- 2.27. **Other costs:** These cells should be used to record costs which do not fit in to any of the previous categories.

3. Technical data

This sheet is designed to capture the highest possible level of detail. Where it is not possible to provide the detail specified as a result of the history of the asset (namely that it was constructed by one party and then transferred to another) then the licensee should use best endeavours to complete this tab to the extent that they are able.

The licensee should also note that where the detail provided is considered insufficient this may have inform the Authority's decision of whether or not detailed audit work is required in order to obtain the desired level of comfort over the reported data.

It may be the case that the data reported in this tab is not included in the balance sheet as a result of the accounting treatment adopted. Even if this is the case this tab should still be completed to the extent that it is possible to give the Authority an indication of the transmission assets being operated by the OFTO.

- 2.28. **Type:** The data in column D ought to specify the make and model of the particular asset class identified in column B. If a licensee has a class of asset which is not listed in column B or has multiple assets of the same class but different make/model then the licensee should list these other assets using the input boxes provided in column B.
- 2.29. **Voltage level:** The voltage level at which the equipment is designed to operate should be shown in column E. In cases where the asset concerned does not transmit electricity this cell should be completed as N/a.
- 2.30. **Rating:** The typical operating power rating of each asset should be specified in column F. In cases where the asset concerned does not transmit electricity this cell should be completed as N/a.
- 2.31. **Size, unit and unit cost:** The size or quantity of the asset ought to be specified in column G. The measure of size used in column G ought to be specified in column H. For example, if the asset concerned was 2,400 linear metres of land

cable then the licensee should report '2,400.000' in column G and 'metres' in column H. The cost of each per unit should be shown in column I.

- 2.32. **Total cost:** The total cost column multiplies the unit cost by the number of units. It is the licensee's responsibility to ensure appropriate units and costs are reported such that the total cost calculated in the spreadsheet agrees to the total cost of the asset. If there is a reason why this is not possible then the licensee should contact Ofgem for guidance.

4. Financing – equity and sub-debt

- 2.33. **Equity:** the initial equity used to incorporate the licensee should be reported as an equity injection in the first period.

Dividends should be reported on the basis of date declared. I.e. dividends are to be reported if and only if the date on which they were declared falls within the reporting year.

The reporting convention is as shown in the spreadsheet: increases in equity are to be shown as positive, decreases are to be negative. Dividends declared should also be a positive figure.

If the licensee is involved in other equity transactions such as share buy-backs then they should contact Ofgem for guidance on how best to report this.

- 2.34. **Subordinated debt:** these cells are for recording the principal outstanding and any interest payments or compounding of interest. The name of each tranche ought to be sufficient to identify the counterparty and any significant terms of the loan which are not captured elsewhere.

The reporting convention is as shown in the spreadsheet: increases in debt are to be shown as positive, decreases are to be negative.

- 2.35. **Debt raised by holding companies:** Where a licensee is financed by debt which is raised at holding company level details of the respective balance sheet positions should be shown here along with the identity of the holding company.

The debt raised by this holding company should be included in the cost reporting pack as if the debt were raised by the licensee itself such that the cost reporting pack provides details of all the financing which specifically finances the licensee either directly or indirectly.

- 2.36. **Parties to debts:** Where one or more of the financial instruments detailed in the cost reporting pack was entered into by the holding company on the OFTOs behalf (eg if the HoldCo raises a bond and on-lends the proceeds to the licensee) then each such financial instrument should be identified. Hence in the bond example, the party to 'Bond 1' would be entered as 'HoldCo' in row 92. All financial instruments which the OFTO enters into on its own behalf should be identified as such in rows 84 – 102. Clearly 'Both' should be entered in rows 84 – 86 where there are loans between OFTO and HoldCo.

In situations where there is no debt raised at HoldCo level specifically for on-lending to the licensee then 'OFTO' should be entered in each of rows 84 – 102.

5. Financing – senior debt

- 2.37. **Senior debt:** as with the subordinated debt the name of the tranche should specify the counterparty and any key terms. In situations where the debt is syndicated amongst five or fewer banks then each bank should be named. Where more than five banks are involved in a given tranche then only the facility counterparty need be named.

The first debt brought forward figure should be £nil in all cases and the acquisition debt should be recorded as 'senior debt issued' in the first period.

The reporting convention is as shown in the spreadsheet: increases in debt are to be shown as positive, decreases are to be negative.

The London Interbank Offered Rate (LIBOR) figure reported for each period ought to be the weighted average of the LIBOR data used in the calculation of the interest due on the senior debt for that period.

6. Financing – bonds

- 2.38. **Bonds:** where a licensee has issued a bond the details are to be recorded in this tab. In the case of zero coupon bonds the notional increase in the amount of bond repayable should be recorded under the heading 'Unpaid coupons rolled up'. In the case of index linked bonds the increase or decrease in the value of the principal as a result of indexation should be recorded under the heading 'indexation adjustment'.

The description of the bond ought to include the coupon and maturity of the bond.

7. Financing – derivatives and other

- 2.39. **Derivatives:** it is anticipated that licensees will obtain one or more swaps as part of their hedging strategy. The data collected here are intended to enable the Authority to monitor the cash and fair value impacts of these swaps.

The cash flows for each swap 1 should show the notional amount payable and receivable on each swap, even if the swaps are settled on a net basis. In order to deduce the fair value of each swap it is necessary to discount the cash flows using an appropriate discount rate as shown in the spreadsheet. It is for the licensee to determine the value of the appropriate discount rate (e.g. by reference to index linked gilt curves). From these inputs the spreadsheet calculates the fair value of each swap as the NPV of future cash flows. The licensee should satisfy themselves that the fair value figures being reported are consistent with the fair value figures being used for accounting purposes (i.e. it should agree to the fair value of the derivative shown on the balance sheet).

In the case of other (i.e. non-swap) derivatives only the fair value needs to be reported. This fair value should also agree with the fair value used for accounting purposes.

- 2.40. **Swap type:** this cell is for recording the underlying attribute which is being swapped. If the licensee enters into a swap other than for interest or inflation then they should record it in the input cell in column G. The input cells in column

G feed the drop down list available against 'swap type' in column D (e.g. G13 feeds D12).

- 2.41. **Swap underwriter(s):** in situations where the swaps are underwritten by a number of underwriters each of those underwriters should be listed in this cell with a semi-colon between underwriters.
- 2.42. **Other instruments:** these lines are intended to capture other financial instruments and securities such as performance bonds. The nature, purpose and keep terms (such as call date and conditions) should be stated in the description box.

4, 5 & 6. Financing – various

The following guidance applies variously to subordinated and senior debt and bonds and is therefore applicable to tabs 3, 4 and 5.

- 2.43. **Name of tranche:** The name of each tranche of each type of debt should identify the counterparty and any key terms associated with the debt.
- 2.44. **Interest rate:** The interest rate should be shown to three decimal places. Where the rate is variable the details should be specified in the cell, e.g. 'LIBOR+2.000%'.
- 2.45. **Amount issued:** The amount issued figure should be the year end figure such that the total of all amounts issued agrees to the balance sheet.
- 2.46. **Maturity:** If a loan has no fixed repayment date then brief details should be provided in the 'maturity' cell.
- 2.47. **Bonds:** The details of the bond should be specified in the cells provided. Any special characteristics (e.g. index linked or zero coupon) of the bond should be highlighted in the name of the bond.

8. Tax

In order to ensure that the data provided is as reliable as possible whilst simultaneously reducing the reporting burden the licensee should provide alongside the cost reporting pack a copy of the CT600 form which they have most recently provided to HMRC. The licensee should also provide screenshots of the CT600 in the cost reporting pack.

Should the CT600 or HMRC be replaced by successor form(s) or organisation(s) respectively then the references above should be interpreted as references to those successor form(s) or organisation(s).

In due course reconciliation from the CT600 to statutory accounts will be required though no reconciliation pro-forma is currently shown in the cost reporting pack. This is because there is limited value in trying to anticipate each licensee's particular circumstances as would be necessary for preparing such a pro-forma. Instead a reconciliation will be provided in a subsequent version of these RIGs as required.

9. Statement of comprehensive income

The whole table should be completed with actual data for all elapsed periods (ie prior to and including the reporting year) and with forecast data for all future periods.

- 2.48. **GAAP used (UK or IFRS):** All UK companies are expected to converge to IFRS in due course. Convergence is targeted for 2013 though the date for convergence may change. In any event licensees should record which GAAP has been used in the preparation of the statement of comprehensive income for each year.
- 2.49. **Revenue:** revenue should be reported in accordance with the GAAP specified at the top of the table.
- 2.50. **Other operating income:** other operating income should be reported in accordance with the GAAP specified at the top of the table.
- 2.51. **Operating costs:** operating costs should be reported in accordance with the GAAP specified at the top of the table. Where these figures are reported under the same headings as in the operating assumptions and operating costs tab then the figures should agree.
- 2.52. **Interest income and similar income:** these figures should be reported in accordance with the GAAP specified at the top of the table.
- 2.53. **Interest expense and other finance costs:** these figures should be reported in accordance with the GAAP specified at the top of the table. The interest payable figure should agree to the total interest payable on bonds, senior debt and subordinated debt. If the licensee has other interest which should be reported as interest payable under the GAAP being used then they should contact Ofgem for guidance.
- 2.54. **Taxation:** these figures should be reported in accordance with the GAAP specified at the top of the table. These figures should be consistent with those in the operating assumptions tab. If there is a difference this needs to be explained.
- 2.55. **Other comprehensive income:** licensees should report here any items which are to be recognised directly in equity. If there are items which the licensee needs to recognise directly in equity and for which there is currently no heading then the licensee should contact Ofgem.
- 2.56. **Exceptional items:** All exceptional items should be included in the results shown in the statement of comprehensive income and explicitly identified in the memo item rows (rows 62 – 66). The description of each exceptional item should make it clear which element of profit and loss is being adjusted and the reason for the adjustment. The description should also clearly justify why the item is exceptional.
- 2.57. **Fair value gains and losses:** where the licensee has designated its swap arrangements as cash flow hedges and is consequently revaluing swaps to fair value and putting the revaluation through the income statement the revaluations associated with each swap should be shown in rows 69 – 71. Any other fair value gains or losses should be described in sufficient detail to justify why the item is a fair value gain or loss using the input cells provided.

10. Statement of financial position

If there are items which the licensee needs to report in the statement of financial position which do not currently have row headings then the licensee is to discuss the matter with Ofgem.

All items in the statement of financial position are to be reported in accordance with the GAAP shown at the top of the sheet.

- 2.58. **Reserve accounts:** These are memo items only and therefore do not form part of the statement of financial position – the statement of financial position should include all assets and liabilities and balance in its own right. The purpose of reporting this information here is twofold:
- i. to allow the financial ratios which are bank covenants to be calculated
 - ii. to monitor licensee's financial position relative to the financial model submitted as part of the original bid.

Therefore the balances on these accounts should be as reported for bank covenant reporting and should only include the balances on the properly ring-fenced reserve accounts. The figure reported in row 89 should be the total cash held by the licensee outside of reserve accounts. Hence the total of rows 81 to 88 should agree to the figure shown in row 28 (cash and cash equivalents).

11. Cash flow statement

If there are items which the licensee needs to report in the cash flow statement which do not currently have row headings then the licensee is to discuss the matter with Ofgem.

All items in the statement of financial position are to be reported in accordance with the GAAP shown at the top of the sheet.

12. Financial ratios

The purpose of this tab is to provide a summary of the licensee's financial position and compare this with the funder's covenants.

All data for past periods should be actual data. The return should also be completed for future periods based on forecast data.

These RIGs focus only on the cells where the licensee's input is required.

- 2.59. **Covenants:** The licensee should record the minimum annual debt service cover ratio and minimum loan life cover ratio specified by the lenders in the credit agreement(s). The figure reported should be the most strict (if different lenders have offered different terms) for the least severe situation (e.g. if distribution lock-up occurs at 1.15x and default occurs at 1.10x then 1.15x is the figure to be reported).

In situations where lenders have specified financial ratios as covenants as well as or instead of ADSCR and LLCR then these financial ratios are to be specified. These other covenants should be specified in rows 21 and 22 and the licensee's performance on these ratios should be specified in rows 26 and 27 respectively.

In situations where the licensee reports its ratios to debt providers on a consolidated basis (for instance where finance is provided other than directly to the licensee) then the ratios reported here should similarly be those consolidated ratios. The fact that the ratios are based on a consolidated position should also be noted and briefly described in a commentary to be provided alongside the reporting pack.

- 2.60. **Ratios:** These should be the ratios as reported to the licensee’s funders. The actual ratios may be directly input (i.e. without supporting calculation) though the methodology used to calculate the ratio should be described in the relevant box below (see rows 35 to 44 of the reporting template).
- 2.61. **Transfer value and subsequent capex:** The licensee should include the transfer value and any subsequent capital expenditure or disposals. The transfer value reported should be the final ex-post transfer value as agreed with the Authority.

13. Reconciliation of internally consistent figures

No data needs to be entered by the licensee into this sheet. The licensee should still review the reconciliation tab to ensure that all data have been properly reconciled prior to submission to the Authority. Accordingly the reviewer details cell is still provided on the left of the sheet along with a check box to be completed as an indication that the sheet has been reviewed.

In situations where one of the checks reveals an internal inconsistency the matter should be explained in a short commentary to be submitted along with the reporting pack. These situations are only expected to arise in situations which were not foreseen at the time the reporting packs were constructed. Furthermore the licensee should discuss any such matters with Ofgem so that the reporting pack can be amended for the subsequent year’s reporting to avoid any more internal inconsistencies.

14. Reconciliation to statutory accounts

In order to provide some comfort that the figures reported in the cost return are consistent with those reported in the statutory accounts the licensee will have to declare in each cost return how much of each of the reported profit and loss figures is attributable to the most recent statutory accounts and how much will be attributable to the next period’s statutory accounts. The diagram below shows an

	2011												2012														
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
	Stats #1												Stats #2														
Revenue:	4			9									5			7						3					
	Regs #1				Regs #2								Regs #3														
Revenue:	4				14								10														
	Cost return #1				Cost return #2								Cost return #3														
Revenue:	Previous: 0 Subsequent: 4				Previous: 9 Subsequent: 5								Previous: 7 Subsequent: 3														

example:

In the example above the first cost return is provided in July 2011 and covers the period 1/1/11 – 31/3/11. All costs and revenues in that return should be reported as being attributable to a subsequent accounting period (column F in the return) since no statutory accounts had been drawn up prior to 31st March 2011. When the second cost return is submitted the 'Previous' figure (column E in the return) should be the balancing figure required to agree with the total figure submitted in the first set of statutory accounts.

This process requires licensees to make an estimate of how their revenue and costs are split across the year since the statutory accounts and Ofgem accepts that the split may not be precise since month end cut-off procedures are rarely as rigorous as year end ones. Nonetheless licensees should be able to make a reasonably reliable estimate based on the monthly accounts and the results should give the Authority some comfort that the figures reported are broadly in line with those which are subject to statutory audit.

- 2.62. **Attributable to last statutory accounts:** As described above this will be the balancing figure required to ensure that the current return's previous figure plus the previous period's subsequent figure total to the figure reported in the statutory accounts.
- 2.63. **Attributable to the statutory accounts for the year to [next accounting period]:** As described in the above example, these figures will be management's best estimate of the amount of costs and revenues reported in the cost return which are attributable to a set of statutory accounts which have not yet been prepared.
- 2.64. **Indexation adjustment:** The licensee should enter here the effect of rebasing revenues from 2010-11 figures (as reported in tab 10) to nominal prices.
- 2.65. **Total items included in cost return but not in stats:** This column is to be used for recording the total value of reconciling items of this sort. Note that the reconciling items should **not** be the result of timing differences since the structure of the reconciliation captures the appropriate costs and revenues for the period. Any reconciling totals must be supported by a breakdown of individual items where each item is properly explained. The Authority may ask for documentary support of reconciling items. This data should be reported in nominal terms.
- 2.66. **Total items included in stats but not in cost return:** This column is to be used for recording the total value of reconciling items of this sort. Note that the reconciling items should **not** be the result of timing differences since the structure of the reconciliation captures the appropriate costs and revenues for the period. Any reconciling totals must be supported by a breakdown of individual items where each item is properly explained. Ofgem may ask for documentary support of reconciling items. This data should be reported in nominal terms.

3. Reporting arrangements

Audit requirements

3.1. Amended Standard Condition E12 – D1 makes certain references to audit requirements. This version of the RIGs does not require an audit report to be submitted pursuant to this condition although the Authority reserves the right to change the RIGs¹ and such change may extend to introducing an audit requirement for some or all of the cost reporting where this is considered necessary by the Authority.

Documents to submit

3.2. As part of the cost reporting each licensee should submit the following:

- The completed cost reporting templates in electronic format (to be submitted via the Ofgem extranet)
- A report from the licensee’s auditor setting out the findings of their agreed upon procedures (this will constitute the “auditor’s report” referred to in the licence)
- A hard copy of the cost return initialled by the licensee’s auditors on each page to indicate that the version submitted is the same as the version on which the auditors prepared their work.

Submission dates

3.3. As required by Amended Standard Condition E12 – D1 paragraph 7(a) this return should be submitted to the Authority by no later than 31 July of each relevant year. For example, the cost return for the year to 31st March 2013 should be submitted by 31st July 2013.

Submission process

3.4. The documents listed under point 3.3 above should all be emailed to daniel.rock@ofgem.gov.uk and uploaded to the extranet (further details to be provided via email). Hard copies should also be sent to:

Daniel Rock
Senior Manager, Financial Analysis
Offshore Transmission
Ofgem E-Serve
9 Millbank
London
SW1P 3GE

¹ Modifications would be made as described in Part E of Amended Standard Condition E12 – D1

4. Additional guidance for reporting on templates

Introduction

4.1. This section sets out guidance for the reporting of the data required in the cost reporting templates.

Guidance

4.2. Unless otherwise stated in the cost reporting templates data should be reported to the following level of precision:

For £m amounts to 3 decimal places

For percentages to 2 decimal places

4.3. The 'Cover' tab shows the key to the colour coding used in the cost reporting templates. Licensees should only enter data into yellow coloured cells. Where a licensee believes the cost reporting template needs to be amended in order to accommodate their reporting requirements this is to be raised with the Authority.

4.4. All data are to be reported in 2010-11 prices unless otherwise stated. Nominal data in future years should be rebased to 2010-11 prices using the RPI data shown in tab '1. Universal Data'.

5. Appendix 1 – Cost reporting templates

Cover

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - COST reporting pack

Project: **Demo sands**

OFTO: **Offshore transmission operator 1**

Year: **2012-13**

Requirement

This workbook comprises the templates for the cost reporting pack referred to in paragraph 7(c) of amended standard condition E12 - D1: Offshore Regulatory Reporting.

Paragraph 7 of this licence condition requires this information to be provided to the Authority by no later than 31st July following the end of the year to which the data relate.

Part D of this licence condition requires the information reported in this cost reporting pack to be accompanied by a report from the licensee's auditors addressed to the Authority.

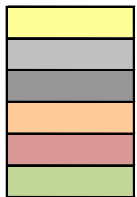
Guidance

The tables in this cost reporting pack are to be completed as described in the associated regulatory instructions and guidance (RIGs).

All data is to be reported in nominal terms unless otherwise stated.

All monetary amounts are to be reported in £m and to three decimal places.

Key



Cells to be populated by company

Cells contains a total, other formulae or links to other cells in the reporting pack

Cells where NO DATA should be input

Cells populated by Ofgem

Check cell indicating an error (uses conditional formatting)

Check cell indicating no error (uses conditional formatting)

Sign-off

Sign off

Declaration

The below declaration is to be signed off by a director of the licensee.

Amended Standard Condition E12 - D1 of the Offshore Transmission Licence paragraph 3 requires (amongst other things) that the licensee establish and maintain such systems and processes as necessary to ensure that 'the information collected and reported to the Authority is in all material respects accurate and complete and is fairly presented' and prepared in accordance with the regulatory instructions and guidance.

I, [Name of director], confirm that [Offshore transmission operator 1] is compliant with Amended Standard Condition E12 - D1 of its licence.

I also confirm that the covenants and ratios reported here are the same as those reported to our lenders for the equivalent period(s).

I also confirm that I am aware that section 59 of the Electricity Act 1989 provides that a person commits an offence if, in giving any information or for the purpose of any provision of this Part [1] ...he makes any statement which he knows to be false in a material particular, or recklessly makes any statement which is false in a material particular,

I also confirm that I am aware that Section 108 of the Electricity Act 1989 makes it possible for a director/officer to be guilty of an offence committed by a body corporate where it is committed with the 'consent....of that person'.

Name:	[Name of director]
Position:	
Date:	

Reviewed Section

x	1. Universal data
x	2. Operating costs
x	3. Technical data
x	4. Financing - Equity and sub-debt
x	5. Financing - senior debt
x	6. Financing - bonds
x	7. Financing - derivatives and other
x	8. Tax
x	9. Statement of comprehensive income
x	10. Statement of financial position
x	11. Cash flow statement
x	12. Financial ratios
x	13. Reconciliation of internally consistent figures
x	14. Reconciliation to statutory accounts

Prepared by

Prepared by	Reviewed by
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
Name of preparer	Name of reviewer
N/a	Name of reviewer
Name of preparer	Name of reviewer

1. Universal data



OFFSHORE TRANSMISSION - COST reporting pack

Project: **Demo sands**

OFTO: **[Offshore transmission operator 1]**

Year: **2012-13**

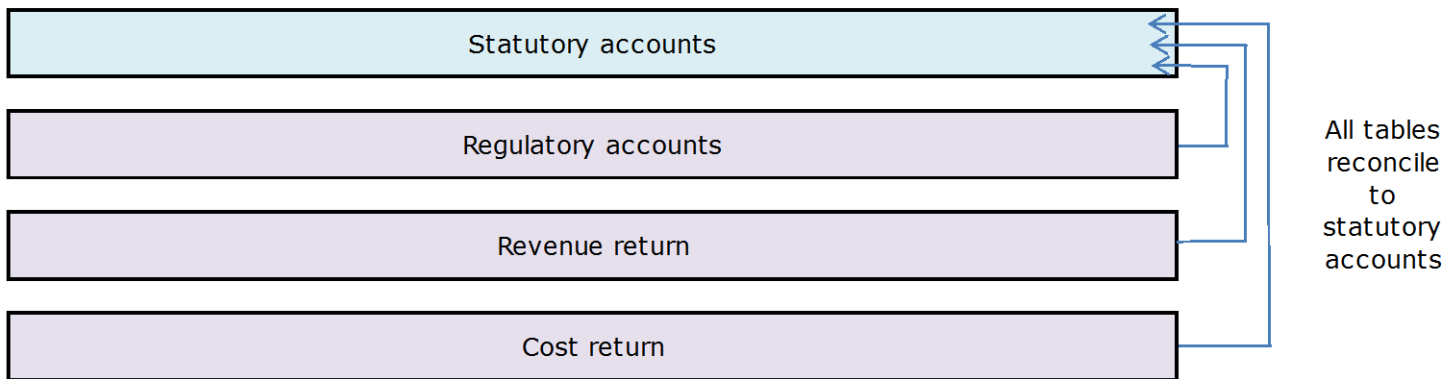
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1. Universal data

Prepared by:

Name of preparer	Company number:
	Company name:
Reviewed by:	Company short name:
Name of reviewer	Project:
<input type="checkbox"/> Reviewed	Reporting year: (enter 2011 for 2010/11)
	Version (number):
	Submitted date:
	GAAP used in current year:
	Date to which last statutory accounts were made up:

[Offshore transmission operator 1]
OFTO1
Demo sands
2013
0
31 December 2012



2. Operating costs

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - COST reporting pack

Project: Demo sands
 OFTO: [Offshore transmission operator 1]
 Year: 2012-13

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2. Operating costs

Prepared by: For the year ending 31st March:
 Name of preparer

Income

Reviewed by: Revenue
 Name of reviewer: Other operating income
 Reviewed: Total income

Total operating costs (excl. depreciation)

EBITDA
 Taxation
 EBITDA

Operating and maintenance costs

Ongoing O&M (planned)
 Reactive maintenance (unplanned)
 Total O&M

Insurance

Insurance type

Overall

Premium excluding IPT
 Insurance Premium Tax (IPT)
 Broker fees
 Sub-total

Property damage "all risks" insurance

On shore
 Sum Insured/Rateable Factor*
 Deductible*
 Other Insurance Costs and risk contingencies applied
 Total

Off shore
 Sum Insured/Rateable Factor*
 Deductible*
 Other Insurance Costs and risk contingencies applied
 Total

Sub-sea cable
 Sum Insured/Rateable Factor*
 Deductible*
 Other Insurance Costs and risk contingencies applied
 Total

Business interruption insurance

Sum Insured/Rateable Factor*
 Deductible*
 Other Insurance Costs and risk contingencies applied
 Total

Third Party Public & Products Liability Insurance

Sum Insured/Rateable Factor*
 Deductible*
 Other Insurance Costs and risk contingencies applied
 Total

Insurances required by law/ other

Sum Insured/Rateable Factor*
 Deductible*
 Other Insurance Costs and risk contingencies applied
 Total

Total insurance cost

3 d.p.	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating costs (excl. depreciation)	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ebitda	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ongoing O&M (planned)	£m																				
Reactive maintenance (unplanned)	£m																				
Total O&M	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Where different rates apply for different parts of the assets then please provide a breakdown.																					
Insurance type																					
Premium excluding IPT	£m																				
Insurance Premium Tax (IPT)	£m																				
Broker fees	£m																				
Sub-total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property damage "all risks" insurance																					
<i>On shore</i>																					
Sum Insured/Rateable Factor*	£m																				
Deductible*	£m																				
Other Insurance Costs and risk contingencies applied	£m																				
Total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Off shore</i>																					
Sum Insured/Rateable Factor*	£m																				
Deductible*	£m																				
Other Insurance Costs and risk contingencies applied	£m																				
Total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Sub-sea cable</i>																					
Sum Insured/Rateable Factor*	£m																				
Deductible*	£m																				
Other Insurance Costs and risk contingencies applied	£m																				
Total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business interruption insurance																					
Sum Insured/Rateable Factor*	£m																				
Deductible*	£m																				
Other Insurance Costs and risk contingencies applied	£m																				
Total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Third Party Public & Products Liability Insurance																					
Sum Insured/Rateable Factor*	£m																				
Deductible*	£m																				
Other Insurance Costs and risk contingencies applied	£m																				
Total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurances required by law/ other																					
Sum Insured/Rateable Factor*	£m																				
Deductible*	£m																				
Other Insurance Costs and risk contingencies applied	£m																				
Total	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total insurance cost	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

4. Financing - Equity and sub-debt



OFFSHORE TRANSMISSION - COST reporting pack

Project: **Dem o sands**
 OFTO: **[Offshore transmission operator 1]**
 Year: **2012-13**

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4. Financing - Equity and intercompany debt

Prepared by: _____		For the year ending 31st March:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Equity		3 d.p.																						
Name of preparer:	Equity in issue - b/f (enter as +ve)	£m																						
Reviewed by:	Equity injection (enter as +ve)	£m																						
Name of reviewer:	Equity redemption (enter as -ve)	£m																						
<input type="checkbox"/> Reviewed	Equity in issue - c/f	£m																						
Dividends declared		£m																						
Intercompany debt - tranche 1		Overwrite with name of tranche																						
Interest rate		%																						
Amount issued		£m																						
Issue date		dd/mm/yy																						
Maturity		dd/mm/yy																						
Intercompany debt in issue - b/f (enter as +ve)		£m																						
Intercompany debt issued (enter as +ve)		£m																						
Intercompany debt interest rolled up (enter as +ve)		£m																						
Intercompany debt repaid (enter as -ve)		£m																						
Intercompany debt in issue - c/f		£m																						
Interest payments (enter as +ve)		£m																						
Intercompany debt - tranche 2		Overwrite with name of tranche																						
Interest rate		%																						
Amount issued		£m																						
Issue date		dd/mm/yy																						
Maturity		dd/mm/yy																						
Intercompany debt in issue - b/f (enter as +ve)		£m																						
Intercompany debt issued (enter as +ve)		£m																						
Intercompany debt interest rolled up (enter as +ve)		£m																						
Intercompany debt repaid (enter as -ve)		£m																						
Intercompany debt in issue - c/f		£m																						
Interest payments (enter as +ve)		£m																						
Intercompany debt - tranche 3		Overwrite with name of tranche																						
Interest rate		%																						
Amount issued		£m																						
Issue date		dd/mm/yy																						
Maturity		dd/mm/yy																						
Intercompany debt in issue - b/f (enter as +ve)		£m																						
Intercompany debt issued (enter as +ve)		£m																						
Intercompany debt interest rolled up (enter as +ve)		£m																						
Intercompany debt repaid (enter as -ve)		£m																						
Intercompany debt in issue - c/f		£m																						
Interest payments (enter as +ve)		£m																						

6. Financing - bonds



OFFSHORE TRANSMISSION - COST reporting pack

Project: **Demo sands**
 OFTO: **Offshore transmission operator 1**
 Year: **2012-13**

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5. Financing - bonds

Prepared by: For the year ending 31st March:

Name of preparer	3 d.p.	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
------------------	--------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

Bonds

Reviewed by: **Bond 1**
 Name of reviewer: Overwrite with description of bond

<input type="checkbox"/> Reviewed																							
Coupon	%																						
Bond size	£m																						
Issue date	dd/mm/yy																						
Maturity	dd/mm/yy																						
Bonds in issue - b/f (enter as +ve)	£m		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond issuance (enter as +ve)	£m																						
Unpaid coupons rolled up (enter as +ve)	£m																						
Indexation adjustment	£m																						
Bond redemption (enter as -ve)	£m																						
Bond outstanding - c/f	£m		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Coupon payments (enter as +ve)	£m																						

Bond 2

Overwrite with description of bond

Coupon	%																						
Bond size	£m																						
Issue date	dd/mm/yy																						
Maturity	dd/mm/yy																						
Bonds in issue - b/f (enter as +ve)	£m		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond issuance (enter as +ve)	£m																						
Unpaid coupons rolled up (enter as +ve)	£m																						
Indexation adjustment	£m																						
Bond redemption (enter as -ve)	£m																						
Bond outstanding - c/f	£m		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Coupon payments (enter as +ve)	£m																						

Bond 3

Overwrite with description of bond

Coupon	%																						
Bond size	£m																						
Issue date	dd/mm/yy																						
Maturity	dd/mm/yy																						
Bonds in issue - b/f (enter as +ve)	£m		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond issuance (enter as +ve)	£m																						
Unpaid coupons rolled up (enter as +ve)	£m																						
Indexation adjustment	£m																						
Bond redemption (enter as -ve)	£m																						
Bond outstanding - c/f	£m		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Coupon payments (enter as +ve)	£m																						

Total bonds

Bonds in issue - b/f (enter as +ve)	£m		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond issuance (enter as +ve)	£m																						
Unpaid coupons rolled up (enter as +ve)	£m																						
Indexation adjustment	£m																						
Bond redemption (enter as -ve)	£m																						
Total bonds in issue - c/f	£m		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Coupon payments (enter as +ve)	£m		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Tax

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - COST reporting pack

Project: **Demo sands**

OFTO: **[Offshore transmission operator 1]**

Year: **2012-13**

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8. Tax

Prepared by:

Name of preparer

Reviewed by:

Name of reviewer

Reviewed

The licensee should provide a copy of the CT600 (or successor form) they have most recently submitted to HMRC. Screenshots covering this document should be provided below also.

9. Statement of comprehensive income



OFFSHORE TRANSMISSION - COST reporting pack

Project: Demo sands
 OFTO: Offshore transmission operator 1
 Year: 2012-13

[Index](#)

8. Statement of comprehensive income

Prepared by: For the year ending 31st March:

Name of preparer

Reviewed by:

Name of reviewer

Reviewed

GAAP used (UK or IFRS)

Convention: (debit)/credit

2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS IFRS

Revenue £m

Other operating income £m

Operating costs

Depreciation of operational assets £m

Depreciation of non-operational assets £m

O&M costs £m

Insurance costs £m

Decommissioning costs £m

SPV costs £m

Replacement costs £m

Bid costs £m

Other costs £m

Total operating costs £m

Operating profit £m

Interest income and similar income

Interest receivable £m

Other investment income £m

Interest expense and other finance costs

Interest payable £m

Other finance costs £m

Profit before taxation £m

Taxation

Current Tax - current year £m

Current Tax - prior year adjustments £m

Deferred Tax - current year £m

Deferred Tax - prior year adjustments £m

Profit for the year £m

Other comprehensive income

Net (loss)/gain taken to equity in respect of cash flow hedges £m

Tax on items taken directly to or transferred from equity £m

Impact of change in tax rate on deferred tax £m

Total comprehensive income for the year £m

Memo items

Exceptional items

Overwrite with description of exceptional £m

Overwrite with description of exceptional £m

Overwrite with description of exceptional £m

Overwrite with description of exceptional £m

Overwrite with description of exceptional £m

Fair value gains/losses

Fair value gain/(loss) on swap 1 £m

Fair value gain/(loss) on swap 2 £m

Fair value gain/(loss) on swap 3 £m

Overwrite with description of FV gain/loss £m

Overwrite with description of FV gain/loss £m

Overwrite with description of FV gain/loss £m

10. Statement of financial position



OFFSHORE TRANSMISSION - COST reporting pack

Project: Demo sands
 OFTO: [Offshore transmission operator 1]
 Year: 2012-13

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10. Statement of financial position

Prepared by: As at 31st March:

Name of preparer

GAAP used (UK or IFRS)

2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

Reviewed by:

Name of reviewer

Convention: debit/(credit)

3 d.p.

Reviewed

Assets

Non-current assets

Off-shore transmission cable

£m

Off-shore substation

£m

On-shore substation

£m

Other operational assets

£m

Non-operational assets

£m

Investments

£m

Deferred tax assets

£m

Derivative financial instruments

£m

Other - please overwrite

£m

Current assets

Cash and cash equivalents

£m

Trade and other receivables

£m

Inventories

£m

Deferred tax assets

£m

Derivative financial instruments

£m

Other - please overwrite

£m

Total assets

£m

Equity and liabilities

Equity attributable to owners of the parent

Ordinary shares

£m

Share premium

£m

Retained earnings

£m

Hedging reserve

£m

Other reserves - please specify

£m

Other reserves - please specify

£m

Total equity

£m

Non-current liabilities

Subordinated debt

£m

Senior debt

£m

Bonds

£m

Other borrowings - please specify

£m

Other borrowings - please specify

£m

Deferred tax liabilities

£m

Provisions for other liabilities and charges

£m

Other - please overwrite

£m

12. Financial ratios



OFFSHORE TRANSMISSION - COST reporting pack

Project: **Demo sands**
 OFTO: **[Offshore transmission operator 1]**
 Year: **2012-13**

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12. Financial ratios

Prepared by: For the year ending 31st March:

Name of preparer:

3 d.p.

Summary

Reviewed by: Interest cover

Name of reviewer: Annual debt service cover ratio (ADSCR)

Loan Life Cover Ratio (LLCR)

Reviewed

Min annual debt service cover ratio
 Min loan life cover ratio

Covenants

Min annual debt service cover ratio
 Min loan life cover ratio

Other covenant 1 - please specify

Other covenant 2 - please specify

Ratios

Annual debt service cover ratio

Loan life cover ratio

Other covenant 1 - please specify

Other covenant 2 - please specify

Transfer value and subsequent capex

Transfer value (enter as +ve)

Additions (enter as +ve)

Disposals (enter as -ve)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Annual debt service cover ratio (ADSCR)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loan Life Cover Ratio (LLCR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Min annual debt service cover ratio	-																				
Min loan life cover ratio	-																				
Min annual debt service cover ratio																					
Min loan life cover ratio																					
Other covenant 1 - please specify																					
Other covenant 2 - please specify																					
Annual debt service cover ratio																					
Loan life cover ratio																					
Other covenant 1 - please specify																					
Other covenant 2 - please specify																					
Transfer value (enter as +ve)	£m	1,000.000																			
Additions (enter as +ve)	£m																				
Disposals (enter as -ve)	£m																				

Narrative description of ADSCR calculation

Narrative description of LLCR calculation

Narrative description of Other covenant 1 - please specify calculation

Narrative description of Other covenant 2 - please specify calculation

13. Reconciliation of internally consistent figures



OFFSHORE TRANSMISSION - COST reporting pack

Project: **Dem o sands**
 OFTO: **[Offshore transmission operator 1]**
 Year: **2012-13**

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13. Reconciliation of internally consistent figures

Prepared by:	For the year ending 31st March:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
N/a	Checks that spreadsheet is internally consistent																					
Reviewed by:	Interest payable	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Name of reviewer:																						
<input type="checkbox"/> Reviewed																						
	Balance sheet																					
	Total assets = total liabilities + equity	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Balance sheet agrees to cash flow statement	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Total debt agrees to financing tab	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Intercompany debt balances	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Cash reserves agree to balance sheet	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Ratios																					
	ADSCR	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	LLCR	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Other covenant 1 - please specify	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Other covenant 2 - please specify	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	References																					
	Interest payable																					
	As per income statement	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	As per financing tabs																					
	Sub-debt interest payments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Senior debt interest payments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bond coupon payments	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance sheet																					
	Total assets	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total equity and liabilities	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Cash and cash equivalents as per balance sheet	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Cash and cash equivalents as per cash flow statement	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total debt as per financing tabs	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total debt as per balance sheet	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	HoldCo receivable	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	OFTO payable	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Cash as per balance sheet	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Cash as per summary of cash reserves	£m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

14. Reconciliation to statutory accounts



OFFSHORE TRANSMISSION - COST reporting pack

Project: **Demo sands**
 OFTO: **Offshore transmission operator 1**
 Year: **2012-13**

[Index](#)

13. Reconciliation to statutory accounts

Prepared by:

Last statutory accounts made up to:

Reviewed by:

Reviewed

						All reconciling items must be explained		
3 d.p.	As per cost reporting template	Attributable to last statutory accounts	Attributable to the statutory accounts for the year to 31/12/2013	Indexation adjustment	Total items included in cost return but not in stats (-ve)	Total items included in stats but not in cost return (+ve)	Total agrees to cost reporting template	
	Revenue	£m	-				✓	
	Operating costs	£m	-				✓	
	Other operating income	£m	-				✓	
	Operating profit	£m	-				✓	
	Profit before taxation	£m	-				✓	
	Taxation	£m	-				✓	
	Profit for the year	£m	-				✓	
	Total comprehensive income for the year	£m	-				✓	
	Cash receipts - TRS	£m	-				✓	
	Net cash generated from operating activities	£m	-				✓	