

Assignment 02: Due date 05 September 2016 Compulsory

Unique nr: **759379**

Marks weight: 20%

## ASSIGNMENT 02 - SEMESTER 1

ASSIGNMENT 02	
Due date	05 September 2016
Study material	Hughes & Cotterell: Chapters 2
Total marks	32 marks = 100%
<b>If your assignment is late, please DO NOT PHONE OR E-MAIL asking for an extension but include a note in your assignment stating the reason for the late submission and we will decide whether or not it will be marked. This is a compulsory assignment</b>	

### Instructions:

1. Complete this assignment and submit online in a .pdf format by performing the calculations.
2. The following unique number has to be assigned to the assignment:

Unique Number
759379

3. Show all your working (calculations).
4. This assignment consists of 5 questions.

### QUESTIONS FOR ASSIGNMENT 02:

The cash flows of Projects 1 and 2 are given in the table below (in ZAR, South African rand, R):

Year	Project 1	Project 2
0	-R155000	-R140000
1	-R5000	R15000
2	R40000	R5000
3	R50000	R20000
4	R50000	R30000
5	R50000	R60000
6	R30000	R70000

*Table of cash flows for Project 1 and 2*

Use this information to calculate the **Net Profit**, the **Return on Investment (ROI)**, the **payback period** and the **Net Present Value** at 10% for **each** of these projects. Then answer Questions 1 – 5.

1. Calculate the Net Profit for each project. (6 marks)
2. Calculate the Return on Investment for each project. (6 marks)
3. Calculate the Payback Period for each project. (6 marks)
4. Calculate the Net Present Value for each project. (12 marks)

5. Based on your calculation of the individual Return on Investment (ROI) of each project in question 2 above, which project would you select to develop? (2 marks)