

Heathrow Airport Limited Specified Activities Trading Statements

Year ended 31 March 2012

Heathrow Airport Limited

Specified Activities

Trading Statements for the year ended 31 March 2012

	Page
Introduction	2
1. Background.....	2
2. Accounts.....	3
3. Cost types.....	3
4. Table 6-3.....	4
5. Prices.....	4
6. Explanatory notes.....	4
7. Baggage, Check-in desks and Common Use Self Service Machines (CUSS)...	7
8. Other Desk Licences.....	10
9. Staff Car Parking.....	12
10. Airside Licences.....	15
11. Electricity.....	17
12. Fixed Electrical Ground Power.....	19
13. Heating and Ventilation.....	22
14. Water and Sewerage.....	33
15. Security Documentation.....	35
16. Bus and Coach Services.....	38
17. Passengers with Restricted Mobility.....	45

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 2011 to 31 March 2012.

2011/12 is the fourth 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 2011/12 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 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 a cumulative RPI adjustment of 13.78% (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 12/10.

6. Explanatory notes

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

In 2011/12 Baggage charges continue to be set against departing bags. A standard rate per bag of £2.97 was set by dividing a cost base of £109.3m by a forecast of 36.8m departing bags.

Check-in desk billing was on the same basis as 2010/11 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 11/12 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. Separate tariffs apply 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).

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.

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 2011/12 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 2011/12 by £3.9m 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 2011/12 was £7.4m.

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 2011/12 amounted to £4.8m 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 2011/12 amounted to £1.4m.

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.

Baggage, Check-in desks & CUSS
Trading Statement 2011/12
Summary

	Baggage 2010/11 £'000	Check-in & CUSS 2010/11 £'000	Total 2010/11 £'000	Baggage 2011/12 £'000	Check-in & CUSS 2011/12 £'000	Total 2011/12 £'000
Income	105,987	5,470	111,457	105,148	5,250	110,398
Expenditure						
Staff	6,162		6,162	6,916		6,916
Property Related	20,826	1,174	22,000	20,006	1,207	21,213
Maintenance & Equipment	49,701	2,181	51,882	51,595	2,217	53,811
General Expenses	11,215		11,215	11,442		11,442
Capitalisation of Revenue				0		
Amortisation		1,029	1,029	0	893	893
Indirect Charges	5,996		5,996	7,895		7,895
Allocated Costs	8,141	905	9,046	7,302	811	8,113
Total Expenditure	102,041	5,289	107,331	105,156	5,127	110,283
Net (Under) / Over Recovery	3,946	181	4,126	(7)	122	115
Prior year (under) / over recovery as per Trading Statements	(967)	(348)	(1,315)	1,438	181	1,618
Allocated costs adjustment				977		977
10/11 Check-in & CUSS costs accepted by HAL		348	348			
NRCG dispute settlement	(1,541)		(1,541)			
Total (Under)/Over Recovery at 31 March	1,438	181	1,618	2,407	303	2,711
3rd party share			100%			100%
Pricing						
Charge per departing bag				£2.97		
Charge per desk per day		£20.40			£20.37	

Baggage
Trading Statement 2011/12
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	114,963	(5,250)	(3,578)		106,135	(987)	105,148		2	105,148
Direct Expenditure										
Staff	8,640			(1,725)	6,916		6,916		3	6,916
Property Related	12,637	(935)	8,317	(14)	20,006		20,006		4	20,006
Maintenance & Equipment	55,307	(934)	528	(2,645)	52,256	(987)	51,269		2/5/6	51,269
General Expenses	17,945			(6,503)	11,442		11,442		7	11,442
Capitalisation of Revenue	(539)			539	0		0		8	0
Depreciation	31,720		(29,305)	(2,415)	0		0		9	0
Indirect Charges	0		7,895		7,895		7,895		10	7,895
Total Direct Expenditure	125,710	(1,869)	(12,565)	(12,761)	98,514	(987)	97,527			97,527
Allocated Costs										
Terminal Management	673				673		673			
Airside Safety and Security	89				89		89			
Ground Operations	132				132		132			
Engineering	16,705		(7,895)		8,811		8,811		10	
Rates	4,788				4,788		4,788			
Finance	1,671				1,671		1,671			
IT	10,553				10,553		10,553			
Procurement	417				417		417			
Police	1,473				1,473		1,473			
Airport Management	5,569				5,569		5,569	(43,553)	12	9,239
Medical Centre	0				0		0			
Human Resources	214				214		214			
Property Management	(145)				(145)		(145)			
Commercial	0				0		0			
Public Relations	181				181		181			
Depreciation	21,954		(3,241)		18,713		18,713		11	
Sundry Income	(4,899)		4,552		(347)		(347)		11	
Total Allocated Costs	59,376		(6,584)		52,792		52,792	(43,553)		9,239
2011/12 allocated cost adjustment									13	(1,937)
2011/12 gainshare adjustment									14	326
Total Expenditure	185,086				151,307	(987)	150,320	(43,553)		105,156
Net (Under) / Over Recovery	(70,123)				(45,171)		(45,171)	43,553		(7)
Bfwd (under) / over recovery from 2010/11 in pricing										3,401
(Under) / Over Recovery 11/12	(70,123)				(45,171)		(45,171)	43,553		3,394
Balance of bfwd (under) / over recovery not in pricing										(986)
Total (Under)/Over Recovery at 31 March 2012										2,408

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) **Maintenance & Equipment**
Inter company IT costs reinstated.
- (7) **General Expenses**
Non-rechargeable costs removed.
- (8) **Capitalisation of Revenue**
Project related staff costs, maintenance and consultancy capitalisation removed.
- (9) **Depreciation / Capital Charge**
Depreciation removed.
- (10) **Indirect Charges**
Adjustment to include HAL Building maintenance costs.
- (11) **Depreciation and Sundry Income**
Income and depreciation relating to Group IT assets held on behalf of the Group has been removed.
- (12) **Allocated Costs**
Allocated Costs have been fixed at the level stated in Table 6-3 plus RPI.
- (13) **Allocated Costs adjustment**
Adjustment to incorporate the agreed efficiency savings in allocated costs.
- (14) **Gainshare adjustment**
From 10/11 delivered savings as per NRCG protocol dated April 2010.

**Check-in desks and CUSS
Trading Statement 2011/12
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	5,250		5,250			5,250
Direct Expenditure						
Staff	-		-			-
Property Related	935	273	1,207			1,207
Maintenance & Equipment	934	1,282	2,217		1	2,217
Sundry Other	-		-			-
Amortisation	-	893	893			893
Indirect Charges	-		-			-
Total Direct Expenditure	1,869	2,448	4,317			4,317
Allocated Costs - Table 6-3 Adjustment 2011/12 allocated cost adjustment				1,028	2 3	1,028 (217)
Total Expenditure	1,869	2,448	4,317	1,028		5,127
Net (Under) / Over Recovery	3,381	(2,448)	933	(1,028)		122
Bfwd (under) / over recovery from 2010/11 in pricing						193
(Under) / Over Recovery 11/12	3,381	(2,448)	933	(1,028)		315
Balance of bfwd (under) / over recovery not in pricing						(12)
Total (Under) / Over Recovery at 31 March 2012						303

**Check-in desks and CUSS
Notes**

- (1) **Maintenance & Equipment**
Adjustment to include notional site fee
- (2) **Allocated Costs**
Fixed at the level stated in Table 6-3 plus RPI.
- (3) **Allocated Costs adjustment**
Adjustment to incorporate the agreed efficiency savings in allocated costs.

**Other Desk Licences
Trading Statement 2011/12
Summary**

	<u>2010/11</u> <u>£'000</u>	<u>2011/12</u> <u>£'000</u>
Income	1,410	1,529
Expenditure	-	-
Prior year (under) / over recovery	-	-
Total (Under) / Over Recovery at 31 March	<u>1,410</u>	<u>1,529</u>
3rd party share	100%	100%

Pricing Method

Other Desk Licences are based on an annual rental charge

Other Desk Licences
Trading Statement 2011/12
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	363		578	384		205	1,529		1	1,529
Direct Expenditure	-						-			-
Allocated Costs										
Terminal	7	3	50	4	305		369	(369)	2	
Airside Safety										
Ground Transport & Security					0		0	(0)		
Engineering					54		54	(54)		
Rates	56	9	19		150		234	(234)	2	
Finance					1		1	(1)		
IT	22	22	44	22	22		131	(131)	2	
Procurement					0		0	(0)		
Constabulary	17	3	6		46		72	(72)	2	
Airport Management					3		3	(3)		
Medical Centre										
Personnel										
Property Management	(2)	(1)	(1)	(1)	1		(3)	3	2	
Commercial										
Public Relations	0		0	0	71		72	(72)	2	
Depreciation	74	18	70	8	13		183	(183)	2	
Sundry Income	(11)	(10)	(20)	(10)	(17)		(67)	67	2	
Total Allocated Costs	165	44	168	23	649		1,049	(1,049)		
Total Expenditure	165	44	168	23	649		1,049	(1,049)		
Net (Under) / Over Recovery	197	(44)	410	361	(649)		479	1,049		1,529
Prior year (under) / over recovery										
Total (Under) / Over Recovery at 31 March 2012	197	(44)	410	361	(649)	205	479	1,049		1,529

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 2011/12
Summary - 3rd party share with adjustment to Table 6-3

	2010/11	2011/12
	£'000	£'000
Income	21,936	19,662
Expenditure		
Staff	103	108
Management & Bussing costs	5,037	5,044
Rates	2,172	2,098
Rent	750	943
Maintenance & Equipment and Vehicle Fuel	931	1,135
General Expenses	(25)	43
Capitalisation of Revenue		
Passenger Transport Levy	362	353
Indirect Charges	13	10
Allocated Costs	4,579	4,796
Annuity	6,251	5,993
Total Expenditure	20,173	20,523
Net (Under) / Over Recovery	1,763	(861)
Prior year (under) / over recovery	828	2,591
Total (Under) / Over Recovery at 31 March	2,591	1,730
3rd party share	75%	75%
Annual Pass Prices		
Central Terminal Area and Terminal 4	£1,900.00	£2,500.00
Perimeter Car Parks	£664.00	£586.33

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 2011/12
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
					75.41%			
Income	19,497	(22)	6,597	26,072	19,662		1	19,662
Direct Expenditure								
Staff	0	143		143	108			108
Management & Bussing costs	5,001	1,687		6,688	5,044			5,044
Rates	0	2,782		2,782	2,098		4	2,098
Rent	1,411	(160)		1,250	943			943
Maintenance, Equipment and Vehicle fuel	1,053	452		1,505	1,135			1,135
General Expenses	2,304	(2,247)		57	43			43
Capitalisation of Revenue	(59)	59		0	0			0
Depreciation / Annuity	96	(96)	8,438	8,438	6,363	(370)	2/6	5,993
Passenger Transport Levy		468		468	353		7	353
Indirect Charges	0	13		13	10			10
Total Direct Expenditure	9,805	3,102	8,438	21,346	16,097	(370)		15,727
Allocated Costs								
Terminal	40			40	30			30
Airside Safety & Security	5			5	4			4
Ground Transport & Security	135			135	102			102
Engineering	1,353	(13)		1,340	1,010			1,010
Rates	4,854	(4,854)		0	0		4	0
Finance	267			267	201			201
IT	1,017			1,017	767			767
Procurement	67			67	50			50
Constabulary	1,494			1,494	1,126			1,126
Airport Management	870			870	656			656
Medical Centre	0			0	0			0
Personnel	14			14	10			10
Property Management	21			21	16			16
Commercial	20			20	15			15
Public Relations	66			66	50			50
Depreciation	1,078	(312)		766	578		5	578
Sundry Income	(545)	439		(107)	(81)		5	(81)
Table 6-3 adjustment						261	6	261
Total Allocated Costs	10,754	(4,741)		6,014	4,535	261		4,796
Total Expenditure	20,560	(1,639)	8,438	27,359	20,632	(110)		20,523
Net (Under) / Over Recovery	(1,062)	1,617	(1,841)	(1,287)	(970)	110		(861)
Bfwd (under) / over recovery from 2010/11 in pricing								802
(Under) / Over Recovery 11/12	(1,062)	1,617	(1,841)	(1,287)	(970)	110		(59)
Balance of bfwd 2010/11 (under) / over recovery not in pricing								1,789
Total (Under) / Over Recovery to cfwd to 12/13								1,730

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)**

2011/12 £'000	Short Life	Long Life	Land	Total
<u>Assets</u>				
Gross CCA Asset Value (Multi Storey CP's)		24,541		24,541
Gross CCA Asset Value (Surface Car Parks)	3,764	18,224		21,987
Total Gross CCA Asset Value	3,764	42,765		46,528
Cost of Capital	8%	8%		
Representative Life (years)	10	40		
Annuity	561	3,586		4,147
<u>Land</u>				
Land Value (Multi Storey Car Parks)			6,058	6,058
Land Value (Surface Car Parks)			65,459	65,459
Total Land Value			71,517	71,517
Required Yield			6%	
Yield			4,291	4,291
Total Annuity	561	3,586	4,291	8,438

(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 39,021 passes in issue during 11/12.

Airside Licences (PC15)
Trading Statement 2011/12
Summary

	2010/11	2011/12
	£'000	£'000
Income	871	1,294
Expenditure		
Staff	628	655
Property Related	30	57
Maintenance & Equipment	89	83
General Expenses	142	35
Depreciation / Capital charge	44	47
Allocated Costs	392	410
Total Expenditure	1,325	1,285
Net (Under) / Over Recovery	(454)	9
Prior year (under) / over recovery as per 10/11 Trading Statements	(116)	(570)
Total (Under)/Over Recovery at 31 March 2012	(570)	(561)
3rd party share	93%	93%
Pricing		
Annual charge per licence (£)	2,227	3,227

Airside Licences (PC15)
Trading Statement 2011/12
Detail - with 3rd party share and adjustment to Table 6-3

	Adjustment PCR £'000	PCR £'000	3rd Party Total Share	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
			93.04%			
Income	1,332	58	1,391	1,294	1	1,294
Direct Expenditure						
Staff	786	(83)	703	655		655
Property Related	61		61	57		57
Maintenance & Equipment	89		89	83		83
General Expenses	(13)	50	37	35	2	35
Depreciation / Annuity	1	20	21	19	3/4	47
Total Direct Expenditure	925	(13)	912	848	27	876
Allocated Costs						
Terminal	0		0	0		0
Airside Safety & Security	758		758	705		705
Ground Transport & Security	0		0	0		0
Engineering	7		7	6		6
Rates	141		141	131		131
Finance	0		0	0		0
IT	298		298	277		277
Procurement	0		0	0		0
Constabulary	43		43	40		40
Airport Management	34		34	32		32
Medical Centre						
Personnel	24		24	23		23
Property Management	(5)		(5)	(4)		(4)
Commercial						
Public Relations	4		4			
Depreciation	1,724		1,724	1,604		1,604
Sundry Income	(132)		(132)	(123)		(123)
Table 6-3 Adjustment				(2,282)	3	(2,282)
Total Allocated Costs	2,897		2,897	2,692	(2,282)	410
Total Expenditure	3,822	(13)	3,809	3,541	(2,254)	1,285
Net (Under) / Over Recovery	(2,490)	72	(2,418)	(2,247)	2,254	9
Bfwd (under) / over recovery from 2010/11 in pricing						(306)
(Under) / Over Recovery 11/12	(2,490)	72	(2,418)	(2,247)	2,254	(297)
Balance of bfwd 2010/11 (under) / over recovery not in pricing						(264)
Total (Under) / Over Recovery to cfwd to 12/13						(561)

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	431	(Incl 30 Licences issued without payment)
Rate per Licence (£)	3,227	
Total Income (£'000)	1,391	

(2) **General Expenses Adjustment**

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

(3) **Calculation of Annuity**

£'000	2011/12
Building 820 - Airside Licence Facilities	202
Total	202
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.

Electricity (PC 99)
Trading Statement 2011/12
Summary - 3rd party share with adjustment to Table 6-3

	2010/11	2011/12
	£'000	£'000
Income	20,804	27,107
Expenditure		
Electricity	16,052	18,041
Maintenance	0	0
Capital Annuity	5,013	5,195
Allocated costs	2,638	2,733
Total Expenditure	23,703	25,969
Net (Under) / Over Recovery	(2,899)	1,138
Prior year (under) / over recovery	954	(1,945)
2008/09 profit accepted by HAL as £nil		
2009/10 loss accepted by HAL as £nil plus 50% of increased consumption waived		
Total (Under) / Over Recovery at 31 March	(1,945)	(807)
3rd party share	31%	35%
Pricing		
HV Electricity price (pence per kwh)	10.06	10.72
LV Electricity price (pence per kwh)	14.74	15.71

Electricity (PC 99)
Trading Statement 2011/12
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
				34.9%			
Income	25,576	52,096	77,672	27,107		1	27,107
Direct Expenditure							
Electricity cost	76,101	(24,407)	51,694	18,041		2	18,041
Maintenance							
Depreciation	59	(59)					
Capital Annuity - Original Infrastructure		5,694	5,694	1,987			
Capital Annuity - Additional Investment by UKPNS		10,164	10,164	3,547	(12,144)	3/4	5,195
Capital Annuity - Additional Investment by HAL		33,825	33,825	11,805			
Total Direct Expenditure	76,160	25,216	101,376	35,380	(12,144)		23,236
Allocated costs							
Terminal Management	558		558	195			195
Airside Safety and Security	7		7	2			2
Ground Operations	294		294	103			103
Engineering	235		235	82			82
Rates	384		384	134			134
Finance	3,718		3,718	1,298			1,298
IT	661		661	231			231
Group Supply	929		929	324			324
Police	118		118	41			41
Airport Management	11,730		11,730	4,094			4,094
Medical Centre							
Human Resources	16		16	6			6
Property Management	(94)		(94)	(33)			(33)
Commercial							
Public relations	75		75	26			26
Depreciation	8,423	(203)	8,220	2,869			2,869
Sundry Income	(747)	285	(462)	(161)			(161)
Table 6-3 Adjustment					(6,476)	4	(6,476)
Total Allocated costs	26,307	82	26,389	9,210	(6,476)		2,733
Total Expenditure	102,467	25,298	127,766	44,590	(18,621)		25,969
Net (Under) / Over Recovery	(76,891)	26,798	(50,093)	(17,482)	18,621		1,138
Bfwd (under) / over recovery from 2010/11 in pricing							105
(Under) / Over Recovery 11/12	(76,891)	26,798	(50,093)	(17,483)	18,621		1,243
Balance of bfwd 2010/11 (under) / over recovery not in pricing							(2,050)
Total (Under) / Over Recovery to cfwd to 12/13							(807)

Electricity
Notes

(1) **Income**

Notional HAL income is recharged to Check-in and Baggage

(2) **Electricity cost**

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

(3) **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

2011/12 £'000	Original Infrastructure	UKPNS Investment	Power Supply	Monitoring & Control Equip	Substations	Pit & Duct	Total
<u>Assets</u>							
Gross CCA Asset Value		114,422	256,998	29,168	27,189	69,069	496,846
Cost of Capital		8%	8%	8%	8%	8%	
Representative Life (Years)		30	40	10	40	50	
Annuity		5,694	10,164	21,552	4,347	2,280	49,682

(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 2011/12
Summary

	2010/11	2011/12
	£'000	£'000
Income	5,586	7,220
Expenditure		
Electricity	2,499	3,160
Maintenance & Equipment	771	619
Depreciation / Annuity	2,268	2,365
Allocated Costs	2,146	2,241
Total Expenditure	7,684	8,386
Net (Under) / Over Recovery	(2,098)	(1,165)
Prior year (under) / over recovery	1,039	(1,059)
Total (Under) / Over Recovery at 31 March	(1,059)	(2,224)
3rd party share	100%	100%
Number of quarter hour periods charged	2,397,610	2,455,911
Average Electricity Cost per quarter hour periods charged	£1.04	£1.29
Charge per quarter hour period	£2.33	£2.94

Fixed Electrical Ground Power (PC 007)
Trading Statement 2011/12
Detail - with Adjustments to Table 6-3

	PCR £'000	Adjustment £'000	Total £'000	Adjustment to Table 6-3 £'000	Note	Adjusted Trading Statement £'000
Income	7,220		7,220			7,220
<hr/>						
Direct Expenditure						
Staff						
Electricity Costs		3,160	3,160		1	3,160
Maintenance & Equipment		619	619		2	619
Depreciation / Annuity	465	3,256	3,721	(1,356)	3/5	2,365
Total Direct Expenditure	465	7,036	7,501	(1,356)		6,145
<hr/>						
Allocated Costs						
Terminal						
Airside Safety & Security	204		204			204
Ground Transport & Security						
Engineering	1,292	(619)	673			673
Rates	56		56			56
Finance						
IT	704		704			704
Procurement						
Constabulary	17		17			17
Airport Management	45		45			45
Medical Centre						
Personnel	23		23			23
Property Management	(34)		(34)			(34)
Commercial						
Public Relations	22		22			22
Depreciation	955	(216)	739		4	739
Sundry Income	(344)	304	(40)		4	(40)
Table 6-3 Adjustment				(170)	5	(170)
Total Allocated Costs	2,943	(531)	2,411	(170)		2,241
<hr/>						
Total Expenditure	3,408	6,505	9,911	(1,526)		8,386
<hr/>						
Net (Under) / Over Recovery	3,812	(6,505)	(2,691)	1,526		(1,165)
<hr/>						
Bfwd (under) / over recovery from 2010/11 in pricing						220
<hr/>						
(Under) / Over Recovery 11/12	3,812	(6,505)	(2,691)	1,526		(946)
<hr/>						
Balance of bfwd 2010/11 (under) / over recovery not in pricing						(1,278)
<hr/>						
Total (Under) / Over Recovery to cfwd to 12/13						(2,224)

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**

	2011/12
	£'000
<u>Infrastructure</u>	
Gross CCA Asset Value	36,533
Cost of Capital	8%
Representative Life (Years)	20
Total Annuity	3,721

	2011/12	FEGP	Controls	Pit & Ducts
	£'000	£'000	£'000	£'000
Infrastructure				
T1 Pier 4	14.3	14.3	-	-
T1 Pier 4A	436.2	436.2	-	-
T1 Main Building	4,335.0	4,335.0	-	-
T1 Pier 3	231.2	196.8	-	34.4
T1 Euro lounge/Europier	1,262.1	1,262.1	-	-
T2 Pier 1	11.3	11.3	-	-
T2 Pier 2	182.2	182.2	-	-
T3 Pier 5	-	-	-	-
T3 Pier 7	213.7	213.7	-	-
T4 Passenger Terminal	768.4	768.4	-	-
Terminal 5 Concourse A	6,140.3	6,140.3	-	-
Control Post 24	6.4	-	-	6.4
Sub Station 30	15.8	15.8	-	-
Building 820	359.4	359.4	-	-
T3 Building	628.4	628.4	-	-
T4 ABF1 Stands S1	35.3	35.3	-	-
Other	2,472.1	1,767.4	704.7	-
Stands	19,421.5	10,088.9	573.7	8,758.9
	36,533	26,455	1,278	8,800

(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 11/12
Summary - 3rd party share with adjustment to Table 6-3

	2010/11	2011/12
	£'000	£'000
Income	1,412	1,603
Expenditure		
Staff	148	162
Gas costs	592	615
Maintenance & Equipment	123	139
General Expenses	1	4
Indirect Charges	69	97
Capitalisation	-	0
Allocated Costs	308	316
Annuity	582	597
Total Expenditure	1,822	1,930
Net (Under) / Over Recovery	(410)	(327)
Prior year (under) / over recovery		
Total (Under) / Over Recovery at 31 March	(410)	(327)
3rd party share	14%	14%
Pricing Method		
Price per sq ft	£1.08	£1.13

Heating and Ventilation (PC189, PC191 and PC192)
Trading Statement 2011/12
Summary - with 3rd party share and adjustment to Table 6-3

	BH 448	BH523	BHT4	BH T5	TOTAL	3rd Party Share	Adjustment to Table 6-3	Note	3rd Party Adjusted Trading Statement
	£'000	£'000	£'000	£'000	£'000		£'000		£'000
						14.39%			
Income	5,149	49	1,572	4,373	11,143	1,603			1,603
Direct Expenditure									
Staff	766			356	1,123	162			162
Gas costs	913	677	742	1,946	4,278	615			615
Maintenance & Equipment	373	112		479	964	139			139
General Expenses	25				25	4			4
Capitalisation									
Annuity	873	159	1,867	4,188	7,088	1,020	(423)	1	597
Indirect charges	532	79	65		676	97			97
Total Direct Expenditure	3,482	1,028	2,674	6,970	14,153	2,036	(423)		1,614
Allocated Costs									
Terminal	13	9		5	27	4			4
Airside Safety & Security	2	1	1	2	6	1			1
Ground Operations	7	5		2	14	2			2
Engineering	(465)	(11)	(5)	(65)	(546)	(79)			(79)
Rates	103	75	66	206	450	65			65
Finance	85	61		31	178	26			26
IT	298	240	102	428	1,068	154			154
Procurement	21	15		8	44	6			6
Constabulary	32	23	20	63	138	20			20
Airport Management	275	209	16	109	609	88			88
Medical Centre									
Personnel	5	3	3	7	18	3			3
Property Management	38	25	48	13	124	18			18
Commercial	449				449	65			65
Public Relations	28	0	0	0	28	4			4
Depreciation	245	214	97	221	778	112			112
Sundry Income	(307)	(143)	(61)	(226)	(737)	(106)			(106)
Table 6-3 adjustment							(65)	2	(65)
Total Allocated Costs	830	725	287	807	2,649	381	(65)		316
Total Expenditure	4,311	1,753	2,961	7,776	16,802	2,417	(488)		1,930
Net (Under) / Over Recovery	838	(1,704)	(1,389)	(3,404)	(5,659)	(814)	488		(327)
Prior year (under) / over recovery									
Total (Under) / Over Recovery at 31 March 2012	838	(1,704)	(1,389)	(3,404)	(5,659)	(814)	488		(327)

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 2011/12
Summary - 100% of Income and Costs

	Adjusted Statement 2010/11 £'000	Adjusted Statement 2011/12 £'000
Income	4,919	5,149
Expenditure		
Staff	688	766
Gas costs	909	913
Maintenance & Equipment	507	373
General Expenses	8	25
Capitalisation of Revenue	(17)	0
Indirect Charges	410	532
Allocated Costs	1,208	830
Annuity	544	873
Total Expenditure	4,257	4,311
(Under) / Over Recovery	662	838
Area Served (square feet)	4,556,918	4,556,918
Price per square foot (pence)	108	113
Cost per square foot (pence)	93	95

Heating and Ventilation - Boilerhouse 448 (PC189)
Trading Statement 2011/12
Detail

	PCR £'000	Adj £'000	Note	Adjusted Trading Statement £'000
Income	637	4,513	1	5,149
Direct Expenditure				
Staff	766			766
Gas costs	1,673	(760)		913
Maintenance & Equipment	373			373
General Expenses	25			25
Capitalisation of Revenue	0			0
Depreciation / Annuity	7	866	2	873
Indirect Charges	0	532		532
Total Direct Expenditure	2,844	637		3,482
Allocated Costs				
Terminal	13			13
Airside Safety & Security	2			2
Ground Transport & Security	7			7
Engineering	66	(532)		(465)
Rates	103			103
Finance	85			85
IT	298			298
Procurement	21			21
Constabulary	32			32
Airport Management	275			275
Medical Centre	0			0
Personnel	5			5
Property Management	38			38
Commercial	449			449
Public Relations	28			28
Depreciation	245			245
Sundry Income	(307)			(307)
Total Allocated Costs	1,361	(532)		830
Total Expenditure	4,205	106		4,311
(Under) / Over Recovery	(3,569)	4,407		838

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)	15,372,000
Area served apportioned to non-metered consumption (sq ft)	4,556,918
Selling Price per sq ft	£1.13
Total non-metered income	£5,149,317
Total income (metered and non-metered)	£5,149,317

(2) Calculation of Annuity

2011/12 £'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	4,234	1,353	0	67	13	3,358		9,025
Cost of Capital	8%	8%	8%	8%	8%	8%		
Representative Life (Years)	20	50	5	20	5	50		
Annuity	431	111	0	7	3	274		826
<u>Land</u>								
Total Land Value							781	781
Required Yield							6%	
Yield							47	47
Total Annuity	431	111	0	7	3	274	47	873

Heating and Ventilation - Boilerhouse 523 (PC191)
Trading Statement 2011/12
Summary - 100% of Income and Costs

	Adjusted Statement 2010/11 £'000	Adjusted Statement 2011/12 £'000
Income	0	49
Expenditure		
Gas costs	676	677
Maintenance & Equipment	2	112
General Expenses	1	0
Indirect Charges	13	79
Allocated Costs	554	725
Annuity	154	159
Total Expenditure	1,400	1,753
(Under) / Over Recovery	(1,400)	(1,704)
Gas consumption (kwh)	567,193	2,478,571
Price per kWh (pence)	0.00	1.96
Cost per kWh (pence)	246.80	70.72

Heating and Ventilation - Boilerhouse 523 (PC191)
Trading Statement 2011/12
Detail

	PCR £'000	Adjustment £'000	Note	Adjusted Trading Statement £'000
Income	0	49		49
Direct Expenditure				
Staff				0
Gas costs		677		677
Maintenance & Equipment		112		112
General Expenses				0
Depreciation / Annuity		159	1	159
Indirect Charges		79		79
Total Direct Expenditure	0	1,028		1,028
Allocated Costs				
Terminal	9			9
Airside Safety & Security	1			1
Ground Transport & Security	5			5
Engineering	68	(79)		(11)
Rates	75			75
Finance	61			61
IT	240			240
Procurement	15			15
Constabulary	23			23
Airport Management	209			209
Medical Centre	0			0
Personnel	3			3
Property Management	25			25
Commercial	0			0
Public Relations	0			0
Depreciation	214			214
Sundry Income	(143)			(143)
Total Allocated Costs	804	(79)		725
Total Expenditure	804	949		1,753
(Under) / Over Recovery	(804)	(900)		(1,704)

Heating and Ventilation - Boilerhouse 523 (PC191)
Notes

(1) Calculation of Annuity

2011/12 £'000	Plant	Fire Alarms	Buildings	Distribution System	Land	Total
<u>Assets</u>						
Gross CCA Asset Value	42	72	1,388	107		1,608
Cost of Capital	8%	8%	8%	8%		
Representative Life (Years)	20	20	50	50		
Annuity	4	7	113	9		134
<u>Land</u>						
Total Land Value					426	426
Required Yield					6%	
Yield					26	26
Total Annuity	4	7	113	9	26	159

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Trading Statement 2011/12
Summary - 100% of Income and Costs

	Adjusted Statement 2010/11 £'000	Adjusted Statement 2011/12 £'000
Income	1,502	1,572
Expenditure		
Gas costs	739	742
General Expenses	0	0
Indirect Charges	76	65
Allocated Costs	285	287
Annuity	1,803	1,867
Total Expenditure	2,903	2,961
(Under) / Over Recovery	(1,401)	(1,389)
Area Heated (square feet)	1,391,235	1,391,235
Price per square foot (pence)	108	113
Cost per square foot (pence)	209	213

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Trading Statement 2011/12
Detail

	PCR £'000	Adjs £'000	Note	Adjusted Trading Statement £'000
Income	148	1,424	1	1,572
Direct Expenditure				
Gas costs	235	506		742
General Expenses	0			0
Depreciation / Annuity	13	1,854	2	1,867
Indirect charges	0	65		65
Total Direct Expenditure	248	2,426		2,674
Allocated Costs				
Terminal	0			0
Airside Safety & Security	1			1
Ground Transport & Security	0			0
Engineering	61	(65)		(5)
Rates	66			66
Finance	0			0
IT	102			102
Procurement	0			0
Constabulary	20			20
Airport Management	16			16
Medical Centre	0			0
Personnel	3			3
Property Management	48			48
Commercial	0			0
Public Relations	0			0
Depreciation	97			97
Sundry Income	(61)			(61)
Total Allocated Costs	353	(65)		287
Total Expenditure	601	2,360		2,961
(Under) / Over Recovery	(453)	(936)		(1,389)

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	£1.13
Total Income	£1,572,096

(2) **Calculation of Annuity**

2011/12 £'000	Plant	H&V Plant	Buildings	Land	Total
<u>Assets</u>					
Gross CCA Asset Value	1,276	14,102	3,168		
Cost of Capital	8%	8%	8%		
Representative Life (Years)	20	20	50		
Annuity	130	1,436	259		1,825
<u>Land</u>					
Land Value				700	
Required Yield				6%	
Yield				42	42
Total Annuity	130	1,436	259	42	1,867

**Heating and Ventilation - Terminal 5 Energy Centre
Trading Statement 2011/12
Summary - 100% of Income and Costs**

	Adjusted Statement 2010/11 £'000	Adjusted Statement 2011/12 £'000
Income	3,744	4,373
Expenditure		
Staff	380	356
Gas costs	1,937	1,946
Maintenance & Equipment	376	479
Allocated Costs	764	807
Annuity	4,043	4,188
Total Expenditure	7,500	7,776
(Under) / Over Recovery	(3,756)	(3,404)
Area Heated (square feet)	3,466,614	3,869,679
Price per square foot (pence)	108	113
Cost per square foot (pence)	216	201

**Heating and Ventilation - Terminal 5 Energy Centre
Trading Statement 2011/12
Detail**

	PCR £'000	Adjs £'000	Note	Adjusted Trading Statement £'000
Income	818	3,554	1	4,373
Direct Expenditure				
Staff	0	356		356
Gas costs	580	1,366		1,946
Maintenance and Equipment	1	478		479
Depreciation / Annuity	2	4,186	2	4,188
Total Direct Expenditure	582	6,387		6,970
Allocated Costs				
Terminal Management	5			5
Airside Safety and Security	2			2
Ground Operations	2			2
Engineering	414	(478)		(65)
Rates	206			206
Finance	31			31
IT	428			428
Group Supply	8			8
Police	63			63
Airport Management	109			109
Medical Centre	0			0
Human Resources	7			7
Property Management	13			13
Commercial	0			0
Public relations	0			0
Depreciation	221			221
Sundry Income	(226)			(226)
Total Allocated Costs	1,285	(478)		807
Total Expenditure	1,867	5,909		7,776
(Under) / Over Recovery	(1,049)	(2,355)		(3,404)

**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	£1.13
Total notional income	£4,372,738

(2) **Calculation of Annuity**

2011/12 £'000	Chillers	Electrical & Fire Alarms	Plant Buildings	Other	Total	
<u>Assets</u>						
Gross CCA Asset Value	7,252	11,759	20,774	3,378	267	43,430
Cost of Capital	8%	8%	8%	8%	8%	
Representative Life (Years)	15	20	30	50	75	
Annuity	847	1,198	1,845	276	21	4,188

Water & Sewerage (PC 194)
Trading Statement 2011/12
Summary - 3rd party share with adjustment to Table 6-3

	2010/11	2011/12
	£'000	£'000
Income	435	1,218
Expenditure		
Staff	207	171
Water	356	571
Maintenance & Equipment	109	67
General Expenses	44	15
Allocated costs	192	197
Depreciation / Annuity	165	169
Total Expenditure	1,073	1,190
Net (Under) / Over Recovery	(638)	27
Prior year (under) / over recovery	143	(495)
Total (Under) / Over Recovery at 31 March	(495)	(467)
3rd party share	18%	23%
3rd Party Consumption (cubic metres)	338,381	512,532
Average Water purchase price per cubic metre (£)	1.05	1.11
Pricing		
Water & Sewerage charge per cubic metre (£)	1.31	2.74

Water & Sewerage (PC 194)
Trading Statement 2011/12
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	1,169	4,190	5,359	1,218		1	1,218
				23%			
Direct Expenditure							
Staff	1,359	(608)	751	171		2	171
Water	3,494	(981)	2,513	571		3	571
Maintenance & Equipment	296		296	67			67
General Expenses	65		65	15			15
Depreciation / Annuity	258	8,174	8,433	1,916	(1,747)	4	169
Internal Water	37	(37)	-	-			
Total Direct Expenditure	5,510	6,549	12,058	2,740	(1,747)		993
Allocated Costs							
Terminal	0		0	0			0
Airside Safety & Security	5		5	1			1
Ground Transport & Security	0		0	0			0
Engineering	3,567	(1,557)	2,010	457			457
Rates	37		37	9			9
Finance	2		2	0			0
IT	465		465	106			106
Procurement	0		0	0			0
Constabulary	12		12	3			3
Airport Management	45		45	10			10
Medical Centre	0		0	0			0
Personnel	19		19	4			4
Property Management	8		8	2			2
Commercial	0		0	0			0
Public Relations	1		1	0			0
Depreciation	301	(143)	159	36		5	36
Sundry Income	(262)	200	(61)	(14)		5	(14)
Table 6-3 adjustment					(417)	4a	(417)
Total Allocated Costs	4,201	(1,499)	2,702	614	(417)		197
Total Expenditure	9,710	5,050	14,761	3,354	(2,164)		1,190
Net (Under) / Over Recovery	(8,541)	(860)	(9,401)	(2,136)	2,164		27
Bfwd (under) / over recovery from 2010/11 in pricing							48
(Under) / Over Recovery 11/12	(8,541)	(860)	(9,401)	(2,136)	2,164		76
Balance of bfwd 2010/11 (under) / over recovery not in pricing							(543)
Total (Under) / Over Recovery to cfwd to 12/13							(467)

Water & Sewerage (PC 194)
Notes

- (1) **Income**
Income is stated after including notional income for HAL usage.
- (2) **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).
- (3) **Water**
Adjustment to reflect actual costs of Potable water and Sewerage only.
- (4) **Calculation of Annuity**

2011/12 £'000	Plant	Buildings	Water Mains	Total
<u>Assets</u>				
Gross CCA Asset Value	552	73,454	27,322	101,328
Cost of Capital	8%	8%	8%	
Representative Life (Years)	10	40	80	
Annuity	82	6,160	2,190	8,433

- (4a) **Allocated Costs and Capital Charge**
Fixed at the level stated in Table 6-3 plus RPI.
- (5) **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 2011/12
Summary

	2010/11	2011/12
	£'000	£'000
Income	3,346	4,753
Expenditure		
Staff	455	467
Property Related	93	104
Maintenance & Equipment	316	363
Indirect Charges - Electricity	15	17
Annuity	88	92
General Expenses and BSC processing costs	408	190
Allocated Costs	1,464	1,545
Total Expenditure	2,839	2,778
Net (Under) / Over Recovery	507	1,974
Prior year (under) / over recovery	(382)	124
Total (Under) / Over Recovery at 31 March 2012	124	2,099
3rd party share	82%	86%

Detailed pricing information is available on the General Notice

Security Documentation (PC016)

Trading Statement 2011/12

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
				86%			
Income	4,753	761	5,514	4,753		1	4,753
Direct Expenditure							
Staff	542		542	467			467
Property Related	0	120	120	104		3	104
Maintenance & Equipment	422		422	363			363
General Expenses and BSC processing costs	220		220	190			190
Depreciation / Annuity	-	201	201	173	(81)	2/6	92
Indirect Charges - Electricity	-	20	20	17		4	17
Total Direct Expenditure	1,183	341	1,525	1,314	(81)		1,233
Allocated Costs							
Terminal	10		10	9			9
Airside Safety & Security	725		725	625			625
Ground Transport & Security	5		5	5			5
Engineering	62	(20)	43	37			37
Rates	169		169	145			145
Finance	69		69	59			59
IT	821		821	707			707
Procurement	17		17	15			15
Constabulary	52		52	45			45
Airport Management	236		236	203			203
Medical Centre							
Personnel	15		15	13			13
Property Managment	192		192	165			165
Commercial							
Public Relations	8		8	7			7
Depreciation	498	(252)	246	212		5	212
Sundry Income	(545)	354	(191)	(165)		5	(165)
Table 6-3 Adjustment					(536)	6	(536)
Total Allocated Costs	2,333	82	2,415	2,082	(536)		1,545
Total Expenditure	3,516	423	3,940	3,396	(617)		2,778
Net (Under) / Over Recovery	1,237	338	1,575	1,357	617		1,974
Bfwd (under) / over recovery from 2010/11 in pricing							294
(Under) / Over Recovery 11/12	1,237	338	1,575	1,357	617		2,268
Balance of bfwd 2010/11 (under) / over recovery not in pricing							(170)
Total (Under) / Over Recovery to cfwd to 12/13							2,099

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	80	-	-	24	-	-	-	104
Fixtures & Fittings	117	10	-	-	-	-	-	127
Buildings & Structures	-	-	148	984	260	-	24	1,416
Safety & Security Systems	22	-	1	-	-	-	-	22
Total Capital Cost	218.0	10.2	148.1	1,007.8	260.2	-	24.5	1,668.7
Cost of Capital (pre-tax real)	8%	8%	8%	8%	8%	8%	8%	
Representative Life (Years)	5	10	15	20	30	40	50	
Annuity	54.6	1.5	17.3	102.6	23.1	-	2.0	201

(3) **Property Related Costs**

	Sq m	£/Sq m	Amt (£)	
Space occupied	264			*includes 29m ² additional space Jan - Mar 2012
Notional rent		£215.28	52,161	
Maintenance		£176.77	42,830	
Waste		£250.00	2,608	
Rates		£93.61	22,681	
			120,280	

(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	£0.1571 (From Heathrow 2011/12 General Notice)
Total	£19,546

(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 2011/12
Summary

	2010/11	2011/12
	£'000	£'000
Income	1,560	1,739
Expenditure		
Staff	26	28
Property Related	184	161
Internal Maintenance	345	153
Management Fee	1,023	1,536
Depreciation / Annuity	850	891
Allocated Costs	2,739	2,870
Total Expenditure	5,168	5,640
Prior year (under) / over recovery	-	-
Total (Under) / Over Recovery at 31 March 2012	(3,607)	(3,901)
3rd party share	88%	89%

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 2011/12
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 89%	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
Income	560	145	941	316	1,962	1,739		1,739	
Total Income	560	145	941	316	1,962	1,739	1	1,739	
Direct Expenditure									
Staff	9	2	15	5	32	28	2	28	
Property Related	176		5		182	161	3	161	
Internal Maintenance	147		26		173	153	4	153	
Management Fee	1,104		630		1,733	1,536		1,536	
Depreciation / Annuity	1,044		158		1,203	1,066	(175)	891	
Total Direct Expenditure	2,480	2	835	5	3,322	2,944	(175)	2,769	
Allocated Costs									
Terminal		2			2	2		2	
Airside Safety & Security	1	1	1	1	3	3		3	
Ground Operations	217	155	137	163	672	595	6	595	
Engineering	459	235	181	547	1,422	1,260		1,260	
Rates	244	19	159	28	450	399		399	
Finance		15			15	13		13	
IT	320	80	153	109	661	586		586	
Procurement		4			4	3		3	
Constabulary	75	6	49	9	138	123		123	
Airport Management	4	85	3	3	94	83		83	
Medical Centre									
Personnel	3	2	2	2	8	7		7	
Property Management	88	(8)	(10)	94	164	145		145	
Commercial		64			64	57		57	
Public Relations									
Depreciation	626	120	147	173	1,067	945	6	945	
Sundry Income	(153)	(81)	(74)	(57)	(365)	(323)		(323)	
Table 6-3 adjustment							(1,027)	(1,027)	
Total Allocated Costs	1,882	697	748	1,071	4,398	3,897	(1,027)	2,870	
Total Expenditure	4,363	699	1,583	1,076	7,720	6,842	(1,202)	5,640	
Prior year (under) / over recovery									
Total (Under) / Over Recovery at 31 March 2012	(3,803)	(554)	(642)	(760)	(5,758)	(5,103)	1,202	(3,901)	

Public Bus Services (PC 150)
Trading Statement 2011/12
Detail

	PCR £000	Adjs to PCR £000	<i>Note</i>	Adjusted Trading Statement £000
Income	1,307	(747)	1	560
Direct Expenditure				
Staff	-	9	2	9
Property Related	-	176	3	176
Internal Maintenance	-	147	4	147
Management Fee	1,104			1,104
Capitalisation of Revenue				-
Depreciation / Annuity	3	1,042	5	1,044
Total Direct Expenditure	1,106	1,374		2,480
Allocated Costs				
Terminal				
Airside Safety & Security	1			1
Ground Operations	476	(259)	6	217
Engineering	782	(323)		459
Rates	244			244
Finance				
IT	320			320
Procurement				
Constabulary	75			75
Airport Management	4			4
Medical Centre				
Personnel	3			3
Property Management	88			88
Commercial				
Public Relations				
Depreciation	549	77	6	626
Sundry Income	(153)			(153)
Total Allocated Costs	2,388	(505)		1,882
Total Expenditure	3,494	869		4,363
(Under) / Over Recovery at 31 March 2012	(2,187)	(1,615)		(3,803)

Hotel Coaches (PC 155)
Trading Statement 2011/12
Detail

	PCR £000	Adjs to PCR £000	<i>Note</i>	Adjusted Trading Statement £000
Income	-	145		145
Direct Expenditure				
Staff		2	2	2
Total Direct Expenditure		2		2
Allocated Costs				
Terminal	2			2
Airside Safety & Security	1			1
Ground Operations	154	1	6	155
Engineering	235			235
Rates	19			19
Finance	15			15
IT	80			80
Procurement	4			4
Constabulary	6			6
Airport Management	85			85
Medical Centre				
Personnel	2			2
Property Management	(8)			(8)
Commercial	64			64
Public Relations	4			
Depreciation	324	(203)	6	120
Sundry Income	(81)			(81)
Total Allocated Costs	903	(202)		697
Total Expenditure	903	(200)		699
(Under) / Over Recovery at 31 March 2012	(903)	345		(554)

Charter Coaches (PC 156)
Trading Statement 2011/12
Detail

	PCR £000	Adjs to PCR £000	<i>Note</i>	Adjusted Trading Statement £000
Income	-	941		941
Direct Expenditure				
Staff		15	2	15
Property Related		5	3	5
Management Fee		630		630
Internal Maintenance		26	4	26
Depreciation / Annuity		158	5	158
Total Direct Expenditure		835		835
Allocated Costs				
Terminal				
Airside Safety & Security	1			1
Ground Operations	105	32	6	137
Engineering	208	(26)		181
Rates	159			159
Finance				
IT	153			153
Procurement				
Constabulary	49			49
Airport Management	3			3
Medical Centre				
Personnel	2			2
Property Management	(10)			(10)
Commercial				
Public Relations				
Depreciation	308	(160)	6	147
Sundry Income	(74)			(74)
Total Allocated Costs	903	(155)		748
Total Expenditure	903	680		1,583
(Under) / Over Recovery at 31 March 2012	(903)	261		(642)

**Off Airport Courtesy Coaches (PC 144)
Trading Statement 2011/12
Detail**

	PCR £000	Adjs to PCR £000	<i>Note</i>	Adjusted Trading Statement £000
Income		316		316
Direct Expenditure				
Staff		5	2	5
Total Direct Expenditure		5		5
Allocated Costs				
Terminal				
Airside Safety & Security	1			1
Ground Operations	152	11	6	163
Engineering	547			547
Rates	28			28
Finance				
IT	109			109
Procurement				
Constabulary	9			9
Airport Management	3			3
Medical Centre				
Personnel	2			2
Property Management	94			94
Commercial				
Public Relations				
Depreciation	399	(226)	6	173
Sundry Income	(57)			(57)
Total Allocated Costs	1,286	(216)		1,071
Total Expenditure	1,286	(210)		1,076
(Under) / Over Recovery at 31 March 2012	(1,286)	526		(760)

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	2,667	11,614
Central Bus Station - Waiting Lounge			61		243			303
T3 Coach Park					151		514	665
T5		2	206		443			651
	45	14	784	494	8,652	63	3,181	13,233
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	707	5	191	1,044
Charter Coaches								
West Ramp Coach Park					164		1,669	1,833
West Ramp Coach Park - Building		5	5		60			70
T3 Coach Park					132		450	582
	-	5	5	-	356	-	2,118	2,484
Cost of Capital	8%	8%	8%	8%	8%	8%	6%	
Representative Life (Years)	5	5	20	25	50	-	-	
Annuity	-	1	1	-	29	-	127	158
Total Annuity	11	5	81	46	737	5	318	1,203

Land Areas	Total Acres	Value £000 /acre	Total	Public Bus	Charter Coach
Central Bus Station	2.13	1,252	2,667	2,667	
West Ramp Coach Park	2.05	1,252	2,567		@65% 1,669
T3 Coach Park	0.77	1,252	964	514	450
				3,181	2,118

- (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 2011/12
Summary**

	2010/11	2011/12
	£'000	£'000
Income	14,544	16,671
Expenditure		
Staff	239	214
Property Related	800	829
Provision of Service	13,034	14,411
Total Direct Expenditure	14,074	15,454
Net (Under) / Over Recovery	470	1,217
Prior year (under) / over recovery	(993)	(523)
Total (Under)/Over Recovery at 31 March 2012	(523)	694
3rd party share	100%	100%

**Passengers with Restricted Mobility
Trading Statement 2011/12
Detail**

	PCR £'000	BPC £'000	Adjustment £'000	Adjustment Note	Adjusted Trading Statement £'000
Income		16,671		1	16,671
Direct Expenditure					
Staff		214			214
Assistance Bus/PRM Transport (Help Bus)		249	(2)		248
Porterage		250	50		300
Telecoms		0			0
Property Related				829	829
Maintenance & Equipment		9			9
Provision of Service		13,869	(14)		13,854
General Expenses		2	(2)		0
Total Direct Expenditure	0	14,593	861		15,454
Net (Under) / Over Recovery		2,078	(861)		1,217
Bfwd (under) / over recovery from 2010/11 in pricing					0
(Under) / Over Recovery 11/12	0	2,078	(861)		1,217
Balance of bfwd 2010/11 (under) / over recovery not in pricing					(523)
Total (Under) / Over Recovery to cfwd to 12/13					694

**Passengers with Restricted Mobility
Notes**

(1) **Income**

Category	Type	Price	Number of departing passengers '000s	Income £'000s
1 (> 85%)	Minimum	0.39	17,874	6,971
2 (65% > 84.99%)	Top-up	0.43	12,585	5,412
3 (55% > 64.99%)	Top-up	0.78	3,101	2,419
4 (35% > 54.99%)	Top-up	1.17	1,224	1,432
5 (< 34.99%)	Top-up	2.50	175	438
Total Income				£16,671

(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.

