

FOURTH SEMESTER 2008
ENGINEERING ECONOMICS AND COSTING....

Question 1

(a)

How will You find the present value of an infinite life annuity?

(b)

State the Bases of comparing the worthiness of the various projects.

(c)

State the benifit cost ratio to evaluate a single public activity.

(d)

What are the needs for capital rationing ?

(e)

State two characterstics of diecounted cash flow techniques.

(f)

What is cost-effectiveness analysis?

(g)

What is depletion ?

(h)

Define 'margin of safty'.

(j)

Define 'variable overhead cost variance'.

Question 2

From the under mentioned facts, devlop the repayment shedule for the three consumer financing schemes(A),(B)and (C) using the flat rate of interest both long and shortcut approach.

* LLoan amount :Rs.2,40,000

* Repayment period:3 years

* Rates of interest (flat): 6 percent

* Repayment pattern : Schme(A),loan to be repaid in three equal investments; Schemes (B), loan with interest to be repaid in three equated annual instalments; and Sheme(C),loan with interest to be paid in three equal instalments.(10)

Question 3

Explain with the help of examples, the importance of equivalant annual worth .

Discuss the difference between annual payment and capital recovery.(10)

Question 4

Contrast the IRR and the NPV methods.

Under what circumstances may they lead to (a)comparable recomendations and,

(b) conflicting recommendations?(5+5)

Question 5

AB Ltd. a multi-product company , furnishes you the following data relating to the current year:

	First half	Second Half	
	sales	of the year	of the year
Total cost	40,000	45,000	50,000
		43,000	

Assuming that there is no change in prices and variable cost , and that the fixed cost , and that

fixed expences are incurred equally inthe two half year period , calculate for the year:

- (a) Profit-volume ratio
- (b) fixed expences
- (c) Break-even analysis
- (d) Percentage margin of safety.

(2.5*4)

Question 6

State the objectives of charging depreciation .

Make a comparative study between straight line meathod and written down value meathod.(4+6)

Question 7

(a)

Explain with one example, the concept of relevant cost for descition making.(5)

(b)

Discuss two cost reduction techniques.(5)

Question 8

(a)

From the following particulars, compute the variable overhead variances:

	Standards	Actuals
Outputs in units	2,500 units	2,000
Labour Hours	5,000	6,000
Variable overheads Rs.	1,000	1,500

(b)

How will you prepare a process account to find out the cost of a particular process? Explain with imaginary figures.(5+5)