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END SEMESTER EXAMINATION –NOV/DEC 2025

BUSINESS ADMINISTRATION– III SEMESTER BBA

AVIATION MANAGEMENT

25BBA33B – AVIATION ACCOUNTING AND REVENUE MANAGEMENT

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) What are the main components of an airline's income statement?
   b) What is the role of financial statements in airline accounting?
   c) What is the purpose of ratio analysis in airline financial analysis?
   d) Explain the role of financial modeling in airline financial analysis.
   e) What is airport economics?
   f) How do airports manage financial sustainability?
   g) List two revenue streams for airports.
   h) What is non-aeronautical revenue?
   i) How are costs categorized in airline accounting?
   j) Mention two key performance indicators (KPIs) used in airport pricing.

SECTION - B

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

2. Prepare Income Statement for Air Vista Ltd. for a year ending 31st March 2025.
   The airline operates both Domestic & International Flights.
   Domestic Passenger Revenue: 1,20,00,000
   International Passenger Revenue: 1,80,00,000
   Cargo Revenue: 35,00,000
   Ancillary Revenue (Baggage, Seat Selection, Food): 25,00,000
   Fuel: 90,00,000
   Salaries: 40,00,000
   Maintenance: 20,00,000
   Airport & Navigation Fees: 15,00,000

In-flight Services: 5,00,000
Insurance: 3,00,000
Depreciation.: 6,00,000
Admin Expense.: 10,00,000
Marketing & Promotions: 7,50,000
Loan Interest & Taxes: 18,00,000

3. Indigo airlines have multiple components from the following data.
Calculate Debt to Equity ratio, Net profit ratio and operating profit ratio.

Revenue	15,00,000
COGS	9,00,000
Salaries and wages	1,30,000
Ren	50,000
Marketing expenses	1,00,000
Depreciation	75,000
Interest(income)	20,000
Interest(expenses)	30,000
Tax rate	25%
Debt	8,00,000
Equity	10,00,000

4. Analyze the importance of financial statements and financial ratios in airport economics
5. Discuss the importance of non-aeronautical revenue in enhancing airport profitability.
6. Discuss airport business model and their impact on financial performance.

SECTION C

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

7. Prepare the balance sheet of sky jet airlines as on 31/03/2025, showing assets & liabilities, and calculate the amount of retained earnings.

Particulars	**Amount**
Aircraft	1,20,000
Spare parts	8,500
Office equipment	6,000
Cash	5,500
Accounts Receivable	9,000
Prepaid Insurance	3,000
Fuel-inventory	4,500

Long-term loans	60,000
Air traffic liability	30,000
Accrued expenses	8,500
Accounts payable	7,500
Share capital	40,000
Retained earnings	?

Adjustments:

1. Depreciate aircraft by 10% for the year.
2. Outstanding salaries amounting to ₹2,000 are not yet recorded (add to accrued expenses).

8. An airline budgets the following cash flows for the upcoming years.

Revenue	6,00,000
Operating expenses	3,50,000
Capital expenditure	1,00,000
Total revenue	15,00,000
Total Assets	7,50,000
Depreciation	1,00,000
Non-operating expenses	5,00,000
Investment income	10,000
Debt repayment	50,000
No. of seats available	650
Distance flown	1500km

Calculate:

a. Available Seat Kilometer (ASK)
b. Asset turnover ratio
c. Budgeted cash flow.

9. Explain the role of economic regulation in airport operations and its financial implication

10. "Airport pricing must ensure financial sustainability while maintaining fair user charges." Discuss this statement with a practical example showing how price, cost and demand Interact in determining landing fees.

11. Write detailed notes on AERA regulations and their role in ensuring fair pricing and performance.