

**Airline Costs****1 Provide Definitions and Units for the following terms used to calculate Total Operating Costs.**

<b><u>Aircraft Operating Costs per Block Hour</u></b>	<b><u>Definition</u></b>	<b><u>Units</u></b>
Crew Costs	Labor costs (non-fuel)	\$/hr
Fuel/Oil	Fuel and oil costs (non-labor)	\$/hr
Ownership	Costs of debt	\$/hr
Maintenance	Repair and maintenance costs	\$/hr
<b>Total Cost per Block Hour</b>		
Indirect Operating Cost	Other expenses not related to flying	Per RPM
Traffic Servicing	Servicing of passengers and aircraft at airport stations and cargo and baggage	Peer enplanement
Aircraft Servicing	Servicing aircraft and equip	Per departure
Promotion and Sales	Promotion and reservations/sales charges	% pax Revenue (9%)
G&A	Headquarters	Per ASM

**2 Total Operating Costs is composed of the sum of the following terms:**

Use the terms (and their units) from question #1 to define the following terms:

Direct Operation Costs = *Total Cost per Block Hours* \* *Annual Block Hours*

Pax Service = \_\_\_\_\_ *Indirect Op Costs* \_\_\_\_\_ \* RPMs

Traffic Service = \_\_\_\_\_ *Traffic Servicing* \_\_\_\_\_ \* Total Enplanements

Aircraft Service = \_\_\_\_\_ *Aircraft Servicing* \_\_\_\_\_ \* Annual # of Flights

Promotion and Sales = \_\_\_\_\_ *Promotions & Sales* \_\_\_\_\_ \* Total Passenger Revenue

G&A = \_\_\_\_\_ *G&A* \_\_\_\_\_ \* ASMs

**3 Define the two different accounting methods**

\_\_\_\_\_ *Administrative* \_\_\_\_\_

\_\_\_ *Functional* \_\_\_

**4 For each Accounting Method, describe the first level breakdown of Costs**

1) \_\_\_ *Administrative* \_\_\_

\_\_\_ *Sales* \_\_\_

\_\_\_ *Materials Purchased* \_\_\_

\_\_\_ *Maintenance* \_\_\_

\_\_\_ *Landing Fees, Rentals, Depreciation* \_\_\_

2) \_\_\_ *Functional* \_\_\_

\_\_\_ *Flying Ops Costs/Direct Op Costs* \_\_\_

\_\_\_ *Flying Ops* \_\_\_

\_\_\_ *Maintenance* \_\_\_

\_\_\_ *Depreciation & Amortization* \_\_\_

\_\_\_ *Ground Op Costs* \_\_\_

\_\_\_ *Aircraft Servicing* \_\_\_

\_\_\_ *Traffic Servicing* \_\_\_

\_\_\_ *Promotion & Sales* \_\_\_

\_\_\_ *Sys Ops Costs* \_\_\_

\_\_\_ *Pax Service* \_\_\_

\_\_\_ *Advertising & publicity* \_\_\_

\_\_\_ *G&A* \_\_\_

NAME: \_\_\_\_\_

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\_\_\_\_\_ *Transport Related* \_\_\_\_\_