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END SEMESTER EXAMINATION – APRIL/MAY 2026

BUSINESS ADMINISTRATION – IV SEMESTER BBA

AVIATION MANAGEMENT

25BBA43B: AIRLINE COST AND MANAGEMENT ACCOUNTING

Time: 3 Hours **Max. Marks: 80**

Instruction: *Answer should be written completely in English*

SECTION – A

1. Answer any **SEVEN** questions. Each question carries **TWO** marks. **(7X2=14)**
   a) Fuel cost increases when the number of flights increases. For one flight the fuel cost is ₹2,00,000. Identify the type of cost and state the reason.
   b) The standard cost of in-flight catering per passenger is ₹500. If 120 passengers travel on a flight, calculate the total catering cost.
   c) Define Airline Cost Accounting.
   d) An airline requires 3,600 aircraft spare parts per year. The ordering cost is ₹150 per order and the carrying costs ₹3 per unit per year. You are required to state the EOQ formula and calculate the Economic Order Quantity.
   e) An airline sells a ticket for ₹6,000 per passenger. The variable cost per passenger is ₹4,000, and the fixed operating cost of the flight is ₹3,00,000. You are required to state the Break-Even Point formula and calculate the number of passengers required to break even.
   f) Define responsibility accounting.
   g) State any two examples of fixed costs incurred by airlines.
   h) What is Balanced Scorecard?
   i) What is meant by operational performance in airlines?
   j) What is On-Time Performance (OTP) in airlines?

SECTION – B

Answer any **THREE** questions. Each question carries **EIGHT** marks. **(3X8=24)**

2. What is meant by Classification of Costs? Explain the different types of costs with reference to airline operations.
3. A regional airline recorded the following annual ticket Sales over the last 8 Years. Forecast passenger Sales for the year 2024 using TPM.

Years	Ticket Sold (Units)
2016	40
2017	42
2018	44
2019	46
2020	48
2021	50
2022	52
2023	54

You are required to forecast ticket sales of 2024 using TPM (Trend Projection Method).

4. Explain the High–Low Method used in cost behaviour analysis. Discuss its advantages and limitations.
5. Discuss the concept of Financial Performance Indicators in airline performance management.
6. Explain cost accounting systems and cost allocation in airlines.

SECTION – C

Answer any **THREE** questions. Each question carries **FOURTEEN** marks. **(3X14=42)**

7. An airline wants to analyse the relationship between flight hours and aircraft maintenance cost. The following data are available:

Month	Flight Hours (X)	Maintenance Cost (₹) (Y)
January	1,000	3,20,000
February	1,500	3,90,000
March	2,000	4,60,000
April	2,500	5,20,000
May	3,000	5,90,000

You are required:

1.Using the High–Low Method, determine:
a) Variable cost per flight hour
b) Fixed cost
2.Develop the cost equation based on the High–Low method.
3.Using the Least Squares Regression Method, estimate the cost equation.
4.Estimate the maintenance cost if the airline operates 3,500 flight hours using the regression equation.

8. Define Activity-Based Costing (ABC). Explain the features and advantages of Activity-Based Costing with reference to the aviation industry.
9. Explain the concepts of Revenue Management and Yield Management in the airline industry. How do these techniques help airlines maximize revenue?
10. What is Balanced Scorecard approach in airline performance measurement. Discuss its four perspectives and explain how it helps airlines improve strategic performance.
11. Evaluate budgeting and forecasting techniques in airline industry.

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