



# Heathrow (SP) Limited Regulatory Accounts Year ended 31 December 2019

# Contents

	<b>Page</b>
<b>Introduction</b> .....	3
<b>Objectives of the Regulatory Accounts</b> .....	3
<b>2019 Performance Overview</b> .....	4
<b>1. Performance Summary for the year ended 31 December 2019</b> .....	5
<b>2. Passenger Summary</b> .....	6
<b>3. Revenue</b> .....	7
<b>4. Operating Costs</b> .....	9
<b>5. Capital Expenditure</b> .....	11
<b>6. Regulatory Asset Base (RAB)</b> .....	14
<b>7. Basis of Preparation</b> .....	15
<b>8. Reconciliations</b> .....	17
<b>9. Indexation</b> .....	20
<b>10. Independent Report from Deloitte LLP</b> .....	21
<b>Appendices</b> .....	24

## Introduction

Heathrow (SP) Limited (the 'Company') owns Heathrow Airport Limited ('Heathrow'), Heathrow Express Operating Company Limited ('HEX'), Heathrow Funding Limited and Heathrow (AH) Limited, which together comprise the regulated entity for the purposes of the regulatory accounts.

These regulatory accounts include the following schedules which track Heathrow's performance during 2019;

- a record of the movement in Heathrow's regulatory asset base, calculated in accordance with the basis used to set the price control for the control period;
- a record of the price control in each year; and
- a record of the RPI inflation indices used to convert between price bases

For the year ended 31 December 2019, the regulatory accounts have been drawn up in accordance with the requirements of condition E1 of the 'Economic regulation at Heathrow from April 2014: notice granting the licence' ('the Licence') and the CAA's Regulatory Accounting Guidelines.

### 2019 Regulatory developments

In November, the CAA extended our economic licence until the end of 2021 to better align the next regulatory period (H7) with the overall expansion timetable and related statutory process. The period encompassing 2020 and 2021 is known as Interim H7 (iH7).

A Commercial Airline Agreement defining the rebate on aeronautical charges that will be applicable during iH7. This agreement is reflected in the extended licence. The agreement is built by overlaying fixed and volume-based rebates onto an extension of the existing RPI-1.5% price path and regulatory framework. The deal aims to incentivise airlines to maximise the use of current congested capacity ahead of new capacity being released.

For the year ending 31 December 2019, the CAA agreed that the Q6 price control period would roll forward one year with no update to forecasts other than for assumed ordinary depreciation and hence overall performance has been compared to the year ending 31 December 2018.

The COVID-19 outbreak represents a seismic challenge for the aviation industry, including Heathrow, and is having a significant negative impact on our passenger traffic and financial performance in 2020. Further information can be found in the June 2020 Heathrow (SP) Ltd Investor Report.

For further information on the preparation of these accounts, please refer to the notes on the basis of preparation and indexation in sections 7 and 9 respectively. Reconciliations to statutory financial reporting are in section 8.

## Objectives of the Regulatory Accounts

The purpose of the regulatory accounts is to make available, in a form and to a standard satisfactory to the CAA, such audited regulatory accounting information as will, in furtherance of the requirements of the Licence:

- a) enable the CAA, airlines and users of air transport services to assess on a consistent basis the financial position of Heathrow (SP) Limited and the financial performance of provision of airport operation services and associated services provided in connection with Heathrow Airport;
- b) assist the CAA, airlines and users of air transport services to assess performance against the assumptions underlying the price control conditions in Conditions C1 and C2 of the Licence; and
- c) inform future price control reviews.

## 2019 Performance Overview

2019 marked the end of a transformational decade for Heathrow as we welcomed a record 80.9 million passengers. Our traffic grew by nearly 25% in the past ten years and we significantly enhanced our passenger experience despite being severely capacity constrained. Over £12 billion of private money made all this possible. We invested in our colleagues, in better facilities, better processes and resilience. We have also taken a leading role in tackling one of the biggest challenges of our times: climate change. All of this paid off for our passengers and has earned us a place among the best-rated airports in the world today. This is a position of which we can be proud but cannot take for granted.

To continue delivering our vision and give passengers the best airport service in the world, we need to expand Heathrow. The last decade was pivotal in that process: we won the parliamentary vote for Heathrow expansion, we worked on our Masterplan and we continue working with our regulator, airline partners, local communities and investors to deliver this once-in-a-generation project. In May 2020 we secured permission from the Supreme Court to legally challenge the Court of Appeals decision in February 2020 against the Secretary of State for Transport relating to the Government's decision to designate the Airports National Policy Statement. We remain of the view that a robust process has been applied to date, including the extensive evidence gathered by the independent Airports Commission, multiple rounds of public consultation and the overwhelming vote in Parliament

Zooming into 2019, we continued progressing on all four strategic priorities underpinning our vision to give passengers the best airport service in the world: making Heathrow a great place to work, transforming customer service, beating the business plan and sustainable growth.

Our colleagues are fundamental to the success of our vision, which is why making Heathrow a great place to work and creating careers where people can fulfil their potential remains at the very heart of our strategy. In the last 12 months, 1,648 colleagues (2018: 755) attended training to advance their managerial skills and 210 colleagues (2018: 263) were promoted. 1,093 apprenticeships were created as we progressed on our goal to deliver 10,000 apprenticeships by 2030. Since becoming a fully accredited London Living Wage employer in 2017, we continued making progress with our direct supply-chain colleagues: 64 contracts out of 108 have now been updated. Overall, 74% of colleagues (2018: 73%) agreed that Heathrow is a great place to work.

Investments to transform customer service delivered successful results too. We achieved an all-time high 4.17 out of 5.00 score in the global Airport Service Quality (ASQ) survey over 2019. We also achieved some of the highest levels of baggage connections and departures punctuality in our history. For the fifth year running, Heathrow was named 'Best Airport in Western Europe' as well as 'Best Airport for Shopping' for the tenth year in the annual Skytrax World Airport Awards

2019 was our ninth consecutive year of passenger growth as we welcomed 80.9 million passengers through the only hub airport in the world's largest aviation market, up 1.0% compared to 2018. We continued to beat the plan with £3.1 billion revenue, up 3.4% on last year. Operating costs remained tightly controlled whilst gearing up for growth. We continued to prioritise safety, security, service and resilience. This drove a 5.0% increase in adjusted operating costs per passenger pre IFRS 16. Our adjusted EBITDA rose 4.6% to £1.9 billion as a result. We raised £2.1 billion of debt financing globally in 2019 including a 15-year €650m bond issuance and our inaugural JPY transaction in December. Financing activities highlighted global investors' continued confidence in Heathrow's credit

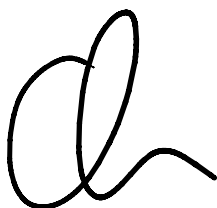
We contribute proactively in the delivery of the UN Sustainable Development Goals by 2030 and have achieved significant milestones to grow Heathrow sustainably today and in the future. We made further progress on decarbonising the airport's infrastructure: in January 2020 we became carbon neutral. We are working towards operating zero carbon airport infrastructure by the mid-2030s and have shared our plan to play our part in decarbonising the aviation industry over the coming decades. We were delighted to see our achievements recognised by edie's 'Mission Possible: Sustainable Business of the Year' award.

2019 is the sixth year of Q6 and is known as Q6+1. The quinquennium was originally planned to finish in December 2018. However, the Civil Aviation Authority (CAA) reached an agreement with Heathrow and the airlines to extend Q6 by one year to 31 December 2019.

## 1. Performance Summary for the year ended 31 December 2019

£million (unless otherwise stated)	Section	2019 Actual	2018 Actual	Variance	%
<b>Total Passengers (thousands)</b>	2	<b>80,886</b>	<b>80,102</b>	<b>784</b>	<b>1%</b>
<b>Revenue</b>	3				
Airport Charges		1,831	1,745	86	5%
Other Revenue		1,220	1,207	13	1%
<b>Total Revenue</b>		<b>3,051</b>	<b>2,952</b>	<b>99</b>	<b>3%</b>
<b>Expenditure</b>	4				
Operating costs		(1,155)	(1,130)	(25)	2%
Assumed ordinary depreciation		(823)	(802)	(21)	3%
<b>Total Expenditure</b>		<b>(1,978)</b>	<b>(1,932)</b>	<b>(46)</b>	<b>2%</b>
<b>Regulatory operating profit</b>		<b>1,073</b>	<b>1,020</b>	<b>53</b>	<b>5%</b>
<b>Capital expenditure</b>	5	<b>856</b>	<b>783</b>	<b>73</b>	<b>9%</b>
<b>Opening RAB</b>	6	<b>16,202</b>	<b>15,786</b>	<b>416</b>	<b>3%</b>
<b>Closing RAB</b>	6	<b>16,598</b>	<b>16,202</b>	<b>396</b>	<b>2%</b>
<b>Average RAB</b>		<b>16,400</b>	<b>15,994</b>	<b>406</b>	<b>3%</b>
<b>Return on average RAB</b>		<b>6.54%</b>	<b>6.38%</b>	<b>0.16%</b>	

The Regulatory accounts of Heathrow (SP) Limited were approved by the Board of Directors of Heathrow (SP) Limited on 30th June 2020 and signed on behalf of the Board by:



Javier Echave  
Director



Nicholas Golding  
Director

## 2. Passenger Summary

### Heathrow passengers for the year ended 31 December 2019

Thousands	2019 Actual	2018 Actual	Variance	(%)
Departing passengers	39,958	39,640	318	1%
Arriving passengers	40,928	40,462	466	1%
<b>Total passengers<sup>1</sup></b>	<b>80,886</b>	<b>80,102</b>	<b>784</b>	<b>1%</b>

<sup>1</sup> Passenger totals are unrounded and defined in the basis of preparation in section 7.

### Heathrow's passengers by geographic segment for year ended 31 December 2019 compared to year ended 31 December 2018

Thousands	2019 Actual	2018 Actual	Variance	(%)
UK	4,840	4,795	45	1%
Europe	33,155	33,326	(171)	(1%)
North America	18,835	18,100	735	4%
Asia Pacific	11,407	11,532	(125)	(1%)
Middle East	7,750	7,660	90	1%
Africa	3,515	3,338	177	5%
Latin America	1,382	1,351	31	2%
<b>Total passengers<sup>1</sup></b>	<b>80,886</b>	<b>80,102</b>	<b>784</b>	<b>1%</b>

<sup>1</sup> Passenger totals are unrounded and defined in the basis of preparation in section 7.

Heathrow's passenger numbers for the year ended 31 December 2019 rose 1.0% to a record 80.9 million (2018: 80.1 million).

With flights constrained at the airport, growth continues to be driven by larger and fuller aircraft. Load factors increased to 80.0% (2018: 79.4%) and were the key driver of growth, particularly on long haul routes.

2019 saw the continuation and commencement of a number of new routes at the airport, with regular flights started to Newquay, Guernsey and the Isle of Man in the UK, Chengdu and Zhengzhou in China, and Pittsburgh and Charleston in the United States.

Short haul traffic fell by 0.3% whilst long haul traffic grew by 2.2%, with the latter boosted by traffic to North America which recorded an increase in flights and load factors. East Asian traffic grew by 4.5% with growth delivered by new routes to China and Japan. Traffic to South Asia decreased by 13.2% with the loss of Jet Airways due to bankruptcy.

## 3. Revenue

### Summary

For the year ended 31 December 2019, revenue at £3,051 million was 3% higher than 2018.

£million		2019 Actual	2018 Actual	Variance	(%)
<b>Airport charges</b>	3.1	1,831	1,745	86	5%
Retail (including car parking)	3.2	703	698	5	1%
Property		118	118	0	0%
<b>Commercial Revenue</b>		821	816	5	1%
<b>Other regulated charges</b>	3.3	244	243	1	0%
Rail		139	137	2	1%
Other		15	11	4	36%
<b>Total revenue</b>		<b>3,051</b>	<b>2,952</b>	<b>99</b>	<b>3%</b>

### 3.1 Airport charges

For the year ended 31 December 2019, airport charges (excluding airline rebate) at £1,875 million were 7% higher than 2018.

£million (unless otherwise stated)	2019 Actual	2018 Actual	Variance	(%)
<b>Passenger Flights</b>				
Departing passenger charges	1,250	1,193	57	5%
Landing charges	543	477	66	14%
Parking charges	72	65	7	11%
Total Passenger Flights	1,865	1,735	130	7%
Total Passengers (k)	80,886	80,102	784	1%
Actual yield per passenger	£23.05	£21.66	1	6%
<b>Total Non-Passenger Flights</b>	<b>10</b>	<b>10</b>	0	0%
<b>Total Airport Charges</b>	<b>1,875</b>	<b>1,745</b>	130	7%
Airline deal rebate	(44)	-	(44)	n/a
<b>Total Airport Charges after rebate</b>	<b>1,831</b>	<b>1,745</b>	86	5%

The £86 million increase is driven by more passengers and a higher yield, offset by the Airline deal rebate.

Details of the maximum allowable yield adjusting components can be found in Appendix A.

### 3.2 Retail Revenue

For the year ended 31 December 2019, gross retail income at £717 million was 1% higher than 2018. Net retail income ('NRI') was 1% up with NRI per passenger in line with 2018.

£million (unless otherwise stated)	2019 Actual	2018 Actual	Variance	%
- Retail concessions	339	323	16	5%
- Catering	64	61	3	5%
- Other retail	113	124	(11)	(9%)
- Other services	76	78	(2)	(3%)
<b>Retail</b>	<b>592</b>	<b>586</b>	<b>6</b>	<b>1%</b>
<b>Car Parking</b>	<b>125</b>	<b>126</b>	<b>(1)</b>	<b>(1%)</b>
<b>Gross retail income</b>	<b>717</b>	<b>712</b>	<b>5</b>	<b>1%</b>
Retail expenditure	(14)	(14)	-	0%
<b>Net retail income</b>	<b>703</b>	<b>698</b>	<b>5</b>	<b>1%</b>
<b>Terminal Passengers (k)</b>	<b>80,886</b>	<b>80,102</b>	<b>784</b>	<b>1%</b>
<b>Net Retail income per passenger</b>	<b>£8.69</b>	<b>£8.71</b>	<b>(0.02)</b>	<b>(0.2%)</b>

Growth was led by retail concessions and catering, reflecting record passenger traffic. The Sterling Pound weakening against both the Euro and US Dollar also contributed to increased spending by our passengers. Other retail revenue declined due to bureaux de change customers favouring alternative methods of pre-booked currency, and a one-off contractual benefit received in 2018 which did not reoccur. Excluding the one-off contractual benefit in 2018, retail revenue per passenger would have increased by 1.0% to £8.93 (2018: £8.83).

### 3.3 Other Regulated Charges Revenue

For the year ended 31 December 2019, other regulated charges (ORC) revenue at £244 million was broadly in line with last year.

£million	2019 Actual	2018 Actual	Variance	%
Baggage and check-in	137	140	(3)	(2%)
Fixed electrical ground power	11	10	1	10%
Utilities	44	47	(3)	(6%)
PRM	24	22	2	9%
Staff car parking & security documentation	17	17	0	0%
Other income	11	7	4	57%
<b>Total</b>	<b>244</b>	<b>243</b>	<b>1</b>	<b>0%</b>

Baggage & Check-in income was down on last year with more passengers offset by fewer bags per passenger. Utilities (incorporating electricity, water, heating, water & sewerage, gas, waste & recycling and pre-conditioned air) were 6% lower than 2018, primarily due to lower consumption, whilst PRM income increased due to improvements in services provided and increased demand.



## 4. Operating Costs

### Summary

For the year ended 31 December 2019, total operating costs at £1,155 million were 2% higher than 2018. Total operating costs included £2 million Category B costs.

£million	Section	2019 Actual	2018 Actual	Variance	%
Staff	4.1	(470)	(432)	(38)	9%
Maintenance and Equipment	4.2	(187)	(183)	(4)	2%
Rates	4.3	(125)	(141)	16	(11%)
Utilities	4.4	(68)	(90)	22	(24%)
Other expenditure	4.5	(306)	(285)	(21)	7%
<b>Operating costs before adjustments</b>		<b>(1,156)</b>	<b>(1,131)</b>	<b>(25)</b>	<b>2%</b>
Add back service quality rebates		1	1	0	0%
<b>Total operating costs</b>		<b>(1,155)</b>	<b>(1,130)</b>	<b>(25)</b>	<b>2%</b>

### 4.1 Staff

For the year ended 31 December 2019, staff costs at £470 million were 9% higher than 2018.

£million	2019 Actual	2018 Actual	Variance	%
Security	(159)	(154)	(5)	3%
Other operational	(94)	(91)	(3)	3%
Non-operational	(152)	(124)	(28)	23%
Pension	(65)	(63)	(2)	3%
<b>Total</b>	<b>(470)</b>	<b>(432)</b>	<b>(38)</b>	<b>9%</b>

Security and other operational colleague costs were broadly in line with 2018. Non-operational costs were up 23% primarily as a result of increased staff costs working on Heathrow expansion, mostly capitalised as Category B and C costs. Total capitalised staff costs were £81 million (2018: £64 million).

### 4.2 Maintenance and Equipment

For the year ended 31 December 2019, maintenance and equipment costs at £187 million were 2% higher than 2018.

£million	2019 Actual	2018 Actual	Variance	%
IT and computer services	(58)	(50)	(8)	16%
Maintenance	(115)	(117)	2	(2%)
Stores and equipment	(14)	(16)	2	(13%)
<b>Total</b>	<b>(187)</b>	<b>(183)</b>	<b>(4)</b>	<b>2%</b>

### 4.3 Rent and Rates

For the year ended 31 December 2019, rent and rates at £125 million were 11% lower than 2018, primarily due to the first-year application of IFRS 16 Leases, transferring costs previously recorded in Rent within opex, to depreciation and finance changes.

£million	2019 Actual	2018 Actual	Variance	%
Rent	(2)	(15)	13	(87%)
Rates	(123)	(126)	3	(2%)
<b>Total</b>	<b>(125)</b>	<b>(141)</b>	<b>16</b>	<b>(11%)</b>

### 4.4 Utilities

For the year ended 31 December 2019, utilities costs at £68 million were 24% lower than 2018.

£million	2019 Actual	2018 Actual	Variance	%
Electricity	(48)	(44)	(4)	9%
Water and sewerage	(4)	(2)	(2)	100%
Gas	(3)	(3)	0	0%
Waste and recycling	(7)	(7)	0	0%
Other	(6)	(34)	28	(82%)
<b>Total</b>	<b>(68)</b>	<b>(90)</b>	<b>22</b>	<b>(24%)</b>

The main driver of the reduction is the first-year application of IFRS 16 Leases, transferring the costs of the electricity distribution network (£26 million) previously recorded in Utilities within opex, to depreciation and finance changes.

### 4.5 Other expenditure

For the year ended 31 December 2019, other expenditure at £306 million was 7% higher than 2018.

£million	2019 Actual	2018 Actual	Variance	%
Police	(35)	(34)	(1)	3%
Rail	(70)	(72)	2	(3%)
Cleaning	(32)	(30)	(2)	7%
Service quality rebate	(1)	(1)	0	0%
Intra group	(15)	(14)	(1)	7%
PRM costs	(26)	(23)	(3)	13%
Other (including Air navigation service)	(127)	(111)	(16)	14%
<b>Total other costs</b>	<b>(306)</b>	<b>(285)</b>	<b>(21)</b>	<b>7%</b>

### 4.6 Assumed Ordinary Depreciation

The depreciation allowance was determined by the CAA to remain the same as 2018 at £676 million in (2011/12) prices increased to £823 million in 2019 prices (22% increase).

## 5. Capital Expenditure

### Summary

£million	2019 Actual	2018 Actual	Variance	%
Capital expenditure incurred in the year ended December 2019	619	666	(47)	(7%)
Category B	158	108	50	46%
Category C	71	11	60	545%
<b>Total Capex added to the RAB</b>	<b>848</b>	<b>785</b>	63	8%
Category B Capex not added to the RAB	8	8	-	0%
<b>Total Capex spent</b>	<b>856</b>	<b>793</b>	63	8%

Total capital expenditure in 2019 was £856 million (2018: £793 million). We invested £619 million (2018: £666 million) in a variety of programmes to improve the passenger experience, airport resilience and for asset replacement. We also progressed our plans to expand Heathrow with investment of an additional £237 million in the period (2018: £127 million).

We continued to invest in airfield and resilience programmes. Work is underway to meet the next-generation security requirements mandated by the Department for Transport (DfT). Significant investment continues in automating the passenger journey with the roll-out of self-bag drops and self-boarding gates across all terminals. Further investment has also been made to increase capacity in Terminal 5, with 20 new carriages now on order to double the capacity on the Track Transit System, linking the main terminal to satellite buildings. The Hold Baggage Screening (HBS) upgrade works are progressing well, with the Terminal 5 programme now fully complete. The works in Terminal 4 are progressing well and scheduled to achieve the DfT compliance date in September 2020.

Expansion-related capital expenditure includes Category B costs associated with the consent process and includes early Category C costs predominantly relating to early design costs.

Since 2016, Heathrow has invested £361m in Category B costs and £89m in Category C costs, a total of £450m that is carried in our balance sheet as assets in the course of construction.

## 5.1 Analysis of actual expenditure

Detail	Total Capex (£million)
B243 KILO Apron Development	56
B6677.01 C-UAS Phase 1	7
B6113.05 GA13 & 13C	4
B211 Ground Movement Control	4
B112 Airfield Efficiency	3
Other Airport Resilience	20
<b>Total Airport Resilience</b>	<b>94</b>
B101 Engineering Asset Replacement	44
B6203 Passenger Experience Improvements	26
B6213 Engineering Agile Delivery	20
B6205 Operational Improvements	19
B6201T4 Fire Safety Improv	9
B6210.01 Southern Runway	9
B6206.02 Heavy Rail Asset Rep.	8
B6501 Cyber Security Programme	7
Other Asset Management	18
<b>Total Asset Management</b>	<b>160</b>
B216 HBS & Asset Replacement	113
B097 T1 Baggage Resilience	11
B6313 Baggage Asset End of Life Management	5
B6312 Eastern Campus Baggage Product Resilience	5
<b>Total Baggage</b>	<b>135</b>
B329 Automation of the Passenger Journey	24
B041 Q6 Commercial BAU	13
B6675 Regulated Terminal Security	7
B6649 Automate the Passenger Journey	6
B6673 Perimeter Protection	6
B7649 Automating the Passenger Journey	11
T3 Refurbishment & Enhancement	5
Other Passenger Experience	23
<b>Total Passenger Experience</b>	<b>95</b>
<b>Q6 Realisation</b>	<b>16</b>
<b>Additional Capacity</b>	<b>55</b>
<b>Business Information Technology Programme</b>	<b>65</b>
<b>Subtotal</b>	<b>619</b>
Category B <sup>1</sup>	166
Category C	71
<b>Total</b>	<b>856</b>

<sup>1</sup> 5.35% return will be added to the average RAB

Investment continued across the campus in a variety of programmes to improve the passenger experience, airport resilience and work through a broad asset replacement programme. We also continued to develop our plans for expanding Heathrow.

## 5.2 Development and core capital expenditure

£million	2019 Actual	2018 Actual
Development capital expenditure which transitioned to core capital expenditure (including the spend incurred during the development stages) for the year ended December 2019 (Excluding Expansion)	594	626
<b>Total</b>	<b>594</b>	<b>626</b>

## 5.3 Capital Triggers

Business case	Trigger milestones	Trigger date	Actual completion date	Monthly rebate (£000's)	2019 Rebate (£000's)
B131 - Tunnels	Main tunnel life safety systems	December 2016	-	91.4	1,097.8
B006 - Improved Baggage Capacity & Resilience	Completion of the conversion of 4 racks to 6 racks in the existing bag store in T5 - providing additional 1980 redundant positions and 552 non redundant positions	October 2019	June 2019	84.0	N/A
B243 - Kilo Apron Development	Delivery of stands 211,212, 213 into operational use	March 2019	February 2019	132.0	N/A
B116 - T3 Security Capacity	To deliver a new permanent flight connections centre to T3 and to demolish the interim facility on stand 323	January 2019	January 2019	207.0	N/A
B097 - T1 Baggage Resilience	Out of gauge facility relocated and ready for operations including a recovery facility to support the operation	December 2019	December 2019	111.0	N/A
B101 - Engineering Asset Replacement	Power on to the replaced final switchboard	October 2019	June 2019	101.0	N/A
B216 - HBS and Asset Replacement	Hold Baggage Screening standard 3 machines installed in T2	September 2018	-	426.0	5,112.0
B243 - Kilo Apron Development	Completion of the kilo substructure excavation	September 2020	December 2019	498.0	N/A

## 5.4 Independent Funds Surveyor

The Independent Fund Surveyor (IFS) has been engaged since April 2014 and to date has been deployed on 56 projects – of which 9 are currently in construction – and on 3 programmes. The IFS has completed close out reports on 16 projects. Key IFS recommendations are being addressed on two levels, by respective project teams and at portfolio level. The End of Q Review, undertaken by the CAA's consultants looking at our capital expenditure, used the IFS reports as the starting point for their reviews on projects. The list of projects reviewed was much reduced as a result of the way in which the IFS process had worked during Q6, making the process shorter and less time consuming for both Heathrow and the Airline Community.

Key portfolio issues continue to be managed through the IFS Working Group (Capital Portfolio Board sub-group) with a range of airline community stakeholders to progressively work through common IFS themes and recommendations to drive improvement. During 2019 this group continued to review areas including scheduling, cost estimating, benchmarking, change management, procurement, requirements management, earned value, risk, benefits and lessons learnt, as well as implementing the items previously agreed with the airlines in response to the CAA consultant's report in to Heathrow Airport's Q6 Capex Governance Framework.

## 6. Regulatory Asset Base (RAB)

### Opening Regulatory Asset Base at 1 April 2014

£million (average 11/12 & 13/14 prices)		Increase in RPI to 31 March 2014	Adjusted RAB at 1 April 2014
<b>Forecast RAB at 31 March 2014 in Annex H, Economic regulation at Heathrow from April 2014</b>	13,816	7.36%	14,832
Actual capital expenditure 2013/14	1,360	1.22%	1,376
Assumed capital expenditure 2013/14	(1,293)	7.36%	(1,388)
Actual proceeds from disposal 2013/14	(4)	1.22%	(4)
<b>Adjusted opening RAB at 1 April 2014</b>			<b>14,816</b>

### Closing Regulatory Asset Base at 31 December 2019

£million	2019 Actual	2018 Actual	Variance	%
<b>Opening RAB at 1 January 2019</b>	<b>16,202</b>	<b>15,786</b>	<b>416</b>	<b>3%</b>
Additions in year	619	666	(47)	(7%)
Category B costs <sup>2</sup>	158	108	50	46%
Category C costs <sup>1</sup>	71	11	60	545%
5.35% return on Category B costs <sup>2</sup>	13	8	5	63%
Assumed ordinary depreciation	(823)	(802)	(21)	3%
Indexation to 31 December 2019	358	425	(67)	(16%)
<b>Closing RAB at 31 December 2019<sup>2</sup></b>	<b>16,598</b>	<b>16,202</b>	<b>396</b>	<b>2%</b>

<sup>1</sup> Category C costs amounting to £82 million have been added to the RAB subject to the CAA's policy on Category C, which is being finalised.

<sup>2</sup> Accumulated Category B costs of £356 million are included within the RAB as at 31 December 2019.

## 7. Basis of Preparation

### Summary

The Company is required to prepare regulatory accounts by condition E1 of the ‘Economic regulation at Heathrow from April 2014: notice granting the licence’ (the “Q6 Decision”), issued pursuant to the Civil Aviation Act 2012. The primary purpose of these accounts is to serve the process of regulation by the CAA.

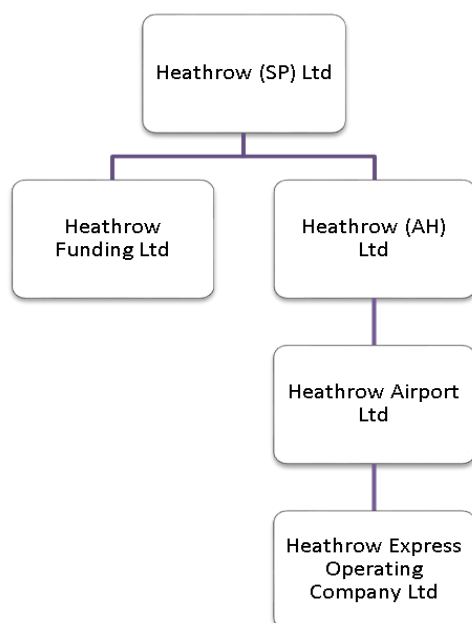
The CAA requires that the regulatory accounts shall comprise a report in the format shown in sections 1 to 10 of this report and except so far as the CAA reasonably considers otherwise be prepared in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

The regulatory accounts include notes as agreed with the CAA which describe the derivation of key regulatory results and, where relevant, adjustments to the statutory and management accounts of the Company. The Directors of the Company are responsible for preparing the annual regulatory accounts in accordance with the CAA issued Regulatory Accounting Guidelines.

The following explains the key underlying assumptions in the preparation of this report:

### Data Sources

The principal sources of data used in the preparation of these accounts are the audited financial statements of Heathrow (SP) Limited for the year ended 31 December 2019. For the purposes of these regulatory accounts the directors have not prepared an updated going concern assessment. However the directors have prepared a set of financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU on a consolidated basis. These are referred to in these regulatory accounts as ‘the underlying accounts. These underlying accounts were prepared on a Going Concern basis at the date of signing on 25<sup>th</sup> February 2020.



## 7. Basis of Preparation *continued*

### Passengers

Total passenger numbers represent those passengers on all flights except cargo who physically pass through the airport's facilities. It also includes passenger numbers for the following flight categories, which are included in the table in section 3 showing the breakdown of airport charges – non-scheduled passenger, air ambulance, government charter (troops and cargo), air taxi, general aviation, diplomatic and military. Terminal passenger numbers exclude those passengers in the flight categories above.

### The Regulatory Asset Base (“RAB”)

The CAA, in Annex K of its Q6 Decision, determined how the value of the RAB at 31 March 2014 should be calculated, and this is shown in section 6. The CAA further determined in Annex K how the value of the RAB should be rolled forward annually thereafter and this is shown in appendix C. Capital expenditure in the year has been uplifted by the increase in RPI in accordance with Annex K of the Q6 Decision. The same principles apply to Category B costs. Forecast capital expenditure has likewise been uplifted by the increase in RPI, from average 2011/12 prices (as in the Q6 Decision) to average 2019 prices, in accordance with CAA guidance.

The weighted average RAB is calculated using the weighting formula adopted in the Q6 Decision. This equates to the sum of the closing balance multiplied by a factor of 0.5 and the opening balance multiplied by a factor of 0.5.

### Operating revenues and costs

Operating revenues and costs are taken from the underlying accounts and underlying accounting records of the Group. They also include Category B Expansion costs. Adjustments have been made to align the presentation of actual results to that in the Q6 Decision. The principal adjustments are:

- retail costs, principally car park management fees, are netted off against retail revenue;
- other regulated charges revenue, principally utilities and check in/baggage revenue are re-categorised from other revenue lines into one category;
- pension costs reflect the Company's cash contribution to the British Airport Authority ('BAA') Pension Scheme;
- service quality rebates are excluded from operating costs;
- gains or losses on asset disposals are excluded from operating costs; and
- Heathrow Consolidation Centre costs are netted off against revenue.

### Net Fixed Assets

Net fixed assets as shown in Section 8 are as shown in the underlying accounts except that the Net Book Value of Terminal assets have been further broken down by Terminal. The break-down has been provided using location codes and asset descriptions as recorded in the source accounting data (the Fixed Asset Register). Terminal assets which have been categorised as Terminal non-specific include those assets outside of terminal buildings and assets which have not yet been transferred to the Fixed Asset register.

### Development and core capital expenditure

Development and core capital expenditure for the year is calculated by adding the cumulative capital expenditure which has been transitioned to core to the cumulative development capital expenditure and subtracting from the prior year total. Adjustments are made where capital that has been transferred to core has been delayed into future periods.



## 8. Reconciliations

This section comprises the reconciliations of revenue, operating costs and the closing RAB to the underlying accounts.

### Reconciliation of Revenue

Reconciliation to the underlying accounts	£million
<b>Regulatory revenue</b>	<b>3,051</b>
Add back consolidation centre costs netted off against revenue	5
Add back retail costs netted off against revenue	14
<b>Revenue per the underlying accounts</b>	<b>3,070</b>

### Reconciliation of Operating Costs

Reconciliation to the underlying accounts	£million
<b>Regulatory expenditure</b>	<b>(1,978)</b>
Add statutory depreciation	(771)
Remove assumed ordinary depreciation	823
Add back Service Quality Rebate	1
Add back retail costs netted off against revenue	(14)
Add back consolidation centre costs netted off against revenue	(5)
Remove pension cash contribution adjustment	24
<b>Operating costs including depreciation per the underlying accounts</b>	<b>(1,920)</b>

## 8. Reconciliations

### Reconciliation of statutory non-current assets in the underlying accounts to the closing RAB at 31 December 2019

		£million
<b>Closing RAB at 31 December 2019</b>		<b>16,598</b>
Difference between net fixed assets and RAB at 31 March 2014	(a)	(1,339)
<b>Adjusted closing RAB</b>		<b>15,259</b>
Interest capitalised disallowed within the RAB	(b)	238
Difference between net book value of disposals and proceeds	(c)	(2)
Revaluation in the underlying accounts	(d)	518
Indexation of RAB	(e)	(2,117)
Difference between depreciation in the underlying accounts and Assumed Ordinary Depreciation	(f)	350
Expansion capex and provisions excluded	(g)	13
<b>Subtotal of cumulative Q6 variance</b>		<b>(1,000)</b>
<b>Net fixed assets per the underlying accounts at 31 December 2019</b>		<b>14,259</b>

#### a) Difference between net fixed assets and RAB at 31 March 2014

	£million
Cumulative borrowing costs capitalised from 1 April 1995 to 31 March 2014	(1,400)
Payments for land purchase obligations	44
Difference between the value of asset revaluations in the statutory accounts and the indexation uplifts provided in the Regulatory Accounts to 31 March 2014	3,417
Difference between depreciation in the underlying accounts and assumed ordinary depreciation	(197)
CAA disallowance for Q6 (T3IB)	(32)
A reduction in respect of a pensions holiday in Q4	(93)
Intercompany transfers primarily relating to the transfer of the partly constructed Personal Rapid Transport system from BAA Enterprises which was excluded from the RAB in Q5	(21)
An asset valuation uplift on transition to IFRS accounting standards	(360)
A reduction in respect of other valuation differences	(19)
<b>Total</b>	<b>1,339</b>

- b) Borrowing costs amounting to £238 million were capitalised cumulatively in Q6 to date. The roll forward calculation for the RAB specified in the CAA Licence excludes capitalised borrowing costs.
- c) Statutory non-current assets are derived after deducting the net book value of assets disposed of during the year. The RAB value specified in the CAA Licence is derived by deducting the proceeds of asset disposals.
- d) Investment properties and land held for development are subject to annual revaluation in the underlying accounts as well as impairment reviews. Remaining assets are held at depreciated historic cost.

- e) The RAB is revalued annually by reference to RPI as specified in the CAA Licence.
- f) This reflects the difference between the amount charged as depreciation in the underlying accounts and the Assumed Ordinary Depreciation allowed in the CAA Licence.
- g) This comprises the capitalised expansion costs not added to the RAB of £28 million plus a home loss provision of £7 million for payments due to previous owners' residential property owned by Heathrow, less the cumulative 5.35% return on Category B Expansion expenditure of £22 million.

	£million
<b>Closing RAB at 31 December 2019</b>	<b>16,598</b>
Difference between RAB and net fixed assets at 31 March 2014	(1,339)
<b>Adjusted closing RAB</b>	<b>15,259</b>
Cumulative Q6 variance	(1,000)
<b>Net fixed assets per the underlying accounts at 31 December 2019</b>	<b>14,259</b>
<b>Breakdown of non-current assets</b>	
Terminal 1	209
Terminal 2	1,912
Terminal 3	1,062
Terminal 4	516
Terminal 5	2,753
Terminals non-specific	844
<b>Terminal (Total)</b>	<b>7,296</b>
Airfields	1,512
Plant and Equipment	521
Other land and buildings	186
Rail	778
AICC	1,268
Investment properties	2,522
Intangible assets	176
<b>Net fixed assets per the underlying accounts at 31 December 2019</b>	<b>14,259</b>

## 9. Indexation

The following indices have been used for revaluing forecasts:

Indexation	
Average RPI index for the year ended 31 March 2012	237.3
Average RPI index for the 12 months ended 31 December 2015	258.1
Average RPI index for the year ended 31 December 2016	263.1
Average RPI index for the year ended 31 December 2017	272.5
Average RPI index for the year ended 31 December 2018	281.6
Average RPI index for the year ended 31 December 2019	288.8
RPI index at 31 December 2016	267.1
RPI index at 31 December 2017	278.1
RPI index at 31 December 2018	285.6
RPI index at 31 December 2019	291.9
Increase from average 2011/12 to 31 December 2019	23.01%
Increase from average 2011/12 to average 2019	21.70%
Increase from average 2019 to 31 December 2019	1.07%
Increase from 31 December 2018 to 31 December 2019	2.21%

\*The indexation calculations are based on unrounded numbers.

## 10. Independent Report from Deloitte LLP

### Independent auditor's report to the Civil Aviation Authority (the "Regulator") and the directors of Heathrow Airport Limited and Heathrow (SP) Limited (together the "Companies")

#### Report on the audit of the Audited Statements

##### Opinion

We have audited the financial information included within the Regulatory Accounts of Heathrow (SP) Limited for the period ended 31 December 2019 (the "Regulatory Accounts") on pages 6 to 23, comprising of statements 1 to 9 (the "Audited Statements").

The financial reporting framework that has been applied in their preparation is the financial reporting provisions of Condition E1 of the Regulatory Licence granted to Heathrow Airport Limited under section 15 of the Civil Aviation Act 2012 ("the Regulatory Licence") and the Regulatory Accounting Guidelines.

In our opinion, the Audited Statements for the year ended 31 December 2019 have been prepared, in all material respects, in accordance with the financial reporting provisions of Condition E1 of the Regulatory Licence and the Regulatory Accounting Guidelines.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and applicable law and having regard to the guidance contained in ICAEW Technical Release Tech 02/16 AAF 'Reporting to Regulators on Regulatory Accounts' issued by the Institute of Chartered Accountants in England & Wales.

Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the Audited Statements section of our report. We are independent of Heathrow (SP) Limited in accordance with the ethical requirements that are relevant to our audit of the Audited Statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Emphasis of matter – special purpose basis of preparation

We draw attention to the fact that the Audited Statements have been prepared in accordance with Condition E1 of the Regulatory Licence and the Regulatory Accounting Guidelines. The nature, form and content of the Audited Statements are determined by the Regulator. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the Regulator's purposes. Accordingly, we make no such assessment.

The Audited Statements are separate from the statutory financial statements of Heathrow (SP) Limited and have not been prepared under the basis of International Financial Reporting Standards ("IFRS"). Financial information other than that prepared on the basis of generally accepted financial reporting standards does not necessarily represent a true and fair view of the financial performance of a company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

Reconciliations between the Audited Statements and the statutory financial statements, which have been prepared under IFRS are included in Statement 8 within the Audited Statements.

The Audited Statements are prepared in accordance with a special purpose framework for the specific purpose as described in the respective directors' and auditor's responsibilities sections below. As a result, the Audited Statements may not be suitable for another purpose.

Our opinion is not modified in this respect.

## **Other information**

The other information comprises all of the information in the Regulatory Accounts other than the Audited Statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the Audited Statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the Audited Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Audited Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Audited Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

## **Responsibilities of the directors Heathrow (SP) Limited**

The directors of Heathrow (SP) Limited are responsible for the preparation of the Audited Statements in accordance with the financial reporting provisions of Condition E1 of the Regulatory Licence and the Regulatory Accounting Guidelines.

The directors of Heathrow (SP) Limited are also responsible for such internal control as they determine is necessary to enable the preparation of the Audited Statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibilities for the Audit of the Audited Statements**

Our objectives are to obtain reasonable assurance about whether the Audited Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Audited Statements.

A further description of our responsibilities for the audit of the Audited Statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

### **Opinion on other matters prescribed by Condition E1**

Under the terms of our contract, we have assumed responsibility to provide the following additional opinions in relation to the accounting records. In our opinion:

- proper accounting records have been kept by the Companies as required by Condition E; and
- the Audited Statements are in agreement with the accounting records and returns retained for the purpose of preparing the Regulatory Accounts.

### **Use of this report**

This report is made, on terms that have been agreed, solely to the Companies and the Regulator in order to meet the requirements of Condition E1 of the Regulatory Licence.

Our audit work has been undertaken so that we might state to the Companies and the Regulator those matters that we have agreed to state to them in our report, in order (a) to assist Heathrow Airport Limited to meet its obligation under Condition E1 to procure such a report and (b) to facilitate the carrying out by the Regulator its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other

than the Companies and the Regulator, for our audit work, for this report or for the opinions we have formed.

Our opinion on the Audited Statements is separate from our opinion on the statutory financial statements of the Companies for the period ended 31 December 2019 on which we report, which are prepared for a different purpose. Our audit reports in relation to the statutory financial statements of the Companies (our 'statutory audits') were made solely to the members of the respective companies, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our statutory audit work was undertaken so that we might state to the members of the respective companies those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive style, with a large, stylized 'D' at the beginning.

**Deloitte LLP**  
Statutory Auditor  
London, United Kingdom  
30 June 2020

## Appendices (unaudited)

### Appendix A

#### Maximum Allowable Yield

The table below shows the maximum allowable yield that Heathrow was allowed to charge in 2019:

		£
<b>Specified yield for 2018</b>		<b>22.057</b>
Forecast 12 months RPI movement to April 2018	3.4%	0.774
Value of X	(1.5%)	(0.341)
Forecast capital trigger payments		(0.003)
SQR Bonus		0.007
Cumulative development capital expenditure adjustment		(0.242)
Security cost pass through (S factor)		0.000
Business rate revaluation factor (BR factor)		(0.343)
Category B costs		0.126
2017 correction 'K' factor under recovery		0.184
<b>Forecast 2019 maximum allowable yield</b>		<b>22.913</b>

The following factors contribute to the calculation of the 2019 maximum allowable yield:

#### Cumulative development capital expenditure adjustment

The forecast development capital expenditure adjustment for 2019 considered that fewer projects were transitioning from development capital to core capital than originally anticipated in the settlement, as such adjustment was made for lower cumulative capital spend to 2019 than the CAA's Q6 settlement. Any subsequent change in actual development capex transitioning to core will be adjusted in the K factor when setting charges for 2021.

#### 2017 correction 'K' factor under recovery

<b>K factor analysis</b>		
Airport charges revenue 2017 (£thousands)	a £thousands	1,706,679
Passengers 2017 (thousands)	b thousands	77,989
Actual yield	£	21.884
Forecast to recover 2019	c £	22.070
Interest rate	d	0.250%
Forecast passengers 2019 (thousands)	e thousands	79,252
<b>2019 correction 'K' factor = <math>((a-(b*c))/e*((1+d)^2)</math></b>		<b>0.184</b>

#### Maximum Allowable Yield - Actual vs Forecast

£	2015	2016	2017	2018	2019
Forecast maximum allowable yield	22.627	22.118	21.907	22.057	22.913
Actual yield	22.560	22.344	21.871	21.656	23.053
Variance	(0.067)	0.226	(0.036)	(0.401)	0.140
%	(0.3%)	1.0%	(0.2%)	(1.8%)	0.6%



## Appendix C

### Rolling forward the Regulatory Asset Base

#### Purpose and basis of the calculation

- B1 This Appendix specifies the detail of the formulae that the CAA intends to use for tracking the regulatory asset base. The purpose of this Appendix is to describe how to calculate the regulatory asset base (RAB) for Heathrow.
- B2 The equations set out below are based on the projections made by the CAA in reaching its final decision on the charge conditions for the control period 1 April 2014 to 31 December 2018.

#### Inflation indices

- B3 Each year, the RAB is expressed in actual end year price levels. The modelling used fixed 2011/12 price levels and the figures below must be uplifted to current price terms each year

Retail Price Index ("RPI") Growth t from 2011/12 = The RPI (as defined in the Condition) as at 31 December of financial year t divided by the average of the relevant monthly RPI figures for the financial year 2011/12, which (based on the All Items index<sup>1</sup> and based on 13 January 1987 = 100) equals 237.3

Annual RPI Growth t = The RPI as at 31 December of financial year t divided by The RPI as at 31 December of financial year t-1

Within Year RPI Growth t = The RPI as at 31 December of financial year t divided by the average of the monthly RPI figures for the relevant number of preceding months (nine for the first Regulatory Period, 12 for all subsequent Regulatory Years)

#### Heathrow RAB

- B4 This section describes how the Heathrow RAB will be rolled forward from one Regulatory Period or year to another.

RAB t = (Basic RAB) t + (Cumulative Profiling Adjustment)t

- B5 Both the Basic RAB and the Cumulative Profiling Adjustment are to be separately identified. This is to allow full visibility to interested parties.

<sup>1</sup> All Items (CHAW) index, source: Office for National Statistics (ONS).

Closing (Basic RAB) t = Opening RAB t  
 + (Total Actual Capex t (including Category Costs above £10m) x Within Year RPI Growth t)<sup>2</sup> +  
 (5.35% on the average RAB of Category B cost (above £10m) x Within Year RPI Growth t)  
 - (Proceeds from Disposals t)  
 - (CAA's Assumed Ordinary Depreciation t x RPI Growth from 2011/12)

Opening (Basic RAB) t = For the first Regulatory Period (1 April to 31 December 2014, where t=1), this figure will be set according to the following formula:  
 £ 13,815.828 million x RPI Growth from 2011/12  
 + Actual Capex 2013/14 x RPI Growth from 2013/14  
 - £ 1,292.874 million x RPI Growth from 2011/12  
 - (Actual proceeds from Disposals 2013/14) x RPI Growth from 2013/14  
 = For the remaining Regulatory Years, this figure will be set according to the following formula:  
 Closing RAB t-1 x Annual RPI Growth t

Assumed Ordinary Depreciation t in 2011/12 prices = For each financial year this figure will be fixed at the following values:  
 Regulatory Period 1 (1 April to 31 December 2014): £ 467.255 million  
 Regulatory Year 2 (calendar year 2015): £ 644.921 million  
 Regulatory Year 3 (calendar year 2016): £ 652.732 million  
 Regulatory Year 4 (calendar year 2017): £ 672.132 million  
 Regulatory Year 5 (calendar year 2018): £ 676.246 million

<sup>2</sup> Accrued capital expenditure with no adjustment for movements in working capital.

## Appendix D

### Service Quality Rebates and Bonus (SQRB)

#### Summary of 2019 SQRB performance

Category	SQR element	Target	Number of Passes	Number of Failures	Rebates paid £million
<b>Passenger satisfaction (QSM)</b>	Departure lounge seating availability	3.80	48	0	0.0
	Cleanliness	4.00	48	0	0.0
	Wayfinding	4.10	48	0	0.0
	Flight information	4.30	48	0	0.0
	Security	Publication only			
	Wi-Fi	Publication only			0.0
<b>Security</b>	Central Search - less than 5 mins	95.00%	48	0	0.0
	Central Search - less than 10 mins	99.00%	48	0	0.0
	Transfer search	95.00%	48	0	0.0
	Staff search	95.00%	48	0	0.0
<b>Campus Passenger Operational</b>	Control posts	95.00%	48	0	0.0
	Passenger Sensitive Equipment (PSE general)	99.00%	48	0	0.0
	Passenger Sensitive Equipment (PSE priority)	99.00%	48	0	0.0
	Arrivals baggage carousels	99.00%	48	0	0.0
	T5 track transit system - 1 train availability	99.00%	12	0	0.0
	T5 track transit system - 2 trains availability	97.00%	10	2	0.63
<b>Airline operational</b>	Stands	99.00%	48	0	0.0
	Jetties	99.00%	48	0	0.0
	Fixed electrical ground power	99.00%	48	0	0.0
	Stand entry guidance	99.00%	48	0	0.0
	Pre-conditioned air - T2, T3, T5	98.00%	36	0	0.0
	Pier service stand usage - T1, T2, T3, T4	95.00%	36	0	0.0
<b>Airfield</b>	Aerodrome congestion term		N/A	0	0.0
	<b>Total</b>		<b>862</b>	<b>2</b>	<b>0.63</b>
	<b>Total at risk</b>				<b>128.7</b>

**Note:** Any difference between the cash rebates paid in this table and the value in the accounts is due to SQR post year end wash up and provision changes.

**Note:** Rebates paid are based on forecast airport charges. A post year end reconciliation to calculate rebates based on actual airport charges occurs and subsequent credits/invoices are issued.

**Note:** Stand rebates are subject to final confirmation that an SQR Exclusion should be applied.

## 2019 SQR Bonus

SQR bonuses	No. of months in which bonus achieved	Bonus (£thousands)
Departure lounge seating availability	2	28
Wayfinding	12	1,045
<b>Total</b>	<b>14</b>	<b>1,073</b>

There were 14 SQR bonuses earned in 2019.