

Chapter 27

Regulatory Accounts

Current Cost Accounting

Covering:
Movement on current cost reserve

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Movement on current cost reserve

Company commentary

Commentary should be provided on the calculation of the:

- working capital adjustment; and
- financing adjustment.

Where an AMP adjustment has occurred in the year then there should be a cross-reference to the relevant commentary on table 25 rather than duplicated text.

Where the opening balance differs from the prior year closing balance by more than +/- £0.002m then reasons for this should be given in the commentary.

Guidance to Auditors

See "Auditors' guidance part A "General procedures".

Table 27 Line definitions

1	Current cost reserve at 1 April	£m	3dp
Definition	The balance on the current cost reserve at the start of the year		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Columns 1 and 2: historic data Column 3: Input		
Responsibility	Regulatory Finance Team		

2	AMP adjustment	£m	3dp
Definition	Any revision during the year in the real value of tangible fixed assets arising periodically from improved information, notably in Asset Management Plans and Strategic Business Plans.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Columns 1 and 2: historic data Column 3: Input (positive number if a gain, negative number if a loss). AMP adjustments concerning prior years should be inflated by RPI before input.		
Responsibility	Regulatory Finance Team		

A RPI ADJUSTMENTS

3	Fixed assets	£m	3dp
Definition	The RPI adjustment denoting the change in the value of tangible fixed assets arising from the impact of general inflation, as measured by the change in the retail price index between the opening and closing balance sheet dates.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Input (positive number if there is to be an increase in the current cost reserve; negative number if there is to be a decrease in the current cost reserve.)		
Responsibility	Regulatory Finance Team		

4	Working capital adjustment	£m	3dp
Definition	The adjustment for the impact of general inflation on the real value of working capital to the business between opening and closing balance sheet dates.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Copied: table 20 line 4 and the sign reversed.		
Responsibility	Regulatory Finance Team		

5	Financing adjustment	£m	3dp
Definition	The real gain or loss arising for shareholders from the impact of general inflation on monetary assets and liabilities.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Columns 1 and 2: historic data Column 3: Input (The adjustment should be made on the movement on the RPI between opening and closing balance sheet dates; positive number if there is to be an increase in the current cost reserve; negative number if there is to be a decrease in the current cost reserve.)		
Responsibility	Regulatory Finance Team		

6	Grants and third party contributions	£m	3dp
Definition	The adjustment for the impact of general inflation on third party grants and contributions between opening and closing balance sheet dates.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Columns 1 and 2: historic data Column 3: Input (positive number if there is to be an increase in the current cost reserve; negative number if there is to be a decrease in the current cost reserve.)		
Responsibility	Regulatory Finance Team		

7	Current cost reserve at 31 March	£m	3dp
Definition	The balance on the current cost reserve at the end of the year		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Calculated: the sum of lines 1, 2, 3, 4, 5 and 6.		
Responsibility	Regulatory Finance Team		

CHANGE CONTROL SHEET

CHAPTER 27

2008/1.0	First issue of chapter for the SBP period
2009/1.0	<ul style="list-style-type: none">• Second issue of chapter for the SBP period• Amended processing rules for lines 1,2,4,5 and 6.
2010/1.0	Third issue of chapter for the SBP period. <ul style="list-style-type: none">• Minor changes to processing rules for selected lines.
2011/1.0	First issue of chapter for the PC10 period. <ul style="list-style-type: none">• No changes.