

Eng. Economy - Part III

Answers

1. Book Value of Present Computer is

$$\frac{280000 - 0}{10} = 28000$$

Depreciation

$$BV = 280000 - 4(28000) = 168,000$$

$$\text{Annual Value} = 95000$$

Compare based on Annual Cost to Use

Existing System

$$EAC = 95000(A/P-15-6) + 168000 = 195099$$

12642

New System

$$EAC = 300000(A/P-15-6) - 50000(A/P-15-6) + 25000 = 98550$$

1142

$$2) \quad 2000 - 3400(A/P-18-3) = 681$$

3810

$$2200 - 6500(A/P-8-7) = 952$$

11926

3) OUT SOURCING COST

$$\text{Drilling} - 1,200,000 \times \frac{75}{1000} = 900$$

$$250,000 \times \frac{100}{1000} = 250$$

$$2000(A/P-25-15) - 150(A/P-25-15) + 330 + 65 = 913$$

518 135

$$2800(A/P-25-15) - 200(A/P-25-15) + 340 + 76 = 1141$$

12591 1009

$$725 - 1.8$$

COMBINED DRILLING AND CUTTING