**Tasks & Deliverables - Topic 6 / Chapter 3**

**Systems Analysis and Design CIS-2245**

|  |  |
| --- | --- |
| **Author:** | Logan Noonan  Mike Fesser |
| **Date:** | October 20, 2014 |
| **Date Due:** | October 20, 2014 |
| **Assignment:** | Assignment 6  Task: 4 |
| **Mark:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

1. Calculate the net present value, the payback period, and the return on investment using a discount rate of 8 percent for the following systems development project. The development costs for the system were $225,000.

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Anticipated Annual Benefits | Expected Annual Operating Costs | Discount Factors At 8 Percent |
| 1 | $55,000 | $5,000 | .9259 |
| 2 | $60,000 | $5,000 | .8573 |
| 3 | $70,000 | $5,500 | .7938 |
| 4 | $75,000 | $5,500 | .7349 |
| 5 | $80,000 | $7,000 | .6805 |
| 6 | $80,000 | $7,000 | .6301 |
| 7 | $80,000 | $7,000 | .5833 |
| 8 | $80,000 | $8,000 | .5401 |

See excel file for calculations.