

Heathrow Airport Limited Specified Activities Trading Statements

Year ended 31 March 2010

Heathrow Airport Limited

Specified Activities

Trading Statements for the year ended 31 March 2010

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Introduction

This document sets out the following:

- Actual costs and income in respect of Specified Activities undertaken by Heathrow Airport Limited (HAL) for the period 1 April 2009 to 31 March 2010.
- Comparison of the above with income assumptions set out in Table 6-3 of the Civil Aviation Authority's (CAA's) Report into Regulation ('Economic Regulation of Heathrow and Gatwick Airports 2008-2013') dated 11th March 2008 (The CAA Report).

2009/10 is the second year of Quinquennium Five (Q5).

1. Background

The CAA prescribes conditions as to the cost information which should be made available to users for a number of products and services at Heathrow (known as Specified Activities). This is in accordance with Section 46(2) of The Airports Act 1986.

The designation of Specified Activities for Q5 is derived from Chapter 6 and Annex D in The CAA Report as follows:

- Check-in Desks
- Common Use Self Service Machines (CUSS)
- Baggage Systems
- Other Desk Licences
- Staff Car Parking
- Airside Licences
- Utilities:
 - Electricity
 - Fixed Electrical Ground Power (FEGP)
 - Gas
 - Heating and Ventilation
 - Water and Sewerage
- Security Documentation
- Bus and Coach Services
- Hydrant Re-fuelling
- Airside parking
- Cable Routing
- Maintenance.

The conditions on cost information are set out in Annex D of The CAA Report. In particular:

*'By 31 December 2008 and by 31 December in each subsequent year HAL shall provide to the CAA statements of actual costs and revenues in respect of each of the facilities specified in paragraph 7 for the year ending the previous 31 March.'*¹

These statements take the form of Trading Statements (The Statements) which are prepared annually in compliance with the CAA's conditions on cost information. The basis for The Statements is HAL's Profit Centre Reporting System (PCR), which allocates costs to activities and which is reviewed annually by the auditors as part of their review of costs and revenues for Specified Activities. In some cases, the PCRs are adjusted to take account of notional revenues for HAL's own usage, and to replace accounting depreciation with a charge to reflect remuneration of the capital investment.

This document contains The Statements for Specified Activities for the 2009/10 financial year and is submitted to the Heathrow Non-Regulated Charges Group (NRCG) and to the CAA.

2. Accounts

The PCR figures included in the attached Statements have been prepared by HAL and have been audited by external auditors, PWC.

A number of adjustments are made to the PCR figures e.g. inclusion of notional HAL income, in order to derive the complete income and costs for each activity. Where applicable the third party share of income is then calculated and used to determine the third party share of costs. Another adjustment is made to Allocated Costs and Annuities (see note 4 below), and the final result for each activity can be seen in the last column of each Statement. In order to reflect the true underlying under/over recovery for the year, adjustments are made at the bottom of the Statements to remove income elements relating to the prior year's result.

3. Cost types

The Statements include the following cost categories:

- Direct costs – costs which are directly related to the delivery of the relevant Specified Activity.
- Indirect charges – costs which are directly related to the delivery of the relevant Specified Activity but which are captured by other Cost Centres. These are charged on the basis of actual measured usage or by specific means of allocation, related to use.
- Allocated costs – costs incurred by HAL which are not directly related to delivery of the Specified Activity, but where a proportion is allocated by methodology set out in HAL's Transparency Statement.
- Annuities – annualised costs derived from annuity calculations relating to Capital expenditure which is reasonably attributable to the relevant Specified Activity. Annuity calculations are based on an assumed asset life and calculated using a rate of 8% for assets and 6% for land.

¹ Airport Regulation, Economic Regulation of Heathrow and Gatwick Airports 2008-2013, CAA Decision, 11 March 2008

4. Table 6-3

The Statements show the full cost for each activity. However, Chapter 6 of the CAA Report makes reference to projections of Non-Regulated Charges at Heathrow. The projections are set out in Table 6-3. This data is intended as a transparent benchmark against which airlines can measure any subsequent changes and against which HAL is required to explain variances arising from changes in input costs and/or assumed volumes.

The Statements therefore show adjustments to bring Allocated Costs and Annuities back to the Table 6-3 level plus RPI adjustment (as Table 6.3 is in 2007/08 prices). The RPI used for 2009/10 is 3.44% sourced from the Office of National Statistics.

5. Prices

For pricing information please refer to General Notice 03/09.

6. Explanatory notes

Baggage, Check-in desks and Common Use Self Service Machines (CUSS)

A revised structure for Check-in and CUSS income was introduced on 1 April 2009 following formal consultation with the NRCG and the Heathrow Airline Operators Committee (AOC). The revised structure is:

- Check-in desk billing will be on the same basis as 2008/09 i.e. a time based unit charge.
- Check-in desk billing will include charges for CUSS.

In 2009/10 Baggage charges continue to be set against departing bags, with a slight change to the approach in 2008/09 where baggage costs were apportioned to individual airlines based on their percentage system use. Instead a standard rate per bag has been set by dividing a cost base of £112.7m by a forecast of 35m departing bags.

The income and cost projections in Table 6-3 included Check-in and Baggage as a single line. This approach is followed in the attached Statements and it should be noted that CUSS has been added.

Other Desk Licences

Income from Other Desks (e.g. Airline Departures, Arrivals, and Ticket Desks) is derived by licence fees to individual users. These fees were established some years ago and are subject to annual adjustment in line with pre-agreed indices through consultation with the AOC Rents Group. In view of this, the pricing methodology is not directly cost based. However, the related costs are estimated in the attached Statement.

For the purposes of Table 6-3, no separate income assumption was shown. This is because the income was included within the general property income line. The attached Statement uses the applicable apportionment.

Staff Car Parking

Income from Staff Car Parking is derived from sales of car park passes. These are at separate rates for the airport perimeter and central terminal areas. The price includes a £12 levy on each pass in order to help fund public transport initiatives.

Staff Car Parks are shared by HAL and other users. The attached Statement therefore follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally. The cost base includes an annuity in respect of the car park infrastructure.

Airside Licences

Income is derived from the sale of Airside Licences to individual users. An agreement was reached at the Airport Users Committee that 2009/10 prices would be held at the same level as 2008/09.

Electricity

Income is derived from charges to airport users for electricity supply. There are separate charges for different voltage types.

Electricity prices up to and including 1992/93 were based on PCR costings. In 1993 HAL sold its electrical distribution system to LES Ltd. At that time an undertaking was given to the (AOC) that users would not be disadvantaged by the sale. In order to ensure and demonstrate that this was the case a slightly different approach was adopted in relation to electricity. HAL proposed to the AOC that future Electricity Trading Statements should use the pre-sale position, i.e. 1992/93 as a base and index forward for future years. The indexing applies to the capital charge and overheads while the actuals are used for income (including uplift for HAL consumption), electricity cost and additional investment made by EDF (previously known as LES) and HAL.

Airport electricity supply is shared by HAL and other users. The attached Statement therefore follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally.

Fixed Electrical Ground Power (FEGP)

Income from FEGP is derived from a time-based unit charge to individual users.

Gas

Income is derived from the sale of gas to individual airport users. The majority of gas utilisation is by HAL and third party use represents a small proportion of the total. Nevertheless, the attached Heating and Ventilation Statement follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally.

Heating and Ventilation

Heating from the major boilerhouses (448, 523, T4 and the T5 Energy Centre) is generally charged as a rental per square foot, but some are charged on a unit price per kilo watt hour (kWh). Rates vary between contracts, but each contains provision for a supplementary charge or credit based on the results for each calendar year to compensate for any over or under recovery.

PCR Trading Statements for heating are based on results as at financial year end 2009/10 and do not form the basis for any pricing decisions.

Heating rents are escalated by agreement with the AOC Rents Group.

Water and Sewerage

Income is derived from charges to airport users for water supply and sewerage services. There are separate charges for the water and sewerage elements.

Airport water and sewerage services are shared by HAL and other users. The attached Statement therefore follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally.

Security Documentation

Income is derived from charges to airport users for the supply of staff ID cards and vehicle apron passes.

This service is shared by HAL and other users. The attached Statement therefore follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally.

Bus and Coach Services

Income is recovered based on a commercial contract with the operators.

All categories of bus and coach (public, charter, off airport hotel coaches and off airport courtesy coaches) under recovered in 2009/10 by £2.3m following the adjustment of annuity and indirect costs to the Table 6-3 levels plus inflation. The Public Bus Services account for most of the under-recovery, due to considerable capital investment within the Central Bus Station in recent years. HAL waived charges for local bus operators in January 1995, but continues to include a notional income in respect of these movements.

Passengers with Restricted Mobility (PRMs)

Charges for Passengers with Restricted Mobility (PRMs) were not included as a Specified Activity in The CAA Report. However there is a requirement under Article 8, of EC1107_2006 to prepare an annual overview of charges received and expenses made in respect of the assistance provided to disabled persons and persons with reduced mobility. To fulfil this obligation a Statement for PRMs has been included in this report.

Income is recovered from airlines on a rate per departing passenger. For the period April 2009 - December 2009 the charging for the PRM service was based on a rate of 35p per departing passenger. From 1 January 2010 a variable charging model depending on levels of pre-notification of PRMs was introduced (as per General Notice 12/09).

Other Specified Activities

The majority of income from Hydrant Refuelling is attributable to a lease of the Heathrow fuel hydrant system granted to the Heathrow Fuel Consortium. The income in 2009/10 was £6.3m.

Airside Parking relates to a number of small parcels of land attached to airside buildings which are rented to third parties for use as parking areas. The income generated is not material.

No income is derived specifically from the provision of Cable Routing through the airports infrastructure. However £21k is generated from Minor Facility Licences where cable routing may form part of the licence fee, but is not specifically identified.

The income from Maintenance Rentals (which excludes baggage system maintenance which is recovered separately) in 2009/10 amounted to £3.9m and is included in the various property related profit centres which are not specified facilities. The current rentals per square foot have evolved from an initial base uplifted each year in accordance with appropriate indices. Service Charges are also received whereby tenants receive a full breakdown of costs being recovered. Income from Service Charges in 2009/10 amounted to £1.7m.

**Baggage, Check-in Desks and CUSS
Trading Statement 2009/10
Summary**

	2008/09	2009/10
	£'000	£'000
Income	104,077	116,854
Expenditure		
Staff	6,445	5,527
Property Related	18,731	20,673
Maintenance & Equipment	54,977	56,129
General Expenses	13,996	11,225
Capitalisation of Revenue		0
Depreciation / Capital Charge	1,457	1,174
Indirect Charges	13,128	5,779
Allocated Costs	7,024	7,851
Total Expenditure	115,757	108,359
Prior year (under) / over recovery as per 08/09 Trading Statements		(11,680)
08/09 Building 560 costs accepted by HAL		2,100
08/09 Airline Relocations delays - costs accepted by HAL		2,500
08/09 HBS costs accepted by HAL		1,300
08/09 deferred billing included in 09/10 pricing		(6,030)
2009/10 Airline Relocations delays - costs accepted by HAL		2,000
Total (Under)/Over Recovery at 31 March 2010	(11,680)	(1,315)

**Baggage, Check-in Desks and CUSS
Trading Statement 2009/10
Detail - with adjustment to Table 6-3**

	PCR £'000	PCR Adjust £'000	Non Rechargeable £'000	Trading Statement £'000	Adjustments Head of Stand £'000	Total £'000	Adjustment to Table 6-3 £'000	Note	Adjusted Trading Statement £'000
Income	109,929	8,738	(6)	118,661	(1,807)	116,854		1	116,854
Direct Expenditure									
Staff	7,439		(1,912)	5,527		5,527		2	5,527
Property Related	19,685		988	20,673		20,673		3	20,673
Maintenance & Equipment	60,165		(2,229)	57,936	(1,807)	56,129		1/4	56,129
General Expenses	12,624		(1,399)	11,225		11,225		5	11,225
Capitalisation of Revenue	2,849		(2,849)	0		0		6	0
Depreciation / Capital Charge	35,595		(34,421)	1,174		1,174		7	1,174
Indirect Charges		5,779		5,779		5,779		8	5,779
Total Direct Expenditure	138,359	5,779	(41,822)	102,315	(1,807)	100,508			100,508
Allocated Costs									
Terminal	2,371			2,371		2,371	}		
Airside Safety & Security	75			75		75			
Ground Transport	3			3		3			
Engineering	13,843			13,843		13,843			
Rates	3,970			3,970		3,970			
Finance	1,595			1,595		1,595			
IT	5,095			5,095		5,095			
Procurement	353			353		353			
Constabulary	1,570			1,570		1,570			
Airport Management	3,155			3,155		3,155			
Medical Centre	71			71		71			
Personnel	159			159		159			
Property Management	393			393		393			
Public Relations	(13)			(13)		(13)			
Depreciation	13,372	(10,717)		2,655		2,655		9	
Sundry Income	(3,375)	2,768		(607)		(607)		10	
Total Allocated Costs	42,637	(7,949)		34,688		34,688	(26,837)		7,851
Total Expenditure	180,996			137,004	(1,807)	135,197	(26,837)		108,359
Prior year (under) / over recovery									(11,680)
08/09 Building 560 costs accepted by HAL									2,100
08/09 Airline Relocations delays - costs accepted by HAL									2,500
08/09 HBS costs accepted by HAL									1,300
08/09 deferred billing included in 09/10 pricing									(6,030)
2009/10 Airline Relocations delays - costs accepted by HAL									2,000
Total (Under)/Over Recovery at 31 March 2010	(71,067)			(18,342)		(18,342)	26,837		(1,315)

Baggage, Check-in Desks and CUSS

Notes

(1) Income	Adjustment to remove the Head of Stand income and corresponding costs - as this income is charged separately.	
(2) Staff	Non-rechargeable staff costs removed.	(1.6)
	Staff working on capital projects removed.	(0.3)
		<u>(1.9)</u>
(3) Property Related	Non-rechargeable costs removed.	(0.6)
	Check in desk site fees.	1.3
	Reinstated heating costs from other BAA Departments.	0.3
		<u>1.0</u>
(4) Maintenance & Equipment	Non-rechargeable costs removed - HBS.	(2.7)
	Non-rechargeable costs removed - Capitalised.	(0.1)
	Check-in T4 amortisation cost reclassified to depreciation line.	(0.2)
	Check-in Services costs allocated to maintenance.	0.4
	Head Of Stands costs allocated to maintenance.	0.4
		<u>(2.2)</u>
(5) General Expenses	Non-rechargeable costs removed.	(0.4)
	Non-rechargeable costs removed - Project Consultancy.	(1.2)
	Reallocation of T5 operational readiness credit in 08/09 to non-rechargeable.	0.2
		<u>(1.4)</u>
(6) Capitalisation of Revenue	Project related staff costs, maintenance and consultancy capitalisation removed.	1.3
	Remove reversal of capitalisation of T2 and ITO costs relating to 2008-9 due to delayed airline moves.	(4.1)
		<u>(2.8)</u>
(7) Depreciation / Capital Charge	Depreciation removed except the check-in capital charges relating to check-in income.	
(8) Indirect Charges	HAL Building maintenance engineering costs allocated.	5.8
		<u>5.8</u>
(9) Allocated Depreciation	PCR allocation is replaced with proportion of Terminal building depreciation. The allocation is based on estimated area occupied by Check-In Desks and the associated baggage system.	
(10) Sundry Income	Income relating to Group IT assets held on behalf of the Group has been removed.	
(11) Allocated Costs	Allocated Costs have been fixed at the level stated in Table 6-3 plus RPI.	

**Other Desk Licences
Trading Statement 2009/10
Summary**

	2008/09 £'000	2009/10 £'000
Income	1,184	1,426
Expenditure	-	-
Prior year (under) / over recovery	-	-
Total (Under)/Over Recovery at 31 March 2010	1,184	1,426
3rd party share	100%	100%

Other Desk Licences
Trading Statement 2009/10
Detail - with adjustment to Table 6-3

	Term 1 PC 038 £000	Term 2 PC 058 £000	Term 3 PC 078 £000	Term 4 PC 098 £000	Term 5 PC 505 £000	Adjustment PCR £000	Total £000	Adjustment to Table 6-3 £000	Note	Adjusted Trading Statement £000
Income	89		139	79		1,119	1,426		1	1,426
Direct Expenditure	-						-			-
Allocated Costs										
Terminal	1	(0)	38	3	81		122	(122)	2	
Rates	48	8	16		128		201	(201)	2	
IT	17	17	34	17	17		101	(101)	2	
Constabulary	19	3	6		51		79	(79)	2	
Property	4	2	3	2	0		12	(12)	2	
Public Relations	(0)		(0)	(0)			(0)	0	2	
Depreciation	(1,112)	(594)	(145)	14	(10)		(1,848)	1,848	2	
Sundry Income	(9)	(9)	(39)	(9)	(9)		(76)	76	2	
Total Allocated Costs	(1,032)	(574)	(87)	27	257		(1,409)	1,409		
Total Expenditure	(1,032)	(574)	(87)	27	257		(1,409)	1,409		
Prior year (under) / over recovery										
Total (Under)/Over Recovery at 31 March 2010	1,121	574	226	53	(257)	1,119	2,835	(1,409)		1,426

Other Desk Licences
Notes

(1) **Income**

Other desk licence income for Terminal 5 has not been identified in the PCR process, so an adjustment has been made to include it.

(2) **Allocated Costs**

Allocated costs have been fixed at the level stated in Table 6-3.

Staff Car Parking (PC 130)
Trading Statement 2009/10
Summary - 3rd party share with adjustment to Table 6-3

	2008/09	2009/10
	£'000	£'000
Income	23,128	21,806
Expenditure		
Staff	96	96
Management & Bussing costs		
Coaching & Fuel	6,125	5,636
Management Fee / Security Rates	2,341	2,225
Rent	770	738
Maintenance & Equipment	68	814
General Expenses	58	102
Capitalisation of Revenue	(55)	(0)
Passenger Transport Levy	423	365
Indirect Charges	169	33
Allocated Costs	4,329	4,364
Depreciation / Capital charge	7,674	7,737
Total Expenditure	21,998	22,109
Prior year (under) / over recovery as per 08/09 Trading Statements		1,130
Total (Under) / Over Recovery at 31 March 2010	1,130	828
3rd party share	77%	74%

Staff Car Parking (PC 130)
Trading Statement 2009/10
Detail - with 3rd party share and adjustment to Table 6-3

	PCR £'000	Adjustments PCR £'000	PCR £'000	Total £'000	3rd Party Share £'000	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
					74%			
Income	22,424	(437)	7,564	29,551	21,806		1	21,806
Direct Expenditure								
Staff	0	130		130	96			96
Management & Bussing costs					0			
Coaching	7,637			7,637	5,636			5,636
Management Fee / Security	(2,874)	2,874		0	0		3	0
Rates	0	3,015		3,015	2,225		4	2,225
Rent	1,000			1,000	738			738
Maintenance, Equipment and Vehicle fuel	1,102			1,102	814			814
General Expenses	138			138	102			102
Capitalisation of Revenue	(822)	822		(0)	(0)			(0)
Depreciation / Capital charge	66	(66)	10,500	10,500	7,748	(11)	2/6	7,737
Passenger Transport Levy		494		494	365		7	365
Indirect Charges	0	45		45	33			33
					0			
Total Direct Expenditure	6,248	7,314	10,500	24,061	17,756	(11)		17,744
Allocated Costs								
Terminal	56			56	41			41
Airside Safety & Security	5			5	4			4
Ground Transport & Security	315			315	233			233
Engineering	1,322			1,322	975			975
Rates	4,155	(3,015)		1,140	841		4	841
Finance	247			247	182			182
IT	787			787	581			581
Procurement	55			55	40			40
Constabulary	1,643			1,643	1,213			1,213
Airport Management	472			472	348			348
Medical Centre	6			6	4			4
Personnel	13			13	9			9
Property Management	303			303	224			224
Commercial	33			33	24			24
Public Relations	(4)			(4)	(3)			(3)
Depreciation	2,267	(357)		1,910	1,409		5	1,409
Sundry Income	(498)	428		(70)	(52)		5	(52)
Table 6-3 adjustment						(1,710)	6	(1,710)
Total Allocated Costs	11,176	(2,944)		8,232	6,074	(1,710)		4,364
Total Expenditure	17,424	4,369	10,500	32,293	23,830	(1,721)		22,109
Prior year (under) / over recovery								1,130
Total (Under) / Over Recovery at 31 March 2010	5,001	(4,806)	(2,936)	(2,742)	(2,023)	1,721		828

Staff Car Parking (PC 130) Notes

(1) **Income**

A notional income has been included for HAL passes and non staff car parking income removed.

(2) **Calculation of Capital Charge (also see Note 6)**

2009/10 £'000	Short Life	Long Life	Land	Total
<u>Assets</u>				
Gross CCA Asset Value (Multi Storey CP's)		40,182		40,182
Gross CCA Asset Value (Surface Car Parks)	3,572	20,045		23,617
Total Gross CCA Asset Value	3,572	60,226		63,799
Cost of Capital	8%	8%		
Representative Life (years)	10	40		
Annuity	532	5,051		5,583
<u>Land</u>				
Land Value (Multi Storey Car Parks)			14,967	14,967
Land Value (Surface Car Parks)			66,980	66,980
Total Land Value			81,947	81,947
Required Yield			6%	
Yield			4,917	4,917
Total Capital Charge	532	5,051	4,917	10,500

(3) **Management Fee**

Relates to reclassification of Apcoa costs from Staff Car Parks to Commercial Car Parks.

(4) **Rates**

This allocation has been removed and replaced by the actual rates liability, shown in direct expenditure.

(5) **Depreciation and Sundry Income**

Removal of depreciation and inter-company income relating to group assets held on Heathrow's books.

(6) **Allocated Costs and Capital Charge**

Allocated costs and capital charge have been fixed at the level stated in Table 6-3 plus RPI.

(7) **Passenger Transport Levy**

Passenger Transport Levy is charged at £12 per pass per annum, there were an average of 41,201 passes in issue during 09/10.

**Airside Licences (PC15)
Trading Statement 2009/10
Summary**

	2008/09 £'000	2009/10 £'000
Income	685	1,031
Expenditure		
Staff	389	612
Property Related	1	1
Depreciation / Capital charge	42	42
Allocated Costs	371	373
Total Expenditure	803	1,029
Prior year (under) / over recovery as per 08/09 Trading Statements		(118)
Total (Under)/Over Recovery at 31 March 2010	(118)	(116)
3rd party share	88%	93%

Airside Licences (PC15)
Trading Statement 2009/10
Detail - with 3rd party share and adjustment to Table 6-3

	Adjustment PCR	Adjustment PCR £'000	3rd Party Total	3rd Party Share	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
				93%			
Income	1,436	(328)	1,109	1,031		1	1,031
Direct Expenditure							
Staff		659	659	612			612
Property Related	1		1	1			1
Depreciation / Capital charge	1	18	20	18	24	2/3	42
Total Direct Expenditure	2	677	679	631	24		655
Allocated Costs							
Airside Safety & Security	772		772	718			718
Engineering	7		7	6			6
Rates	120		120	112			112
IT	231		231	214			214
Constabulary	48		48	44			44
Airport Management	32		32	30			30
Medical Centre	10		10	10			10
Personnel	23		23	21			21
Property Management	12		12	11			11
Depreciation	694		694	645			645
Sundry Income	(223)		(223)	(207)			(207)
Table 6-3 Adjustment					(1,232)	3	(1,232)
Total Allocated Costs	1,726		1,726	1,605	(1,232)		373
Total Expenditure	1,728	677	2,405	2,236	(1,208)		1,029
Prior year (under) / over recovery							(118)
Total (Under)/Over Recovery at 31 March 2010	(292)	(1,004)	(1,296)	(1,205)	1,208		(116)

Airside Licences (PC15)

Notes

(1) **Income**

An adjustment has been made to exclude income not relating to Airside Licences.
There are a number of licenses issued without payment. A notional income is included to reflect these.

Total Licences Issued	428	(Incl 30 Licences issued without payment)
Rate per Licence (£)	2,590	
Total Income (£'000)	1,109	

(2) **Calculation of Capital Charge**

£'000	2009/10
Building 820 - Airside Licence Facilities	192
Total	192
Cost of Capital	8%
Representative Life (Years)	20
Annuity	20

(3) **Table 6-3 Adjustment**

Capital charge and allocated costs have been fixed at the level stated in Table 6-3 plus RPI.

Electricity (using 1992/93 as the cost base)
Trading Statement 2009/10
Summary - 3rd party share with adjustment to Table 6-3

	2008/09	2009/10
	£'000	£'000
Income	23,654	25,609
Expenditure		
Electricity	14,702	18,808
Capital Annuity	4,913	4,928
Other Direct / Allocated costs	2,585	2,593
Total Expenditure	22,200	26,329
Prior year (under) / over recovery		1,453
2008/09 profit accepted by HAL as £nil		(1,328)
2009/10 loss accepted by HAL as £nil plus 50% of increased consumption waived		1,549
Total (Under) / Over Recovery at 31 March 2010	1,453	954
3rd party share	37%	33%

Electricity (using 1992/93 as the cost base)
Trading Statement 2009/10
Detail - with 3rd party share and adjustment to Table 6-3

	Total 2009/10 £'000	3rd party share £'000	Adjustment to Table 6-3 £'000	3rd party adjusted statement £'000	Note
		33%			
External HAL usage	25,609	25,609		25,609	
Income	53,119				1
	<u>78,728</u>				
Expenditure					
Electricity cost	57,820	18,808		18,808	2
Capital Annuity - Original Infrastructure	5,218	1,697	}	4,928	3
Capital Annuity - Additional Investment by LES/EDF	9,054	2,945			
Capital Annuity - Additional Investment by HAL	28,131	9,150			
Other Direct / Allocated costs	6,574	2,138	454	2,593	4
Total Expenditure	<u>106,797</u>	<u>34,739</u>	<u>(8,411)</u>	<u>26,329</u>	
Prior year (under) / over recovery				1,453	
2008/09 profit accepted by HAL as £nil				(1,328)	
2009/10 loss accepted by HAL as £nil plus 50% of increased consumption waived				1,549	
Total (Under) / Over Recovery at 31 March 2010	(28,070)	(9,131)	8,411	954	

**Electricity
Notes**

(1) **Income**

Notional HAL income is recharged to Check-in and Baggage.

(2) **Electricity cost**

The electricity cost above includes a negotiated discount from the supplier commencing on 1 January 2010 for 12 months totalling £1,458,824.

For the year ended 31 March 2010 the discount was £364,706.

It has been agreed with the supplier that the full discount will be repaid over a 12 month period commencing 1 January 2012.

(3) **Capital Annuity**

All capital annuities have been fixed at the rate in Table 6-3 plus RPI.

Investment relating to HET and T5C has currently been excluded until beneficial use is gained.

Original Infrastructure

The Capital Values have been index forward to 94/95 using the WT Indices and from 94/95 to current day using the Retail Price Index. The index increased by 0.4% between 2008/09 and 2009/10.

Additional Investment by LES/EDF

Infrastructure investment made by EDF in 2009/10 amounted to £0.6m.

Infrastructure investment made by EDF in respect of T5 amounted to £51.9m.

Forecast investment in 2010/11 by EDF is £0.6m. This will be amortised over a 30 year life at 8%.

Additional Investment by HAL

Infrastructure investment made by HAL since 1992/93 amounts to £318.9m.

Power supply and Substation investment at £238.6m has been amortised over a 40 year life at 8%.

Monitoring and Control equipment investment at £23.2m has been amortised over a 10 year life at 8%.

Pit and Duct investment at £57.1m has been amortised over a 50 year life at 8%.

(4) **Other Direct / Allocated costs**

Direct costs and allocated costs have been indexed in relation to the change in the Retail Price Indices.

This amount has then been fixed to Table 6-3 plus RPI.

Fixed Electrical Ground Power (PC 007)
Trading Statement 2009/10
Summary

	2008/09	2009/10
	£'000	£'000
Income	6,938	7,518
Expenditure		
Electricity	1,646	2,458
Maintenance & Equipment	370	521
Depreciation / Capital charge	2,140	2,143
Allocated Costs	2,067	2,072
Total Expenditure	6,223	7,194
Prior year (under) / over recovery as per 08/09 Trading Statement		715
Total (Under) / Over Recovery at 31 March 2010	715	1,039
3rd party share	100%	100%
Number of Quarter Hour Periods Charged	2,296,656	2,476,141
Avg. Electricity Purchase Cost per Kwh (pence)	7.45	10.61

**Fixed Electrical Ground Power (PC 007)
Trading Statement 2009/10
Detail - with Adjustments to Table 6-3**

	PCR £'000	Adjustment £'000	Total £'000	Adjustment to Table 6-3 £'000	Note	Adjusted Trading Statement £'000
Income	7,518		7,518			7,518
Direct Expenditure						
Staff						
Property Costs						
Maintenance & Equipment		521	521		1	521
General Expenses						
Capitalisation of Revenue						
Depreciation / Capital charge	388	2,424	2,813	(669)	2/5	2,143
Internal Charges/Electricity		2,458	2,458		3	2,458
Total Direct Expenditure	388	5,403	5,792	(669)		5,122
Allocated Costs						
Terminal						
Airside Safety & Security	88		88			88
Ground Transport & Security						
Engineering	1,275	(521)	754			754
Rates	48		48			48
Finance						
IT	546		546			546
Procurement						
Constabulary	19		19			19
Airport Management	31		31			31
Medical Centre	10		10			10
Personnel	22		22			22
Property Management	92		92			92
Commercial						
Public Relations	(1)		(1)			(1)
Depreciation	1,251	(248)	1,004		4	1,004
Sundry Income	(318)	296	(22)		4	(22)
Table 6-3 Adjustment				(517)	5	(517)
Total Allocated Costs	3,061	(472)	2,589	(517)		2,072
Total Expenditure	3,449	4,931	8,380	(1,186)		7,194
Prior year (under) / over recovery						715
Total (Under) / Over Recovery at 31 March 2010	4,069	(4,931)	(862)	1,186		1,039

Fixed Electrical Ground Power Notes

(1) **Maintenance & Equipment**

Adjustment to include internal maintenance charges

(2) **Calculation of Capital Charge**

	2009/10
	£'000
<u>Infrastructure</u>	
Gross CCA Asset Value	27,615
Cost of Capital	8%
Representative Life (Years)	20
Total Annuity	2,813

	2009/10	FEGP	Controls	Pit & Ducts
	£'000	£'000	£'000	£'000
<u>Infrastructure</u>				
T1 Pier 4	13.3	13.3	-	-
T1 Pier 4A	323.5	323.5	-	-
T1 Main Building	2,407.7	2,407.7	-	-
T1 Pier 3	215.0	183.0	-	32.0
T1 Euro lounge/Europier	1,173.6	1,173.6	-	-
T2 Pier 1	10.5	10.5	-	-
T2 Pier 2	169.4	169.4	-	-
T3 Pier 5	-	-	-	-
T3 Pier 7	198.7	198.7	-	-
T4 Passenger Terminal	714.5	714.5	-	-
Terminal 5 Concourse A	5,709.7	5,709.7	-	-
Control Post 24	5.9	-	-	5.9
Sub Station 30	14.7	14.7	-	-
Building 820	334.2	334.2	-	-
T3 Building	584.3	584.3	-	-
T4 ABF1 Stands S1	32.9	32.9	-	-
Other	1,390.6	685.9	704.7	-
Stands	14,316.7	4,984.1	573.7	8,758.9
	27,615	17,540	1,278	8,797

(3) **Electricity**

Adjustment to include internal cost of electricity.

(4) **Depreciation & Sundry Income**

Removal of depreciation and inter-company income relating to group assets held on Heathrow's books.

(5) **Allocated Costs & Capital Charge**

Fixed at the level stated in Table 6-3 plus RPI.

Heating and Ventilation (PC189, PC191 and PC192)
Trading Statement 2009/10
Summary - 3rd party share with adjustment to Table 6-3

	2008/09	2009/10
	£'000	£'000
Income	1,117	1,235
Expenditure		
Staff	185	137
Gas costs	527	594
Maintenance & Equipment	273	187
General Expenses	31	3
Indirect Charges	47	59
Allocated Costs	308	300
Depreciation / Capital charge	583	567
Total Expenditure	1,954	1,847
Prior year (under) / over recovery as per 08/09 Trading Statements		(837)
08/09 costs accepted by HAL		604
Total (Under) / Over Recovery at 31 March 2010	(837)	(844)
3rd party share	20%	12%

Heating and Ventilation (PC189, PC191 and PC192)
Trading Statement 2009/10
Summary - with 3rd party share and adjustment to Table 6-3

	BH 448 £'000	BH523 £'000	BHT4 £'000	BH T5 £'000	TOTAL £'000	3rd Party Share 12%	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
Income	4,782	21	1,461	3,980	10,244	1,235			1,235
Direct Expenditure									
Staff	659			478	1,138	137			137
Gas costs	1,418	1,055	730	1,725	4,928	594			594
Maintenance & Equipment	924			623	1,548	187			187
General Expenses	25				25	3			3
Depreciation / Capital charge	550	146	1,711	3,838	6,246	753	(186)	1	567
Indirect charges	456	1	31		488	59			59
Total Direct Expenditure	4,033	1,202	2,472	6,665	14,373	1,733	(186)		1,547
Allocated Costs									
Terminal	13		7	0	20	2			
Airside Safety & Security	2	1	1	2	6	1			
Ground Operations	0		78	0	78	9			
Engineering	118	84	56	400	659	79			
Rates	88	64	29	144	325	39			
Finance	56		79	1	136	16			
IT	231	186	6	270	693	84			
Procurement	13		22	0	35	4			
Constabulary	35	25	57	57	174	21	(73)	2	300
Airport Management	111	4	1	10	126	15			
Medical Centre	2	1	3	2	9	1			
Personnel	5	3	54	5	67	8			
Property Management	78	115	201	118	513	62			
Public Relations	435	137	(61)		510	62			
Depreciation	(150)	(113)		172	(91)	(11)			
Sundry Income				(169)	(169)	(20)			
Total Allocated Costs	1,036	508	533	1,014	3,091	373	(73)		300
Total Expenditure	5,069	1,711	3,005	7,679	17,464	2,106	(259)		1,847
Prior year (under) / over recovery									(837)
08/09 costs accepted by HAL									604
Total (Under) / Over Recovery at 31 March 2010	(287)	(1,689)	(1,544)	(3,699)	(7,219)	(871)	259		(844)

Notes

- (1) **Depreciation / Capital charge**
Fixed at the level stated in table 6-3 plus RPI.
- (2) **Allocated Costs**
Fixed at the level stated in table 6-3 plus RPI.

Heating and Ventilation - Boilerhouse 448 (PC189)
Trading Statement 2009/10
Summary - 100% of Income and Costs

	Adjusted Statement 2008/09 £'000	Adjusted Statement 2009/10 £'000
Income	3,876	4,782
Expenditure		
Staff	568	659
Gas costs	1,542	1,418
Maintenance & Equipment	584	924
General Expenses	105	25
Indirect Charges	239	456
Allocated Costs	859	1,036
Depreciation / Capital charge	528	550
Total Expenditure	4,424	5,069
(Under) / Over Recovery	(549)	(287)
Input (m ³)	83,414,390	75,137,888
Price per kWh (pence)	4.77	4.51
Area Served (square feet)	3,727,700	4,556,918
Price per square foot (pence)	104	105

Heating and Ventilation - Boilerhouse 448 (PC189)
Trading Statement 2009/10
Detail

	PCR £'000	Adj £'000	Total external income £'000	Adj £'000	Note	Adjusted Trading Statement £'000
Income	0	356	356	4,426	1	4,782
Direct Expenditure						
Staff	659					659
Gas costs	(194)			1,612		1,418
Maintenance & Equipment	924					924
General Expenses	25					25
Depreciation / Capital charge	10			540	2	550
Indirect Charges	0			456		456
Total Direct Expenditure	1,425		1,425	2,608		4,033
Allocated Costs						
Terminal	13					13
Airside Safety & Security	2					2
Ground Transport & Security	0					0
Engineering	118					118
Rates	88					88
Finance	56					56
IT	231					231
Procurement	13					13
Constabulary	35					35
Airport Management	111					111
Medical Centre	2					2
Personnel	5					5
Property Management	78					78
Depreciation	435					435
Sundry Income	(150)					(150)
Total Allocated Costs	1,036		1,036			1,036
Total Expenditure	2,461	0	2,461	2,608		5,069
(Under) / Over Recovery	(2,461)	356	(2,105)	1,818		(287)

Heating and Ventilation - Boilerhouse 448 (PC189)

Notes

(1) Income

Replace direct and indirect income (which are not comprehensive) with notional income based on output. It is assumed that all HAL usage is charged on a per sq ft basis.

Total Heat Output (kwh)	29,560,370
<u>Metered Income</u>	
Metered Consumption (kwh)	24,936
Selling price (pence per kwh)	4.51
Total Metered Income	<u>£1,125</u>
<u>Non-Metered Income</u>	
Total Heat Output less Metered Consumption (kwh)	29,535,434
Area served apportioned to non-metered consumption (sq ft)	4,553,074
Selling Price per sq ft	£1.05
Total non-metered income	<u>£4,780,728</u>
Total income (metered and non-metered)	<u>£4,781,852</u>

(2) Calculation of Capital charge

2009/10 £'000	Plant	Buildings	Monitor & Control Equip	Electrical & Fire Alarms	Furniture, Fittings & Office Equip	Hot Water Mains	Land	Total
<u>Assets</u>								
Gross CCA Asset Value	1,286	1,240	0	74	63	3,078		5,741
Cost of Capital	8%	8%	8%	8%	8%	8%		
Representative Life (Years)	20	50	5	20	5	50		
Annuity	131	101	0	8	16	252		507
<u>Land</u>								
Total Land Value							716	716
Required Yield							6%	
Yield							43	43
Total Capital Charge	131	101	0	8	16	252	43	550

Heating and Ventilation - Boilerhouse 523 (PC191)
Trading Statement 2009/10
Summary - 100% of Income and Costs

	Adjusted Statement 2008/09 £'000	Adjusted Statement 2009/10 £'000
Income	94	21
Expenditure		
Gas costs	1,148	1,055
Indirect Charges	1	1
Allocated Costs	589	508
Depreciation / Capital charge	140	146
Total Expenditure	1,877	1,711
(Under) / Over Recovery	(1,783)	(1,689)
Input (m ³)	49,215,405	38,451,500
Price per kWh (pence)	0.19	0.06
Cost per kWh (pence)	3.81	4.45

Heating and Ventilation - Boilerhouse 523 (PC191)
Trading Statement 2009/10
Detail

	PCR £'000	Adjustment £'000	Note	Adjusted Trading Statement £'000
Income	21			21
Direct Expenditure				
Staff				0
Gas costs		1,055		1,055
Depreciation / Capital charge		146	1	146
Indirect Charges		1		1
Total Direct Expenditure	0	1,202		1,202
Allocated Costs				
Terminal	0			0
Airside Safety & Security	1			1
Ground Transport & Security	0			0
Engineering	84			84
Rates	64			64
Finance	0			0
IT	186			186
Procurement	0			0
Constabulary	25			25
Airport Management	4			4
Medical Centre	1			1
Personnel	3			3
Property Management	115			115
Depreciation	137			137
Sundry Income	(113)			(113)
Total Allocated Costs	508			508
Total Expenditure	508	1,202		1,711
(Under) / Over Recovery	(487)	(1,202)		(1,689)

Heating and Ventilation - Boilerhouse 523 (PC191)
Notes

(1) Calculation of Capital charge

2009/10 £'000	Fire		Distribution		Total
	Plant	Alarms	Buildings	System	
<u>Assets</u>					
Gross CCA Asset Value	38	66	1,272	98	1,474
Cost of Capital	8%	8%	8%	8%	
Representative Life (Years)	20	20	50	50	
Annuity	4	7	104	8	123
<u>Land</u>					
Total Land Value				391	391
Required Yield				6%	
Yield				23	23
Total Capital Charge	4	7	104	8	146

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Trading Statement 2009/10
Summary - 100% of Income and Costs

	Adjusted Statement 2008/09 £'000	Adjusted Statement 2009/10 £'000
Income	1,615	1,461
Expenditure		
Gas costs	0	730
General Expenses	54	0
Indirect Charges	2	31
Allocated Costs	306	533
Depreciation / Capital charge	1,636	1,711
Total Expenditure	1,998	3,005
(Under) / Over Recovery	(383)	(1,544)
Area Heated (square feet)	1,345,475	1,391,235
Price per square foot (pence)	120	105
Cost per square foot (pence)	148	216

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Trading Statement 2009/10
Detail

	PCR £'000	Income Adjustments £'000	External Income £'000	Adjustments PCR £'000	Note	Adjusted Trading Statement £'000	
Income	8	91	418	518	943	1	1,461
Direct Expenditure							
Gas costs	730			730			730
General Expenses				0			0
Depreciation / Capital charge	2			2	1,710	2	1,711
Indirect charges				0	31		31
Total Direct Expenditure	732			732	1,741		2,472
Allocated Costs							
Terminal	7			7			7
Airside Safety & Security	1			1			1
Engineering	78			78			78
Rates	56			56			56
Finance	29			29			29
IT	79			79			79
Procurement	6			6			6
Constabulary	22			22			22
Airport Management	57			57			57
Medical Centre	1			1			1
Personnel	3			3			3
Property Management	54			54			54
Depreciation	201			201			201
Sundry Income	(61)			(61)			(61)
Total Allocated Costs	533			533			533
Total Expenditure	1,264	0	0	1,264	1,741		3,005
(Under) / Over Recovery	(1,256)	91	418	(747)	(798)		(1,544)

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Notes

(1) **Income**

Income shown is a notional income based on the heating rent per square foot.

Total Area served (sq ft)	1,391,235
Selling Price per sq ft	£1.05
Total Income	£1,460,797

(2) **Calculation of Capital charge**

2009/10 £'000	Plant	H&V Plant	Buildings	Land	Total
<u>Assets</u>					
Gross CCA Asset Value	1,168	12,925	2,904		
Cost of Capital	8%	8%	8%		
Representative Life (Years)	20	20	50		
Annuity	119	1,316	237		1,673
<u>Land</u>					
Land Value				641	
Required Yield				6%	
Yield				38	38
Total Capital Charge	119	1,316	237	38	1,711

**Heating and Ventilation - Terminal 5 Energy Centre
Trading Statement 2009/10
Summary - 100% of Income and Costs**

	Adjusted Statement 2008/09 £'000	Adjusted Statement 2009/10 £'000
Income	334	3,980
Expenditure		
Staff	376	478
Gas costs	0	1,725
Maintenance & Equipment	812	623
Allocated Costs	2,092	1,014
Depreciation / Capital charge	3,675	3,838
Total Expenditure	6,955	7,679
(Under) / Over Recovery	(6,621)	(3,699)

**Heating and Ventilation - Terminal 5 Energy Centre
Trading Statement 2009/10
Detail**

	PCR £'000	Adjustments £'000	£'000	Note	Adjusted Trading Statement £'000
Income		341	3,640	1	3,980
Direct Expenditure					
Staff		478			478
Gas costs		1,725			1,725
Maintenance and Equipment		623			623
Depreciation / Capital charge		1,610	2,228	2	3,838
Total Direct Expenditure		4,437	2,228		6,665
Allocated Costs					
Terminal		0			0
Airside Safety & Security		2			2
Ground Transport & Security		0			0
Engineering		400			400
Rates		144			144
Finance		1			1
IT		270			270
Procurement		0			0
Constabulary		57			57
Airport Management		10			10
Medical Centre		2			2
Personnel		5			5
Property Management		118			118
Depreciation		172			172
Sundry Income		(169)			(169)
Total Allocated Costs		1,014			1,014
Total Expenditure		5,451	2,228		7,679
(Under) / Over Recovery		(5,111)	1,412		(3,699)

**Heating and Ventilation - Terminal 5 Energy Centre
Notes**

(1) **Income**

Income shown is adjusted, as a separate profit centre has not been set up for the T5 Energy Centre.

A notional income is calculated based on the heating rent per square foot.

Total Area served (sq ft)	3,466,614
Selling Price per sq ft	£1.05
Total notional income	£3,639,945

(2) **Calculation of Capital charge**

2009/10 £'000

	Chillers	Electrical & Fire Alarms	Plant	Buildings	Other	Total
<u>Assets</u>						
Gross CCA Asset Value	6,646	10,778	19,040	3,096	245	39,805
Cost of Capital	8%	8%	8%	8%	8%	
Representative Life (Years)	15	20	30	50	75	
Annuity	777	1,098	1,691	253	20	3,838

Water & Sewerage (PC 194)

Trading Statement 2009/10

Summary - 3rd party share with adjustment to Table 6-3

	2008/09 £'000	2009/10 £'000
Income	1,117	1,034
Expenditure		
Staff	203	179
Water	400	349
Maintenance & Equipment	70	62
General Expenses	15	19
Allocated costs	195	187
Depreciation / Capital charge	167	161
Total Expenditure	1,049	958
Prior year (under) / over recovery as per 08/09 Trading Statements		68
Total (Under) / Over Recovery at 31 March 2010	68	143
3rd party share	19%	16%
Consumption (cubic metres)	2,210,525	2,150,022
Avg. Water purchased price per cubic metre (pence)	105	99

Water & Sewerage (PC 194)
Trading Statement 2009/10
Detail - 3rd party share with adjustment to Table 6-3

	PCR £'000	Adj PCR £'000	Total £'000	3rd Party share £000	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
Income	1,034	5,373	6,407	1,034		1	1,034
				16%			
Direct Expenditure							
Staff	1,110		1,110	179			179
Water	2,301	(136)	2,165	349		4	349
Maintenance & Equipment	387		387	62			62
General Expenses	119		119	19			19
Depreciation / Capital charge	258	7,350	7,608	1,227	(1,066)	2/5	161
Internal Water	1,126	(1,126)	-	-			
Total Direct Expenditure	5,300	6,088	11,388	1,837	(1,066)		771
Allocated Costs							
Terminal	35		35	6			6
Airside Safety & Security	5		5	1			1
Ground Transport & Security	32		32	5			5
Engineering	2,213		2,213	357			357
Rates	32		32	5			5
Finance	155		155	25			25
IT	360		360	58			58
Procurement	34		34	6			6
Constabulary	13		13	2			2
Airport Management	311		311	50			50
Medical Centre	8		8	1			1
Personnel	18		18	3			3
Property Management	161		161	26			26
Commercial	0		0				
Public Relations	(0)		(0)	(0)			(0)
Depreciation	1,259	(163)	1,096	177		3	177
Sundry Income	(255)	196	(60)	(10)		3	(10)
Table 6-3 adjustment					(525)	5	(525)
Total Allocated Costs	4,381	32	4,413	712	(525)		187
Total Expenditure	9,681	6,120	15,802	2,549	(1,591)		958
Prior year (under) / over recovery							68
Total (Under) / Over Recovery at 31 March 2010	(8,647)	(747)	(9,395)	(1,516)	1,591		143

Water & Sewerage (PC 194)
Notes

(1) **Income**

Income is stated after including notional income for HAL usage.

(2) **Calculation of Capital Charge**

2009/10 £'000	Plant	Buildings	Water Mains	Total
<u>Assets</u>				
Gross CCA Asset Value	419	67,322	23,698	91,439
Cost of Capital	8%	8%	8%	
Representative Life (Years)	10	40	80	
Annuity	62	5,646	1,900	7,608

(3) **Allocated Depreciation and Sundry Income**

Removal of depreciation and inter-company income relating to group assets (IT) held on Heathrow's books.

(4) **Water**

Adjustment to reflect actual cost of water purchased.

(5) **Allocated Costs and Capital Charge**

Fixed at the level stated in Table 6-3 plus RPI.

Security Documentation (PC016)
Trading Statement 2009/10
Summary

	2008/09	2009/10
	£'000	£'000
Income	2,439	2,699
Expenditure		
Staff	651	512
Property Related	65	93
Maintenance & Equipment	15	322
Indirect Charges	18	17
Depreciation / Capital charge	81	82
Sundry Other	465	457
Allocated Costs	1,363	1,379
Total Expenditure	2,658	2,862
Prior year (under) / over recovery as per 08/09 Trading Statement		(219)
Total (Under) / Over Recovery at 31 March 2010	(219)	(382)
3rd party share	76%	82%

Security Documentation (PC016)
Trading Statement 2009/10
Detail - with third party share and Adjustment to Table 6-3

	PCR £'000	Adjustment £'000	Total £'000	3rd Party Share £'000	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
				82%			
Income	2,699	597	3,296	2,699		1	2,699
Direct Expenditure							
Staff	625		625	512			512
Property Related	13	100	114	93		3	93
Maintenance & Equipment	394		394	322			322
Indirect Charges	-	20	20	17		4	17
Depreciation / Capital charge	14	168	182	149	(66)	2/6	82
Sundry Other	558		558	457			457
Total Direct Expenditure	1,603	289	1,892	1,549	(66)		1,483
Allocated Costs							
Terminal	14		14	12			12
Airside Safety & Security	173		173	141			141
Engineering	61		61	50			50
Rates	144		144	118			118
Finance	63		63	52			52
IT	636		636	520			520
Procurement	14		14	12			12
Constabulary	57		57	47			47
Airport Management	136		136	111			111
Medical Centre	6		6	5			5
Personnel	14		14	11			11
Property Management	278		278	228			228
Public Relations	(0)		(0)	(0)			(0)
Depreciation	1,011	(288)	723	592		5	592
Sundry Income	(359)	345	(14)	(12)		5	(12)
Table 6-3 Adjustment					(507)	6	(507)
Total Allocated Costs	2,247	57	2,304	1,887	(507)		1,379
Total Expenditure	3,850	346	4,196	3,436	(574)		2,862
Prior year (under) / over recovery							(219)
Total (Under) / Over Recovery at 31 March 2010	(1,151)	251	(900)	(737)	574		(382)

Security Documentation (PC016)

Notes

(1) **Income**

Income is stated after including notional income for HAL passes.

(2) **Calculation of Capital Charge**

Assets	5 Year £'000	10 Year £'000	15 Year £'000	20 Year £'000	30 Year £'000	40 Year £'000	50 Year £'000	Total £'000
Computers & Office Equipment	62	-	-	22	-	-	-	84
Fixtures & Fittings	107	9	-	-	-	-	-	116
Buildings & Structures	-	-	135	902	238	-	22	1,298
Safety & Security Systems	20	-	1	-	-	-	-	20
Total Capital Cost	188.7	9.3	135.8	923.6	238.5	-	22.5	1,518.3
Cost of Capital (pre-tax real)	8%	8%	8%	8%	8%	8%	8%	
Representative Life (Years)	5	10	15	20	30	40	50	
Annuity	47.3	1.4	15.9	94.1	21.2	-	1.8	182

(3) **Property Related Costs**

	Sq Ft	£/Sq Ft	Amt (£)
Space occupied	2530		
Notional rent		£20	50,600
Maintenance		£16.3	41,173
Rates		£8.7	21,986
			113,759

(4) **Indirect Costs - Electricity Costs**

An electricity charge has been included as this has not been charged through the normal mechanism.

Units (kwh)	124,415
Price per unit	£0.1639 (From Heathrow 2010 pricing matrix)
Total	£20,392

(5) **Depreciation & Sundry Income**

Removal of depreciation & inter-company income relating to group assets held on Heathrow's books.

(6) **Allocated Costs & Capital Charge**

Fixed at the level stated in Table 6-3 plus RPI.

**Bus and Coach Services
Trading Statement 2009/10
Summary**

	2008/09	2009/10
	£'000	£'000
Income	1,461	1,556
Expenditure		
Staff	-	-
Property Related	122	419
Maintenance & Equipment	153	-
General Expenses	205	-
Depreciation / Capital charge	806	810
Allocated Costs	2,598	2,610
Total Expenditure	3,884	3,839
Prior year (under) / over recovery as per 08/09 Trading Statements		-
Total (Under) / Over Recovery at 31 March 2010	(2,423)	(2,282)
3rd party share	86%	84%

Bus and Coach Services
Trading Statement 2009/10
Summary - with third party share and Adjustment to Table 6-3

	Public Bus Services £'000	OFF AIRPORT Hotel Coaches £'000	Charter Coaches £'000	Courtesy Coaches £'000	Adjustment PCR £'000	Total £'000	3rd Party Share £'000	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
							84%			
Income										
Commercial	660	152	698	339		1,850	1,556			1,556
Total Income	660	152	698	339		1,850	1,556		1	1,556
Direct Expenditure										
Staff										
Property Related	498					498	419		2	419
Maintenance & Equipment										
General Expenses										
Depreciation / Capital charge	992		146			1,139	958	(148)	3/5	810
Total Direct Expenditure	1,490		146			1,637	1,377	(148)		1,229
Allocated Costs										
Terminal	1	0	1	1		3	3			
Airside Safety & Security	1	1	1	1		3	2			
Ground Operations	293	204	204	218		917	772		4	
Engineering	760	229	202	531		1,722	1,448			
Rates	209	16	136	24		385	324			
Finance	5	1	5	2		14	11			
IT	247	62	118	84		512	431			
Procurement	3					3	3			
Constabulary	38	38	38	38		152	128	(1,352)	5	2,610
Airport Management	16	5	6	8		36	31			
Medical Centre	1	1	1	1		4	3			
Personnel	3	2	2	2		8	7			
Property Management	124	22	26	108		281	236			
Commercial	37	9	39	19		104	87			
Public Relations	(0)					(0)	(0)			
Depreciation	511	98	120	142		871	733		4	
Sundry Income	(154)	(35)	(66)	(50)		(305)	(257)			
Total Allocated Costs	2,096	652	833	1,129		4,709	3,962	(1,352)		2,610
Total Expenditure	3,586	652	979	1,129		6,346	5,339	(1,500)		3,839
Prior year (under) / over recovery										
Total (Under) / Over Recovery at 31 March 2010	(2,925)	(500)	(281)	(790)		(4,496)	(3,783)	1,500		(2,282)

Bus and Coach Services

Notes

(1) **Public Bus Services - Income**

Income attributable to public bus services has been adjusted to include notional income in respect of local buses which use the Central Bus Station.

(2) **Property Related**

An adjustment has been made to include actual costs of cleaning the Central Bus Station

(3) **Capital Charge**

The capital charge is intended to represent both the depreciation in respect of assets employed by a particular activity, and an agreed rate of return on those assets. No margin is made in respect of operating costs or allocated costs.

Land is included at values derived from rating valuations. The rate of return used for land is 6%. The gross replacement costs of assets are as recorded in the Heathrow fixed asset register. The T3 coach park split between public bus services and charter services is based on number of bays used.

£'000	Information Systems	Furniture Signs etc	Electrical Systems	Lifts	Surface Const.	Drainage	Land	Total
Public Bus Services								
Central Bus Station	43	42	491	469	7,419	60	2,444	10,969
Central Bus Station - Waiting Lounge			58		230			288
T3 Coach Park					139		471	610
T5		2	196		420			618
	43	44	745	469	8,208	60	2,916	12,485
Cost of Capital	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	6.0%	
Representative Life (Years)	5	5	20	25	50	75	-	
Capital Charge	11	11	76	44	671	5	175	992

Charter Coaches

West Ramp Coach Park					164		1,529	1,693
West Ramp Coach Park - Building		5	5		60			70
T3 Coach Park					121		412	534
	-	5	5	-	345	-	1,942	2,297
Cost of Capital	8%	8%	8%	8%	8%	8%	6%	
Representative Life (Years)	5	5	20	25	50	-	-	
Capital Charge	-	1	1	-	28	-	116	146

Total Capital Charge	11	12	76	44	699	5	291	1,139
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Land Areas

	Total Acres	Value £000 /acre	Total	Public Bus	Charter Coach
Central Bus Station	2.13	1,148	2,444	2,444	
West Ramp Coach Park	2.05	1,148	2,353		@65% 1,529
T3 Coach Park	0.77	1,148	884	471	412
				2,916	1,942

(4) **Ground Transport Costs & Depreciation**

Adjusted to be in line with the costs reflected in the previous year

(5) **Allocated Costs & Capital Charge**

Fixed at the level stated in Table 6-3 plus RPI.

**Passengers with Restricted Mobility
Trading Statement 2009/10
Detail**

	PCR £'000	Adjustment £'000	Note	Adjusted Trading Statement £'000
Income	14,090	1,422	1	12,669
Direct Expenditure				
Staff	189	127		316
Property Related	21			21
Provision of Service	13,325			13,325
Total Direct Expenditure	13,535	127		13,662
Prior year (under) / over recovery 2008/09 loss accepted by HAL				(2,000) 2,000
Total (Under) / Over Recovery at 31 March 2010	556	1,294		(993)
3rd party share				100%

**Passengers with Restricted Mobility
Notes**

(1) **Income**

Apr 09 - Dec 09

During the period April 2009 - December 2009 income was based on a flat charge of £0.35p per departing passenger.

Number of departing passengers '000s	25,721
Charge per departing passenger	£0.35
Income £'000s	<u>£9,002</u>

Jan 10 - Mar 10

From 1 January 2010 a new charging mechanism was introduced. This is a 4 category system based on PRM notification rates.

Category	Type	Price £	Number of departing passengers '000's	Income £'000s
1 (> 85%)	Minimum	0.42	7,244	3,042
2 (65% > 84.99%)	Top-up	0.04	2,322	93
3 (55% > 64.99%)	Top-up	0.10	683	68
4 (< 54.99%)	Top-up	0.41	1,128	463
				<u>£3,666</u>

Total income Apr 09 - Mar 10 **£12,669**

(2) **Table 6-3**

PRM charges were introduced in July 2008 and therefore were not included as a Specified Activity in Table 6-3 in the CAA's Q5 settlement. As a result the above trading statement excludes items relating to capital charges, internal charges and allocated charges.

