

Heathrow Airport Limited  
Specified Trading Activities  
Trading Statements  
Year Ending 31st March 2009

**BAA Heathrow** 



**HEATHROW AIRPORT LIMITED  
SPECIFIED ACTIVITIES  
TRADING STATEMENTS FOR THE YEAR ENDING 31 MARCH 2009**

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## **INTRODUCTION**

This document sets out the following:

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

2008/09 is the first 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.
- Heating and Ventilation.
- Utility Services - Water and Sewerage.
- Utility Services – Electricity.
- Staff ID Cards.
- Fixed Electrical Ground Power.
- Bus and Coach Services.
- Gas.
- 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.”<sup>1</sup>*

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

This document contains The Statements for Specified Activities for the 2008/09 financial year and is submitted to the Heathrow Non-Regulated Charges Group (NRCG) and to the CAA.

As the first year of Q5, no under/over recoveries were carried forward from the previous year (2007/8) and no such sums are shown in The Statements

## 2. ACCOUNTS

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

## 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.

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

- 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.

## 5. TABLE 6-3

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

The Statements therefore show adjustments to bring Allocated Costs and Annuities back to the Table 6-3 level plus RPI adjustment (table 6.3 is in 07/08 prices). The RPI used for 08/09 is 2.97% sourced from National Statistics.

A separate report will be prepared to explain the reasons for variance in Direct Costs vs. Table 6-3 assumptions.

## 6. EXPLANATORY NOTES

### CHECK-IN DESKS

Income from conventional check-in desks is derived from a time-based unit charge.

The cost base includes the following components:

- 1) A desk frontage site fee (the unit rate is agreed by the Heathrow AOC Rents Group).
- 2) An AOC NRCG agreed charge to recover the capital costs of the check-in desks, based on a 10 year life.

The detail for this model is contained within the Check-in Desk Protocol, published by HAL and agreed with the AOC NRCG on 4<sup>th</sup> March 2008.

### COMMON USE SELF SERVICE MACHINES (CUSS)

Under direction from the CAA (The CAA Report), CUSS is identified as a Specified Activity from 1<sup>st</sup> April 2008. CUSS Machines are airport-owned and operated self service check-in kiosks for use by airlines and handlers.

By agreement with The NRCG, a single airport-wide price was not implemented in 2008/9. Income was derived from individual contractual arrangements with airline users.

Although CUSS was designated as a Specified Activity from 1<sup>st</sup> April 2008, related Income was not included in Table 6-3.

## BAGGAGE SYSTEMS

2008/9 was the first year of a revised charging basis. Income was derived from direct charges to individual users calculated by the following formula:

Estimated Total Operating Cost (£98.5M), less pre-agreed deferral to 2009/10 (£6m)

X

% of Total Baggage System Use (Total 100%).

The estimated total operating cost related to departing, transfer and arriving bags. There were no direct charges associated with the capital cost of the baggage infrastructure.

The detail for this model is contained within a Baggage Protocol, published by HAL and agreed with the AOC NRCG on 4<sup>th</sup> March 2008.

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

## OTHER DESK LICENCES

Income from Other Desks (e.g. Airline Departures, Arrivals, and Ticket Desks) is derived by licence fees to individual users. These fees were established some years ago and are subject to annual adjustment in line with pre-agreed indices through consultation with the AOC Rents Group.

In view of this, the pricing methodology is not directly cost based. However, the related costs are estimated in the attached Statement.

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

## STAFF CAR PARKING

Income from Staff Car Parking is derived from sales of Car Park Passes. These are at separate rates for the Airport Perimeter and Central Terminal Areas.

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 is allocated equally.

The cost base includes an annuity in respect of the car park infrastructure.

## AIRSIDE LICENCES

Income is derived from the sale of Airside Licences to individual users.

## 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.

Boilerhouse 448 serves the CTA, including Queen's Building, D'Albiac House and the Control Tower.

Boilerhouse 523 serves the Cargo area. Prices are governed by individual long term contracts negotiated with each tenant, based on the estimated cost to each of using a gas alternative.

The charge for heating from the Terminal 4 Boilerhouse was set at £1.04 per square foot on 1<sup>st</sup> April 2008.

The T5 Energy Centre was brought online in 2008/09 to provide heating and ventilation to Terminal 5.

PCR Trading Statements for heating are based on results as at financial year end 2008/09 and do not form the basis for any pricing decisions.

Heating rents are escalated by agreement with the AOC rents group. From 1<sup>st</sup> April 2008 these were standardised at a rate of £1.04 per square foot.

## UTILITY SERVICES – WATER AND SEWERAGE

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

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

## UTILITY SERVICES - ELECTRICITY

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

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



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

#### STAFF ID CARDS

Income is derived from charges to airport users for the supply of Staff ID Cards. The income and costs in respect of Staff ID Cards are shown in the Profit Centre for Security Documentation.

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 is allocated equally.

#### FIXED ELECTRICAL GROUND POWER (FEGP)

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

#### BUS AND COACH SERVICES

The statements included within this booklet are adjusted to include an annuity in respect of capital and a yield on land. This has been adjusted to reflect the levels in Table 6-3.

All categories of bus and coach (public, charter, off airport hotel coaches and off airport courtesy coaches) under recovered in 2008/09 by £3.9m on the full cost basis and £2.4m following the adjustment of annuity and indirect costs to the Table 6-3 levels plus inflation. The Public Bus Services accounts for most of the under-recovery, due to considerable capital investment within the Central Bus Station in recent years. HAL waived charges for local bus operators in January 1995, but continues to include a notional income in respect of these movements.

As part of its commitment to Public Transport, HAL has sought to bridge this under recovery on a phased basis over a number of years. The income is recovered based on commercial contract with the users.

#### GAS

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

#### HYDRANT REFUELLING

Income from hydrant refuelling is derived from leases of the airport hydrant and storage infrastructure granted to a Heathrow Hydrant Operating Company Ltd.

### AIRSIDE PARKING

Whilst there is no specific charge for airside parking at HAL, there are 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.

### CABLE ROUTING

The level of income in respect of cable routing is not sufficiently material to warrant the introduction of a separate profit centre. In 2008/09 no income was specifically derived from the provision of cable routing through the airports infrastructure. However, there is £42k income accrued from Minor Facility Licences where cable routing may form part of the licence fee, but is not specifically identified.

### MAINTENANCE

The income from maintenance rents is included in various property related profit centres which are not specified facilities.

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

**CHECK-IN DESKS, BAGGAGE AND CUSS**  
**SUMMARY**

	2007/08	2008/09
	£000	£000
INCOME	54,216	104,077
EXPENDITURE		
STAFF	1,536	6,445
PROPERTY RELATED	1,580	18,731
MAINTENANCE & EQUIPMENT	14,909	54,977
GENERAL EXPENSES	227	13,996
CAPITALISATION OF REVENUE	26,050	
DEPRECIATION / CAPITAL CHARGE	3,772	1,457
ALLOCATED COSTS	27,374	30,960
INDIRECT CHARGES		13,128
TOTAL EXPENDITURE	75,448	139,693
(UNDER)/OVER RECOVERY	(21,232)	(35,616)

**CHECK-IN DESKS, BAGGAGE AND CUSS**  
**TRADING STATEMENT 2008/09**  
**DETAIL - WITH ADJUSTMENT TO TABLE 6-3**

PC036

	PCR £000	ADJ £000	Trading Statement	Head of Stand £000	ADJUSTMENTS Reversal of Capitalisation £000	TOTAL	ADJUSTMENT TO TABLE 6-3 £000	NOTE	ADJUSTED TRADING STATEMENT £000
INCOME	104,457	544	105,001	(924)		104,077		1	104,077
DIRECT EXPENDITURE									
STAFF	8,633	(2,188)	6,445			6,445		2	6,445
PROPERTY RELATED	18,071	659	18,731			18,731		3	18,731
MAINTENANCE & EQUIPMENT	61,098	(7,197)	53,901	(924)	2,000	54,977		4	54,977
GENERAL EXPENSES	20,340	(9,544)	10,796		3,200	13,996		5	13,996
CAPITALISATION OF REVENUE	(7,932)	7,932						6	
DEPRECIATION / CAPITAL CHARGE	31,212	(29,755)	1,457			1,457		7	1,457
INDIRECT CHARGES	380	12,748	13,128			13,128		8	13,128
TOTAL DIRECT EXPENDITURE	131,802	(27,345)	104,457	(924)	5,200	108,733			108,733
ALLOCATED COSTS									
TERMINAL	8,625		8,625			8,625			
AIRSIDE SAFETY & SECURITY	84		84			84			
GROUND TRANSPORT & SECURITY	1		1			1			
ENGINEERING	4,446		4,446			4,446			
RATES	3,768		3,768			3,768			
FINANCE	1,015		1,015			1,015			
IT	5,600		5,600			5,600			
PROCUREMENT	310		310			310			
CONSTABULARY	1,664		1,664			1,664	(23,936)	11	7,024
AIRPORT MANAGEMENT	2,957		2,957			2,957			
MEDICAL CENTRE	25		25			25			
PERSONNEL	149		149			149			
PROPERTY MANAGEMENT	(4)		(4)			(4)			
PUBLIC RELATIONS	92		92			92			
DEPRECIATION	5,864	(3,385)	2,479			2,479		9	
SUNDRY INCOME	(3,411)	3,160	(250)			(250)		10	
TOTAL ALLOCATED COSTS	31,185	(225)	30,960			30,960	(23,936)		7,024
TOTAL EXPENDITURE	162,986	(27,570)	135,417	(924)	5,200	139,693	(23,936)		115,757
(UNDER)/OVER RECOVERY	(58,529)	28,114	(30,416)	-	(5,200)	(35,616)	23,936		(11,680)

**CHECK-IN DESKS, BAGGAGE AND CUSS**

**NOTES**

- (1) INCOME  
PCR not mapping all of the known income therefore adjustment made to correct PCR
- (2) STAFF  
Non-rechargeable staff removed.
- (3) PROPERTY RELATED
- |  |            |
|--|------------|
| Non-rechargeable costs removed                       | (1.5)      |
| Check in desk site fees                              | 1.4        |
| Reinstated heating costs from other BAA Departments  | 0.3        |
| Reinstated Check-in costs from other BAA Departments | 0.5        |
|  | <u>0.7</u> |
- (4) MAINTENANCE AND EQUIPMENT
- |  |              |
|--|--------------|
| Non-rechargeable costs removed - HBS                         | (1.3)        |
| Non-rechargeable costs removed - CUSS                        | (0.6)        |
| Non-rechargeable costs removed - Pax Fuel                    | (0.5)        |
| Non-rechargeable costs removed - Project related maintenance | (5.3)        |
| Reinstated costs : One off recoveries                        | 0.5          |
|  | <u>(7.2)</u> |
- (5) GENERAL EXPENSES
- |  |              |
|--|--------------|
| Non-rechargeable costs removed - Pax ITO             | (5.2)        |
| Non-rechargeable costs removed - Project Consultancy | (4.3)        |
|  | <u>(9.5)</u> |
- (6) CAPITALISATION OF REVENUE  
Project related staff costs, maintenance and consultancy capitalisation removed as with costs in lines above
- (7) DEPRECIATION/CAPITAL CHARGE  
Depreciation removed except the check-in capital charges relating to check-in income
- (8) INDIRECT CHARGES  
HAL engineering costs.
- (9) ALLOCATED DEPRECIATION  
PCR allocation is replaced with proportion of terminal building depreciation. The allocation is based on estimated area occupied by Check-In Desks and the associated baggage system
- (10) SUNDRY INCOME  
Income relating to Group IT assets held on behalf of the Group has been removed
- (11) ALLOCATED COSTS  
Allocated Costs have been fixed at the level stated in Table 6-3 plus RPI

**OTHER DESK LICENCES**  
**SUMMARY**

	<u>2007/08</u>	<u>2008/09</u>
	<u>£000</u>	<u>£000</u>
INCOME		
RENT	<u>1,813</u>	<u>1,184</u>
EXPENDITURE		
ALLOCATED COSTS	<u>(148)</u>	<u>100</u>
TOTAL EXPENDITURE	<u>(148)</u>	<u>100</u>
(UNDER)OVER RECOVERY	<u>1,962</u>	<u>1,084</u>

**OTHER DESK LICENCES**  
**TRADING STATEMENTS 2008/09**  
**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 PCR £000	PCR ADJ £000	TERM 5 ADJUSTED £000	TOTAL £000	ADJUSTMENT TO TABLE 6-3 £000	NOTES	ADJUSTED TRADING STATEMENT £000
INCOME											
RENT	239	188	470	84		203	203	1,184		1	1,184
	239	188	470	84		203	203	1,184			1184
DIRECT EXPENDITURE											
ALLOCATED COSTS											
TERMINAL RATES	5	1	33		173		173	212	(212)	2	
IT	46	8	15		122		122	190	(190)	2	
CONSTABULARY	19	19	37	19	19		19	111	(111)	2	
PUBLIC RELATIONS	20	3	7		54		54	84	(84)	2	
DEPRECIATION			1					1	(1)	2	
SUNDRY INCOME	15	(538)	60	10	16		16	(437)	437	2	
	(10)	(10)	(21)	(10)	(10)		(10)	(63)	63	2	
TOTAL ALLOCATED COSTS	94	(517)	131	18	373		373	100	(100)	2	
TOTAL EXPENDITURE	94	(517)	131	18	373		373	100	(100)		
(UNDER) OVER RECOVERY	145	705	338	66	(373)		(169)	1,084	100		1,184

**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**  
**SUMMARY**  
**100% OF COSTS AND INCOME**

PC.130

	2007/08 £000	2008/09 £000
INCOME	24,133	30,041
EXPENDITURE		
STAFF	2	125
MANAGEMENT AND BUSSING COSTS		
Coaching & Fuel	5,726	7,955
Management Fee / Security	747	
Rates	2,461	3,040
PIONNAIR RENT	1,000	1,000
MAINTENANCE & EQUIPMENT	46	89
GENERAL EXPENSES	11	75
CAPITALISATION OF REVENUE		(71)
PASSENGER TRANSPORT LEVY		549
INDIRECT CHARGES	300	220
ALLOCATED COSTS	5,805	6,323
DEPRECIATION / CAPITAL CHARGE	9,974	10,623
TOTAL EXPENDITURE	26,072	29,928
(UNDER)/OVER RECOVERY	(1,939)	112

PASS PRICES *	Apr 08 - Mar 09	Change %	Apr 09 - Mar 10
CTA	1,111	-	1,111
Northside	699	-	699
Cargo	699	-	699
Terminal 4	1,111	-	1,111
Eastside Car Park	699	-	699
Southside Car Park	699	-	699

\* Prices include Public Transport Levy of £ 12

CHANGE IN PRICE = 0%



**STAFF CAR PARKING**

PC 130

**TRADING STATEMENT 2008/09****DETAIL - WITH THIRD PARTY SHARE AND ADJUSTMENT TO TABLE 6.3**

	PCR £000	ADJUSTMENTS PCR £000	PCR £000	TOTAL £000	3RD PARTY SHARE £000 77%	ADJUSTMENT TO TABLE 6.3 £000	NOTE	3RD PARTY ADJUSTED TRADING STATEMENT £000
INCOME	24,188	(1,060)	6,912	30,041	23,128		1	23,128
DIRECT EXPENDITURE -								
STAFF	125			125	96			96
MANAGEMENT AND BUSSING COSTS								
Coaching & Fuel	9,092	(137)	(1,000)	7,955	6,125		3	6,125
Management Fee / Security	2,874	(2,874)					8	
Rates		3,040		3,040	2,341		4	2,341
PIONNAIR RENT			1,000	1,000	770		3	770
MAINTENANCE & EQUIPMENT	89			89	68			68
GENERAL EXPENSES	75			75	58			58
CAPITALISATION OF REVENUE	(71)			(71)	(55)			(55)
DEPRECIATION / CAPITAL CHARGE	61	(61)	10,623	10,623	8,178	(504)	2 6	7,674
PASSENGER TRANSPORT LEVY		549		549	423		7	423
INDIRECT CHARGES	220			220	169			169
TOTAL DIRECT EXPENDITURE	12,465	517	10,623	23,605	18,173	(504)		17,669
ALLOCATED COSTS								
TERMINAL	117			117	90			90
AIRSIDE SAFETY & SECURITY	4			4	3			3
GROUND TRANSPORT & SECURITY	245			245	189			189
ENGINEERING	397			397	306			306
RATES	3,943	(3,040)		903	696		4	696
FINANCE	385			385	296			296
IT	865			865	666			666
PROCUREMENT	117			117	90			90
CONSTABULARY	1,741			1,741	1,340			1,340
AIRPORT MANAGEMENT	1,089			1,089	839			839
MEDICAL CENTRE	2			2	1			1
PERSONNEL	10			10	8			8
PROPERTY MANAGEMENT	65			65	50			50
COMMERCIAL	74			74	57			57
PUBLIC RELATIONS	28			28	21			21
DEPRECIATION	744	(427)		316	244		5	244
SUNDRY INCOME	(524)	488		(36)	(28)		5	(28)
ADJUSTMENT FOR 6.3						(539)	6	(539)
TOTAL ALLOCATED COSTS	9,302	(2,979)		6,323	4,868	(539)		4,329
TOTAL EXPENDITURE	21,767	(2,462)	10,623	29,928	23,042	(1,044)		21,998
(UNDER)/OVER RECOVERY	2,421	1,402	(3,711)	112	87	1,044		1,130

**STAFF CAR PARKING  
NOTES**

- (1) INCOME  
A notional income has been included for HAL passes and non staff car parking income removed.

(2) CALCULATION OF CAPITAL CHARGE

Also see note 6

2008/09 £'000	Short Life	Long Life	Land	Total
<b>Assets</b>				
Gross CCA Asset Value (Multi Storey CP's)		40,100		40,100
Gross CCA Asset Value (Surface Car Parks)	3,420	24,853		28,273
<b>Total Gross CCA Asset Value</b>	<b>3,420</b>	<b>64,953</b>		<b>68,373</b>
Cost of Capital	8%	8%		
Representative Life (years)	10	40		
<b>Annuity</b>	<b>510</b>	<b>5,447</b>		<b>5,957</b>
<b>Land</b>				
Land Value (Multi Storey Car Parks)			14,412	14,412
Land Value ( Surface Car Parks)			63,356	63,356
<b>Total Land Value</b>			<b>77,768</b>	<b>77,768</b>
Required Yield			6%	
<b>Yield</b>			<b>4,666</b>	<b>4,666</b>
<b>Total Capital Charge</b>	<b>510</b>	<b>5,447</b>	<b>4,666</b>	<b>10,623</b>

- (3) SITE RENT  
Reclassification of site rent paid in line with prior year
- (4) RATES  
This allocation has been removed and replaced by the actual rates liability, shown in direct expenditure
- (5) DEPRECIATION & SUNDRY INCOME  
Removal of depreciation & inter-company income relating to group assets held on Heathrow's books.
- (6) ALLOCATED COSTS & CAPITAL CHARGE  
Allocated costs and capital charge have been fixed at the level stated in Table 6-3 plus RPI
- (7) PASSENGER TRANSPORT LEVY  
Passenger Transport Levy is charged at £12 per pass per annum, there are an average of 45,748 passes in issue.
- (8) MANAGEMENT FEE  
Car park management fee removed from trading statement as expenditure planned in another division of Heathrow for Q5 submission.

**AIRSIDE LICENCES**  
**SUMMARY**  
**100% OF COSTS AND INCOME**

PC15

	2007/08	2008/09
	£000	£000
INCOME	872	778
EXPENDITURE		
STAFF	212	
PROPERTY RELATED	2	1
DEPRECIATION / CAPITAL CHARGE	52	
INDIRECT COSTS	7	
ALLOCATED COSTS	443	713
TOTAL EXPENDITURE	716	714
(UNDER)OVER RECOVERY	156	64

**AIRSIDE LICENCES**  
**TRADING STATEMENT 2008/09**  
**DETAIL - WITH THIRD PARTY SHARE AND ADJUSTMENT TO TABLE 6-3**

PC15

	ADJUSTMENTS PCR	PCR £000	TOTAL	3RD PARTY SHARE	ADJUSTMENT TO TABLE 6-3 £000	NOTE	3RD PARTY ADJUSTED TRADING STATEMENT £000
				88%			
INCOME	685	93	778	685		2	685
DIRECT EXPENDITURE							
STAFF					389		389
PROPERTY RELATED	1		1	1			1
DEPRECIATION / CAPITAL CHARGE	2	(2)			42	1/3	42
TOTAL DIRECT EXPENDITURE	3	(2)	1	1	431		432
ALLOCATED COSTS							
AIRSIDE SAFETY & SECURITY	934	(877)	58	51			51
GROUND TRANSPORT & SECURITY							
ENGINEERING	2		2	2			2
RATES	114		114	101			101
FINANCE	0		0	0			0
IT	253		253	223			223
PROCUREMENT							
CONSTABULARY	50		50	44			44
AIRPORT MANAGEMENT	18		18	16			16
MEDICAL CENTRE	3		3	3			3
PERSONNEL	18		18	16			16
PROPERTY MANAGEMENT							
COMMERCIAL							
PUBLIC RELATIONS	1		1	1			1
DEPRECIATION	569	(229)	339	298			298
SUNDRY INCOME	(143)		(143)	(126)			(126)
TABLE 6-3 ADJUSTMENT					(257)	3	(257)
TOTAL ALLOCATED COSTS	1,819	(1,106)	713	628	(257)		371
TOTAL EXPENDITURE	1,822	(1,108)	714	629	174		803
(UNDER)OVER RECOVERY	(1,137)	1,201	64	56	(174)		(118)

## AIRSIDE LICENCES

### NOTES

(1) CALCULATION OF CAPITAL CHARGE

£'000	2007/08	2008/09
Airside Management System	95	N/a
Ground Support Equipment	111	111
Total	<u>206</u>	<u>111</u>
Cost of Capital	8%	8%
Representative Life (Years)	5	5
<b>Annuity</b>	<u>52</u>	<u>Life exceeded</u>

(2) INCOME

There are a number of licenses issued without payment. A notional income is included to reflect these.

(3) TABLE 6-3 ADJUSTMENT

Staff, capital charge and allocated costs have been fixed at the level stated in Table 6-3 plus RPI

**BOILERHOUSES - HEATING AND VENTILATION**  
**TRADING STATEMENT 2008/09**  
**SUMMARY - WITH THIRD PARTY SHARE AND ADJUSTMENT TO TABLE 6-3**

	PC 189	PC 191	PC 192						
	BH 448 £000	BH523 £000	BHT4 £000	BH T5 £000	TOTAL £000	3RD PARTY SHARE	ADJUSTMENT TO TABLE 6-3 £000	NOTES £000	3RD PARTY ADJUSTED TRADING STATEMENT £000
						20%			
INCOME	3,876	94	1,399	334	5,703	1,117			1,117
DIRECT EXPENDITURE -									
STAFF	568			376	944	185			185
PROPERTY RELATED	1,542	1,148			2,690	527			527
MAINTENANCE & EQUIPMENT	584			812	1,395	273			273
GENERAL EXPENSES	105		54		159	31			31
DEPRECIATION / CAPITAL CHARGE	528	140	1,636	3,675	5,979	1,171	(589)	1	582
INDIRECT CHARGES	239	1	2		242	47			47
TOTAL DIRECT EXPENDITURE	3,566	1,288	1,692	4,863	11,409	2,234	(589)		1,646
ALLOCATED COSTS -									
TERMINAL	29	11	1	39	79	16			
AIRSIDE, SAFETY AND SECURITY	2	1	1	5	9	2			
GROUND OPERATIONS	0	0	0	0	0	0			
ENGINEERING	123	114	112	545	893	175			
RATES	84	61	53	288	486	95			
FINANCE	94	36	2	128	260	51			
IT	253	204	87	627	1,171	229			
PROCUREMENT	29	11	1	39	79	16			
CONSTABULARY	37	27	24	127	215	42	(445)	2	308
AIRPORT MANAGEMENT	278	114	7	388	787	154			
MEDICAL CENTRE	1	0	0	1	3	1			
PERSONNEL	4	2	2	9	17	3			
PROPERTY MANAGEMENT	30	24	33	48	136	27			
PUBLIC RELATIONS	58	0	0	0	59	12			
DEPRECIATION	(163)	115	48	263	263	52			
SUNDRY INCOME		(132)	(64)	(416)	(612)	(120)			
TOTAL ALLOCATED COSTS	859	589	306	2,092	3,845	753	(445)		308
TOTAL EXPENDITURE	4,424	1,877	1,998	6,955	15,254	2,987	(1,034)		1,954
(UNDER)/OVER RECOVERY	(549)	(1,783)	(599)	(6,621)	(9,551)	(1,871)	1,034		(837)

**NOTES**

- (1) DEPRECIATION / CAPITAL CHARGE  
Fixed at the level stated in table 6-3 plus RPI
- (2) ALLOCATED COSTS  
Fixed at the level stated in table 6-3 plus RPI

**BOILERHOUSE 448**  
**SUMMARY**  
**100% OF COSTS AND INCOME**

	ADJUSTED STATEMENT 2007/08 £000	ADJUSTED STATEMENT 2008/09 £000
INCOME	3,726	3,876
EXPENDITURE		
STAFF	801	568
PROPERTY RELATED	2,145	1,542
MAINTENANCE & EQUIPMENT	478	584
GENERAL EXPENSES	44	105
INDIRECT CHARGES	299	239
ALLOCATED COSTS	1,526	859
DEPRECIATION / CAPITAL CHARGE	1,782	528
TOTAL EXPENDITURE	7,076	4,424
(UNDER)/OVER RECOVERY	(3,350)	(549)
OUTPUT (KWh)	78,681,502	83,414,390
PRICE PER kWh (PENCE)	4.74	4.77
AREA SERVED (SQUARE FEET)	3,727,700	3,727,700
PRICE PER SQUARE FOOT (PENCE)	100.0	104.0

**BOILERHOUSE 448**  
**TRADING STATEMENT 2008/09**  
**DETAIL**

PC189

	PCR £000	ADJ £000	Total external income £000	ADJ £000	NOTE	ADJUSTED TRADING STATEMENT £000
INCOME	23	375	398	3,477	1	3,876
DIRECT EXPENDITURE						
STAFF	568					568
PROPERTY RELATED	1,542					1,542
MAINTENANCE & EQUIPMENT	584					584
GENERAL EXPENSES	105					105
DEPRECIATION / CAPITAL CHARGE	10			518	2	528
INDIRECT CHARGES	239					239
TOTAL DIRECT EXPENDITURE	3,048		3,048	518		3,566
ALLOCATED COSTS -						
TERMINAL	29					29
AIRSIDE SAFETY & SECURITY	2					2
GROUND TRANSPORT & SECURITY	0					0
ENGINEERING	123					123
RATES	84					84
FINANCE	94					94
IT	253					253
PROCUREMENT	29					29
CONSTABULARY	37					37
AIRPORT MANAGEMENT	278					278
MEDICAL CENTRE	1					1
PERSONNEL	4					4
PROPERTY MANAGEMENT	30					30
DEPRECIATION	58					58
SUNDRY INCOME	(163)					(163)
TOTAL ALLOCATED COSTS	859		859			859
TOTAL EXPENDITURE	3,907		3,907	518		4,424
(UNDER)/OVER RECOVERY	(3,884)	375	(3,509)	2,960		(549)



**BOILERHOUSE 448****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	83,414,390
Metered consumption (kWh)	87,234
Selling price per kWh (pence)	<u>3.24</u>
	2,826
Assessed sq ft	3,723,802
Selling Price per sq ft (pence)	<u>104.00</u>
	3,872,754
<b>Total Income</b>	<b><u>3,875,580</u></b>

## (2) CALCULATION OF CAPITAL CHARGE

	Plant	Buildings	Monitor & Control Equip	Electrical & Fire Alarms	Furniture, Fittings & Office Equip	Hot Water Mains	Land	Total
2008/09 £'000								
<u>Assets</u>								
Gross CCA Asset Value	1,189	1,187	0	71	60	2,947		5,454
Cost of Capital	8%	8%	8%	8%	8%	8%		
Representative Life (Years)	20	50	5	20	5	50		
<b>Annuity</b>	<b>121</b>	<b>97</b>		<b>7</b>	<b>15</b>	<b>241</b>		<b>481</b>
<u>Land</u>								
Total Land Value							777	777
Required Yield							6%	
<b>Yield</b>							<b>47</b>	<b>47</b>
<b>Total Capital Charge</b>	<b>121</b>	<b>97</b>		<b>7</b>	<b>15</b>	<b>241</b>	<b>47</b>	<b>528</b>

**BOILERHOUSE 523**  
**SUMMARY**  
**100% OF COSTS AND INCOME**

	ADJUSTED STATEMENT 2007/08 £000	ADJUSTED STATEMENT 2008/09 £000
INCOME	178	94
EXPENDITURE		
PROPERTY RELATED	2,087	1,148
INDIRECT CHARGES	1	1
ALLOCATED COSTS	959	589
DEPRECIATION / CAPITAL CHARGE	140	140
TOTAL EXPENDITURE	3,187	1,877
(UNDER)/OVER RECOVERY	(3,009)	(1,783)
OUTPUT (kWh)	48,650,586	49,215,405
PRICE PER kWh (PENCE)	0.37	0.19
COST PER kWh (PENCE)	6.6	3.8

**BOILERHOUSE 523**  
**TRADING STATEMENT 2008/09**  
**DETAIL**

PC191

	PCR £000	ADJ £000	NOTE	ADJUSTED TRADING STATEMENT £000
INCOME	94			94
DIRECT EXPENDITURE				
STAFF				
PROPERTY RELATED	1,148			1,148
DEPRECIATION / CAPITAL CHARGE	1	139	1	140
INDIRECT CHARGES	1			1
TOTAL DIRECT EXPENDITURE	1,149	139		1,288
ALLOCATED COSTS -				
TERMINAL	11			11
AIRSIDE SAFETY & SECURITY	1			1
GROUND TRANSPORT & SECURITY	0			0
ENGINEERING	114			114
RATES	61			61
FINANCE	36			36
IT	204			204
PROCUREMENT	11			11
CONSTABULARY	27			27
AIRPORT MANAGEMENT	114			114
MEDICAL CENTRE	0			0
PERSONNEL	2			2
PROPERTY MANAGEMENT	24			24
DEPRECIATION	115			115
SUNDRY INCOME	(132)			(132)
TOTAL ALLOCATED COSTS	589			589
TOTAL EXPENDITURE	1,738	139		1,877
(UNDER)OVER RECOVERY	(1,644)	(139)		(1,783)

**BOILERHOUSE 523**  
**NOTES**

(1) CALCULATION OF CAPITAL CHARGE

2008/09 £'000	Plant	Fire Alarms	Buildings	Distribution System	Land	Total
<u>Assets</u>						
Gross CCA Asset Value	37	62	1,218	91		1,408
Cost of Capital	8%	8%	8%	8%		
Representative Life (Years)	20	20	50	50		
<b>Annuity</b>	<b>4</b>	<b>6</b>	<b>100</b>	<b>7</b>		<b>117</b>
<u>Land</u>						
Total Land Value					374	374
Required Yield					6%	
<b>Yield</b>					<b>22</b>	<b>22</b>
<b>Total Capital Charge</b>	<b>4</b>	<b>6</b>	<b>100</b>	<b>7</b>	<b>22</b>	<b>140</b>

**TERMINAL 4 BOILERHOUSE**  
**SUMMARY**  
**100% OF COSTS AND INCOME**

	ADJUSTED STATEMENT 2007/08 £000	ADJUSTED STATEMENT 2008/09 £000
INCOME	1,615	1,615
EXPENDITURE		
STAFF		
PROPERTY RELATED	588	
MAINTENANCE & EQUIPMENT	56	
GENERAL EXPENSES		54
INDIRECT CHARGES	1	2
ALLOCATED COSTS	408	306
DEPRECIATION / CAPITAL CHARGE	1,643	1,636
TOTAL EXPENDITURE	2,695	1,998
(UNDER)/OVER RECOVERY	(1,081)	(383)
STATISTICS		
AREA HEATED - square feet	1,345,475	1,345,475
PRICE per square foot (pence)	120	120
COST per square foot (pence)	200	148

**TERMINAL 4 BOILERHOUSE**  
**TRADING STATEMENT 2008/09**  
**DETAIL**

PC192

	PCR £000	INCOME ADJUSTMENTS £000		External Income £000	ADJUSTMENTS PCR £000	NOTE	ADJUSTED TRADING STATEMENT £000
INCOME	4	134	194	333	1,066	1	1,399
DIRECT EXPENDITURE							
STAFF							
PROPERTY RELATED							
MAINTENANCE & EQUIPMENT							
GENERAL EXPENSES	54			54			54
CAPITALISATION OF REVENUE							
DEPRECIATION / CAPITAL CHARGE					1,636	2	1,636
INDIRECT CHARGES	2			2			2
TOTAL DIRECT EXPENDITURE	56			56	1,636		1,692
ALLOCATED COSTS -							
TERMINAL	1			1			1
AIRSIDE SAFETY & SECURITY	1			1			1
ENGINEERING	112			112			112
RATES	53			53			53
FINANCE	2			2			2
IT	87			87			87
PROCUREMENT	1			1			1
CONSTABULARY	24			24			24
AIRPORT MANAGEMENT	7			7			7
MEDICAL CENTRE	0			0			0
PERSONNEL	2			2			2
PROPERTY MANAGEMENT	33			33			33
DEPRECIATION	48			48			48
SUNDRY INCOME	(64)			(64)			(64)
TOTAL ALLOCATED COSTS	306			306			306
TOTAL EXPENDITURE	361			361	1,636		1,998
(UNDER)OVER RECOVERY	(357)	134	194	(28)	(570)		(599)

**TERMINAL 4 BOILERHOUSE**  
**NOTES**

(1) INCOME

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

Area heated (square feet) 1,345,475  
 Unit rate £1.04

(2) CALCULATION OF CAPITAL CHARGE

2008/09 £'000	Plant	H&V Plant	Buildings	Land	Total
<b>Assets</b>					
Gross CCA Asset Value	1,099	12,374	2,780		
Cost of Capital	8%	8%	8%		
Representative Life (Years)	20	20	50		
<b>Annuity</b>	<b>112</b>	<b>1,260</b>	<b>227</b>		<b>1,600</b>
<b>Land</b>					
Land Value				614	
Required Yield				6%	
<b>Yield</b>				<b>37</b>	<b>37</b>
<b>Total Capital Charge</b>	<b>112</b>	<b>1,260</b>	<b>227</b>	<b>37</b>	<b>1,636</b>

**TERMINAL 5 ENERGY CENTRE**  
**SUMMARY**  
**100% OF COSTS AND INCOME**

	ADJUSTED STATEMENT 2007/08 £000	ADJUSTED STATEMENT 2008/09 £000
INCOME		334
EXPENDITURE		
STAFF		376
MAINTENANCE & EQUIPMENT		812
ALLOCATED COSTS		2,092
DEPRECIATION / CAPITAL CHARGE		3,675
TOTAL EXPENDITURE		6,955
(UNDER)/OVER RECOVERY		(6,621)



**TERMINAL 5 ENERGY CENTRE**  
**TRADING STATEMENT 2008/09**  
**DETAIL**

	PCR £000	ADJUSTMENTS £000		NOTE	ADJUSTED TRADING STATEMENT £000
INCOME		334		1	334
DIRECT EXPENDITURE					
STAFF		376			376
MAINTENANCE & EQUIPMENT		812			812
DEPRECIATION / CAPITAL CHARGE		1,622	2,053	2	3,675
TOTAL DIRECT EXPENDITURE		2,810	2,053		4,863
ALLOCATED COSTS -					
TERMINAL		39			39
AIRSIDE SAFETY & SECURITY		5			5
GROUND TRANSPORT & SECURITY		0			0
ENGINEERING		545			545
RATES		288			288
FINANCE		128			128
IT		627			627
PROCUREMENT		39			39
CONSTABULARY		127			127
AIRPORT MANAGEMENT		388			388
MEDICAL CENTRE		1			1
PERSONNEL		9			9
PROPERTY MANAGEMENT		48			48
COMMERCIAL					
PUBLIC RELATIONS		0			0
DEPRECIATION		263			263
SUNDRY INCOME		(416)			(416)
TOTAL ALLOCATED COSTS		2,092			2,092
TOTAL EXPENDITURE		4,902	2,053		6,955
(UNDER)/OVER RECOVERY		(4,568)	(2,053)		(6,621)

**TERMINAL 5 ENERGY CENTRE**  
**NOTES**

(1) INCOME

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

(2) CALCULATION OF CAPITAL CHARGE

	Chillers	Electrical & Fire Alarms	Plant	Buildings	Other	Total
2008/9 £'000						
<u>Assets</u>						
Gross CCA Asset Value	6,363	10,319	18,229	2,964	234	38,109
Cost of Capital	8%	8%	8%	8%	8%	
Representative Life (Years)	15	20	30	50	75	
<b>Annuity</b>	<b>743</b>	<b>1,051</b>	<b>1,619</b>	<b>242</b>	<b>19</b>	<b>3,675</b>

**WATER & SEWERAGE**  
**SUMMARY**  
**100% OF COSTS AND INCOME**

PC 194

	2007/08 £000	2008/09 £000
INCOME	5,059	5,902
EXPENDITURE		
STAFF	1,271	1,072
WATER	2,145	2,114
MAINTENANCE & EQUIPMENT	729	368
GENERAL EXPENSES	107	77
ALLOCATED COSTS	1,678	2,011
DEPRECIATION / CAPITAL CHARGE	993	7,268
TOTAL EXPENDITURE	6,923	12,909
(UNDER)/OVER RECOVERY	(1,864)	(7,007)
CONSUMPTION - cubic metres	2,375,080	2,210,525
Avg. Water purchased price per cubic metre (pence)	90	105

	Apr - Mar 08	Change %	Apr - Mar 09
PRICE per cubic metre	£2.67	11.6%	2.98

**CHANGE IN PRICE =                      11.6%**

**WATER & SEWERAGE**  
**TRADING STATEMENT 2008/09**  
**DETAIL - WITH THIRD PARTY SHARE AND ADJUSTMENT TO TABLE 6-3**

PC 194

	PCR £000	ADJ PCR £000	TOTAL £000	3RD PARTY SHARE	ADJUSTMENT TO TABLE 6.3 £000	NOTE	3RD PARTY ADJUSTED TRADING STATEMENT £000
INCOME	1,117	4,785	5,902	1,117		1	1,117
DIRECT EXPENDITURE				19%			
STAFF	1,072		1,072	203			203
WATER	2,413	(300)	2,114	400		4	400
MAINTENANCE & EQUIPMENT	368		368	70			70
GENERAL EXPENSES	77		77	15			15
DEPRECIATION / CAPITAL CHARGE	258	7,010	7,268	1,375	(1,208)	2/5	167
INTERNAL WATER	(677)	677					
TOTAL DIRECT EXPENDITURE	3,511	7,387	10,898	2,062	(1,208)		854
ALLOCATED COSTS							
TERMINAL	31		31	6			6
AIRSIDE SAFETY & SECURITY	5		5	1			1
GROUND TRANSPORT & SECURITY	23		23	4			4
ENGINEERING	934		934	177			177
RATES	30		30	6			6
FINANCE	101		101	19			19
IT	396		396	75			75
PROCUREMENT	31		31	6			6
CONSTABULARY	13		13	3			3
AIRPORT MANAGEMENT	307		307	58			58
MEDICAL CENTRE	2		2	0			0
PERSONNEL	14		14	3			3
PROPERTY MANAGEMENT	7		7	1			1
PUBLIC RELATIONS	1		1	0			0
DEPRECIATION	339	(195)	144	27		3	27
SUNDRY INCOME	(253)	223	(29)	(6)		3	(6)
TABLE 6.3 ADJUSTMENT					(185)	5	(185)
TOTAL ALLOCATED COSTS	1,983	28	2,011	380	(185)		195
TOTAL EXPENDITURE	5,494	7,415	12,909	2,442	(1,394)		1,049
(UNDER)/OVER RECOVERY	(4,377)	(2,630)	(7,007)	(1,326)	1,394		68

**WATER & SEWERAGE**  
**NOTES**

(1) INCOME  
Income is stated after including notional income for HAL usage.

(2) CALCULATION OF CAPITAL CHARGE

2008/9 £000	Plant	Buildings	Water Mains	Total
<u>Assets</u>				
Gross CCA Asset Value	401	64,455	22,492	87,348
Cost of Capital	8%	8%	8%	
Representative Life (Years)	10	40	80	
<b>Annuity</b>	<b>60</b>	<b>5,405</b>	<b>1,803</b>	<b>7,268</b>

There has been an increase in buildings asset value from 2007/08 due to the addition of T5 assets.

(3) ALLOCATED DEPRECIATION & SUNDRY INCOME  
Removal of depreciation and inter-company income relating to group assets (IT) held on Heathrow's books.

(4) WATER  
Adjustment to reflect actual cost of water purchased

(5) ALLOCATED COSTS & CAPITAL CHARGE  
Fixed at the level stated in Table 6-3 plus RPI

**ELECTRICITY**

USING 1992/93 AS THE COST BASE

**TRADING STATEMENT 2008/09****DETAIL - WITH THIRD PARTY SHARE AND ADJUSTMENT TO TABLE 6-3**

	2007/08 £000	TOTAL 2008/09 £000	3RD PARTY SHARE £000	ADJUSTMENT TO TABLE 6.3 £000	3RD PARTY ADJUSTED STATEMENT £000	NOTE
			37%			
3rd Party		23,654	23,654		23,654	
HAL		40,486				
INCOME	54,302	64,140				
<b>EXPENDITURE</b>						
ELECTRICITY COST	33,108	39,867	14,702		14,702	
CAPITAL ANNUITY - Original Infrastructure	5,015	4,996	1,842			
CAPITAL ANNUITY - Additional Investment by LES/EDF	4,123	4,200	1,549	} (7,553)	4,913	1
CAPITAL ANNUITY - Additional Investment by HAL	7,827	24,608	9,075			
OTHER DIRECT COSTS & ALLOCATED COSTS	6,318	6,294	2,321	264	2,585	2
TOTAL EXPENDITURE	56,390	79,966	29,490	(7,290)	22,200	
(UNDER)/OVER RECOVERY	(2,088)	(15,826)	(5,836)	7,290	1,453	

Avg. Electricity Purchase Cost per Kwh (pence)

6.44

7.45

	Apr 08 - Mar 09	Change %	Apr 09- Mar 10
<b>HV SUPPLIES</b>			
Availability charge per kVA	2.06	26.6%	2.60
Unit price (pence)	8.83	26.6%	11.18
Maximum Demand per kVA Nov/Feb	5.43	26.6%	6.87
Maximum Demand per kVA Dec/Jan	17.54	26.6%	22.21
<b>MV SUPPLIES</b>			
Unit price (pence)	12.94	26.6%	16.39

**CHANGE IN PRICE = 26.6%**

**ELECTRICITY**  
**NOTES**

(1) 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 decreased by 0.4% between 2007/08 and 2008/09.

ADDITIONAL LES INVESTMENT

Infrastructure investment made by EDF in 2008/09 amounted to £1.04m

Forecast investment in 2009/10 by EDF (incl. T5) is £0.9m. This has been amortised over a 30 year life at 8%.

Investment relating to HET has currently been excluded until beneficial use is gained. This currently amounts to £3.4m

ADDITIONAL HAL INVESTMENT

Infrastructure investment made by HAL since 1992/93 amounts to £282.0m

Power supply & substation investment at £184.1m has been amortised over a 40 year life at 8% (£117.8m relates to T5)

Monitoring & control equipment investment at £21.7m has been amortised over a 10 year life at 8% (£2.4m relates to T5)

Pit & duct investment at £23.9m has been amortised over a 50 year life at 8% (£22.4m relates to T5)

Investment in 07/08 relating to T5 has been included in 08/09 as T5 is now open and beneficial use is being gained.

(2) OTHER DIRECT COSTS AND ALLOCATED COSTS

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

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

**SECURITY DOCUMENTATION**  
**SUMMARY**  
**100% OF COSTS AND INCOME**

PC 016

	2007/08 £000	2008/09 £000
INCOME	2,989	3,198
EXPENDITURE		
STAFF	975	853
PROPERTY RELATED	173	85
MAINTENANCE & EQUIPMENT	(1)	20
INDIRECT CHARGES	16	23
ALLOCATED COSTS	2,146	1,950
DEPRECIATION / CAPITAL CHARGE	69	233
SUNDRY OTHER	187	610
TOTAL EXPENDITURE	3,565	3,775
(UNDER)/OVER RECOVERY	(577)	(577)

	Apr 08 - Mar 09	Change %	Apr 09 - Mar 10
Machine Readable ID Pass - Issue	£95.76	-	£95.76
Machine Readable ID Pass - Re-Issue	£82.55	-	£82.55
Machine Readable ID Pass - Amendment	£32.95	-	£32.95
Non-Machine Readable Pass - Landside	£16.46	-	£16.46
Temporary Photographic ID Pass	£32.95	-	£32.95
Application No Show	£95.76	-	£95.76
Liveried Vehicle Airside Pass - Annual	£49.61	-	£49.61
Liveried Vehicle Airside Pass - Temporary	£12.20	-	£12.20
Private Vehicle Airside Pass - Permanent (Per annum)	£1,436.20	-	£1,436.20
Private Vehicle Airside Pass - Limited Duration (per wk)	£27.46	-	£27.46

**CHANGE IN PRICE =**                      **0%**



**SECURITY DOCUMENTATION**

PC 016

**TRADING STATEMENT 2008/09****DETAIL - WITH THIRD PARTY SHARE AND 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
				76%			
<b>INCOME</b>	<b>2,439</b>	<b>759</b>	<b>3,198</b>	<b>2,439</b>		<i>1</i>	<b>2,439</b>
<b>DIRECT EXPENDITURE -</b>							
STAFF	853		853	651			651
PROPERTY RELATED	34	52	85	65		3	65
MAINTENANCE & EQUIPMENT	20		20	15			15
INDIRECT CHARGES	7	16	23	18		<i>4</i>	18
DEPRECIATION / CAPITAL CHARGE	86	147	233	178	(96)	<i>2/6</i>	81
SUNDRY OTHER	610		610	465			465
<b>TOTAL DIRECT EXPENDITURE</b>	<b>1,610</b>	<b>215</b>	<b>1,825</b>	<b>1,391</b>	<b>(96)</b>		<b>1,295</b>
<b>ALLOCATED COSTS</b>							
TERMINAL	14		14	11			11
AIRSIDE SAFETY & SECURITY	444		444	338			338
ENGINEERING	17		17	13			13
RATES	137		137	104			104
FINANCE	47		47	36			36
IT	698		698	533			533
PROCUREMENT	14		14	11			11
CONSTABULARY	61		61	46			46
AIRPORT MANAGEMENT	142		142	108			108
MEDICAL CENTRE	2		2	1			1
PERSONNEL	11		11	9			9
PROPERTY MANAGEMENT	146		146	111			111
PUBLIC RELATIONS	3		3	2			2
DEPRECIATION	562	(345)	217	166		5	166
SUNDRY INCOME	(397)	394	(3)	(2)		5	(2)
TABLE 6-3 ADJUSTMENT					(124)	6	(124)
<b>TOTAL ALLOCATED COSTS</b>	<b>1,901</b>	<b>49</b>	<b>1,950</b>	<b>1,487</b>	<b>(124)</b>		<b>1,363</b>
<b>TOTAL EXPENDITURE</b>	<b>3,510</b>	<b>264</b>	<b>3,775</b>	<b>2,878</b>	<b>(220)</b>		<b>2,658</b>
<b>(UNDER)/OVER RECOVERY</b>	<b>(1,073)</b>	<b>495</b>	<b>(577)</b>	<b>(440)</b>	<b>220</b>		<b>(219)</b>

**SECURITY DOCUMENTATION  
NOTES**

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

(2) CALCULATION OF CAPITAL CHARGE FOR 2008/09  
Retail Price Index assumed at -0.4%

£'000	5 Year	10 Year	15 Year	20 Year	30 Year	40 Year	50 Year	Total
<b>Assets</b>								
Information Technology	13							13
Office Furniture & Equip	11							11
Fixtures & Fittings		-						-
Minor Refurb works			7					7
Electrical Installation				80				80
Refurbishment of ID Centre	80	2	145	55	8	67		357
Relocation of Queen's Building ID Centre	170	9	130	880	228		2	1,418
<b>Total Capital Cost</b>	<b>273</b>	<b>10</b>	<b>283</b>	<b>1,015</b>	<b>237</b>	<b>67</b>	<b>2</b>	<b>1,886</b>
Cost of Capital (pre-tax real)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
Representative Life (Years)	5	10	15	20	30	40	50	
<b>Annuity</b>	<b>68</b>	<b>2</b>	<b>33</b>	<b>103</b>	<b>21</b>	<b>6</b>	<b>0</b>	<b>233</b>

(3) PROPERTY RELATED COSTS

Space occupied	2530 Sq Ft
Notional rent £ 20 Sq Ft	50,591
Maintenance £5 per Sq Ft	12,648
Rates £8.80 per Sq Ft	22,260
	<u>85,498</u>

(4) INDIRECT COSTS - ELECTRICITY COSTS  
An electricity charge has been included as this has not been charged through the normal mechanism.

	<b>Total</b>
Units	<b>124,415</b>
Price per unit	£0.1294
<b>Total</b>	<b>£16,099</b>

(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

**FIXED ELECTRICAL GROUND POWER  
SUMMARY**

PC 007

	2007/08 £000	2008/2009 £000
INCOME	6,255	6,938
EXPENDITURE		
ELECTRICITY	1,743	1,646
MAINTENANCE & EQUIPMENT	382	370
ALLOCATED COSTS	2,388	1,965
DEPRECIATION / CAPITAL CHARGE	2,200	1,818
TOTAL EXPENDITURE	6,713	5,799
(UNDER)/OVER RECOVERY	(459)	1,139
NUMBER OF QUARTER HOUR PERIODS CHARGED	2,407,592	2,296,656
Avg. Electricity Purchase Cost per Kwh (pence)	6.44	7.45

	Apr 08 - Mar 09	Change %	Apr 09 - Mar 10
PRICE per quarter hour	£3.02	0.61%	£3.04

**CHANGE IN PRICE = 0.61%**

**FIXED ELECTRICAL GROUND POWER  
TRADING STATEMENT 2008/09  
DETAIL - WITH ADJUSTMENT TO TABLE 6-3**

PC 007

	PCR £000	ADJ PCR £000	TOTAL £000	ADJUSTMENTS TO TABLE 6-3 £000	ADJUSTED TRADING STATEMENT NOTE £000
INCOME	6,938		6,938		6,938
DIRECT EXPENDITURE					
MAINTENANCE & EQUIPMENT		370	370		4 370
DEPRECIATION / CAPITAL CHARGE	362	1,457	1,818	322	1/5 2,140
INTERNAL CHARGES/ELECTRICITY	385	1,261	1,646		3 1,646
TOTAL DIRECT EXPENDITURE	747	3,087	3,834	322	4,156
ALLOCATED COSTS					
TERMINAL	4		4		4
AIRSIDE SAFETY & SECURITY	233		233		233
GROUND TRANSPORT & SECURITY	0		0		0
ENGINEERING	444	(370)	75		75
RATES	46		46		46
FINANCE	12		12		12
IT	600		600		600
PROCUREMENT	4		4		4
CONSTABULARY	20		20		20
AIRPORT MANAGEMENT	63		63		63
MEDICAL CENTRE	3		3		3
PERSONNEL	17		17		17
PROPERTY MANAGEMENT	(85)		(85)		(85)
COMMERCIAL					
PUBLIC RELATIONS	8		8		8
DEPRECIATION	1,287	(296)	991		2 991
SUNDRY INCOME	(363)	338	(24)		2 (24)
TABLE 6-3 ADJUSTMENT				102	5 102
TOTAL ALLOCATED COSTS	2,292	(327)	1,965	102	2,067
TOTAL EXPENDITURE	3,039	2,760	5,799	424	6,223
(UNDER)OVER RECOVERY	3,899	(2,760)	1,139	(424)	715

**FIXED ELECTRICAL GROUND POWER****NOTES**

(1) CALCULATION OF CAPITAL CHARGE		
£'000	2007/08	2008/09
<u>Infrastructure</u>		
Gross CCA Asset Value	21,535	17,786
Cost of Capital	8%	8%
Representative Life (Years)	20	20
<b>Annuity</b>	<b>2,193</b>	<b>1,812</b>
<u>Monitoring &amp; Control Equip</u>		
Gross CCA Asset Value - Infrastructure	26	27
Cost of Capital	8%	8%
Representative Life (Years)	5	5
<b>Annuity</b>	<b>7</b>	<b>7</b>
<b>TOTAL ANNUITY</b>	<b>2,200</b>	<b>1,818</b>
CCA ASSET VALUES	2007/08	2008/09
£'000 Gross		
<u>Infrastructure</u>		
Terminal 1 Piers 3 & 4	2,999	2,988
Romeo Lima Stands / other general	318	310
Terminal 1 Europier	1,175	1,171
Terminal 1 Pier 4A	338	337
Terminal 2 Pier 1	601	10
Terminal 2 Pier 2	756	169
Terminal 3 Pier 5	1,972	1,373
Terminal 3 Pier 6	913	378
Terminal 3 Pier 7	658	95
Terminal 3 Western Apron	321	320
Terminal 4	1,388	394
Terminal 4 Whiskey Stands	352	351
Terminal 4 Tango stands	28	28
Stands X7, X8, X9	220	219
Stands V29, V30, V31, V32	233	232
Stands at Grass Area 16A	57	57
Stands at Grass Area 21	66	66
Stands at Grass Area 6C	389	387
ABF1 Stand S1	32	32
Upgrade of T3 FEGP System	1,515	1,509
T4 FEGP Upgrade	1,561	1,555
Replace W1, W4, W5 & W6	117	117
Early Release T5 Stands	151	150
New Assets 05/06	815	812
New Assets 07/08	4,561	4,544
New Assets 08/09		183
Total Infrastructure Assets	21,535	17,786
<u>Monitoring &amp; Control Equip Assets</u>		
Total Monitoring & Control Equip Assets	26	27
(2) DEPRECIATION & SUNDRY INCOME		
Removal of depreciation and inter-company income relating to group assets held on Heathrow's books.		
(3) ELECTRICITY		
Adjusted to add internal electricity		
(4) MAINTENANCE & EQUIPMENT		
Adjusted to reflect contractor costs		
(5) ALLOCATED COSTS & CAPITAL CHARGE		
Fixed at the level stated in Table 6-3 plus RPI.		

**BUS AND COACH SERVICES**  
**SUMMARY**  
**100% OF COSTS AND INCOME**

	<u>2007/08</u>	<u>2008/09</u>
	<u>£000</u>	<u>£000</u>
INCOME	<u>1,852</u>	<u>1,698</u>
EXPENDITURE		
STAFF	1,127	
PROPERTY RELATED	140	142
MAINTENANCE & EQUIPMENT	(56)	178
GENERAL EXPENSES	130	238
INDIRECT CHARGES	3	
ALLOCATED COSTS	4,553	3,907
DEPRECIATION / CAPITAL CHARGE	1,094	1,092
	<u>6,991</u>	<u>5,558</u>
TOTAL EXPENDITURE		
(UNDER)/OVER RECOVERY	<u>(5,139)</u>	<u>(3,859)</u>

**BUS AND COACH SERVICES**  
**TRADING STATEMENT 2008/09**  
**SUMMARY - WITH THIRD PARTY SHARE AND ADJUSTMENT TO TABLE 6-3**

	PC 150	PC 155	PC 156	PC 144					
	PUBLIC BUS SERVICES £000	OFF AIRPORT HOTEL COACHES £000	CHARTER COACHES £000	COURTESY COACHES £000	TOTAL £000	3RD PARTY SHARE £000	ADJUSTMENT TO TABLE 6-3 £000	NOTE	3RD PARTY ADJUSTED TRADING STATEMENT £000
						86%			
INCOME									
COMMERCIAL	584	192	647	276	1,698	1,461			1,461
TOTAL INCOME	584	192	647	276	1,698	1,461			1,461
DIRECT EXPENDITURE -									
PROPERTY RELATED	142				142	122			122
MAINTENANCE & EQUIPMENT	178				178	153			153
GENERAL EXPENSES	238				238	205			205
DEPRECIATION / CAPITAL CHARGE	951		141		1,092	939	(133)	7	806
TOTAL DIRECT EXPENDITURE	1,510		141		1,651	1,420	(133)		1,286
ALLOCATED COSTS -									
TERMINAL	22	2	3	3	30	26			
AIRSIDE, SAFETY AND SECURITY	1	1	1	1	3	3			
GROUND OPERATIONS	428	298	298	319	1,343	1,155			
ENGINEERING	211	64	56	148	478	411			
RATES	198	15	129	23	365	314			
FINANCE	19	6	21	9	54	47			
IT	272	68	130	93	562	484			
PROCUREMENT	30				30	26			
CONSTABULARY	40	40	40	40	161	139	(763)	7	2,598
AIRPORT MANAGEMENT	241	22	32	37	332	285			
MEDICAL CENTRE	0	0	0	0	1	1			
PERSONNEL	2	1	1	1	6	5			
PROPERTY MANAGEMENT	66	(0)	(0)	66	132	114			
COMMERCIAL	61	20	68	29	178	153			
PUBLIC RELATIONS	3				3	3			
DEPRECIATION	332	64	78	92	565	486			
SUNDRY INCOME	(167)	(40)	(75)	(56)	(338)	(291)			
TOTAL ALLOCATED COSTS	1,760	560	782	805	3,907	3,361	(763)		2,598
TOTAL EXPENDITURE	3,270	560	923	805	5,558	4,781	(896)		3,884
(UNDER)OVER RECOVERY	(2,686)	(369)	(276)	(529)	(3,859)	(3,320)	896		(2,423)

**PUBLIC BUS SERVICES**  
**TRADING STATEMENT 2008/09**  
**DETAIL**

PC 150

	PCR £000	ADJ PCR £000	NOTE	ADJUSTED TRADING STATEMENT £000
INCOME				
COMMERCIAL	2,563	(1,979)	1	584
OTHER				
<b>TOTAL INCOME</b>	<b>2,563</b>	<b>(1,979)</b>		<b>584</b>
DIRECT EXPENDITURE -				
STAFF	1,202	(1,202)	3	
PROPERTY RELATED	1,562	(1,420)	4	142
MAINTENANCE & EQUIPMENT	178			178
GENERAL EXPENSES	238			238
DEPRECIATION / CAPITAL CHARGE	115	836	2	951
<b>TOTAL DIRECT EXPENDITURE</b>	<b>3,296</b>	<b>(1,786)</b>		<b>1,510</b>
ALLOCATED COSTS -				
TERMINAL	30	(8)	5	22
AIRSIDE SAFETY AND SECURITY	1			1
GROUND OPERATIONS	256	172	6	428
ENGINEERING	211			211
RATES	198			198
FINANCE	99	(80)	5	19
IT	272			272
PROCUREMENT	30			30
CONSTABULARY	87	(47)	5	40
AIRPORT MANAGEMENT	314	(73)	5	241
MEDICAL CENTRE	0			0
PERSONNEL	2			2
PROPERTY MANAGEMENT	66			66
COMMERCIAL	178	(117)	5	61
PUBLIC RELATIONS	3			3
DEPRECIATION	584	(253)	6	332
SUNDRY INCOME	(167)			(167)
<b>TOTAL ALLOCATED COSTS</b>	<b>2,166</b>	<b>(406)</b>		<b>1,760</b>
<b>TOTAL EXPENDITURE</b>	<b>5,461</b>	<b>(2,192)</b>		<b>3,270</b>
<b>(UNDER)/OVER RECOVERY</b>	<b>(2,898)</b>	<b>213</b>		<b>(2,686)</b>



**HOTEL COACHES**  
**TRADING STATEMENT 2008/2009**  
**DETAIL**

PC 155

	PCR £000	ADJ £000	NOTE	ADJUSTED TRADING STATEMENT £000
INCOME				
COMMERCIAL		192		192
TOTAL INCOME		192		192
DIRECT EXPENDITURE -				
TOTAL DIRECT EXPENDITURE				
ALLOCATED COSTS -				
TERMINAL		2	5	2
AIRSIDE SAFETY AND SECURITY	1			1
GROUND OPERATIONS	88	210	6	298
ENGINEERING	64			64
RATES	15			15
FINANCE		6	5	6
IT	68			68
CONSTABULARY	7	34		40
AIRPORT MANAGEMENT	1	20	5	22
MEDICAL CENTRE			5	0
PERSONNEL	1			1
COMMERCIAL		20		20
DEPRECIATION	257	(194)		64
SUNDRY INCOME	(40)		5	(40)
TOTAL ALLOCATED COSTS	462	98		560
TOTAL EXPENDITURE	462	98		560
(UNDER)/OVER RECOVERY	(462)	94		(369)

**CHARTER COACHES**  
**TRADING STATEMENT 2008/2009**  
**DETAIL**

	PCR £000	ADJ £000	NOTE	ADJUSTED TRADING STATEMENT £000
INCOME				
COMMERCIAL		647		647
TOTAL INCOME				647
DIRECT EXPENDITURE -				
DEPRECIATION / CAPITAL CHARGE		141	2	141
TOTAL DIRECT EXPENDITURE		141		141
ALLOCATED COSTS -				
TERMINAL		3	5	3
AIRSIDE SAFETY AND SECURITY	1			1
GROUND OPERATIONS	89	209	6	298
ENGINEERING	56			56
RATES	129			129
FINANCE		21	5	21
IT	130			130
PROCUREMENT				
CONSTABULARY	57	(17)	5	40
AIRPORT MANAGEMENT	15	17	5	32
MEDICAL CENTRE	0			0
PERSONNEL	1			1
PROPERTY MANAGEMENT	(0)			(0)
COMMERCIAL		68	5	68
PUBLIC RELATIONS				
DEPRECIATION	292	(214)	5	78
SUNDRY INCOME	(75)			(75)
TOTAL ALLOCATED COSTS	696	86		782
TOTAL EXPENDITURE	696	227		923
(UNDER)/OVER RECOVERY	(696)	420		(276)

**OFF AIRPORT COURTESY COACHES**  
**TRADING STATEMENT 2008/09**  
**DETAIL**

PC 144

	PCR £000	ADJ £000	NOTE	ADJUSTED TRADING STATEMENT £000
INCOME				
COMMERCIAL		276		276
OTHER				
TOTAL INCOME		276		276
DIRECT EXPENDITURE -				
TOTAL DIRECT EXPENDITURE				
ALLOCATED COSTS -				
TERMINAL		3	5	3
AIRSIDE SAFETY AND SECURITY	1			1
GROUND OPERATIONS	179	140	6	319
ENGINEERING	148			148
RATES	23			23
FINANCE		9	5	9
IT	93			93
PROCUREMENT				-
CONSTABULARY	10	30	5	40
AIRPORT MANAGEMENT	1	36	5	37
MEDICAL CENTRE	0			0
PERSONNEL	1			1
PROPERTY MANAGEMENT	66			66
COMMERCIAL		29	5	29
PUBLIC RELATIONS				-
DEPRECIATION	326	(234)	6	92
SUNDRY INCOME	(56)			(56)
TOTAL ALLOCATED COSTS	792	13		805
TOTAL EXPENDITURE	792	13		805
(UNDER)/OVER RECOVERY	(792)	263		(529)

**BUS AND COACH**  
**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) **CAPITAL CHARGE**

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

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

£'000	Information Systems	Furniture Signs etc	Electrical Systems	Lifts	Surface Const.	Drainage	Land	Total
<b><u>PUBLIC BUS SERVICES</u></b>								
Central Bus Station	41	40	470	449	7,103	58	2,356	10,517
Central Bus Station - Waiting Lounge			55		220			276
T3 Coach Park					134		454	588
T5		2	187		402			592
	41	43	713	449	7,860	58	2,810	11,973
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	-	
<b>Capital Charge</b>	<b>10</b>	<b>11</b>	<b>73</b>	<b>42</b>	<b>642</b>	<b>5</b>	<b>169</b>	<b>951</b>

**CHARTER COACHES**

West Ramp Coach Park (65% only)					157		1,474	1,631
West Ramp Coach Park - Building (33% only)		5	5		57		67	67
T3 Coach Park					117		397	514
	-	5	5	-	331	-	1,871	2,212
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	-	-	
<b>Capital Charge</b>	<b>-</b>	<b>1</b>	<b>0</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>112</b>	<b>141</b>
<b>Capital Charge</b>	<b>10</b>	<b>12</b>	<b>73</b>	<b>42</b>	<b>670</b>	<b>5</b>	<b>281</b>	<b>1,092</b>

LAND AREAS	Value		Total	PUBLIC BUS	CHARTER COACHES
	Total Acres	£000 /acre			
Central Bus Station	2.13	1,106	2,356	2,356	
West Ramp Coach Park	2.05	1,106	2,267		@65% 1,474
T3 Coach Park	0.77	1,106	852	454	397
				<u>2,810</u>	<u>1,871</u>

(3) **STAFF COSTS**

Method of allocation for staff costs in PCR means that only public bus services receive an allocation. For pricing purposes this has been reallocated on basis of income.

(4) **PROPERTY RELATED**

T3 coaching contract costs removed. An adjustment has been made to include actual costs of cleaning the central bus station

(5) **TERMINAL, AIRPORT MANAGEMENT, FINANCE, CONSTABULARY & COMMERCIAL**

The method of allocation for airport management within PCR means that only public bus services and charter coaches receive an allocation. For pricing purposes these have been reallocated (amongst the bus categories) on the following basis

Terminal & Airport Management	- Total expenditure (excluding airport management)
Finance	- Bus & coach income
Constabulary	- Equal split
Commercial	- Bus & coach income

(6) **GROUND TRANSPORT COSTS AND DEPRECIATION**

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

(7) **ALLOCATED COSTS & CAPITAL CHARGE**

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