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Total number of printed pages – 2

MCA
MCC 104

Special Examination – 2012

ENGINEERING ECONOMICS AND COSTING

Full Marks – 70

Time : 3 Hours

*Answer Question No. 1 which is compulsory and any **five** from the rest.*

The figures in the right-hand margin indicate marks.

1. Answer the following questions : 2 × 10
- (a) What is annuity and do you mean by the present value of an annuity ?
 - (b) Define the term IRR.
 - (c) Explain declining balance method of depreciation.
 - (d) What are the factors affecting income elasticity of demand ?
 - (e) Differentiate between joint product and by-product.
 - (f) Which costs are included in Cost of Goods sold.?
 - (g) Explain 'Opportunity Cost' with example..
 - (h) What do you mean by revenue dominated cash flow ?
 - (i) What is the major role of RBI in Indian banking system ?
 - (j) What do you mean by incremental cost and incremental revenue ?
2. (a) A finance company advertises that it will pay a lumpsum of Rs. 44,650 at the end of 5 years to investors who will deposit annually Rs. 6,000 for 5 years. What is the interest rate implicit in this offer ? 5
- (b) What is the present value of an income stream which provides Rs. 2,500 at the end of each year upto 5 years and Rs. 3,000 a year forever thereafter ? The discount rate is 10%. 5

P.T.O.

3. One Company has purchased an equipment whose first cost is Rs.1,50000 with an estimated life of 6 years. The estimated salvage value of the equipment at the end of its life time is Rs.40000. Determine the depreciation charge and book value at the end of various years using straight line method and declining balance method of depreciation. 10
4. (a) Define Marginal Cost and Marginal Costing. How are variable costs and fixed costs treated in Marginal Costing? 5
- (b) From the following particulars calculate : 5
- (i) P/V ratio
 - (ii) Break even point
 - (iii) Margin of safety
 - (iv) Sales required to earn a profit of Rs. 1,50,000.

Particulars :

Fixed cost	–	1,00,000
Profit	–	1,20,000
Sales	–	4,50,000

5. Discuss various terms associated with Break even analysis and applications for decision making. 10
6. What do you mean by Depreciation ? What are the various methods for charging depreciation ? 10
7. Discuss the role of commercial banks in the development of the country. What shall be the steps to be taken for speedy economic growth ? 10
8. Write short notes on the following : 5×2
- (a) Elasticity of demand
 - (b) Features of Standard Costing