

ENGINEERING ECONOMICS AND COSTING

Full marks: 70
Time: 3 hours

Answer any SIX questions including Q. No. 1 which is compulsory
The figures in the right-hand margin indicate marks

1. Answer the following: [2x10]
 - (a) What do you mean by nominal interest rate?
 - (b) What is meant by cost benefit analysis?
 - (c) Discuss any two causes of charging depreciation.
 - (d) What is relevant cost?
 - (e) What do you understand by compound interest?
 - (f) Give two objects of sensitivity analysis.
 - (g) What is IRR?
 - (h) Define cost reduction.
 - (i) What is the present value of an uneven series of cash flows?
 - (j) What do you mean by variable cost?
2. (a) What do you mean by cash flow diagrams? [5]
(b) If an interest on a certain sum for 3 months is Rs. 63.87 at 5% simple interest, what would it be at 6%? [5]
3. What factors are taken into consideration for estimating the life of an asset? Discuss with examples, the comparison of assets with equal and unequal lives. [5]
4. (a) What are the limitations of Break-even analysis? [5]
(b) The following information is obtained from ABC Co. for 2014.
Sales: Rs. 20,000; Variable cost: Rs. 10,000; Fixed cost: Rs. 6,000.
Find (a) Break-even point; (b) P/V Ratio. [5]
5. (a) Identify the costs in cost-benefit analysis. [5]
(b) Enumerate the steps in the cost-effectiveness analysis. [5]
6. (a) Distinguish between single-parameter sensitivity and multiple-parameter sensitivities. [5]
(b) Discuss the declining balance method of depreciation. [5]
7. (a) A person wishes to have future sum of Rs. 1,00,000 for his daughter's education in a professional course after 10 years from now. What is the single payment that he should deposit now so that he gets the desired sum after 10 years? The bank gives 10% interest rate compounded annually. [5]
(b) What is the present worth method of evaluating a single project? [5]
8. (a) Prepare a cost sheet with imaginary figures. [5]
(b) Write a note on Standard Costing. [5]