**University of Management and Technology**

**Course Outline**

**Course Background Details:**

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| --- | --- |
| Program | BS Aviation Management |
| Course code | AM324 |
| Course Title | Airline Financial Management |
| Credit Hours | 03 |
| Duration | 15 Weeks |
| Prerequisites | As per Study road map |
| Resource Person | Shahid Mahmood |
| Counseling Timing | 08 hours per week |

1. **COURSE DESCRIPTION:**

**This course is to develop the analytical skills for making corporate investment with regards to financial decisions and risk analysis.  This course contains different theories including the concept of present value, the opportunity cost of capital, discounted cash flow analysis, issues between short & long term financial management, risk and return, capital asset pricing model, capital budgeting, corporate capital structure and financing decisions, dividend policy, investment and financial decisions in the international aviation context, including exchange rate/interest rate risk analysis, and issues of corporate governance and control in aviation.**

1. **TEACHING AND LEARNING METHODOLOGY:**
2. The teaching of the course will be via a series of lectures. This will be complemented by the use of textbook, and an extensive range of web resources plus handouts/articles and video clips.
3. Participants should expect 5-6 class activities during the semester which will form the basis for evaluation of class activities, assignments, individual/group presentations and quizzes. These activities will be complemented with creative thinking, discussions and analysis to strengthen the learning.

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| --- | --- |
| **CLO** | **OBJECTIVES** |
| **1** | The student will be able to define the structure of business enterprise in the modern economic system; particular attention will be given to aviation industry. The student will be able to define the commercial and macroeconomic environment affecting the aviation industry. |
| **2** | The student will be able to describe the elementary accounting terminology and techniques used in financial management of airlines. |
| **3** | The student will be able apply different concepts in the modern economic system; particular attention will be given to aviation industry. |
| **4** | The student will be able to analyze the different tools and techniques of financial management. Particular emphasis will be placed upon knowledge of accounting statements and equity and debt positions of airline entities and corporations. |
| **5** | The students will able to present the comparative financial positions of the airlines. |

1. **COURSE LEARNING OUTCOMES:**
2. **CLO – PLO MAPPING:**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **CLOs** | **PLOs** | | | | | | | | | | |
| **Critical Thinking and Decision Making** | **Effective Communication Skills** | **Ethics** | **Core Business Knowledge and Competence** | **Effective Teamwork** | **Industry Focus** | **Global Perspective (Internationalization)** | **Leadership Skills** | **Computer-based Information** | **Corporate Social Responsibility** | **Organizational Behavior** |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1 |  |  |  |  |  | C1,A1 |  |  |  |  | C1, A1 |
| 2 | A2 | C4 |  | C2 |  | C2 |  |  |  |  | C2 |
| 3 | C3 |  |  | P2 | A4 |  | C3 | C4 |  |  | C4 |
| 4 | C6 |  |  | C5 | A3 |  | C1 |  |  |  |  |
| 5 | C6, A3, | A2 | P3 | C1 | A2 | C3 |  |  |  |  | C6 |

**Note: The three domain levels (affective, cognitive, psychomotor) are described below:**

**A:** The affective domain includes the feelings, emotions and attitudes of the individual through the levels i.e. receiving, responding, valuing, organizing and characterization by a value complex.

**C:** Cognitive domain deals with the intellectual learning process through the levels i.e. Knowledge, comprehension, Application, Analysis, Synthesis and Evaluation**.**

**P:** Psychomotor domain focuses on skills and actions that require physical coordination through the levels i.e. Imitation, Manipulation, Precision, Articulation & Naturalization.

1. **TOPICS COVERED WITH THEIR CONTRIBUTION TO PLOs:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **LECTURE WISE COURSE BREAKDOWN** | | | | | |
| **Lecture** | **Topics** | **Ref** | **Quizzes** | **Assignment** | **CLO** |
| 1-2 | SLO: 01 Airline finance &: an overview     1. ULO:1.1 Introduction to Finance 2. ULO 1.2 Different aspect of Aviation Finance | 1 |  |  | C1 |
| 3-4 | SLO: 02 Cost classifications and control   1. ULO:2.1 Types of Airline Costs 2. ULO 2.2 Cost cutting strategies 3. ULO 2.3 Impact of direct operating cost | 2 |  |  | C2 |
| 5-6 | SLO: 03 The time value of money and its setting in the aviation industry   1. ULO:3.1 Impact of Time Value of Money on Financial decision making 2. ULO 3.2 Different tools of Time value of Money 3. ULO 3.3 Impact of time value of money on Airline financial decision making | 3 | Quiz 1 | C.A | C2 |
| 7-8 | SLO 04: Assessments of risk and return   1. ULO:4.1 Risk related to aviation industry 2. ULO 4.2 Types of risks 3. ULO 4.3 Ways to minimize risks | 4 |  | 01 | C2, C3 |
| 9-10 | SLO: 05 Airline financial accounting practices   1. ULO:5.1 Financial Statement of airlines 2. ULO 5.2 Types of financial concepts related to airlines 3. ULO 5.3 IAS and IFRS related to aviation industry | 5 | Quiz 2 |  | C3 |
| 11-12 | SLO: 06 Financial and commercial performance and measurement   1. ULO:6.1 Analysis of Financial statement 2. ULO 6.2 Interpretations of results 3. ULO 6.3 Investment decision on the basis of financial statement | 6 | Quiz 3 |  | C3 |
| 13-14 | SLO 07: Presentation (individual) (Assignment)   1. ULO:7.1 Presentation of application of learning concepts. | 7 |  |  | C4, C5 |
|  | *MID TERM* | | | | |
| 15-16 |
| 17-18 | SLO: 08 Assessment of financial statements   1. ULO:8.1 Principal of Accounting in aviation industry 2. ULO 8.2 Investment decision on the basis of financial statement | 8 |  | 02 | C3.C4 |
| 19-20 | SLO 09 Airline capital budgeting and short term and long term commercial activities   1. ULO:9.1 Different techniques of capital budgeting. 2. ULO 9.2 Interpretations of results 3. ULO 9.3 Investment decision on the basis of different tools of capital budgeting | 9 | Quiz 4 |  | C2, C3 |
| 21-22 | SLO 10 Airline capital structure and cost of capital   1. ULO:10.1 Cost of Capital 2. ULO 10.2 Impact of interest on tax 3. ULO 10.3 Debt vs equity cost | 10 |  | C.A | C2, C3 |
| 23-24 | SLO 11 Commercialization in Aviation     1. ULO:11.1 Commercialization of airlines 2. ULO 11.2 Impact of Commercialization | 11 | Quiz 5 | Case Study | C4, C5 |
| 25-26 | SLO 12 Revenue management and fuel hedging   1. ULO:12.1 Working capital management 2. ULO 12.2 Hedging policies 3. ULO 12.3 Fuel hedging policies | 12 |  |  | C2, C3 |
| 27-28 | SLO 13 Analysis of aircraft leases   1. ULO:13.1 Types of leasing 2. ULO 13.2 Leasing vs buying 3. ULO 13.3 Impact of leasing vs buying on financial performance of airline | 13 | Quiz 6 |  | C4 |
| 29-30 | SLO 14 Financial trends in the aviation industry (Revision)   1. ULO:14.1 Contemporary issues to aviation finance 2. ULO 14.2 Future trends in Airline Finance | 14 |  |  | C3, C4, C5 |
| FINAL -EXAM | | | | | |

1. **TEXT AND MATERIAL**

**Recommended Text Book:**

**Foundation of Airline Finance (Methodology and Practice)** 2nd Edition

By, Bijan Vasigh

Kenneth Fleming

Barry Humphreys

**Supplementary Text Books:**

**Fiscal aspects of aviation management** Latest Edition

By, Kaps. R. W.

**Airline Finance (**Latest Edition) (Airline Commercial management)

By**, Peter** S. Morrel

**Assessments:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Assessment** | **Weightage** | **Detail** | **Due** |
| Quiz-1 | 2.5% | Covers Topics: SLO 1 & SLO 2 | 3nd session |
| Quiz-2 | 2.5% | Covers Topics: SLO 3 | 5th session |
| Quiz-3 | 2.5% | Covers Topics: SLO 4 & SLO 5 | 7th session |
| Assignment-1 | 5% | From SLO 1 to SLO 7 |  |
| Mid Exam (Written) | 25% | MCQs and/or Short Essay Qs | 8th session |
| Quiz-1 | 2.5% | Covers Topics: SLO 6 | 10th session |
| Quiz-2 | 2.5% | Covers Topics: SLO 7 & SLO 9 | 12th session |
| Quiz-3 | 2.5% | Covers Topics: SLO 10 AND SLO 11 | 14th session |
| Assessment-2 | 5% | From SLO 8-11 | 14th Session |
| Presentation | 10 | Assigned topics TBA | 15th Session |
| Final Exam(Written) | 40% | MCQs and/or Case Study | As per Controller Exams |

There will be a total of six quizzes. Each quiz will comprise of 10 MCQs with four options for each question. The topics for each quiz are listed above.

**Assignment 1 (Critical Thinking):**

Assignment Topic:

The lecturer may allocate topics from the ones listed below to any group or individual to explore and write down a short essay elucidating it with relevant examples:

1. Different financial tool
2. Cost cutting strategies
3. Debt vs equity
4. Cost of Capital

**Purpose of this Activity is:**

**i.** To polish skills of students.

ii. To enable students to study /explore relevant topic

iii. To motivate students to excel in this industry.

**Directions:**

**•** Word limit: 100 to 150 words

• Submission: Via Turnitin

**Structure of Report**

* Use Times New Roman 12 font size with line spacing of 1.5 and justify from both sides.

**Assignment-2(Physical Activity)**

Activity: Class activity / practical of Airline financial tools.

Class activity/: Students will be divided into groups and will be assigned to different airlines

**Purpose of this Activity is to enable students**:

* To familiarize with the working of Airline finance.
* To keep themselves aware with the different financial tools.
* To improve their judgment, planning, problem solving and financial decision-making skills.

Directions:

During practical of marketing tools, Students will be evaluated in the following points

* Situational Awareness,
* Judgment,
* Problem solving and decision making
* Marking Guide/Rubric: Attached

**Assignment-3 (Presentation):**

**Assignment Topic:**

The lecturer may allocate topics from below to any group or individual to explore and present before the class:

1. Topics will be notified

**Directions**

1. Time Allowed: 15-20 minutes

2. Group: Each group may have 04 members

3- Each member to present for at least 3 minutes

4 – Questions shall be asked towards the end of presentation at random.

5- The performance evaluation shall be based on body language, dress, tone, pith, time management, logical delivery covering the topic and ability to answer questions.

**Assessment 4 (Ethics):**

Discussion on Professional Ethics

A Case Study on an Ethical Dilemma in airline financial management will be provided and discussed, as one provided below.

This is an in-class activity and the lecturer will award marks (10%) based on the responses on the above questions.

**Study the case: TBA**

**Mid Exam:**

Mid Exam will comprise of MCQs and/or Short Essay type questions

**Final Exam:**

Final Exam will comprise of MCQs and a short case with associated questions. The case will be distributed one week before the exam along with some practice questions from the case.

**Academic Integrity:**

All students are required to uphold the highest levels of academic integrity while participating in this course.

Academic integrity is about: honesty, trust, fairness, respect and responsibility in all work and is vital for any research/scholarship. We need to give proper credit to those who do the work and acknowledge their intellectual contribution. All students enrolled in IAS are to adhere to academic integrity while completing each assessment task.

Dishonesty in assessment can lead to a requirement to undertake additional work, failure in a unit or in a part of it, suspension from the University or even permanent expulsion from the University.

Plagiarism (a form of dishonesty) constitutes using the work of another without indicating by referencing (and by quotation marks when exact phrases or passages are borrowed) that the ideas expressed are not one's own.

**Final Grade:**

Students need to obtain an overall 50% mark to pass this course.

**Faculty Signature ……………………. Date……………………….**