

Heathrow Airport Limited

Specified Activities

Trading Statements

Year ended 31 March 2013

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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 2012 to 31 March 2013.

2012/13 is the fifth 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 2012/13 financial year and is submitted to the Heathrow Non-Regulated Charges Group (NRCG) and to the CAA and is available at www.heathrowairport.com/nrc.

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 Heathrow 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.

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

- 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.

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 a cumulative RPI adjustment of 17.30% (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 07/11.

6. Explanatory notes

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

In 2012/13 Baggage charges continue to be set against departing bags. A standard rate per bag of £3.22 was set by dividing a cost base of £115.1m by a forecast of 35.7m departing bags.

Check-in desk billing was on the same basis as 2011/12 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 12/13 Statements have split the results for Baggage and Check-in and CUSS.

Other Desk Licences

Income from Other Desks (e.g. 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. Separate tariffs apply for the airport perimeter and terminal adjacent (known as CTA passes) areas. The price includes an annual £14 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).

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.

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. It was agreed with 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.

In 2012/13, Heathrow issued invoices to third party occupiers at the airport for electricity costs that were incurred in previous regulatory years. An adjustment has been included in the 2012/13 Trading Statements to reflect the appropriate increase in direct costs, calculated from the year of consumption.

Fixed Electrical Ground Power (FEGP)

Income from FEGP is derived from a time-based unit charge to individual users. The electricity cost is per the rate in the General Notice published for the applicable regulatory year.

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 2012/13 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. Please refer to General Notice for more detail.

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.

In 2012/13, Heathrow issued invoices to third party occupiers at the airport for water and sewerage costs that were incurred in previous regulatory years. An adjustment has been included in the 2012/13 Trading Statements to reflect the appropriate increase in direct costs, calculated from the year of consumption.

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 2012/13 by £4.2m 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 in exchange for commitments from the local bus operators that the sums

not charged by HAL would be invested in initiatives for sustainable & staff travel, 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 2012/13 was £7.7m.

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.

The income from Maintenance Rentals (which excludes baggage system maintenance which is recovered separately) in 2012/13 amounted to £5.1m 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 2012/13 amounted to £1.3m.

No income is derived specifically from the provision of Cable Routing through the airports infrastructure although it may form part of the Minor Facility Licences fee, but is not specifically identified. The income generated is not material.

London 2012 Olympic and Paralympic Games

Several specified activities incurred expenditure as a result of the London 2012 Olympic and Paralympic Games in 2012/13. Where these costs were recovered as a pass through, outside the normal recovery mechanism, an adjustment for the costs and associated income has been made.

Baggage, Check-in desks & CUSS
Trading Statement 2012/13
Summary

	Baggage	Check-in & CUSS	Total	Baggage	Check-in & CUSS	Total
	2011/12	2011/12	2011/12	2012/13	2012/13	2012/13
	£'000	£'000	£'000	£'000	£'000	£'000
Income	105,148	5,250	110,398	114,890	4,916	119,806
London 2012 Olympic and Paralympic Games adjustment				2,956	898	3,854
Expenditure						
Staff	6,916		6,916	7,682		7,682
Property Related	20,006	1,207	21,213	22,649	1,260	23,909
Maintenance & Equipment	51,595	2,217	53,811	57,740	2,302	60,042
General Expenses	11,442		11,442	12,168		12,168
Capitalisation of Revenue	0			0		
Amortisation	0	893	893	0	756	756
Indirect Charges	7,895		7,895	8,937		8,937
Allocated Costs	7,302	811	8,113	7,381	820	8,202
Total Expenditure	105,156	5,127	110,283	116,558	5,139	121,696
Net (Under) / Over Recovery	(7)	122	115	(1,668)	(223)	1,964
Prior year (under) / over recovery as per Trading Statements	1,438	181	1,618	2,407	303	2,711
Allocated costs adjustment	977		977			
London 2012 Olympic and Paralympic Games adjustment				(2,956)	(900)	(3,856)
Total (Under)/Over Recovery at 31 March	2,407	303	2,711	740	79	820
3rd party share			100%			100%
Pricing						
Charge per departing bag	£2.97			£3.22		
Charge per desk per day		£20.37			£21.68	

Baggage
Trading Statement 2012/13
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	121,584	(4,992)	(470)		116,122	(1,232)	114,890	1/2	114,890
London 2012 Olympic and Paralympic Games adjustment								3	2,956
Direct Expenditure									
Staff	9,342			(1,660)	7,682		7,682	4	7,682
Property Related	13,455	(966)	10,167	(6)	22,649		22,649	5	22,649
Maintenance & Equipment	59,940	(995)	1,112	(3,632)	56,425	(1,232)	55,193	2/6/7	55,193
General Expenses	21,159			(8,992)	12,168		12,168	8	12,168
Capitalisation of Revenue	(2,685)			2,685	0		0	9	0
Depreciation	35,455		(33,010)	(2,446)	0		0	10	0
Indirect Charges	0		8,937		8,937		8,937	11	8,937
Total Direct Expenditure	136,666	(1,961)	(12,794)	(14,050)	107,861	(1,232)	106,629		106,629
Allocated Costs									
Terminal Management	5,349				5,349		5,349		
Airside Safety and Security	225				225		225		
Ground Operations	157				157		157		
Engineering	18,278				18,278		18,278		
Rates	5,199				5,199		5,199		
Finance	6,388				6,388		6,388		
IT	7,618				7,618		7,618		
Procurement	755				755		755		
Police	1,449				1,449		1,449		
Airport Management	9,879				9,879		9,879		
Medical Centre	0				0		0		
Human Resources	411				411		411		
Property Management	(286)				(286)		(286)		
Commercial	0				0		0		
Public Relations	675				675		675		
Depreciation	21,039		(3,133)		17,906		17,906	12	
Sundry Income	(4,393)		3,672		(722)		(722)	12	
Total Allocated Costs	72,743		539		73,281		73,281	(63,050)	10,232
2012/13 allocated cost adjustment								14	(2,850)
2012/13 gainshare adjustment								15	2,547
London 2012 Olympic and Paralympic Games adjustment								3	2,956
Total Expenditure	209,409				181,142	(1,232)	179,911	(63,050)	119,513
Net (Under) / Over Recovery	(87,825)				(65,020)		(65,020)	63,050	(1,668)
Bfwd (under) / over recovery from 2011/12 in pricing									3,483
(Under) / Over Recovery 12/13	(87,825)				(65,020)		(65,020)	63,050	1,815
Balance of bfwd (under) / over recovery not in pricing									(1,075)
Total (Under)/Over Recovery at 31 March 2013									740

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) **Income / Cost**
Adjustment to incorporate the agreed income / costs associated with the London 2012 Olympic and Paralympic Games
- (4) **Staff**
Non-rechargeable staff costs and staff working on capital projects removed.
- (5) **Property Related**
Check-in, CUSS and Non-rechargeable costs removed. Electricity costs from other BAA Departments reinstated.
- (6) **Maintenance & Equipment**
Check-in, CUSS, Head of Stands and Non-rechargeable costs removed.
- (7) **Maintenance & Equipment**
Inter company IT and Telecomms costs reinstated.
- (8) **General Expenses**
Non-rechargeable costs removed.
- (9) **Capitalisation of Revenue**
Project related staff costs, maintenance and consultancy capitalisation removed.
- (10) **Depreciation / Capital Charge**
Depreciation removed.
- (11) **Indirect Charges**
Adjustment to include HAL Building maintenance costs.
- (12) **Depreciation and Sundry Income**
Income and depreciation relating to Group IT assets held on behalf of the Group has been removed.
- (13) **Allocated Costs**
Allocated Costs have been fixed at the level stated in Table 6-3 plus RPI.
- (14) **Allocated Costs adjustment**
Adjustment to incorporate the agreed efficiency savings in allocated costs.
- (15) **Gainshare adjustment**
From 11/12 delivered savings as per NRCG protocol dated April 2010.

Check-in desks and CUSS
Trading Statement 2012/13
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	4,992	(77)	4,916			4,916
London 2012 Olympic and Paralympic Games adjustment		898	898		1	898
Direct Expenditure						
Staff						
Property Related	966	294	1,260			1,260
Maintenance & Equipment	995	1,282	2,277		2	2,277
Sundry Other						
Amortisation		756	756			756
Indirect Charges						
Total Direct Expenditure	1,961	2,333	4,293			4,293
Allocated Costs - Table 6-3 Adjustment				1,137	3	1,137
2012/13 allocated cost adjustment					4	(317)
London 2012 Olympic and Paralympic Games adjustment					1	900
2011/12 gainshare adjustment					5	25
Total Expenditure	1,961	2,333	4,293	1,137		6,039
Net (Under) / Over Recovery	3,032	(2,409)	622	(1,137)		(225)
Bfwd (under) / over recovery from 2011/12 in pricing						238
(Under) / Over Recovery 12/13	3,032	(2,409)	622	(1,137)		14
Balance of bfwd (under) / over recovery not in pricing						65
Total (Under) / Over Recovery at 31 March 2013						79

Check-in desks and CUSS
Notes

- (1) **Income / Cost**
Adjustment to incorporate the agreed income / costs associated with the London 2012 Olympic and Paralympic Games
- (2) **Maintenance & Equipment**
Adjustment to include notional site fee
- (3) **Allocated Costs**
Fixed at the level stated in Table 6-3 plus RPI.
- (4) **Allocated Costs adjustment**
Adjustment to incorporate the agreed efficiency savings in allocated costs.
- (5) **Gainshare adjustment**
From 11/12 delivered savings as per NRCG protocol dated April 2010.

Other Desk Licences
Trading Statement 2012/13
Summary

	2011/12	2012/13
	£'000	£'000
Income	1,529	1,482
Expenditure	-	-
Prior year (under) / over recovery	-	-
Total (Under) / Over Recovery at 31 March 2013	1,529	1,482
3rd party share	100%	100%

Pricing Method

Other Desk Licences are based on an annual rental charge

Other Desk Licences
Trading Statement 2012/13
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	424		474	370		214	1,482		1	1,482
Direct Expenditure	-						-			-
Allocated Costs										
Terminal	10	8	48	6	208		279	(279)	2	
Airside Safety					0		0			
Ground Transport & Security					0		0	(0)		
Engineering					52		52	(52)		
Rates	61	10	20		163		254	(254)	2	
Finance										
IT	16	16	31	16	16		94	(94)	2	
Procurement										
Constabulary	17	3	6		45		71	(71)	2	
Airport Management										
Medical Centre										
Personnel										
Property Management	(3)	(1)	(2)	(2)			(9)	9	2	
Commercial										
Public Relations					0		0	(0)	2	
Depreciation	73	17	35	7	310		443	(443)	2	
Sundry Income	(9)	(8)	(16)	(8)	(15)		(56)	56	2	
Total Allocated Costs	165	45	122	19	779		1,130	(1,130)		
Total Expenditure	165	45	122	19	779		1,130	(1,130)		
Net (Under) / Over Recovery	259	(45)	352	351	(779)		353	1,130		1,482
Prior year (under) / over recovery										
Total (Under) / Over Recovery at 31 March 2013	259	(45)	352	351	(779)	214	353	1,130		1,482

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 2012/13
Summary - 3rd party share with adjustment to Table 6-3

	2011/12	2012/13
	£'000	£'000
Income	19,662	19,369
London 2012 Olympic and Paralympic Games adjustment		975
Expenditure		
Staff	108	123
Management & Bussing costs	5,044	5,832
Rates	2,098	2,242
Rent	943	969
Maintenance & Equipment and Vehicle Fuel	1,135	1,028
General Expenses	43	
Capitalisation of Revenue		
Passenger Transport Levy	353	352
Indirect Charges	10	5
Allocated Costs	4,796	4,939
Annuity	5,993	5,762
Total Expenditure	20,523	21,250
Net (Under) / Over Recovery	(861)	(906)
Prior year (under) / over recovery	2,591	1,730
London 2012 Olympic and Paralympic Games adjustment		(975)
Total (Under) / Over Recovery at 31 March	1,730	(151)
3rd party share	75%	83%
Annual Pass Prices		
Multi Storey Car Parks	£2,500.00	£3,250.00
Perimeter Car Parks	£586.33	£571.51

A £14 levy per pass per annum is included in the above prices to help fund public transport initiatives.

Staff Car Parking (PC 130)
Trading Statement 2012/13
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
					83%			
Income	20,066	0	3,271	23,337	19,369		1	19,369
London 2012 Olympic and Paralympic Games adjustment							2	975
Direct Expenditure								
Staff		148		148	123			123
Management & Bussing costs	8,197	(1,170)		7,026	5,832			5,832
Rates		2,701		2,701	2,242			2,242
Rent		1,167		1,167	969			969
Maintenance, Equipment and Vehicle fuel	1,427	(188)		1,239	1,028			1,028
General Expenses	2,365	(2,365)						0
Capitalisation of Revenue	(927)	927						0
Depreciation / Annuity	95	(95)	8,162	8,162	6,774	(1,012)	3/5	5,762
Passenger Transport Levy		424		424	352		6	352
Indirect Charges		6		6	5			5
Total Direct Expenditure	11,156	1,554	8,162	20,873	17,324	(1,012)		16,312
Allocated Costs								
Terminal	82			82	68			68
Airside Safety & Security	21			21	17			17
Ground Transport & Security	144			144	119			119
Engineering	1,481			1,481	1,230			1,230
Rates	5,271			5,271	4,375			4,375
Finance	547			547	454			454
IT	734			734	609			609
Procurement	65			65	54			54
Constabulary	1,468			1,468	1,219			1,219
Airport Management	888			888	737			737
Medical Centre	0			0	0			0
Personnel	26			26	22			22
Property Management	9			9	7			7
Commercial	0			0	0			0
Public Relations	111			111	92			92
Depreciation	901	(302)		599	497		4	497
Sundry Income	(974)	354		(621)	(515)		4	(515)
Table 6-3 adjustment						(4,047)	5	(4,047)
Total Allocated Costs	10,774	52		10,826	8,985	(4,047)		4,939
Total Expenditure	21,930	1,606	8,162	31,698	26,309	(5,058)		21,250
Net (Under) / Over Recovery	(1,865)	(1,606)	(4,891)	(8,362)	(6,940)	5,058		(906)
Bfwd (under) / over recovery from 2011/12 in pricing								1,876
London 2012 Olympic and Paralympic Games adjustment							2	(975)
(Under) / Over Recovery 12/13	(1,865)	(1,606)	(4,891)	(8,362)	(6,940)	5,058		(5)
Balance of bfwd 2011/12 (under) / over recovery not in pricing								(146)
Total (Under) / Over Recovery to cfwd to 13/14								(151)

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) **Income / Cost**

Adjustment to incorporate the agreed income / costs associated with the London 2012 Olympic and Paralympic Games

(3) **Calculation of Annuity (also see Note 6)**

2012/13 £'000	Short Life	Long Life	Land	Total
<u>Assets</u>				
Gross CCA Asset Value (Multi Storey CP's)		22,419		22,419
Gross CCA Asset Value (Surface Car Parks)	3,764	17,191		20,955
Total Gross CCA Asset Value	3,764	39,610		43,374
Cost of Capital	8%	8%		
Representative Life (years)	10	40		
Annuity	561	3,322		3,883
<u>Land</u>				
Land Value (Multi Storey Car Parks)			6,041	6,041
Land Value (Surface Car Parks)			65,276	65,276
Total Land Value			71,317	71,317
Required Yield			6%	
Yield			4,279	4,279
Total Annuity	561	3,322	4,279	8,162

(4) **Depreciation and Sundry Income**

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

(5) **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.

(6) **Passenger Transport Levy**

Passenger Transport Levy is charged at £14 per pass per annum, there were an average of 30,276 passes in issue during 12/13.

Airside Licences (PC15)
Trading Statement 2012/13
Summary

	2011/12	2012/13
	£'000	£'000
Income	1,294	1,591
Expenditure		
Staff	655	643
Property Related	57	
Maintenance & Equipment	83	5
General Expenses	35	131
Depreciation / Capital charge	47	48
Allocated Costs	410	423
Total Expenditure	1,286	1,250
Net (Under) / Over Recovery	8	341
Prior year (under) / over recovery as per 11/12 Trading Statements	(570)	(562)
Heathrow Write Off		100
2011/12 cost adjustment		54
Total (Under)/Over Recovery at 31 March 2013	(562)	(67)
3rd party share	93%	93%
Pricing		
Annual charge per licence (£)	3,227	3,997

Airside Licences (PC15)
Trading Statement 2012/13
Detail - with 3rd party share and adjustment to Table 6-3

	PCR	Adjustment PCR £'000	Total	3rd Party Share	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
				93%			
Income	1,639	71	1,710	1,591		1	1,591
Direct Expenditure							
Staff	481	210	691	643			643
Property Related Maintenance & Equipment	6		6	5			5
General Expenses	142	(2)	141	131		2	131
Depreciation / Annuity	1	20	21	20	28	3/4	48
Total Direct Expenditure	630	228	858	798	28		827
Allocated Costs							
Terminal	0		0	0			0
Airside Safety & Security	1,287		1,287	1,198			1,198
Ground Transport & Security	0		0	0			0
Engineering	8		8	7			7
Rates	153		153	142			142
Finance	35		35	32			32
IT	215		215	200			200
Procurement	4		4	4			4
Constabulary	43		43	40			40
Airport Management Medical Centre	75		75	70			70
Personnel	47		47	43			43
Property Management Commercial	(9)		(9)	(8)			(8)
Public Relations	9		9	9			9
Depreciation	1,156		1,156	1,075			1,075
Sundry Income	(162)		(162)	(151)			(151)
Table 6-3 Adjustment					(2,237)	4	(2,237)
Total Allocated Costs	2,860		2,860	2,660	(2,237)		423
Total Expenditure	3,490	228	3,718	3,460	(2,209)		1,250
Net (Under) / Over Recovery	(1,852)	(157)	(2,008)	(1,869)	2,209		341
Bfwd (under) / over recovery from 2011/12 in pricing							(306)
2011/12 cost adjustment						5	54
(Under) / Over Recovery 12/13	(1,852)	(157)	(2,009)	(1,869)	2,209		89
Balance of bfwd 2011/12 (under) / over recovery not in pricing							(256)
Heathrow Write Off						6	100
Total (Under) / Over Recovery to cfwd to 13/14							(67)

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	430	(Incl 30 Licences issued without payment)
Rate per Licence (£)	3,977	
Total Income (£'000)	1,710	

(2) **General Expenses Adjustment**

An adjustment has been made to exclude construction/engineering costs not relating to Airside Licences.

(3) **Calculation of Annuity**

£'000	2012/13
Building 820 - Airside Licence Facilities	208
Total	208
Cost of Capital	8%
Representative Life (Years)	20
Annuity	21

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

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

(5) **2011/12 cost adjustment**

Adjustment to remove the inclusion of non recoverable staff costs in 2011/12 trading statement

(6) **Heathrow write off**

AUC/Heathrow agreed cost write off

Electricity (PC 99)
Trading Statement 2012/13
Summary - 3rd party share with adjustment to Table 6-3

	2011/12	2012/13
	£'000	£'000
Income	27,107	27,122
Backbilling Income Adjustment		4,246
Expenditure		
Electricity	18,041	15,155
Maintenance	0	0
Capital Annuity	5,195	5,545
Allocated costs	2,733	2,917
Total Expenditure	25,969	23,617
Net (Under) / Over Recovery	1,138	7,750
Prior year (under) / over recovery	(1,945)	(807)
Backbilling Cost Adjustment		2,856
Total (Under) / Over Recovery at 31 March	(807)	4,087
3rd party share	34.9%	34.1%
Pricing		
HV Electricity price (pence per kwh)	10.72	12.50
LV Electricity price (pence per kwh)	15.71	18.30

Electricity (PC 99)
Trading Statement 2012/13
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
				34.1%			
Income	31,397	59,075	90,471	27,122		1	27,122
Backbilling Income Adjustment				4,246		2	4,246
							31,367
Direct Expenditure							
Electricity cost	72,581	(28,127)	44,453	15,155		3	15,155
Maintenance							
Depreciation	135	(135)					
Capital Annuity - Original Infrastructure		5,694	5,694	1,941	}	4/5	5,545
Capital Annuity - Additional Investment by UKPNS		10,164	10,164	3,465			
Capital Annuity - Additional Investment by HAL		38,011	38,011	12,959			
Total Direct Expenditure	72,716	25,606	98,322	33,521	(12,820)		20,700
Allocated costs							
Terminal Management	1,145		1,145	390			390
Airside Safety and Security	158		158	54			54
Ground Operations	350		350	119			119
Engineering	258		258	88			88
Rates	417		417	142			142
Finance	4,560		4,560	1,555			1,555
IT	477		477	163			163
Group Supply	539		539	184			184
Police	116		116	40			40
Airport Management	6,940		6,940	2,366			2,366
Medical Centre							
Human Resources	30		30	10			10
Property Management	(263)		(263)	(90)			(90)
Commercial							
Public relations	174		174	59			59
Depreciation	4,985	(196)	4,788	1,632			1,632
Sundry Income	(738)	230	(508)	(173)			(173)
Table 6-3 Adjustment					(3,623)	5	(3,623)
Total Allocated costs	19,149	34	19,183	6,540	(3,623)		2,917
Total Expenditure	91,865	25,640	117,504	40,061	(16,443)		23,617
Net (Under) / Over Recovery	(60,468)	33,435	(27,033)	(12,939)	16,443		7,750
Bfwd (under) / over recovery from 2011/12 in pricing							(2,116)
Backbilling Cost Adjustment							
08/09				208		2	208
09/11				321		2	321
10/12				1,156		2	1,156
11/12				1,171		2	1,171
(Under) / Over Recovery 12/13	(60,468)	33,435	(27,033)	(12,939)	16,443		2,778
Balance of bfwd 2011/12 (under) / over recovery not in pricing							1,309
Total (Under) / Over Recovery to cfwd to 13/14							4,087

Electricity
Notes

- Income**
Notional HAL income is recharged to Check-in and Baggage
- Backbilling adjustment**
Adjustment for additional revenue for unbilled third party consumption in the periods before 2012/13 and the associated increase in costs.
- Electricity cost**
The UKPNS (formerly LES) Distribution fee has been excluded from costs.
- Capital Annuity**
All capital annuities have been fixed at the rate in Table 6-3 plus RPI.

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

2012/13 £'000	Original Infrastructure	UKPNS Investment	Power Supply	Monitoring & Control Equip	Substations	Pit & Duct	Total
<u>Assets</u>							
Gross CCA Asset Value		114,422	290,691	34,942	28,081	74,268	542,404
Cost of Capital		8%	8%	8%	8%	8%	
Representative Life (Years)		30	40	10	40	50	
Annuity		5,694	10,164	24,377	5,207	2,355	6,071
							53,868

- Annuity and Allocated costs**
These amounts has then been fixed to Table 6-3 plus RPI.

Fixed Electrical Ground Power (PC 007)
Trading Statement 2012/13
Summary

	2011/12		2012/13
	£'000		£'000
Income	7,220		9,490
Expenditure			
Electricity	3,160		3,816
Maintenance & Equipment	619		633
Depreciation / Annuity	2,365		2,409
Allocated Costs	2,241		2,309
Total Expenditure	8,386		9,166
Net (Under) / Over Recovery	(1,165)		324
Prior year (under) / over recovery to recover in 2012/13	(1,059)		(1,302)
Prior year (under) / over recovery to recover in 2013/14			(922)
Ash cloud rebate			168
Total (Under) / Over Recovery at 31 March	(2,224)		(1,732)
3rd party share	100%		100%
Number of quarter hour periods charged	2,455,911		2,479,441
Average Electricity Cost per quarter hour periods charged	£1.29		£1.54
Charge per quarter hour period	£2.94	Nov 12 - Mar 13	£4.04
		Apr 12 - Oct 12	£3.68

Fixed Electrical Ground Power (PC 007)
Trading Statement 2012/13
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	9,490		9,490			9,490
Direct Expenditure						
Staff						
Electricity Costs		3,816	3,816		1	3,816
Maintenance & Equipment		633	633		2	633
Depreciation / Annuity	400	3,462	3,863	(1,454)	3/5	2,409
Total Direct Expenditure	400	7,911	8,312	(1,454)		6,858
Allocated Costs						
Terminal						
Airside Safety & Security	655		655			655
Ground Transport & Security						
Engineering	1,410		1,410		2	1,410
Rates	61		61			61
Finance						
IT	509		509			509
Procurement						
Constabulary	17		17			17
Airport Management	72		72			72
Medical Centre						
Personnel	45		45			45
Property Management	(65)		(65)			(65)
Commercial						
Public Relations	53		53			53
Depreciation	884	(209)	674		4	674
Sundry Income	(360)	245	(115)		4	(115)
Table 6-3 Adjustment				(1,007)	5	(1,007)
Total Allocated Costs	3,279	36	3,315	(1,007)		2,309
Total Expenditure	3,680	7,947	11,627	(2,460)		9,166
Net (Under) / Over Recovery	5,810	(7,947)	(2,136)	2,460		324
Bfwd (under) / over recovery from 2011/12 in pricing						(922)
Ash cloud rebate					6	168
(Under) / Over Recovery 12/13	5,810	(7,947)	(2,136)	2,460		(430)
Balance of bfwd 2011/12 (under) / over recovery not in pricing						(1,302)
Total (Under) / Over Recovery to cfwd to 13/14						(1,732)

Fixed Electrical Ground Power Notes

(1) **Electricity**

Adjustment to include internal cost of electricity.

(2) **Maintenance & Equipment**

Adjustment to include internal maintenance charges in direct costs.

(3) **Calculation of Annuity**

	2012/13
	£'000
<u>Infrastructure</u>	
Gross CCA Asset Value	37,926
Cost of Capital	8%
Representative Life (Years)	20
Total Annuity	3,863

	2012/13	FEGP	Controls	Pit & Ducts
	£'000	£'000	£'000	£'000
Infrastructure				
T1 Pier 4	14.7	14.7	-	-
T1 Pier 4A	278.4	278.4	-	-
T1 Main Building	4,468.9	4,468.9	-	-
T1 Pier 3	202.9	202.9	-	-
T1 Euro lounge/Europier	1,301.1	1,301.1	-	-
T2 Pier 1	-	-	-	-
T2 Pier 2	-	-	-	-
T3 Pier 5	-	-	-	-
T3 Pier 7	265.1	265.1	-	-
T4 Passenger Terminal	792.1	792.1	-	-
Terminal 5 Concourse A	6,330.0	6,330.0	-	-
Control Post 24	6.6	-	-	6.6
Sub Station 30	16.3	16.3	-	-
Building 820	370.5	370.5	-	-
T3 Building	647.8	647.8	-	-
T4 ABF1 Stands S1	36.4	36.4	-	-
Other	2,548.5	1,843.8	704.7	-
Stands	20,647.1	11,314.5	573.7	8,758.9
	37,926	27,882	1,278	8,765

(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.

(6) **Ash cloud rebate**

Agreed rebate in relation to usage of FEGP during the ash cloud disruption in 2011

Heating and Ventilation (PC189, PC191 and PC192)
Trading Statement 12/13
Summary - 3rd party share with adjustment to Table 6-3

	2011/12	2012/13
	£'000	£'000
Income	1,603	1,388
Expenditure		
Staff	162	166
Gas costs	615	611
Maintenance & Equipment	139	156
General Expenses	4	4
Indirect Charges	97	162
Capitalisation		(3)
Allocated Costs	316	319
Annuity	597	602
Total Expenditure	1,930	2,017
Net (Under) / Over Recovery	(327)	(629)
Prior year (under) / over recovery		
Total (Under) / Over Recovery at 31 March	(327)	(629)
3rd party share	14%	12%
Pricing Method		
Price per sq ft	£1.13	£1.18

Heating and Ventilation (PC189, PC191 and PC192)
Trading Statement 2012/13
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
						12.03%			
Income	5,274	49	1,642	4,566	11,531	1,388			1,388
Direct Expenditure									
Staff	907			470	1,377	166			166
Gas costs	2,778	438	651	1,209	5,076	611			611
Maintenance & Equipment	465	112		722	1,300	156			156
General Expenses	31				31	4			4
Capitalisation	(24)				(24)	(3)			(3)
Annuity	986	165	1,929	4,326	7,405	891	(289)	1	602
Indirect charges	953	347	49		1,350	162		2	162
Total Direct Expenditure	6,096	1,061	2,629	6,727	16,514	1,987	(289)		1,698
Allocated Costs									
Terminal	26	19		10	55	7			7
Airside Safety & Security	6	4	2	5	18	2			2
Ground Operations	8	6		3	17	2			2
Engineering	70	67	60	447	644	77			77
Rates	112	81	71	224	488	59			59
Finance	363			0	364	44			44
IT	215	173	73	309	771	93			93
Procurement	43			0	43	5			5
Constabulary	31	23	20	62	136	16			16
Airport Management	553	53	53	7	666	80			80
Medical Centre									
Personnel	10	6	5	13	35	4			4
Property Management	57	30	74	9	170	21			21
Commercial									
Public Relations	2		1	4	8	1			1
Depreciation	241	138	89	179	646	78			78
Sundry Income	(150)	(167)	(103)	(189)	(609)	(73)			(73)
Table 6-3 adjustment							(97)	3	(97)
Total Allocated Costs	1,589	434	345	1,083	3,451	415	(97)		319
Total Expenditure	7,685	1,495	2,974	7,810	19,965	2,402	(386)		2,017
Net (Under) / Over Recovery	(2,411)	(1,446)	(1,333)	(3,244)	(8,434)	(1,015)	386		(629)
Prior year (under) / over recovery									
Total (Under) / Over Recovery at 31 March 2013	(2,411)	(1,446)	(1,333)	(3,244)	(8,434)	(1,015)	386		(629)

Notes

- (1) **Annuity**
Fixed at the level stated in table 6-3 plus RPI.
- (2) **Maintenance & Equipment**
Adjustment to include internal maintenance charges in direct costs.
- (3) **Allocated Costs**
Fixed at the level stated in table 6-3 plus RPI.

Heating and Ventilation - Boilerhouse 448 (PC189)
Trading Statement 2012/13
Summary - 100% of Income and Costs

	Adjusted Statement 2011/12 £'000	Adjusted Statement 2012/13 £'000
Income	5,149	5,274
Expenditure		
Staff	766	907
Gas costs	913	2,778
Maintenance & Equipment	373	465
General Expenses	25	31
Capitalisation of Revenue	0	(24)
Indirect Charges	532	953
Allocated Costs	830	1,589
Annuity	873	986
Total Expenditure	4,311	7,685
(Under) / Over Recovery	838	(2,411)
Area Served (square feet)	4,556,918	4,469,730
Price per square foot (pence)	113	118
Cost per square foot (pence)	95	172

Heating and Ventilation - Boilerhouse 448 (PC189)
Trading Statement 2012/13
Detail

	PCR £'000	Adj £'000	Note	Adjusted Trading Statement £'000
Income	446	4,829	1	5,274
Direct Expenditure				
Staff	907			907
Gas costs	4,332	(1,555)		2,778
Maintenance & Equipment	465			465
General Expenses	31			31
Capitalisation of Revenue	(24)			(24)
Depreciation / Annuity	7	979	2	986
Indirect Charges		953		953
Total Direct Expenditure	5,719	377		6,096
Allocated Costs				
Terminal	26			26
Airside Safety & Security	6			6
Ground Transport & Security	8			8
Engineering	70			70
Rates	112			112
Finance	363			363
IT	215			215
Procurement	43			43
Constabulary	31			31
Airport Management	553			553
Medical Centre	0			0
Personnel	10			10
Property Management	57			57
Commercial	0			0
Public Relations	2			2
Depreciation	241			241
Sundry Income	(150)			(150)
Total Allocated Costs	1,589			1,589
Total Expenditure	7,307	377		7,685
(Under) / Over Recovery	(6,862)	4,451		(2,411)

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)	17,419,000
Area served apportioned to non-metered consumption (sq ft)	4,469,730
Selling Price per sq ft	<u>£1.18</u>
Total non-metered income	<u>£5,274,281</u>
Total income (metered and non-metered)	<u>£5,274,281</u>

(2) **Calculation of Annuity**

2012/13 £'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	5,203	1,398	0	69	14	3,468		10,151
Cost of Capital	8%	8%	8%	8%	8%	8%		
Representative Life (Years)	20	50	5	20	5	50		
Annuity	<u>530</u>	<u>114</u>	<u>0</u>	<u>7</u>	<u>3</u>	<u>283</u>		<u>938</u>
<u>Land</u>								
Total Land Value							807	807
Required Yield							6%	
Yield							<u>48</u>	<u>48</u>
Total Annuity	530	114	0	7	3	283	48	986

(3) **Maintenance & Equipment**

Adjustment to include internal maintenance charges in direct costs.

Heating and Ventilation - Boilerhouse 523 (PC191)
Trading Statement 2012/13
Summary - 100% of Income and Costs

	Adjusted Statement 2011/12 £'000	Adjusted Statement 2012/13 £'000
Income	49	49
Expenditure		
Gas costs	677	438
Maintenance & Equipment	112	112
General Expenses	0	0
Indirect Charges	79	347
Allocated Costs	725	434
Annuity	159	165
Total Expenditure	1,753	1,495
(Under) / Over Recovery	(1,704)	(1,446)
Gas consumption (kwh)	2,478,571	1,864,158
Price per kWh (pence)	1.96	2.61
Cost per kWh (pence)	70.72	80.20

Heating and Ventilation - Boilerhouse 523 (PC191)
Trading Statement 2012/13
Detail

	PCR £'000	Adjustment £'000	Note	Adjusted Trading Statement £'000
Income	0	49		49
Direct Expenditure				
Staff				
Gas costs		438		438
Maintenance & Equipment		112		112
General Expenses				
Depreciation / Annuity		165	1	165
Indirect Charges		347	2	347
Total Direct Expenditure	0	1,061		1,061
Allocated Costs				
Terminal	19			19
Airside Safety & Security	4			4
Ground Transport & Security	6			6
Engineering	67			67
Rates	81			81
Finance	0			0
IT	173			173
Procurement	0			0
Constabulary	23			23
Airport Management	53			53
Medical Centre	0			0
Personnel	6			6
Property Management	30			30
Commercial	0			0
Public Relations	0			0
Depreciation	138			138
Sundry Income	(167)			(167)
Total Allocated Costs	434			434
Total Expenditure	434	1,061		1,495
(Under) / Over Recovery	(434)	(1,013)		(1,446)

Heating and Ventilation - Boilerhouse 523 (PC191)
Notes

(1) **Calculation of Annuity**

2012/13 £'000	Plant	Fire Alarms	Buildings	Distribution System	Land	Total
<u>Assets</u>						
Gross CCA Asset Value	43	74	1,434	110		1,661
Cost of Capital	8%	8%	8%	8%		
Representative Life (Years)	20	20	50	50		
Annuity	4	8	117	9		138
<u>Land</u>						
Total Land Value					440	440
Required Yield					6%	
Yield					26	26
Total Annuity	4	8	117	9	26	165

(2) **Maintenance & Equipment**

Adjustment to include internal maintenance charges in direct costs.

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Trading Statement 2012/13
Summary - 100% of Income and Costs

	Adjusted Statement 2011/12 £'000	Adjusted Statement 2012/13 £'000
Income	1,572	1,642
Expenditure		
Gas costs	742	651
General Expenses	0	0
Indirect Charges	65	49
Allocated Costs	287	345
Annuity	1,867	1,929
Total Expenditure	2,961	2,974
(Under) / Over Recovery	(1,389)	(1,333)
Area Heated (square feet)	1,391,235	1,391,235
Price per square foot (pence)	113	118
Cost per square foot (pence)	213	214

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Trading Statement 2012/13
Detail

	PCR £'000	Adjs £'000	Note	Adjusted Trading Statement £'000
Income	164	1,478	1	1,642
Direct Expenditure				
Gas costs		651		651
General Expenses				
Depreciation / Annuity	12	1,916	2	1,929
Indirect charges		49	3	49
Total Direct Expenditure	12	2,617		2,629
Allocated Costs				
Terminal	0			0
Airside Safety & Security	2			2
Ground Transport & Security	0			0
Engineering	60			60
Rates	71			71
Finance	0			0
IT	73			73
Procurement	0			0
Constabulary	20			20
Airport Management	53			53
Medical Centre	0			0
Personnel	5			5
Property Management	74			74
Commercial	0			0
Public Relations	1			1
Depreciation	89			89
Sundry Income	(103)			(103)
Total Allocated Costs	345			345
Total Expenditure	357	2,617		2,974
(Under) / Over Recovery	(194)	(1,139)		(1,333)

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	£1.18
Total Income	£1,641,658

(2) **Calculation of Annuity**

2012/13 £'000	Plant	H&V Plant	Buildings	Land	Total
<u>Assets</u>					
Gross CCA Asset Value	1,318	14,565	3,272		
Cost of Capital	8%	8%	8%		
Representative Life (Years)	20	20	50		
Annuity	134	1,483	267		1,885
<u>Land</u>					
Land Value				722	
Required Yield				6%	
Yield				43	43
Total Annuity	134	1,483	267	43	1,929

(3) **Maintenance & Equipment**

Adjustment to include internal maintenance charges in direct costs.

**Heating and Ventilation - Terminal 5 Energy Centre
Trading Statement 2012/13
Summary - 100% of Income and Costs**

	Adjusted Statement 2011/12 £'000	Adjusted Statement 2012/13 £'000
Income	4,373	4,566
Expenditure		
Staff	356	470
Gas costs	1,946	1,209
Maintenance & Equipment	479	722
Allocated Costs	807	1,083
Annuity	4,188	4,326
Total Expenditure	7,776	7,810
(Under) / Over Recovery	(3,404)	(3,244)
Area Heated (square feet)	3,869,679	3,869,679
Price per square foot (pence)	113	113
Cost per square foot (pence)	201	202

Heating and Ventilation - Terminal 5 Energy Centre
Trading Statement 2012/13
Detail

	PCR £'000	Adjs £'000	Note	Adjusted Trading Statement £'000
Income	778	3,788	1	4,566
Direct Expenditure				
Staff		470		470
Gas costs		1,209		1,209
Maintenance and Equipment	2	720	2	722
Depreciation / Annuity		4,326	3	4,326
Total Direct Expenditure	2	6,725		6,727
Allocated Costs				
Terminal Management	10			10
Airside Safety and Security	5			5
Ground Operations	3			3
Engineering	447			447
Rates	224			224
Finance	0			0
IT	309			309
Group Supply	0			0
Police	62			62
Airport Management	7			7
Medical Centre	0			0
Human Resources	13			13
Property Management	9			9
Commercial	0			0
Public relations	4			4
Depreciation	179			179
Sundry Income	(189)			(189)
Total Allocated Costs	1,083			1,083
Total Expenditure	1,086	6,725		7,810
(Under) / Over Recovery	(307)	(2,937)		(3,244)

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)	3,869,679
Selling Price per sq ft	£1.18
Total notional Income	£4,566,221

(2) **Maintenance & Equipment**

Adjustment to include internal maintenance charges in direct costs.

(3) **Calculation of Annuity**

2012/13 £'000	Chillers	Electrical & Fire Alarms	Plant Buildings	Other	Total
<u>Assets</u>					
Gross CCA Asset Value	7,490	12,145	21,456	3,489	44,855
Cost of Capital	8%	8%	8%	8%	8%
Representative Life (Years)	15	20	30	50	75
Annuity	875	1,237	1,906	285	4,326

Water & Sewerage (PC 194)
Trading Statement 2012/13
Summary - 3rd party share with adjustment to Table 6-3

	2011/12	2012/13
	£'000	£'000
Income	1,218	1,296
Backbilling Income Adjustment		110
Expenditure		
Staff	171	225
Water	571	659
Maintenance & Equipment	67	49
General Expenses	15	(7)
Allocated costs	197	199
Depreciation / Annuity	169	171
Total Expenditure	1,190	1,297
Net (Under) / Over Recovery	27	109
Prior year (under) / over recovery	(495)	(468)
Backbilling Cost Adjustment		81
Cap backbilling to CAA decision 3rd party share		(81)
Total (Under) / Over Recovery at 31 March	(467)	(359)
3rd party share	23%	31%
3rd Party Consumption (cubic metres)	512,532	560,863
Average Water purchase price per cubic metre (£)	1.11	1.18
Pricing		
Average Water & Sewerage charge per cubic metre (£)	2.74	2.81

Water & Sewerage (PC 194)
Trading Statement 2012/13
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	1,424	3,513	4,936	1,296		1	1,296
Backbilling Income Adjustment				110		2	110
				31%			1,406
Direct Expenditure							
Staff	1,455	(726)	729	225		3	225
Water	2,341	(204)	2,137	659		4	659
Maintenance & Equipment	158		158	49			49
General Expenses	(22)		(22)	(7)			(7)
Depreciation / Annuity	257	8,606	8,862	2,735	(2,564)	5/6	171
Internal Water	98	(98)					
Total Direct Expenditure	4,287	7,577	11,864	3,662	(2,564)		1,098
Allocated Costs							
Terminal	1		1	0			0
Airside Safety & Security	8		8	3			3
Ground Transport & Security	0		0	0			0
Engineering	3,897		3,897	1,203			1,203
Rates	41		41	13			13
Finance	244		244	75			75
IT	336		336	104			104
Procurement	29		29	9			9
Constabulary	11		11	3			3
Airport Management	436		436	135			135
Medical Centre	0		0	0			0
Personnel	37		37	11			11
Property Management	(2)		(2)	(1)			(1)
Commercial	0		0				
Public Relations	8		8	2			2
Depreciation	360	(138)	222	69		7	69
Sundry Income	(333)	162	(172)	(53)		7	(53)
Table 6-3 adjustment					(1,373)	6	(1,373)
Total Allocated Costs	5,072	24	5,096	1,573	(1,373)		199
Total Expenditure	9,359	7,601	16,960	5,235	(3,937)		1,297
Net (Under) / Over Recovery	(7,935)	(4,088)	(12,023)	(3,938)	3,937		109
Bfwd (under) / over recovery from 2011/12 in pricing							(394)
Backbilling Cost Adjustment							
08/09				9		2	9
09/10				11		2	11
10/11				19		2	19
11/12				42		2	42
Cap backbilling to CAA decision 3rd party share							(81)
(Under) / Over Recovery 12/13	(7,935)	(4,088)	(12,023)	(3,938)	3,937		(285)
Balance of bfwd 2011/12 (under) / over recovery not in pricing							(74)
Total (Under) / Over Recovery to cfwd to 13/14							(359)

Water & Sewerage (PC 194)
Notes

- Income**
Income is stated after including notional income for HAL usage.
- Backbilling adjustment**
Adjustment for additional revenue for unbilled third party consumption in the periods before 2012/13 and the associated increase in costs.
- Staff Costs**
Staff costs adjusted to reflect time spent on Water and Sewerage only (Time spent on other water related activities including Environmental are excluded).
- Water**
Adjustment to reflect actual costs of Potable water and Sewerage only.
- Calculation of Annuity**

2012/13 £'000	Plant	Buildings	Water Mains	Total
<u>Assets</u>				
Gross CCA Asset Value	1,597	75,864	28,218	105,678
Cost of Capital	8%	8%	8%	
Representative Life (Years)	10	40	80	
Annuity	238	6,362	2,262	8,862

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

Security Documentation (PC016)
Trading Statement 2012/13
Summary

	2011/12	2012/13
	£'000	£'000
Income	4,753	3,562
Expenditure		
Staff	467	514
Property Related	104	102
Maintenance & Equipment	363	676
Indirect Charges - Electricity	17	18
Annuity	92	93
General Expenses and BSC processing costs	190	255
Allocated Costs	1,545	1,553
Total Expenditure	2,778	3,210
Net (Under) / Over Recovery	1,974	352
Prior year (under) / over recovery	124	2,099
Total (Under) / Over Recovery at 31 March 2013	2,099	2,450
3rd party share	86%	80%

Detailed pricing information is available on the General Notice

Security Documentation (PC016)

Trading Statement 2012/13

Detail - with third party share and Adjustment to Table 6-3

	PCR £'000	Adjustmen £'000	Total £'000	3rd Party Share £'000	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
				80%			
Income	3,562	873	4,434	3,562		1	3,562
Direct Expenditure							
Staff	639		639	514			514
Property Related		127	127	102		3	102
Maintenance & Equipment	841		841	676			676
General Expenses and BSC processing costs	317		317	255			255
Depreciation / Annuity		221	221	177	(84)	2/6	93
Indirect Charges - Electricity		23	23	18		4	18
Total Direct Expenditure	1,798	370	2,168	1,741	(84)		1,657
Allocated Costs							
Terminal	21		21	17			17
Airside Safety & Security	1,037		1,037	833			833
Ground Transport & Security	6		6	5			5
Engineering	68		68	55			55
Rates	183		183	147			147
Finance	64		64	52			52
IT	592		592	476			476
Procurement	8		8	6			6
Constabulary	51		51	41			41
Airport Management	110		110	89			89
Medical Centre							
Personnel	28		28	22			22
Property Managment	298		298	239			239
Commercial							
Public Relations	20		20	16			16
Depreciation	360	(244)	116	93		5	93
Sundry Income	(350)	286	(64)	(52)		5	(52)
Table 6-3 Adjustment					(486)	6	(486)
Total Allocated Costs	2,497	42	2,539	2,039	(486)		1,553
Total Expenditure	4,295	412	4,707	3,780	(570)		3,210
Net (Under) / Over Recovery	(733)	461	(272)	(219)	570		352
Bfwd (under) / over recovery from 2011/12 in pricing							1,213
(Under) / Over Recovery 12/13	(733)	461	(272)	(219)	570		1,565
Balance of bfwd 2011/12 (under) / over recovery not in pricing							886
Total (Under) / Over Recovery to cfwd to 13/14							2,450

Security Documentation (PC016)

Notes

(1) **Income**

Income is stated after including notional income for HAL passes.

(2) **Calculation of Annuity**

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	133	-	-	25	-	-	-	158
Fixtures & Fittings	120	10	-	-	-	-	-	131
Buildings & Structures	-	-	152	1,016	269	-	25	1,462
Safety & Security Systems	22	-	1	-	-	-	-	23
Total Capital Cost	276.0	10.5	153.0	1,040.8	268.7	-	25.3	1,774.3
Cost of Capital (pre-tax real)	8%	8%	8%	8%	8%	8%	8%	
Representative Life (Years)	5	10	15	20	30	40	50	
Annuity	69.1	1.6	17.9	106.0	23.9	-	2.1	221

(3) **Property Related Costs**

	Sq m	£/Sq m	Amt (£)
Space occupied	264		
Notional rent		£215.28	56,843
Maintenance		£176.77	42,830
Waste		£250.00	2,608
Rates		£93.61	24,250
			126,532

(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	£0.1833 (From Heathrow 2012/13 General Notice)
Total	£22,805

(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 2012/13
Summary

	2011/12	2012/13
	£'000	£'000
Income	1,739	1,477
Expenditure		
Staff	28	28
Property Related	161	157
Internal Maintenance	153	121
Management Fee	1,536	1,452
Depreciation / Annuity	891	919
Allocated Costs	2,870	2,959
Total Expenditure	5,640	5,636
Prior year (under) / over recovery	-	-
Total (Under) / Over Recovery at 31 March 2013	(3,901)	(4,159)
3rd party share	89%	86%

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 2012/13
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 86%	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
Income	534	135	742	299	1,710	1,477			1,477
Total Income	534	135	742	299	1,710	1,477		1	1,477
Direct Expenditure									
Staff	10	3	14	6	33	28		2	28
Property Related	176		5		182	157		3	157
Internal Maintenance	127		13		140	121		4	121
Management Fee	1,028		653		1,681	1,452			1,452
Depreciation / Annuity	1,051		162		1,213	1,048	(129)	5/7	919
Total Direct Expenditure	2,392	3	848	6	3,249	2,806	(129)		2,677
Allocated Costs									
Terminal		5			5	4			4
Airside Safety & Security	2	2	1	1	6	5			5
Ground Operations	661	464	447	493	2,065	1,784		6	1,784
Engineering	857	258	228	599	1,942	1,677			1,677
Rates	265	20	173	31	488	422			422
Finance	54				54	46			46
IT	231	58	110	79	477	412			412
Procurement	6				6	5			5
Constabulary	74	6	48	9	136	118			118
Airport Management	84	149	2	2	236	204			204
Medical Centre									
Personnel	5	4	4	4	16	14			14
Property Management	137	(16)	(19)	148	250	216			216
Commercial									
Public Relations	8				8	7			7
Depreciation	603	116	142	167	1,028	888		6	888
Sundry Income	(319)	(277)	(151)	(327)	(1,073)	(927)			(927)
Table 6-3 adjustment							(1,916)	7	(1,916)
Total Allocated Costs	2,667	788	985	1,205	5,645	4,875	(1,916)		2,959
Total Expenditure	5,059	790	1,833	1,211	8,894	7,682	(2,045)		5,636
Prior year (under) / over recovery									
Total (Under) / Over Recovery at 31 March 2013	(4,525)	(655)	(1,091)	(912)	(7,183)	(6,204)	2,045		(4,159)

**Public Bus Services (PC 150)
Trading Statement 2012/13
Detail**

	PCR £'000	Adjs to PCR £'000	<i>Note</i>	Adjusted Trading Statement £'000
Income	1,497	(962)	1	534
Direct Expenditure				
Staff		10	2	10
Property Related		176	3	176
Internal Maintenance	28	99	4	127
Management Fee	817	212		1,028
Capitalisation of Revenue				
Depreciation / Annuity	3	1,048	5	1,051
Total Direct Expenditure	848	1,545		2,392
Allocated Costs				
Terminal				
Airside Safety & Security	2			2
Ground Operations	494	166	6	661
Engineering	857			857
Rates	265			265
Finance	54			54
IT	231			231
Procurement	6			6
Constabulary	74			74
Airport Management	84			84
Medical Centre				
Personnel	5			5
Property Management	137			137
Commercial				
Public Relations	8			8
Depreciation	396	207	6	603
Sundry Income	(319)			(319)
Total Allocated Costs	2,293	374		2,667
Total Expenditure	3,141	1,919		5,059
(Under) / Over Recovery at 31 March 2013	(1,644)	(2,881)		(4,525)

Hotel Coaches (PC 155)
Trading Statement 2012/13
Detail

	PCR £'000	Adjs to PCR £'000	<i>Note</i>	Adjusted Trading Statement £'000
Income		135		135
Direct Expenditure				
Staff		3	2	3
Total Direct Expenditure		3		3
Allocated Costs				
Terminal	5			5
Airside Safety & Security	2			2
Ground Operations	160	305	6	464
Engineering	258			258
Rates	20			20
Finance				
IT	58			58
Procurement				
Constabulary	6			6
Airport Management	149			149
Medical Centre				
Personnel	4			4
Property Management	(16)			(16)
Commercial				
Public Relations				
Depreciation	147	(31)	6	116
Sundry Income	(277)			(277)
Total Allocated Costs	514	274		788
Total Expenditure	514	276		790
(Under) / Over Recovery at 31 March 2013	(514)	(141)		(655)

Charter Coaches (PC 156)
Trading Statement 2012/13
Detail

	PCR £'000	Adjs to PCR £'000	<i>Note</i>	Adjusted Trading Statement £'000
Income		742		742
Direct Expenditure				
Staff		14	2	14
Property Related		5	3	5
Management Fee		653		653
Internal Maintenance		13	4	13
Depreciation / Annuity		162	5	162
Total Direct Expenditure		848		848
Allocated Costs				
Terminal				
Airside Safety & Security	1			1
Ground Operations	109	338	6	447
Engineering	228			228
Rates	173			173
Finance				
IT	110			110
Procurement				
Constabulary	48			48
Airport Management	2			2
Medical Centre				
Personnel	4			4
Property Management	(19)			(19)
Commercial				
Public Relations				
Depreciation	145	(4)	6	142
Sundry Income	(151)			(151)
Total Allocated Costs	650	335		985
Total Expenditure	650	1,183		1,833
(Under) / Over Recovery at 31 March 2013	(650)	(441)		(1,091)

**Off Airport Courtesy Coaches (PC 144)
Trading Statement 2012/13
Detail**

	PCR £'000	Adjs to PCR £'000	<i>Note</i>	Adjusted Trading Statement £'000
Income		299		299
Direct Expenditure				
Staff		6	2	6
Total Direct Expenditure		6		6
Allocated Costs				
Terminal				
Airside Safety & Security	1			1
Ground Operations	158	335	6	493
Engineering	599			599
Rates	31			31
Finance				
IT	79			79
Procurement				
Constabulary	9			9
Airport Management	2			2
Medical Centre				
Personnel	4			4
Property Management	148			148
Commercial				
Public Relations				
Depreciation	237	(70)	6	167
Sundry Income	(327)			(327)
Total Allocated Costs	940	265		1,205
Total Expenditure	940	270		1,211
(Under) / Over Recovery at 31 March 2013	(940)	28		(912)

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	45	11	518	494	7,816	63	2,755	11,701
Central Bus Station - Waiting Lounge			61		243			303
T3 Coach Park					156		531	687
T5		2	206		443			651
	45	14	784	494	8,657	63	3,286	13,343
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	3	80	46	708	5	197	1,051
Charter Coaches								
West Ramp Coach Park					164		1,723	1,887
West Ramp Coach Park - Building		5	5		60			70
T3 Coach Park					137		465	601
	-	5	5	-	361	-	2,188	2,558
Cost of Capital	8%	8%	8%	8%	8%	8%	6%	
Representative Life (Years)	5	5	20	25	50	-	-	
Annuity	-	1	1	-	29	-	131	162
Total Annuity	11	5	80	46	737	5	328	1,213

Land Areas	Total Acres	Value £000 /acre	Total	Public Bus	Charter Coach
Central Bus Station	2.13	1,293	2,755	2,755	
West Ramp Coach Park	2.05	1,293	2,651		@65% 1,723
T3 Coach Park	0.77	1,293	996	531	465
				3,286	2,188

- (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 2012/13
Summary**

	2011/12	2012/13
	£'000	£'000
Income	16,671	13,618
Expenditure		
Staff	214	184
Property Related	829	957
Provision of Service	14,411	15,466
Olympics		403
Total Direct Expenditure	15,454	17,010
Net (Under) / Over Recovery	1,217	(3,392)
Prior year (under) / over recovery	(523)	694
Total (Under)/Over Recovery at 31 March 2013	694	(2,698)
3rd party share	100%	100%

**Passengers with Restricted Mobility
Trading Statement 2012/13
Detail**

	PCR £'000	BPC Adjustment £'000	Adjustment	Note	Adjusted Trading Statement £'000
Income (includes London 2012 Olympic and Paralympic Games)		13,618		1	13,618
Direct Expenditure					
Staff		286	(102)	2	184
Assistance Bus/PRM Transport (Help Bus)		220			220
Porterage		337			337
Telecoms					0
Property Related			957	3	957
Maintenance & Equipment		6			6
Provision of Service		14,887			14,887
General Expenses		16			16
London 2012 Olympic and Paralympic Games			403		403
Total Direct Expenditure	0	15,752	1,258		17,010
Net (Under) / Over Recovery		(2,134)	(1,258)		(3,392)
Bfwd (under) / over recovery from 2011/12 in pricing					299
(Under) / Over Recovery 12/13	0	(2,134)	(1,258)		(3,093)
Balance of bfwd 2011/12 (under) / over recovery not in pricing					395
Total (Under) / Over Recovery to cfwd to 13/14					(2,698)

**Passengers with Restricted Mobility
Notes**

(1) **Income**

Category	Type	Price April- Oct 2012	Price Nov - Mar 2013	Apr - Oct Number of departing passengers '000s	Nov-Mar Number of departing passengers '000s	April - Oct Income £'000s	April - Oct Income £'000s	Total Income £000's
1 (> 85%)	Minimum	0.30	0.33	11,398	7,377	3,419	2,435	5,854
2 (65% > 84.99%)	Top-up	0.35	0.38	8,479	5,424	2,968	2,061	5,029
3 (55% > 64.99%)	Top-up	0.85	0.85	904	415	768	353	1,121
4 (35% > 54.99%)	Top-up	1.50	1.50	455	260	682	390	1,072
5 (< 34.99%)	Top-up	3.00	3.00	117	64	350	192	542
Total Income						£8,187	£5,431	£13,618

(2) **Staff Costs**

Adjustment to remove non recoverable staff costs

(3) **Property Costs**

Rates costs separated from provision of service costs

(4) **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.

