

دائرة الطاقة
DEPARTMENT OF ENERGY



Regulatory Accounting Guidelines for Separate Business Accounts of Abu Dhabi Sewerage Services Company

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Regulatory Accounting Guidelines for Separate Business Accounts of Abu Dhabi Sewerage Services Company

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Issued by

the Regulation and Supervision Bureau

for the water, wastewater and electricity sector in the Emirate of Abu Dhabi

www.rsb.gov.ae

The Department of Energy (“DoE”) is the successor entity to the Regulation and Supervision Bureau pursuant to Law No.11 of 2018 establishing the DoE. Any references to the Regulation and Supervision Bureau, the Bureau or RSB in these RAGs shall be interpreted as referring to the DoE.

Foreword

The Regulation and Supervision Bureau (the Bureau) is established in Abu Dhabi to oversee the economic and technical activities of the electricity, water and wastewater companies that are licensed to operate in the Emirate of Abu Dhabi. The Department of Energy (“DoE”) is the successor entity to the Regulation and Supervision Bureau pursuant to Law No.11 of 2018 establishing the DoE.

Statutory financial statements produced by the companies are general purpose financial statements governed by UAE Commercial Company Law of 1984 (as amended) and International Financial Reporting Standards (IFRS), and provide financial information at the company level. Separate Business Accounts (SBAs) are produced by the price controlled companies for regulatory filing with the Bureau, and provide audited information on each separate business of these companies.

These guidelines have been produced following extensive consultation with the price controlled companies and set out the Bureau’s requirements for preparation and presentation of the SBAs.

The Regulations may also be downloaded from the Bureau’s website at www.rsb.gov.ae.

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1 Introduction

1.1 Overview

- 1.1.1 This document sets out the Guidelines for preparation of the Separate Business Accounts of Abu Dhabi Sewerage Services Company (the 'Guidelines').
- 1.1.2 These Guidelines have been prepared by the Regulation and Supervision Bureau in the Emirate of Abu Dhabi (the 'Bureau').
- 1.1.3 These Guidelines are issued to set out the requirements for the Separate Business Accounts ('SBAs') which are considered critical by the Bureau in achieving their regulatory purposes.
- 1.1.4 These Guidelines cover the requirements of the following conditions of the Sewerage, Wastewater Treatment and Disposal Licence ED/L01/016 (the 'Licence') issued to Abu Dhabi Sewerage Services Company ('ADSSC' or the 'Licensee').
 - a) Condition 6 ("Provision of information to the Bureau");
 - b) Condition 8 ("Separate accounts for separate businesses");
 - c) Condition 9 ("Cross-subsidies"); and
 - d) Schedule 2 ("Charge restriction conditions").
- 1.1.5 The SBAs should be prepared in accordance with International Financial Reporting Standards ('IFRS') subject to the additional guidance and any additional disclosure requirements or modifications to IFRS as set out in these

Guidelines. Where the Guidelines do not specifically address an accounting issue, IFRS should be applied in preparation of the SBAs.

- 1.1.6 The Guidelines provide additional guidance relating to the application of IFRS in certain areas of key regulatory focus (such as, capitalisation of staff costs and methods for establishing fair value of Related Party transactions).
- 1.1.7 The Guidelines also set out additional guidance in certain areas which are not covered under IFRS but are considered critical by the Bureau for preparation and presentation of SBAs (such as, allocation methodology).
- 1.1.8 Finally, the Guidelines also require additional disclosures in certain areas which are not required under IFRS (such as, disclosure of reconciliation of cash payments for capex to the capex recorded on accrual basis).

1.2 Purpose of the SBAs

- 1.2.1 The SBAs are the main source of audited financial and operational information about each of the Separate Businesses of the Licensee.
- 1.2.2 The information contained in the SBAs is used by the Bureau for a number of regulatory purposes, including to support:
 - a) the Bureau’s price control review process;
 - b) the Bureau’s price control compliance process; and
 - c) the Bureau’s understanding of the Separate Businesses of the Licensee in the context of performing its regulatory duties.

1.3 Principles in the preparation of SBAs

- 1.3.1 The SBAs should be prepared on a transparent and consistent basis to achieve the purposes listed in Section 1.2.
- 1.3.2 The principle of transparency in preparation of the SBAs means the provision of detailed disclosures of financial information related to assets, liabilities, revenue and expenses, as well as the disclosure of accounting policies and procedures applied.
- 1.3.3 The principle of consistency in preparation of the SBAs means the application of accounting standards and relevant Licence conditions together with the Guidelines for preparing and providing information in the SBAs on a consistent basis from year to year.

1.4 Purpose of the Guidelines

1.4.1 The purpose of the Guidelines is to set out requirements for the SBAs which are considered critical by the Bureau in performing their regulatory duties and more specifically, achieving the purposes of the SBAs, as listed in Section 1.2.

1.5 Contents of the Guidelines

1.5.1 The Guidelines include the following sections.

- a) Section 2 - Separate Businesses and Activities;
- b) Section 3 - Accounting statements, supporting notes and other disclosures;
- c) Section 4 - Accounting policies and basis of preparation;
- d) Section 5 - Allocation methodology;
- e) Section 6 - Capitalisation policy;
- f) Section 7 - Related Parties;
- g) Section 8 - Reconciliation between statutory accounts and SBAs;
- h) Section 9 - Price Control Return ('PCR');
- i) Section 10 – Cash payments for capital expenditures ('capex');
- j) Section 11 - Review and analysis of performance;
- k) Section 12 - Dividend policy;
- l) Section 13 - Directors' responsibility statement;
- m) Section 14 - Audit;
- n) Section 15 - Publication;
- o) Section 16 - Changes to the Guidelines;
- p) Appendix A - Definitions; and
- q) Appendix B - Pro forma Separate Business Accounts.

- 1.5.2 The Bureau's requirement of a separate PCR submission is replaced with the requirement to merge the PCR with the SBAs. The section on PCR in the Guidelines sets out related requirements.
- 1.5.3 Appendix B contains the pro forma for the SBAs. The Licensee is required to use this pro forma to produce its SBAs.

1.6 Implementation of the Guidelines

- 1.6.1 The Guidelines will be implemented in different phases, with some requirements being effective for preparing SBAs for the 2013 financial year, while other requirements will be effective from the 2014 financial year. The timeline for implementation is noted in each section of the Guidelines and is summarised below.

Table 1.1: Implementation timelines

Section in the Guidelines	Effective financial year of implementation for preparing SBAs
Accounting statements, supporting notes and other disclosures	2013
Accounting standards and basis of preparation	2013
Allocation methodology	2014
Capitalisation policy	2014
Related Parties	2014
Reconciliation between statutory accounts and SBAs	2013
Price Control Return	2013
Cash payments for capital expenditures	2013
Review and analysis of performance	2014
Dividend policy	2014
Directors' responsibility statement	2014
Audit	2013
Publication	2014

2 Separate Businesses and Activities

2.1 Definition of Separate Businesses and Activities

2.1.1 The Licensee can carry out only Licensed Activities and Unlicensed Consented Activities. Unlicensed Consented Activities are those activities other than Licensed Activities undertaken by the Licensee for which it has been granted consent by the Bureau (currently, the Licensee does not undertake any Unlicensed Consented Activity, as noted in Section 2.1.6).

2.1.2 The SBAs should include audited financial information on each Separate Business of the Licensee which carries out Licensed Activities, and each of the Licensee’s Unlicensed Consented Activities.

2.1.3 Licensed Activities are defined in Clause 4 (“Licensed Activities”) in Part 1 of the Licence and comprise the following activities¹:

- a) Sewerage;
- b) Wastewater Treatment; and
- c) Disposal.

2.1.4 The Separate Businesses of the Licensee are defined in Clause 5 (“Definitions”) in Part 1 of the Licence and comprise the following businesses²:

- **Sewerage Business (Sewerage).** This means “means the authorised business of the Licensee or any Affiliate or Related Undertaking in the planning, development, construction, maintenance or operation of the Sewerage System”. The Sewerage System means the “system consisting (wholly or mainly) of sewerage pipes, pumping stations, tankers and other plant and equipment owned or operated by the Licensee and used for the transportation of wastewater from premises or customers to the Wastewater Treatment System”.

¹ Clause 4 (“Licensed Activities”), Part 1 (“The licence”), Sewerage, Wastewater Treatment and Disposal Licence ED/L01/016 of Abu Dhabi Sewerage Services Company.

² Clause 5 (“Definitions”), Part 1 (“The licence”), Sewerage, Wastewater Treatment and Disposal Licence ED/L01/016 of Abu Dhabi Sewerage Services Company.

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- **Wastewater Treatment Business (Wastewater treatment).** This means “the authorised business of the Licensee or any Affiliate or Related Undertaking in the planning, development, construction, maintenance or operation of the Wastewater Treatment System”. The Wastewater Treatment System means the “system consisting (wholly or mainly) of pipes, pumping stations, tankers, and other plant and equipment owned or operated by the Licensee and used for the Wastewater Treatment”.
- **Disposal Business (Disposal).** This means “the authorised business of the Licensee or any Affiliate or Related Undertaking in the planning, development, construction, operation or maintenance of the Disposal System”. The Disposal System means the “system consisting (wholly or mainly) of pipes, pumping stations, tankers, and other plant and equipment owned or operated by the Licensee and used for Disposal”.

2.1.5 The terms used in Section 2.1.4 have the same meaning as defined under Part 1 of the Licence.

2.1.6 The Licensee does not currently undertake any Unlicensed Consented Activities.

2.2 Classification and presentation of new activities

2.2.1 If the Licensee engages in any new activity, the new activity should be classified as a Licensed or an Unlicensed Consented Activity based on the Bureau’s specific guidance in the relevant License/Consent for the new activity.

2.2.2 In case the Licensee undertakes any new Activity, the Licensee will be required by the Bureau either to separately present the results of the new Activity or to aggregate the results with an existing Activity. The specific guidance on presentation of results will be listed in the relevant Licence/Consent for the new Activity.

3 Accounting statements, supporting notes and other disclosures

3.1 Accounting statements and supporting notes

- 3.1.1 The Licensee should prepare accounting statements and supporting notes required under Condition 8 in the Licence, for each Separate Business and for each Unlicensed Consented Activity.
- 3.1.2 The contents of accounting statements and supporting notes should be in accordance with IFRS requirements as such recorded in statutory accounts and these Guidelines. The contents of additional disclosures should be in accordance with the Guidelines (refer to Section 3.2).
- 3.1.3 For each line item in accounting statements and supporting notes, the following split (columns) should be included:
- a) Sewerage – Relevant financial year;
 - b) Wastewater treatment – Relevant financial year;
 - c) Disposal – Relevant financial year;
 - d) Licensed Total (Sum of Sewerage, Wastewater treatment and Disposal) – Relevant financial year;
 - e) Sewerage – Previous financial year;
 - f) Wastewater treatment – Previous financial year;
 - g) Disposal – Previous financial year;
 - h) Licensed Total – Previous financial year;
 - i) Other Unlicensed Consented Activity (if any) - Relevant financial year;
 - j) Other Unlicensed Consented Activity (if any) - Previous financial year;
 - k) Grand Total (Sum of Licensed and Unlicensed Consented Activities) as per SBAs - Relevant financial year;

- l) Grand Total as per statutory accounts ('SA') – Relevant financial year³;
- m) Difference in Grand Total between SBAs and SAs – Relevant financial year ⁴;
and
- n) Grand Total as per SBAs - Previous financial year.

3.1.4 The pro forma statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flow are set out in Appendix B - Part 5.

3.2 Other disclosures required in line with the Guidelines

3.2.1 The Guidelines set out some additional disclosure requirements. These disclosures are set out in Appendix B - Part 8.

3.3 Implementation

3.3.1 The guidelines on accounting statements, supporting notes and other disclosures should be implemented for preparing SBAs for the 2013 financial year and in subsequent years, except where stated otherwise in the Guidelines.

³ Refer to Section 8 in the Guidelines for further details on including this requirement.

⁴ Refer to Section 8 in the Guidelines for further details on including this requirement.

4 Accounting policies and basis of preparation

4.1 Scope

- 4.1.1 This section provides guidelines on the accounting standards and the basis of preparation to be applied in the SBAs.
- 4.1.2 The requirements in the guidelines on accounting standards and basis of preparation constitute compliance with Condition 8 in the Licence.

4.2 Requirements

- 4.2.1 The accounting policies and the basis of preparation in the SBAs should be in accordance with IFRS and the Guidelines.

4.3 Implementation

- 4.3.1 The guidelines on accounting policies and basis of preparation should be implemented for preparing SBAs for the 2013 financial year and in subsequent years, except where stated otherwise in the Guidelines.

5 Allocation methodology

5.1 Scope

- 5.1.1 This section covers guidelines on allocation methodology.
- 5.1.2 The requirements in the guidelines on allocation methodology constitute compliance with Condition 8 in the Licence.

5.2 Objectives

- 5.2.1 The main objective of the guidelines on allocation methodology is to ensure that the methodology for allocating revenues, costs, assets, liabilities, reserves and provisions to each Separate Business and to Unlicensed Consented Activities complies with the allocation principles set out in Section 5.3, and to ensure that there are no cross-subsidies between Licensed and Unlicensed Consented Activities.
- 5.2.2 In addition, the allocation methodology used by the Licensee to produce the SBAs should be disclosed in a transparent and consistent manner.

5.3 Principles of allocation

- 5.3.1 The methodology for allocating revenues, costs, assets, liabilities, reserves and provisions to each Separate Business and to Unlicensed Consented Activities (whether on the basis of Direct or Indirect Allocation) should comply with the principles of Causality, Objectivity, Consistency and Transparency.
- a) **Causality.** Revenues, costs, assets, liabilities, reserves and provisions should be allocated to relevant Separate Businesses and/or Unlicensed Consented Activities that cause (or give rise) to them being incurred or earned.
 - b) **Objectivity.** The allocations should be performed on an objective basis and should use data which is reliable and verifiable.
 - c) **Consistency.** The allocations should be consistent across time.
 - d) **Transparency.** The allocations should be performed in a transparent manner and should be traceable to their source data.

- 5.3.2 In respect of the Causality principle, for example, if the asset is being acquired for exclusive use in the Sewerage business, it is the Sewerage business which causes (or gives rise to) this asset to be acquired and the cost of this asset to be incurred. Therefore, allocating the cost of this asset exclusively to the Sewerage business will be in line with the principle of Causality, as long as the asset continues to be used in the Sewerage business. Another example is if a human resources management system is acquired for use across all Separate Businesses and Unlicensed Consented Activities, there is no specific Separate Business or Unlicensed Consented Activity which causes (or gives rise to) this asset to be acquired and the cost to be incurred. In this case, the cost of the human resources management system should be allocated across Separate Businesses and Unlicensed Consented Activities on a basis which complies with the principle of Causality, as long as the system continues to be used across all Separate Businesses and Unlicensed Consented Activities.
- 5.3.3 While the Consistency principle requires that the allocation methodology should be kept consistent across time, the allocation methodology should be modified, where it is necessary, to reflect changes in order to ensure that the Causality principle is met. For example, this could occur where:
- a) there are significant changes to the organisational structure of the Licensee;
 - b) where new activities or services are provided; or
 - c) where other relevant changes occur that may result in the previous allocation methodology leading to costs being misallocated to Separate Businesses and/or Unlicensed Consented Activities.
- 5.3.4 If the Licensee plans to change the basis of allocation used, the Licensee will need to comply with the requirements in Clause 4 (a) under Condition 8 of the Licence, which requires that the Licensee does not change the basis of allocation unless “the Bureau so specifies in directions issued for the purposes of this Condition or with its prior written approval”⁵.
- 5.3.5 In case the Licensee has changed the basis of allocation in the relevant financial year compared to the previous year, the Licensee should disclose the impact of

⁵ Clause 4 (a), Condition 8 (“Separate accounts for separate businesses”), Sewerage, Wastewater Treatment and Disposal Licence ED/L01/016 of Abu Dhabi Sewerage Services Company.

using the new basis of allocation on results in the SBAs, including an indication of what the results would be if the old basis of allocation had been applied.

5.4 Direct Allocation and Indirect Allocation

- 5.4.1 Directly Allocable amounts are those which can be causally allocated directly to either a Separate Business or to Unlicensed Consented Activities. For example, the cost of staff working exclusively in the Sewerage business should be allocated directly to the Sewerage business and as such should be considered a Directly Allocable amount. In other words, Directly Allocable amounts are those which do not require an allocation driver for allocation to a Separate Business or to Unlicensed Consented Activities.
- 5.4.2 Indirectly Allocable amounts are those which cannot be causally allocated directly to either a Separate Business or to Unlicensed Consented Activities and should therefore be allocated to the relevant Separate Businesses and/or Unlicensed Consented Activities using an allocation driver. For example, the cost of staff working for both Sewerage and Disposal businesses cannot be causally allocated directly to either the Sewerage business or the Disposal business and as such should be considered an Indirectly Allocable amount. This Indirectly Allocable amount should be allocated across relevant Separate Businesses and/or Unlicensed Consented Activities using an allocation driver.
- 5.4.3 An allocation driver refers to a basis which is used to allocate Indirectly Allocable amounts to relevant Separate Businesses and/or Unlicensed Consented Activities. Any allocation driver used by the Licensee should comply with the allocation principles in Section 5.3.

5.5 Allocation methodology

- 5.5.1 The Licensee should assess the nature of each line item of revenues, costs, assets, liabilities, reserves and provisions reported in the accounting statements, in order to disaggregate each line item into sub-groupings having a common nature for the purpose of allocating in a similar manner (for example, using the same allocation driver) across relevant Separate Businesses and/or Unlicensed Consented Activities. For example, if some employees are working exclusively in the Sewerage business while other employees are working across all Separate Businesses, the combined costs of these employees do not have a common nature for the purpose of allocation across Separate Businesses and Unlicensed Consented Activities, as some of these costs are Directly Allocable to the

Sewerage business while other costs are Indirectly Allocable across all Separate Businesses. These staff costs should therefore be disaggregated to an appropriate level to be of a common nature which can then be allocated in a similar manner.

- 5.5.2 For each sub-grouping of a line item in the accounting statements which has been identified by the Licensee as having a common nature for the purpose of allocation (as explained in Section 5.5.1), the Licensee should identify Directly Allocable amounts to the extent it is practically possible and allocate these amounts directly to the relevant Separate Business or to Unlicensed Consented Activities.
- 5.5.3 Any remaining amounts which are not Directly Allocable should be allocated indirectly to relevant Separate Businesses and/or Unlicensed Consented Activities using an allocation methodology which is compliant with the allocation principles in Section 5.3.
- 5.5.4 The reference to accounting statements in this section includes the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flow.

5.6 Disclosure requirements

- 5.6.1 The SBAs should include an overview of the allocation methodology which has been implemented by the Licensee. The overview should comprise, at a minimum, the following information:
- a) description of the source data for the preparation of SBAs;
 - b) the list of steps involved in the allocation process and how they comply with allocation principles set out in Section 5.3; and
 - c) graphical representation of the allocation process.
- 5.6.2 For each sub-grouping of a line item in the accounting statements which has been identified by the Licensee as having a common nature for the purpose of allocation, the following information should be provided:
- a) whether the amount is:
 - i. Directly Allocable to a Separate Business or to Unlicensed Consented Activities; or

- ii. Indirectly Allocable to relevant Separate Businesses and/or Unlicensed Consented Activities; or
 - iii. part of the total amount is Directly Allocable and the remaining part is Indirectly Allocable.
 - b) breakdown between Directly Allocable and Indirectly Allocable amounts, if applicable;
 - c) for the Directly Allocable amount, provide the following:
 - i. the Separate Business (or Unlicensed Consented Activities) to which the amount is Directly Allocated;
 - ii. the reason for allocating directly to the relevant Separate Business or to Unlicensed Consented Activities; and
 - iii. the process for identifying the Directly Allocable amount.
 - d) for the Indirectly Allocable amount, provide the following:
 - i. across which Separate Businesses and/or Unlicensed Consented Activities is the amount Indirectly Allocated;
 - ii. description of the steps in the allocation methodology;
 - iii. description of the allocation driver (or allocation drivers) used; and
 - iv. the reason for choosing the allocation driver (or allocation drivers) and how it complies with the allocation principles set out in Section 5.3.
- 5.6.3 The pro forma table for providing information required in Section 5.6.2 is set out in Appendix B – Part 8.
- 5.6.4 The Licensee should also provide the list of allocation drivers used. The following information should be included:
- a) description of the allocation driver;
 - b) the numeral value of the allocation driver (for example, percentage splits for each Separate Business); and
 - c) how the numeral value of the allocation driver has been determined and the source data used.

5.6.5 The pro forma table for providing information required in Section 5.6.4 is set out in Appendix B – Part 8.

5.7 Implementation

5.7.1 The guidelines on allocation methodology should be implemented for preparing SBAs for the 2014 financial year and in subsequent years.

6 Capitalisation policy

6.1 Scope

- 6.1.1 This section covers guidelines on capitalisation policy.
- 6.1.2 The guidelines relate to the principles for capitalising costs, the methodology for capitalising staff costs and disclosure requirements for capitalised costs.
- 6.1.3 The requirements in the guidelines on capitalisation policy constitute compliance with Condition 8 in the Licence.

6.2 Objectives

- 6.2.1 The main objective of guidelines on the principles and methodology for capitalising costs is to ensure that appropriate costs are capitalised in order to provide an appropriate breakdown of costs between capital expenditure (“capex”) and operating expenditures (‘opex’). The appropriate treatment of costs as between capex and opex is critical for determining relevant opex and capex levels used by the Bureau in setting price controls.
- 6.2.2 The main objective of requiring disclosure of the Licensee’s capitalisation policy on relevant costs, and the amount of costs capitalised is to enable the Bureau to undertake, where applicable, a comparison of capitalisation policy implemented across different licensees and to take this comparative analysis into account during the price control review process.
- 6.2.3 Staff costs in this section refer to total compensation to staff, including salaries, allowances and other benefits, as defined in the International Accounting Standard (IAS) 19 on “Employee Benefits”. Consultancy costs refer to the costs of hiring external consultants for conducting studies that can be related either to the overall business of the Licensee or to specific schemes or projects. Incurred

Capex in this section and in Section 10 refers to actual costs capitalised and recorded on an accrual basis.

6.3 Principles for capitalising costs

- 6.3.1 The capitalisation policy used in the SBAs should be in accordance with IFRS and the guidelines in this section.
- 6.3.2 Costs, including staff, consultancy and asset replacement costs that are eligible for capitalisation in accordance with IFRS should be capitalised.
- 6.3.3 IFRS requires that the cost of an item of property, plant and equipment shall be recognised as an asset [capitalised] if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably⁶.
- 6.3.4 IFRS also states that the cost of an item of property, plant and equipment includes any costs directly attributable to bringing the asset to the location and

⁶ IAS16 (“Property, Plant and Equipment”)

⁸ IAS16 (“Property, Plant and Equipment”)

condition necessary for it to be capable of operating in the manner intended by management⁸ .

6.4 Methodology for capitalising staff costs

6.4.1 Each employee of the Licensee is:

- a) working exclusively on capex projects; or
- b) working exclusively on non-capex related tasks; or
- c) working on both (that is, part-time work on capex projects, part-time work on non-capex related tasks).

6.4.2 For any employee who is working exclusively on capex projects, their staff costs should be fully capitalised by the Licensee.

6.4.3 For any employee who is working exclusively on non-capex related tasks, their staff costs should not be capitalised by the Licensee.

6.4.4 For any employee who is working part-time on capex projects and part-time on non-capex related tasks, their staff costs should be partially capitalised by the Licensee. The split of staff costs between capex and opex should be based on the proportion of time spent on capex projects relative to time spent on non-capex related tasks.

6.4.5 The Licensee should use records of time spent by each employee during the relevant financial year on capex projects and non-capex related tasks (such as

time sheets or an equivalent mechanism). These time records should be used to capitalise staff costs in line with the requirements in Sections 6.4.2 –6.4.5.

- 6.4.6 The requirements in Sections 6.4.2 - 6.4.5 should be applied, as applicable, to each employee of the Licensee.

6.5 Disclosure requirements for capitalised costs

- 6.5.1 The Licensee should disclose a breakdown of capex measured on an accrual basis ('Incurred Capex')⁷. The breakdown of Incurred Capex should include the following components:

- a) physical planning and construction additions (breakdown of these costs into material, labour and overheads is not required);
- b) capitalised inventory costs (that is, inventory issued from the stores);
- c) capitalised internal staff costs;
- d) capitalised finance costs;
- e) capitalised consultancy costs;
- f) capitalised asset replacement costs; and
- g) other components as determined by the Licensee.

- 6.5.2 The Licensee should also provide an overview of the policy and process for identifying and recording different types of capitalised costs (such as, staff costs, consultancy costs).

- 6.5.3 In addition, for consultancy costs that are not exclusive to any particular capex project, the Licensee should disclose the following information:

- a) total amount of consultancy costs that are not exclusive to any particular capex project;
- b) breakdown of such consultancy costs between capitalised and non-capitalised elements; and
- c) description of the policy and process for capitalising these costs.

⁷Incurred Capex refers to actual costs capitalised and recorded on an accrual basis

6.5.4 The Licensee should also disclose liabilities, including accruals, for capex projects (such as, payables to capex contractors) separately from non capex liabilities.

6.5.5 The pro forma table for disclosing information on breakdown of Incurred Capex and liabilities for capex projects are set out in Appendix B – Part 8.

6.6 Implementation

6.6.1 The guidelines on capitalisation policy should be implemented for preparing SBAs for the 2014 financial year and in subsequent years.

7 Related Parties

7.1 Scope

- 7.1.1 This section provides guidelines on the valuation and disclosure of transactions with Related Parties.
- 7.1.2 The requirements in the guidelines on Related Parties constitute compliance with Condition 8 and Condition 9 in the Licence.

7.2 Objectives

- 7.2.1 The main objective of the guidelines on Related Parties is to ensure that there are no cross-subsidies in transactions with Related Parties, in line with the requirements in Condition 9 (“Cross-subsidies”) in the Licence.

7.3 Definition of Related Parties

- 7.3.1 Related Parties should be determined in accordance with the definition of “affiliate” and “related undertaking” in Condition 5 (“Definitions”) in Part 1 of the Licence, and the definition of Related Parties in IAS 24 (“Related Party Disclosures”).

7.4 Principles of valuation

- 7.4.1 The principles for valuation of transactions with Related Parties set out in this section do not apply to transactions with Related Parties for which the pricing

terms are regulated by the Bureau as these Related Party transactions are considered by the Bureau as being transacted on an Arm's Length Basis.

- 7.4.2 The Licensee should ensure that there are no cross-subsidies in transactions with Related Parties.
- 7.4.3 Related Party transactions should be conducted on an Arm's Length Basis. Arm's Length Basis means that the Licensee conducts transactions with Related Parties in a manner similar to that applying to any unrelated third party.
- 7.4.4 In particular, the Licensee should pay a Fair Value for goods and services received from Related Parties and receive a Fair Value for goods and services provided to Related Parties.
- 7.4.5 Fair Value should be based on a market price. A market price is a price that is determined in an orderly transaction between market participants and is the most economically advantageous to the Licensee taking account of the commercial purpose of the transaction.
- 7.4.6 A market price should be established using one of the following methods:
 - a) competitive tendering;
 - b) comparison to published prices;
 - c) third party evaluation approved by the Bureau; and
 - d) benchmarking.

- 7.4.7 Competitive tendering means inviting tenders from independent contractors for provision of goods or services. Competitive tendering is the preferred method for establishing a market price.
- 7.4.8 If competitive tendering is not practical or possible, then the Licensee should use one of the other methods listed in Section 7.4.6 to establish a market price.
- 7.4.9 The method for establishing a market price should be implemented in a fair manner and should be documented.
- 7.4.10 If any Related Party transaction is not based on Fair Value being established using one of the methods listed in Section 7.4.6, the Licensee should:
- a) provide an explanation of the basis for establishing the recorded value of the Related Party transaction;
 - b) determine what the Fair Value of the Related Party transaction would be ('Possible Fair Value'), using one of the methods listed in Section 7.4.6;
 - c) disclose the difference between the recorded value of the Related Party transaction and its Possible Fair Value; and
 - d) an explanation of the reasons for this difference.

7.5 Disclosure requirements

- 7.5.1 It is not mandatory for Related Party transactions which only relate to receipt or payment of monies by the Related Party on behalf of the Licensee, or by the Licensee on behalf of the Related Party, to be disclosed under these Guidelines. Such transactions may be disclosed voluntarily. All other Related Party transactions should be disclosed in line with the requirements in Section 7.
- 7.5.2 Related Party transactions of a similar nature and with the same Related Party should be grouped together.
- 7.5.3 The requirement for disclosure of Related Party transactions should be applied to Related Party transactions which have a value of either AED 10,000,000 or 0.1% of revenues, whichever is lower. For the purpose of determining the materiality threshold of any Related Party transaction, revenues should be the sum of third

party revenues from customers, subsidies and other income for all the Separate Business and Unlicensed Consented Activities.

7.5.4 This materiality threshold should be applied to the combined value of grouped transactions (grouped on the basis of transactions having a similar nature and with the same related party).

7.5.5 The Licensee should disclose the following information on Related Party transactions:

- a) name and details of the Related Party;
- b) description of the transaction, including, where relevant, description of its major components;
- c) basis for the valuation of the transaction;
- d) amount of recorded Related Party charges, including, where relevant, breakdown of its major components;
- e) where applicable, Possible Fair Value (refer to Section 7.4.10) and the basis for establishing it;
- f) where applicable, difference between the amount of recorded Related Party charges and its Possible Fair Value; and
- g) where applicable, an explanation of the reasons for this difference.

7.5.6 The disclosure requirements in Section 7.5.1 are additional to the disclosure requirements on Related Parties under IFRS.

7.5.7 The pro forma table for disclosing Related Party transactions is set out in Appendix B – Part 8.

7.6 Implementation

7.6.1 The guidelines on Related Parties should be implemented for preparing SBAs for the 2014 financial year and in subsequent years.

8 Reconciliation between statutory accounts and SBAs

8.1 Scope

8.1.1 The section provides guidelines on the requirement for reconciliation between the statutory accounts of the Licensee and SBAs.

8.2 Objectives

8.2.1 The main objective of the reconciliation requirement is to understand differences, if any, in reported results between statutory accounts and SBAs.

8.3 Disclosure requirements

8.3.1 The Licensee should provide reconciliation between the SBAs and statutory accounts.

8.3.2 For each line item in the accounting statements (statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flow), there should be a reconciliation between the amount reported in the SBAs and in the statutory accounts.

8.3.3 The reconciliation should be provided in the following manner:

- a) inserting a column in each of the accounting statements which contains the total amount of the relevant line item (such as staff costs) as per statutory accounts for the relevant financial year; and
- b) inserting a column in each of the accounting statements for the difference, if any, in the total amount of the relevant line item between the SBAs and statutory accounts.

8.3.4 The pro forma statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flow, which includes these columns for the purpose of reconciliation, are set out Appendix B - Part 5.

8.3.5 In case there are differences in reported amounts for relevant line items between the SBAs and statutory accounts, these line items should be presented in a

separate disclosure and an explanation of the reasons for these differences should be provided.

8.3.6 The pro forma table for presenting line items in the accounting statements which have differences in reported amounts between the SBAs and statutory accounts is set out in Appendix B – Part 8.

8.4 Implementation

8.4.1 The guidelines on reconciliation between statutory accounts and SBAs should be implemented for preparing SBAs for the 2013 financial year and in subsequent years.

9 Price Control Return

9.1 Scope

- 9.1.1 This section provides guidelines on the requirement for merging the PCR with the SBAs.
- 9.1.2 The requirements in the guidelines on the PCR (except for merging of the PCR with the SBAs) constitute compliance with Schedule 2 in the Licence.

9.2 Objectives

- 9.2.1 The main objective of requiring the PCR is to ensure that regulated revenues do not exceed the revenue amount permitted under the price control.
- 9.2.2 The main objective of merging the PCR with the SBAs is to reduce the number of separate submissions required by the Bureau from the Licensee, and to improve consistency of information.

9.3 Requirements

- 9.3.1 The Bureau's requirement to provide the PCR as a separate submission is replaced with the requirement to merge the PCR with the SBAs.
- 9.3.2 ADSSC total revenue, which includes both recorded subsidy and third party revenue, equals MAR as per PCR. However, as ADSSC records subsidy only up to an amount actually received from Government, which is generally less than the amount of difference between the MAR and regulated revenue. Due to this, there exists a requirement for reconciliation of revenues between the PCR and the SBAs.
- 9.3.3 The PCR in the SBAs is required to satisfy all PCR related requirements set out in Schedule 2 ("Charge restriction conditions") of the Licence, except for the requirement of the PCR as a separate submission.
- 9.3.4 In particular, in line with the requirements in Schedule 2 of the Licence, the PCR in the SBAs should include the following:
- a) a Directors' Certificate on the PCR; and
 - b) audit opinion on the PCR (refer to Section 14 for further details)

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- 9.3.5 In preparing the PCR, the calculation of third party revenues should not be adjusted for losses on disposals of assets.
- 9.3.6 The PCR in the SBAs should be presented as a separate primary statement. The pro forma PCR table to be included in the SBAs is set out in Appendix B – Part 6.
- 9.3.7 The submission of the SBAs should be accompanied with the submission of a report by the Technical Assessor on the PCR, in line with the requirements in Schedule 2 of the Licence.

9.4 Implementation

- 9.4.1 The guidelines on merging the PCR with the SBAs and related requirements should be implemented for preparing SBAs for the 2013 financial year and in subsequent years.

10 Cash payments for capital expenditures

10.1 Scope

10.1.1 Section 6 provides guidelines on the overall capitalisation policy and disclosure requirements for capex recorded on an accrual basis. This section provides specific guidelines on the requirement for disclosure of cash payments made for capex in the SBAs.

10.2 Objectives

10.2.1 Cash Capex in this section refers to cash payments made for capex (including project and non-project capex) during the relevant financial year (cash payments may include payments made for projects that are undertaken by or transferred to related parties). Actual Capex refers to capex which is comparable with the price control capex allowance (that is, cash payments made for capex that is solely undertaken for the relevant business). Allowed Capex refers to the price control provisional capex allowance for the relevant business.

10.2.2 The main objectives of this section are the following:

- a) to disclose Cash Capex and its reconciliation with capex recorded on an accrual basis;
- b) to adjust Cash Capex in order to determine Actual Capex which can then be compared to Allowed Capex to enable the Bureau to determine over-spend or under-spend on capex; and
- c) to disclose information on top ten capex projects in order to facilitate the capital efficiency reviews.

10.3 Requirements

10.3.1 The Licensee should reconcile actual cash payments made for capex (including project and non-project capex) during the relevant financial year ('Cash Capex') to gross property, plant and equipment ('PPE') additions made during the same financial year and recorded on an accrual basis. To arrive at Cash Capex, which is reported in the statement of cash flow, gross PPE additions reported in the

note on fixed assets in the SBAs should be adjusted for the following elements (where applicable):

- a) movement in creditors related to capex;
- b) movement in accruals related to capex (for example, accrued expenses);
- c) movement in prepayments related to capex (for example, advances to contractors);
- d) material returns related to capex; and
- e) any other non-cash items related to capex.

10.3.2 The Licensee should also disclose total annual capex ('Actual Capex') which is comparable with the total annual price control provisional capex allowance ('Allowed Capex')⁸. Actual Capex comprises of Cash Capex (as described in Section 10.3.1), adjusted for the following elements (where applicable):

- a) cash proceeds from disposal of PPE;
- b) net book value of PPE transferred from the Licensee to a Related Party, a third party or to Unlicensed Consented Activities;
- c) net book value of PPE transferred to the Licensee from a Related Party, a third party or from Unlicensed Consented Activities; and
- d) other adjustments if applicable.

10.3.3 The Licensee should disclose information on its top ten capex projects, ranked on the basis of actual cash payments made during the relevant financial year for these capex projects.

10.3.4 For the reporting requirement in Section 10.3.3, movements in liabilities of capex projects (such as, payables to contractors and suppliers, retentions and construction cost accruals), should be adjusted for (where applicable) in deriving

⁸ Allowed Capex refers to the provisional cash allowance for capex for the price control period which is determined by the Bureau at the time of setting up the price control.

actual cash payments made. Liabilities of capex projects include liabilities of both government and non-government funded projects.

10.3.5 The pro forma tables for disclosing Cash Capex, Actual Capex and major capex projects is set out in Appendix B – Part B.

10.4 Implementation

10.4.1 The guidelines on disclosure of capex should be implemented for preparing SBAs for the 2013 financial year and in subsequent years.

11 Review and analysis of performance

11.1 Scope

11.1.1 This section provides guidelines on the requirement for the review and analysis of business performance.

11.2 Objectives

11.2.1 The main objective of requiring the review and analysis of business performance is to enable the Bureau to assess the key trends and major challenges affecting the performance of each Separate Business.

11.3 Directors' Report on Licensee performance

11.3.1 The SBAs should include a Directors' Report which provides a summary of the Licensee's performance covering each Separate Business during the relevant financial year.

11.3.2 The Directors' Report should cover the following main areas⁹.

- a) Overview of the Licensee's Licensed and Unlicensed Consented Activities, the market, business and regulatory environment, and the overall business strategy;
- b) Review of changes in demand and number of customers in the relevant financial year, and the key factors driving these changes;
- c) Review of financial performance during the relevant financial year, covering the following areas:
 - i. changes in revenues in the relevant financial year compared to the previous year, and the key factors driving these changes;

⁹ In the Directors' Report on Licensee performance, actual amounts should be compared to nominal price control allowances. Nominal price control allowances should be determined by applying the UAE Consumer Price Index (CPI) annual inflation, as measured for January by the UAE National Bureau of Statistics (<http://uaestatistics.gov.ae/>), over the relevant period to allowances set at the start of the price control. In case the CPI is not reported by the UAE National Bureau of Statistics in a timely manner for reporting of data in the Directors' Report on Licensee performance, the Licensee should use the most recent CPI inflation data.

- ii. changes in each of the major types of opex (for example, staff costs, administrative expenses) in the relevant financial year compared to the previous year, and the key factors driving these changes;
 - iii. comparison of total annual actual opex to total annual nominal price control opex allowances, and the key reasons for differences between the two;
 - iv. changes in other costs, other income and profits in the relevant financial year compared to previous years and the key factors driving these changes;
 - v. any one-off revenues, opex, other income or other costs, and their impact on profits; and
 - vi. other areas considered relevant by the Licensee.
- d) Review of capex during the relevant financial year, covering the following areas:
- i. total capex in the relevant year compared to the previous year, and the key factors driving changes from the previous year (for example, an increase in number and/or size of capex projects during the year, changes in material costs, trends in labour costs, significant delays in key projects);
 - ii. comparison of total annual capex to total annual provisional nominal price control capex allowances and the key reasons for differences between the two;
 - iii. on the basis of actual cash payments made during the relevant financial year, description of top ten capex projects initiated, in-progress or completed, including reasons for undertaking these projects, actual cash payments made, comparison of budget to actual project costs and explanations of any major cost variances, and reasons for delays where relevant; and
 - iv. other areas considered relevant by the Licensee.
- e) Review of financial position of the Licensee at the end of the relevant financial year, covering:
- i. changes to the capital structure (for example, proportion between equity and debt, equity injections) in the relevant year compared to the previous year, and the key factors driving these changes;

- ii. major changes in the costs of financing facilities;
 - iii. split of funding for capex projects between government and bank funding;
 - iv. liquidity position of the Licensee and key factors affecting it; and
 - v. other areas considered relevant by the Licensee.
- f) Review of dividend policy, including policy changes (if any) compared to previous years and going forward;
- g) Review of the achievement of Emiratisation targets and any impact on the Licensee's financial performance;
- h) Major risks and uncertainties affecting the Licensee's financial performance and their approach in addressing them; and
- i) Future outlook on financial performance, opex, capex, financing and other areas considered relevant by the Licensee.

11.3.3 The pro forma Directors' Report on Licensee performance is set out in Appendix B – Part 1.

11.4 Implementation

11.4.1 The guidelines on the review and analysis of performance should be implemented for preparing SBAs for the 2014 financial year and in subsequent years.

12 Dividend policy

12.1 Scope

- 12.1.1 This section provides guidelines which relate to the disclosure of dividend policy and the amount of dividends.
- 12.1.2 The requirements in the guidelines on dividend policy constitute compliance with Condition 8 in the Licence.

12.2 Objectives

- 12.2.1 The main objective of requiring disclosure of the Licensee's dividend policy and the amount of dividends is to enable the Bureau to understand the basis of distributed dividends.

12.3 Disclosure requirements

- 12.3.1 The Licensee should disclose, at a minimum, the following information in the SBAs:
- a) overview of the dividend policy;
 - b) amount of dividends paid;
 - c) whether dividends are paid in cash or other forms (for example, shares); and
 - d) an explanation of the basis of determining dividends and how it complies with the dividend policy.
- 12.3.2 The pro forma table for providing information listed in Section [12.3.1](#) is in Appendix B – Part 8.

12.4 Implementation

- 12.4.1 The guidelines on disclosure of dividend policy should be implemented for preparing SBAs for the 2014 financial year and in subsequent years.

13 Directors' responsibility statement

13.1 Scope

13.1.1 This section provides guidelines on the requirement to include a Directors' responsibility statement in the SBAs.

13.2 Objectives

13.2.1 The main objective of requiring a Directors' responsibility statement in the SBAs is to give confidence to the Bureau that the Licensee has complied with Condition 8, Condition 9 and Schedule 2 in the Licence, and the Guidelines in preparing SBAs.

13.3 Requirements

13.3.1 The directors of the Licensee are responsible for ensuring that the SBAs are prepared in accordance with the requirements in:

- a) Condition 8, Condition 9 and Schedule 2 in the Licence, and
- b) the Guidelines.

13.3.2 In particular, the directors are responsible for:

- a) ensuring that proper accounting records are kept by the Licensee to enable compliance with the requirements in relevant Licence conditions and the Guidelines;
- b) preparing the SBAs on a consistent basis for each financial year in accordance with the requirements in relevant Licence conditions and the Guidelines;
- c) preparing the Directors' Report on Licensee performance in compliance with the requirements in the Guidelines and ensuring that the contents of the Directors' Report on Licensee performance are consistent with the accounting statements and supporting notes; and
- d) preparing non-financial information as is required under relevant Licence conditions and the Guidelines.

13.3.3 The SBAs should include a Directors’ responsibility statement which states that the requirements in Sections 13.3.1 - 13.3.2 have been met by the directors of the Licensee.

13.4 Implementation

13.4.1 The guidelines on Directors’ responsibility statement should be implemented for preparing SBAs for the 2014 financial year and in subsequent years.

14 Audit

14.1 Scope

- 14.1.1 This section provides guidelines on audit requirements. These audit requirements constitute compliance with Condition 8 and Schedule 2 in the Licence.
- 14.1.2 As per Clause 3 (c) in Condition 8 of the Licence, the Licensee is required to procure “a report by the Auditors and addressed to the Bureau stating whether in their opinion those [accounting] statements have been properly prepared in accordance with this Condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, and the Separate Business to which the statements relate”.
- 14.1.3 As stated in Section 9 in the Guidelines, the SBAs are also required to satisfy all PCR requirements set out in Schedule 2 of the Licence. Therefore, the audit of SBAs will need to cover the audit of information required under Schedule 2 of the Licence, in accordance with audit requirements set out in Schedule 2 of the Licence.

14.2 Objectives

- 14.2.1 The main objective of the guidelines on audit requirements is to set out the required scope of the audit and the associated auditors’ opinion.

14.3 Requirements

- 14.3.1 The scope of the audit should include the accounting statements and supporting notes, Directors’ Report on Licensee Performance and the PCR, which are prepared and reported in accordance with the requirements in Condition 8 and Schedule 2 in the Licence, and these Guidelines.
- 14.3.2 The auditor should also review non-financial information which has a bearing on information covered under the scope of the audit (Section 14.3.1) to identify any

apparent misstatements and material inconsistencies, and consider its implications for the auditors' report.

14.3.3 The auditors' opinion should include an opinion on:

- a) whether the accounting statements and supporting notes fairly present the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Separate Business to which the accounting statements relate, in accordance with the requirements in Condition 8 and Schedule 2 in the Licence, and these Guidelines;
- b) whether the accounting statements and supporting notes have been properly prepared in accordance with Condition 8 and Schedule 2 in the Licence, and these Guidelines;
- c) whether information given in the Directors' Report on Licensee's historical performance is consistent with the accounting statements and supporting notes, and the books of account; and
- d) whether the PCR fairly represents "each of the specified items in accordance with the requirement of this schedule [Schedule 2 in the Licence] and that the amounts shown in respect of each of the specified items are in accordance with the accounting records which have been maintained in accordance with Condition 8"¹⁰ in the Licence.

14.3.4 As the PCR is merged with the SBAs (refer to Section 9), the report by the auditors on the PCR and the SBAs should be consolidated into a single report.

14.4 Implementation

14.4.1 The guidelines on audit requirements should be implemented for preparing SBAs for the 2013 financial year, except where stated otherwise in the Guidelines.

¹⁰ Clause 16 (a), Schedule 2 ("Charge restriction conditions"), Sewerage, Wastewater Treatment and Disposal Licence ED/L01/016 of Abu Dhabi Sewerage Services Company.

15 Publication

15.1 Requirements

- 15.1.1 The SBAs should be delivered to the Bureau in accordance with requirements in Clause 3 (d) in Condition 8 of the Licence.
- 15.1.2 The SBAs should be delivered to the Bureau separately from Annual Information Submissions ('AIS').
- 15.1.3 The SBAs should be published on the website of the Licensee within a month of them being delivered to the Bureau.
- 15.1.4 If the Licensee considers some information in the SBAs to be commercially confidential, the relevant information can be removed from the SBAs which are published on the Licensee's website, subject to prior approval of the Bureau.

15.2 Implementation

- 15.2.1 The publication requirements should be implemented for SBAs for the 2014 financial year and in subsequent periods.

16 Changes to the Guidelines

16.1 Overview

- 16.1.1 In case the Bureau is considering any changes to the Guidelines, the Bureau will commence a consultation process with the Licensee on proposed changes.

- 16.1.2 The Licensee also has the option of initiating proposals for a change in the Guidelines. If the Licensee is proposing any changes to the Guidelines, the Licensee should submit a written case to the Bureau in order to seek the Bureau’s approval. For any proposed changes in the Guidelines to take effect, the Bureau’s written approval is required and the changes should be in accordance with the instructions from the Bureau.

Appendix A Definitions

Arm's length basis

A.1. Arm's Length Basis means that the Licensee conducts transactions with Related Parties in a manner similar to that applying to any unrelated third party.

Directly Allocable amounts

A.2. Directly Allocable amounts are those which can be causally allocated directly to either a Separate Business or to an Unlicensed Consented Activity.

Fair Value (Related Party transactions)

A.3. Fair Value (of a Related Party transaction) is based on a market price.

Indirectly Allocable amounts

A.4. Indirectly Allocable amounts are those which cannot be causally allocated directly to either a Separate Business or to an Unlicensed Consented Activity.

Licensed Activities

A.5. Licensed Activities are defined in Clause 4 ("Licensed Activities") in Part 1 of the Licence and comprise the following activities:

- i. Sewerage;
- ii. Wastewater Treatment; and
- iii. Disposal.

Related Parties

A.6. Related Parties of the Licensee are those parties which meet the definition of "affiliate" and "related undertaking" in Condition 5 ("Definitions") in Part 1 of the Licence, and the definition of Related Parties in International Accounting Standard ('IAS') 24 ("Related Party Disclosures").

Separate Businesses

A.7. The Separate Businesses of the Licensee are defined in Clause 5 ("Definitions") in Part 1 of the Licence and comprise the following businesses:

- i. Sewerage Business (Sewerage);

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- ii. Wastewater Treatment Business (Wastewater treatment); and
- iii. Disposal Business (Disposal).

Unlicensed Consented Activities

A.8. Unlicensed Consented Activities are those activities other than Licensed Activities undertaken by the Licensee for which it has been granted consent by the Bureau. Currently, ADSSC does not undertake any Unlicensed Consented Activities.

Appendix B Pro forma Separate Business Accounts

Cover Page
<p style="text-align: center;">[Insert name of the Licensee]</p> <p style="text-align: center;">Separate Business Accounts</p> <p style="text-align: center;">[Insert date, month, year]</p>

Part 1: Directors' Report on Licensee Performance

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Directors' Report on the performance of the Licensee

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The Directors' Report should include the review and analysis of the Licensee's performance during the relevant financial year. The Directors' Report should cover the key areas set out below. The Licensee should refer to Section in the Guidelines for detailed requirements within each of the key areas.

Overview of Licensee's activities, external environment and business strategy

[Insert commentary for:

- Licensed Sewerage business;
- Licensed Wastewater treatment business; and
- Licensed Disposal business]

Review of demand and number of customers

[Insert relevant data and commentary in line with the requirements in Section 11.3 in the Guidelines]

Review of financial performance

[Insert relevant data and commentary in line with the requirements in Section 11.3 in the Guidelines for:

- Licensed Sewerage business;
- Licensed Wastewater treatment business; and
- Licensed Disposal business]

[Fill in the pro forma table set out below]

Comparison of opex								
	Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total
	[Relevant year]				[Previous year]			
Actual opex	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Nominal price control opex allowance	-	-	-	[X]	-	-	-	[X]

[Provide a commentary on the key reasons for differences between actual opex and nominal price control opex allowance.]

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Directors' Report on the performance of the Licensee

[Provide a commentary on the key reasons for differences between actual opex in relevant and previous financial years.]

Note: Nominal price control opex allowance should be determined by applying the UAE Consumer Price Index (CPI) annual inflation over the relevant period to the allowance for relevant and previous year which was set at the start of the price control.

Review of capex

[Insert relevant data and commentary in line with the requirements in Section in the Guidelines

- Licensed Sewerage business;
- Licensed Wastewater treatment business; and
- Licensed Disposal business]

[Fill in the pro forma table set out below]

Comparison of capex

	Sewerage	Wastewater treatment	Dispos 	Licensed Total	Sewerage	Wastewater treatment	Dispos 	Licensed Total
	[Relevant year]				[Previous year]			
Actual Capex	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Nominal price control capex allowance (Allowed Capex)	-	-	-	[X]	-	-	-	[X]

[Provide a commentary on the key reasons for differences between Actual Capex and nominal Allowed Capex.]

[Provide a commentary on the key reasons for differences between Actual Capex in relevant and previous financial years.]

Note: Refer to Section 10 in the Guidelines for description of Actual Capex and Allowed Capex, and the process for determining Actual Capex.

Review of financial position

[Insert relevant data and commentary in line with the requirements in Section in the Guidelines for:

- Licensed Sewerage business;

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Directors' Report on the performance of the Licensee

- Licensed Wastewater treatment business; and
- Licensed Disposal business]

Review of dividend policy

[Insert commentary]

Review of Emiratisation policy

[Insert commentary]

Major risks and uncertainties

[Insert commentary]

Future outlook

[Insert commentary]

Other areas considered relevant by the Licensee

[Insert commentary]

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Part 2: Directors' Responsibility Statement on Preparation of SBAs

Directors' Responsibility Statement on Preparation of SBAs

Refer to Section 13 of the Guidelines on requirements for the Directors' responsibility statement.

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Part 3: Directors' Certificate on the PCR

Directors' Certificate on the PCR

Refer to Schedule 2 ("Charge restriction conditions") of the Licence and Section in the Guidelines for requirements on certification of the PCR by directors which should be included in the SBAs.

Part 4: Auditor's Report

Auditor's Report

Refer to Condition 8 in the Licence, Schedule 2 in the Licence and Section 14 in the Guidelines for audit requirements.

Part 5: Accounting statements

Statement of comprehensive income for the year ended [Insert date, month, year]																
	Notes	[Relevant year]				[Previous year]				[Relevant year]		[Previous year]		Difference in Grand Total between SBAs and SAs	Grand Total as per SBAs	
		Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total	Other Unlicensed Consented Activity, if any	Other Unlicensed Consented Activity, if any	Grand Total as per SBAs	Grand Total as per SAs			
Revenues:																
Government subsidy	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Other regulated revenues	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Total revenues		[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Cost of sales:																
Staff costs	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Repairs, maintenance and consumables used	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Depreciation	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Total cost of sales		[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Gross profit (loss)		[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Other income and costs:																
Other income (loss)	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Loss on disposal of property, plant and equipment																
Administrative and other expenses	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Total other income and costs		[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Profit (loss) and total comprehensive income for the year		[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	

Statement of financial position at [Insert date, month, year]

Notes	[Relevant year]				[Previous year]				Other Unlicensed Consented Activity, if any	Other Unlicensed Consented Activity, if any	Grand Total as per SBAs	Grand Total as per SAs	Difference in Grand Total between SBAs and SAs	Grand Total as per SBAs	
	Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total							[Relevant year]
Assets															
Non-current assets:															
Property, plant and equipment	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Advances to operating and maintenance service providers	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other categories, as appropriate															
Total non-current assets	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Current assets:															
Inventories	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Advances to operating and maintenance service providers	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Prepayments and other receivables	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Bank balances and cash	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other categories, as appropriate	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total current assets	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total assets	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Equity and Liabilities															
Equity:															
Share capital	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Proposed increase in share capital	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Retained earnings (accumulated losses)	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Government of Abu Dhabi account	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other categories, as appropriate															
Total equity	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Non-current liabilities:															
Employees' end of service benefits	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Deferred government grant	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Retention payable	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other categories, as appropriate	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total non-current liabilities	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Current liabilities:															
Deferred government grants	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Accounts payable and accruals	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Construction creditors and retention payable	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other categories, as appropriate	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total current liabilities	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total liabilities	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total liabilities and equity	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

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Statement of changes in equity for the year ended [Insert date, month, year]

	Sewerage	Wastewater treatment	Disposal	Licensed Total	Other Unlicensed Consented Activity, if any	Grand Total as per SBAs	Grand Total as per SAs	Difference in Grand Total between SBAs and SAs
Share capital								
Balance at [Insert date, month, year]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Proposed increase in share capital								
Balance at [Insert date, month, year]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Movement between businesses	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Balance at [Insert date, month, year]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Movement between businesses	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Balance at [Insert date, month, year]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Government of Abu Dhabi account								
Balance at [Insert date, month, year]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Net movement in the Government of Abu Dhabi account	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Balance at [Insert date, month, year]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Net movement in the Government of Abu Dhabi account	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Balance at [Insert date, month, year]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Accumulated losses								
Balance at [Insert date, month, year]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total comprehensive profit (loss) for the year	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Balance at [Insert date, month, year]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Profit (loss) for the year	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total comprehensive profit (loss) for the year	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Balance at [Insert date, month, year]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

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RAGs for ADSSC

Cash flow statement for the year ended [Insert date, month, year]													
	Sewerage	Wastewater treatment	Disposal	Sewerage	Wastewater treatment	Disposal	Other Unlicensed Consented Activity, if any	Other Unlicensed Consented Activity, if any	Grand Total as per SBAs	Grand Total as per SAs	Difference in Grand Total between SBAs and SAs	Grand Total as per SBAs (Previous year)	
	[Relevant year]	[Relevant year]		[Previous year]	[Previous year]		[Relevant year]	[Previous year]		[Relevant year]		[Previous year]	
Operating activities													
Profit (loss) for the year	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Non-cash adjustments to reconcile profit (loss) for the year													
Depreciation	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Loss on disposal of property, plant and equipment	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Subsidy from the Government of Abu Dhabi	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Adjustment for projects capitalised in previous year	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Provision for slow moving and obsolete inventories	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Provisions for employees end of service benefits	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total non-cash adjustments	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Working capital adjustments:													
Inventories	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Prepayments and other receivables	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Amounts due from related parties	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Amounts due from the Government of Abu Dhabi	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Amounts due to related parties	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Accounts payable and accruals	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Advances to operating and maintenance service providers	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Employees end of service benefits paid	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other adjustments, as appropriate	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total working capital adjustments	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Net cash from (used in) operating activities	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Investing Activities													
Purchase of property, plant and equipment													
Including additional advances paid to contractors during the year	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other categories, as appropriate	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Net cash (used in) from investing activities	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Financing Activities													
Government of Abu Dhabi equity account	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Proceeds of grant from Government of Abu Dhabi	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other categories, as appropriate	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Net cash from financing activities	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
(Decrease) Increase in Bank Balances and Cash	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Bank balances and cash at [Insert date, month, year; opening balance]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Bank balances and cash at [Insert date, month, year; closing balance]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

Note: As required in Section 10, the amount of cash paid for purchase of property, plant and equipment in the cash flow statement should reflect the actual cash paid for capital expenditure on all projects (whether Government funded or bank funded). Additions to property, plant and equipment recorded on accrual basis should be adjusted for the impact of all liabilities pertaining to capex projects (i.e. payables to suppliers and contractors, retentions and construction cost accruals.)

The Licensee should also separately disclose non cash transactions eliminated from the statement of cash flow (such as transfers of assets). The pro forma table is set out below.

Non cash transactions eliminated from the statement of cash flow															
	Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total	Other Unlicensed Consented Activity, if any	Other Unlicensed Consented Activity, if any	Grand Total as per SBAs	Grand Total as per SBAs	Difference in Grand Total between SBAs and SAs	Grand Total as per SBAs	
	[Relevant year]				[Previous year]				[Relevant year]	[Previous year]	[Relevant year]			[Previous year]	
[Insert relevant category]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
[Insert relevant subcategories]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
[Insert relevant subcategories]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	
Total	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	

Part 6: PCR statement

Price Control Return		
Main Inputs	Reference	Year
Inflation and Average Specified Rates		
UAE Consumer Price Index *end of year) (2007 base year = 100)		[X]
UAE CPI Inflation		[X]
Average Specified Rate		[X]
Notified Values		
Fixed Notified Value		
Fixed System Wastewater Notified value (AED/m3)		[X]
Notified value		[X]
System Wastewater Notified Value (AED/m3)		[X]
X Factor		
Revenue Drivers		
Aggregate quantity of wastewater received (m3)		[X]
Calculation of Maximum Allowed Revenue		
	Reference	Total
Notified Value		[X]
Wastewater transmitted amount		[X]
Wastewater services provided by third parties		[X]
Performance Incentive Scheme (PIS) Adjustments:		
PIS Adjustment for Timeliness of Audited Separate Business Accounts		[X]
PIS Adjustment for Timeliness of Audited Price Control Return		[X]
PIS Adjustment for Timeliness of Annual Information Submission		[X]
Total PIS Adjustments		[X]
Financial adjustment		[X]
Maximum Allowed Revenues (excluding correction factor)		[X]
Correction Factor		[X]
Maximum Allowed Revenue		[X]
Regulated revenue		
	Reference	Total
Revenue from Sewerage business	AED million	[X]
Revenue from Wastewater treatment business		[X]
Revenue from Disposal business		[X]
Subsidy from Government		[X]
Other revenue		[X]
Total Regulated Revenue		[X]
Breakdown of revenue from the licensed activities is disclosed in the note to the SBAs.		
Calculation of correction factor		
	Reference	Total
Regulated revenue for preceding year		[X]
Maximum allowed revenue for preceding year		[X]
Difference between RR and MAR for preceding year		[X]
Does RR exceed MAR by more than 2% in preceding year		[X]
Penalty interest rate		[X]

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Part 7: Notes

Notes to the SBAs												
The Licensee should insert notes to the SBAs in line with the requirements in Section 3 in the Guidelines. The general pro forma template for notes is set out below.												
[Insert number and title of note]												
	Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total	Other Unlicensed Consented Activity, if any	Other Unlicensed Consented Activity, if any	Grand Total as per SBAs	Grand Total as per SBAs
	[Relevant year]				[Previous year]				[Relevant year]	[Previous year]	[Relevant year]	[Previous year]
[Insert relevant category (for example, accounts payable)]												
[Insert relevant subcategories]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
[Insert relevant subcategories]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
[Insert description, if considered appropriate by the Licensee]												

Part 8: Other disclosures

Part 8 Disclosure: Breakdown of staff costs

The Licensee should provide a disclosure which includes a breakdown of staff costs into its major components. The purpose of this information is to enable the Bureau to understand and assess the key drivers of changes in staff costs in comparison to previous years and against price control opex allowances, and to inform opex forecasts. The pro forma table on staff costs is set out below.

Breakdown of staff costs												
	Sewerage	Wastewater treatment	Disposal	License d Total	Sewerage	Wastewater treatment	Disposal	License d Total	Other Unlicensed Consented Activity, if any [Relevant year]	Other Unlicensed Consented Activity, if any [Previous year]	Grand Total as per SBAs [Relevant year]	Grand Total as per SBAs [Previous year]
	[Relevant year]				[Previous year]							
Staff costs: UAE nationals												
Basic salaries	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Accommodation expenses/Housing allowances	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other allowances	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
End of service benefits	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other benefits and costs	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Staff costs: Expatriates												
Basic salaries	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Accommodation expenses/Housing allowances	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other allowances	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
End of service benefits	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other benefits and costs	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Number of staff												
UAE nationals	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Expatriates	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

Insert commentary on:

- Changes in staff costs in comparison to previous years and the key drivers of these changes
- Changes in staff mix of Emiratis and expatriates in comparison to previous years and its impact on staff costs

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Part 8 Disclosure: Breakdown of repairs, maintenance and consumables costs

The Licensee should provide a disclosure which includes a breakdown of repairs, maintenance and consumables costs into its major components. The purpose of this information is to enable the Bureau to understand and assess the key drivers of changes in these costs in comparison to previous years and against price control opex allowances, and to inform opex forecasts. The pro forma table on repairs, maintenance and consumables costs is set out below.

Breakdown of repairs, maintenance and consumables costs												
	Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total	Other Unlicensed Consented Activity, if any	Other Unlicensed Consented Activity, if any	Grand Total as per SBAs	Grand Total as per SBAs
	[Relevant year]				[Previous year]				[Relevant year]	[Previous year]	[Relevant year]	[Previous year]
Repairs, maintenance and consumables used												
Mechanical projects	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Electrical projects	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Civil maintenance	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Operations and maintenance	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Utilities	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Chemicals	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Others	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
[Insert description, if considered appropriate by the Licensee]												

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Part 8 Disclosure: Breakdown of administrative and other expenses

The Licensee should provide a disclosure which includes a breakdown of administrative and other expenses into its major components. The purpose of this information is to enable the Bureau to understand and assess the key drivers of changes in these costs in comparison to previous years and against price control opex allowances, and to inform opex forecasts. The pro forma table on administrative and other expenses is set out below.

Breakdown of repairs, maintenance and consumables costs												
	Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total	Other Unlicensed Consented Activity, if any	Other Unlicensed Consented Activity, if any	Grand Total as per SBAs	Grand Total as per SBAs
	[Relevant year]				[Previous year]				[Relevant year]	[Previous year]	[Relevant year]	[Previous year]
Repairs, maintenance and consumables used												
Mechanical projects	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Electrical projects	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Civil maintenance	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Operations and maintenance	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Utilities	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Chemicals	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Others	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
[Insert description, if considered appropriate by the Licensee]												

Part 8 Disclosure: Major capex projects

As described in Section 10.3.3, the Licensee should provide a disclosure on top ten capex projects, ranked on the basis of actual cash payments made during the relevant financial year for these capex projects. This information will facilitate the selection of projects for capital efficiency reviews. The pro forma table is set out below.

Major capex projects											
Project name and description	Project number	Developer's name if applicable	Start date of project (dd-mmm-yyyy)	End date of project (dd-mmm-yyyy)	Budget capital expenditure amount (AED 'million)	Cumulative capital expenditure amount on an accrual basis (AED million)	Actual capital expenditure cash payments in relevant financial year (AED 'million)	Category of project	Type of project	Justification for project	Comments
Provide the project name and description.	Provide the project number under which the project is registered with the Licensee.	Provide the name of the project developer if applicable. If the project is developed internally, state as such.	Provide the start date of the project.	Provide the end date of the project.	Provide the budgeted total cost of the project.	For completed projects, provide the actual total cost of the project (on an accrual basis). For projects in progress, provide the actual cost to date of the project (on an accrual basis).	Provide the actual cash payment made in the relevant financial year for this capex project.	Provide the category of the project (Sewerage, Wastewater treatment, Disposal, Unlicensed Consented). In case of projects in multiple categories, provide the list of categories.	Provide the project type (Load-related, Non-load related, Non-operational). In case of projects of multiple types, provide the list of types.	Provide justification for undertaking the project, in particular, how the project meets the Bureau's efficiency criteria.	Provide (a) reasons for variances between actual and budget costs; (b) reasons for delays (if applicable); (c) project risks and mitigants; and (d) other comments as considered appropriate by the Licensee.

Notes: (1) Where projects are joint between Licensed and Unlicensed Consented Activities, the table should only show capital expenditures allocated to ADSSC's Licensed Activities and clear explanation of the relative weightings should be provided in the 'Comments' column.

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Part 8 Disclosure: Breakdown of Incurred Capex

The Licensee should disclose the breakdown of Incurred Capex (actual costs capitalised and recorded on an accrual basis) in line with the requirements in Section 6.5.1 of the Guidelines. The pro forma table for disclosing breakdown of Incurred Capex is set out below.

Breakdown of Incurred Capex (capex on an accrual basis)												
	Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total	Other Unlicensed Consented	Other Unlicensed Consented	Grand Total as per SBAs	Grand Total as per SBAs
	[Relevant year]				[Previous year]				[Relevant year]	[Previous year]	[Relevant year]	[Previous year]
Incurred Capex	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
<i>Breakdown:</i>												
Physical planning and construction additions	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Capitalised inventory costs	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Capitalised staff costs	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Capitalised finance costs	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Capitalised asset replacement costs	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Capitalised consultancy costs	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

As required in Section 6 in the Guidelines, the Licensee should also include an overview of the policy and process for identifying and recording different types of capitalised costs.

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Part 8 Disclosure: Disclosure of Cash Capex and Actual Capex

The Licensee should provide a disclosure which reconciles total actual cash payments made for capex projects ('Cash Capex') to gross PPE additions during the relevant financial year (recorded on an accrual basis), in line with the requirements in Section 10.3.1 of the Guidelines. The pro forma table is set out below.

Disclosure on reconciliation of cash capex to gross PPE additions ('Cash Capex')												
	Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total	Other Unlicensed Consented Activity, if any	Other Unlicensed Consented Activity, if any	Grand Total as per SBAs	Grand Total as per SBAs
	[Relevant year]				[Previous year]				[Relevant year]	[Previous year]	[Relevant year]	[Previous year]
Gross additions to property, plant and equipment (on an accrual basis)	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Adjusted for:												
Movement in creditors related to capex	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Movement in accrual related to capex	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Movement in prepayments related to capex	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Material returns related to capex	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Any other non cash items related to capex	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total cash capex (as stated in the cash flows statement)	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Divided between:												
Amounts related to mega developments	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Amounts related to normal projects	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

The Licensee should also disclose capex ('Actual Capex') which is comparable with the price control capex allowance ('Allowed Capex') in line with the requirements in Section 10.3.1 of the Guidelines. The pro forma table for disclosing Actual Capex is set out below.

Disclosure of Actual Capex								
	Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total
	[Relevant year]				[Previous year]			
Total Cash Capex	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Adjustments (if applicable)								
Proceeds from disposal of PPE	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
NBV of PPE transferred from the Licensee to a Related Party, a third Party or to Unlicensed Consented Activities	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
NBV of PPE transferred to the Licensee from a Related Party, a third party or from Unlicensed Consented Activities	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other adjustments as appropriate	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Actual Capex (for comparison with Allowed Capex)	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

[Provide a description of each adjustment made to determine Actual Capex]

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Part 8 Disclosure: Breakdown of liabilities for capex projects

The Licensee should provide a breakdown of liabilities for capex projects separately from other liabilities in line with the requirements in Section 6.5.4 of the Guidelines.

Breakdown of liabilities for capex projects												
	Sewerage	Wastewater treatment	Disposal	License Total	Sewerage	Wastewater treatment	Disposal	License Total	Other Unlicensed Consented Activity, if any [Relevant year]	Other Unlicensed Consented Activity, if any [Previous year]	Grand Total as per SBAs [Relevant year]	Grand Total as per SBAs [Previous year]
	[Relevant year]				[Previous year]							
Breakdown of liabilities for capex projects												
<i>Breakdown:</i>												
[Insert relevant subcategories]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
[Insert relevant subcategories]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

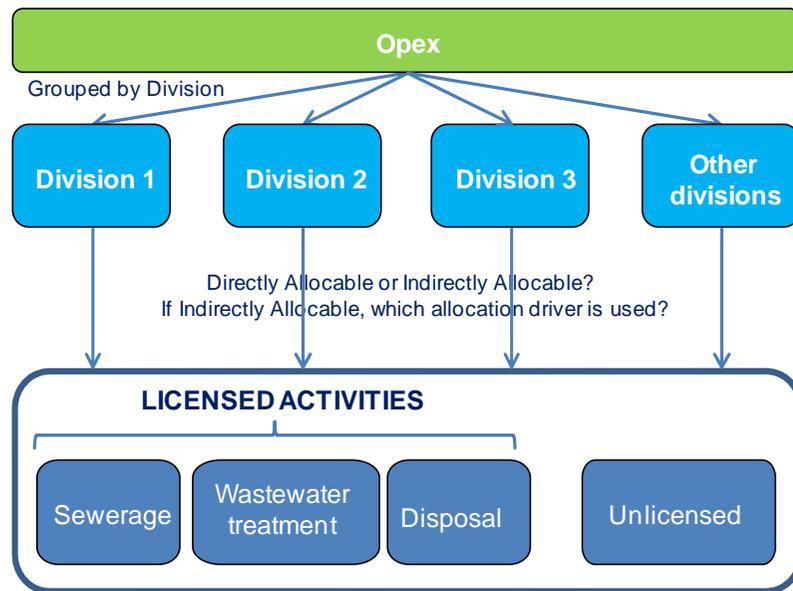
Part 8 Disclosure: Overview of allocation methodology

Overview of allocation methodology

As described in Section 5.6.1, an overview of the allocation methodology should include the following:

- description of the source data for preparation of the SBAs;
- list of steps involved in the allocation process and how they comply with allocation principles set out in Section 5.3; and
- graphical representation of the allocation process.

An indicative graphical representation of the allocation process for opex is set out below.



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Part 8 Disclosure: Detailed allocation methodology

As described in Section 5.6.2 in the Guidelines, for each sub-grouping of a line item in the accounting statements (excluding notes to the accounting statements) which has been identified by the Licensee as having a common nature for the purpose of allocation, the pro forma table set out below should be provided by the Licensee.

Relevant sub-grouping of each line item	Method of allocation	Total amount (AED '000)	Directly Allocated amount (AED '000)	Direct Allocation to which Separate Business or to Unlicensed Consented Activities	Reason for Direct Allocation	Process for identifying Directly Allocated amount	Indirectly Allocated amount (AED '000)	Indirect Allocation to which Separate Businesses and/or Unlicensed Consented Activities
List the sub-grouping of the line item for which information is being provided.	Directly Allocated to a Separate Business or to Unlicensed Consented Activities; or Indirectly Allocated to relevant Separate Businesses and/or Unlicensed Consented Activities; or Part of the total amount is Directly Allocated and the remaining part is Indirectly Allocated.	Provide the total amount for the relevant sub-grouping.	Provide the amount which is Directly Allocated to a Separate Business or to Unlicensed Consented Activities.	List the Separate Business (or Unlicensed Consented Activities) to which the amount is allocated.	Provide the reason for allocating directly to the relevant Separate Business or to Unlicensed Consented Activities.	Provide a description of the process for identifying the Directly Allocated amount.	Provide the amount which is Indirectly Allocated to relevant Separate Businesses and/or Unlicensed Consented Activities.	Provide the list of Separate Businesses and/or Unlicensed Consented Activities across which the amount is allocated.
Provide a description of the methodology for allocating the relevant Indirectly Allocable amount. This description should include the following. <ul style="list-style-type: none"> - Description of each step in the allocation methodology. - State each allocation driver used in allocating the relevant Indirectly Allocable amount. - Reason for using each allocation driver in allocating the relevant Indirectly Allocable amount. 								

Note: This table is required to be filled by the Licensee for each sub-grouping of a line item in the accounting statements which has been identified by the Licensee as having a common nature for the purpose of allocation.

Part 8 Disclosure: List of allocation drivers

As described in Section 5.6.4 in the Guidelines, the Licensee should disclose the list of allocation drivers used. The pro forma table is set out below.

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Description of the allocation driver	Numerical values of the allocation driver	Information about the allocation driver
Provide a description of the allocation driver used in the allocation process.	Provide numerical values of the allocation driver used (for example, provide percentage splits for each Separate Business).	Provide a description of the process for determining numerical values of the allocation driver and the source data used.

Note: This table is required to be filled by the Licensee for each allocation driver.

Part 8 Disclosure: Related Parties

As described in Section 7 in the Guidelines, the Licensee should insert a disclosure on Related Parties. The pro forma table is set out below.

Name and details of the Related Party	Description of the transaction	Basis for valuation of the transaction	Amount of recorded Related Party charges (AED '000)	Possible Fair Value, if applicable (AED '000)	Difference between recorded value and Possible Fair Value, if applicable (AED '000)	Explanation (if applicable)
Provide name and details of the Related Party which receives or provides goods and services in the transaction.	Provide description of goods and services received or provided by the Related Party in the transaction, including, where relevant, description of its major components.	What is the basis for the valuation of the transaction? Has Fair Value been established using competitive tendering, comparison to published prices, third party evaluation or benchmarking? If none of these methods has been used, provide an explanation of the basis for the valuation of the transaction.	Provide the amount of Related Party charges, including, where relevant, breakdown of its major components.	If the transaction is not based on Fair Value being established using competitive tendering, comparison to published prices, third party evaluation or benchmarking, provide what the Fair Value of the transaction would be ('Possible Fair Value'), using one of these methods, and disclose which method is being used.	Provide the difference between the recorded value of the Related Party transaction and its Possible Fair Value.	In case of a difference between the recorded value of the Related Party transaction and its Possible Fair Value, provide an explanation of the reasons for this difference.

Note: Related Party transactions of a similar nature and with the same Related Party should be grouped together, as noted in Section 7.5.2.

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Part 8 Disclosure: Dividend policy

As described in Section 12 in the Guidelines, the Licensee should include a disclosure on dividend policy. The pro forma table on dividend policy is set out below.

Overview of dividend policy	Provide a description of the Licensee's dividend policy.
Total amount of dividends paid during the relevant financial year (AED '000)	Provide the amount of dividends paid during the relevant financial year.
Method of paying dividends	List whether dividends are paid in cash or using others forms (for example, shares).
Basis of dividends	Provide an explanation of the basis of determining dividends and how it complies with the dividend policy.

Part 8 Disclosure: Reconciliation of statutory accounts and SBAs

As described in Section 8 in the Guidelines, in case there are differences in reported amounts for relevant line items between the SBAs and statutory accounts, these line items should be presented in a separate disclosure and an explanation of the reasons for these differences should be provided. The pro forma table is set out below.

Line item in the accounting statements	Amount in SBAs (AED '000)	Amount in statutory accounts (AED '000)	Explanation of differences
[X]	[X]	[X]	Provide an explanation for the difference in amount between SBAs and statutory accounts.
[X]	[X]	[X]	Same as above.
[X]	[X]	[X]	Same as above.
[X]	[X]	[X]	Same as above.

Part 8 Disclosure: Revenue

As described in Section 9 in the Guidelines, in compliance with the requirement to merge the PCR with the SBA, the Bureau requires details of revenue from the wastewater, sewerage and disposal businesses as a separate note, in addition to the summary of these revenues provided in Part 6, PCR statement. The pro forma table for disclosure of revenue is set out below.

Revenue note												
	Sewerage	Wastewater treatment	Disposal	Licensed Total	Sewerage	Wastewater treatment	Disposal	Licensed Total	Other Unlicensed Consented Activity, if any	Other Unlicensed Consented Activity, if any	Grand Total as per SBAs	Grand Total as per SBAs
	[Relevant year]				[Previous year]				[Relevant year]	[Previous year]	[Relevant year]	[Previous year]
Revenue from Sewerage business												
Revenue from domestic customers	[X]	-	-	[X]	[X]	-	-	[X]	-	-	[X]	[X]
Revenue from commercial customers	[X]	-	-	[X]	[X]	-	-	[X]	-	-	[X]	[X]
Revenue from trade effluent customers	[X]	-	-	[X]	[X]	-	-	[X]	-	-	[X]	[X]
Revenue from connection charges	[X]	-	-	[X]	[X]	-	-	[X]	-	-	[X]	[X]
Revenue from disconnection charges	[X]	-	-	[X]	[X]	-	-	[X]	-	-	[X]	[X]
Revenue from reconnection charges	[X]	-	-	[X]	[X]	-	-	[X]	-	-	[X]	[X]
Revenue from diversions	[X]	-	-	[X]	[X]	-	-	[X]	-	-	[X]	[X]
Revenue from service & repair	[X]	-	-	[X]	[X]	-	-	[X]	-	-	[X]	[X]
Revenue from suction tanker service	[X]	-	-	[X]	[X]	-	-	[X]	-	-	[X]	[X]
subtotal	[X]	-	-	[X]	[X]	-	-	[X]	-	-	[X]	[X]
Revenue from Wastewater treatment business												
[Insert revenue category]	-	[X]	-	[X]	-	[X]	-	[X]	-	-	[X]	[X]
[Insert revenue category]	-	[X]	-	[X]	-	[X]	-	[X]	-	-	[X]	[X]
[Insert revenue category]	-	[X]	-	[X]	-	[X]	-	[X]	-	-	[X]	[X]
[Insert revenue category]	-	[X]	-	[X]	-	[X]	-	[X]	-	-	[X]	[X]
subtotal	-	[X]	-	[X]	-	[X]	-	[X]	-	-	[X]	[X]
Revenue from Disposal business												
Revenue from sale of recycled water	-	-	[X]	[X]	-	-	-	[X]	-	-	[X]	[X]
Revenue from sale of biosolids	-	-	[X]	[X]	-	-	-	[X]	-	-	[X]	[X]
Revenue from service & repair	-	-	[X]	[X]	-	-	-	[X]	-	-	[X]	[X]
(insert revenue category)	-	-	[X]	[X]	-	-	-	[X]	-	-	[X]	[X]
subtotal	-	-	[X]	[X]	-	-	-	[X]	-	-	[X]	[X]
Subsidy from Government												
Subsidy from Government	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other revenue												
Interest or profit earned on bank deposits	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Liquidated damages from contractors	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Insurance proceeds	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Asset sale or disposal proceeds	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Penalty from supplier & contractors	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Tender fees	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Refund from employee	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
Other revenue	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]