

Project Integration Management

1. ABC Company has a choice of selecting one of two mutually exclusive projects at cost of capital of 10%. The estimated cash flows are as follows.

Project A		Year 01	Year 02	Year 03	Year 04
Investment	510000				
Residual Value	20000				
Working Capital	(30000)				30000
Cash In flow		178000	170000	180000	142000

Project B		Year 01	Year 02	Year 03	Year 04
Investment	600000				
Residual Value	30000				
Working Capital	(20000)				20000
Cash In flow		210000	190000	160000	172000

- i.) Calculate Net Present Value of each project.
 - ii.) Calculate Internal Rate of Return of each project.
 - iii.) Give your recommendation and reasons as to which project should be accepted.
2. Your organization is considering to run a project which will entail an investment of \$1,000,000. The product from the project is forecasted to create revenues of \$250,000 in the first year after the end of the project and of \$420,000 in each of the two following years.
What can you say about the net present value of the project over the three years cycle at a discount rate of 10%?
3. Briefly explain the followings:
 - a. Weighted Scoring Model
 - b. Balanced Scorecard