

## **Appendix J**

KPMG Letter to IAA concerning the UK-Ireland FAB CBA

10<sup>th</sup> Jan 2012



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**Private and confidential**

Donal Handley  
Irish Aviation Authority  
The Times Building  
11-12 D'Olier Street  
Dublin 2

10 January 2012

Dear Donal

Further to the terms of our engagement letter dated 28 October 2011 KPMG can confirm that we:

- Reviewed the Final Draft of the CBA Report for the UK-Ireland FAB (document titled "Appendix I - FAB CBA Final 9th Jan 2012") and confirm, subject to our comments, issued to the Client on 24 November 2011, with respect to the FAB CBA and the responses received from the Client to our comments on 1 December 2011, in the document titled "KPMG Review of Draft 6 - IAA Response 01.12.11", that:
  - a. it was conducted according to industry standard practice as stated in the CBA guidance contained in the EUROCONTROL document "D06-05 - ATM CBA for Beginners – Edition 00.01.00" provided to KPMG by the Client; and
  - b. it broadly follows the European Commission Guidance material as advised to us by the Client (i.e. as per the following link [http://www.skybrary.aero/index.php/7.4.05\\_Cost-benefit\\_analyses](http://www.skybrary.aero/index.php/7.4.05_Cost-benefit_analyses)).

For the avoidance of doubt KPMG did not consider the specific inputs into the FAB CBA and subsequently give no opinion in this regard; and

- reviewed the underlying financial model (titled "CBA - Project data file v7" received from the Client on 1 December 2011) ("the Model") and, in our opinion:
  - so far as its mechanical construction is concerned, it has been constructed appropriately so as to achieve the objectives which it was designed to meet; and
  - the calculations in the model are arithmetically correct.

Our work in respect of the Model was limited to the matters set out above and accordingly did not include, for the avoidance of doubt, any form of review of:

- the commercial merits or technical feasibility;

Terence O'Rourke • Marie Armstrong • Darina Barrett • Alan Boyne • John Bradley • Sharon Burke • Niall Campbell  
Patricia Carroll • Brian Clavin • Jim Clery • Colm Clifford • Kevin Cohen • Mark Collins • Ivor Conlon • Michele Connolly  
Adrian Crawford • Hubert Crahan • Killian Croke • Brian Daly • Jon D'Arcy • Michael Daughton • Paul Doherty • Eamonn Donaghy  
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Shaun Murphy • Arthur O'Brien • Colin O'Brien • Conor O'Brien • Barrie O'Connell • Kevin O'Donovan • Conall O'Halloran • Sean O'Keefe  
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KPMG is authorised by Chartered Accountants Ireland to carry on Investment Business.

- the factual accuracy of the input data and the validity or reasonableness of the underlying assumptions; or
- the key accounting or tax assumptions used in the Model and accordingly we express no opinion thereon.

The procedures we used to perform the work set out in the Engagement letter did not constitute an audit or review made in accordance with any generally accepted auditing standards.

As the scope of our work and the procedures we performed have been specified by you, it is not appropriate for us to assess, and accordingly we have not made any assessment on, whether the procedures were suitable or appropriate for your purpose. It is a matter for you to consider whether the procedures were appropriate and we do not give any implicit or explicit affirmation that the procedures were suitable for your purpose.

We did not seek to establish the reliability of sources of information by reference to evidence independent of the Client. You agreed to ensure that any information which we may have required for the purpose of providing the services set out in the Engagement Letter was made available to us, as and when we may reasonably have required. We are not responsible or liable if information material to our task was withheld or concealed from us or wrongly represented to us.

You have advised us that you may wish to make this Letter available to the Department of Transport, Tourism and Sport (“DTTAS”), NATS (En Route) plc (“NATS”), the United Kingdom’s Civil Aviation Authority (“CAA”) and Department for Transport (“DfT”) and the European Commission (“EC”) as an appendix to the FAB CBA Report. None of the DTTAS, NATS, the CAA, the DfT or the EC is a party to the contract and we do not accept duties or responsibilities to the DTTAS, NATS, the CAA, the DfT, the EC in respect of our work or this Letter.

This Letter is solely to the Client. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Client for our work, or for this Letter.

We accept no responsibility or liability for any loss or damage suffered or incurred by any person other than the Client, including without limitation the DTTAS, NATS, the CAA, the DfT or the EC, as a result of any reliance that any such person may place on this Letter.

Yours sincerely



KPMG