

Software Project Management

INF3708

Assignment 02: Due date 03 September 2018 Compulsory

ASSIGNMENT 02 - SEMESTER 2

Unique number: 706836

Marks weight: 20%

ASSIGNMENT 02	
Due date	3 September 2018
Study material	Hughes & Cotterell: Chapters 1 and 2
Total marks	37 marks = 100%
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	

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
706836

3. Show all your working (calculations).
4. This assignment consists of 2 questions main and some sub-questions.
5. Ensure that the answer you submitted for this assignment is your work. Zero mark will be awarded if you copy (any form of copying).

QUESTIONS FOR ASSIGNMENT 02:

Question 1:

[10]

- 1.1 Discuss in detail what a project authority is. Why is the need of project authority necessary in a project development? (4)
- 1.2 Explain why discounted cash flow techniques provide better criteria for project selection than net profit or return on investment. (6)

Question 2:

[27]

Consider the cash flows estimate for three Projects 1, 2 and 3 given in the table below (in ZAR, South African rand, R):

Year	Project 1	Project 2	Project 3
0	-R200 000	-R150 000	-R125 000
1	+R15 000	+R25 000	+R5 000
2	+R25 000	+R50 000	+R10 000
3	+R30 000	+R75 000	+R55 000
4	+R110 000	+R50 000	+R5 000
5	+R35 000	+R50 000	+R70 000

Table of cash flows for Project 1, 2 and 3

Use this information to answer Questions 2.1 – 2.6. Net Present Value at 10% for each of these projects

NB: Please show all your calculations

2. 1. Calculate the Net Profit for each project. (3)
2. 2. Calculate the Return on Investment (ROI) for each of the project. (3)
2. 3. In project management term, how would you explain a payback period? Calculate the payback period for each of the three projects. (6)
2. 4. If Project 1 and 3 made extra R13,000 and R10,000 respectively for year 3, what would their net profits, ROI and payback period be? (6)
- 2.5. What changes did you notice with the extra income in question 3.4? Based on your answer in question 3.4 which one of three projects would you consider development and why? (3)

2.6. Calculate the Net Present Value for the project you selected for development in Q2.5.
Based on your answer, would you still recommend the same project for development?
Why? (6)

UNISA 2018

©