

Glossary

Aer Lingus	Aer Lingus plc.
Air UK	Air UK Limited.
Airport charges	Those charges defined by section 36(1) of the Airports Act . They include charges for the landing and parking of aircraft and charges levied on departing passengers.
Airport ordination	Co- Airport Co-ordination Ltd.
Airports Act	The Airports Act 1986.
Airside	The area of an airport beyond security, passport and customs controls, accessible only to those specially authorized, eg passengers with valid boarding cards and airline, airport and other authorized staff.
AOC	Airline Operators Committee. A committee of representatives of each airline operating at an airport. It acts as one of the main points of contact between airlines and the airport for local operational and development issues.
AICC	Assets in the course of construction. See Appendix 4.1.
Air traffic control	A service provided (in the UK by NATS) for the control of aircraft flight movements in areas of controlled airspace and aircraft ground movements at an airport.
APC	Airports Policy Consortium. A consortium which represents 29 local authorities in the South-East.
Apron	Airside area for the parking and manoeuvring of aircraft and ground handling equipment. It does not include taxiways .
ATA	Air Transport Association of America.
ATM	Air transport movement. Landing or take-off of an aircraft engaged in the transport of passengers, cargo or mail on commercial terms.
BAA	BAA plc.
BAR UK	Board of Airline Representatives in the UK.
BATA	British Air Transport Association.
Bermuda 2	The Air Services Agreement between the US and UK Governments done at Bermuda on 23 July 1977. Article 10 of Bermuda 2 was amended by the Exchange of Notes between the UK and UK Governments in 1994.
BIFA	British International Freight Association.

Britannia	Britannia Airways Ltd.
British Airways	British Airways plc.
British Midland BT	British Midland Airways Limited. British Telecommunications plc.
BVRLA	British Vehicle Rental and Leasing Association.
C factor	A factor proposed for the charges formula, which would allow for BAA's capital expenditure.
CAA	Civil Aviation Authority.
CAP599	The CAA's publication <i>Economic Regulation of BAA South Eastern Airports 1992-1997</i> , November 1991.
Capital value	A measure of asset value. See Appendix 4.1.
CAPM	Capital asset pricing model. See Appendix 4.1.
CCA	Current cost accounting. See Appendix 4.1.
Central Terminal Area	The central area at Heathrow, which includes Terminals 1, 2 and 3.
Chapter 3 aircraft	The ICAO aircraft noise classification category for the least noisy aircraft types.
Chapter 2 aircraft	An ICAO aircraft noise classification category which is still applicable to some older aircraft.
Charter service	A flight not operated as a regular scheduled service , sometimes on an ad hoc basis. Seats are often sold through an intermediary, such as a tour operator.
CIP	Commercially important passenger. A passenger with a premium-priced ticket.
CIPP	Continuous improvement of the project process. A BAA initiative to improve the cost-effectiveness of its capital investment programme.
Civil Aviation Act	The Civil Aviation Act 1982.
Concessionaire	A business which is granted the right to trade at an airport in exchange for a turnover-related fee.
CSO	Central Statistical Office. Now the ONS .
D factor	A factor which could be applied to the charges formula to allow BAA to be compensated for the loss of EU duty-free and tax-free revenues.
DCF	Discounted cash flow. See Appendix 4.1.
DGM	Dividend growth model. See Appendix 4.1.
Dividend cover	See Appendix 4.1.

DLE index	Davis Langdon Everest index. A statistical survey and forecast of trends in construction prices.
DOT	Department of Transport.
Equity betas	Parameters in the CAPM . See Appendix 4.1.
Europier	The pier serving European flights from Heathrow Terminals 1 and 2.
Exchange of Notes	This agreement between the US and UK Governments in 1994 formalized the settlement of a dispute over aircraft landing charges at Heathrow. It amended Article 10 of Bermuda 2 .
FT	<i>Financial Times</i> .
FTE	Full-time equivalent.
GAL	Gatwick Airport Limited. The company which operates Gatwick.
GAM	Gatwick Air Monitors Limited.
GASHCO	Gatwick Airport Storage and Hydrant Company Ltd.
Gearing	See Appendix 4.1.
General aviation	ATMs other than scheduled , charter , freight or military flights, eg private and business aircraft movements.
Grandfather right	The right of an airline to continue to operate take-off or landing slots used on a consistent basis during the previous equivalent season.
Ground handling	Services provided to airlines at airports, including passenger and baggage handling, documents and load control, cargo and mail, ramp services, surface transport, catering services and security (excluding functions provided by BAA).
HAL	Heathrow Airport Limited. The company which operates Heathrow.
HCA	Historical cost accounting. See Appendix 4.1.
Hold baggage screening	A capital project providing for the automatic X-ray screening of all baggage to be loaded into aircraft holds.
Hub airport	An airport used by airlines as a main base for connecting traffic where a significant proportion of passengers transfer between flights.
IATA	International Air Transport Association. The airlines' international trade association.
ICAO	International Civil Aviation Organisation. The international regulatory body for civil aviation.
Interest cover	See Appendix 4.1.
IRR	Internal rate of return. See Appendix 4.1.
JACOLA	Joint Airports Committee of Local Authorities.

LAL	London Airports Limited. The holding company of HAL , GAL and STAL , the companies which operate Heathrow, Gatwick and Stansted respectively. Formerly called SEAL .
Landlord and Tenant Act	Landlord and Tenant Act 1954.
Landside LBS	That area of an airport which is open to the public generally. London Business School.
Load factor	The proportion of seating capacity of an aircraft which is actually used.
London Electricity	London Electricity plc.
Luton Airport	London Luton Airport.
Lynton	Lynton plc.
Manchester Airport	Manchester Airport plc.
Minimum connection time	The minimum time which a passenger requires to transfer between flights. This is set down by the airport operator.
1991 MMC report	The MMC report <i>BAA plc: a report on the economic regulation of the South-East airports companies</i> published by the CAA in July 1991.
Monarch	Monarch Airlines Limited.
mppa	Million passengers per annum.
NATS	National Air Traffic Services. The division of the CAA responsible for all en route air traffic control and for providing approach and visual air traffic control at many airports, including those of LAL .
NES	The <i>New Earnings Survey</i> .
New generation large aircraft	An aircraft of high seating capacity with 600 seats or more. This type of aircraft is currently under study by aircraft manufacturers such as Boeing and Airbus.
Non-operational activity	An activity which may be regarded as within the single till , but outside the scope of operational activities . Examples are advertising and left luggage.
OFT	Office of Fair Trading.

ONS	Office of National Statistics.
Operational activity	An activity defined by section 36(1) of the Airports Act as one which is carried on wholly or mainly for the benefit of users of the airport, or as an activity the revenue from which is wholly or mainly attributable to payments by users of the airport. Examples include concessions, rents of check-in desks and offices and licences for the provision of services such as baggage handling.
Other operational activity	Used in BAA 's annual accounts to describe an operational activity other than those falling within the scope of airport charges .
PE ratio	Price earnings ratio. See Appendix 4.1.
Pier	A fixed corridor which links the terminal to an aircraft stand or coaching gate to give passengers direct access to an aircraft.
Q1	The first quinquennium after the privatization of BAA in 1987. It covers 1987/88 to 1991/92.
Q2	The second quinquennium , which covers 1992/93 to 1996/97.
Q3	The third quinquennium , which covers 1997/98 to 2001/02 and is the subject of this review.
Q4	The fourth quinquennium , which covers 2002/03 to 2006/07.
QSM	Quality of service monitor. An internal quality of service passenger opinion survey carried out by BAA . BAA also carries out an international comparative quality of service passenger opinion survey or international QSM.
Quinquennium	A five-year period for which the MMC are required to report on and recommend the maximum amounts that should be capable of being levied by BAA by way of airport charges. See Q1 , Q2 , Q3 and Q4 .
Ramp	The operational area adjacent to an aircraft on stand.
Ramp service	A service performed during an aircraft turn-around such as baggage handling, refuelling, cleaning, catering and the provision of fixed ground electrical power.
RCA	Replacement cost accounting. See Appendix 4.1.
ROCE	Return on capital employed. See Appendix 4.1.
ROCV	Return on capital value. See Appendix 4.1.
RPI	Retail price index.
RUCATSE report	<i>Runway Capacity to serve the South East</i> . The report of a working group set up by the DOT published in July 1993 and representing a wide variety of interests.
Ryanair	Ryanair Ltd.
S factor	An adjustment applied within the current formula which allows BAA to pass on 95 per cent of the costs of additional security requirements.

SAL	Scottish Airports Ltd.
Scheduled service	A service publicly advertised by an airline through its issued timetables. Non-scheduled services are other flights by airlines carrying passengers or cargo, eg charter services.
SEAL	South East Airports Limited. The holding company for Heathrow, Gatwick and Stansted at the time of the 1991 MMC report , now renamed LAL .
Servisair	Servisair plc.
Single-till principle	The principle underlying the regulation of airport charges, whereby the airport profits generated from other operational activities are used to offset the level of airport charges .
Skycare	Skycare Cargo Ltd.
Slot	A time allocated for the operation of a flight on a particular day or series of days in a season.
SLA	Service level agreement. A form of service contract which is currently under negotiation between BAA and the airlines.
Specified activities	Activities in respect of which the CAA placed on BAA a condition as to cost information in CAP599 .
STAL	Stansted Airport Limited. The company which operates Stansted.
Swissair	Swissair Transport Company Ltd.
Taxiway	A marked route along which aircraft taxi between an apron and a runway.
T factor	A proposed factor in the charges formula, which would allow for differences between actual traffic and forecast traffic.
Traffic distribution rules	Government regulations under section 31 of the Airports Act which provide for air traffic to be distributed between two or more airports serving the same area. The Secretary of State for Transport largely removed these rules in 1991.
Transfer passenger	A passenger who changes, usually at a hub airport , from one aircraft to another, often of the same airline.
Turn-around	The preparation of an arriving aircraft for its next departure.
WACC	Weighted average cost of capital. See Appendix 4.1.
Whytes	Whytes Airport Services Ltd.
WT index	Index for construction costs compiled by the WT Partnership, formerly Wakeman Trower.
X	The factor in the charges formula which is applied to the RPI for the purpose of regulating airport charges.