

Question Bank

Program: CH

Semester: Third

Name of course: Plant economics and energy management

Course code: 22312

Unit Test 2

Chapter 4 –Introduction to plant economics

2 marks question

1. List type of markets
2. List types of cost.
3. State law of demand
4. State law of supply
5. List types of taxes.
6. List types of insurance

4 marks question

7. State any four benefits of insurance.
8. Differentiate between fixed and variable cost.
9. Describe components of balance sheet
10. Explain any one method of accounting.
11. Explain the concept of direct and indirect cost.
12. Define interest and list two types.

Chapter 5 – Cost estimation and interest

2 marks question

13. Write formula for simple interest and explain each term.
14. Write formula for compounded interest and explain each term.
15. List any four factors affecting cost estimation.
16. List factors affecting amount of depreciation.

24marks question

17. Differentiate between simple and compounded interest.
18. Explain concept of profitability.
19. Describe straight line depreciation method. And state its advantages.
20. A business has bought a machine for Rs. 10,000. They have estimated the useful life of the machine to be 8 years with a salvage value of Rs. 2,000. Calculate depreciation amount per annum.

21. Explain Sinking fund (SF) depreciation method.
22. State merits and demerits of annuity depreciation method.
23. An asset on lease on 01/04/2018 for three years at a cost of Rs. 50, 00,000/-. It is proposed to depreciate the lease by annuity method by charging loss of normal rate of interest @5%. With the help of annuity table, calculate the amount of depreciation (Re. 1 must write off a sum of Re. 0.230975 every year.)
24. Original cost of equipment is Rs. 2,00,000/- and depreciation is charged at rate of 10% per annum using written down method. Calculate depreciation value for three years.
25. Explain net present worth (NPV) method.