UTHM
Universiti Tun Hussein Onn Malaysia

UNIVERSITI TUN HUSSEIN ONN MALAYSIA

FINAL EXAMINATION
SEMESTER II
SESSION 2023/2024

COURSE NAME   :   AVIATION ECONOMICS

COURSE CODE   :   BDS 30802

PROGRAMME CODE   :   BDC

EXAMINATION DATE   :   JULY 2024

DURATION   :   2 HOURS

INSTRUCTIONS   :
1. PART A: ANSWER ALL QUESTIONS.
   PART B: ANSWER **ONE (1)** QUESTION FROM TWO (2) QUESTIONS ONLY
2. THIS FINAL EXAMINATION IS CONDUCTED VIA
   ☐ Open book
   ☒ Closed book
3. STUDENTS ARE **PROHIBITED** TO CONSULT THEIR OWN MATERIAL OR ANY EXTERNAL RESOURCES DURING THE EXAMINATION CONDUCTED VIA CLOSED BOOK

THIS QUESTION PAPER CONSISTS OF **THREE (3)** PAGES

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PART A

Q1 (a) Briefly explain these terms:

   (i)   Supply

   (ii) Demand

(5 marks)

   (b) Elaborate supply and demand theory and associate it with supply and demand curve.

(10 marks)

   (c) Discuss **five (5)** characteristics of demand for air transportation.

(10 marks)

Q2 (a) Discuss the advantages and disadvantages of having open sky agreement between countries.

(10 marks)

   (b) Discuss the key point and agreement as the outcome of these treaty:

   (i)   Paris Convention 1919

   (ii)   Havana Convention 1928

   (iii) Warsaw Convention 1929

   (iv)   Chicago Conference 1944

   (v)   Bilateral air service agreements

(10 marks)

   (c) List **five (5)** benefits of open skies agreements.

(5 marks)

Q3 (a) Describe these cost division and provide the formula equation to calculate.

(9 marks)

   (b) Break-even analysis is the number of units or revenue required in order for the firm's costs to be recovered. Consider a product with selling price of RM8, Average cost of RM6 and Total Fixed Cost of RM50,000. Find break even quantity if:

   (i)   Selling price is increase to RM10.

   (ii) Average Total Cost is increase to RM7.

(8 marks)

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(c)   Firm ABC produce a product and sell it at a price of RM50. The Total Fixed Cost (TFC) is RM 10,000 and Average Variable Cost (AVC) is RM10. Calculate:

    (i)   Break even output for the firm.

    (ii)   Break even quantity change is price falls to RM35.

    (iii)   Break even quantity change if TFC decreases to 8000.

    (iv)   Break even quantity change if Average Fixed Cost rises to RM30.

(8 marks)

PART B

Q4   (a) Describe Freedom of the Air (FOA) and state its application to a commercial aviation.

(5 marks)

    (b)   Elaborate **five (5)** categories of Freedom of the Air (FOA).

(10 marks)

    (c)   Based on your explanation in Q4(b), provide example of home country, destination country and airlines name for the five (5) selected FOAs.

(10 marks)

Q5   (a)   Identify **FIVE (5)** incentives for aviation safety.

(5 marks)

    (b)   Elaborate and provide example for the classification of accidents based on the phase of flight.

(10 marks)

    (c)   Constructively discuss **five (5)** causes of aviation accidents.

(10 marks)

- END OF QUESTIONS -

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