

Heathrow Airport Limited Specified Activities Trading Statements

Year ended 31 March 2011

Heathrow Airport Limited

Specified Activities

Trading Statements for the year ended 31 March 2011

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Introduction

This document sets out the actual costs and income in respect of Specified Activities undertaken by Heathrow Airport Limited (HAL) for the period 1 April 2010 to 31 March 2011.

2010/11 is the third 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.

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.

This document contains The Statements for Specified Activities and PRMs for the 2010/11 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 and the Statements themselves have been prepared by HAL and have been reviewed by external auditors, Deloitte LLP. The review, consisting of agreed upon procedures has been carried out in accordance with a defined scope of work as set out in a separate engagement letter with BAA and the auditors do not express an opinion on their findings.

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 income 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 an RPI adjustment of 8.57% (sourced from the Office of National Statistics), as Table 6.3 is in 2007/08 prices.

5. Prices

For pricing information please refer to General Notice 03/10 as amended by September 2010.

6. Explanatory notes

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

In 2010/11 Baggage charges continue to be set against departing bags. A standard rate per bag of £3.11 was set by dividing a cost base of £107.5m by a forecast of 34.5m departing bags. On 1st October 2010, as a result of below forecast bag volumes, the rate was increased to £3.22 after consultation with the NRCG.

Check-in desk billing will be on the same basis as 2009/10 i.e. a time based unit charge and continues to include charges for CUSS.

The income and cost projections in Table 6-3 included Check-in and Baggage as a single line. However pricing is carried out separately and therefore the 10/11 Statements have split the results for Baggage and Check-in and CUSS.

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 and users. 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 terminal adjacent (known as CTA passes) areas. The price includes an annual £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 users and prices are agreed by the Airport Users Committee (AUC).

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, now known as UKPNS. At that time a commitment was given to the Airline Operators Committee (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. Actuals are used for income (including uplift for HAL consumption), electricity cost and additional investment made by UKPNS and HAL. The annuity and allocated costs are then adjusted to agree back to Table 6-3 plus RPI.

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, mainly for Heating and Ventilation purposes. 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 2010/11 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 (excluding de-icing facilities). There are separate charges for water only and water plus sewerage.

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 movement charges with operators.

All categories of bus and coach (public, charter, off airport hotel coaches and off airport courtesy coaches) under recovered in 2010/11 by £3.7m 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 and increased costs. 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)

Income is recovered from airlines on a rate per departing passenger based on a variable charging model depending on levels of pre-notification of PRMs.

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 2010/11 was £6.7m.

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 £16.3k 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 2010/11 amounted to £4.9m 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. Income from Service Charges in 2010/11 amounted to £1.4m.

**Baggage, Check-in desks & CUSS
Trading Statement 2010/11
Summary**

	Baggage 2009/10 £'000	Check-in & CUSS 2009/10 £'000	Total 2009/10 £'000	Baggage 2010/11 £'000	Check-in & CUSS 2010/11 £'000	Total 2010/11 £'000
Income	111,742	5,112	116,854	105,987	5,470	111,457
Expenditure						
Staff	5,527		5,527	6,162		6,162
Property Related	19,517	1,156	20,673	20,826	1,174	22,000
Maintenance & Equipment	53,784	2,345	56,129	49,701	2,181	51,882
General Expenses	11,225		11,225	11,215		11,215
Capitalisation of Revenue				(0)		
Amortisation		1,174	1,174	0	1,029	1,029
Indirect Charges	5,779		5,779	5,996		5,996
Allocated Costs	7,066	785	7,851	8,141	905	9,046
Total Expenditure	102,899	5,460	108,359	102,041	5,289	107,330
Net (Under) / Over Recovery	8,843	(348)	8,495	3,946	181	4,127
Prior year (under) / over recovery as per Trading Statements	(10,456)	(1,224)	(11,680)	(967)	(348)	(1,315)
Adjustments in 09/10 Trading Statements	646	1,224	1,870			0
09/10 Check-in & CUSS costs accepted by HAL					348	347
NRCG dispute settlement				(1,541)		(1,541)
Total (Under)/Over Recovery at 31 March	(967)	(348)	(1,315)	1,438	181	1,619
3rd party share			100%			100%
Pricing						
Charge per departing bag	£3.22			Apr 10 - Sept 11 £3.11 Oct 10 - Mar 11 £3.22		
Charge per desk per day		£17.81			£20.40	

Baggage
Trading Statement 2010/11
Detail - with adjustment to Table 6-3

	PCR £'000	Less Check-in & CUSS	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	115,152	(5,470)	(2,062)		107,620	(1,633)	105,987	2	105,987
Direct Expenditure									
Staff	8,053			(1,891)	6,162		6,162	3	6,162
Property Related	14,837	(874)	6,906	(43)	20,826		20,826	4	20,826
Maintenance & Equipment	55,800	(931)		(3,535)	51,334	(1,633)	49,701	2/5	49,701
General Expenses	13,670			(2,455)	11,215		11,215	6	11,215
Capitalisation of Revenue	(836)			836	(0)		(0)	7	(0)
Depreciation	36,302		(34,138)	(2,163)	0		0	8	0
Indirect Charges	0		5,996		5,996		5,996	9	5,996
Total Direct Expenditure	127,826	(1,805)	(21,236)	(9,252)	95,533	(1,633)	93,900		93,900
Allocated Costs									
Terminal	1,130				1,130		1,130		
Airside Safety & Security	126				126		126		
Ground Transport	14				14		14		
Engineering	12,510		(5,996)		6,514		6,514	9	
Rates	4,304				4,304		4,304		
Finance	6,493				6,493		6,493		
IT	8,882				8,882		8,882		
Procurement	504				504		504		
Constabulary	1,495				1,495		1,495		
Airport Management	3,035				3,035		3,035		
Medical Centre	0				0		0		
Personnel	205				205		205		
Property Management	0				0		0		
Retail	0				0		0		
Public Relations	(1)				(1)		(1)		
Depreciation	21,943		(3,390)		18,553		18,553	10	
Sundry Income	(7,067)		4,470		(2,597)		(2,597)	10	
Total Allocated Costs	53,573		(4,916)		48,657		48,657	(40,516)	8,141
Total Expenditure	181,399				144,190	(1,633)	142,557	(40,516)	102,041
Net (Under) / Over Recovery	(66,247)				(36,570)	0	(36,570)	40,516	3,946
Prior year (under) / over recovery									(967)
NRCG dispute settlement									(1,541)
Total (Under)/Over Recovery at 31 March 2011	(66,247)				(36,570)	0	(36,570)	40,516	1,438

Baggage
Notes

- (1) **PCR**
The PCR combines Check-in, CUSS and Baggage income and costs. Check-in and CUSS income and costs have been identified from the PCR system and removed from the Baggage statement.
- (2) **Income**
Adjustment to remove the Head of Stand income and corresponding costs - as this income is charged separately.
- (3) **Staff**
Non-rechargeable staff costs and staff working on capital projects removed.
- (4) **Property Related**
Check-in, CUSS and Non-rechargeable costs removed. Electricity costs from other BAA Departments reinstated.
- (5) **Maintenance & Equipment**
Check-in, CUSS, Head of Stands and Non-rechargeable costs removed.
- (6) **General Expenses**
Non-rechargeable costs removed.
- (7) **Capitalisation of Revenue**
Project related staff costs, maintenance and consultancy capitalisation removed.
- (8) **Depreciation / Capital Charge**
Depreciation removed.
- (9) **Indirect Charges**
Adjustment to include HAL Building maintenance costs.
- (10) **Depreciation and Sundry Income**
Income and depreciation 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.

**Check-in desks and CUSS
Trading Statement 2010/11
Detail - with Adjustment to Table 6-3**

	PCR £'000	Adjustment £'000	Total £'000	Adjustment to Table 6-3 £'000	Note	Adjusted Trading Statement £'000
Income	5,470		5,470			5,470
Direct Expenditure						
Staff	-		-			-
Property Related	874	300	1,174			1,174
Maintenance & Equipment	931	1,250	2,181			2,181
Sundry Other	-		-			-
Amortisation	-	1,029	1,029			1,029
Indirect Charges	-		-			-
Total Direct Expenditure	1,805	2,579	4,384	0		4,384
Allocated Costs - Table 6-3 Adjustment				905	1	905
Total Expenditure	1,805	2,579	4,384	905		5,289
Net (Under) / Over Recovery	3,665	(2,579)	1,086	(905)		181
Prior year (under) / over recovery						(348)
NRCG dispute settlement						348
Total (Under) / Over Recovery at 31 March 2011	3,665	(2,579)	1,086	(905)		181

**Check-in desks and CUSS
Notes**

- (1) **Allocated Costs**
Fixed at the level stated in Table 6-3 plus RPI.

**Other Desk Licences
Trading Statement 2010/11
Summary**

	2009/10	2010/11
	£'000	£'000
Income	1,426	1,410
Expenditure	-	-
Prior year (under) / over recovery	-	-
Total (Under) / Over Recovery at 31 March	1,426	1,410
3rd party share	100%	100%

Pricing Method

Other Desk Licences are based on an annual rental charge

Other Desk Licences
Trading Statement 2010/11
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	246		571	367		226	1,410		1	1,410
Direct Expenditure	-						-			-
Allocated Costs										
Terminal	3		7	3	181		195	(195)	2	
Airside Safety										
Ground Transport & Security					0					
Engineering										
Rates	51	8	17		135		211	(211)	2	
Finance					1		1	(1)		
IT	18	18	37	18	18		110	(110)	2	
Procurement					0					
Constabulary	18	3	6		47		74	(74)	2	
Airport Management										
Medical Centre										
Personnel										
Property Management									2	
Commercial										
Public Relations	(0)		(0)	(0)	(0)		(0)	0	2	
Depreciation	77	(39)	86	12	119		255	(255)	2	
Sundry Income	(9)	(9)	(19)	(9)	(31)		(77)	77	2	
Total Allocated Costs	158	(19)	134	24	470		768	(768)		
Total Expenditure	158	(19)	134	24	470		768	(768)		
Net (Under) / Over Recovery	88	19	437	343	(470)		642	768		1,410
Prior year (under) / over recovery										
Total (Under) / Over Recovery at 31 March 2011	88	19	437	343	(470)	226	642	768		1,410

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 2010/11
Summary - 3rd party share with adjustment to Table 6-3

	2009/10	2010/11
	£'000	£'000
Income	21,806	21,936
Expenditure		
Staff	96	103
Management & Bussing costs	5,636	5,037
Rates	2,225	2,172
Rent	738	750
Maintenance & Equipment	814	931
General Expenses	102	(25)
Capitalisation of Revenue		
Passenger Transport Levy	365	362
Indirect Charges	33	13
Allocated Costs	4,364	4,579
Annuity	7,737	6,251
Total Expenditure	22,109	20,173
Net (Under) / Over Recovery	(303)	1,763
Prior year (under) / over recovery	1,130	828
Total (Under) / Over Recovery at 31 March	828	2,591
3rd party share	74%	75%
Annual Pass Prices		
Central Terminal Area and Terminal 4	£1,111.23	£1,900.00
Perimeter Car Parks	£698.80	£664.00

A £12 levy per pass per annum is included in the above prices to help fund public transport initiatives.

Staff Car Parking (PC 130)
Trading Statement 2010/11
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
					75%			
Income	22,332	(396)	7,329	29,265	21,936		1	21,936
Direct Expenditure								
Staff	0	137		137	103			103
Management & Bussing costs	6,720			6,720	5,037			5,037
Rates	0	2,897		2,897	2,172		4	2,172
Rent	1,000			1,000	750			750
Maintenance, Equipment and Vehicle fuel	1,242			1,242	931			931
General Expenses	(34)			(34)	(25)			(25)
Capitalisation of Revenue	(331)	331		0	0			0
Depreciation / Annuity	91	(91)	8,478	8,478	6,355	(103)	2/6	6,251
Passenger Transport Levy		483		483	362		7	362
Indirect Charges	0	18		18	13			13
Total Direct Expenditure	8,688	3,775	8,478	20,941	15,698	(103)		15,594
Allocated Costs								
Terminal	62			62	47			47
Airside Safety & Security	6			6	5			5
Ground Transport & Security	49			49	37			37
Engineering	1,017	(18)		1,000	749			749
Rates	4,363	(2,897)		1,465	1,098		4	1,098
Finance	395			395	296			296
IT	856			856	641			641
Procurement	31			31	23			23
Constabulary	1,515			1,515	1,136			1,136
Airport Management	192			192	144			144
Medical Centre	0			0	0			0
Personnel	13			13	10			10
Property Management	258			258	193			193
Commercial	45			45	34			34
Public Relations	(0)			(0)	(0)			(0)
Depreciation	1,032	(327)		705	528		5	528
Sundry Income	(598)	431		(167)	(125)		5	(125)
Table 6-3 adjustment	0					(237)	6	(237)
Total Allocated Costs	9,236	(2,811)		6,425	4,816	(237)		4,579
Total Expenditure	17,924	964	8,478	27,366	20,514	(341)		20,173
Net (Under) / Over Recovery	4,408	(1,360)	(1,149)	1,899	1,422	341		1,763
Bfwd (under) / over recovery from 2009/10 in pricing								1,301
(Under) / Over Recovery 10/11	4,408	(1,360)	(1,149)	1,899	1,422	341		3,064
Balance of bfwd 2009/10 (under) / over recovery not in pricing								(473)
Total (Under) / Over Recovery to cfwd to 11/12								2,591

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 Annuity (also see Note 6)**

2010/11 £'000	Short Life	Long Life	Land	Total
<u>Assets</u>				
Gross CCA Asset Value (Multi Storey CP's)		26,027		26,027
Gross CCA Asset Value (Surface Car Parks)	3,572	16,109		19,681
Total Gross CCA Asset Value	3,572	42,136		45,708
Cost of Capital	8%	8%		
Representative Life (years)	10	40		
Annuity	532	3,534		4,066
<u>Land</u>				
Land Value (Multi Storey Car Parks)			13,075	13,075
Land Value (Surface Car Parks)			60,461	60,461
Total Land Value			73,535	73,535
Required Yield			6%	
Yield			4,412	4,412
Total Annuity	532	3,534	4,412	8,478

(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 Annuity**

Allocated costs and the annuity for perimeter car parks have been fixed at the level stated in Table 6-3 plus RPI. The annuity charge for terminal adjacent car parks has been adjusted in accordance with the release of spaces.

(7) **Passenger Transport Levy**

Passenger Transport Levy is charged at £12 per pass per annum, there were an average of 40,257 passes in issue during 10/11.

**Airside Licences (PC15)
Trading Statement 2010/11
Summary**

	2009/10 £'000	2010/11 £'000
Income	1,031	871
Expenditure		
Staff	612	628
Property Related	1	30
Maintenance & Equipment		89
General Expenses		142
Depreciation / Capital charge	42	44
Allocated Costs	373	392
Total Expenditure	1,029	1,325
Net (Under) / Over Recovery	2	(454)
Prior year (under) / over recovery as per 09/10 Trading Statements	(118)	(116)
Total (Under)/Over Recovery at 31 March 2011	(116)	(570)
3rd party share	93%	93%
Pricing		
Annual charge per licence (£)	2,590	2,227

Airside Licences (PC15)
Trading Statement 2010/11
Detail - with 3rd party share and adjustment to Table 6-3

	Adjustment PCR £'000	PCR £'000	Total	3rd Party Share	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
				93%			
Income	913	24	938	871		1	871
Direct Expenditure							
Staff	676		676	628			628
Property Related	32		32	30			30
Maintenance & Equipment	96		96	89			89
General Expenses	153		153	142			142
Depreciation / Annuity	1	19	20	19	25	2/3	44
Total Direct Expenditure	958	19	977	908	25		933
Allocated Costs							
Terminal	0		0	0			0
Airside Safety & Security	678		678	630			630
Ground Transport & Security	0		0	0			0
Engineering	5		5	5			5
Rates	126		126	117			117
Finance	0		0	0			0
IT	251		251	233			233
Procurement	0		0	0			0
Constabulary	44		44	41			41
Airport Management	345		345	320			320
Medical Centre							
Personnel	23		23	22			22
Property Management							
Commercial							
Public Relations	(0)		(0)				
Depreciation	674		674	626			626
Sundry Income	(126)		(126)	(117)			(117)
Table 6-3 Adjustment					(1,485)	3	(1,485)
Total Allocated Costs	2,020		2,020	1,877	(1,485)		392
Total Expenditure	2,978	19	2,997	2,785	(1,460)		1,325
Net (Under) / Over Recovery	(2,065)	5	(2,060)	(1,914)	1,460		(454)
Bfwd (under) / over recovery from 2009/10 in pricing							
(Under) / Over Recovery 10/11	(2,065)	5	(2,060)	(1,914)	1,460		(454)
Balance of bfwd 2009/10 (under) / over recovery not in pricing							(116)
Total (Under) / Over Recovery to cfwd to 11/12							(570)

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	421	(Incl 30 Licences issued without payment)
Rate per Licence (£)	2,227	
Total Income (£'000)	938	

(2) **Calculation of Annuity**

£'000	2010/11
Building 820 - Airside Licence Facilities	201
Total	201
Cost of Capital	8%
Representative Life (Years)	20
Annuity	20

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

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

Electricity (PC 99)
Trading Statement 2010/11
Summary - 3rd party share with adjustment to Table 6-3

	2009/10	2010/11
	£'000	£'000
Income	25,609	20,804
Expenditure		
Electricity	18,808	16,052
Maintenance	0	0
Capital Annuity	4,928	5,013
Allocated costs	2,593	2,638
Total Expenditure	26,329	23,703
Net (Under) / Over Recovery	(720)	(2,899)
Prior year (under) / over recovery	1,453	954
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	954	(1,945)
3rd party share	33%	31%
Pricing		
HV Electricity price (pence per kwh)	11.18	10.06
LV Electricity price (pence per kwh)	16.39	14.74

Electricity (PC 99)
Trading Statement 2010/11
Detail - with 3rd party share and adjustment to Table 6-3

	PCR £'000	Adjustment to PCR £'000	Total £'000	3rd party share £'000	Adjustment to Table 6-3 £'000	Note	3rd party adjusted statement £'000
				31%			
Income	24,299	42,843	67,142	20,804		1	20,804
Direct Expenditure							
Electricity cost	77,329	(25,524)	51,805	16,052		2	16,052
Maintenance	15	(15)					
Depreciation	59	(59)					
Capital Annuity - Original Infrastructure		5,497	5,497	1,703			
Capital Annuity - Additional Investment by UKPNS		9,679	9,679	2,999	(9,253)	3/4	5,013
Capital Annuity - Additional Investment by HAL		30,865	30,865	9,564			
Total Direct Expenditure	77,403	20,443	97,846	30,318	(9,253)		21,065
Allocated costs							
Terminal Management	867		867	269			269
Airside Safety and Security	7		7	2			2
Ground Operations	12		12	4			4
Engineering	179		179	56			56
Rates	345		345	107			107
Finance	5,514		5,514	1,708			1,708
IT	556		556	172			172
Group Supply	428		428	133			133
Police	120		120	37			37
Airport Management	225		225	70			70
Medical Centre							
Human Resources	15		15	5			5
Property Management							
Commercial							
Public relations	(0)		(0)	(0)			(0)
Depreciation	2,958	(212)	2,746	851			851
Sundry Income	(2,339)	280	(2,059)	(638)			(638)
Table 6-3 Adjustment					(138)	4	(138)
Total Allocated costs	8,887	68	8,955	2,776	(138)		2,638
Total Expenditure	86,290	20,511	106,801	33,094	(9,391)		23,703
Net (Under) / Over Recovery	(61,991)	22,332	(39,659)	(12,290)	9,391		(2,899)
Bfwd (under) / over recovery from 2009/10 in pricing							1,013
(Under) / Over Recovery 10/11	(61,991)	22,332	(39,659)	(12,290)	9,391		(1,886)
Balance of bfwd 2009/10 (under) / over recovery not in pricing							(59)
Total (Under) / Over Recovery to cfwd to 11/12							(1,945)

Electricity
Notes

(1) **Income**

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

(2) **Electricity cost**

The UKPNS (formerly LES) Distribution fee has been excluded from costs.

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 2011 the discount was £1,094,121.

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 5.35% between 2009/10 and 2010/11.

Calculation of Capital Annuity

2010/11 £'000	Original Infrastructure	UKPNS Investment	Power Supply	Monitoring & Control Equip	Substations	Pit & Duct	Total
Assets							
Gross CCA Asset Value		108,968	233,229	25,294	26,252	65,270	459,014
Cost of Capital		8%	8%	8%	8%	8%	
Representative Life (Years)		30	40	10	40	50	
Annuity		5,497	9,679	19,559	3,770	2,201	5,335
							46,042

(4) **Annuity and Allocated costs**

These amounts has then been fixed to Table 6-3 plus RPI.

Fixed Electrical Ground Power (PC 007)
Trading Statement 2010/11
Summary

	2009/10	2010/11
	£'000	£'000
Income	7,518	5,586
Expenditure		
Electricity	2,458	2,499
Maintenance & Equipment	521	771
Depreciation / Annuity	2,143	2,268
Allocated Costs	2,072	2,146
Total Expenditure	7,194	7,684
Net (Under) / Over Recovery	324	(2,098)
Prior year (under) / over recovery	715	1,039
Total (Under) / Over Recovery at 31 March	1,039	(1,059)
3rd party share	100%	100%
Number of quarter hour periods charged	2,476,141	2,397,610
Average Electricity Cost per quarter hour periods charged	£0.99	£1.04
Charge per quarter hour period	£3.04	£2.33

Fixed Electrical Ground Power (PC 007)
Trading Statement 2010/11
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	5,586		5,586			5,586
Direct Expenditure						
Staff						
Electricity Costs		2,499	2,499		1	2,499
Maintenance & Equipment		771	771		2	771
Depreciation / Annuity	366	3,266	3,632	(1,364)	3/5	2,268
Total Direct Expenditure	366	6,536	6,902	(1,364)		5,538
Allocated Costs						
Terminal						
Airside Safety & Security	88		88			88
Ground Transport & Security						
Engineering	944	(771)	173			173
Rates	51		51			51
Finance						
IT	593		593			593
Procurement						
Constabulary	18		18			18
Airport Management	331		331			331
Medical Centre						
Personnel	22		22			22
Property Management						
Commercial						
Public Relations	(0)		(0)			(0)
Depreciation	1,169	(226)	943		4	943
Sundry Income	(319)	299	(20)		4	(20)
Table 6-3 Adjustment				(53)	5	(53)
Total Allocated Costs	2,897	(698)	2,199	(53)		2,146
Total Expenditure	3,263	5,838	9,101	(1,417)		7,684
Net (Under) / Over Recovery	2,323	(5,838)	(3,514)	1,417		(2,098)
Bfwd (under) / over recovery from 2009/10 in pricing						1,191
(Under) / Over Recovery 10/11	2,323	(5,838)	(3,514)	1,417		(907)
Balance of bfwd 2009/10 (under) / over recovery not in pricing						(152)
Total (Under) / Over Recovery to cfwd to 11/12						(1,059)

Fixed Electrical Ground Power Notes

- (1) **Electricity**
Adjustment to include internal cost of electricity.
- (2) **Maintenance & Equipment**
Adjustment to include internal maintenance charges
- (3) **Calculation of Annuity**

	2010/11
	£'000
<u>Infrastructure</u>	
Gross CCA Asset Value	35,659
Cost of Capital	8%
Representative Life (Years)	20
Total Annuity	3,632

	2010/11	FEGP	Controls	Pit & Ducts
	£'000	£'000	£'000	£'000
<u>Infrastructure</u>				
T1 Pier 4	14.0	14.0	-	-
T1 Pier 4A	427.3	427.3	-	-
T1 Main Building	4,246.5	4,246.5	-	-
T1 Pier 3	226.4	192.8	-	33.7
T1 Euro lounge/Europier	1,236.4	1,236.4	-	-
T2 Pier 1	11.1	11.1	-	-
T2 Pier 2	178.5	178.5	-	-
T3 Pier 5	-	-	-	-
T3 Pier 7	209.3	209.3	-	-
T4 Passenger Terminal	752.7	752.7	-	-
Terminal 5 Concourse A	6,015.0	6,015.0	-	-
Control Post 24	6.2	-	-	6.2
Sub Station 30	15.5	15.5	-	-
Building 820	352.0	352.0	-	-
T3 Building	615.6	615.6	-	-
T4 ABF1 Stands S1	34.6	34.6	-	-
Other	2,421.7	1,717.0	704.7	-
Stands	18,896.0	9,563.4	573.7	8,758.9
	35,659	25,581	1,278	8,799

- (4) **Depreciation & Sundry Income**
Removal of depreciation and inter-company income relating to group assets held on Heathrow's books.
- (5) **Allocated Costs & Annuity**
Fixed at the level stated in Table 6-3 plus RPI.

Heating and Ventilation (PC189, PC191 and PC192)
 Trading Statement 10/11
 Summary - 3rd party share with adjustment to Table 6-3

	2009/10 £'000	2010/11 £'000
Income	1,235	1,412
Expenditure		
Staff	137	148
Gas costs	594	592
Maintenance & Equipment	187	123
General Expenses	3	1
Indirect Charges	59	69
Capitalisation	-	(2)
Allocated Costs	300	308
Annuity	567	582
Total Expenditure	1,847	1,822
Net (Under) / Over Recovery	(611)	(410)
Prior year (under) / over recovery		
Total (Under) / Over Recovery at 31 March	(611)	(410)
3rd party share	12%	14%
Pricing Method		
Price per sq ft	£1.05	£1.08

Heating and Ventilation (PC189, PC191 and PC192)
Trading Statement 2010/11
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	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
						14%			
Income	4,919		1,502	3,744	10,165	1,412			1,412
Direct Expenditure									
Staff	688			380	1,068	148			148
Gas costs	909	676	739	1,937	4,261	592			592
Maintenance & Equipment	507	2		376	885	123			123
General Expenses	8	1			9	1			1
Capitalisation	(17)				(17)	(2)			(2)
Annuity	544	154	1,803	4,043	6,544	909	(327)	1	582
Indirect charges	410	13	76		499	69			69
Total Direct Expenditure	3,049	846	2,618	6,736	13,249	1,840	(327)		1,513
Allocated Costs									
Terminal	20	14		7	41	6			6
Airside Safety & Security	3	2	1	3	9	1			1
Ground Operations	0	0		0	0	0			0
Engineering	(373)	(2)	(71)	(102)	(548)	(76)			(76)
Rates	93	67	59	185	404	56			56
Finance	126	90		47	263	37			37
IT	251	202	86	361	900	125			125
Procurement	10	7		4	21	3			3
Constabulary	32	23	20	64	139	19			19
Airport Management	73	46	40	99	258	36			36
Medical Centre									
Personnel	5	3	3	7	18	2			2
Property Management	129	129	129	129	516	72			72
Commercial	997				997				
Public Relations	(0)	(0)	(0)	(0)	(0)	(0)			(0)
Depreciation	162	121	74	174	530	74			74
Sundry Income	(320)	(148)	(56)	(214)	(739)	(103)			(103)
Table 6-3 adjustment							56	2	56
Total Allocated Costs	1,208	554	285	764	2,811	253	56		308
Total Expenditure	4,257	1,400	2,903	7,500	16,060	2,093	(270)		1,822
Net (Under) / Over Recovery	662	(1,400)	(1,401)	(3,756)	(5,894)	(681)	270		(410)
Prior year (under) / over recovery									
Total (Under) / Over Recovery at 31 March 2011	662	(1,400)	(1,401)	(3,756)	(5,894)	(681)	270		(410)

Notes

- (1) **Annuity**
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 2010/11
Summary - 100% of Income and Costs

	Adjusted Statement 2009/10 £'000	Adjusted Statement 2010/11 £'000
Income	4,782	4,919
Expenditure		
Staff	659	688
Gas costs	1,418	909
Maintenance & Equipment	924	507
General Expenses	25	8
Capitalisation of Revenue	0	(17)
Indirect Charges	456	410
Allocated Costs	1,036	1,208
Annuity	550	544
Total Expenditure	5,069	4,257
(Under) / Over Recovery	(287)	662
Area Served (square feet)	4,556,918	4,556,918
Price per square foot (pence)	105	108
Cost per square foot (pence)	111	93

Heating and Ventilation - Boilerhouse 448 (PC189)
Trading Statement 2010/11
Detail

	PCR £'000	Adj £'000	Note	Adjusted Trading Statement £'000
Income	756	4,163	1	4,919
Direct Expenditure				
Staff	688			688
Gas costs	1,585	(676)		909
Maintenance & Equipment	507			507
General Expenses	8			8
Capitalisation of Revenue	(17)			(17)
Depreciation / Annuity	10	534	2	544
Indirect Charges	0	410		410
Total Direct Expenditure	2,781	267		3,049
Allocated Costs				
Terminal	20			20
Airside Safety & Security	3			3
Ground Transport & Security	0			0
Engineering	37	(410)		(373)
Rates	93			93
Finance	126			126
IT	251			251
Procurement	10			10
Constabulary	32			32
Airport Management	73			73
Medical Centre	0			0
Personnel	5			5
Property Management	129			129
Commercial	997			997
Public Relations	(0)			(0)
Depreciation	162			162
Sundry Income	(320)			(320)
Total Allocated Costs	1,618	(410)		1,208
Total Expenditure	4,399	(142)		4,257
(Under) / Over Recovery	(3,643)	4,305		662

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)	20,112,000
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Metered Income

Metered Consumption (kwh)	8,610
Selling price (pence per kwh)	5.16
Total Metered Income	£444

Non-Metered Income

Total Heat Output less Metered Consumption (kwh)	20,103,390
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Area served apportioned to non-metered consumption (sq ft)	4,554,967
Selling Price per sq ft	£1.08
Total non-metered income	£4,919,365

Total income (metered and non-metered)	£4,919,809
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(2) Calculation of Annuity

2010/11 £'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	1,178	1,306	0	43	13	3,242		5,783
Cost of Capital	8%	8%	8%	8%	8%	8%		
Representative Life (Years)	20	50	5	20	5	50		
Annuity	120	107	0	4	3	265		499
<u>Land</u>								
Total Land Value							754	754
Required Yield							6%	
Yield							45	45
Total Annuity	120	107	0	4	3	265	45	544

Heating and Ventilation - Boilerhouse 523 (PC191)
Trading Statement 2010/11
Summary - 100% of Income and Costs

	Adjusted Statement 2009/10 £'000	Adjusted Statement 2010/11 £'000
Income	21	0
Expenditure		
Gas costs	1,055	676
Maintenance & Equipment	0	2
General Expenses	0	1
Indirect Charges	1	13
Allocated Costs	508	554
Annuity	146	154
Total Expenditure	1,710	1,400
(Under) / Over Recovery	(1,689)	(1,400)
Gas consumption (kwh)	1,219,610	567,193
Price per kWh (pence)	1.75	0.00
Cost per kWh (pence)	140.24	246.80

Heating and Ventilation - Boilerhouse 523 (PC191)
Trading Statement 2010/11
Detail

	PCR £'000	Adjustment £'000	Note	Adjusted Trading Statement £'000
Income	0			0
Direct Expenditure				
Staff				0
Gas costs		676		676
Maintenance & Equipment	2			2
General Expenses	1			1
Depreciation / Annuity	0	154	1	154
Indirect Charges		13		13
Total Direct Expenditure	3	843		846
Allocated Costs				
Terminal	14			14
Airside Safety & Security	2			2
Ground Transport & Security	0			0
Engineering	11	(13)		(2)
Rates	67			67
Finance	90			90
IT	202			202
Procurement	7			7
Constabulary	23			23
Airport Management	46			46
Medical Centre	0			0
Personnel	3			3
Property Management	129			129
Commercial	0			0
Public Relations	(0)			(0)
Depreciation	121			121
Sundry Income	(148)			(148)
Total Allocated Costs	567	(13)		554
Total Expenditure	570	830		1,400
(Under) / Over Recovery	(570)	(830)		(1,400)

Heating and Ventilation - Boilerhouse 523 (PC191)
Notes

(1) Calculation of Annuity

2010/11 £'000	Fire Plant	Fire Alarms	Buildings	Distribution System	Land	Total
<u>Assets</u>						
Gross CCA Asset Value	40	69	1,340	103		1,552
Cost of Capital	8%	8%	8%	8%		
Representative Life (Years)	20	20	50	50		
Annuity	4	7	110	8		129
<u>Land</u>						
Total Land Value					412	412
Required Yield					6%	
Yield					25	25
Total Annuity	4	7	110	8	25	154

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Trading Statement 2010/11
Summary - 100% of Income and Costs

	Adjusted Statement 2009/10 £'000	Adjusted Statement 2010/11 £'000
Income	1,461	1,502
Expenditure		
Gas costs	730	739
General Expenses	0	0
Indirect Charges	31	76
Allocated Costs	533	285
Annuity	1,711	1,803
Total Expenditure	3,005	2,903
(Under) / Over Recovery	(1,544)	(1,401)
Area Heated (square feet)	1,391,235	1,391,235
Price per square foot (pence)	105	108
Cost per square foot (pence)	216	209

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Trading Statement 2010/11
Detail

	PCR £'000	Adjs £'000	Note	Adjusted Trading Statement £'000
Income	296	1,206	1	1,502
Direct Expenditure				
Gas costs	739			739
General Expenses	0			0
Depreciation / Annuity	2	1,801	2	1,803
Indirect charges	0	76		76
Total Direct Expenditure	741	1,877		2,618
Allocated Costs				
Terminal	0			0
Airside Safety & Security	1			1
Ground Transport & Security	0			0
Engineering	5	(76)		(71)
Rates	59			59
Finance	0			0
IT	86			86
Procurement	0			0
Constabulary	20			20
Airport Management	40			40
Medical Centre	0			0
Personnel	3			3
Property Management	129			129
Commercial	0			0
Public Relations	(0)			(0)
Depreciation	74			74
Sundry Income	(56)			(56)
Total Allocated Costs	361	(76)		285
Total Expenditure	1,102	1,801		2,903
(Under) / Over Recovery	(806)	(595)		(1,401)

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	£1.08
Total Income	£1,502,534

(2) **Calculation of Annuity**

2010/11 £'000	Plant	H&V Plant	Buildings	Land	Total
<u>Assets</u>					
Gross CCA Asset Value	1,232	13,616	3,059		
Cost of Capital	8%	8%	8%		
Representative Life (Years)	20	20	50		
Annuity	125	1,387	250		1,762
<u>Land</u>					
Land Value				675	
Required Yield				6%	
Yield				41	41
Total Annuity	125	1,387	250	41	1,803

**Heating and Ventilation - Terminal 5 Energy Centre
Trading Statement 2010/11
Summary - 100% of Income and Costs**

	Adjusted Statement 2009/10 £'000	Adjusted Statement 2010/11 £'000
Income	3,980	3,744
Expenditure		
Staff	478	380
Gas costs	1,725	1,937
Maintenance & Equipment	623	376
Allocated Costs	1,014	764
Annuity	3,838	4,043
Total Expenditure	7,679	7,500
(Under) / Over Recovery	(3,699)	(3,756)
Area Heated (square feet)	3,466,614	3,466,614
Price per square foot (pence)	105	108
Cost per square foot (pence)	222	216

**Heating and Ventilation - Terminal 5 Energy Centre
Trading Statement 2010/11
Detail**

	PCR £'000	Adjs £'000	Note	Adjusted Trading Statement £'000
Income	360	3,384	1	3,744
Direct Expenditure				
Staff	0	380		380
Gas costs	1,932	5		1,937
Maintenance and Equipment	0	376		376
Depreciation / Annuity	3	4,040	2	4,043
Total Direct Expenditure	1,935	4,801		6,736
Allocated Costs				
Terminal Management	7			7
Airsides Safety and Security	3			3
Ground Operations	0			0
Engineering	274	(376)		(102)
Rates	185			185
Finance	47			47
IT	361			361
Group Supply	4			4
Police	64			64
Airport Management	99			99
Medical Centre	0			0
Human Resources	7			7
Property Management	129			129
Commercial	0			0
Public relations	(0)			(0)
Depreciation	174			174
Sundry Income	(214)			(214)
Total Allocated Costs	1,140	(376)		764
Total Expenditure	3,075	4,425		7,500
(Under) / Over Recovery	(2,715)	(1,040)		(3,756)

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

(1) **Income**

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	£1.08
Total notional Income	£3,743,943

(2) **Calculation of Annuity**

2010/11 £'000	Chillers	Electrical & Fire Alarms	Plant Buildings	Other	Total	
<u>Assets</u>						
Gross CCA Asset Value	7,002	11,354	20,058	3,261	258	41,933
Cost of Capital	8%	8%	8%	8%	8%	
Representative Life (Years)	15	20	30	50	75	
Annuity	818	1,156	1,782	267	21	4,044

Water & Sewerage (PC 194)
Trading Statement 2010/11
Summary - 3rd party share with adjustment to Table 6-3

	2009/10	2010/11
	£'000	£'000
Income	1,034	435
Expenditure		
Staff	179	207
Water	349	356
Maintenance & Equipment	62	109
General Expenses	19	44
Allocated costs	187	192
Depreciation / Annuity	161	165
Total Expenditure	958	1,073
Net (Under) / Over Recovery	75	(638)
Prior year (under) / over recovery	68	143
Total (Under) / Over Recovery at 31 March	143	(495)
3rd party share	16%	18%
3rd Party Consumption (cubic metres)	375,126	338,381
Average Water purchase price per cubic metre (£)	0.93	1.05
Pricing		
Water & Sewerage charge per cubic metre (£)	2.98	1.31

Water & Sewerage (PC 194)
Trading Statement 2010/11
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	727	1,637	2,364	18% 435		1	435
Direct Expenditure							
Staff	1,124		1,124	207			207
Water	2,784	(850)	1,934	356		4	356
Maintenance & Equipment	591		591	109			109
General Expenses	241		241	44			44
Depreciation / Annuity	257	7,765	8,022	1,475	(1,310)	2/5	165
Internal Water	(10)	10	-	-			
Total Direct Expenditure	4,987	6,925	11,912	2,191	(1,310)		881
Allocated Costs							
Terminal	0		0	0			0
Airside Safety & Security	7		7	1			1
Ground Transport & Security	0		0	0			0
Engineering	2,636	(1,283)	1,353	249			249
Rates	34		34	6			6
Finance	3		3	0			0
IT	391		391	72			72
Procurement	0		0	0			0
Constabulary	12		12	2			2
Airport Management	272		272	50			50
Medical Centre	0		0	0			0
Personnel	18		18	3			3
Property Management	129		129	24			24
Commercial	0		0	0			0
Public Relations	(0)		(0)	(0)			(0)
Depreciation	320	(149)	171	31		3	31
Sundry Income	(246)	197	(49)	(9)		3	(9)
Table 6-3 adjustment					(237)	5	(237)
Total Allocated Costs	3,576	(1,235)	2,341	429	(237)		192
Total Expenditure	8,563	5,690	14,253	2,620	(1,547)		1,073
Net (Under) / Over Recovery	(7,836)	(4,053)	(11,889)	(2,185)	1,547		(638)
Bfwd (under) / over recovery from 2009/10 in pricing							428
(Under) / Over Recovery 10/11	(7,836)	(4,053)	(11,889)	(2,185)	1,547		(210)
Balance of bfwd 2009/10 (under) / over recovery not in pricing							(285)
Total (Under) / Over Recovery to cfwd to 11/12							(495)

Water & Sewerage (PC 194)
Notes

(1) **Income**

Income is stated after including notional income for HAL usage.

(2) **Calculation of Annuity**

2010/11 £'000	Plant	Buildings	Water Mains	Total
<u>Assets</u>				
Gross CCA Asset Value	441	70,922	25,065	96,428
Cost of Capital	8%	8%	8%	
Representative Life (Years)	10	40	80	
Annuity	66	5,948	2,009	8,023

(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 2010/11
Summary

	2009/10	2010/11
	£'000	£'000
Income	2,699	3,346
Expenditure		
Staff	512	455
Property Related	93	93
Maintenance & Equipment	322	316
Indirect Charges - Electricity	17	15
Annuity	82	88
General Expenses and BSC processing costs	457	408
Allocated Costs	1,379	1,464
Total Expenditure	2,862	2,839
Net (Under) / Over Recovery	(163)	507
Prior year (under) / over recovery	(219)	(382)
Total (Under) / Over Recovery at 31 March 2011	(382)	125
3rd party share	82%	82%

Detailed pricing information is available on the General Notice

Security Documentation (PC016)
Trading Statement 2010/11
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	3,346	750	4,096	3,346		1	3,346
Direct Expenditure							
Staff	557		557	455			455
Property Related	11	102	113	93		3	93
Maintenance & Equipment	387		387	316			316
General Expenses and BSC processing costs	500		500	408			408
Depreciation / Annuity	-	194	194	159	(71)	2/6	88
Indirect Charges - Electricity	-	18	18	15		4	15
Total Direct Expenditure	1,455	314	1,769	1,446	(71)		1,375
Allocated Costs							
Terminal	16		16	13			13
Airside Safety & Security	587		587	479			479
Ground Transport & Security	0		0	0			0
Engineering	47	(18)	29	24			24
Rates	152		152	124			124
Finance	102		102	83			83
IT	691		691	564			564
Procurement	8		8	6			6
Constabulary	53		53	43			43
Airport Management	205		205	168			168
Medical Centre							
Personnel	14		14	11			11
Property Management	567		567	464			464
Commercial							
Public Relations	(0)		(0)	(0)			(0)
Depreciation	521	(264)	257	210		5	210
Sundry Income	(386)	348	(38)	(31)		5	(31)
Table 6-3 Adjustment					(694)	6	(694)
Total Allocated Costs	2,577	66	2,643	2,158	(694)		1,464
Total Expenditure	4,032	380	4,411	3,604	(765)		2,839
Net (Under) / Over Recovery	(686)	370	(315)	(258)	765		507
Bfwd (under) / over recovery from 2009/10 in pricing							(253)
(Under) / Over Recovery 10/11	(686)	370	(315)	(258)	765		254
Balance of bfwd 2009/10 (under) / over recovery not in pricing							(129)
Total (Under) / Over Recovery to cfwd to 11/12							125

Security Documentation (PC016) Notes

(1) **Income**
Income is stated after including notional income for HAL passes.

(2) **Calculation of Annuity**

	5 Year £'000	10 Year £'000	15 Year £'000	20 Year £'000	30 Year £'000	40 Year £'000	50 Year £'000	Total £'000
Assets								
Computers & Office Equipment	77	-	-	23	-	-	-	100
Fixtures & Fittings	113	10	-	-	-	-	-	122
Buildings & Structures	-	-	142	950	251	-	24	1,367
Safety & Security Systems	21	-	1	-	-	-	-	21
Total Capital Cost	210.4	9.8	143.0	973.0	251.2	-	23.7	1,611.2
Cost of Capital (pre-tax real)	8%	8%	8%	8%	8%	8%	8%	
Representative Life (Years)	5	10	15	20	30	40	50	
Annuity	52.7	1.5	16.7	99.1	22.3	-	1.9	194

(3) **Property Related Costs**

	Sq Ft	£/Sq Ft	Amt (£)
Space occupied	2530		
Notional rent		£20.00	50,600
Maintenance		£16.27	41,163
Rates		£8.69	21,986
			<u>113,749</u>

(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	£0.1474 (From Heathrow 2010/11 General Notice)
Total	£18,339

(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 2010/11
Summary**

	2009/10	2010/11
	£'000	£'000
Income	1,556	1,560
Expenditure		
Staff		26
Property Related	153	184
Internal Maintenance		345
Management Fee	266	1,023
Depreciation / Annuity	810	850
Allocated Costs	2,610	2,739
Total Expenditure	3,839	5,168
Prior year (under) / over recovery		-
Total (Under) / Over Recovery at 31 March	(2,282)	(3,607)
3rd party share	84%	88%

Pricing is made up of a combination of charges per departing movement for public bus and coach services and courtesy coaches and annual permits for hotel and charter coaches.

Bus and Coach Services
Trading Statement 2010/11
Summary - with third party share and Adjustment to Table 6-3

	Public Bus & Coach Services £'000	Hotel Coaches £'000	Charter Coaches £'000	Courtesy Coaches £'000	Total £'000	3rd Party Share £'000 88%	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
Income	551	152	712	357	1,771	1,560		1,560	
Total Income	551	152	712	357	1,771	1,560	1	1,560	
Direct Expenditure									
Staff	9	3	12	6	30	26		26	
Property Related	204		5		208	184		184	
Internal Maintenance	345		46		391	345		345	
Management Fee	345		817		1,162	1,023		1,023	
Depreciation / Annuity	1,003		154		1,157	1,019	(169)	850	
Total Direct Expenditure	1,906	3	1,034	6	2,948	2,597	(169)	2,429	
Allocated Costs									
Terminal		3			3	3		3	
Airside Safety & Security	1	1	1	1	4	4		4	
Ground Operations	216	155	140	162	673	593	6	593	
Engineering	47	179	112	416	754	665		665	
Rates	219	17	143	25	404	356		356	
Finance		22			22	19		19	
IT	269	67	128	92	556	490		490	
Procurement		2			2	1		1	
Constabulary	76	6	50	9	141	124		124	
Airport Management	40	27	27	27	121	107		107	
Medical Centre									
Personnel	3	2	2	2	9	8		8	
Property Management	258			258	516	454		454	
Commercial		143			143	126		126	
Public Relations									
Depreciation	626	120	147	173	1,066	939	6	939	
Sundry Income	(140)	(64)	(66)	(50)	(320)	(282)		(282)	
Table 6-3 adjustment							(868)	(868)	
Total Allocated Costs	1,615	680	684	1,115	4,094	3,607	(868)	2,739	
Total Expenditure	3,521	683	1,717	1,121	7,042	6,204	(1,036)	5,168	
Prior year (under) / over recovery									
Total (Under) / Over Recovery at 31 March 2011	(2,970)	(531)	(1,005)	(764)	(5,270)	(4,644)	1,036	(3,607)	

**Public Bus Services (PC 150)
Trading Statement 2010/11
Detail**

	PCR £000	Adjs to PCR £000	<i>Note</i>	Adjusted Trading Statement £000
Income	1,734	(1,183)	1	551
Direct Expenditure				
Staff	-	9	2	9
Property Related	-	204	3	204
Internal Maintenance	-	345	4	345
Management Fee	345			345
Capitalisation of Revenue				-
Depreciation / Annuity	3	1,000	5	1,003
Total Direct Expenditure	348	1,558		1,906
Allocated Costs				
Terminal				
Airside Safety & Security	1			1
Ground Operations	202	14	6	216
Engineering	596	(549)		47
Rates	219			219
Finance				
IT	269			269
Procurement				
Constabulary	76			76
Airport Management	40			40
Medical Centre				
Personnel	3			3
Property Management	258			258
Commercial				
Public Relations				
Depreciation	848	(222)	6	626
Sundry Income	(140)			(140)
Total Allocated Costs	2,372	(757)		1,615
Total Expenditure	2,720	801		3,521
(Under) / Over Recovery	(986)	(1,984)		(2,970)

**Hotel Coaches (PC 155)
Trading Statement 2010/11
Detail**

	PCR £000	Adjs to PCR £000	<i>Note</i>	Adjusted Trading Statement £000
Income		152		152
Direct Expenditure				
Staff		3	2	3
Total Direct Expenditure		3		3
Allocated Costs				
Terminal	3			3
Airside Safety & Security	1			1
Ground Operations	65	90	6	155
Engineering	179			179
Rates	17			17
Finance	22			22
IT	67			67
Procurement	2			2
Constabulary	6			6
Airport Management	27			27
Medical Centre				
Personnel	2			2
Property Management				
Commercial	143			143
Public Relations	(0)			
Depreciation	251	(131)	6	120
Sundry Income	(64)			(64)
Total Allocated Costs	721	(41)		680
Total Expenditure	721	(38)		683
(Under) / Over Recovery	(721)	190		(531)

**Charter Coaches (PC 156)
Trading Statement 2010/11
Detail**

	PCR £000	Adjs to PCR £000	<i>Note</i>	Adjusted Trading Statement £000
Income		712		712
Direct Expenditure				
Staff		12	2	12
Property Related		5	3	5
Management Fee		817		817
Internal Maintenance		46	4	46
Depreciation / Annuity		154	5	154
Total Direct Expenditure		1,033		1,033
Allocated Costs				
Terminal				1
Airside Safety & Security	1			1
Ground Operations	44	96	6	140
Engineering	158	(46)		112
Rates	143			143
Finance				
IT	128			128
Procurement				
Constabulary	50			50
Airport Management	27			27
Medical Centre				
Personnel	2			2
Property Management				
Commercial				
Public Relations				
Depreciation	280	(133)	6	147
Sundry Income	(66)			(66)
Total Allocated Costs	767	(83)		684
Total Expenditure	767	950		1,717
(Under) / Over Recovery	(767)	(238)		(1,005)

**Off Airport Courtesy Coaches (PC 144)
Trading Statement 2010/11
Detail**

	PCR £000	Adjs to PCR £000	<i>Note</i>	Adjusted Trading Statement £000
Income		357		357
Direct Expenditure				
Staff		6	2	6
Total Direct Expenditure		6		6
Allocated Costs				
Terminal				
Airside Safety & Security	1			1
Ground Operations	65	97	6	162
Engineering	416			416
Rates	25			25
Finance				
IT	92			92
Procurement				
Constabulary	9			9
Airport Management	27			27
Medical Centre				
Personnel	2			2
Property Management	258			258
Commercial				
Public Relations				
Depreciation	352	(179)	6	173
Sundry Income	(50)			(50)
Total Allocated Costs	1,197	(82)		1,115
Total Expenditure	1,197	(76)		1,121
(Under) / Over Recovery	(1,197)	433		(764)

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) **Staff**
An adjustment has been made to include direct costs of HAL staff issuing permits.
- (3) **Property Related**
An adjustment has been made to include the direct costs of cleaning and grounds maintenance of the Central Bus Station and West Ramp Coach Park.
- (4) **Internal Maintenance**
An adjustment has been made to include the indirect maintenance costs of the Central Bus Station and West Ramp Coach Park.
- (5) **Annuity**
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	2,575	11,099
Central Bus Station - Waiting Lounge			58		230			288
T3 Coach Park					146		496	642
T5		2	196		420			618
	43	44	745	469	8,215	60	3,071	12,647
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	-	
Annuity	11	11	76	44	672	5	184	1,003
Charter Coaches								
West Ramp Coach Park					164		1,611	1,775
West Ramp Coach Park - Building		5	5		60			70
T3 Coach Park					128		434	562
	-	5	5	-	352	-	2,045	2,407
Cost of Capital	8%	8%	8%	8%	8%	8%	6%	
Representative Life (Years)	5	5	20	25	50	-	-	
Annuity	-	1	1	-	29	-	123	154
Total Annuity	11	12	77	44	701	5	307	1,157

Land Areas	Total Acres	Value £000 /acre	Total	Public Bus	Charter Coach
Central Bus Station	2.13	1,209	2,575	2,575	
West Ramp Coach Park	2.05	1,209	2,478		@65% 1,611
T3 Coach Park	0.77	1,209	931	496	434
				3,071	2,045

- (6) **Ground Transport Costs & Depreciation**
Adjusted to be in line with the costs reflected in the previous year
- (7) **Allocated Costs & Annuity**
Fixed at the level stated in Table 6-3 plus RPI.

**Passengers with Restricted Mobility
Trading Statement 2010/11
Summary**

	2009/10	2010/11
	£'000	£'000
Income	12,669	14,544
Expenditure		
Staff	316	239
Property Related	21	800
Provision of Service	13,325	13,034
Total Direct Expenditure	13,662	14,074
Net (Under) / Over Recovery	(993)	470
Prior year (under) / over recovery as per 09/10 Trading Statements	(2,000)	(993)
2008/09 loss accepted by HAL	2,000	
Total (Under)/Over Recovery at 31 March 2011	(993)	(523)
3rd party share	100%	100%

Passengers with Restricted Mobility Trading Statement 2010/11 Detail

	PCR £'000	Adjustment £'000	Note	Adjusted Trading Statement £'000
Income	12,784	1,760	1	14,544
Direct Expenditure				
Staff	133	106		239
Assistance Bus/PRM Transport (Help Bus)	197	65		262
Porterage	152	103		255
Telecoms	17			17
Property Related	800			800
Maintenance & Equipment	48			48
Provision of Service	12,617	(178)		12,439
General Expenses	1	13		14
Total Direct Expenditure	13,965	109		14,074
Net (Under) / Over Recovery	(1,181)	1,651		470
Bfwd (under) / over recovery from 2009/10 in pricing				(800)
(Under) / Over Recovery 10/11	(1,181)	1,651		(330)
Balance of bfwd 2009/10 (under) / over recovery not in pricing				(193)
Total (Under) / Over Recovery to cfwd to 11/12				(523)

Passengers with Restricted Mobility Notes

(1) Income

Category	Type	Price	Number of departing passengers '000s	Income £'000s
1 (> 85%)	Minimum	0.42	18,072	7,590
2 (65% > 84.99%)	Top-up	0.46	12,367	5,689
3 (55% > 64.99%)	Top-up	0.52	1,337	695
4 (< 54.99%)	Top-up	0.83	1,049	871
Total income Apr 10 - Sept 10				£14,845
Credit notes and other adjustments				(£301)
Total Income				£14,544

(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.

