AHMEDABAD UNIVERSITY
School of Engineering and Applied Science
2025-2026 Winter

ENR302 Engineering Costing
MID TERM EXAMINATION

1.5 h	Name:	Roll no.	A U 2								Marks /20

Closed book, Closed notes. Only calculators are permitted. Answer in the space provided.

1. A lot of 5000 pieces of an item was fabricated by Acme Ltd. The following costs were incurred: *[4]*

Material cost= Rs 1000 Labor cost= Rs 1100 Cost of tools = Rs 125

Factory overhead (OH) = 150 % of labour cost Office Overhead = 25 % of factory cost

Selling expenses = 20 % on cost of production

(a) If the selling price is fixed at Rs 1.20 per unit, what will be the profit or loss? *[3]*

(b) List the assumptions. *[1]*

2. Worker A receives Rs 200 per hour. He produces 80 units per hour of which 2 % are rejected. Worker B produces 90 units per hour of which 4 % are rejected. The hourly cost of a machine used by both is Rs 250, and each rejected unit results in a loss of Rs. 10. What hourly wage should B receive if his cost per acceptable piece is to be equal to that of A? *[4]*

3. Answer the following. *[12]*

(a) Write at least two reasons as to why cost estimation is required for an engineering firm. *[2]*

(b) "An item whose cost is direct for one enterprise may be indirect for another enterprise." Comment on this statement. *[2]*

(c) Comment on the statement "All costs are controllable" Give supporting examples. *[2]*

(d) What are the different roles that are considered for the costing of a software development project, and why are their costs different? *[3]*

(e) What is the significance of the 30/40/30 rule of thumb? *[3]*